Malibu Boats, Inc.
Form 10-K
September 25, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2014
Commission file number: 001-36290

MALIBU BOATS, INC.
(Exact Name of Registrant as specified in its charter)

Delaware	5075 Kimberly Way Loudon, Tennessee 37774	46-4024640
(State or other jurisdiction of incorporation or organization)	(Address of principal executive offices, including zip code) (865) 458-5478 (Registrant's telephone number, including area code)	(I.R.S. Employer Identification No.)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock ($0.01 par value per share)	NASDAQ Global Select Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No þ
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer þ Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ
As of December 31, 2013, the last business day of the registrant's most recently completed second fiscal quarter, there was no established public market for the registrant's common stock. The registrant's Class A common stock began

trading on the NASDAQ Global Select Market on January 31, 2014. As of June 30, 2014, the aggregate value of the registrant's common stock held by non-affiliates was approximately $114.8 million, based on the number of shares of Class A common stock held by non-affiliates as of June 30, 2014 and the closing price of the registrant's Class A common stock on the NASDAQ Global Select Market on June 30, 2014. Shares held by each executive officer, director and by each person who owns 10% or more of the outstanding Class A common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The number of outstanding shares of the registrant's Class A common stock, par value $0.01 per share, and Class B common stock, par value $0.01, as of September 24, 2014 was 15,436,094 and 43, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2014 Annual Meeting of Stockholders are incorporated into Part III of this Annual Report on Form 10-K where indicated. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended June 30, 2014.

Table of Contents

TABLE OF CONTENTS

1

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. All statements other than statements of historical facts contained in this Form 10-K are forward-looking statements, including statements regarding our future financial position, sources of revenue, demand for our products, our strengths, business strategy and plans, prospective products or products under development, costs, timing and likelihood of success, gross margins, non-GAAP financial measures and management's objectives for future operations. In particular, many of the statements under the headings "Item 1A. Risk Factors," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 1. Business" constitute forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "esti "predicts," "potential," "continue," the negative of these terms, or by other similar expressions that convey uncertainty of future events or outcomes to identify these forward-looking statements. These statements are only predictions, involving known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Such factors include general economic conditions; significant fluctuations in our annual and quarterly financial results; our reliance on our network of independent dealers and increasing competition for dealers; the financial health of our dealers and their continued access to financing; our obligation to repurchase inventory of certain dealers; our failure to manage our manufacturing levels while addressing the seasonal retail pattern for our products; our large fixed cost base; intense competition within our industry; increased consumer preference for used boats or the supply of new boats by competitors in excess of demand; the successful introduction of new products; competition with other activities for consumers' scarce leisure time; the continued strength of our brands; our ability to execute our manufacturing strategy successfully; our ability to meet our manufacturing workforce needs; our reliance on third-party suppliers and ability to obtain adequate raw materials and components; our dependence on key personnel; our ability to grow our business through acquisitions or strategic alliances and new partnerships; our ability to protect our intellectual property; our exposure to claims for product liability and warranty claims; risks inherent in operating in foreign jurisdictions; an increase in energy costs; any failure to comply with laws and regulations including environmental and other regulatory requirements; a natural disaster or other disruption at our manufacturing facilities; increases in income tax rates or changes in income tax laws; our status as an "emerging growth company"; and increased costs as a result of being a new public company. We discuss many of these factors, risks and uncertainties in greater detail under the heading "Item 1A. Risk Factors" and elsewhere in this Form 10-K. These factors expressly qualify as forward-looking statements attributable to us or persons acting on our behalf.

You should not rely on forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Actual results may differ materially from those suggested by the forward-looking statements for various reasons, including those discussed under "Item 1A. Risk Factors" in this Form 10-K. Except as required by law, we assume no obligation to update forward-looking statements for any reason after the date of this Form 10-K to conform these statements to actual results or to changes in our expectations.

Table of Contents

PART I.

Item 1. Business

Unless otherwise expressly indicated or the context otherwise requires, in this Annual Report on Form 10-K:

- we use the terms “Malibu Boats,” the “Company,” “we,” “us,” “our” or similar references to refer (1) prior to the consummatio of the initial public offering, or IPO, to Malibu Boats Holdings, LLC, or the LLC, and its consolidated subsidiaries and (2) after the IPO, to Malibu Boats, Inc. and its consolidated subsidiaries;
- we refer to the owners of membership interests in the LLC immediately prior to the consummation of the IPO, collectively, as our “pre-IPO owners”;
- we refer to owners of membership interests in the LLC (the "LLC Units"), collectively, as our “LLC members”;
- references to “fiscal year” refer to the fiscal year of Malibu Boats, which ends on June 30. Fiscal years 2012 and 2013 for the LLC ended on June 30, 2012 and 2013, respectively. Fiscal year 2014 ended on June 30, 2014;
- we use the term “performance sport boat category” to refer to our industry category, primarily consisting of fiberglass boats equipped with inboard propulsion and ranging from 19 feet to 26 feet in length, which we believe most closely corresponds to (1) the inboard ski/wakeboard category, as defined and tracked by the National Marine Manufacturers Association, or NMMA, and (2) the inboard skiboat category, as defined and tracked by Statistical Surveys, Inc., or SSI; and
- references to certain market and industry data presented in this Form 10-K are determined as follows: (1) U.S. boat sales and unit volume for the overall powerboat industry and any powerboat category during any calendar year are based on retail boat market data from the NMMA; (2) U.S. market share and unit volume for the overall powerboat industry and any powerboat category during any fiscal year ended June 30 or any calendar year ended December 31 are based on comparable same-state retail boat registration data from SSI, as reported by the 50 states for which data was available as of the date of this Form 10-K; and (3) market share among U.S. manufacturers of exports to international markets of boats in any powerboat category for any period is based on data from the Port Import Export Reporting Service, available through June 30, 2014, and excludes such data for Australia and New Zealand.

This Annual Report on Form 10-K includes our trademarks, such as “Surf Gate” and “Wakesetter,” which are protected under applicable intellectual property laws and are the property of Malibu Boats. This Form 10-K also contains trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this Form 10-K may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks and trade names.

Our Company

We are a leading designer, manufacturer and marketer of performance sport boats, having the #1 market share position in the United States since 2010. Our boats are used for water sports, including water skiing, wakeboarding and wake surfing, as well as general recreational boating. Since inception in 1982, we believe we have been a consistent innovator in the powerboat industry, designing products that appeal to an expanding range of recreational boaters and water sports enthusiasts whose passion for boating and water sports is a key aspect of their lifestyle. We believe many of our innovations, such as our proprietary Surf Gate technology launched in 2012, expand the market for our products by introducing consumers to new and exciting recreational activities. We believe that our boats are increasingly versatile, allowing consumers to use them for a wide range of activities that enhance the experience of a day on the water with family and friends. While there is no guarantee that we will achieve market share growth in the future, we believe that the performance, quality, value and multi-purpose features of our boats position us to achieve our goal of increasing our market share in the expanding recreational boating market.

We sell our high performance boats under two brands-Malibu and Axis Wake Research, or Axis. Our flagship Malibu brand boats offer our latest innovations in performance, comfort and convenience, and are designed for consumers seeking a premium boating experience. Retail prices of our Malibu boats typically range from $55,000 to $125,000. We launched our Axis brand of boats in 2009 to appeal to consumers who desire a more affordable product but still demand high performance, functional simplicity and the option to upgrade key features. Retail prices of our Axis boats typically range from $45,000 to $85,000.

All of our boats are built and tested at our corporate headquarters near Knoxville, Tennessee. Our boats are constructed of fiberglass, equipped with inboard propulsion systems and available in a range of sizes and hull designs. We employ experienced

product development and engineering teams that enable us to offer a range of models across each of our brands while consistently introducing innovative features in our product offerings. Our engineering team closely collaborates with our manufacturing personnel in order to improve product quality and process efficiencies. The results of this collaboration are reflected in our receipt of numerous industry awards, including the Watersports Industry Association's Innovation of the Year in 2010 and 2013.

We sell our boats through a dealer network that we believe is the strongest in the performance sport boat category. As of June 30, 2014, our distribution channel consisted of 118 independent dealers in North America operating in 143 locations in North America and 52 independent dealer locations across 36 countries outside of North America. Our boats are the exclusive performance sport boats offered by the majority of our dealers. Additionally, we have an exclusive licensee in Australia that we believe is the largest performance sport boat manufacturer in that country. Our dealer base is an important part of our consumers' experience, our marketing efforts and our brands. We devote significant time and resources to find, develop and improve the performance of our dealers and believe our dealer network gives us a distinct competitive advantage.

Our Market Opportunity

During calendar year 2013, retail sales of new powerboats in the United States totaled $6.5 billion. Of the powerboat categories defined and tracked by the NMMA, our core market corresponds most directly to the inboard ski/wakeboard category, which we refer to as the performance sport boat category. We believe our addressable market also includes similar and adjacent powerboat categories identified by the NMMA, which totaled over $4.4 billion of sales in 2013. The following table illustrates the size of our addressable market in units and retail sales for calendar year 2013:

Powerboat Category	Unit Sales	Retail Sales (Dollars in millions)
Outboard	134,800	$2,961
Sterndrive	15,100	895
Performance sport boat	6,100	470
Jet boat	3,000	113
Total addressable market	159,000	$4,439

We believe we are well-positioned to benefit from several trends underway in our addressable market, including:

Improving Macroeconomic Environment Driving Increased Consumer Demand for Boats. Following the economic downturn, the recreational boating industry has grown and is projected to continue to recover. While domestic sales of new performance sport boats in 2013 grew to approximately 6,100 units, they remained 53% below the category's 2006 sales volume of 13,100. IBIS World projects that total U.S. powerboat manufacturer sales will grow at a compound annual growth rate, or CAGR, of 6.5% from 2012 to 2017. While there is no guarantee that these projected growth rates will be achieved in the future, we believe the recreational boating industry has significant opportunity for growth from increased consumer demand and will continue to benefit from improved economic conditions.

Improved Dealer Inventory Positions. Boat manufacturers in our addressable market and industry-wide have been focused on clearing aged inventory from the retail channel over the past few years, driving the current inventory of new boats that are over a year old at dealerships to normalized and healthy levels. If retail sales levels continue to improve, we expect our dealers to place more wholesale orders from us in order to meet this demand. Lower dealer inventory positions also mitigate the potential effects of a decline in retail sales on wholesale volumes.

Increasing Ages of Used Boats Driving New Boat Sales. In 2013, new powerboats accounted for approximately one out of six powerboat sales in the United States compared to an average of approximately one out of four between 2002 and 2008. We believe the shift toward purchasing more used boats during the economic downturn helped cause the average age of powerboats in use to increase from 15 years in 1997 to over 20 years today. As the powerboat industry continues its ongoing recovery and older boats reach the end of their usable lives, we expect consumer purchases of new boats to shift back toward historic levels benefiting new boat manufacturers.

Our Strengths

#1 Market Share Position in Performance Sport Boat Category. We held the number one market share position, based on unit volume, in the United States among manufacturers of performance sport boats for calendar years 2010, 2011, 2012 and 2013. We have grown our U.S. market share from 23.1% in 2008, the year prior to the arrival of our current

Chief Executive

4

Officer and Chief Financial Officer, to 32.8% in 2013. The following table reflects our U.S. market share in the performance sport boat category compared to the market share of our competitors for the periods shown:

	U.S. Market Share in Performance Sport Boat Category					
Manufactuer/Brand(s)	2008	2009	2010	2011	2012	2013
Malibu Boats/Malibu and Axis	23.1 %	23.4 %	24.2 %	28.7 %	30.6 %	32.8 %
MasterCraft Boat Company, LLC/MasterCraft	23.8	24.7	23.4	24.3	21.9	20.0
Correct Craft, Inc./Nautique	15.2	13.9	16.0	14.8	14.7	15.8
Skier's Choice, Inc./Supra and Moomba	16.6	15.6	16.5	15.5	14.6	12.6
All others	21.3	22.4	19.9	16.7	18.2	18.8
Total	100 %	100 %	100 %	100 %	100 %	100 %

In addition, our 33% market share of performance sport boat exports to international markets for the 12 months ended June 30, 2014 was the second highest among U.S. manufacturers.

Performance Sport Boat Category Taking Share. As the recovery in the general economy and overall powerboat industry has continued, the performance sport boat category in which we participate has experienced one of the highest growth rates. New unit sales of performance sport boats in the United States increased by 13% from 2011 to 2012, while new unit sales of all other powerboats in the United States increased 10% over the same period. This trend continued in 2013, as new unit sales of performance sport boats and all other powerboats in the United States increased by 11% and 2%, respectively, for the year ended December 31, 2013. We believe this is largely attributable to increased innovation in the features, designs and layouts of performance sport boats, which has improved the performance, functionality and versatility of these boats versus other recreational powerboats, particularly the larger category of sterndrive boats. We believe that we have been at the forefront of product innovation and will continue to appeal to a broader consumer base that values our boats not only for water sports, but also for general recreational boating and leisure activities. We believe that our market-leading position within our expanding category will create continued growth opportunities for us.

Poised to Take Advantage of the Performance Sport Boat Market Recovery. With our leading and growing market share in our category, we believe that we are well-positioned to take advantage of the ongoing recovery in the powerboat market. While the performance sport boat category grew 11% in 2013, new unit sales remained significantly below historical peaks. As illustrated in the chart below, the 6,100 new units sold in calendar year 2013 were 48% below the average annual new unit sales volume of 11,714 observed between 2001 and 2007 and 53% below the 13,100 new units sold in 2006. While there is no guarantee that the market will continue to grow or return to historical sales levels, we believe we are in the early stages of a recovery that presents significant opportunity for growth.

Even if the performance sport boat market does not reach previous peak levels, we believe that our #1 market share position in a category that is growing faster than the overall powerboat industry, our investments in the Company during and subsequent to the economic downturn, and our innovative product offering should drive superior performance.

Industry-leading Product Design and Innovation. We believe that our innovation in the design of new boat models and new features has been a key to our success, helping us increase our market share within our category and generally broaden the appeal of our products among recreational boaters. As a result of the features we have introduced, we believe that our boats are used for an increasingly wide range of activities and are increasingly easier to use, while maintaining the high performance characteristics that consumers expect. Additionally, by introducing new boat models in a range of price points, sizes, bow and hull designs, and optional performance features, we have enhanced consumers' ability to select a boat suited to their individual preferences. Our commitment to, and consistency in, developing new boat models and introducing new features are reflected in several notable achievements, including:

- release of our patented Surf Gate technology in 2012, which allows users to surf on either side of the boat's wake, generates a better quality surf wave and was the Watersports Industry Association's Innovation of the Year in 2013;
- launch of the Axis brand of boats in 2009, designed from the ground up to be an entry-level product, which has already captured a 6.4% share of the U.S. market in our category as of December 31, 2013;
- introduction of the patented Power Wedge in 2006, which gives boaters the ability to customize the size and shape of the boat's wake with the push of a button; and
- a strong new product lineup for model year 2015 that includes the redesign of the Malibu Wakesetter VLX and the Axis A22. In addition, on our model year 2015 Malibu products, we will offer an enhanced touchscreen dash, an improved Power Wedge and an optional, all machined aluminum G4 tower.

Strong Dealer Network. We have worked diligently with our dealers to develop the strongest distribution network in the performance sport boat category. We believe that our distribution network of 143 North American dealer locations and 52 international dealer locations as of June 30, 2014 allows us to distribute our products more broadly and effectively than our

competitors. For fiscal year 2013 our dealers held the #1 market share position for the performance sport boat category in 75 of 133 U.S. markets. We have nominal dealer concentration, with our largest dealer responsible for less than 4.7% and 6.0% of our unit volume for fiscal year 2014 and fiscal year 2013 and our top ten dealers representing 34.1% and 36.1% of our unit volume for fiscal year 2014 and fiscal year 2013, respectively. We continually review our geographic coverage to identify opportunities for expansion and improvement, and have added 35 new North American dealer locations in the past six fiscal years to address previously underserved markets. In addition, we have strengthened our dealer network by replacing 37 dealer locations in the past six fiscal years, 19 of which were converted from selling one of our competitor's products.

Highly Recognized Brands. We believe our Malibu and Axis brands are widely recognized in the powerboat industry, which helps us reach a growing number of target consumers. For over 30 years, our Malibu brand has generated a loyal following of recreational boaters and water sports enthusiasts who value the brand's premium performance and features. Our Axis brand has grown rapidly as consumers have been drawn to its more affordable price point and available optional features. We believe that the appeal of our high performance and innovative products with athletes and enthusiasts contributes to our brand awareness with dealers and with consumers. We are able to build on this brand recognition and support through a series of marketing initiatives coordinated with our dealers or executed directly by us. Many of our marketing efforts are conducted on a grass-roots level domestically and internationally. Key grass-roots initiatives include: production and distribution of water sports videos; online and social marketing; on-the-water events; athlete, tournament and water sport facility sponsorships; and participation and product placement at important industry events. Additionally, our boats, their innovative features, our sponsored athletes and our dealers all frequently win industry awards, which we believe further boosts our brand recognition and reputation for excellence. We believe our marketing strategies and accomplishments enhance our profile in the industry, strengthen our credibility with consumers and dealers and increase the appeal of our brands.

Compelling Margins and Cash Flow. Our adjusted EBITDA margin, which is not a measurement under accounting principles generally accepted in the United States ("GAAP") was 19.5%, 19.0% and 14.1% for fiscal years 2014, 2013, and 2012, respectively. For the definition of adjusted EBITDA margin and a reconciliation to net (loss) income, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - GAAP Reconciliation of Non-GAAP Financial Measures." In recent years, we have implemented a number of initiatives to reduce our cost base and improve the efficiency of our manufacturing process. Re-engineering the manufacturing process in our Tennessee facility has reduced labor hours per boat produced, and close collaboration between our product development and manufacturing teams has improved production throughput and product quality. Further, vertical integration of tower and tower accessory production has allowed us to increase incremental margin per boat sold. As a result of these and other initiatives, adjusted EBITDA for fiscal year 2014 grew 17.4% on net sales growth of 14.3% as compared to fiscal year 2013. Our low capital expenditure requirements and a highly efficient working capital cycle allowed us to generate significant excess cash flow, excluding one time offering related expenditures, in fiscal years 2014, 2013 and 2012. We believe our strong cash flow increases our financial stability and provides us with more flexibility to invest in growth initiatives.

Highly Experienced Management Team. Our experienced management team has demonstrated its ability to identify, create and integrate new product innovations, improve financial performance, optimize operations, enhance our distribution model and recruit top industry talent. Our Chief Executive Officer, Jack Springer, joined Malibu Boats in 2009 and has assembled an executive team with strong, complementary talents and experience. This team has led a workforce that we believe has produced superior results, including market share gains, sales growth and profitability improvement in each year since 2009.

Our Strategy

We intend to capitalize on the ongoing recovery in the powerboat market through the following strategies:

Continue to Develop New and Innovative Products in Our Core Markets. We intend to continue developing and introducing new and innovative products-both new boat models to better address a broader range of consumers and new features to deliver better performance, functionality, convenience, comfort and safety to our consumers. We believe that new products and features are important to the growth of our market share, the continued expansion of our category and our ability to maintain attractive margins.

Our product development strategy consists of a two-pronged approach. First, we seek to introduce new boat models to target unaddressed or underserved segments of the performance sport boat category, while also updating and refreshing our existing boat models regularly. For example, we introduced Axis-branded boats starting in 2009 to address the entry-level segment of our category, and we launched the Malibu Wakesetter MXZ product line in 2012 to enter the premium “picklefork” bow design segment of our market. Second, we seek to develop and integrate innovative new features into our boats, such as Surf Gate, Malibu Touch Command and Power Wedge. For the 2014 model year, which began on July 1, 2013, we redesigned the Wakesetter 23LSV model and expanded our product offerings, including the introduction of two new models under the Axis brand, doubling the number of models offered under the Axis brand. In addition, Surf Gate was added as an available feature on

our Axis boats. We intend to continue releasing new products and features multiple times during the year, which we believe enhances our reputation as a leading-edge boat manufacturer and provides us with a competitive advantage.
Capture Additional Share from Adjacent Boating Categories. Our culture of innovation has enabled us to expand the market for our products by attracting consumers from other categories, most notably from the sterndrive category. As illustrated by the chart below, the new unit sales volume of performance sport boats steadily increased from 2001 through 2013 as a percentage of the total new unit sales volume of performance sports boats and sterndrive boats. While there is no guarantee that this trend will continue in the future, we believe our market-leading position and broad offering of boat models and features will continue to attract consumers to our performance sport boats.

We intend to continue to enhance the performance, comfort and versatility of our products in order to further target crossover consumers seeking high-performance powerboats for general recreational activity. For example, we believe that one of our newest boat models, the Wakesetter 24 MXZ, appeals to a broader range of recreational boaters by offering the performance benefits of our products, including superior drivability and water sports versatility, while also providing greater seating capacity, a roomy, plush interior and extensive storage space to allow an increased number of family and friends to spend time together on the water.
Further Strengthen Our Dealer Network. Our goal is to achieve and maintain leading market share in each of the markets in which we operate. We continually assess our distribution network and take the actions necessary to achieve our goal. We intend to strengthen our current footprint by selectively recruiting market-leading dealers who currently sell our competitors' products. In addition, we plan to continue expanding our dealer network in certain geographic areas to increase consumer access and service in markets where it makes strategic sense. In the past six fiscal years, we have added 35 new dealer locations in the United States and Canada to provide incremental geographic coverage. We believe our targeted initiatives to enhance and grow our dealer network will increase unit sales in the future.
Accelerate International Expansion. Based on our U.S. leadership position, brand recognition, diverse, innovative product offering and distribution strengths, we believe that we are well-positioned to increase our international sales. Our 33% market

share of performance sport boat exports to international markets for the fiscal year ended June 30, 2014 was the second highest among U.S. manufacturers. Our unit sales outside of North America, however, represented less than 5.0% of our total sales volume in fiscal year 2014. We believe we will increase our international sales both by promoting our products in developed markets where we have a well-established dealer base, such as Western Europe, and by penetrating new and emerging markets where we expect rising consumer incomes to increase demand for recreational products, such as Asia and South America, although there is no guarantee that our efforts will be successful or that international sales will increase.

We have taken a number of steps to enhance our international presence and our ability to drive sales in developed and emerging markets. Over the past four fiscal years, we added 12 new international dealers, bringing our total number of dealer locations to 52 outside of North America as of June 30, 2014. Historically, the majority of our boats have been distributed to international markets through third parties. In 2013, we restructured our agreements with those parties to provide for direct sales coverage of key markets, including Central America, South America, Asia (excluding the Middle East) and most of Africa. In Australia, we work closely with a licensed manufacturer to maintain and grow what we believe is our leading market share position while also pursuing opportunities to improve our unit economics. To better manage and optimize international sales, we have added dedicated company resources and increased our sales and marketing activity, including international dealer meetings, dealer service schools, regional marketing campaigns and promotional visits by water sport athletes.

Our Products and Brands

We design, manufacture and sell performance sport boats that we believe deliver superior performance for water sports, including wakeboarding, water skiing and wake surfing, as well as general recreational boating. We market our boats under two brands:

- Malibu, our flagship brand, dates to our inception in 1982, primarily targeting consumers seeking a premium boating experience and offering our latest innovations in performance, comfort and convenience; and
- Axis, which we launched as a new brand in 2009, targets a younger demographic and provides them with a more affordably priced, entry-level boat that provides high performance, functional simplicity and the option to upgrade key features.

In addition, we offer various accessories and aftermarket parts.

Boat Models

We believe our boats are renowned for their performance, design, innovative technology, quality and ability to provide consumers a high-quality boating experience at varying price points. We currently offer a number of performance sport boat models across our two brands, which provide consumers with a variety of options across length, hull type, bow type, horsepower and seating capacity in addition to customizable designs and features available for upgrade across our models. The following table provides an overview of our most popular product offerings by brand:

Brand	Series	Number of Models	Lengths	Hull Types	Bow Types	Maximum Power	Maximum Capacity (persons)	Retail Price Range (In thousands)
Malibu	Wakesetter	7	20’-25’	Wake, Cut Diamond, Diamond	Traditional, Picklefork	555 hp	13-18	$55-$125
Malibu	Response	3	20’-21’	Cut Diamond	Traditional	450 hp	8-9	$35-$70
Axis	Axis	4	20’-24’	Wake	Traditional, Picklefork	450 hp	11-17	$45-$85

- Malibu Wakesetter. Introduced in 1998, the Wakesetter series is our premium boat series and the top selling series within the performance sport boat category. The Wakesetter series is designed for consumers seeking the highest-performance water sport and boating experience. Wakesetter offers consumers a highly-customizable boat with our most innovative technologies, premium features, newest graphics, color options and interior finishes. Demonstrating Wakesetter’s industry-leading performance and market position, the Wakesetter 23 LSV model was the best-selling boat in the performance sport boat category for fiscal years 2009 through 2013 and the Wakesetter 22 MXZ model was the official performance sport boat of the 2013 Red Bull Wake Open.

Malibu Response. The Response series, created in 1995, was designed for consumers who desire a high-performance water ski boat. Primarily because of its direct drive engine setup, the Response series produces the smallest wake of any of our boats and is designed to accommodate both professional and recreational skiers by allowing for a range of speeds and line

lengths. Demonstrating Response's reputation for high-performance and quality, the Response TXI model is the boat of choice for Regina Jaquess, the holder of the women's slalom world record.

- Axis. After the continued success with our Wakesetter series, we identified a market opportunity in entry-level performance sport boats and, in 2009, launched our Axis brand. We designed Axis for consumers who desire a lower price point, but who still demand high performance, functional simplicity and the option to upgrade their boats to have key features such as Surf Gate. The Axis series currently has four available models and we plan to refine these models continually as well as add new ones as we build out the brand. We believe the Axis series successfully provides consumers with a high quality water sport and boating experience at an attractive price, as evidenced by its #6 market position in the performance sport boat category after only four years on the market.

Innovative Features

In addition to the standard features included on all of our boats, we offer consumers the ability to upgrade our base models by adding certain of our full line of innovative features designed to enhance performance, functionality and the overall boating experience. Our innovative features drive our high average selling prices. Some of these include:

- Surf Gate. Introduced in July 2012 and initially patented in September 2013, Surf Gate is available as an optional feature on all Malibu Wakesetter models and Axis brand boats. Surf Gate has revolutionized the increasingly popular sport of wake surfing. Prior to Surf Gate, boaters needed to empty ballast tanks on one side of the boat and shift passengers around to lean the boat to create a larger, more pronounced surf-quality wake. By employing precisely engineered and electronically controlled panels, Surf Gate alleviates this time-consuming and cumbersome process, allowing boaters to easily surf behind an evenly weighted boat without the need to wait for ballast changes. Recent enhancements to Surf Gate have improved upon the system's actuators, allowing for easier and faster transfer, as well as the installation of an indicator horn and optional light signaling, which alert riders to wave transfers. In 2013, the Watersports Industry Association named Surf Gate as Innovation of the Year.

- Manual Wedge/Power Wedge. Our patented Manual Wedge and Power Wedge allow riders to customize their wakes by simulating up to 1,200 pounds of ballast weight in the transom of their boats. Used in conjunction with Surf Gate, wake surfers are able to customize the size and shape of the wave. The Manual Wedge is available on all Malibu and Axis brand boats. Unlike our Manual Wedge, the Power Wedge, available exclusively on our Malibu line, is fully automated and integrated within the Malibu Touch Command system, increasing functionality and ease-of-use for the driver. Re-engineered for model year 2015, we released the Power Wedge II. It features a larger foil and a 21% surface-area increase, which equates to an additional 300 pounds of simulated ballast, for a total of 1,500 pounds of wake-creating water displacement. In addition, a new upward angle increases lift, allowing the driver to achieve a fully loaded boat planing much faster.

- G3/G4 Tower. Our G3 Towers, available on Malibu brand boats, are fully customizable with speakers, power lights and racks, enhancing the overall style, performance and functionality of our boats. Our G3 Tower can easily be folded down by one person with its weightless, gas spring-assisted design, making the G3 Tower safe and easy to store. We are the only manufacturer of performance sport boats that produces towers in-house, allowing us to control this critical design element of our boats. For model year 2015, we are offering a new G4 Tower featuring aerospace aluminum and an internal honeycomb structure to provide the optimal strength-to-weight ratio, making the G4 three times more rigid than its predecessor. The new design contains automatic visible locks, a fully integrated wiring harness, Z5 Bimini compatibility, and zero pinch points. The new G4 has an aggressive design yet preserves ease of use by taking less than 30 pounds of force to lift, lower, and latch.

- Electronic Dashboard Controls. Every boat in our Wakesetter series is equipped with our MaliView and Malibu Touch Command ("MTC") systems, which function as an electronic command center that enhances the driver's experience by providing simple and quick control of all systems on board, including the Power Wedge and Surf Gate systems, rider presets, music, lighting and navigation. For the model year 2015, we are first to market with a 12-inch touchscreen. It joins our seven-inch MTC to form the display for our new Command Center, giving the driver endless data in an easy-to-navigate interface. Every major feature is on the home screen, menu paths have been streamlined and each component meets IP60 water-intrusion standards. Built with more processing power, higher levels of integration, a feature-packed new operating system and powerful wireless connectivity, the new Command Center represents the most advanced screen technology available on performance sport boats.

We also offer an array of less technological, but nonetheless value-added boat features such as gelcoat upgrades, upholstery upgrades, engine drivetrain enhancements (such as silent exhaust tips, propeller upgrades and closed cooling engine configuration), sound system upgrades, Bimini tops, boat covers and trailers which further increase the level of customization afforded to consumers.

Our Dealer Network

We rely on independent dealers to sell our products. We establish performance criteria that our dealers must meet as part of their dealer agreements to ensure our dealer network remains the strongest in the industry. As a member of our network, dealers in North America may qualify for floor plan financing programs, rebates, seasonal discounts, promotional co-op payments and other allowances. We believe our dealer network is the most extensive in the performance sport boat category. The majority of our dealers, including eight in our top ten markets, are exclusive to Malibu and Axis brand boats within the performance sport boat category, highlighting the commitment of our key dealers to our boats.

North America

In North America, we had a total of 143 dealer locations as of June 30, 2014. Of these locations, 15% sell our products exclusively, 61% are multi-line locations that only carry non-competitive brands and products and 24% sell our brands as well as other performance sport boat brands. Approximately 34% of our dealer locations have been with us for over ten years. For fiscal year 2013, our dealers held the #1 market share position for the performance sport boat category in 75 of 133 U.S. markets.

We consistently review our distribution network to identify opportunities to expand our geographic footprint and improve our coverage of the market. During the past six fiscal years, we have added 35 new dealer locations to serve previously underserved markets in North America, and these new dealers have sold over 725 additional units over the last six fiscal years. In addition, we have strengthened our dealer network by replacing 37 dealer locations in the past six fiscal years, 19 of which were converted from selling one of our competitor’s products. We believe our outstanding dealer network allows us to distribute our products more efficiently than our competitors.

We do not have a significant concentration of sales among our dealers. For fiscal year 2014, our top ten dealers accounted for 34.1% of our units sold and none of our dealers accounted for more than 4.7% of our total sales volume.

We believe that our strong market position in each region of the United States will help us capitalize on growth opportunities as our industry continues to recover from the economic downturn. In particular, we expect to generate continued growth in the southwestern United States (which includes California), a region that experienced the most pronounced decline in sales of new performance sport boats and where we have our highest regional market share. The following graph provides a comparison of the number of units sold by U.S. geographic region during fiscal year 2006, when the market was generally at its pre-recession peak, and calendar year 2013, as well as our U.S. market share in the performance sport boat category for calendar year 2013:

Market Size and Our Market Share by Region

Market Share	34%	31%	32%	29%	36%	39%

International

Less than 5.0% of our unit volume for fiscal years 2014 and 2013 was generated outside of North America. For these international sales, we rely in part on our relationship with an independent representative with whom we have had a relationship for over 17 years. The independent representative services international dealer arrangements in Europe, the Middle East and South Africa on our behalf and is responsible for certain international dealer relationships, dealer sourcing and account management, which includes order management and customer service support. Under the terms of the agreement with the independent representative, the independent representative purchases boats directly from us at a predetermined percentage discount. These sales are made under the same terms and conditions offered to all dealers, which include, among other things, no right of return except in limited circumstances under our warranty policy. Like sales to our dealers, there are no continuing performance obligations in connection with our sales to the independent representative. Revenue from these sales is recognized in accordance with our customary shipping terms, free on board shipping point. A fixed percentage discount is earned by the independent representative at the time a boat is shipped as a reduction in the price of the boat and is recorded in our consolidated statement of operations as a reduction in sales. In 2013, we restructured our agreement with this representative and our Australian licensee to allow for direct coverage by us of Central America, South America and most of Asia and Africa. In Europe, we had a total of 32 independent dealer locations in 20 countries as of June 30, 2014. In Asia, 12 independent dealer locations marketed our boats in 10 countries as of June 30, 2014. In the rest of the world (other than Australia), we engaged 8 independent dealer locations in 6 countries as of June 30, 2014. In Australia, as discussed below, we have a direct relationship with a licensee.

Australia License

Our Malibu and Axis lines have been manufactured and sold in Australia by an exclusive licensee, Malibu Boats Pty Ltd, since 1995. This licensing arrangement has contributed significantly to our large market share in the Australian market, where we believe our brands outsold our most significant competitors at a three-to-one ratio during the year ended December 31, 2013.

We entered into an Exclusive Manufacture and Distribution Agreement with Malibu Boats Pty Ltd. in 2006, as subsequently amended. The agreement has a term of 15 years, with a 15-year automatic renewal period, and is generally terminable for cause with 30 days' prior notice. Pursuant to the agreement, Malibu Boats Pty Ltd has the exclusive right to manufacture and distribute Malibu and Axis products and spare parts in Australia and New Zealand. We sell to Malibu Boats Pty Ltd certain materials that it requires to manufacture Malibu and Axis products and we also sell complete boats for resale in the covered territory. Further, we have granted a license to Malibu Boats Pty Ltd to display our trademarks and brand names on the products it manufactures under the agreement. We also provide Malibu Boats Pty Ltd with certain marketing assistance. On a quarterly basis, we receive royalties on the gross revenue from the sale of Malibu and Axis products sold by Malibu Boats Pty Ltd. Pursuant to the agreement, Malibu Boats Pty Ltd agrees to, among other things:

- refrain from selling or distributing any of our competitors' products;
- maintain design and quality control standards prescribed by us;
- promote and demonstrate Malibu and Axis products to consumers; and
- indemnify us for certain claims.

On June 2, 2014, we entered into a non-binding letter of intent to acquire all of the equity interest of the Malibu Boats licensee in Australia. The Australian license business is operated by Malibu Boats Pty Ltd. and includes distribution rights in the Australia and New Zealand markets as well as a manufacturing facility in Albury, Australia. The proposed acquisition is expected to close in the first half of fiscal year 2015 subject to negotiation and execution of definitive documentation.

Dealer Management

Our relationship with our dealers is governed through dealer agreements. Each dealer agreement has a finite term lasting between one and three years. Our dealer agreements also are typically terminable without cause by the dealer at any time and by us with 90 days' prior notice. We may also generally terminate these agreements immediately for cause upon certain events. Pursuant to our dealer agreements, the dealers typically agree to, among other things:

- represent our products at specified boat shows;
- market our products only to retail end users in a specific geographic territory;
- promote and demonstrate our products to consumers;
- place a specified minimum number of orders of our products during the term of the agreement in exchange for rebate eligibility that varies according to the level of volume they commit to purchase;
- provide us with regular updates regarding the number and type of our products in their inventory;
- maintain a service department to service our products, and perform all appropriate warranty service and repairs; and
- indemnify us for certain claims.

Our dealer network, including all additions, renewals, non-renewals or terminations, is managed by our sales personnel. Our sales team operates using a semi-annual dealer review process involving our senior management team. Each individual dealer is reviewed semi-annually with a broad assessment across multiple key elements, including the dealer's geographic region, market share and customer service ratings, to identify underperforming dealers for remediation and to manage the transition process when non-renewal or termination is a necessary step.

We have developed a system of financial incentives for our dealers based on customer satisfaction and achievement of best practices. Our dealer incentive program has been refined through nearly 30 years of experience and provides the following key elements:

- Rebates. Our dealers agree to an annual commitment volume that places each dealer into a certain rebate tier and determines its prospective rebate percentage. If a dealer meets its annual commitment volume as well as other terms of the rebate program, the dealer is entitled to the specified rebate. Failure to meet the commitment volume may result in partial or complete forfeiture of the dealer's rebate.
- Co-op. Dealers of the Malibu product line may earn certain co-op reimbursements upon reaching a specified level of qualifying expenditures.

- Free flooring. Our dealers that take delivery of current model year boats in the offseason, typically July through April, are entitled to have us pay the interest to floor the boat until the earlier of (1) the sale of the unit or (2) a date near the end of the current model year. This program is an additional incentive to encourage dealers to order in the offseason and helps us balance our seasonal production.

Our dealer incentive programs are also structured to promote more evenly distributed ordering throughout the fiscal year, which allows us to achieve better level-loading of our production and thereby generate plant operating efficiencies. In addition, these programs offer further rewards for dealers who are exclusive to Malibu and Axis in our performance sport boat category.

Floor Plan Financing

Our North American dealers often purchase boats through floor plan financing programs with third-party floor plan financing providers. During fiscal year 2014, approximately 80% of our domestic shipments were made pursuant to floor plan financing programs through which our dealers participate. These programs allow dealers to establish lines of credit with third-party lenders to purchase inventory. Under these programs, a dealer draws on the floor plan facility upon the purchase of our boats and the lender pays the invoice price of the boats. As is typical in our industry, we have entered into repurchase agreements with certain floor plan financing providers to our dealers. Under the terms of these arrangements, in the event a lender repossesses a boat from a dealer that has defaulted on its floor financing arrangement and is able to deliver the repossessed boat to us, we are obligated to repurchase the boat from the lender. Our obligation to repurchase such repossessed products for the unpaid balance of our original invoice price for the boat is subject to reduction or limitation based on the age and condition of the boat at the time of repurchase, and in certain cases by an aggregate cap on repurchase obligations associated with a particular floor financing program.

Our exposure under repurchase agreements with third-party lenders is mitigated by our ability to reposition inventory with a new dealer in the event that a repurchase event occurs. The primary cost to us of a repurchase event is any loss on the resale of a repurchased unit, which is often less than 10% of the repurchase amount. Since July 1, 2010, we have not repurchased any boats under our repurchase agreements.

Marketing and Sales

As of June 30, 2014, we employed seven specialized and dedicated sales professionals. We believe that providing a high level of service to our dealers and end consumers is essential to maintaining our excellent reputation. Our sales personnel receive training on the latest Malibu Boats products and technologies, as well as training on our competitors' products and technologies, and attend trade shows to increase their market knowledge. This training is then passed along to our dealers to ensure a consistent marketing message and leverage our marketing expenditures. We enjoy strong brand awareness, as evidenced by our substantial market share.

Our marketing strategy focuses on strengthening and promoting the Malibu and Axis brands in the recreational boating marketplace. An important element of our marketing strategy involves specialized promotions at competitive water sports events, and individual and team sponsorships. Our leading position in the performance sport boat category is supported by our sponsorship of some of the most prestigious water sports competitions, including the Red Bull Wake Open, Malibu Open and World Wakeboard Association Riders Experience, which we believe positively influences the purchasing habits of enthusiasts and other consumers seeking high-performance products. These events feature the most popular figures in water sports, drawing large audiences of enthusiasts to a variety of sites around the country. Further, we sponsor a team of elite male and female athletes from the professional water sports tours. Team Malibu includes legendary wakeboarders such as Phil Soven, named "King of Wake" at the 2013 Surf Expo, Dallas Friday, winner of the 2004 ESPY for "Best Female Action Sports Athlete," Ralph Derome, winner of WakeWorld.com's "Rail Rider of the Year" for 2013, and Amber Wing, winner of TransWorld's "Best Women's Rider" for 2013. We believe that the performance of our products has been demonstrated by, and our brands benefit from, the success of professional athletes who use our products.

In addition to our website and traditional marketing channels, such as print advertising and tradeshows, we maintain an active digital advertising and social media platform, including use of Facebook and Twitter to increase brand awareness, foster loyalty and build a community of users. In addition, we benefit from the various Malibu and Axis user-generated videos and photos that are uploaded to websites including YouTube, Vimeo and Instagram. As strategies and marketing plans are developed for our products, our internal marketing and communications group works to ensure brand cohesion and consistency. We believe that our marketing initiatives, as well as our strategic

focus on product innovation, performance and quality attracts aspiring and enthusiast consumers to our brands and products.

Product Development and Engineering

We are strategically and financially committed to innovation, as reflected in our dedicated product development and engineering group and evidenced by our track record of new product introduction. Our product development and engineering group spans both our Tennessee headquarters and our California facility and comprises nine professionals. These individuals bring to our product development efforts significant expertise across core disciplines, including boat design, computer-aided design, electrical engineering and mechanical engineering. They are responsible for execution of all facets of our new product strategy, including designing new and refreshed boat models and new features, engineering these designs for manufacturing and integrating new features into our boats. In addition, our Chief Executive Officer and Chief Operating Officer are actively involved in the product development process and integration into manufacturing.

We take a disciplined approach to the management of our product development strategy. We use a formalized phase gate process, overseen by a dedicated project manager, to develop, evaluate and implement new product ideas for both boat models and innovative features. Application of the phase gate process requires management to establish an overall timeline that is sub-divided into milestones, or "gates," for product development. Setting milestones at certain intervals in the product development process ensures that each phase of development occurs in an organized manner and enables management to become aware of and address any issues in timely fashion, which facilitates on-time, on-target release of new products with expected return on investment. Extensive testing and coordination with our manufacturing group are important elements of our product development process, which we believe enable us to minimize the risk associated with the release of new products. Our phase gate process also facilitates our introduction of new boat models and features throughout the year, which we believe provides us with a competitive advantage in the marketplace. Finally, in addition to our process for managing new product introductions in a given fiscal year, we also engage in longer-term product lifecycle and product portfolio planning.

Manufacturing

Our manufacturing efforts are led by our Chief Operating Officer, who brings 30 years of experience in the manufacture of performance sport boats, supported by a workforce of 372 employees as of June 30, 2014. We manufacture all of our boats at our Tennessee facility, and we manufacture towers, tower accessories and stainless steel and aluminum billet at our California facility.

Our boats are built through a continuous flow manufacturing process that encompasses fabrication, assembly, quality management and testing. Each boat is produced over a seven-day cycle that includes the fabrication of the hull and deck through gelcoat application and fiberglass lamination, grinding and hole cutting, installation of components, rigging, finishing, detailing and on-the-water testing. We manufacture certain components and subassemblies for our boats, such as upholstery, stainless steel and aluminum billet and towers. We procure other components, such as engines and electronic controls, from third-party vendors and install them on the boat.

We acquired our tower and tower accessory manufacturing capability in 2009 through the acquisition of certain assets of Titan Wake Accessories, which had been one of our suppliers. Tower-related manufacturing occurs in our Merced-based machine shop, where we use multiple computer-controlled machines to cut all of the aluminum parts required for tower assembly. We are the only performance sport boat company that manufacturers towers in-house. We believe that the vertical integration of these components is a distinct competitive advantage that allows us to control key design elements of our boats and generate higher margins.

We are committed to continuous improvement in our operations, and our efforts in this regard have resulted in higher gross margins. Specifically, we have increased labor efficiency, reduced cost of materials and reduced warranty claims. Our production engineers evaluate and seek to optimize the configuration of our production line given our production volumes and model mix. We use disciplined mold maintenance procedures to maintain the usable life of our molds and to reduce surface defects that would require rework. We have instituted scrap material reduction and recovery processes, both internally and with our supplier base, helping to manage our material costs. Finally, we have implemented a quality management system to ensure that proper procedures and control measures are in place to deliver consistent, high-quality product, especially as our production volumes have increased.

We focus on worker safety in our operations. From July 1, 2012 through June 30, 2014, we recorded 1,268,634 consecutive man-hours without a lost-time accident in our Tennessee facility, an accomplishment that has reduced workers' compensation claims and warranty costs, as our most experienced employees continue to remain on the job.

Suppliers

We purchase a wide variety of raw materials from our supplier base, including resins, fiberglass, hydrocarbon feedstocks and steel, as well as product parts and components, such as engines and electronic controls, through a sales order process.

We belong to Independent Boat Buildings, Inc., or IBBI, a 20-member marine purchasing cooperative and sit on its board of directors. Membership in IBBI is limited to top-tier manufacturers and is not only helpful for procuring materials, but also helps us stay abreast of technological developments and industry best practices. Although we purchase certain supplies, such as fiberglass and resins, through the IBBI cooperative agreement, we maintain informal arrangements with third-party suppliers outside of the IBBI agreement for other raw materials and components, which we believe ensures that our boats are constructed using the best available components and raw materials.

We have not experienced any material shortages in any of our raw materials, product parts or components. Temporary shortages, when they do occur, usually involve manufacturers of these products adjusting model mixes, introducing new product lines or limiting production in response to an industry-wide reduction in boat demand.

The most significant component used in manufacturing our boats, based on cost, are engines. We maintain a strong and long-standing relationship with our primary supplier of engines, and we have also developed a relationship with a second supplier from whom we expect to source approximately 30% of our engines for fiscal year 2015. As is typical in our industry, our engine suppliers are marinizers of engines that they procure from larger engine block manufacturers, such as General Motors Corporation.

Insurance and Product Warranties

We carry various insurance policies, including policies to cover general products liability, workers' compensation and other casualty and property risks, to protect against certain risks of loss consistent with the exposures associated with the nature and scope of our operations. Our policies are generally based on our safety record as well as market trends in the insurance industry and are subject to certain deductibles, limits and policy terms and conditions.

We provide limited product warranties, generally covering periods from 12 to 36 months for Malibu brand boats and 12 to 24 months for Axis brand boats. During the warranty period, we reimburse dealers and Malibu Boats authorized service facilities for all or a portion of the cost of repair or replacement performed on the products (mainly composed of parts or accessories provided by us and labor costs incurred by dealers or Malibu Boats authorized service facilities). Some materials, components or parts of the boat that are not covered by our limited product warranties are separately warranted by their manufacturers or suppliers. These other warranties include warranties covering engines and trailers, among other components.

Intellectual Property

We rely on a combination of patent, trademark and copyright protection, trade secret laws, confidentiality procedures and contractual provisions to protect our rights in our brand, products and proprietary technology. This is an important part of our business and we intend to continue protecting our intellectual property. We currently hold twelve U.S. patents, nine pending U.S. patent applications, three pending Australian patent applications and two international (PCT) patents. On June 27, 2014, Nautique Boat Company, Inc. filed a petition with the U.S. Patent and Trademark Office requesting institution of an Inter Partes Review of our U.S. Pat. No. 8,539,897. We intend to vigorously defend the patented technology of the '897 patent. For more information, see Note 14 to our audited consolidated financial statements included elsewhere in this Annual Report.

We own 26 registered trademarks in various countries around the world, and we have made applications for four additional registrations. Such trademarks may endure in perpetuity on a country-by-country basis, provided that we comply with all statutory maintenance requirements, including continued use of each trademark in each such country. We currently do not own any registered copyrights.

Competition

The powerboat industry, including the performance sport boat category, is highly competitive for consumers and dealers. Competition affects our ability to succeed in the markets we currently serve and new markets that we may enter in the future. We compete with several large manufacturers that may have greater financial, marketing and other resources than we do. We compete with large manufacturers who are represented by dealers in the markets in which we now operate and into which we plan to expand. We also compete with a wide variety of small, independent manufacturers. Competition in our industry is based primarily on brand name, price and product performance. For more information, see Item 1A. "Risk Factors-Risks Related to Our Business-Our industry is characterized by intense competition, which affects our sales and profits."

Environmental, Safety and Regulatory Matters

Certain materials used in our manufacturing, including the resins used in production of our boats, are toxic, flammable, corrosive or reactive and are classified by the federal and state governments as “hazardous materials.” Control of these substances is regulated by the Environmental Protection Agency, or EPA, and state pollution control agencies. The Occupational Safety and Health Administration, or OSHA, standards limit the amount of emissions to which an employee may

be exposed without the need for respiratory protection or upgraded plant ventilation. Our facilities are regularly inspected by OSHA and by state and local inspection agencies and departments. We believe that our facilities comply in all material aspects with these regulations. Although capital expenditures related to compliance with environmental laws are expected to increase, we do not currently anticipate any material expenditure will be required to continue to comply with existing environmental or safety regulations in connection with our existing manufacturing facilities.

Powerboats sold in the United States must be manufactured to meet the standards of certification required by the United States Coast Guard. In addition, boats manufactured for sale in the European Community must be certified to meet the European Community's imported manufactured products standards. These certifications specify standards for the design and construction of powerboats. We believe that all of our boats meet these standards. In addition, safety of recreational boats is subject to federal regulation under the Boat Safety Act of 1971, which requires boat manufacturers to recall products for replacement of parts or components that have demonstrated defects affecting safety. We have instituted recalls for defective component parts produced by certain of our third-party suppliers. None of the recalls has had a material adverse effect on our Company.

The EPA has adopted regulations stipulating that many marine propulsion engines meet an air emission standard that requires fitting a catalytic converter to the engine. These regulations also require, among other things, that engine manufacturers provide a warranty that their engines meet EPA emission standards. The engines used in our products are subject to these regulations. This regulation has increased the cost to manufacture our products.

Employees

We believe we maintain excellent relations with our employees, treating them as business partners and focusing on building careers. As of June 30, 2014, more than 17.0% of our employees had been with us for ten or more years. As of June 30, 2014, we employed 411 people, 346 of whom work at our facilities in Tennessee, 57 of whom work at our California site and eight who work remotely. As of June 30, 2014, approximately 16.0% of our employees were salaried and 84.0% were hourly workers. None of our employees are represented by a labor union and, since our founding in 1982, we have never experienced a labor-related work stoppage. Since 2012, we have engaged an outside consultant to assist with employee training, in order to provide our employees a path for upward mobility and develop leadership skills applicable to their day-to-day responsibilities.

History and Formation Transactions

Company History

In 1982, a group of six friends who shared a common passion for waterskiing decided to start building custom ski boats in a small shop in Merced, California. Robert Alkema founded the company and chose the Malibu Boats brand name. During our first year of operation, Malibu Boats built two boats per week using a single-hull design and each boat, with its blended gel coat design, had a distinct California flair. Only two years later, we were building over 400 boats per year. By 1988, the California plant was manufacturing at full capacity. To satisfy increased demand, we opened a second plant in Tennessee and by the end of 1988 were building almost 1,000 boats annually. That year also marked the year we received our first Product Excellence award from Powerboat magazine.

Growth continued throughout the early 1990s and, in 1992, we built a new production facility near Knoxville, Tennessee to accommodate increased demand east of the Mississippi. During that time, we became the first boat manufacturer to use computers in our initial boat designs and introduced a new, patented, fiberglass engine chassis system that eliminated vibration and noise associated with the drivetrain.

Water sports evolved in the late 1990s and wakeboarding quickly gained in popularity. To capitalize on this growing trend, we introduced the WakeSetter model and the wakeboarding-focused Manual Wedge feature, which created an enhanced, "rampy" wake without the need for ballast tanks.

In 1999, we sponsored The Malibu Open water ski championships, which quickly became a premier event for slalom, trick and jump waterskiing. Shortly thereafter, the Malibu Just Ride wakeboard series, the first wakeboard-specific event that did not include water skiing, kicked off in the United States in 2001.

By 2003, we had captured the leading market share position in the performance sport boat category.

In 2006, we were acquired by an investor group, including affiliates of Black Canyon Capital LLC, Horizon Holdings, LLC and then-current management. In 2008 and 2009, we, like almost every manufacturer in the marine industry, experienced significant volume declines as a result of the global recession. In the midst of the recession, in May 2009, Jack Springer took over as our interim Chief Executive Officer and became Chief Executive Officer in February 2010.

Wayne Wilson became our Chief Financial Officer in November 2009. In 2011, Ritchie Anderson joined our senior management team as Vice President of

Operations and was later named Chief Operating Officer. This highly talented team with complementary skill sets has been instrumental in leading our company out of the recession, achieving #1 market share and developing our strategies for continued growth. In February 2014, we completed our initial public offering of Class A Common Stock on the NASDAQ Global Select Market, as discussed in more detail below.

Our Organizational Structure

Malibu Boats, Inc. was incorporated as a Delaware corporation on November 1, 2013 in anticipation of the IPO to serve as a holding company that owns only an interest in Malibu Boats Holdings, LLC. Immediately after the completion of the Recapitalization (as defined below) and IPO, Malibu Boats Inc. held approximately 49.3% of the economic interest in the LLC, which increased after the follow-on offering described below to approximately 68.8% of the economic interest in the LLC.

The certificate of incorporation of Malibu Boats, Inc. authorizes two classes of common stock, Class A Common Stock and Class B Common Stock. Holders of our Class A Common Stock and our Class B Common Stock have voting power over Malibu Boats, Inc., the sole managing member of the LLC, at a level that is consistent with their overall equity ownership of our business. In connection with the Recapitalization and IPO, Malibu Boats, Inc. issued to each pre-IPO owner, for nominal consideration, one share of Class B Common Stock of Malibu Boats, Inc., each of which provides its owner with no economic rights but entitles the holder to one vote on matters presented to stockholders of Malibu Boats, Inc. for each LLC Unit held by such holder. Pursuant to our certificate of incorporation and bylaws, each share of Class A Common Stock entitles the holder to one vote with respect to each matter presented to our stockholders on which the holders of Class A Common Stock are entitled to vote. Each holder of Class B Common Stock is entitled to the number of votes equal to the total number of LLC units held by such holder multiplied by the exchange rate specified in the exchange agreement with respect to each matter presented to our stockholders on which the holders of Class B Common Stock are entitled to vote. Accordingly, the holders of LLC Units collectively have a number of votes that is equal to the aggregate number of LLC Units that they hold. As the LLC members sell LLC Units to us or subsequently exchange LLC Units for shares of Class A Common Stock of Malibu Boats, Inc. pursuant to the exchange agreement described below, the voting power afforded to them by their shares of Class B Common Stock is automatically and correspondingly reduced. Subject to any rights that may be applicable to any then outstanding preferred stock, our Class A and Class B Common Stock vote as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise provided in our certificate of incorporation or bylaws or required by applicable law. In addition, subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our Class A Common Stock are entitled to share equally, identically and ratably in any dividends or distributions (including in the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs) that our board of directors may determine to issue from time to time, while holders of our Class B Common Stock do not have any right to receive dividends or other distributions.

As noted above, Malibu Boats, Inc. is a holding company with a controlling equity interest in the LLC. Malibu Boats, Inc., as sole managing member of the LLC, operates and controls all of the business and affairs and consolidates the financial results of the LLC. The limited liability company agreement of the LLC provides that it may be amended, supplemented, waived or modified by the written consent of Malibu Boats, Inc., as managing member of the LLC, in its sole discretion without the approval of any other holder of LLC Units, except that no amendment may materially and adversely affect the rights of a holder of LLC Units, other than on a pro rata basis with other holders of LLC Units, without the consent of such holder (unless more than one holder is so affected, then the consent of a majority of such affected holders is required). Pursuant to the limited liability company agreement of the LLC, Malibu Boats, Inc. has the right to determine when distributions (other than tax distributions) will be made to the members of the LLC and the amount of any such distributions. If Malibu Boats, Inc. authorizes a distribution, such distribution will be made to the members of the LLC (including Malibu Boats, Inc.) pro rata in accordance with the percentages of their respective LLC Units.

Recapitalization

Immediately prior to the closing of the IPO of Malibu Boats, Inc. on February 5, 2014, a new single class of LLC Units of Malibu Boats Holdings, LLC, was allocated among the pre-IPO owners in exchange for their prior membership interests of the LLC pursuant to the distribution provisions of the former limited liability company agreement of the LLC based upon the liquidation value of the LLC, assuming it was liquidated at the time of the IPO

with a value implied by the initial public offering price of the shares of Class A Common Stock sold in the IPO. Immediately prior to the closing of the IPO, there were 17,071,424 LLC Units issued and outstanding.

Further, on February 4, 2014 (prior to the closing of the IPO), two holders of membership interests in the LLC merged with and into two newly formed subsidiaries of Malibu Boats, Inc. As a result of these mergers, the sole stockholders of each of the two merging entities received shares of Class A Common Stock in exchange for shares of capital stock of the merging entities.

Also, we redeemed for nominal consideration, the initial 100 shares of Class A Common Stock issued to our initial stockholder in connection with our formation.

We refer to the foregoing transactions as the “Recapitalization.”

IPO and Follow-On Offering

On February 5, 2014, we completed our IPO of 8,214,285 shares of Class A Common Stock at a price to the public of $14.00 per share, of which 7,642,996 shares were issued and sold by us and 571,289 shares were sold by selling stockholders. This included 899,252 shares issued and sold by us and 172,175 shares sold by selling stockholders pursuant to the over-allotment option granted to the underwriters, which was exercised concurrently with the closing of the IPO. The aggregate gross proceeds from the IPO were $115.0 million. Of these proceeds, we received $99.5 million and the selling stockholders received $7.4 million, after deducting $8.1 million in underwriting discounts and commissions. With the proceeds we received, approximately $29.8 million was used to purchase units in the LLC, or the LLC Units, directly from the pre-IPO owners and $69.8 million was used to purchase newly issued LLC Units from the LLC, which the LLC then used (i) to pay down all of the amounts owed under the LLC’s credit facilities and term loans in the amount of $63.4 million, (ii) to pay Malibu Boats Investor, LLC, an affiliate of the LLC, a fee of $3.8 million in connection with the termination of the LLC’s management agreement upon consummation of the IPO, and (iii) for general corporate purposes with the remaining approximately $2.7 million. In connection with the repayment of the LLC’s credit facilities and term loans, debt issuance costs associated with the term loans were written off to interest expense.

On July 15, 2014, we completed a follow-on public offering of 5,520,000 shares of our Class A Common Stock at a price to the public of $18.50 per share, of which 4,371,893 shares were issued and sold by us and 1,148,107 shares were sold by selling stockholders. This included 538,252 shares issued and sold by us and 181,748 shares sold by selling stockholders pursuant to the over-allotment option granted to the underwriters, which was exercised concurrently with the closing of the follow-on offering. The aggregate gross proceeds from the follow-on offering were $102.1 million. Of these proceeds, we received $76.8 million and the selling stockholders received $20.2 million, after deducting $5.1 million in underwriting discounts and commissions. We used all of the proceeds we received to purchase LLC Units directly from the holders of LLC Units.

The diagram below depicts our current organizational structure, as of September 24, 2014:

Our organizational structure allows the LLC members to retain their equity ownership in the LLC, an entity that is classified as a partnership for U.S. federal income tax purposes, in the form of LLC Units. Holders of Class A Common Stock, by contrast, hold their equity ownership in Malibu Boats, Inc., a Delaware corporation that is a domestic corporation for U.S. federal income tax purposes, in the form of shares of Class A Common Stock. We believe that the LLC members generally will find it advantageous to hold their equity interests in an entity that is not taxable as a corporation for U.S. federal income tax purposes. The holders of LLC Units, including Malibu Boats, Inc., will incur U.S. federal, state and local income taxes on their proportionate share of any taxable income of the LLC. Net profits and net losses of the LLC will generally be allocated to the LLC's members (including Malibu Boats, Inc.) pro rata in accordance with the percentages of their respective limited liability company interests. The limited liability company agreement provides for cash distributions to the holders of LLC Units if Malibu Boats, Inc. determines that the taxable income of the LLC will give rise to taxable income for its members. In accordance with the limited liability company agreement, we intend to cause the LLC to make cash distributions to the holders of LLC Units for purposes of funding their tax obligations in respect of the income of the LLC that is allocated to them. Generally, these tax distributions will be computed based on our estimate of the taxable income of the LLC allocable to such holder of LLC Units multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in Los Angeles, California (taking into account the nondeductibility of certain expenses and the character of our income). For purposes of determining the taxable income of the LLC, such determination will be made by generally disregarding any adjustment to the taxable income of any member of the LLC that arises under the tax basis adjustment rules of the Internal Revenue Code of 1986, as amended, or the Code and is attributable to the acquisition by such member of an interest in the LLC in a sale or exchange transaction.

Exchanges and Other Transactions with Holders of LLC Units

In connection with the Recapitalization and IPO, we entered into an exchange agreement with the pre-IPO owners of the LLC under which (subject to the terms of the exchange agreement) each pre-IPO owner (or its permitted transferee) has the right to exchange its LLC Units for shares of our Class A Common Stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications, or, at our option, except in the event of a change in control, for a cash payment equal to the market value of the Class A Common Stock. The exchange agreement provides, however, that such exchanges must be for a minimum of the lesser of 1,000 LLC Units, all of the LLC Units held by the holder, or such amount as we determine to be acceptable. The exchange agreement also provides that an LLC member will not have the right to exchange LLC Units if Malibu Boats, Inc. determines that such exchange would be prohibited by law or regulation or would violate other agreements with Malibu Boats, Inc. to which the LLC member may be subject or any of our written policies related to unlawful or insider trading. The exchange agreement also provides that Malibu Boats, Inc. may impose additional restrictions on exchanges that it determines to be necessary or advisable so that the LLC is not treated as a "publicly traded partnership" for U.S. federal income tax purposes. In addition, pursuant to the limited liability company agreement of the LLC, Malibu Boats, Inc., as managing member of the LLC, has the right to require all members of the LLC to exchange their LLC Units for Class A Common Stock in accordance with the terms of the exchange agreement, subject to the consent of Black Canyon Management LLC and the holders of a majority of outstanding LLC Units other than those held by Malibu Boats, Inc.

As a result of exchanges of LLC Units into Class A Common Stock and purchases by Malibu Boats, Inc. of LLC Units from holders of LLC Units, like we completed in our IPO and follow-on offering, Malibu Boats, Inc. will become entitled to a proportionate share of the existing tax basis of the assets of the LLC at the time of such exchanges or purchases. In addition, such exchanges and purchases of LLC Units are expected to result in increases in the tax basis of the assets of the LLC that otherwise would not have been available. These increases in tax basis may reduce the amount of tax that Malibu Boats, Inc. would otherwise be required to pay in the future. These increases in tax basis may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets. We have entered into a tax receivable agreement with the pre-IPO owners (or their permitted assignees) that provides for the payment by Malibu Boats, Inc. to the pre-IPO owners (or their permitted assignees) of 85% of the amount of the benefits, if any, that Malibu Boats, Inc. is deemed to realize as a result of (1) increases in tax basis and (2) certain other tax benefits related to our entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. These payment obligations are obligations of Malibu Boats, Inc. and not of the LLC.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act are available on our web site at www.malibuboats.com, free of charge, as soon as reasonably practicable after the electronic filing of these reports with, or furnishing of these reports to, the Securities and Exchange Commission, or the SEC. Any materials we file with the SEC are available at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Additional information about the operation of the Public Reference Room can also be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

Item 1A. Risk Factors

The following describes the risks and uncertainties that could cause our actual results to differ materially from those presented in our forward-looking statements. The risks and uncertainties described below are not the only ones we face but do represent those risks and uncertainties that we believe are material to us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business.

Risks Related to Our Business

General economic conditions, particularly in the United States, affect our industry, demand for our products, and our business and results of operations.

General economic conditions continue to be challenging as the economy recovers from the effects of the financial crisis that led to the last recession in the United States. Demand for new performance sport boats has been significantly influenced by weak economic conditions, low consumer confidence and high unemployment and increased market volatility worldwide, especially in the United States. In times of economic uncertainty and contraction, consumers tend to have less discretionary income and to defer or avoid expenditures for discretionary items, such as our products. Sales of our products are highly sensitive to personal discretionary spending levels, and our success depends on general economic conditions and overall

Table of Contents

consumer confidence and personal income levels. Any deterioration in general economic conditions that diminishes consumer confidence or discretionary income may reduce our sales and adversely affect our business, financial condition and results of operations. We cannot predict the duration or strength of an economic recovery, either in the United States or in the specific markets where we sell our products.

Consumers often finance purchases of our products. Although consumer credit markets have improved, consumer credit market conditions continue to influence demand, especially for boats, and may continue to do so. There continue to be fewer lenders, tighter underwriting and loan approval criteria and greater down payment requirements than in the past. If credit conditions worsen, and adversely affect the ability of consumers to finance potential purchases at acceptable terms and interest rates, it could result in a decrease in the sales of our products.

Our annual and quarterly financial results are subject to significant fluctuations depending on various factors, many of which are beyond our control.

Our sales and operating results can vary significantly from quarter to quarter and year to year depending on various factors, many of which are beyond our control. These factors include, but are not limited to:

- seasonal consumer demand for our products;
- discretionary spending habits;
- changes in pricing in, or the availability of supply in, the used powerboat market;
- variations in the timing and volume of our sales;
- the timing of our expenditures in anticipation of future sales;
- sales promotions by us and our competitors;
- changes in competitive and economic conditions generally;
- consumer preferences and competition for consumers' leisure time;
- impact of unfavorable weather conditions;
- changes in the cost or availability of our labor; and
- increased fuel prices.

As a result, our results of operations may decline quickly and significantly in response to changes in order patterns or rapid decreases in demand for our products. We anticipate that fluctuations in operating results will continue in the future.

We depend on our network of independent dealers, face increasing competition for dealers and have little control over their activities.

Substantially all of our sales are derived from our network of independent dealers. We have agreements with the dealers in our network that typically provide for one-year terms, although some agreements have a term of up to three years. For fiscal years 2014 and 2013, our top ten dealers accounted for 34.1% and 36.1%, respectively, of our total units sold. The loss of a significant number of these dealers could have a material adverse effect on our financial condition and results of operations. The number of dealers supporting our products and the quality of their marketing and servicing efforts are essential to our ability to generate sales. Competition for dealers among performance sport boat manufacturers continues to increase based on the quality, price, value and availability of the manufacturer's products, the manufacturer's attention to customer service and the marketing support that the manufacturer provides to the dealers. We face intense competition from other performance sport boat manufacturers in attracting and retaining dealers, and we cannot assure you that we will be able to attract or retain relationships with qualified and successful dealers. We cannot assure you that we will be able to maintain or improve our relationship with our dealers or our market share position. A substantial deterioration in the number of dealers or quality of our network of dealers would have a material adverse effect on our business, financial condition and results of operations.

Our success depends, in part, upon the financial health of our dealers and their continued access to financing.

Because we sell nearly all of our products through dealers, their financial health is critical to our success. Our business, financial condition and results of operations may be adversely affected if the financial health of the dealers that sell our products suffers. Their financial health may suffer for a variety of reasons, including a downturn in general economic

Table of Contents

conditions, rising interest rates, higher rents, increased labor costs and taxes, compliance with regulations and personal financial issues.

In addition, our dealers require adequate liquidity to finance their operations, including purchases of our products. Dealers are subject to numerous risks and uncertainties that could unfavorably affect their liquidity positions, including, among other things, continued access to adequate financing sources on a timely basis on reasonable terms. These sources of financing are vital to our ability to sell products through our distribution network. Access to floor plan financing generally facilitates our dealers' ability to purchase boats from us, and their financed purchases reduce our working capital requirements. If floor plan financing were not available to our dealers, our sales and our working capital levels would be adversely affected. The availability and terms of financing offered by our dealers' floor plan financing providers will continue to be influenced by:

- their ability to access certain capital markets and to fund their operations in a cost-effective manner;
- the performance of their overall credit portfolios;
- their willingness to accept the risks associated with lending to dealers; and
- the overall creditworthiness of those dealers.

We may be required to repurchase inventory of certain dealers.

Many of our dealers have floor plan financing arrangements with third-party finance companies that enable the dealers to purchase our products. In connection with these agreements, we may have an obligation to repurchase our products from a finance company under certain circumstances, and we may not have any control over the timing or amount of any repurchase obligation nor have access to capital on terms acceptable to us to satisfy any repurchase obligation. This obligation is triggered if a dealer defaults on its debt obligations to a finance company, the finance company repossesses the boat and the boat is returned to us. Our obligation to repurchase a repossessed boat for the unpaid balance of our original invoice price for the boat is subject to reduction or limitation based on the age and condition of the boat at the time of repurchase, and in certain cases by an aggregate cap on repurchase obligations associated with a particular floor financing program. If we were obligated to repurchase a significant number of units under any repurchase agreement, our business, operating results and financial condition could be adversely affected.

If we fail to manage our manufacturing levels while still addressing the seasonal retail pattern for our products, our business and margins may suffer.

The seasonality of retail demand for our products, together with our goal of balancing production throughout the year, requires us to manage our manufacturing and allocate our products to our dealer network to address anticipated retail demand. Our dealers must manage seasonal changes in consumer demand and inventory. If our dealers reduce their inventories in response to weakness in retail demand, we could be required to reduce our production, resulting in lower rates of absorption of fixed costs in our manufacturing and, therefore, lower margins. As a result, we must balance the economies of level production with the seasonal retail sales pattern experienced by our dealers. Failure to adjust manufacturing levels adequately may have a material adverse effect on our financial condition and results of operations.

We have a large fixed cost base that will affect our profitability if our sales decrease.

The fixed cost levels of operating a powerboat manufacturer can put pressure on profit margins when sales and production decline. Our profitability depends, in part, on our ability to spread fixed costs over a sufficiently large number of products sold and shipped, and if we make a decision to reduce our rate of production, gross or net margins could be negatively affected. Consequently, decreased demand or the need to reduce production can lower our ability to absorb fixed costs and materially impact our financial condition or results of operations.

Our industry is characterized by intense competition, which affects our sales and profits.

The performance sport boat category, and the powerboat industry as a whole, is highly competitive for consumers and dealers. We also compete against consumer demand for used boats. Competition affects our ability to succeed in both the markets we currently serve and new markets that we may enter in the future. Competition is based primarily on brand name, price, product selection and product performance. We compete with several large manufacturers that may have greater financial, marketing and other resources than we do and who are represented by dealers in the markets in which we now operate and into which we plan to expand. We also compete with a variety of small, independent manufacturers. We cannot assure you that we will not face greater competition from existing large or small

manufacturers or that we will be able to compete successfully with new competitors. Our failure to compete effectively with our current and future competitors would adversely affect our business, financial condition and results of operations.

Table of Contents

Our sales may be adversely impacted by increased consumer preference for used boats or the supply of new boats by competitors in excess of demand.

During the economic downturn, we observed a shift in consumer demand toward purchasing more used boats, primarily because prices for used boats are typically lower than retail prices for new boats. If this were to continue or occur again, it could have the effect of reducing demand among retail purchasers for our new boats. Also, while we have taken steps designed to balance production volumes for our boats with demand, our competitors could choose to reduce the price of their products, which could have the effect of reducing demand for our new boats. Reduced demand for new boats could lead to reduced sales by us, which could adversely affect our business, results of operations or financial condition.

Our sales and profitability depend, in part, on the successful introduction of new products.

Market acceptance of our products depends on our technological innovation and our ability to implement technology in our boats. Our sales and profitability may be adversely affected by difficulties or delays in product development, such as an inability to develop viable or innovative new products. Our failure to introduce new technologies and product offerings that our markets desire could adversely affect our business, financial condition and results of operations. Also, we have been able to achieve higher margins in part as a result of the introduction of new features or enhancements to our existing boat models. If we fail to introduce new features or those we introduce, such as the Wakesetter 24 MXZ, fail to gain market acceptance, our margins may suffer.

In addition, some of our direct competitors and indirect competitors may have significantly more resources to develop and patent new technologies. It is possible that our competitors will develop and patent equivalent or superior technologies and other products that compete with ours. They may assert these patents against us and we may be required to license these patents on unfavorable terms or cease using the technology covered by these patents, either of which would harm our competitive position and may materially adversely affect our business.

We also cannot be certain that our products or technologies have not infringed or will not infringe the proprietary rights of others. Any such infringement could cause third parties, including our competitors, to bring claims against us, resulting in significant costs and potential damages.

We compete with a variety of other activities for consumers' scarce leisure time.

Our boats are used for recreational and sport purposes, and demand for our boats may be adversely affected by competition from other activities that occupy consumers' leisure time and by changes in consumer life style, usage pattern or taste. Similarly, an overall decrease in consumer leisure time may reduce consumers' willingness to purchase and enjoy our products.

Our success depends upon the continued strength of our brands, Malibu and Axis, and the value of our brands and sales of our products could be diminished if we, the athletes who use our products or the sports and activities in which our products are used, are associated with negative publicity.

We believe that our brands, Malibu and Axis, are significant contributors to the success of our business and that maintaining and enhancing our brands are important to expanding our consumer and dealer base. Failure to continue to protect our brands may adversely affect our business, financial condition and results of operations.

Negative publicity, including that resulting from severe injuries or death occurring in the sports and activities in which our products are used, could negatively affect our reputation and result in restrictions, recalls or bans on the use of our products. Further, actions taken by athletes associated with our products that harm the reputations of those athletes could also harm our brand image and adversely affect our financial condition. If the popularity of the sports and activities for which we design, manufacture and sell products were to decrease as a result of these risks or any negative publicity, sales of our products could decrease, which could have an adverse effect on our net revenue, profitability and operating results. In addition, if we become exposed to additional claims and litigation relating to the use of our products, our reputation may be adversely affected by such claims, whether or not successful, including by generating potential negative publicity about our products, which could adversely impact our business and financial condition.

We may not be able to execute our manufacturing strategy successfully, which could cause the profitability of our products to suffer.

Our manufacturing strategy is designed to improve product quality and increase productivity, while reducing costs and increasing flexibility to respond to ongoing changes in the marketplace. To implement this strategy, we must be successful in our continuous improvement efforts, which depend on the involvement of management, production employees and suppliers. Any inability to achieve these objectives could adversely impact the profitability of our products and our ability to deliver desirable products to our consumers.

Table of Contents

Our ability to meet our manufacturing workforce needs is crucial to our results of operations and future sales and profitability.

We rely on the existence of an available hourly workforce to manufacture our boats. We cannot assure you that we will be able to attract and retain qualified employees to meet current or future manufacturing needs at a reasonable cost, or at all. Although none of our employees is currently covered by collective bargaining agreements, we cannot assure you that our employees will not elect to be represented by labor unions in the future. Additionally, competition for qualified employees could require us to pay higher wages to attract a sufficient number of employees. Significant increases in manufacturing workforce costs could materially adversely affect our business, financial condition or results of operations.

We rely on third-party suppliers and may be unable to obtain adequate raw materials and components.

We depend on third-party suppliers to provide components and raw materials essential to the construction of our boats. Historically, we have not entered into long-term agreements with our suppliers, but have developed 90-day forecast models with our major suppliers to minimize disruptions in our supply chain. While we believe that our relationships with our current suppliers are sufficient to provide the materials necessary to meet present production demand, we cannot assure you that these relationships will continue or that the quantity or quality of materials available from these suppliers will be sufficient to meet our future needs, irrespective of whether we successfully implement our growth strategy. In particular, the availability and cost of engines used in the manufacture of our boats are critical. For fiscal years 2014 and 2013, we purchased approximately 90% and nearly 100%, respectively, of the engines for our boats from a single supplier. If we are required to replace this supplier or the supplier of any other key components or raw materials, it could cause a decrease in products available for sale or an increase in the cost of goods sold, either of which could adversely affect our business, financial condition and results of operations.

We depend upon key personnel and we may not be able to retain them nor to attract, assimilate and retain highly qualified employees in the future.

Our future success will depend in significant part upon the continued service of our senior management team and our continuing ability to attract, assimilate and retain highly qualified and skilled managerial, product development, manufacturing, marketing and other personnel. The loss of the services of any members of our senior management or other key personnel or the inability to hire or retained qualified personnel in the future could adversely affect our business, financial condition and results of operations.

We may attempt to grow our business through acquisitions or strategic alliances and new partnerships, which we may not be successful in completing or integrating.

We may in the future explore acquisitions and strategic alliances, such as our potential acquisition of our Australian licensee, that will enable us to acquire complementary skills and capabilities, offer new products, expand our consumer base, enter new product categories or geographic markets and obtain other competitive advantages. We cannot assure you, however, that we will identify acquisition candidates or strategic partners that are suitable to our business, obtain financing on satisfactory terms, complete acquisitions or strategic alliances or successfully integrate acquired operations into our existing operations. Once integrated, acquired operations may not achieve anticipated levels of sales or profitability, or otherwise perform as expected. Acquisitions also involve special risks, including risks associated with unanticipated challenges, liabilities and contingencies, and diversion of management attention and resources from our existing operations.

Our reliance upon patents, trademark laws and contractual provisions to protect our proprietary rights may not be sufficient to protect our intellectual property from others who may sell similar products and may lead to costly litigation. We are currently, and may be in the future, party to lawsuits and other intellectual property rights claims that are expensive and time-consuming.

We hold patents and trademarks relating to various aspects of our products and believe that proprietary technical know-how is important to our business. Proprietary rights relating to our products are protected from unauthorized use by third parties only to the extent that they are covered by valid and enforceable patents or trademarks or are maintained in confidence as trade secrets. We cannot be certain that we will be issued any patents from any pending or future patent applications owned by or licensed to us or that the claims allowed under any issued patents will be sufficiently broad to protect our technology. In the absence of enforceable patent or trademark protection, we may be

vulnerable to competitors who attempt to copy our products, gain access to our trade secrets and know-how or diminish our brand through unauthorized use of our trademarks, all of which could adversely affect our business. In addition, others may initiate litigation or other proceedings to challenge the validity of our patents, or allege that we infringe their patents, or they may use their resources to design comparable products that do not infringe our patents. We may

Table of Contents

incur substantial costs if our competitors initiate litigation to challenge the validity of our patents, or allege that we infringe their patents, or if we initiate any proceedings to protect our proprietary rights. Further, we may need to engage in future litigation to enforce intellectual property rights to protect trade secrets or to determine the validity and scope of proprietary rights of others. If the outcome of any such litigation is unfavorable to us, our business, financial condition and results of operations could be adversely affected.

We are currently a party to a legal proceeding arising from intellectual property matters. We are a plaintiff in a Tennessee lawsuit alleging infringement by a competitor of our patent rights in certain wake surfing technology. We also were a defendant in a lawsuit alleging patent infringement and related claims in connection with windshields installed in our boats that we purchased from a third-party supplier. We resolved this lawsuit with the plaintiffs in September 2014 and have agreed to pay $20.0 million in cash to the plaintiffs upon the entry into a definitive settlement agreement or such later date as the parties agree. We accrued a one-time charge of $20.0 million for the settlement in the fiscal year ended June 30, 2014. For more information, see Note 14 to our audited consolidated financial statements included elsewhere in this Annual Report. Although we do not believe that the remaining unresolved lawsuit will have a material adverse effect on our business, financial condition or results of operations, we cannot predict its outcome, and an unfavorable outcome could have an adverse impact on our business, financial condition or results of operation. Regardless of the outcome of such litigation or similar litigation in the future, it could significantly increase our costs and divert management's attention from operation of our business, which could adversely affect our financial condition and results of operations.

Product liability, warranty and recall claims may materially affect our financial condition and damage our reputation.

We are engaged in a business that exposes us to claims for product liability and warranty claims in the event our products actually or allegedly fail to perform as expected or the use of our products results, or is alleged to result, in property damage, personal injury or death. Although we maintain product and general liability insurance of the types and in the amounts that we believe are customary for the industry, we are not fully insured against all such potential claims. We may experience legal claims in excess of our insurance coverage or claims that are not covered by insurance, either of which could adversely affect our business, financial condition and results of operations. Adverse determination of material product liability and warranty claims made against us could have a material adverse effect on our financial condition and harm our reputation. In addition, if any of our products are, or are alleged to be, defective, we may be required to participate in a recall of that product if the defect or alleged defect relates to safety. These and other claims we face could be costly to us and require substantial management attention.

Our international markets require significant management attention, expose us to difficulties presented by international economic, political, legal and business factors, and may not be successful or produce desired levels of sales and profitability.

We currently sell our products throughout the world. Our total sales outside North America (including licensing royalties from our Australian licensee) were less than 10% of our total revenue for fiscal year 2014 and fiscal year 2013. International markets have, and will continue to be, a focus for sales growth. We believe many opportunities exist in the international markets, and over time we intend for international sales to comprise a larger percentage of our total revenue. Several factors, including weakened international economic conditions, could adversely affect such growth. The expansion of our existing international operations and entry into additional international markets require significant management attention. Some of the countries in which we market and our distributors or licensee sell our products are to some degree subject to political, economic or social instability. Our international operations expose us and our representatives, agents and distributors to risks inherent in operating in foreign jurisdictions. These risks include, but are not limited to:

- increased costs of customizing products for foreign countries;
- unfamiliarity with local demographics, consumer preferences and discretionary spending patterns;
- the imposition of additional foreign governmental controls or regulations, including rules relating to environmental, health and safety matters and regulations and other laws applicable to publicly-traded companies, such as the Foreign Corrupt Practices Act, or the FCPA;
- new or enhanced trade restrictions and restrictions on the activities of foreign agents, representatives and distributors;
-

the imposition of increases in costly and lengthy import and export licensing and other compliance requirements, customs duties and tariffs, license obligations and other non-tariff barriers to trade;

- the relative strength of the U.S. dollar compared to local currency, making our products less price-competitive relative to products manufactured outside of the United States;

Table of Contents

- laws and business practices favoring local companies;
- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems; and
- difficulties in enforcing or defending intellectual property rights.

Our international operations may not produce desired levels of total sales, or one or more of the foregoing factors may harm our business, financial condition or results of operations.

An increase in energy costs may adversely affect our business, financial condition and results of operations.

Higher energy costs result in increases in operating expenses at our manufacturing facility and in the expense of shipping products to our dealers. In addition, increases in energy costs may adversely affect the pricing and availability of petroleum-based raw materials, such as resins and foams, that are used in our products. Also, higher fuel prices may have an adverse effect on demand for our boats, as they increase the cost of ownership and operation.

We are subject to U.S. and other anti-corruption laws, trade controls, economic sanctions and similar laws and regulations, including those in the jurisdictions where we operate. Our failure to comply with these laws and regulations could subject us to civil, criminal and administrative penalties and harm our reputation.

Doing business on a worldwide basis requires us to comply with the laws and regulations of various foreign jurisdictions. These laws and regulations place restrictions on our operations, trade practices, partners and investment decisions. In particular, our operations are subject to U.S. and foreign anti-corruption and trade control laws and regulations, such as the FCPA, export controls and economic sanctions programs, including those administered by the U.S. Treasury Department's Office of Foreign Assets Control, or the OFAC. As a result of doing business in foreign countries and with foreign partners, we are exposed to a heightened risk of violating anti-corruption and trade control laws and sanctions regulations.

The FCPA prohibits us from providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. It also requires us to keep books and records that accurately and fairly reflect our transactions.

Economic sanctions programs restrict our business dealings with certain sanctioned countries, persons and entities. In addition, because we act through dealers and distributors, we face the risk that our dealers, distributors or consumers might further distribute our products to a sanctioned person or entity, or an ultimate end-user in a sanctioned country, which might subject us to an investigation concerning compliance with OFAC or other sanctions regulations.

Violations of anti-corruption and trade control laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment. We cannot assure you that all of our local, strategic or joint partners will comply with these laws and regulations, in which case we could be held liable for actions taken inside or outside of the United States, even though our partners may not be subject to these laws. Such a violation could materially and adversely affect our reputation, business, results of operations and financial condition.

Our continued international expansion, including in developing countries, and our development of new partnerships and joint venture relationships worldwide, could increase the risk of FCPA or OFAC violations in the future.

If we are unable to comply with environmental and other regulatory requirements, our business may be exposed to material liability or fines.

Our operations are subject to extensive regulation, including product safety, environmental and health and safety requirements, under various federal, state, local and foreign statutes, ordinances and regulations. While we believe that we are in material compliance with all applicable federal, state, local and foreign regulatory requirements, we cannot assure you that we will be able to continue to comply with applicable regulatory requirements. The failure to comply with applicable regulatory requirements could cause us to incur significant fines or penalties or could materially increase the cost of operations. In addition, legal requirements are constantly evolving, and changes in laws, regulations or policies, or changes in interpretations of the foregoing, could also increase our costs or create liabilities where none exists today.

As with boat construction in general, our manufacturing processes involve the use, handling, storage and contracting for recycling or disposal of hazardous substances and wastes. The failure to manage or dispose of such hazardous substances and wastes properly could expose us to material liability or fines. Also, the components to our boats may

become subject to more stringent environmental regulations. For example, boat engines may be subject to more stringent emissions standards, which could increase the cost of our engines and our products, which, in turn, may reduce consumer demand for our products.

Table of Contents

A natural disaster or other disruption at our manufacturing facilities could adversely affect our business, financial condition and results of operations.

We rely on the continuous operation of manufacturing facilities in Tennessee and California. Any natural disaster or other serious disruption to our facilities due to fire, flood, earthquake or any other unforeseen circumstances could adversely affect our business, financial condition and results of operations. The occurrence of any disruption at our manufacturing facilities may have an adverse effect on our productivity and profitability, during and after the period of the disruption. These disruptions may also cause personal injury and loss of life, severe damage to or destruction of property and equipment and environmental damage. Although we maintain property, casualty and business interruption insurance of the types and in the amounts that we believe are customary for the industry, we are not fully insured against all potential natural disasters or other disruptions to our manufacturing facilities.

Increases in income tax rates or changes in income tax laws or enforcement could have a material adverse impact on our financial results.

Changes in domestic and international tax legislation could expose us to additional tax liability. Although we monitor changes in tax laws and work to mitigate the impact of proposed changes, such changes may negatively impact our financial results. In addition, any increase in individual income tax rates, such as those implemented at the beginning of 2013, would negatively affect our potential consumers' discretionary income and could decrease the demand for our products.

Our credit facilities contain covenants which may limit our operating flexibility; failure to comply with covenants may restrict our access to these.

In the past, we have relied upon our existing credit facilities to provide us with adequate liquidity to operate our business. The availability of borrowing amounts under our credit facilities are dependent upon compliance with the debt covenants set forth in our credit agreement. Violation of those covenants, whether as a result of operating losses or otherwise, could result in our lenders restricting or terminating our borrowing ability under our credit facilities. If our lenders reduce or terminate our access to amounts under our credit facilities, we may not have sufficient capital to fund our working capital and other needs and we may need to secure additional capital or financing to fund our operations or to repay outstanding debt under our credit facilities. We cannot assure you that we will be successful in ensuring our availability to amounts under our credit facilities or in connection with raising additional capital and that any amount, if raised, will be sufficient to meet our cash needs or on terms as favorable as have historically been available to us. If we are not able to maintain our borrowing availability under our credit facilities or raise additional capital when needed, our business and operations will be materially and adversely affected.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A Common Stock less attractive to investors.

We are an "emerging growth company" as defined in the Jumpstart Our Business Starups Act, or the JOBS Act. We have taken, and for as long as we continue to be an emerging growth company, we may choose to take, advantage of certain exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, which includes, among other things:

- exemption from the auditor attestation requirements under Section 404 of the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements;
- exemption from the requirements of holding non-binding stockholder votes on executive compensation arrangements; and
- exemption from any public rules requiring mandatory audit firm rotation and auditor discussion and analysis and, unless the SEC otherwise determines, any future audit rules that may be adopted by the Public Company Accounting Oversight Board.

We could be an emerging growth company until the last day of the fiscal year following the fifth anniversary after our initial public offering (June 30, 2019) or until the earliest of (1) the last day of the fiscal year in which we have annual gross revenue of $1 billion or more, (2) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt or (3) the date on which we are deemed to be a large accelerated filer under the federal securities laws. We will qualify as a large accelerated filer as of the first day of the first fiscal year after we have (a) more than $700 million in outstanding common equity held by our non-affiliates and (b) been public for at

least 12 months. The value of our outstanding common equity will be measured each year on the last day of our second fiscal quarter.

Table of Contents

Under the JOBS Act, emerging growth companies are also permitted to elect to delay adoption of new or revised accounting standards until companies that are not subject to periodic reporting obligations are required to comply, if such accounting standards apply to non-reporting companies. We have made an irrevocable decision to opt out of this extended transition period for complying with new or revised accounting standards.

We cannot predict if investors will find our Class A Common Stock less attractive if we rely on these exemptions. If some investors find our Class A Common Stock less attractive as a result, there may be less active trading market for our Class A Common Stock and our stock price may be more volatile.

We will incur significant increased costs as a result of being a new public company, and our management will be required to devote substantial time to comply with the laws and regulations affecting public companies, particularly after we are no longer an emerging growth company.

We recently became a public company on January 30, 2014. As a public company, particularly after we cease to qualify as an emerging growth company, we will incur significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting and corporate governance requirements, in order to comply with the rules and regulations imposed by the Sarbanes-Oxley Act, as well as rules implemented by the SEC and NASDAQ Stock Market, LLC, or NASDAQ. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives and our legal and accounting compliance costs will increase. It is likely that we will need to hire additional staff in the areas of investor relations, legal and accounting as we continue to operate as a public company. We also believe these new rules and regulations make it more difficult and expensive for us to obtain director and liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur in the future or the timing of such costs.

For example, the Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls over financial reporting and disclosure controls and procedures. In particular, as a public company, we will be required to perform system and process evaluations and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. As an emerging growth company, we will not need to comply with the auditor attestation provisions of Section 404 for several years. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. Our compliance with Section 404 will require that we incur substantial accounting expense and management time on compliance-related issues. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause our stock price to decline.

When the available exemptions under the JOBS Act cease to apply, we expect to incur additional expenses and devote increased management effort toward ensuring compliance with them. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

Risks Related to Our Organizational Structure

Our only material asset is our interest in the LLC, and we are accordingly dependent upon distributions from the LLC to pay taxes, make payments under the tax receivable agreement or pay dividends.

Malibu Boats, Inc. is a holding company and has no material assets other than our ownership of LLC Units. Malibu Boats, Inc. has no independent means of generating revenue. We intend to cause the LLC to make distributions to its unit holders in an amount sufficient to cover all applicable taxes at assumed tax rates, payments under the tax receivable agreement and dividends, if any, declared by us. To the extent that we need funds, and the LLC is restricted from making such distributions under applicable law or regulation or under the terms of its financing arrangements, or is otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition. For example, our credit agreement generally prohibits the LLC, Malibu Boats, LLC and Malibu Domestic

International Sales Corp. from paying dividends or making distributions. Our credit agreement permits, however, distributions based on a member's allocated taxable income, distributions to fund payments that are required under the tax receivable agreement, payments pursuant to stock option and other benefit plans up to $2 million in any fiscal year, dividends and distributions within the loan parties and dividends payable solely in interests of classes of securities. In addition, the LLC may make dividends and distributions of up to $4,000,000 in any fiscal year, subject to compliance with other financial covenants.

Table of Contents

We will be required to pay the pre-IPO owners (or any permitted assignees) for certain tax benefits pursuant to our tax receivable agreement with them, and the amounts we may pay could be significant.

Malibu Boats, Inc. used a portion of the proceeds from the IPO and follow-on offering to purchase LLC Units from the LLC members. We entered into a tax receivable agreement with the pre-IPO owners that provides for the payment by us to the pre-IPO owners (or any permitted assignees) of 85% of the tax benefits, if any, that we are deemed to realize as a result of (1) the increases in tax basis resulting from our purchases or exchanges of LLC Units and (2) certain other tax benefits related to our entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. These payment obligations are our obligations and not of the LLC. For purposes of the agreement, the benefit deemed realized by us will be computed by comparing our actual income tax liability (calculated with certain assumptions) to the amount of such taxes that we would have been required to pay had there been no increase to the tax basis of the assets of the LLC as a result of the purchases or exchanges, and had we not entered into the tax receivable agreement. Estimating the amount of payments that may be made under the tax receivable agreement is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The actual increase in tax basis, as well as the amount and timing of any payments under the agreement, will vary depending upon a number of factors, including:

- the timing of purchases or exchanges-for instance, the increase in any tax deductions will vary depending on the fair value, which may fluctuate over time, of the depreciable or amortizable assets of the LLC at the time of each purchase or exchange;
- the price of shares of our Class A Common Stock at the time of the purchase or exchange-the increase in any tax deductions, as well as the tax basis increase in other assets, of the LLC is directly related to the price of shares of our Class A Common Stock at the time of the purchase or exchange;
- the extent to which such purchases or exchanges are taxable-if an exchange or purchase is not taxable for any reason, increased deductions will not be available; and
- the amount and timing of our income-the corporate taxpayer will be required to pay 85% of the deemed benefits as and when deemed realized. If we do not have taxable income, we generally will not be required (absent a change of control or other circumstances requiring an early termination payment) to make payments under the tax receivable agreement for that taxable year because no benefit will have been realized. However, any tax benefits that do not result in realized benefits in a given tax year will likely generate tax attributes that may be utilized to generate benefits in previous or future tax years. The utilization of such tax attributes will result in payments under the tax receivable agreement.

For more information see "Item 1. Business - History and Formation Transactions" and Note 2 to our audited consolidated financial statements included elsewhere in this Annual Report.

We expect that the payments that we may make under the tax receivable agreement may be substantial. Assuming no material changes in the relevant tax law, and that we earn sufficient taxable income to realize all tax benefits that are subject to the agreement, we expect that future payments under the tax receivable agreement relating to the purchases by Malibu Boats, Inc. of LLC Units as part of the Recapitalization, the IPO and the follow-on offering will be approximately $47.7 million over the next 15 years. Future payments to the pre-IPO owners (or their permitted assignees) in respect of subsequent exchanges or purchases would be in addition to these amounts and are expected to be substantial. The foregoing numbers are merely estimates and the actual payments could differ materially. It is possible that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding tax receivable agreement payments. There may be a material negative effect on our liquidity if distributions to us by the LLC are not sufficient to permit us to make payments under the tax receivable agreement after we have paid taxes. For example, we may have an obligation to make tax receivable agreement payments for a certain amount while receiving distributions from the LLC in a lesser amount, which would negatively affect our liquidity. The payments under the tax receivable agreement are not conditioned upon the pre-IPO owners' (or any permitted assignees') continued ownership of us.

We are required to make a good faith effort to ensure that we have sufficient cash available to make any required payments under the tax receivable agreement. The limited liability company agreement of the LLC requires the LLC to make "tax distributions" which, in the ordinary course, will be sufficient to pay our actual tax liability and to fund

required payments under the tax receivable agreement. If for any reason the LLC is not able to make a tax distribution in an amount that is sufficient to make any required payment under the tax receivable agreement or we otherwise lack sufficient funds, interest would accrue on any unpaid amounts at the London Interbank Offered Rate, or LIBOR, plus 500 basis points until they are paid.

Table of Contents

In certain cases, payments under the tax receivable agreement to the pre-IPO owners (or any permitted assignees) may be accelerated or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreement.

The tax receivable agreement provides that, in the event that we exercise our right to early termination of the tax receivable agreement, or in the event of a change in control or a material breach by us of our obligations under the tax receivable agreement, the tax receivable agreement will terminate, and we will be required to make a lump-sum payment equal to the present value of all forecasted future payments that would have otherwise been made under the tax receivable agreement, which lump-sum payment would be based on certain assumptions, including those relating to our future taxable income. The change in control payment and termination payments to the pre-IPO owners (or any permitted assignees) could be substantial and could exceed the actual tax benefits that we receive as a result of acquiring the LLC Units because the amounts of such payments would be calculated assuming that we would have been able to use the potential tax benefits each year for the remainder of the amortization periods applicable to the basis increases, and that tax rates applicable to us would be the same as they were in the year of the termination. In these situations, our obligations under the tax receivable agreement could have a substantial negative impact on our liquidity. There can be no assurance that we will be able to finance our obligations under the tax receivable agreement.

Payments under the tax receivable agreement will be based on the tax reporting positions that we determine. Although we are not aware of any issue that would cause the Internal Revenue Service, or the IRS, to challenge a tax basis increase, Malibu Boats, Inc. will not be reimbursed for any payments previously made under the tax receivable agreement. As a result, in certain circumstances, payments could be made under the tax receivable agreement in excess of the benefits that Malibu Boats, Inc. actually realizes in respect of (1) the increases in tax basis resulting from our purchases or exchanges of LLC Units and (2) certain other tax benefits related to our entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement.

We have entered into a voting agreement with Black Canyon Management LLC, which provides it with rights to nominate a number of designees to our board of directors.

In connection with our Recapitalization and IPO, we entered into a voting agreement with certain affiliates. Under the voting agreement, Black Canyon Management LLC is entitled to nominate to our board of directors a number of designees equal to (1) 20% of the total number of directors comprising our board of directors at such time, so long as specified entities affiliated with Black Canyon Management LLC (and their permitted transferees) and Messrs. Springer, Wilson and Anderson together beneficially own 15% or more of the voting power of the shares of Class A Common Stock and Class B Common Stock entitled to vote generally in the election of directors, voting together as a single class, and (2) 10% of the total number of directors comprising the board of directors at such time, so long as specified entities affiliated with Black Canyon Management LLC (and their permitted transferees) and Messrs. Springer, Wilson and Anderson together beneficially own more than 5% but less than 15% of the voting power of the shares of Class A Common Stock and Class B Common Stock entitled to vote generally in the election of directors, voting together as a single class. In addition, Black Canyon Management LLC has the right to remove and replace its director-designees at any time and for any reason and to nominate any individuals to fill any such vacancies. Messrs. Springer, Wilson and Anderson will be required to vote any of their Class A Common Stock and Class B Common Stock in favor of the director or directors nominated by Black Canyon Management LLC. As of September 24, 2014, the specified entities affiliated with Black Canyon Management LLC, their permitted transferees, and Messrs. Springer, Wilson and Anderson own (as calculated pursuant to the voting agreement) approximately 21.6% of the voting power of the shares of Class A Common Stock and Class B Common Stock, voting together as a single class. It is possible that the interests of Black Canyon Management LLC may in some circumstances conflict with our interests and the interests of our other stockholders.

Affiliates of Black Canyon Capital LLC have certain consent rights that could limit the ability of stockholders to influence the outcome of key transactions, including a sale of Malibu Boats, Inc.

The amended and restated limited liability company agreement of the LLC provides that Malibu Boats, Inc., as managing member of the LLC, has the right to require all members to exchange their LLC Units for Class A Common Stock in accordance with the terms of the exchange agreement, subject to the consent of Black Canyon Management LLC and the holders of a majority of outstanding LLC Units other than those held by Malibu Boats, Inc. This consent

right could impede the ability of Malibu Boats, Inc. to take certain actions that might benefit its stockholders, including a sale of Malibu Boats, Inc. The interests of Black Canyon Management LLC may conflict with or differ from our interests and the interests of our other stockholders.

The consent of Black Canyon Management LLC will be required for certain amendments to the limited liability company agreement of the LLC.

Table of Contents

The limited liability company agreement of the LLC provides that, for so long as specified entities affiliated with Black Canyon Management LLC and their permitted transferees own an amount of LLC Units equal to at least 5% of the LLC Units that were outstanding immediately following our IPO, after giving effect to the use of proceeds therefrom, or 568,687 LLC Units, the consent of Black Canyon Management LLC will be required for any amendment to the limited liability company agreement that would:

- reduce the rights of a holder of LLC Units to receive tax distributions, except on a pro rata basis with other holders of LLC Units;
- preclude or limit the rights of any member to exercise its rights under the exchange agreement;
- require any member to make a capital contribution;
- materially increase the obligations of any member under the limited liability company agreement; or
- result in the LLC being treated as a corporation for tax purposes.

Specified entities affiliated with Black Canyon Management LLC and their permitted transferees own (as calculated pursuant to the LLC Agreement) 2,858,094 LLC Units as of September 24, 2014. The interests of the entities affiliated with Black Canyon Management LLC may conflict with or differ from our interests and the interests of our other stockholders.

Risks Related to Our Class A Common Stock

Our stock price may be volatile and stockholders may be unable to sell shares at or above the price at which they purchased them.

The market price of our Class A Common Stock could be subject to wide fluctuations in response to the many risk factors listed in this section, and others beyond our control, including:

- general economic, market and industry conditions;
- actual or anticipated fluctuations in our financial condition and results of operations;
- addition or loss of consumers or dealers;
- actual or anticipated changes in our rate of growth relative to our competitors;
- additions or departures of key personnel;
- failure to introduce new products, or for those products to achieve market acceptance;
- disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain intellectual property protection for our technologies;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- changes in applicable laws or regulations;
- issuance of new or updated research or reports by securities analysts;
- sales of our Class A Common Stock by us or our stockholders;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares; and
- the expiration of contractual lock-up agreements with our executive officers, directors and stockholders.

Further, the stock markets may experience extreme price and volume fluctuations that can affect the market prices of equity securities. These fluctuations can be unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, could harm the market price of our Class A Common Stock.

Table of Contents

In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could harm our business.

Further, the stock markets may experience extreme price and volume fluctuations that can affect the market prices of equity securities. These fluctuations can be unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, could harm the market price of our Class A Common Stock.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.

The trading market for our Class A Common Stock will depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish research or reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

Future sales of our Class A Common Stock in the public market could cause our share price to fall.

Sales of a substantial number of shares of our Class A Common Stock in the public market, or the perception that these sales might occur, could depress the market price of our Class A Common Stock and could impair our ability to raise capital through the sale of additional equity securities.

Our governing documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.

Our certificate of incorporation and bylaws contain certain provisions that could delay or prevent a change in control. These provisions could also make it more difficult for stockholders to elect directors and take other corporate actions. These provisions include, without limitation:

- a classified board structure;
- a requirement that stockholders must provide advance notice to propose nominations or have other business considered at a meeting of stockholders;
- supermajority stockholder approval to amend our bylaws or certain provisions in our certificate of incorporation; and
- authorization of blank check preferred stock.

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding Class A Common Stock, from engaging in certain business combinations without the approval of substantially all of our stockholders for a certain period of time.

These and other provisions in our certificate of incorporation, bylaws and under Delaware law could discourage potential takeover attempts, reduce the price that investors might be willing to pay for shares of our Class A Common Stock in the future and result in the market price being lower than it would be without these provisions.

We currently do not intend to pay dividends on our Class A Common Stock and, consequently, the only opportunity for stockholders to achieve a return on their investment is if the price of our Class A Common Stock appreciates.

We currently do not plan to declare or pay dividends on shares of our Class A Common Stock in the foreseeable future. Further, because we are a holding company, our ability to pay dividends depends on our receipt of cash distributions from the LLC and the LLC also relies on its subsidiaries for receipt of cash for distributions. This may further restrict our ability to pay dividends as a result of the laws of the jurisdiction of organization of the LLC and its subsidiaries, agreements of the LLC or its subsidiaries or covenants under our, the LLC's or its subsidiaries' existing or future indebtedness. For example, our credit agreement generally prohibits the LLC, Malibu Boats, LLC and Malibu Domestic International Sales Corp. from paying dividends or making distributions. Our credit agreement permits, however, distributions based on a member's allocated taxable income, distributions to fund payments that are required under the tax receivable agreement, payments pursuant to stock option and other benefit plans, dividends and distributions within the loan parties and dividends payable solely in interests of classes of securities. In addition, the

LLC may make dividends and distributions of up to $4,000,000 in any fiscal year, subject to

Table of Contents

compliance with other financial covenants. Consequently, for stockholders the only opportunity to achieve a return on the shares they purchase will be if the market price of our Class A Common Stock appreciates and they sell their shares at a profit.

Item 1B. Unresolved Staff Comments
Not applicable.

Item 2. Properties
Tennessee
Our boats are manufactured and tested on the lake at the site of our 144,000 square-foot primary manufacturing facility located in Loudon, Tennessee. We recently added a 9,715 square feet mezzanine to this facility to increase production efficiencies. The construction was completed on July 7, 2014. Our primary facility is leased pursuant to a lease agreement that has a term through March 31, 2028, with the option to extend for three additional terms of ten years each. We also lease:

- 23,460 square feet of warehouse and office space located in Loudon pursuant to a lease agreement that has a term through December 31, 2014, with an additional renewal term of two years; and
- approximately 20,000 square feet of warehouse space in Lenoir City, Tennessee pursuant to a lease agreement which expired August 31, 2014 and is currently month-to-month.

On August 21, 2014, we completed the construction of our warehouse and loading facility on land we own in Loudon, Tennessee. The 16 acre facility contains approximately 24,000 square feet of warehouse and office space and will be used primarily for storing, handling and shipping of our finished boats.
California
We lease a 150,000 square-foot facility in Merced, California pursuant to a lease agreement that has a term through March 31, 2028, with the option to extend for three additional terms of ten years each. Our Merced site houses both our product development team that focuses on design innovations as well as our tower and tower accessory manufacturing operations. The components assembled at this site are delivered to our facilities in Tennessee and our Australian partner.

Item 3. Legal Proceedings
The discussion of legal matters under the section entitled "Legal Proceedings" is incorporated by reference from Note 14 of our audited consolidated financial statements included elsewhere in this Annual Report.

Item 4. Mine Safety Disclosures
Not Applicable.

Table of Contents

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our Class A Common Stock has been listed on the NASDAQ Global Select Market under the symbol “MBUU” since January 31, 2014. Prior to that date, there was no public trading market for our Class A Common Stock. The following table sets forth, for the periods indicated, the high and low sales prices of our Class A Common Stock as reported by the NASDAQ Global Select Market:

	High	Low
Third Quarter of Fiscal 2014 (from January 31, 2014)	$24.90	$16.67
Fourth Quarter of Fiscal 2014	$23.49	$18.39

On September 24, 2014, the last reported sale price on the NASDAQ Global Select Market of our Class A Common Stock was $19.02 per share. As of September 24, 2014, we had approximately 3 holders of record of our Class A Common Stock and 43 holders of record of our Class B Common Stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividends

Malibu Boats, Inc. has never declared or paid any cash dividends on its capital stock. We currently anticipate that we will retain all of our future earnings for use in the expansion and operation of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable law and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant. In addition, our credit facility restricts our ability to pay dividends on our capital stock in certain cases. Malibu Boats, Inc. is a holding company and has no material assets other than its ownership of LLC Units. We intend to cause the LLC to make distributions to us in an amount sufficient to cover cash dividends, if any, declared by us. If the LLC makes such distributions to Malibu Boats, Inc., the other holders of LLC Units will be entitled to receive equivalent distributions on a pro rata basis.

Stock Performance Graph

The stock price performance graph below shall not be deemed soliciting material or to be filed with the SEC or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, nor shall it be incorporated by reference into any past or future filing under the Securities Act of 1933, as amended, or the Securities Act or the Exchange Act, except to the extent we specifically request that it be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act or the Exchange Act.

The following graph shows the cumulative total stockholder return of an investment of $100 in cash at market close on January 31, 2014 (the first day of trading of our Class A Common Stock), through June 30, 2014 for (i) our Class A Common Stock and (ii) performance of the Russell 2000 Index and Recreational Vehicle Index for the same period. Pursuant to applicable SEC rules, all values assume reinvestment of the full amount of all dividends, however no dividends have been declared on our Class A Common Stock to date. The stockholder return shown on the graph below is not necessarily indicative of future performance, and we do not make or endorse any predictions as to future stockholder returns.

Table of Contents

Equity Compensation Plan Information

Equity compensation plan information required by this Item 5 will be included in our definitive proxy statement for our annual meeting of stockholders, which will be filed with the SEC no later than 120 days after the end of our fiscal year ended June 30, 2014 (the "Proxy Statement"), and is incorporated herein by reference.

Table of Contents

Item 6. Selected Financial Data

The following table presents our selected financial data. The table should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Item 8. Financial Statements and Supplementary Data," of this Annual Report on Form 10-K.

	Fiscal Year Ended June 30,			
	2014	2013	2012	2011
	(Dollars in thousands)			
Consolidated statement of operations data:				
Net sales	$190,935	$167,012	$140,892	$99,984
Cost of sales	140,141	123,412	110,849	83,730
Gross profit	50,794	43,600	30,043	16,254
Operating expenses:				
Selling and marketing	6,098	4,937	4,071	3,621
General and administrative [1]	39,974	14,177	8,307	6,194
Amortization	5,177	5,178	5,178	5,178
Operating (loss) income	(455)	19,308	12,487	1,261
Other expense, net	(2,953)	(1,324)	(1,381)	(1,804)
Net (loss) income before benefit for income taxes	(3,408)	17,984	11,106	(543)
Income tax benefit	(2,220)	—	—	—
Net (loss) income	(1,188)	17,984	11,106	(543)
Net (loss) income attributable to non-controlling interest [2]	3,488	17,984	11,106	(543)
Net loss attributable to Malibu Boats, Inc.	$(4,676)	$—	$—	$—
Net loss available to Class A Common Stock per share [3]:				
Basic	$(0.42)			
Diluted	$(0.42)			
Weighted average shares outstanding used in computing net loss per share:				
Basic	11,055,310			
Diluted	11,055,310			
Consolidated balance sheet data:				
Total assets	$84,801	$65,927	$64,725	$60,033
Total liabilities	56,731	45,913	39,280	45,566
Total stockholders'/members' equity	28,070	20,014	25,445	14,467
Additional financial and other data:				
Unit volume	2,910	2,672	2,482	1,860
Gross margin	26.6%	26.1%	21.3%	16.3%
Adjusted EBITDA [4]	$37,272	$31,758	$19,863	$7,918
Adjusted EBITDA margin [4]	19.5%	19.0%	14.1%	7.9%

Adjusted fully distributed net income per share [4]	$0.78	$0.68	$0.35	$—

Table of Contents

(1) Fiscal 2014 includes a one-time charge related to the settlement of litigation with Pacific Coast Marine Windshields Ltd. on September 15, 2014. For more information, see Note 14 to our audited consolidated financial statements included elsewhere in this Annual Report.

(2) For the period after the IPO on February 5, 2014, the non-controlling interest represents the portion of earnings or loss attributable to the economic interest held by the non-controlling LLC Unit holders, which was 50.7% as of June 30, 2014. Since all of the earnings prior to and up to February 5, 2014 were entirely allocable to the LLC Unit holders, we updated our historical presentation to attribute these earnings to the non-controlling interest accordingly.

(3) As noted above, all earnings prior and up to February 5, 2014, the date of completion of the IPO, were entirely allocable to the non-controlling interest. As a result, earnings per share information attributable to these historical periods is not comparable to earnings per share information attributable to the Company after the IPO and, as such, has been omitted.

(4) Adjusted EBITDA, adjusted EBITDA margin, and adjusted fully distributed net income per share are non-GAAP financial measures. For definitions of adjusted EBITDA, adjusted EBITDA margin, and adjusted fully distributed net income and a reconciliation of each to net income, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations-GAAP Reconciliation of Non-GAAP Financial Measures.”

Table of Contents

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Some of the information in this Annual Report on Form 10-K includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Form 10-K, including, without limitation, certain statements under this “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, may constitute forward-looking statements. In some cases you can identify these “forward-looking statements” by words like “may,” “will,” “should,” “expects” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of those words and other comparable words. Any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results to vary materially from our future results, performance or achievements, or those of our industry, expressed or implied in such forward-looking statements. Such factors include, among others, general industry, economic and business conditions, demand for our products, changes in consumer preferences, competition within our industry, our reliance on our network of independent dealers, our ability to manage our manufacturing levels and our large fixed cost base, and the successful introduction of our new products, as well as other factors affecting us discussed under the heading “Item 1A. Risk Factors” in this Form 10-K. Many of these risks and uncertainties are outside our control, and there may be other risks and uncertainties which we do not currently anticipate because they relate to events and depend on circumstances that may or may not occur in the future. We do not intend and undertake no obligation to update any forward-looking information to reflect actual results or future events or circumstances.

Overview

We are a leading designer, manufacturer and marketer of performance sport boats, having the #1 market share position in the United States since 2010. Our boats are used for water sports, including water skiing, wakeboarding and wake surfing, as well as general recreational boating. We earn revenue and generate profits from the sale of our high performance boats under two brands—Malibu and Axis. Our flagship Malibu brand boats offer our latest innovations in performance, comfort and convenience, and are designed for consumers seeking a premium boating experience. Our Axis brand of boats is designed to appeal to consumers who desire a more affordable product but still demand high performance, functional simplicity and the option to upgrade key features.

Since inception in 1982, we have been a consistent innovator in the powerboat industry, designing products that appeal to an expanding range of recreational boaters and water sports enthusiasts whose passion for boating and water sports is a key aspect of their lifestyle. We continue to focus on innovation and invest in product development to expand the market for our products by introducing consumers to new and exciting recreational activities. We believe that our boats are increasingly versatile, allowing consumers to use them for a wide range of activities that enhance the experience of a day on the water with family and friends. While there is no guarantee that we will achieve market

share growth in the future, we believe that the

Table of Contents

performance, quality, value and multi-purpose features of our boats position us to achieve our goal of increasing our market share in the expanding recreational boating market.

We offer our boats for sale through an extensive network of independent dealers in North America and throughout the world. As of June 30, 2014, our distribution channel consisted of 118 independent dealers in North America operating 143 locations and 52 independent dealer locations across 36 countries outside of North America. Our boats are the exclusive performance sport boats offered by the majority of our dealers. Additionally, we offer our boats through an exclusive licensee in Australia that is one of the largest performance sport boat manufacturers in that country. Our dealer base is an important part of our consumers' experience, our marketing efforts and our brands. We devote significant time and resources to find, develop and improve the performance of our dealers and believe our dealer network gives us a distinct competitive advantage.

We have undergone significant growth since we were founded in 1982 and began building custom ski boats in a small shop in Merced, California. In 2006, we were acquired by an investor group, including affiliates of Black Canyon Capital LLC, Horizon Holdings, LLC and then-current management. Beginning in 2009, under the leadership of new management, we implemented several measures designed to improve our cost structure, increase our operating leverage, enhance our product offerings and brands, and strengthen our dealer network. Jack Springer, our Chief Executive Officer, and Wayne Wilson, our Chief Financial Officer, helped lead us successfully through the volume declines experienced during the economic recession. Despite the downturn, we continued to build on our legacy of innovation and invested in product development and process improvements. For example, we:

- introduced the Axis brand in 2009 for consumers seeking a performance sport boat at a more affordable price;
- acquired Titan Wake Accessories in 2009 in order to bring tower manufacturing in-house, and subsequently designed and introduced the G3/G4 Tower;
- released the first picklefork bow design under the Malibu brand in 2012 to fill a specific gap within our product portfolio, quickly followed by two additional Malibu picklefork models;
- enhanced our manufacturing efficiencies through process improvements and product engineering, including moving from batch to continuous flow manufacturing; and
- introduced our patented Surf Gate technology in 2012, which allows users to surf on either side of the boat's wake, generates a better quality surf wave and was the Watersports Industry Association's Innovation of the Year in 2013.

In addition, we initiated a disciplined process of reviewing, assessing and expanding our dealer network. We grew our dealer network in North America by 35 dealer locations from fiscal 2010 to fiscal 2014 and also improved the overall performance of our dealers. During this period, we initiated a more disciplined approach of monitoring dealer inventory levels relative to market demand in order to align annual production levels more closely with annual retail sales levels at our dealers. As a result of these collective initiatives, we have a rationalized cost base with a high growth product portfolio that achieved fiscal year 2014 net sales, adjusted EBITDA and net (loss) income of $190.9 million, $37.3 million and $(1.2) million, respectively, compared to $167.0 million, $31.8 million and $18.0 million, respectively, for fiscal year 2013 and $140.9 million, $19.9 million and $11.1 million, respectively, for fiscal year 2012. For the fiscal year ended June 30, 2014, net sales, gross margin as a percentage of sales, and adjusted EBITDA increased 14.3%, 0.5%, and 17.4%, respectively, compared to the fiscal year ended June 30, 2013. For the fiscal year ended June 30, 2014, net (loss) income decreased 106.6%, compared to the fiscal year ended June 30, 2013. The decrease in net (loss) income was largely due to a one time charge related to the settlement of litigation with Pacific Coast Marine Windshields Ltd. and one time charges in connection with our initial public offering and follow-on offering. For the definition of adjusted EBITDA and a reconciliation to net (loss) income, see "—GAAP Reconciliation of Non-GAAP Financial Measures."

Malibu Boats, Inc. is a Delaware corporation with its principal offices in Loudon, Tennessee. We use the terms "Malibu Boats," the "Company," "we," "us," "our" or similar references to refer to (i) Malibu Boats Holdings, LLC, or the LL and its consolidated subsidiaries prior to the Recapitalization and IPO of Malibu Boats, Inc.'s Class A Common Stock as described under "Item 1. Business—History and Formation Transactions" and (ii) Malibu Boats, Inc. and its consolidated subsidiaries after the Recapitalization and IPO, which were completed on February 5, 2014.

Components of Results of Operations

Net Sales

We generate revenue from the sale of boats to our dealers. The substantial majority of our net sales are derived from the sale of boats, including optional features included at the time of the initial wholesale purchase of the boat. Net sales consists of the following:

Table of Contents

- Gross sales from:
  - Boat sales—sales of boats to our dealer network. In addition, nearly all of our boat sales include optional feature upgrades purchased by the consumer, such as Surf Gate, which increase the average selling price of our boats;
  - Trailers, parts and accessories sales—sales of boat trailers and replacement and aftermarket boat parts and accessories to our dealer network and Australian licensee; and
  - Royalty income—licensing fees and royalties that we earn as a result of our contractual relationship with our Australian licensee, which has the exclusive right to manufacture and distribute our products in Australia and New Zealand.
- Net sales are net of:
  - Sales returns—primarily contractual repurchases of boats either repossessed by the floor plan financing provider from the dealer or returned by the dealer under our warranty program; and
  - Rebates, free flooring and discounts—incentives, including rebates and free flooring, we provide to our dealers based on sales of eligible products. If a dealer meets its annual commitment volume as well as other terms of the rebate program, the dealer is entitled to a specified rebate. Our dealers that take delivery of current model year boats in the offseason, typically July through April, are entitled to have us pay the interest to floor the boat until the earlier of (1) the sale of the unit or (2) a date near the end of the current model year, which incentive we refer to as “free flooring.” For more information, see "Item 1. Business - Dealer Management."

Cost of Sales

Our cost of sales includes all of the costs to manufacture our products, including raw materials, components, supplies, direct labor and factory overhead. For components and accessories manufactured by third-party vendors, such costs represent the amounts invoiced by the vendors. Shipping costs and depreciation expense related to manufacturing equipment and facilities are also included in cost of sales. Warranty costs associated with the repair or replacement of our boats under warranty are also included in cost of sales.

Operating Expenses

Our operating expenses include selling and marketing, and general and administrative costs. Each of these items includes personnel and related expenses, supplies, non-manufacturing overhead, third-party professional fees and various other operating expenses. Further, selling and marketing expenditures include the cost of advertising and various promotional sales incentive programs. General and administrative expenses include, among other things, salaries, benefits and other personnel related expenses for employees engaged in product development, engineering, finance, information technology, human resources, litigation settlement expense and executive management. Other costs include outside legal and accounting fees, investor relations, risk management (insurance) and other administrative costs.

Other Expense, Net

Other expense, net consists of interest expense and other income or expense, net. Interest expense consists of interest charged under our credit agreement, debt issuance costs written off in connection with the pay down of all the amounts owed on the credit facilities and term loan, and settlement of our interest rate swap.

Income Taxes

Malibu Boats, Inc. is subject to U.S. federal and state income tax in multiple jurisdictions with respect to our allocable share of any net taxable income of the LLC after the IPO on February 5, 2014. The LLC is a pass-through entity for federal purposes but incurs income tax in certain state jurisdictions. The income tax benefit for fiscal 2014 reflects a reported effective income tax rate of 65.2% attributable to Malibu Boats, Inc.'s share of loss after the completion of the IPO. The reported effective tax rate differs from the statutory federal income tax rate of 35% primarily due to the impact of the non-controlling interest and state income taxes attributable to the LLC as well as the impact of state taxes and the Company's share of the LLC's permanent items such as stock compensation expense attributable to profits interests and the domestic production activities deduction.

Table of Contents

Net Income Attributable to Non-controlling Interest

In connection with the Recapitalization and IPO, we obtained a 49.3% controlling economic and 100% voting interest in the LLC and, therefore, we consolidate the LLC's operating results for financial statement purposes. Net income or loss attributable to non-controlling interest represents the portion of net income or loss attributable to the LLC members.

Recapitalization, IPO and Follow-On Offering

Recapitalization

Immediately prior to the closing of the IPO of Malibu Boats, Inc. on February 5, 2014, a new single class of LLC Units of the LLC, was allocated among the pre-IPO owners in exchange for their prior membership interests of the LLC pursuant to the distribution provisions of the former limited liability company agreement of the LLC based upon the liquidation value of the LLC, assuming it was liquidated at the time of the IPO with a value implied by the initial public offering price of the shares of Class A Common Stock sold in the IPO. Immediately prior to the closing of the IPO, there were 17,071,424 LLC Units issued and outstanding.

Further, on February 4, 2014 (prior to the closing of the IPO), two holders of membership interests in the LLC merged with and into two newly formed subsidiaries of Malibu Boats, Inc. As a result of these mergers, the sole stockholders of each of the two merging entities received shares of Class A Common Stock in exchange for shares of capital stock of the merging entities. Also, we redeemed for nominal consideration, the initial 100 shares of Class A Common Stock issued to our initial stockholder in connection with our formation.

We refer to the foregoing transactions as the “Recapitalization.”

IPO and Follow-On Offering

On February 5, 2014, we completed our initial public offering of 8,214,285 shares of Class A Common Stock at a price to the public of $14.00 per share, of which 7,642,996 shares were issued and sold by us and 571,289 shares were sold by selling stockholders. This included 899,252 shares issued and sold by us and 172,175 shares sold by selling stockholders pursuant to the over-allotment option granted to the underwriters, which was exercised concurrently with the closing of the IPO.

The aggregate gross proceeds from the IPO were $115.0 million. Of these proceeds, we received $99.5 million and the selling stockholders received $7.4 million, after deducting $8.1 million in underwriting discounts and commissions. With the proceeds we received, approximately $29.8 million was used to purchase LLC Units directly from the pre-IPO owners and $69.8 million was used to purchase newly issued LLC Units from the LLC, which the LLC then used (i) to pay down all of the amounts owed under the LLC’s credit facilities and term loans in the amount of $63.4 million, (ii) to pay Malibu Boats Investor, LLC, an affiliate of the LLC, a fee of $3.8 million in connection with the termination of the LLC’s management agreement upon consummation of the IPO, and (iii) for general corporate purposes with the remaining approximately $2.7 million. In connection with the repayment of the LLC’s credit facilities and term loans, debt issuance costs associated with the term loans were written off to interest expense.

On July 15, 2014, we completed a follow-on public offering of 5,520,000 shares of our Class A Common Stock at a price to the public of $18.50 per share, of which 4,371,893 shares were issued and sold by us and 1,148,107 shares were sold by selling stockholders. This included 538,252 shares issued and sold by us and 181,748 shares sold by selling stockholders pursuant to the over-allotment option granted to the underwriters, which was exercised concurrently with the closing of the follow-on offering.

The aggregate gross proceeds from the follow-on offering were $102.1 million. Of these proceeds, we received $76.8 million and the selling stockholders received $20.2 million, after deducting $5.1 million in underwriting discounts and commissions. We used all of the proceeds we received to purchase LLC Units directly from the holders of LLC Units.

We incurred strategic and financial restructuring expenses in connection with the Recapitalization, IPO and follow-on offering of approximately $1.6 million in the fiscal year ended June 30, 2014. In addition, we anticipate future ongoing incremental expenses associated with being a public company to approximate between $2.0 million and $3.0 million on an annual basis, excluding compensation expense related to the long-term incentive plan established in connection with the Recapitalization and IPO.

Outlook

Although industry-wide retail boat sales remain lower than they were in 2007, prior to the financial crisis, sales volumes expanded during fiscal 2014, and we expect this trend to continue into fiscal 2015. According to SSI, as of December 2013,

Table of Contents

domestic retail registrations of performance sport boats for 50 reporting states increased 11% over calendar year 2012. This followed domestic performance sport boat registration growth of approximately 13% in 2012 as compared to 2011. For the six month period ending June 30, 2014, domestic retail registrations of performance sport boats for 40 reporting states increased 18% compared to the same six month period in 2013, according to SSI. While performance sport boat registration in the U.S. for the six month period ending June 30, 2014 has been robust, we expect the industry's overall retail sales growth to be negatively impacted by colder weather in Canada and Canadian dollar exchange rate fluctuations that have slowed retail sales in Canada. Regardless, we expect the favorable demand environment for our product to continue, with long-term prospects depending on the strength of the broader economic recovery.

Since 2008, we have increased our market share among manufacturers of performance sport boats annually due to new product development, redesigned models, and innovative features. For the 2014 model year which began on July 1, 2013, we redesigned the Wakesetter 23LSV model and expanded our product offerings, including the introduction of two new models under the Axis brand doubling the number of models offered. In addition, Surf Gate was added as an available feature on our Axis boats. We expect these new and redesigned models and feature offerings, combined with our recognized brand names and dealer base, to position us for further growth within our industry. For the 2015 model year which began on July 1, 2014, we have redesigned the Wakesetter VLX and the Axis A22 models and enhanced our Wakesetter line with a new 12-inch touchscreen dash, an improved Power Wedge and an optional, all machined aluminum, G4 tower.

As with other boat manufacturers in our industry, we face broader challenges that could impact demand. These include higher interest rates reducing retail consumer appetite for our product, consumer confidence, the availability of credit to our dealers and consumers, fuel costs, the continued acceptance of our new products in the recreational boating market, our ability to compete in the competitive power boating industry, and the costs of labor and certain of our raw materials and key components.

Factors Affecting Our Results of Operations

We believe that our results of operations and our growth prospects are affected by a number of factors, which we discuss below.

Economic Environment and Consumer Demand

Our product sales are impacted by general economic conditions, which affect the demand for our products, the demand for optional features, the availability of credit for our dealers and retail consumers, and overall consumer confidence. Consumer spending, especially purchases of discretionary items, tends to decline during recessionary periods and tends to increase during expansionary periods. The recreational boating industry was adversely affected by the economic downturn, and is now beginning to recover. IBISWorld projects U.S. powerboat manufacturer sales will grow at a CAGR, of 6.5% between 2012 and 2017. In recent years, the performance sport boat category has grown faster than the overall powerboat market. In 2012, domestic sales of new performance sport boats increased by 13% compared to 2011, while new unit sales of all other powerboats grew 10% over the same period. More recently, new unit sales of performance sport boats increased 11% for 2013 compared to the same period in 2012, while new unit sales of all other powerboats increased 2% over the same period. While there is no guarantee that our market will continue to grow, we expect to benefit from the recovery in the boating industry and from improved consumer confidence levels.

New Product Development and Innovation

Our long-term revenue prospects are based in part on our ability to develop new products and technological enhancements that meet the demands of existing and new consumers. Developing and introducing new boat models and features that deliver improved performance and convenience is essential to leveraging the value of our Malibu and Axis brands. By introducing new boat models, we are able to appeal to a new and broader range of consumers and focus on underserved or adjacent segments of the broader powerboat category. We introduced nine new boat models since the beginning of model year 2011. We believe we also are able to capture additional value from the sale of each boat through the introduction of new features, which we believe permits us to raise average selling prices and enhances our margins. We allocate most of our product development costs to new model and feature designs, usually with a specific consumer base and market in mind. We use industry data to analyze our markets and evaluate revenue

potential from each major project we undertake. Our product development cycle, or the time from initial concept to volume production, can be up to two years. As a result, our development costs, which may be significant, may not be offset by corresponding new sales during the same periods. Once new designs and technologies become available to our consumers, we typically realize revenue from these products from one year up to 15 years. We may not, however, realize our revenue expectations from each innovation. We believe our close communication with our consumers, dealers and sponsored athletes regarding their future product desires enhances the efficiency of our product development expenditures.

Product Mix

Table of Contents

Historically, we have been successful in leveraging our robust product offering and features to enhance our sales growth and gross margins. Our product mix, as it relates to our brands, types of boats and features, not only makes our offerings attractive to consumers but also helps drive higher sales and margins. Typically, we are able to realize higher sales and margins when we sell larger boats compared to our smaller boats, our premium Malibu brand compared to our entry-level Axis brand and our boats that are fully-equipped with optional features. We will strive to continue to develop new features and models and maintain an attractive product mix that optimizes sales growth and margins.

Ability to Manage Manufacturing Costs, Sales Cycles and Inventory Levels

Our results of operations are affected by our ability to manage our manufacturing costs effectively and to respond to changing sales cycles. Our product costs vary based on the costs of supplies and raw materials, as well as labor costs. We have implemented various initiatives to reduce our cost base and improve the efficiency of our manufacturing process. For example, we re-engineered the manufacturing process in our Tennessee facility to reduce labor hours per boat produced and the amount of re-work required. We continuously monitor and review our manufacturing processes to identify improvements and create additional efficiencies. We rely on our insights into the market gleaned from dealer inventory levels, industry reports about anticipated demand for our products in the upcoming sales cycle and our own estimates and assumptions in formulating our manufacturing plan for the following fiscal year. Throughout our consumer sales cycle, which reaches its peak from March through August each year, we adjust our manufacturing activities in order to adapt to variability in demand.

Dealer Network, Dealer Financing and Incentives

We rely on our dealer network to distribute and sell our products. We believe we have developed the strongest distribution network in the performance sport boat category. To improve and expand our network and compete effectively for dealers, we regularly monitor and assess the performance of our dealers and evaluate dealer locations and geographic coverage in order to identify potential market opportunities. As a result of management's strategic initiatives, we have sold an increasing number of units to dealers in new territories in the United States and Canada not previously covered prior to 2009. We intend to continue to add dealers in new territories in the United States as well as internationally, which we believe will result in increased unit sales.

Our dealers are exposed to seasonal variations in consumer demand for boats. As discussed above under "Ability to Manage Manufacturing Costs, Sales Cycles and Inventory Levels," we address anticipated demand for our products and manage our manufacturing in order to mitigate seasonal variations. We also use our dealer incentive programs to encourage dealers to order in the off-season by providing floor plan financing relief, which typically permits dealers to take delivery of current model year boats between July 1 and April 30 on an interest-free basis for a specified period. We also offer our dealers other incentives, including rebates, seasonal discounts, promotional co-op arrangements and other allowances. We facilitate floor plan financing programs for many of our dealers by entering into repurchase agreements with certain third-party lenders, which enable our dealers, under certain circumstances, to establish lines of credit with the third-party lenders to purchase inventory. Under these floor plan financing programs, a dealer draws on the floor plan facility upon the purchase of our boats and the lender pays the invoice price of the boats. Since July 1, 2010, we have not repurchased any units from lenders. We will continue to review and refine our dealer incentive offerings and monitor any exposures arising under these arrangements.

Results of Operations

The table below sets forth our results of operations, expressed in thousands (except unit volume and net sales per unit) and as a percentage of net sales, for the periods presented. Our financial results for these periods are not necessarily indicative of the financial results that we will achieve in future periods. Data from the consolidated statement of operations and balance sheet as of and for the fiscal years ended June 30, 2012 and 2013 reflects information presented by the LLC for the period prior to the Recapitalization and IPO on February 5, 2014, while data as of and for the fiscal year ended June 30, 2014, reflects information as presented by us for the period after the Recapitalization and IPO on February 5, 2014. Certain totals for the table below will not sum to exactly 100% due to rounding.

Table of Contents

	Fiscal Year Ended June 30,								
	2014			2013			2012		
Consolidated statement of operations data:	$	% Revenue		$	% Revenue		$	% Revenue	
Net sales	190,935	100.0	%	167,012	100.0	%	140,892	100.0	%
Cost of sales	140,141	73.4	%	123,412	73.9	%	110,849	78.7	%
Gross profit	50,794	26.6	%	43,600	26.1	%	30,043	21.3	%
Operating expenses:									
Selling and marketing	6,098	3.2	%	4,937	3.0	%	4,071	2.9	%
General and administrative [1]	39,974	20.9	%	14,177	8.5	%	8,307	5.9	%
Amortization	5,177	2.7	%	5,178	3.1	%	5,178	3.7	%
Operating (loss) income	(455)	(0.2)%		19,308	11.6	%	12,487	8.8	%
Other income (expense):									
Other	9	—	%	10	—	%	52	—	%
Interest expense	(2,962)	(1.6)%		(1,334)	(0.8)%		(1,433)	(1.0)%	
Other expense, net	(2,953)	(1.5)%		(1,324)	(0.8)%		(1,381)	(1.0)%	
Net (loss) income before benefit for income taxes	(3,408)	(1.8)%		17,984	10.8	%	11,106	7.8	%
Income tax benefit	(2,220)	(1.2)%		—	—	%	—	—	%
Net (loss) income	(1,188)	(0.6)%		17,984	10.8	%	11,106	7.8	%
Net income attributable to non-controlling interest [2]	3,488	1.8	%	17,984	10.8	%	11,106	7.8	%
Net loss attributable to Malibu Boats, Inc.	(4,676)	(2.4)%		—	—	%	—	—	%
Other data:									
Unit volumes	2,910			2,672			2,482		
Net sales per unit	Total equity	203,292.6		6,702.7					
Share capital	41,902.4		1,381.6						
Common shares	4,190,239,051		4,190,239,051						
Book value per share attributable to HoldCo common shareholders	45.46		1.5						
Book value per ADS attributable to HoldCo common shareholders	227.32		7.49						

Table of Contents

Comparative Historical and Unaudited Pro Forma Per Share Data

The following tables set forth, as at the dates and for the periods indicated, comparative historical unaudited and pro forma unaudited combined per share financial information for HoldCo's Common Shares. This information should be read in conjunction with, and the information is qualified in its entirety by, the consolidated financial statements and the accompanying notes of ASE and SPIL included in their respective annual reports on Form 20-F and interim reports on Form 6-K, incorporated herein by reference. See the section entitled "Where You Can Find More Information."

The following pro forma information has been prepared in accordance with the rules and regulations of the SEC and accordingly includes the effects of applying the acquisition method of accounting. This information is based on assumptions that we believe are reasonable under the circumstances. You should not rely on the pro forma combined amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if the Share Exchange had been completed as of the dates indicated, nor are they indicative of the future operating results or financial position of HoldCo.

The pro forma data included in the following tables assume that the Share Exchange had occurred on January 1, 2016 for results of operations purposes and on September 30, 2017 for financial position purposes; and that the Share Exchange is accounted for by applying the acquisition method of accounting with ASE treated as the accounting acquirer and SPIL treated as the acquired company for financial reporting purposes.

	For the Year Ended December 31, 2016		For the Nine Months Ended September 30, 2017	
	NT$	US$	NT$	US$
Basic earnings per common share				
Historical of ASE	2.78	0.09	2.16	0.07
Historical of SPIL	3.15	0.10	1.87	0.06
Pro forma combined of HoldCo	5.96	0.20	4.32	0.14
Diluted earnings per common share				
Historical of ASE	2.33	0.08	1.98	0.07
Historical of SPIL	2.65	0.09	1.46	0.05
Pro forma combined of HoldCo	5.39	0.18	4.32	0.14
Basic earnings per ADS				
Historical of ASE	13.91	0.46	10.81	0.36
Historical of SPIL	15.73	0.52	9.35	0.31
Pro forma combined of HoldCo	29.78	0.98	21.61	0.71

Diluted earnings per ADS				
Historical of ASE	11.64	0.38	9.88	0.33
Historical of SPIL	13.23	0.44	7.30	0.24
Pro forma combined of HoldCo	26.96	0.89	21.61	0.71
Dividends per common share				
Historical of ASE	1.60	0.05	1.40	0.05
Historical of SPIL	2.80	0.09	1.75	0.06
Pro forma combined of HoldCo	**	**	**	**

Table of Contents

	As of September 30, 2017	
	NT$	US$
Book value per common share at period end		
Historical of ASE	21.87	0.72
Historical of SPIL	21.36	0.70
Pro forma combined of HoldCo	45.46	1.5
Book value per ADS at period end		
Historical of ASE	109.36	3.61
Historical of SPIL	106.81	3.52
Pro forma combined of HoldCo	227.32	7.49

Table of Contents

Unaudited Pro Forma Condensed Financial Statements

The following sets forth the unaudited pro forma condensed combined financial statements of HoldCo after giving effect to the Share Exchange and assumed borrowing of NT$95,000.0 million (US$3,132.2 million) and utilization of the existing cash of NT$11,441.0 million (US$377.2 million) to fund the acquisition as described below in Notes 1 and 5 to Pro Forma Assumptions and Adjustments. The “Unaudited Pro Forma Condensed Combined Statements of Operations”, which we refer to in this proxy statement/prospectus as the Pro Forma Statements of Operations, give effect to the Share Exchange as if ASE’s initial acquisitions of SPIL’s 33.29% shareholding and the subsequent acquisition of SPIL’s 66.71% shareholding which constitute acquisitions of 100% shareholding of SPIL had occurred on January 1, 2016. The “Unaudited Pro Forma Condensed Combined Balance Sheet” gives effect to the Share Exchange as if it had been completed on September 30, 2017. The Pro Forma Statements of Operations for the year ended December 31, 2016 combines the results of operations of ASE and SPIL for the year ended December 31, 2016. The Pro Forma Statement of Operations for the nine months ended September 30, 2017 combines the results of operations of ASE and SPIL for the nine months ended September 30, 2017. The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to reflect the pro forma impact of events that are directly attributable to the transactions contemplated by the Joint Share Exchange Agreement, factually supportable and, with respect to the Pro Forma Statements of Operations, are expected to have a continuing impact on the combined results.

The unaudited pro forma condensed combined financial statements have been prepared under IFRS for (i) the Share Exchange of ASE will be accounted as a legal reorganization of entities under common control and all assets and liabilities of ASE will be recorded on the books of HoldCo at the predecessor carrying amounts; (ii) the cash consideration paid by HoldCo pursuant to the Share Exchange in respect of SPIL will be accounted for by applying the acquisition method of accounting with ASE treated as the accounting acquirer and SPIL treated as the acquired company for financial reporting purposes. The acquisition method of accounting is dependent upon certain valuations and other studies that are in progress. Accordingly, the pro forma adjustments are preliminary, have been made solely for the purpose of preparing the unaudited pro forma condensed combined financial statements and are subject to revision based on a final determination of fair value as of the date of acquisition. Differences between these preliminary estimates and the final acquisition accounting may have a material impact on the accompanying unaudited pro forma condensed combined financial statements and HoldCo’s future results of operations and financial position.

The unaudited pro forma condensed combined financial statements do not reflect any cost savings or associated costs to achieve such savings from operating efficiencies, synergies, debt refinancing or other restructuring that may result from the Share Exchange. The unaudited pro forma condensed combined financial statements are not necessarily indicative of the operating results or financial position that would have occurred if the Share Exchange had been completed on the dates assumed, nor are they necessarily indicative of the future operating results or financial position of the combined company. In addition, the unaudited pro forma condensed combined financial statements include adjustments which are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes to the information presented.

The unaudited pro forma condensed combined financial statements have been derived from and should be read in conjunction with the consolidated financial statements and the accompanying notes of ASE and SPIL included in their respective annual reports on Form 20-F and interim reports on Form 6-K, incorporated herein by reference.

Table of Contents

ASE Industrial Holding Co., Ltd.
Unaudited Pro Forma Condensed Combined Statement of Operations

For the year ended December 31, 2016

	ASE		SPIL		Pro Forma Adjustment		Notes	Pro Forma F
	NT$ (Retrospectively Adjusted)	US$ (Retrospec-tively Adjusted)	NT$	US$	NT$	US$		NT$
	(in millions, except per share data)							
Operating revenues	274,884.1	9,063.1	85,111.9	2,806.2	-	-		359,996.0
Operating costs	(221,696.9)	(7,309.5)	(65,762.2)	(2,168.2)	(3,625.0)	(119.5)	5(a)	(291,084.1
Gross profit	53,187.2	1,753.6	19,349.7	638.0	(3,625.0)	(119.5)		68,911.9
Operating expenses	(26,526.8)	(874.6)	(8,563.6)	(282.3)	(418.2)	(13.8)	5(b)	(35,508.6
Other operating income and expenses, net	(800.3)	(26.4)	(117.0)	(3.9)	-	-		(917.3
Profit from operations	25,860.1	852.6	10,669.1	351.8	(4,043.2)	(133.3)		32,486.0
Non-operating income (expense), net	2,108.6	69.5	1,005.0	33.1	(3,452.3)	(113.8)	5(c)	(338.7
Profit before income tax	27,968.7	922.1	11,674.1	384.9	(7,495.5)	(247.1)		32,147.3
Income tax expense	(5,390.8)	(177.7)	(1,867.2)	(61.6)	-	-		(7,258.0
Profit	22,577.9	744.4	9,806.9	323.3	(7,495.5)	(247.1)		24,889.3
Profit attributable to non-controlling interests	(1,253.5)	(41.3)	-	-	-	-		(1,253.5
Profit attributable to the parent company	21,324.4	703.1	9,806.9	323.3	(7,495.5)	(247.1)		23,635.8
Shares used in computing earnings per common share (in millions)								
Basic	7,662.9	7,662.9	3,116.4	3,116.4				3,968.2

Diluted	8,284.1	8,284.1	3,410.7	3,410.7	3,968.2
Earnings per common share					
Basic	2.78	0.09	3.15	0.10	5.96
Diluted	2.33	0.08	2.65	0.09	5.39

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

Table of Contents

For the nine months ended September 30, 2017

	ASE		SPIL		Pro Forma Adjustment		Notes	Pro Forma I
	NT$	US$	NT$	US$	NT$	US$		NT$
	(in millions, except per share data)							
Operating revenues	206,455.1	6,806.9	61,931.6	2,041.9	-	-		268,386.7
Operating costs	(168,516.6)	(5,556.1)	(49,602.7)	(1,635.4)	(2,718.8)	(89.7)	5(d)	(220,838.1
Gross profit	37,938.5	1,250.8	12,328.9	406.5	(2,718.8)	(89.7)		47,548.6
Operating expenses	(20,426.6)	(673.4)	(5,973.7)	(197.0)	(279.3)	(9.2)	5(e)	(26,679.6
Other operating income and expenses, net	274.3	9.0	36.5	1.2	-	-		310.8
Profit from operations	17,786.2	586.4	6,391.7	210.7	(2,998.1)	(98.9)		21,179.8
Non-operating income (expense), net	5,401.3	178.1	373.9	12.4	(2,121.6)	(70.0)	5(f)	3,653.6
Profit before income tax	23,187.5	764.5	6,765.6	223.1	(5,119.7)	(168.9)		24,833.4
Income tax expense	(4,638.0)	(152.9)	(949.2)	(31.3)	-	-		(5,587.2
Profit	18,549.5	611.6	5,816.4	191.8	(5,119.7)	(168.9)		19,246.2
Profit attributable to non-controlling interests	(1,134.6)	(37.4)	-	-	-	-		(1,134.6
Profit attributable to the parent company	17,414.9	574.2	5,816.4	191.8	(5,119.7)	(168.9)		18,111.6
Shares used in computing earnings per common share (in millions)								
Basic	8,057.6	8,057.6	3,116.4	3,116.4				4,190.2
Diluted	8,266.1	8,266.1	3,412.0	3,412.0				4,190.2
Earnings per common share								
Basic	2.16	0.07	1.87	0.06				4.32
Diluted	1.98	0.07	1.46	0.05				4.32

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

Table of Contents

ASE Industrial Holding Co., Ltd.
Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2017

	ASE		SPIL		Pro Forma Adjustment		Notes	Pro Forma
	NT$	US$	NT$	US$	NT$	US$		NT$
	(in millions)							
Current assets	139,912.2	4,613.0	46,610.1	1,536.8	(11,447.9)	(377.5)	4	175,074.4
Investments - non-current	50,038.2	1,649.8	7,582.6	250.0	(45,898.2)	(1,513.3)	5(g)	11,722.6
Property, plant and equipment, net	136,982.0	4,516.4	64,789.6	2,136.2	11,365.7	374.7	2	213,137.3
Intangible assets	11,830.1	390.0	123.5	4.1	80,435.3	2,652.0	2	92,388.9
Others	21,333.1	703.4	1,884.9	62.1	1,182.3	39.0	2	24,400.3
Total assets	360,095.6	11,872.6	120,990.7	3,989.2	35,637.2	1,174.9		516,723.3
Short-term debts	19,638.4	647.5	3,479.9	114.7	-	-		23,118.3
Current portion of long-term debts	13,018.6	429.2	14,651.6	483.1	-	-		27,670.2
Long-term debts	49,888.8	1,644.9	13,753.3	453.5	95,000.0	3,132.1	5(h)	158,642.1
Other liabilities	81,453.1	2,685.6	22,531.5	742.9	15.7	0.5	3	104,000.3
Total liabilities	163,998.9	5,407.2	54,416.3	1,794.2	95,015.7	3,132.6		313,430.9
Outstanding share capital	83,804.8	2,763.1	31,163.6	1,027.5	(73,066.0)	(2,409.0)	5(i)	41,902.4
Other equity attributable to owners of the Company	99,501.1	3,280.6	35,410.8	1,167.5	13,687.5	451.3	5(i)	148,599.4
Non-controlling interests	12,790.8	421.7	-	-	-	-		12,790.8
Total equity	196,096.7	6,465.4	66,574.4	2,195.0	(59,378.5)	(1,957.7)		203,292.6
Total liabilities and stockholders' equity	360,095.6	11,872.6	120,990.7	3,989.2	35,637.2	1,174.9		516,723.3

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

26

Table of Contents

NOTES TO PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

1. Total Share Exchange consideration and financing structure

On June 30, 2016, ASE and SPIL entered into a Joint Share Exchange Agreement pursuant to which HoldCo will be formed by means of a statutory share exchange pursuant to the laws of the Republic of China, and HoldCo will (i) acquire all issued shares of ASE in exchange for shares of HoldCo using the Exchange Ratio, whereby ASE shareholders will receive 0.5 HoldCo Common Shares for each ASE Common Share they hold as described elsewhere in this document, and (ii) acquire all issued shares of SPIL using the Cash Consideration as described below. Upon the consummation of the Share Exchange, ASE and SPIL will become wholly owned subsidiaries of HoldCo concurrently. Subject to the Share Exchange and the Joint Share Exchange Agreement being approved by shareholders of ASE and SPIL, and upon the satisfaction of the other conditions for completing the Share Exchange, HoldCo will be formed and the Share Exchange is expected to become effective.

HoldCo was assumed to issue 4,190,239,051 common shares at NT$10 par value (or share capital of NT$41,902.4 million) to ASE shareholders based on the number of issued shares of ASE on September 30, 2017. The estimated cash consideration paid to SPIL shareholders was NT$159,557.7 million based on the number of issued shares of SPIL on September 30, 2017 at NT$51.2 per share, whereby NT$55 per share has been adjusted to NT$51.2 after excluding the cash dividend distribution and a return of capital reserve of NT$3.8 per SPIL Common Share distributed by SPIL on July 1, 2016.

The Cash Consideration will be subject to adjustments if SPIL issues shares or pays cash dividends during the period from the execution date of the Joint Share Exchange Agreement to the Effective Time; provided, however, that the Cash Consideration shall not be subject to adjustment if the aggregate amount of the cash dividends distributed by SPIL in fiscal year 2017 is less than 85% of its after-tax net profit for fiscal year 2016. In fiscal year 2017, SPIL made a dividend distribution of NT$1.75 per share to its shareholder, which represented 55% of its after-tax net profit for fiscal year 2016. Therefore, no adjustments were made to the Cash Consideration.

Since ASE currently owns 33.29% shareholding of SPIL, for the purpose of presenting the accompanying pro forma combined balance sheet as of September 30, 2017, the cash consideration of NT$106,441.0 million (US$3,509.4 million), which represented the amount to acquire the remaining 66.71% shareholding, was assumed to be funded by NT$11,441.0 million (US$377.2 million) from ASE’s existing cash and NT$95,000.0 million (US$3,132.2 million) financed from banks recorded as long-term debts. For the purpose of presenting the accompany pro forma combined statements of operations, it was assumed that ASE’s initial acquisition of SPIL’s 33.29% shareholding and the subsequent acquisition of SPIL’s 66.71% shareholding, which together constitute the acquisition of 100% of the shareholding of SPIL, had occurred on January 1, 2016.

2. Preliminary estimated purchase price allocation

The pro forma combined financial statements reflect the following estimated acquisition-date fair value of tangible assets, liabilities, and other intangible assets of SPIL.

	Book Value	Fair Value Adjustments	Fair Value
	(in NT$ millions)		
Current assets	46,610.1	–	46,610.1
Investments - non-current	7,582.6	–	7,582.6
Property, plant and equipment, net	64,789.6	11,365.7	76,155.3
Intangible assets	123.5	26,300.0	26,423.5
Goodwill	–	54,135.3	54,135.3
Other non-current assets	1,884.9	1,182.3	3,067.2
Short-term debts	3,479.9	–	3,479.9
Current portion of long-term debts	14,651.6	–	14,651.6
Long-term debts	13,753.3	–	13,753.3
Other liabilities	22,531.5	–	22,531.5
Total estimated purchase price consideration	66,574.4	92,983.3	159,557.7

Table of Contents

Purchased property, plant and equipment and identified intangible assets are being depreciated or amortized on a straight-line basis over its weighted-average remaining useful life of approximately ten years.

The estimated fair values and useful lives of assets acquired and liabilities assumed are based on preliminary management estimates and are subject to final valuation adjustments, which may cause some of the amounts ultimately recorded as goodwill to be materially different from those shown on the unaudited pro forma condensed consolidated balance sheets. The acquisition accounting is dependent upon certain valuations and other studies that have yet to progress to a stage where there is sufficient information for definitive measurement. HoldCo intends to complete the valuations and other studies no later than a one-year measurement period following the Effective Time in accordance with IFRS.

For the purposes of this unaudited pro forma financial information, it has been assumed that the fair value evaluation was performed at the Effective Time, September 30, 2017, and the related assumption or calculation was as below.

(i) Property, plant and equipment, net:

The fair value adjustment of property, plant and equipment is NT$11,365.7 million (US$374.7 million).

The weighted-average remaining useful life of property, plant and equipment is approximately 10 years, and the estimated depreciation is NT$1,657.1 million (US$54.6 million) and NT$1,242.9 million (US$41.0 million) reflected as a pro forma adjustment under operating costs in the Pro Forma Statements of Operations for the year ended December 31, 2016 and for the nine months ended September 30, 2017, respectively. The actual depreciation may differ significantly between periods based upon the final value assigned and the depreciation period used for property, plant and equipment.

(ii) Intangible assets:

For purposes of these Pro Forma Financial Statements, preliminary identifiable intangible assets consist of an estimated NT$7,800.0 million (US$257.2 million) for customer relationships and NT$18,500.0 million (US$610.0 million) for patented technology. These identifiable intangible assets are finite-lived intangible assets with useful life of 10 years.

The estimated amortization related to these intangible assets is NT$1,947.3 million (US$64.2 million) and NT$795.9 million (US$26.2 million) reflected as a pro forma adjustment under operating costs and operating expenses in the Pro

Forma Statement of Operations for the year ended December 31, 2016, respectively, and NT$1,460.5 million (US$48.2 million) and NT$596.9 million (US$19.7 million) as a pro forma adjustment under operating costs and operating expenses in the Pro Forma Statement of Operations for the nine months ended September 30, 2017, respectively. The actual amortization may differ significantly between periods based upon the final value assigned and the amortization period used for each identifiable intangible asset.

(iii) Goodwill:

Goodwill is calculated as the difference between the acquisition date fair value of the consideration expected to be transferred and the values assigned to the assets acquired and liabilities assumed.

(iv) Other non-current assets:

The fair value adjustment of land use rights is NT$1,182.3 million (US$39.0 million). The remaining useful life of land use right years are approximately 50 years, and the estimated amortization is NT$20.6

Table of Contents

million (US$0.7 million) and NT$15.4 million (US$0.5 million) reflected as a pro forma adjustment under operating costs in the Pro Forma Statements of Operations for the year ended December 31, 2016 and for the nine months ended September 30, 2017, respectively.

3. SPIL Acquisition and Share Exchange cost

Total costs related to the SPIL acquisition and the Share Exchange cost are estimated at approximately NT$806.4 million, including (1) NT$95.4 million and NT$377.7 million incurred during the year ended December 31, 2015 and 2016, respectively, and NT$317.6 million incurred during the nine months ended September 30, 2017, and (2) NT$15.7 million that have not yet incurred as of September 30, 2017. Such costs include financial, accounting, legal and other consulting fees associated until the completion of the Share Exchange. The costs of NT$15.7 million (US$0.5 million) not incurred as of September 30, 2017 has been reflected as a pro forma adjustment to retained earnings and other liabilities on the unaudited pro forma condensed consolidated balance sheets as of September 30, 2017.

4. Interest cost

Interest expense in the Pro Forma Statements of Operations for the year ended December 31, 2016 and for the nine months ended September 30, 2017 has been adjusted as follows based on the expected sources of funding described as follows:

	Principal from January 1, 2016 to September 30, 2017	Effective Interest Rate	Interest Expense for the Year Ended December 31, 2016 Pro Forma Statement of Operations	Interest Expense for the Nine Months Ended September 30, 2017 Pro Forma Statement of Operations
	(in NT$ million, except for percentages)			
Long-term debts	95,000	1.82%	1,727.3	1,295.6

The cash consideration of NT$106,441.0 million to acquire the remaining 66.71% shareholding of SPIL as described in Note 1 above was assumed to be funded by NT$11,441.0 million from ASE’s existing cash and NT$95,000.0 million financed from banks. For the purposes of calculating the pro forma interest expense, it was assumed that the bank loan of NT$95,000 million was fully drawn-down by HoldCo on January 1, 2016. The floating borrowing rate was assumed to be based on a 1.82 % interest rate for the time span of the bank loan period for interest expense

calculation. However, the final bank loan interest rate may differ from the rates in place when actually drawdown.

For the purposes of calculating the above interest expense, the effective interest rate also includes coordination and arrangement fees. A hypothetical change in interest rates of 0.125% would increase or decrease total interest expense of the Pro Forma Statements of Operations by approximately NT$118.8 million (US$3.9 million) and NT$89.1 million (US$2.9 million) for the year ended December 31, 2016 and for the nine months ended September 30, 2017, respectively.

For the purposes of this unaudited pro forma financial information, it has been assumed that the interest expense on the debt financing incurred to fund the Share Exchange will not be deductible for tax purposes. This assumption may be subject to change and may not be reflective of the deductions that will be available in future periods after completion of the Share Exchange.

5. Pro Forma Adjustments

(a) Adjustment to recognize depreciation and amortization of the fair value adjustment on property, plant and equipment, patented technology and other noncurrent assets of NT$3,625.0 million (US$119.5 million) as described in Note 2 (i) (ii) (iv) above.

Table of Contents

(b) Adjustment to recognize amortization of fair value adjustment on customer relationships of NT$795.9 million (US$26.2 million) as described in Note 2 (ii) above and to reverse of the incurred consulting fee related to the acquisition of SPIL as an equity method investment of NT$377.7 million (US$12.4 million).

(c) Adjustment to (i) remove ASE's share of profit of equity method associates in SPIL of NT$1,725.0 million (US$56.8 million) and (ii) accrue the interest expense of NT$1,727.3 million (US$57.0 million) as described in Note 4 above.

(d) Adjustment to recognize depreciation and amortization of the fair value adjustment on property, plant and equipment, patented technology and other noncurrent assets of NT$2,718.8 million (US$89.7 million) as described in Note 2 (i) (ii) (iv).

(e) Adjustment to recognize amortization of fair value adjustment on customer relationships of NT$596.9 million (US$19.7 million) as described in Note 2 (ii) above and to reverse the incurred consulting fee related to the acquisition of SPIL as equity method investment of NT$317.6 million (US$10.5 million).

(f) Adjustment to (i) remove ASE's share of profit of equity method associates in SPIL of NT$826.0 million (US$27.2 million) and (ii) accrue the interest expense of NT$1,295.6 million (US$42.8 million) as described in Note 4 above.

(g) Adjustment to remove ASE's investments accounted for using the equity method in SPIL as of September 30, 2017 under the assumption that HoldCo acquired a 100% shareholding in SPIL as of September 30, 2017.

(h) Adjustment to reflect the assumed HoldCo's borrowing for the cash consideration of SPIL in the amount of NT$95,000 million (US$3,132.1 million) as described in Note 4 above.

(i) Adjustment to common shares and additional paid in capital in exchange for ASE Common Shares with HoldCo Common Shares using the share exchange ratio as described in Note 1 above and adjust the effect of derecognizing investment of equity method associate of SPIL as of September 30, 2017 to other equity under the assumption that HoldCo acquired 100% shareholding of SPIL as of September 30, 2017.

Table of Contents

Special Factors

Effects of the Share Exchange

Upon the terms and subject to the conditions of the Joint Share Exchange Agreement, and in accordance with the applicable provisions of the ROC Company Law, at the Effective Time, HoldCo will acquire all issued shares of ASE and SPIL, and ASE and SPIL will become wholly owned subsidiaries of HoldCo concurrently.

The following chart depicts the organizational structure of each of ASE and SPIL before the Share Exchange as of the date of this proxy statement/prospectus and immediately after the Effective Time.

Before the Share Exchange as of the date of this proxy statement/prospectus:

Immediately after the Effective Time:

Pursuant to the terms and subject to the conditions set forth in the Joint Share Exchange Agreement, at the Effective Time:

(i) for SPIL shareholders:

- each SPIL Common Share, par value NT$10 per share, issued immediately prior to the Effective Time (including SPIL's treasury shares and the SPIL Common Shares beneficially owned by ASE), will be transferred to HoldCo in consideration for the right to receive NT$51.2 (representing NT$55 *minus* a cash dividend and a return of capital reserve of NT$3.8 per SPIL Common Share distributed by SPIL on July 1, 2016), payable by HoldCo in cash in NT dollars, without interest and net of any applicable withholding taxes; and

each SPIL ADS will be cancelled in exchange for the right to receive through SPIL Depositary, the US dollar equivalent of NT$256 (representing five times of the SPIL Common Shares Cash Consideration) *minus* (i) all processing fees and expenses per SPIL ADS in relation to the conversion from NT dollars into US dollars, and (ii) US$0.05 per SPIL ADS cancellation fees pursuant to the terms of the SPIL Deposit Agreement, payable in cash in

- US dollars, without interest and net of any applicable withholding taxes. Within three ROC business days after the Effective Time, SPIL Depositary will receive the aggregate amount of SPIL ADS Cash Consideration in NT dollars for all issued SPIL ADSs through SPIL’s share registrar. SPIL ADS Holders of record will receive the SPIL ADS Cash Consideration through SPIL Depositary upon surrendering their SPIL ADSs for cancellation to SPIL Depositary after the Effective Time.

31

Table of Contents

At the Effective Time, HoldCo will acquire all issued shares of SPIL, and therefore HoldCo would be entitled to all benefits resulting from its 100% ownership of SPIL, including all of SPIL's net book value and net income or loss. Similarly, HoldCo would also bear all of the risk of losses generated by SPIL's operations and any decrease in the value of SPIL after the Share Exchange. Upon consummation of the Share Exchange, SPIL would become a wholly owned subsidiary of HoldCo. Accordingly, former SPIL shareholders would not have the opportunity to participate in the earnings and growth of SPIL after the Share Exchange and would not have any right to vote on corporate matters. Similarly, former SPIL shareholders would not face the risk of losses generated by SPIL's operations or decline in the value of SPIL after the Share Exchange. Further, the SPIL Common Shares would be delisted from the TWSE and SPIL ADSs would be delisted from NASDAQ and would become eligible for deregistration under the Exchange Act.

(ii) for ASE shareholders:

- each ASE Common Share, par value NT$10 per share, issued immediately prior to the Effective Time (including ASE's treasury shares), will be transferred to HoldCo in consideration for the right to receive 0.5 HoldCo Common Shares; and

- each ASE ADS, currently representing five ASE Common Shares, will, after the Effective Time, represent the right to receive 1.25 HoldCo ADSs, each HoldCo ADS representing two HoldCo Common Shares, upon surrender for cancellation to the ASE Depositary after the Effective Time.

Under ROC law, if any fractional HoldCo Common Shares representing less than one common share would otherwise be allotted to former holders of ASE Common Shares in connection with the Share Exchange, those fractional shares will not be issued to those shareholders. Pursuant to the Joint Share Exchange Agreement, ASE will aggregate the fractional entitlements and sell the aggregated ASE Common Shares using the closing price of ASE Common Shares on the TWSE on the ninth (9th) ROC Trading Day prior to the Effective Time, to an appointee of the Chairman of HoldCo. The cash proceeds from the sale will be distributed to the former holders of ASE Common Shares by HoldCo on a proportionate basis in accordance with their respective fractions at the Effective Time. Under ROC law, ASE Common Shares and HoldCo Common Shares will be recorded in book-entry by the Taiwan Depository & Clearing Corporation. The HoldCo Common Shares entitlements as a result of the Share Exchange will be automatically recorded at ASE shareholders' Taiwan Depository & Clearing Corporation account at the Effective Time of the Share Exchange, with no need for any additional action on ASE shareholders' part.

Under the ASE Deposit Agreement, the ASE Depositary (Citibank) will only distribute whole HoldCo ADSs. The ASE Depositary will use commercially reasonable efforts to sell the fractional entitlements to HoldCo ADSs in the open market and will distribute the net cash proceeds to the holders of ASE ADSs entitled to it. After the Share Exchange becomes effective, the ASE Depositary will send a notice to all holders of ASE ADSs which specifies the manner in which ASE ADSs may be delivered to the ASE Depositary in exchange for HoldCo ADSs. A holder of ASE ADSs who delivers those ASE ADSs in the manner required will receive in exchange the applicable whole number of HoldCo ADSs. There is a US$0.02 cancellation fee per ASE ADS held, payable by holders of ASE ADSs,

to the ASE Depositary in connection with the exchange of ASE ADSs for HoldCo ADSs.

At the Effective Time, HoldCo will acquire all issued shares of ASE. HoldCo would be entitled to all benefits resulting from its 100% ownership of ASE, including all of ASE's net book value and net income or loss. Similarly, HoldCo would also bear all of the risk of losses generated by ASE's operations and any decrease in the value of ASE after the Share Exchange. Upon consummation of the Share Exchange, ASE would become a wholly owned subsidiary of HoldCo. ASE Common Shares would be delisted from the TWSE and ASE ADSs would be delisted from NYSE and would become eligible for deregistration under the Exchange Act.

Table of Contents

At the Effective Time, former ASE shareholders will receive HoldCo Shares based on the Exchange Ratio. There are no material differences between the rights of holders of ASE Common Shares and the rights of holders of HoldCo Common Shares from a legal perspective. For so long as HoldCo has a class of securities (which include the HoldCo ADSs) listed on the NYSE, HoldCo will be subject to rules regarding corporate governance requirements of NYSE and the Exchange Act, the reporting requirements for foreign private issuers, and the U.S. Sarbanes-Oxley Act of 2002 including, for example, independence requirements for audit committee composition, annual certification requirements and auditor independence rules, unless certain circumstances change. HoldCo will be required to disclose any significant ways in which its corporate governance practices differ from those followed by U.S. domestic companies under NYSE's listing standards. To the extent possible under the ROC law and the arrangement contemplated by the HoldCo Deposit Agreement, HoldCo's corporate governance practices are expected to be comparable to those of ASE.

The issuance of HoldCo Common Shares in connection with the Share Exchange to U.S. holders of ASE Common Shares has been registered under the Securities Act. Accordingly, there will be no restrictions under the Securities Act upon the resale or transfer of such shares by U.S. shareholders of ASE except for those shareholders, if any, who are deemed to be "affiliates" of ASE, as such term is used in Rule 144 under the Securities Act. Persons who may be deemed to be affiliates of ASE generally include individuals who, or entities that, directly or indirectly control, or are controlled by or are under common control with, ASE. With respect to those shareholders who may be deemed to be affiliates of ASE, Rule 144 places certain restrictions on the offer and sale within the United States or to U.S. persons of HoldCo Common Shares that may be received by them pursuant to the Share Exchange. This proxy statement/prospectus does not cover resales of shares of HoldCo Common Shares received by any person who may be deemed to be an affiliate of ASE.

Background of the Share Exchange; Past Contacts; Negotiations

Events leading to the execution of the Joint Share Exchange Agreement described in this "Background of the Share Exchange; Past Contacts; Negotiations" section occurred in various locations that regularly included Taiwan, United States and Hong Kong. As a result, Taiwan Standard Time is used for all dates and times given.

The ASE Board and senior management of ASE regularly review and assess ASE's operations, performance, prospects and strategic direction. Prior to its announcement of the Initial ASE Tender Offers in August 2015, ASE believed that in light of the increase in competition and the consolidation trends in the global semiconductor industry, an investment in SPIL would present attractive opportunities. At that time, in ASE's view, the SPIL Common Shares and SPIL ADSs represented an attractive investment from a financial perspective. In addition, ASE hoped that an investment in SPIL might facilitate future cooperation opportunities with SPIL, in a manner consistent with all applicable laws, in an effort to maintain and promote the competitiveness of ASE.

On August 21, 2015, ASE announced that it planned to commence, on August 24, 2015, the Initial ASE Tender Offers at a price of NT$45 per SPIL Common Share and NT$225 per SPIL ADS for 779,000,000 SPIL Common Shares (including those represented by SPIL ADSs), which represented approximately 24.99% of the issued and outstanding share capital of SPIL.

On August 24, 2015, ASE commenced the Initial ASE Tender Offers. On the same day, SPIL announced that it had formed a review committee consisting of its independent directors to evaluate the Initial ASE Tender Offers.

On August 28, 2015, SPIL issued a press release and filed a Solicitation/Recommendation Statement on Schedule 14D-9 (as amended, the "First Schedule 14D-9") with the SEC in which the SPIL Board recommended that SPIL shareholders reject the Initial ASE Tender Offers and not tender any SPIL Common Shares or SPIL ADSs into the Initial ASE Tender Offers.

The First Schedule 14D-9 further disclosed that, on August 28, 2015, SPIL had entered into a letter of intent with Hon Hai Precision Industry Co., Ltd. ("Hon Hai") pursuant to which (i) SPIL would issue 840,600,000 SPIL Common Shares in exchange for 359,230,769 common shares issued by Hon Hai, representing approximately 21.24% and 2.20% of the issued and outstanding share capital of SPIL and Hon Hai, respectively (the "Hon Hai Share Exchange"), and (ii) SPIL and Hon Hai would cooperate on certain commercial matters.

The Hon Hai Share Exchange would have required an increase in the authorized but unissued capital of SPIL (the "Capital Increase") and amendments to SPIL's acquisition and disposition procedures (the "By-Law

Table of Contents

Amendments"), which would have required the approval of SPIL's shareholders at an extraordinary shareholders' meeting (the "First EGM"). On August 28, 2015, SPIL called the First EGM to be held on October 15, 2015, and set a record date of September 15, 2015 for the First EGM, which date was prior to the expiration and closing of the Initial ASE Tender Offers. ASE was therefore not eligible to vote its SPIL Common Shares at the First EGM.

ASE publicly opposed the Hon Hai Share Exchange on the basis that it was not in the best interests of SPIL shareholders for various reasons, including that the Hon Hai Share Exchange would result in significant dilution for all SPIL shareholders and would bring no cash to SPIL or its shareholders.

The Initial ASE Tender Offers expired on September 22, 2015. Pursuant to the Initial ASE Tender Offers, there were validly tendered and not validly withdrawn a number of SPIL Common Shares and SPIL ADSs representing approximately 36.83% of the issued and outstanding share capital of SPIL. On September 23, 2015, ASE accepted for purchase SPIL Common Shares and SPIL ADSs representing approximately 24.99% of the issued and outstanding share capital of SPIL.

On September 22, 2015, ASE filed an injunction with the Taichung District Court seeking to enjoin the First EGM. Following the expiration of the Initial ASE Tender Offers, on September 23, 2015, ASE's Chairman and Chief Executive Officer, Mr. Jason C.S. Chang met with SPIL's Chairman, Mr. Bough Lin, to express his regret that, due to certain legal limitations, ASE had not been able to discuss the Initial ASE Tender Offers with SPIL prior to its commencement. Mr. Chang also reiterated that the purpose of ASE's investment was to explore avenues of mutual cooperation in the face of intensifying global competition and industry consolidation and that ASE strongly opposed the proposed Hon Hai Share Exchange.

On September 28, 2015 and October 1, 2015, ASE issued open letters to SPIL shareholders urging them to vote against the proposals to be voted on at the First EGM.

On October 1, 2015, pursuant to the Initial ASE Tender Offers, ASE closed its acquisition of, and paid for, 725,749,060 SPIL Common Shares and 10,650,188 SPIL ADSs, representing approximately 24.99% of the issued and outstanding share capital of SPIL.

Also on October 1, 2015, ASE filed a suit in the Taichung District Court seeking the invalidation of the SPIL Board's resolution convening the First EGM.

On October 5, 2015, ASE issued a further open letter to SPIL shareholders urging them to vote against the proposals to be voted on at the First EGM, noting that two leading proxy advisors agreed with ASE's recommendation.

On October 13, 2015, the Taichung District Court denied ASE's petition seeking an injunction to enjoin SPIL's First EGM.

On October 15, 2015, SPIL's Capital Increase and By-Law Amendments were not approved by its shareholders at the First EGM.

Also on October 15, 2015, SPIL filed a suit in the Kaohsiung District Court (the "SPIL Kaohsiung Suit") against ASE seeking the invalidation of the Initial ASE Tender Offers and confirmation that ASE did not, in SPIL's view, have the right to be registered as a shareholder in SPIL's shareholder register. ASE indicated publicly that it believed that this lawsuit was without merit. On the same day, ASE withdrew its suit seeking the invalidation of the SPIL Board's resolution convening the First EGM. Subsequently, the Kaohsiung District Court revoked the SPIL Kaohsiung Suit on June 27, 2016.

On October 22, 2015 and on November 2, 2015, Mr. Chang sent letters to Mr. Lin reiterating that the purpose of ASE's investment in SPIL was to establish a basis for possible future cooperation and that ASE wished to discuss and establish specific plans for such cooperation.

On November 4, 2015, Mr. Chang received a letter from Mr. Lin asserting that SPIL did not recognize ASE as a shareholder of SPIL and requesting that ASE provide a written undertaking prior to any discussions with SPIL that (i) if ASE became a shareholder of SPIL, ASE would maintain its financial investor status, and would not intervene and participate in or interfere with SPIL's business operations, and would not nominate any person for appointment

Table of Contents

as a director of SPIL, and (ii) ASE would treat the communications and discussions between both parties as confidential, and would not disclose such information externally without SPIL's consent.

On November 6, 2015, Mr. Chang sent a letter to Mr. Lin stating that ASE had lawfully acquired 779,000,000 SPIL Common Shares (including those represented by SPIL ADSs) upon completion of the Initial ASE Tender Offers and requesting a meeting before November 13, 2015 to discuss specific details of SPIL's proposed undertaking and plans for potential cooperation.

On November 16, 2015, ASE filed an amendment to its report on Schedule 13D indicating that ASE had become increasingly concerned that the combination of SPIL's open animosity to ASE, SPIL's demonstrated willingness to consider ill-conceived transactions, and SPIL's expressed desire to seek out one or more other opportunities with third parties, all posed a very real threat that SPIL would at some future date attempt to adopt one or more further defensive measures that could damage SPIL and ASE's 24.99% interest therein.

The amendment noted that although ASE continued to seek avenues of cooperation with SPIL, and while no decision had been made, ASE believed that it needed to evaluate all possibilities available to it to protect its significant investment in SPIL and to react to any such defensive measures. Such possibilities included potential proposals to SPIL relating to cooperation or other potential transactions, influencing the management of SPIL, or further acquisitions of SPIL Common Shares, whether in the market or through one or more tender offers.

On December 11, 2015, SPIL announced a potential transaction with Tsinghua Unigroup Ltd. ("Tsinghua" and the "Tsinghua Transaction"). Pursuant to the Tsinghua Transaction, if approved by SPIL shareholders, Tsinghua would purchase newly issued SPIL Common Shares by way of private placement at a price of NT$55 per SPIL Common Share. The Tsinghua Transaction would also have required SPIL shareholder approval. On the same date, SPIL announced that it planned to hold an extraordinary shareholders' meeting on January 28, 2016 for shareholders to vote on the Tsinghua Transaction. Upon completion of the Tsinghua Transaction, Tsinghua would have owned 24.9% of SPIL's then-outstanding Common Shares.

ASE believed that the Tsinghua Transaction was not in the best interests of SPIL's shareholders and was a defensive and dilutive transaction that brought no cash to SPIL's shareholders. On December 14, 2015, in order to protect its significant investment in SPIL in light of the Tsinghua Transaction and the reasons described above in relation to ASE's November 16, 2015 amendment to its report on Schedule 13D, ASE submitted a written proposal to the SPIL Board proposing to acquire 100% of the remaining outstanding SPIL Common Shares for NT$55 per SPIL Common Share in cash and 100% of the remaining outstanding SPIL ADSs for NT$275 per SPIL ADS in cash (the "December 14, 2015 Proposal"). The December 14, 2015 Proposal was subject to execution and delivery of a mutually satisfactory definitive share exchange agreement containing customary terms and conditions and contingent on the termination or cancellation of the Tsinghua Transaction in accordance with its terms or applicable laws. ASE requested a written response from the SPIL Board by December 21, 2015 confirming whether or not SPIL was willing to discuss the

December 14, 2015 Proposal.

On December 21, 2015, SPIL issued a press release stating that it would assess the December 14, 2015 Proposal and that it would be discussed at a meeting of the SPIL Board on December 28, 2015.

Based upon the foregoing and other factors, ASE determined that there was no realistic possibility of a cooperative dialogue with SPIL at ASE's existing ownership level in SPIL and that there was a very real risk that SPIL would at some future date attempt to adopt one or more further defensive measures that could further damage the value of ASE's investment. As a result, ASE concluded that it had no viable alternative other than to seek to increase its ownership stake in SPIL. On December 22, 2015, ASE announced that it planned to commence on December 29, 2015 tender offers in the ROC (the "Second ROC Offer") and the United States (the "Second U.S. Offer," together with the Second ROC Offer, the "Second ASE Tender Offers") for up to 770,000,000 SPIL Common Shares, including those represented by SPIL ADSs, at a price of NT$55 per SPIL Common Share (and NT$275 per SPIL ADS), which represented approximately 24.71% of the issued and outstanding share capital of SPIL. In addition, ASE disclosed that if the Second ASE Tender Offers were consummated, subject to either (i) SPIL's shareholders not approving the Tsinghua Transaction at the proposed extraordinary shareholders' meeting on January 28, 2016 or (ii) SPIL terminating the Tsinghua Transaction in accordance with its terms or applicable law and cancelling the proposed extraordinary shareholders' meeting, ASE would seek to cause SPIL to enter into a share exchange or other similar business combination with ASE pursuant to which ASE would acquire 100% of the shares of SPIL not owned by ASE (a "Proposed Combination") for the consideration of NT$55 per SPIL Common

Table of Contents

Share and NT$275 per SPIL ADS (subject to adjustment if SPIL issued shares or cash dividends prior to the closing of such Proposed Combination). In order to implement a Proposed Combination, if the Second ASE Tender Offers were consummated, ASE intended to seek control of the SPIL Board. On the same date, SPIL issued a press release requesting that ASE cease its plan to commence the Second ASE Tender Offers and provide responses to certain questions as a precondition to any potential discussions on the December 14, 2015 Proposal. SPIL also announced on the same date that it planned to postpone the proposed extraordinary shareholders' meeting that had been scheduled for January 28, 2016 to consider the Tsinghua Transaction.

On December 28, 2015, ASE announced that it intended, as previously announced, to commence the Second ASE Tender Offers on December 29, 2015 and that it believed that the Second ASE Tender Offers did not preclude any discussions with SPIL with respect to the December 14, 2015 Proposal. Accordingly, on December 29, 2015, ASE commenced the Second ASE Tender Offers.

On December 30, 2015, SPIL announced that it would convene meetings of a review committee and the SPIL Board in connection with the Second ASE Tender Offers.

On January 7, 2016, SPIL issued a press release and filed a Solicitation/Recommendation Statement on Schedule 14D-9 (as amended, the "Second Schedule 14D-9") with the SEC announcing the SPIL Board recommendation, which it subsequently amended, that shareholders of SPIL consider the reservations of the review committee and the SPIL Board regarding the Second ASE Tender Offers, and further review the relevant risks before deciding individually whether or not to participate in the Second ASE Tender Offers.

On February 4, 2016, ASE extended the Second ASE Tender Offers until March 17, 2016 in order to permit the TFTC further time to review the Proposed Combination. The Second ASE Tender Offers had previously been scheduled to expire on February 16, 2016.

Between February 17, 2016 and March 9, 2016, ASE published various advertisements in newspapers in the ROC and made a series of shareholder communications in connection with the Second ASE Tender Offers. During this time, SPIL filed a number of amendments to the Second Schedule 14D-9 clarifying the scope of its recommendation in respect of the Second ASE Tender Offers.

On March 17, 2016, ASE announced that the Second ASE Tender Offers were unsuccessful, as ASE did not receive approval from the TFTC for the proposed combination between ASE and SPIL prior to the expiration of the Second ASE Tender Offers. Notwithstanding the failure of the Second ASE Tender Offers, ASE stated that it continued to seek to obtain control of SPIL, with the purpose of effecting an acquisition of 100% of the SPIL Common Shares and SPIL ADSs that ASE did not already own. In addition, ASE stated that it would otherwise continue to seek

opportunities for cooperation with SPIL and would consider other possibilities, including further acquisitions of SPIL Common Shares.

On March 17, 2016, ASE disclosed that the TFTC was continuing to review the Proposed Combination. If the TFTC approved the Proposed Combination, ASE expected to continue to seek the support of SPIL shareholders in order to acquire 100% of the issued and outstanding share capital of SPIL not owned by ASE. ASE further explained that, simultaneously with the acquisition of SPIL, ASE planned to establish a holding company in Taiwan that would hold 100% of the equity interests of both ASE and SPIL such that ASE and SPIL would be wholly owned subsidiaries of such holding company, which would maintain all current operations of ASE and SPIL in Taiwan.

Between March 24, 2016 and April 7, 2016, ASE acquired by way of market purchases additional SPIL Common Shares and SPIL ADSs amounting to an additional 8.29% of the issued and outstanding SPIL Common Shares (including those represented by SPIL ADSs) for an aggregate purchase price of NT$13.7 billion.

On April 17, 2016, Mr. Lin and Mr. Chang, together with executives of ASE and SPIL, had a meeting at which the possibility of a combination transaction was discussed. During the meeting, Mr. Lin and Mr. Chang discussed whether it would be in the best interests of the two companies and their respective shareholders for ASE and SPIL to explore the possibility of entering into a combination transaction.

Between April 25, 2016 and May 19, 2016, representatives of ASE and SPIL, together with their respective legal and financial advisors, held a series of in-person meetings and conference calls to discuss a variety of issues and explore whether it would be possible to develop the terms of a possible share exchange transaction between

Table of Contents

ASE and SPIL ("Proposed Share Exchange"), including the structure, price, board composition of the new holding company after the Proposed Share Exchange, protection of SPIL's employee rights and the timing of any announcement. ASE furnished SPIL with proposed draft transaction documents and presentation materials relating to the Proposed Share Exchange, which contemplated SPIL and ASE entering into a share exchange transaction at a price of NT$55.0 per SPIL Common Share and set forth the other terms of such transaction. There was no agreement with respect to the Proposed Share Exchange by the end of these meetings.

On April 28, 2016, SPIL issued a press release announcing the termination of the Tsinghua Transaction.

On May 26, 2016, the ASE Board held a meeting, in which members of ASE's senior management participated, to discuss the draft Joint Share Exchange MOU and review the conclusions of ASE's legal and financial advisors. In connection with the deliberations of the ASE Board, an independent public accounting firm engaged by ASE, Mr. Ji-Sheng Chiu, CPA, delivered to the ASE Board his oral opinion, which was confirmed by delivery of a written opinion dated May 25, 2016, that the cash consideration of NT$55.00 per SPIL Common Share and the exchange ratio pursuant to which ASE Common Shares would be exchanged for shares in the holding company, were reasonable and fair.

On May 26, 2016, ASE and SPIL issued a joint press release announcing the execution of the Joint Share Exchange MOU and setting a deadline for execution of a definitive Joint Share Exchange Agreement of June 25, 2016. Also on May 26 2016, Mr. Chang sent a letter to Mr. Lin reiterating his support for the proposed combination.

On May 27, 2016, ASE and SPIL clarified by respective press releases that the actual Cash Consideration of NT$55 per SPIL Common Share included the cash dividend and a returning of capital reserve of NT$3.8 per SPIL Common Share previously declared by SPIL, and that the adjusted Cash Consideration should be NT$51.2 per SPIL Share.

On June 3, 2016, Baker & McKenzie sent SPIL's legal counsel Jones Day a proposed draft of the Joint Share Exchange Agreement, which contemplated, among other things, that ASE would exchange all of ASE's issued ASE Common Shares for shares in a newly formed holding company, and all issued SPIL Common Shares would be acquired for NT$55.00 per share in cash and NT$275 per SPIL ADS (prior to cash dividend and a returning of capital reserve adjustment) .

Between June 3, 2016 and June 24, 2016, representatives of ASE and SPIL, together with representatives of each of their legal and financial advisors, held a series of conference calls and in-person meetings to negotiate the terms of the draft Joint Share Exchange Agreement, including in relation to post-closing commitments of the surviving company, the timetable for the transaction and the requirements relating to obtaining regulatory approvals. During this period, ASE's legal advisors Davis Polk and Baker & McKenzie exchanged multiple drafts of the draft Joint Share Exchange

Agreement with SPIL's legal advisors Simpson Thacher and Jones Day.

On June 24, 2016, ASE and SPIL executed a supplemental Joint Share Exchange MOU, extending the deadline for ASE and SPIL to execute a definitive agreement to June 30, 2016.

On June 30, 2016, the ASE audit committee unanimously determined that the draft Joint Share Exchange Agreement and the transactions contemplated thereby were advisable, fair to and in the best interests of ASE and its shareholders and approved the draft Joint Share Exchange Agreement and the other transactions contemplated therein. Later that same day, the ASE Board met to discuss the draft Joint Share Exchange Agreement, in which members of ASE senior management participated. Prior to the meeting, members of the ASE Board had been provided with a set of meeting materials, including the draft Joint Share Exchange Agreement and certain financial analyses. In connection with the deliberations of the ASE Board, an independent expert engaged by ASE, Mr. Ji-Sheng Chiu, CPA, delivered to the ASE Board his oral opinion, which was confirmed by delivery of a written opinion dated June 29, 2016, that the consideration in the draft Joint Share Exchange Agreement of NT$55.00 per SPIL Common Share and NT$275 per SPIL ADS (prior to cash dividend and a returning of capital reserve adjustment) and the exchange ratio pursuant to which ASE Common Shares would be exchanged for shares in the holding company, were reasonable and fair.

On June 30, 2016, ASE and SPIL issued a joint press release announcing the execution of the Joint Share Exchange Agreement.

Table of Contents

Recommendation and Approval of the ASE Board and Reasons for the Share Exchange

By a vote at a meeting of the audit committee of ASE held on June 30, 2016 and by a subsequent vote at a meeting of the ASE Board held on the same date, the ASE Board and ASE's audit committee unanimously determined that the Joint Share Exchange Agreement and the transactions contemplated thereby were advisable, fair to and in the best interests of ASE and its shareholders and approved the Share Exchange and the other transactions contemplated by the Joint Share Exchange Agreement. **The ASE Board recommends that ASE shareholders vote "FOR" the approval of the Joint Share Exchange Agreement and the Share Exchange and the other transactions contemplated by the Joint Share Exchange Agreement and "FOR" the approval of the other proposals to be voted on at the ASE EGM.**

In evaluating the proposed Share Exchange, the ASE Board consulted with ASE's management and legal advisors and independent experts and, in reaching its determination and recommendation, the ASE Board considered a number of factors. The ASE Board also consulted with outside legal counsel regarding its obligations, legal due diligence matters and the terms of the Joint Share Exchange Agreement.

Many of the factors considered supported the conclusion of ASE Board that the Joint Share Exchange Agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of ASE and its shareholders, including the following, subject to the Post-Closing Operation and Corporate Governance section set forth on page 86 herein (not in any relative order of importance):

- continuing consolidation trend in the semiconductor industry and the intensifying competitive landscape in the semiconductor packaging and testing industry poses significant risks and uncertainties for ASE's and SPIL's business if each company continues to operate separately;

- the expectation that the combination of ASE and SPIL under the holding company structure will allow both companies to better utilize their total capacity to achieve broader service coverage across products and offer more innovative and complete solutions to their customers;

- that ASE and SPIL can pool their experience and know-how, as well as their respective existing product footprints for high-quality packaging and testing service solutions, which will allow customers to benefit from best technologies and also create incentives for other packaging and testing service providers to use similar production process;

- the expectation that the combination of ASE and SPIL will allow each company to have better insights to semiconductor customers and end markets to enable more accurate forecasting of customer demand and facilitate better planning and capacity investment, which would in turn allow ASE and SPIL the ability to execute and deliver on its business plans throughout the business cycle and in a semiconductor industry that is highly competitive,

cyclical and subject to constant and rapid technological change;

- the opportunity to further expand ASE's and SPIL's global market reach and customer base leveraging a "dual-brand cross-selling operations" model and expand into other business areas of strategic importance;

- the expectation based on estimates by ASE's and SPIL's management that both companies can achieve significant synergies in research and development investments and capital expenditures as a result of reduction of duplicative investments, allowing for significant cost synergies and expended investment budgets;

- the expectation that the larger scale organization, greater marketing resources and financial strength of HoldCo will lead to improved opportunities for marketing and cross selling ASE's and SPIL's products after the combination;

- the holding company structure will allow HoldCo to focus on devising the group's overall strategy and maximize interests of the group as a whole, while allowing each subsidiary, including ASE and SPIL, to concentrate on its particular business area and operations;

- the fact that the new holding company will function as the group's overall resources allocation and strategic planning platform to achieve a more streamlined management structure among the group's distinct business

Table of Contents

concentration area to further improve the group's overall operational efficiency and solidify professional managerial function within each subsidiary to ensure sustainable development of the group;

- the fact that ASE's current shareholders will own approximately the same ownership and voting interest in HoldCo following the completion of the Share Exchange;

- the First Crowe Horwath Opinion, dated May 25, 2016, and the Second Crowe Horwath Opinion, dated June 29, 2016, to the ASE Board as to the fairness, from a financial point of view and as of the respective date of each opinion, to ASE, of the Cash Consideration to be paid by HoldCo to SPIL shareholders and the exchange ratio pursuant to which ASE shareholders will exchange their shares for HoldCo Shares pursuant to the Joint Share Exchange Agreement, which opinions were based on and subject to the assumptions made, procedures followed and matters considered in the review undertaken by Mr. Ji-Sheng Chiu, CPA, as more fully described below in the section entitled "— Opinions of ASE's Independent Expert"; and

- the review by the ASE Board with its advisors of the structure of the proposed Share Exchange and the financial and other terms of the Joint Share Exchange Agreement, including the parties' representations, warranties and covenants, the conditions to their respective obligations and the termination provisions, as well as the likelihood of the completion of the proposed Share Exchange and the evaluation by the ASE Board of the likely time period necessary to complete the Share Exchange.

In the course of its deliberations, the ASE Board also considered a variety of risks and other potentially negative factors, including the following (not in any relative order of importance):

- the possibility that the Share Exchange may not be completed as a result of the failure to obtain the required approval from ASE shareholders or SPIL shareholders, the failure by ASE to obtain financing, or otherwise, or that completion may be unduly delayed for reasons beyond the control of ASE and/or SPIL, including the potential length of the regulatory review process and the risk that applicable antitrust and competition authorities may prohibit or enjoin the Share Exchange or otherwise impose unanticipated conditions on ASE and/or SPIL, in order to obtain clearance for the Share Exchange, and the effect the resulting termination of the Joint Share Exchange Agreement may have on the trading price of the ASE Common Shares and ASE's operating results, including ASE's potential obligation to pay SPIL a liquidated damages in the amount of NT$8.5 billion (US$0.3 billion), as described in the section entitled "The Joint Share Exchange Agreement — Pre-Closing Covenants and Agreements";

- the possible disruption to ASE's business that may result from the Share Exchange, including the potential for diversion of management and employee attention from other strategic opportunities or operational matters and for increased employee attrition during the period prior to completion of the Share Exchange, and the potential effect of the Share Exchange on ASE's business and relations with customers and suppliers;

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the adverse impact that business uncertainty pending completion of the Share Exchange could have on ASE's ability to attract, retain and motivate key personnel;

- the difficulty and costs inherent in consolidating resources in ASE and SPIL under the holding company structure and the risk that anticipated strategic and other benefits to ASE and SPIL following completion of the Share Exchange, including the estimated cost savings and cost synergies described above, will not be realized or will take longer to realize than expected;

- the transaction costs to be incurred in connection with the Share Exchange;

- that failure to complete the Share Exchange could lead to negative perceptions among investors, potential investors, employees and customers;

- operational inefficiencies due to a layered corporate structure and valuation discounts as a result of the adoption of a holding company structure which may have an adverse effect on the trading value of HoldCo Common Shares or HoldCo ADSs; and

Table of Contents

- risks of the type and nature described in the sections entitled “Risk Factors” and “Cautionary Statements Regarding Forward-Looking Statements.”

In addition, the ASE Board was fully aware of and has deliberated over the history of prior litigations between ASE and SPIL as described in the section entitled “—Background of the Share Exchange; Past Contacts; Negotiations.” ASE has intended to seek a friendly transaction with SPIL from the very beginning. The purpose of its lawsuits initiated in September and October 2015 against SPIL was to protect its investment in SPIL. Although SPIL filed the SPIL Kaohsiung Suit in October 2015 seeking to invalidate ASE’s investment, the Kaohsiung District Court revoked the SPIL Kaohsiung Suit on June 27, 2016 and the parties eventually agreed to the Share Exchange transaction after friendly and good-faith negotiations. This result is what ASE has always been pursuing and the ASE Board did not view the prior litigations between the two parties as detrimental to an eventual friendly outcome.

The ASE Board considered all of these factors as a whole and, on balance, concluded that overall, the potential benefits of the Share Exchange to ASE and its shareholders outweighed the risks which are mentioned above, and it supported the decision to approve the Share Exchange and the other transactions contemplated by the Joint Share Exchange Agreement. The foregoing discussion of the information and factors considered by the ASE Board is not exhaustive. In view of the wide variety of factors considered by the ASE Board in connection with its evaluation of the proposed Share Exchange and the complexity of these matters, the ASE Board did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. Rather, the ASE Board viewed its decisions as being based on the totality of the information presented to it and the factors it considered. The ASE Board evaluated the factors described above, among others, and reached a consensus that the Joint Share Exchange Agreement and the transactions contemplated thereby were advisable, fair to and in the best interests of ASE and its shareholders. In considering the factors described above and any other factors, individual members of the ASE Board may have viewed factors differently or given different weight or merit to different factors.

Interests of ASE in SPIL Common Shares and ADSs

On October 1, 2015, ASE closed its acquisition of, and paid for, 779,000,000 SPIL Common Shares (including those represented by SPIL ADSs) at a price of NT$45 per SPIL Common Share and NT$225 per SPIL ADS pursuant to the tender offers in the U.S. and in the ROC.

In March and April 2016, ASE acquired an additional 258,300,000 SPIL Common Shares (including those represented by SPIL ADSs) through open market purchases. The following table sets forth certain information relating to the aforesaid ASE’s open market purchases:

Period

	Total Number of SPIL Common Shares Purchased	Average Price Paid Per SPIL Common Share (in NT$)	Range of Price Paid Per SPIL Common Share (in NT$)
March 24, 2016-March 30, 2016	201,547,740	53.16	51.80-54.00
April 1, 2016-April 7, 2016	8,300,000	52.91	50.64-53.00
Total:	209,847,740	-	-

Period	Total Number of SPIL ADSs Purchased	Average Price Paid Per SPIL ADS (in US$)	Range of Price Paid Per SPIL ADS (in US$)
March 24, 2016-March 30, 2016	9,690,452	8.13	7.91-8.26
Total:	9,690,452	-	-

As of the date of this proxy statement/prospectus, (a) SPIL had an aggregate of 3,116,361,139 SPIL Common Shares, including 188,916,960 SPIL Common Shares represented by SPIL ADSs, issued and outstanding; and (b) ASE held 988,847,740 SPIL Common Shares and 9,690,452 SPIL ADSs.

Except as set forth elsewhere in this proxy statement/prospectus: (a) none of ASE and, to ASE's knowledge, any associate or majority-owned subsidiary of ASE beneficially owns or has a right to acquire any SPIL Common Shares, SPIL ADSs or other equity securities of SPIL; (b) none of ASE and, to ASE's knowledge, any associate or

Table of Contents

majority-owned subsidiary of ASE has effected any transaction in SPIL Common Shares, SPIL ADSs or other equity securities of SPIL during the past 60 days; and (c) during the two years before the date of this proxy statement/prospectus, there have been no transactions between ASE, its subsidiaries, on the one hand, and SPIL or any of its executive officers, directors, controlling shareholders or affiliates, on the other hand, that would require reporting under SEC rules and regulations.

Certain Financial Projections

ASE does not, as a matter of course, publicly disclose forecasts or internal projections as to future performance, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. No financial projections were prepared by ASE or their advisors in connection with the Share Exchange.

Opinions of ASE's Independent Expert

Crowe Horwath Opinions

On May 25, 2016, Mr. Ji-Sheng Chiu, CPA, of Crowe Horwath (TW) CPAs, an independent expert engaged by ASE, delivered to ASE its written opinion that the proposed exchange of each ASE Common Share for 0.5 HoldCo Common Shares and each SPIL Common Share for NT$55 in cash pursuant to the Share Exchange was fair and reasonable. On June 29, 2016, Mr. Ji-Sheng Chiu delivered to ASE another written opinion that the proposed exchange of each ASE Common Share for 0.5 HoldCo Common Shares and each SPIL Common Share for NT$55 in cash pursuant to the Share Exchange was fair and reasonable.

ASE selected Mr. Ji-Sheng Chiu of Crowe Horwath (TW) CPAs to act as an independent expert to provide the Crowe Horwath Opinions in connection with the Share Exchange based on Mr. Ji-Sheng Chiu's reputation, experience in the Taiwan market and familiarity with ASE and its business. Mr. Ji-Sheng Chiu is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, private placements and related financings and valuations for corporate and other purposes for ROC corporations. Mr. Ji-Sheng Chiu in the past has delivered opinions to ASE during the two-year period prior to date of the First Crowe Horwath Opinion in connection with (i) a spin-off transaction involving Universal Scientific Industrial Co., Ltd., a subsidiary of ASE, (ii) the Initial ASE Tender Offers, (iii) a private placement under which ASE sold its shareholdings in Universal Scientific Industrial Co., Ltd. to another subsidiary of ASE for corporate restructuring proposes, (iv) the proposal to SPIL to acquire 100% of its outstanding shares not owned by ASE in cash dated December 14, 2015 and (v) the Second ASE Tender Offers. Mr. Ji-Sheng Chiu received aggregate compensation of NT$300,000 (US$9,891.0) in connection with these prior opinions and was paid an opinion fee of NT$60,000 (US$1,978.2) for each of the First Crowe Horwath Opinion and the Second Crowe Horwath Opinion. Mr. Ji-Sheng Chiu may in the future deliver opinions to ASE, for which services

Mr. Ji-Sheng Chiu may receive compensation. No material limitations were imposed by ASE on Mr. Ji-Sheng Chiu's work in connection with the Share Exchange.

The full text of the English translation of the Crowe Horwath Opinions has been included in Annex B-1 and Annex B-2 to this proxy statement/prospectus. The Crowe Horwath Opinions will also be available for any interested ASE shareholder (or any representative of an ASE shareholder who has been so designated in writing) to inspect and copy at ASE's principal executive offices during regular business hours. The Crowe Horwath Opinions outline the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Mr. Ji-Sheng Chiu in rendering the Crowe Horwath Opinions. The descriptions of the Crowe Horwath Opinions set forth below are qualified in their entirety by reference to the full text of such opinions. Holders of ASE Common Shares or SPIL Common Shares are urged to read the entire opinion carefully in connection with their consideration of the Share Exchange.

The Crowe Horwath Opinions speak only as of the date of each such opinion. The Crowe Horwath Opinions were directed to the ASE Board and are directed only to the fairness of the proposed exchange of each ASE Common Share for 0.5 HoldCo Common Shares and each SPIL Common Share for NT$55 in cash pursuant to the Share Exchange. They do not address the underlying business decision of ASE or SPIL to engage in the Share Exchange and do not constitute recommendation as to whether or not any holder of ASE Common Shares should vote in favor of the Share Exchange at any shareholder meeting, or at all. The Crowe Horwath Opinions was one of the many factors considered by the ASE Board in evaluating the Share Exchange and should not be viewed as determinative of the views of the ASE Board with respect to the Share Exchange. The consideration to be paid in the Share Exchange was determined through arm's length negotiations between ASE and SPIL. Mr. Ji-Sheng Chiu did

Table of Contents

not recommend any specific amount of consideration to ASE or the ASE Board or advise that any specific amount of consideration constituted the only appropriate consideration for the Share Exchange.

In connection with rendering the Crowe Horwath Opinions, Mr. Ji-Sheng Chiu reviewed and considered the audited or unaudited financial statements of ASE and SPIL for the years 2014, 2015 and the first quarter of 2016, relevant business overviews, financial statements, and other materials Mr. Ji-Sheng Chiu deemed relevant and available to the public from, among other sources, the TWSE's Market Observation Post System, the website of the TWSE, the website of the Taipei Exchange (GreTai Securities Market), the Commerce and Industry Registration Enquiry System of the Department of Commerce, Ministry of Economic Affairs, Taiwan, the Taiwan Economic Journal (TEJ) Database, and comparison, analysis and historical stock price data of ASE, SPIL, and their peers compiled by Bloomberg. In performing its review, Mr. Ji-Sheng Chiu relied upon the accuracy and completeness of all of the financial and other information that was available to Mr. Ji-Sheng Chiu from public sources or that was otherwise reviewed by Mr. Ji-Sheng Chiu, and Mr. Ji-Sheng Chiu assumed such accuracy and completeness for purposes of preparing the Crowe Horwath Opinions.

Mr. Ji-Sheng Chiu expressed no opinion as to the trading values of ASE Common Shares or SPIL Common Shares after the date of each respective Opinion or what the value of ASE Common Shares or SPIL Common Shares will be upon consummation of the Share Exchange. Mr. Ji-Sheng Chiu expressed no opinion as to any of the legal, accounting, and tax matters relating to the Share Exchange. The Crowe Horwath Opinions were necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Mr. Ji-Sheng Chiu as of, the date of the respective Crowe Horwath Opinions. Events occurring after the date thereof could materially affect the Crowe Horwath Opinions. Mr. Ji-Sheng Chiu has not undertaken to update, revise, reaffirm or withdraw the Crowe Horwath Opinions or otherwise comment upon events occurring after the respective date of the Crowe Horwath Opinions.

In rendering the Crowe Horwath Opinions, Mr. Ji-Sheng Chiu performed a variety of financial analyses. The following is a summary of the material analyses performed by Mr. Ji-Sheng Chiu in each opinion, but it is not a complete description of all the analyses underlying each opinion. The summary includes information presented in tabular format. In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Mr. Ji-Sheng Chiu believes that his analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses could create an incomplete view of the evaluation process underlying his opinions. Also, no company included in Mr. Ji-Sheng Chiu's comparative analyses described below is identical to SPIL and no transaction is identical to the Share Exchange. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values of SPIL and the companies to which they are being compared.

First Crowe Horwath Opinion

Consideration for ASE Common Shares

Mr. Ji-Sheng Chiu evaluated the proposed exchange of each ASE Common Share for 0.5 HoldCo Common Shares pursuant to Share Exchange. Mr. Ji-Sheng Chiu used the equity attributable to owners of parent of ASE based on the audited or unaudited consolidated financial statements of ASE (NT$158,016,614,000 as of March 31, 2016) and the total issued ASE Common Shares based on the latest update from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs, Taiwan (7,918,272,896 as of April 26, 2016) to calculate a net book value per share of NT$19.956. Under the Share Exchange, 7,918,272,896 ASE Common Shares would result in 3,959,136,448 HoldCo Common Shares as of the Effective Time. The net book value per HoldCo Common Share was calculated based on ASE's equity attributable to owners of parent as of March 31, 2016 to be NT$39.912 per share. Mr. Ji-Sheng Chiu concluded that the shareholders' equity for the holders of HoldCo Common Shares would not be impaired in any way by the exchange ratio of 0.5 HoldCo Common Shares for each ASE Common Share.

Table of Contents

The fact that the net value of ASE's equity attributable to owners of parent as of the Effective Time may vary from that as of March 31, 2016 was also considered. However, since the shareholders of ASE will contribute all the ASE Common Shares as of the Effective Time in exchange for all the HoldCo Common Shares, Mr. Ji-Sheng Chiu concluded that the shareholders' equity for the holders of HoldCo Common Shares will not be affected as a result of the Share Exchange.

Based on this analysis, Mr. Ji-Sheng Chiu concluded that, as of May 25, 2016, the proposed exchange of each ASE Common Share for 0.5 HoldCo Common Shares pursuant to the Share Exchange was fair and reasonable.

Consideration for SPIL Common Shares

Mr. Ji-Sheng Chiu elected for a market approach as the primary evaluation method while taking into account other non-quantitative factors to evaluate the reasonableness of the proposed exchange of each SPIL Common Share for NT$55 in cash pursuant to the Share Exchange. Under the market approach, Mr. Ji-Sheng Chiu adopted a (i) market price method that analyzed historical market prices of the SPIL Common Shares; (ii) a price-book ratio method that applied the average price-to-book value ratios of the Comparison Group (as defined below) to SPIL's book value for the quarter ended March 31, 2016; and (iii) a price-earnings ratio method that applied the average price to earnings per share ratios of the Comparison Group to SPIL's earnings per share for the four quarters ended March 31, 2016. Mr. Ji-Sheng Chiu determined not to use an income approach, which requires using a company's estimates for future cash flows, because such an approach involves multiple assumptions and has a relatively higher level of uncertainty and lesser objectivity as compared to other valuation methods. In addition, Mr. Ji-Sheng Chiu determined that a cost approach was not appropriate for evaluation in light of SPIL's operating model and capital structure, and therefore did not use such an approach.

Of the semiconductor manufacturing companies listed on the TWSE, three industry peers were selected for comparison based on relative similarities in customer attributes, business activities and business mode: ChipMOS TECHNOLOGIES (Bermuda) LTD. ("ChipMOS"); Chipbond Technology Corporation ("Chipbond"); and Powertech Technology Inc. ("Powertech," and together with ChipMOS and Chipbond, the "Comparison Group").

In applying the market price method, Mr. Ji-Sheng Chiu used SPIL's recent public trading prices for SPIL Common Shares to evaluate the average market closing price for 60, 90 and 180 business days (up to and including May 25, 2016) to calculate a range of theoretical values for SPIL Common Shares as follows:

Items	Average Closing Price Theoretical Price Range Prices in NT$

Latest 60 business days	49.18	
Latest 90 business days	50.04	47.13 - 50.04
Latest 180 business days	47.13	

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (2015/8/28 - 2016/5/25) all average prices are calculated by simple arithmetic averaging.

As shown in the table above, based on the market price method, the theoretical value per SPIL Common Share falls in the range of NT$47.13 to NT$50.04, without taking any adjusting factors into account.

In applying the price-to-book ratio method, Mr. Ji-Sheng Chiu used the book value per SPIL Common Share and the average price-to-book value ratios of the Comparison Group along with average closing prices for 180 days up to, and including, May 25, 2016, to calculate price-to-book value ratios of the Comparison Group and to calculate a range of values for SPIL Common Shares as follows:

Comparing to Peer Companies	Average Closing Prices in Latest 180 Business Days	Net Value per Share for the First Half of 2016	Price to-Book Value Ratio
	Prices in NT$		
ChipMOS	32.53	21.20	1.53
Chipbond	47.86	36.31	1.32
Powertech	66.98	44.48	1.51

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (2015/8/28 2016/5/25) all average prices are calculated by simple arithmetic averaging.

Table of Contents

Items	Descriptions
	Prices in NT$
Range of multipliers	1.32 1.53 times
Net value per SPIL Common Share for the first quarter of 2016	23.23
Theoretical price range	30.66 35.54

As shown in the table above, based on the price-to-book value ratio method, the theoretical price per SPIL Common Share falls in the range of NT$30.66 to NT$35.54, without taking any adjusting factors into account.

In applying the price-earnings ratio method, Mr. Ji-Sheng Chiu applied the price to earnings per share ratios of the Comparison Group (based on earnings per share for the four quarters ended March 31, 2016 and the average closing prices for 180 days up to, and including, May 25, 2016) to SPIL's earnings per share for the four quarters ended March 31, 2016, to calculate a range of values for SPIL Common Shares as follows:

Comparing to Peer Companies	Average Closing Prices in Latest 180 Business Days	Earnings per Share in the Four Quarters Ended March 31, 2016	Price-Earnings Ratio
	Prices in NT$		
ChipMOS	32.53	2.09	15.56
Chipbond	47.86	2.64	18.13
Powertech	66.98	5.37	12.47

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (2015/8/28 2016/5/25) all average prices are calculated by simple arithmetic averaging.

Item	Description
	Prices in NT$
Range of multipliers	12.47 – 18.13 times
Consolidated earnings per SPIL Common Share	2.49
Theoretical price range	31.05 – 45.14

As shown in the table above, based on the price to earnings per share ratio method, the theoretical price range per SPIL Common Share falls in the range of NT$31.05 to NT$45.14, without taking any adjusting factors into account.

Mr. Ji-Sheng Chiu, after taking into account certain non-quantitative key factors, weighted each of the three methods described above equally to obtain a theoretical price per SPIL Common Share, as set forth below:

Evaluation Method	Price Range per SPIL Common Share	Weight	Theoretical Price Range per SPIL Common Share
	Prices in NT$		
Market price method	47.13 - 50.04	33.3%	36.28 - 43.57
Priceto-book ratio method	30.66 - 35.54	33.3%	
Priceto-earnings ratio method	31.05 - 45.14	33.3%	

Mr. Ji-Sheng Chiu then applied an adjustment of 33.24% to account for the average premium paid in mergers involving the global semiconductor industry since the third quarter of 2015. This premium rate was obtained from Bloomberg database by virtue of the following path: “MA”, sorted by (i) period: near 12 months, (ii) trade type: MA, (iii) industry: semiconductor, and (iv) area: global. On May 25, 2016, the Bloomberg database indicated that the quarterly premium of global merger and acquisition cases in semiconductor industry for the four quarters since the third quarter of 2015 was 23.80%, 56.47%, 23.74% and 28.95%, respectively, and the average premium was 33.24%.

The adjusted price range per SPIL Common Share is presented in the table below:

Table of Contents

Evaluation Method	Price Range per SPIL Common Share	Adjusted Price Range per SPIL Common Share
	Prices in NT$	
The weighted average of the results under the market price, price-to-book and the price-to-earnings methods	36.28 - 43.57	48.34 - 58.05

On the basis of this analysis, Mr. Ji-Sheng Chiu concluded that, as of May 25, 2016, the reasonable price range per SPIL Common Share should be between NT$48.34 and NT$58.05 and the proposed exchange of each SPIL Common Share for NT$55 in cash pursuant to the Share Exchange was fair and reasonable.

Second Crowe Horwath Opinion

Consideration for ASE Common Shares

Mr. Ji-Sheng Chiu evaluated the proposed exchange of each ASE Common Share for 0.5 HoldCo Common Shares pursuant to the Share Exchange. Mr. Ji-Sheng Chiu used the equity attributable to owners of parent of ASE based on the audited or reviewed consolidated financial statements of ASE (NT$158,016,614,000 as of March 31, 2016) and the total issued ASE Common Shares based on the latest update from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs, Taiwan (7,918,272,896 as of April 26, 2016) to calculate a net book value per share of NT$19.956. Under the Share Exchange, 7,918,272,896 ASE Common Shares would result in 3,959,136,448 HoldCo Common Shares as of the Effective Time. The net book value per HoldCo Common Share was calculated based on ASE's equity attributable to owners of parent as of March 31, 2016 to be NT$39.912 per share. Mr. Ji-Sheng Chiu concluded that the shareholders' equity for the holders of HoldCo Common Shares would not be impaired in any way by the exchange ratio of 0.5 HoldCo Common Shares for each ASE Common Share.

The fact that the net value of ASE's equity attributable to owners of parent as of the Effective Time may vary from that as of March 31, 2016 was also considered. However, since the shareholders of ASE will contribute all the ASE Common Shares as of the Effective Time in exchange for all the HoldCo Common Shares, Mr. Ji-Sheng Chiu concluded that the shareholders' equity for the holders of HoldCo Common Shares will not be affected as a result of the Share Exchange.

Based on this analysis, Mr. Ji-Sheng Chiu concluded that, as of June 29, 2016, the proposed exchange of each ASE Common Share for 0.5 HoldCo Common Shares pursuant to the Share Exchange was fair and reasonable.

Consideration for SPIL Common Shares

Mr. Ji-Sheng Chiu elected for a market approach as the primary evaluation method while taking into account other non-quantitative factors to evaluate the reasonableness of the proposed exchange of each SPIL Common Share for the Cash Consideration pursuant to the Share Exchange. Under the market approach, Mr. Ji-Sheng Chiu adopted a (i) market price method that analyzed historical market prices of the SPIL Common Shares; (ii) a price-book ratio method that applied the average price-to-book value ratios of the Comparison Group (as defined below) to SPIL's book value for the quarter ended March 31, 2016; and (iii) a price-to-earnings ratio method that applied the average price to earnings per share ratios of the Comparison Group to SPIL's earnings per share for the four quarters ended March 31, 2016. Mr. Ji-Sheng Chiu determined not to use an income approach, which requires using a company's estimates for future cash flows, because such an approach involves multiple assumptions and has a relatively higher level of uncertainty and lesser objectivity as compared to other valuation methods. In addition, Mr. Ji-Sheng Chiu determined that a cost approach was not appropriate for evaluation in light of SPIL's operating model and capital structure, and therefore did not use such an approach.

Of the semiconductor manufacturing companies listed on the TWSE, Mr. Ji-Sheng Chiu selected the Comparison Group for comparison based on relative similarities customer attributes, business activities and business model.

In applying the market price method, Mr. Ji-Sheng Chiu used SPIL's recent public trading prices for SPIL Common Shares to evaluate the average market closing price for 60, 90 and 180 business days (up to, and including, June 29, 2016) to calculate a range of theoretical values for SPIL Common Shares as follows:

Table of Contents

Items	Average Closing Price	Theoretical Price Range
	Prices in NT$	
Latest 60 business days	46.25	
Latest 90 business days	46.45	45.05 – 46.45
Latest 180 business days	45.05	

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (2015/10/5 - 2016/6/29) all average prices are calculated by simple arithmetic averaging.

As shown in the table above, based on the market price method, the theoretical value per SPIL Common Share falls in the range of NT$45.05 to NT$46.45, without taking any adjusting factors into account.

In applying the price-to-book ratio method, Mr. Ji-Sheng Chiu used the book value per SPIL Common Share and the average price-to-book value ratios of the Comparison Group along with average closing prices for 180 days up to, and including, June 29, 2016 to calculate price-to-book value ratios of the Comparison Group and to calculate a range of values for SPIL Common Shares as follows:

Comparing to Peer Companies	Average Closing Prices in Latest 180 Business Days	Net Value per Share for the First Half of 2016	Price-to-Book Value Ratio
	Prices in NT$		
ChipMOS	32.53	21.20	1.53
Chipbond	46.86	36.31	1.29
Powertech	65.31	44.48	1.47

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (2015/10/5 - 2016/6/29) all average prices are calculated by simple arithmetic averaging.

Items	Descriptions
	Prices in NT$
Range of multipliers	1.29 – 1.53 times
Net value per SPIL Common Share for the first quarter of 2016	23.23
Theoretical price range	29.97 – 35.54

As shown in the table above, based on the price-to-book value ratio method, the theoretical price per SPIL Common Share falls in the range of NT$29.97 to NT$35.54, without taking any adjusting factors into account.

In applying the price-to-earnings ratio method, Mr. Ji-Sheng Chiu applied the price to earnings per share ratios of the Comparison Group (based on earnings per share for the four quarters ended March 31, 2016 and the average closing prices for 180 days up to, and including, June 29, 2016) to SPIL's earnings per share for the four quarters ended March 31, 2016 to calculate a range of values for SPIL Common Shares as follows:

Comparing to Peer Companies	Average Closing Prices in Latest 180 Business Days	Earnings per Share in the Four Quarters Ended March 31, 2016	Price-Earnings Ratio
	Prices in NT$		
ChipMOS	32.53	2.09	15.56
Chipbond	46.86	2.64	17.75
Powertech	65.31	5.37	12.16

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (2015/10/5 - 2016/6/29) all average prices are calculated by simple arithmetic averaging.

Item	Description
	Prices in NT$
Range of multipliers	12.16 – 17.75 times
Consolidated earnings per SPIL Common Share	2.49
Theoretical price range	30.28 – 44.20

Table of Contents

As shown in the table above, based on the price to earnings per share ratio method, the theoretical price range per SPIL Common Share falls in the range of NT$30.28 to NT$44.20, without taking any adjusting factors into account.

Mr. Ji-Sheng Chiu, after taking into account certain non-quantitative key factors, weighted each of the three methods described above equally to obtain a theoretical price per SPIL Common Share, as set forth below:

Evaluation Method	Price Range per SPIL Common Share	Weight	Theoretical Price Range per SPIL Common Share
	Prices in NT$		
Market price method	45.05 – 46.45	33.3%	35.10 – 42.06
Price-to-book ratio method	29.97 – 35.54	33.3%	
Price-to-earnings ratio method	30.28 – 44.20	33.3%	

Mr. Ji-Sheng Chiu then applied an adjustment of 33.86% to account for the average premium paid in mergers involving the global semiconductor industry since the third quarter of 2015. This premium rate was obtained from Bloomberg database by virtue of the following path: “MA”, sorted by (i) period: near 12 months, (ii) trade type: MA, (iii) industry :semiconductor, and (iv) area: global. On June 29, 2016, the Bloomberg database indicated that the quarterly premium of global merger and acquisition cases in semiconductor industry for the four quarters since the third quarter of 2015 was 23.80%, 56.47%, 23.74% and 31.44%, respectively, and the average premium was 33.86%.

The adjusted price range per SPIL Common Share is presented in the table below:

Evaluation Method	Price Range per SPIL Common Share	Adjusted Price Range per SPIL Common Share
	Prices in NT$	
The weighted average of the results under the market price, price-to-book and the price-to-earnings methods	35.10 – 42.06	46.98 – 56.30

On the basis of this analysis, Mr. Ji-Sheng Chiu concluded that, as of June 29, 2016, the reasonable price range per SPIL Common Share should be between NT$46.98 and NT$56.30 and the proposed exchange of each SPIL Common Share for the Cash Consideration pursuant to the Share Exchange was fair and reasonable.

Effects of the Share Exchange on ASE and SPIL

Private Ownership

SPIL ADSs are currently listed on NASDAQ under the symbol “SPIL.” It is expected that, immediately following the completion of the Share Exchange, SPIL will cease to be a publicly traded company and will instead become a privately held company wholly owned directly by HoldCo. Following the completion of the Share Exchange, SPIL ADSs will cease to be listed on NASDAQ, and price quotations with respect to sales of the SPIL ADSs in the public market will no longer be available. In addition, registration of the SPIL ADSs and the underlying SPIL Common Shares under the Exchange Act, will be terminated. After the Effective Time, SPIL will no longer be required to file periodic reports with the SEC or otherwise be subject to the U.S. federal securities laws, including the Sarbanes-Oxley Act, applicable to public companies. After the completion of the Share Exchange, SPIL shareholders will no longer enjoy the rights or protections that the U.S. federal securities laws provide.

Upon completion of the Share Exchange, each SPIL Common Share issued immediately prior to the Effective Time, including the shares beneficially owned by ASE and treasury shares of SPIL will be transferred to HoldCo in exchange for the right to receive the SPIL Common Shares Cash Consideration, and each SPIL ADS, including the ADSs beneficially owned by ASE, will represent the right to receive, through the SPIL ADS Depositary, the SPIL ADS Cash Consideration through SPIL ADS Depositary, respectively, without interest and net of any applicable withholding taxes. As a result, current holders of SPIL Common Shares and SPIL ADS, will no longer have any equity interest in, or be shareholders or American depositary shareholders of SPIL upon completion of the Share Exchange. As a result, holders of SPIL Common Shares and SPIL ADSs will not have the opportunity to participate in the earnings and growth of SPIL and they will not have the right to vote on corporate matters following the

Table of Contents

completion of the Exchange. Similarly, holders of SPIL Common Shares and SPIL ADSs will not be exposed to the risk of loss in relation to their investment in SPIL.

Directors and Management of the Surviving Company

Upon completion of the Share Exchange, the directors of SPIL will continue to serve as directors for their respective terms, and ASE has undertaken to reelect or appoint the SPIL directors whose terms end in June 2017, if they have not been found to violate their respective fiduciary duties. SPIL's chairman (being Mr. Bough Lin or his successor), and SPIL's president (being Mr. Chi-Wen Tsai or his successor), are expected to serve as directors of HoldCo. The directors of SPIL are also authorized to retain the executive officers of the SPIL as long as the fiduciary duties of the directors can be discharged.

Primary Benefits and Detriments of the Share Exchange

The primary benefits of the Share Exchange to the holders of SPIL Common Shares and SPIL ADSs include, without limitation, the following:

- the NT$55 per SPIL Common Share cash consideration and the NT$275 per SPIL ADS cash consideration offered to the holders of SPIL Common Shares and SPIL ADSs, represent a premium of 8.9% and 12.3%, respectively, over the closing price of NT$50.5 per SPIL Common Share and $7.52 per SPIL ADS, respectively, on May 25, 2016, the last trading day before the public announcement of the execution of the Joint Share Exchange MOU, and a premium of 17.4% and 10.3%, respectively, over SPIL's one-month and three-month volume-weighted average price of NT$46.86 and NT$49.85, respectively, as quoted by the TWSE on the May 25, 2016, and a premium of 19.7% and 11.6%, respectively, over SPIL's one-month and three-month volume-weighted average price of $7.06 and $7.57, respectively, as quoted by NASDAQ on May 25, 2016; and

- the all-cash consideration, which will allow SPIL shareholders to immediately realize liquidity for their investment and provide them with certainty of the value of their SPIL Common Shares or SPIL ADSs.

The primary detriments of the Share Exchange to the holders of SPIL Common Shares and SPIL ADSs include, without limitation, the following:

- the shareholders and ADS holders will have no ongoing equity participation in SPIL following the Share Exchange, and that they will cease to participate in SPIL's future earnings or growth, if any, or to benefit from increases, if any,

in the value of the SPIL Common Shares, and will not participate in any potential future sale of SPIL to a third party or any potential recapitalization of SPIL which could include a dividend to shareholders;

- the inability to participate in any potential future sale of part or all of SPIL following the Share Exchange to one or more purchasers at a valuation higher than that being paid in the Share Exchange; and

- the taxability of an all cash transaction to SPIL shareholders and ADS holders who are U.S. Holders (as defined below) for U.S. federal income tax purposes.

The primary benefits of the Share Exchange to ASE include the following:

- the combination of ASE and SPIL under the holding company structure will allow both companies to better utilize their total capacity to achieve broader service coverage across products and offer more innovative and complete solutions to their customers;

- the combination of ASE and SPIL will allow each company to have better insights to semiconductor customers and end markets to enable more accurate forecasting of customer demand and facilitate better planning and capacity investment, which would in turn allow ASE and SPIL the ability to execute and deliver on its business plans throughout the business cycle and in a semiconductor industry that is highly competitive, cyclical and subject to constant and rapid technological change;

Table of Contents

- the expectation that the larger-scale organization, greater marketing resources and financial strength of HoldCo will lead to improved opportunities for marketing and cross-selling ASE's and SPIL's products after the combination; and

- ASE's current shareholders will own approximately the same ownership and voting interest in HoldCo following the completion of the Share Exchange.

The primary detriments of the Share Exchange to ASE include the following:

- the difficulty and costs inherent in consolidating resources in ASE and SPIL under the holding company structure and the risk that anticipated strategic and other benefits to ASE and SPIL following completion of the Share Exchange, including the estimated cost savings and cost synergies described above, will not be realized or will take longer to realize than expected; and

- as to the Cash Consideration paid to SPIL shareholders in the Share Exchange, the financial interests of ASE are different from the financial interests of SPIL shareholders.

SPIL's Net Book Value and Net Earnings

The table below sets out the indirect interest in SPIL's net book value and net earnings for ASE before and after the Share Exchange, based on the historical net book value and net earnings of SPIL as of and for the year ended December 31, 2015.

Name	Ownership Prior to the Share Exchange						Ownership After the Share Exchange					
	Net Book Value (in millions)		%	Earnings (in millions)		%	Net Book Value (in millions)		%	Earnings (in millions)		%
	NT$	US$		NT$	US$		NT$	US$		NT$	US$	
ASE	21,113.2	675.2	33.29	2,414.7	77.2	33.29	63,422.0	2,028.2	100.00	7,253.5	232.0	100.00

Alternatives to the Share Exchange

Following the concerns reflected in ASE's November 16, 2015 amendment to its report on Schedule 13D, ASE considered a number of alternative structures and approaches in order to maximize the value of its investment in SPIL. These alternatives involved launching the Second ASE Tender Offers or acquiring additional SPIL Common Shares

through one or more market purchases or through one or more further tender offers. In addition, had the Second ASE Tender Offers been successfully consummated, ASE had intended to seek to discharge the SPIL Board at one or more shareholders' meetings or await the expiration of the current SPIL Board's term and elect new nominees to the SPIL Board, and to subsequently cause the SPIL Board to resolve in favor of a transaction proposed by ASE.

Following the commencement of discussions and negotiations between ASE and SPIL in April 2016, the boards and senior management of ASE and SPIL and their respective advisors considered alternative ways of structuring the transaction, including a direct acquisition by ASE of all SPIL Common Shares and SPIL ADSs. However, the boards and senior management of each of ASE and SPIL concluded that the Share Exchange and establishment of HoldCo was the best way to incentivize healthy internal competition and promote cooperation, improve each company's operating efficiency, economies of scale as well as enhance research and development and innovation, and thereby create an environment of mutual assistance and win-win mentality, strengthening competitiveness and improving the performance of HoldCo, with the main goals of improving the quality of customer service, creating shareholders' value and benefiting the employees.

Plans for SPIL after the Share Exchange

After the Effective Time, ASE and SPIL will become wholly owned subsidiaries of HoldCo. Prior to and upon completion of the Share Exchange, ASE and SPIL will own and continue to conduct their respective businesses that they currently conduct in substantially the same manner.

Other than as described in this proxy statement/prospectus, there are no present plans or proposals that relate to or would result in any of the following:

Table of Contents

- an extraordinary corporate transaction involving SPIL's corporate structure, business, or management, such as a merger, reorganization, liquidation or relocation of any material operations;

- sale or transfer of a material amount of assets of SPIL or any of its subsidiaries; or

- any other material changes in SPIL's business.

Upon the establishment of HoldCo, HoldCo's board will continue to evaluate the entire business and operations of HoldCo from time to time, and may propose or develop plans and proposals which it considers to be in the best interests of HoldCo and its shareholders, including the disposition or acquisition of material assets, alliances, joint ventures, and other forms of cooperation with third parties or other extraordinary transactions.

Board of Directors and Management of HoldCo Following Completion of the Share Exchange

HoldCo will not come into existence before the Effective Time. The ASE EGM will function as the HoldCo incorporators' meeting by operation of law. Therefore, at the ASE EGM, shareholders of ASE will elect the members of the board of directors and supervisors of HoldCo.

Under the terms of the Joint Share Exchange Agreement, at the HoldCo incorporators' meeting, nine to 13 directors and three supervisors will be elected for HoldCo, which terms of such directors and supervisors will start from Effective Time. SPIL's Chairman and President should be appointed as directors of HoldCo. After completion of the Share Exchange, subject to ASE shareholders' adoption of the HoldCo director and supervisor election proposals, the board of directors of HoldCo is expected to include Jason C.S. Chang (management director, Chairman), Richard H.P. Chang (management director, Vice-Chairman), Bough Lin (management director),Chi-Wen Tsai (management director), Rutherford Chang (management director), Tien Wu (management director), Joseph Tung (management director), Raymond Lo (management director),Tien-Szu Chen (management director),Jeffrey Chen (management director) and Freddie Liu (non-management director). Alan Cheng, Yuan-Chuang Fung and Fang-Yin Chen are expected to be the supervisors of HoldCo. It is expected that Jason C.S. Chang will be appointed as Chief Executive Officer and Joseph Tung will be appointed as Chief Financial Officer of HoldCo.

From and after the Effective Time, the board of directors of HoldCo will establish an audit committee, which will consist of one non-management director, Freddie Liu, who is expected to be independent under Rule 10A-3 of the Exchange Act and financially literate with accounting or related financial management expertise. ASE is currently, and upon completion of the Share Exchange, HoldCo will be, subject to NYSE corporate governance requirements, as applicable to foreign private issuers. It is expected that the audit committee of HoldCo established at the Effective Time would satisfy and comply with the requirements of section 303A.06 of the NYSE Listing Company Manual.

The following table sets forth information regarding all of the expected directors, supervisors and senior management of HoldCo as of the Effective Time. In accordance with ROC law, each of our directors and supervisors is elected either in his or her capacity as an individual or as an individual representative of a corporation or government. Persons designated to represent corporate or government shareholders as directors are typically nominated by such shareholders at the annual general meeting and may be replaced as representatives by such shareholders at will. Of HoldCo's directors, it is expected that eight will represent ASEE. The remaining directors and supervisors serve in their capacity as individuals.

Table of Contents

Name	Position	Age	Other Significant Positions Held Outside of the HoldCo
Jason C.S. Chang[1][2]	Management director, Chairman and Chief Executive Officer of HoldCo	73	None
Richard H.P. Chang[1]	Management director and Vice-Chairman of HoldCo	70	Chairman, Sino Horizon Holdings Ltd.
Bough Lin[2]	Management director of HoldCo	65	None
Chi-Wen Tsai[2]	Management director of HoldCo	69	None
Rutherford Chang [3]	Management director of HoldCo	37	None
Tien Wu[2]	Management director of HoldCo	60	None
Joseph Tung[2]	Management director and Chief Financial Officer of HoldCo	59	Independent director, Ta Chong Bank Ltd.
Raymond Lo[2]	Management director of HoldCo	63	None
Tien-Szu Chen [2]	Management director of HoldCo	56	None
Jeffrey Chen[2]	Management director of HoldCo	53	Independent Director and a member of the compensation committee, Mercuries & Associates Holding Ltd; director, Jiangsu Longchen Greentech Co., Ltd.
Freddie Liu	Non-management director and audit committee member of HoldCo	53	Chief strategy officer, TPK Holding Co., Ltd.
Alan Cheng	Supervisor of HoldCo	72	Chairman, HR Silvine Electronics, Inc.
Yuan-Chuang Fung	Supervisor of HoldCo	88	Director, Accton Technology Corporation
Fang-Yin Chen	Supervisor of HoldCo	51	Director and vice president of finance department, Hung Ching Development & Construction Co. Ltd.

(1) Jason C.S. Chang and Richard H.P. Chang are brothers.

(2) Representative of ASEE, a company organized under the laws of Hong Kong, which held 15.7% of ASE's total outstanding shares as of November 30, 2017, and is expected to hold approximately 15.7% of HoldCo's total outstanding shares as of the Effective Time. All of the outstanding shares of ASEE are held through intermediary holding companies and under a revocable trust for the benefit of Jason C.S. Chang and his family.

(3) Rutherford Chang is the son of Jason C.S. Chang.

Jason C.S. Chang is expected to be elected as a management director and Chairman and appointed as Chief Executive Officer of HoldCo. Mr. Chang has served as Chairman of ASE since its founding in March 1984 and as its Chief Executive Officer since May 2003. Mr. Chang holds a bachelor's degree in electrical engineering from National Taiwan University and a master's degree from the Illinois Institute of Technology. He is the brother of Richard H.P. Chang, ASE's Vice-Chairman and President.

Richard H.P. Chang is expected to be elected as a management director and Vice-Chairman of HoldCo. Mr. Chang has served as Vice-Chairman of ASE since November 1999 after having served as President of ASE since its founding in March 1984, and served as Chief Executive Officer of ASE from July 2000 to April 2003. In February 2003, he was again appointed President of ASE upon the retirement of Mr. Leonard Y. Liu. Mr. Chang has also served as the Chairman of Universal Scientific Industrial (Shanghai) Co., Ltd. since June 2008. Mr. Chang holds a bachelor's degree in industrial engineering from Chung Yuan Christian University in Taiwan. He is the brother of Jason C.S. Chang, ASE's Chairman and Chief Executive Officer.

Bough Lin is expected to be elected as a management director of HoldCo. Dr. Lin has served as Chairman and director of SPIL since August 1984. Dr. Lin also serves as a director of SPIL (B.V.I.) Holding Ltd. and Siliconware U.S.A., Inc., as SPIL's representative. Dr. Lin holds a bachelor's degree in electronic physics from National Chiao Tung University in Taiwan and was also awarded an honorary Ph.D. from National Chiao Tung University in Taiwan.

Table of Contents

Chi-Wen Tsai is expected to be elected as a management director of HoldCo. Mr. Tsai has served as Vice-Chairman, a director and President of SPIL since August 1984. Mr. Tsai also serves as a director of SPIL (Cayman) Holding Ltd., Siliconware Technology (Suzhou) Ltd., Siliconware Electronics (Fujian) Co., Limited and Siliconware U.S.A., Inc., as SPIL's representative. Mr. Tsai holds a bachelor's degree in electrical engineering from the National Taipei Institute of Technology in Taiwan.

Rutherford Chang is expected to be elected as a management director of HoldCo. Mr. Chang has served as a director of ASE since June 2009 and General Manager of China Region of ASE since June 2010. He joined ASE group in March 2005. Mr. Chang holds a bachelor's degree in psychology from Wesleyan University in Connecticut. He is the son of Jason C.S. Chang, ASE's Chairman and Chief Executive Officer.

Tien Wu is expected to be elected as a management director of HoldCo. Dr. Wu has served as a director of ASE since June 2003 and Chief Operating Officer of ASE since April 2006, prior to which he served as the President of Worldwide Marketing and Strategy of the ASE group. Prior to joining ASE Inc. in March 2000, Dr. Wu held various managerial positions with IBM. Dr. Wu holds a bachelor's degree in civil engineering from National Taiwan University in Taiwan, a master's degree and a Ph.D. degree in mechanical engineering and applied mechanics from the University of Pennsylvania. See "Recent Development."

Joseph Tung is expected to be elected as a management director and appointed as the Chief Financial Officer of HoldCo. Mr. Tung has served as a director of ASE since April 1997 and Chief Financial Officer of ASE since December 1994. He is also an independent director of Ta Chong Bank Ltd. since October 2007. Before joining ASE, Mr. Tung was a vice president at Citibank, N.A. Mr. Tung holds a bachelor's degree in economics from the National Chengchi University in Taiwan and a master's degree in business administration from the University of Southern California.

Raymond Lo is expected to be elected as a management director of HoldCo. Mr. Lo has served as a director of ASE since May 2006 and General Manager of ASE's packaging facility in Kaohsiung, Taiwan since April 2006. Before joining ASE group, Mr. Lo was the Director of Quality Assurance at Zeny Electronics Co. Mr. Lo holds a bachelor's degree in electronic physics from the National Chiao Tung University in Taiwan.

Tien-Szu Chen is expected to be elected as a management director of HoldCo. Mr. Chen has served as a director of ASE since June 2015 and General Manager of ASE Chung-Li branch since August 2015. Prior to his current position, Mr. Chen served as ASE's supervisor from June 2006 to June 2015 and as President of Power ASE Technology Inc. from June 2006 to May 2012. He also held several key management positions within the ASE group from June 1988 to June 2006, including President of ASE Chung-Li branch and Senior Vice President of ASE. Prior to joining ASE group in June 1988, Mr. Chen worked at TSMC and Philips Semiconductor Kaohsiung. Mr. Chen holds a bachelor's degree in industrial engineering from Chung Yuan Christian University in Taiwan.

Jeffrey Chen is expected to be elected as a management director of HoldCo. Mr. Chen has served as a director of ASE since June 2003 and as General Manager of China Headquarters of ASE. Prior to joining ASE, he worked in the corporate banking department of Citibank, N.A. in Taipei and as a vice president of corporate finance at Bankers Trust in Taipei. Mr. Chen holds a bachelor's degree in finance and economics from Simon Fraser University in Canada and a master's degree in business administration from the University of British Columbia in Canada.

Freddie Liu is expected to be elected as a non-management director and a member of the audit committee of HoldCo. Mr. Liu also serves as the chief strategy officer of TPK Holding Co., Ltd. and has served as chief financial officer and vice president of TPK Holding Co., Ltd. from September 2009 to August 2017. Prior to joining TPK Holding Co., Ltd., Mr. Liu served as the vice president of finance at ASE from 1997 to 2009. Prior to that, Mr. Liu served as a vice president at Citibank. He received a master's degree in business administration from the University of Michigan.

Alan Cheng is expected to be elected as a supervisor of HoldCo. Mr. Cheng also serves as chairman of HR Silvine Electronics, Inc. and a supervisor at ASE Test, Inc. Mr. Cheng holds a degree in industrial engineering from Chung Yuan Christian University in Taiwan and a master's degree in industrial engineering from Rhode Island University.

Table of Contents

Yuan-Chuang Fang is expected to be elected as a supervisor of HoldCo. Mr. Fung also serves as a director of Accton Technology Corporation and was a director of Claridy Solution, Inc. as well as a general manager of Wang Laboratories Taiwan. Mr. Fung holds a bachelor's degree in engineering from Purdue University.

Fang-Yin Chen is expected to be elected as a supervisor of HoldCo. Mrs. Chen also serves as a director and vice president of finance department of Hung Ching Development & Construction Co. Ltd. Prior to joining Hung Ching Development & Construction Co. Ltd., Mrs. Chen worked at Deloitte Taiwan from September 1988 to June 1992. Mrs. Chen holds a bachelor's degree in Accounting from Tamkang University in Taiwan.

Under ROC law, companies that are newly incorporated by way of a statutory share exchange under the ROC Mergers and Acquisitions Act, including the Share Exchange, may only elect independent directors *after* the new holding company has been incorporated and that a separate shareholders' meeting has to be called upon to elect the independent directors. Therefore, it is expected that HoldCo will hold another shareholders' meeting within a certain period after the Effective Time to elect the independent directors of HoldCo. The newly elected independent directors of HoldCo are expected to satisfy the independence standards under Rule 10A-3 of the Exchange Act as well as the independence standards under TWSE listing rules. It is expected that the three supervisors and the one non-management director previously elected at ASE EGM will retire from HoldCo at the time the new independent directors are elected. The audit committee of HoldCo will also be composed exclusively of the newly elected independent directors. It is expected that the extraordinary shareholders' meeting of HoldCo to elect the new independent directors will take place on or after [DATE], 2018.

Financing of the Share Exchange

HoldCo intends to fund the Cash Consideration, which is an aggregate amount of approximately NT$173.16 billion (US$5.71 billion) (including the NT$51.2 per SPIL Common Share Cash Consideration payable to holders of the SPIL Convertible Bonds that have not been otherwise redeemed or repurchased by the SPIL, or cancelled or converted prior to the Effective Time), with a combination of ASE's cash on hand and debt financing. Subject to the amount of cash on hand at the time that ASE arranges for financing, ASE may arrange bank loans up to NT$173 billion (US$5.70 billion) with a combination of a syndication loan of NT$120 billion (US$3.96 billion) and a short-term bridge loan of NT$53 billion (US$1.75 billion). In a highly confident letter dated November 7, 2016, issued by Citibank to ASE, Citibank stated that it is highly confident of its ability to arrange debt facilities for the Share Exchange up to an amount of US$3.8 billion equivalent. In another highly confident letter dated November 16, 2016, issued by DBS to ASE, DBS stated that it is confident of its ability to arrange debt facilities for the Share Exchange up to an amount of NT$53 billion (US$1.75 billion). Both highly confident letters contained certain customary conditions to the arrangement of such facilities, including the following material conditions: (i) the applicable bank being appointed as the bookrunner and arranger of the facility, (ii) completion of customary due diligence with the results being satisfactory to the applicable bank, (iii) final agreement on the pricing, terms and conditions for the facility, (iv) negotiation, execution and delivery of financing documentation in form and substance satisfactory to the applicable bank, (v) receipt of all relevant approvals in connection with the Share Exchange, including approval of the credit committee of the applicable bank, (vi) consummation of the Share Exchange on terms and conditions satisfactory to

the applicable bank, and (vii) market conditions at the relevant time being satisfactory to the applicable bank.

In addition, on December 8, 2016, the ASE Board approved a capital increase in which ASE offered 300 million new ASE Common Shares, par value NT$10 per share. The subscription price was later set at NT$34.3 (US$1.13) per share and the total amount of proceeds of such capital increase was NT$10.29 billion (US$339.27 million). Eighty percent of such new ASE Common Shares was subscribed for by ASE's existing shareholders on a pro rata basis, ten percent of such new ASE Common Shares was subscribed for by ASE's employees and the remaining ten percent of such new ASE Common Shares was sold to the general public in Taiwan. On December 16, 2016, ASE filed with the SEC a registration statement on Form F-3 and a preliminary prospectus supplement in connection with the Rights Offering. On February 3, 2017 and March 28, 2017, ASE filed with the SEC a prospectus supplement on Form 424B5 in connection with the Rights Offering. ASE used the proceeds of the capital increase to reduce or retire existing indebtedness, which improved its capital position and free up its borrowing capacity to facilitate the incurrence of indebtedness to finance the Share Exchange.

Table of Contents

Certain ROC and U.S. Federal Income Tax Consequences of the Share Exchange for Holders of ASE Common Shares or ADSs

ROC Taxation

The following is a summary of the principal ROC tax consequences of the Share Exchange and the ownership of HoldCo Common Shares to a non-resident individual or non-resident entity that owns ASE Common Shares and ultimately HoldCo Common Shares (a "non-ROC holder") on the assumption that HoldCo Common Shares will be listed on the TWSE as scheduled. As used in the preceding sentence, a "non-resident individual" is a non-ROC national who owns ASE Common Shares or HoldCo Common Shares, as the case may be, and is not physically present in the ROC for 183 days or more during any calendar year, and a "non-resident entity" is a corporation or a non-corporate body that owns ASE's common shares or HoldCo Common Shares, as the case may be, is organized under the law of a jurisdiction other than the ROC and has no fixed place of business or business agent in the ROC.

The statements regarding ROC tax laws set forth below are based on the laws in force and applicable as of the date hereof, which are subject to change, possibly on a retroactive basis.

This summary is not exhaustive of all possible tax considerations, which may apply to a particular non-ROC holder and potential non-ROC holders are advised to satisfy themselves as to the overall tax consequences of the acquisition, ownership and disposition of HoldCo Common Shares, including specifically the tax consequences under ROC law, the laws of the jurisdiction of which they are residents, and any tax treaty between ROC and their country of residence, by consulting their own tax advisors.

Tax Consequences Arising from the Share Exchange

Securities Transaction Tax

In the view of Baker & McKenzie, by reasonable interpretation of the ROC Mergers and Acquisitions Act based on current rules and regulations promulgated by ROC tax authority, ASE's shareholders should not be subject to the ROC securities transaction tax upon the Share Exchange since such shareholders will receive solely HoldCo Common Shares (including those represented by HoldCo ADSs) as consideration for the Share Exchange. However, we cannot assure you that the ROC tax agency will agree. A transfer of shares in a share exchange is exempted from the securities transaction tax if at least 65% of the total consideration to be paid to shareholders is paid in certain equity shares, such as the HoldCo Common Shares (including those represented by HoldCo ADSs). If, contrary to the view

of Baker & McKenzie, the ROC tax agency successfully takes a different position and interprets the ROC Mergers and Acquisitions Act in a manner that the ROC tax agency considers the Cash Consideration as part of such total consideration, the share consideration paid to ASE shareholders will be lower than the 65% threshold and a securities transaction tax of 0.3% would be imposed on the transaction price of the Share Exchange. HoldCo intends to issue the share consideration to ASE shareholders at the Effective Time without deducting or withholding any ROC securities transaction tax. See the section entitled “Risk Factors — Risks Relating to Owning HoldCo ADSs — A different view of the ROC tax agency from our current treatment of the ROC securities transaction tax might cause tax uncertainties to HoldCo shareholders” for further discussion.

Capital gains

Capital gains realized upon the Share Exchange are exempted from ROC income tax.

Tax Consequences of Owning HoldCo Common Shares

Dividends

Dividends (whether in cash or common shares) declared by HoldCo out of retained earnings and distributed to a non-ROC holder are subject to ROC withholding tax, currently at a rate of 20% (unless a preferable tax rate is provided under a tax treaty between the ROC and the jurisdiction where the non-ROC holder is a resident) on the amount of the distribution (in the case of cash dividends) or on the par value of the distributed common shares (in the case of stock dividends). A 10% undistributed earning tax is imposed on a ROC company for its after-tax earnings generated after January 1, 1998 that are not distributed in the following year. The undistributed earning tax so paid by the ROC company will reduce the retained earnings available for future distributions. When HoldCo declares a dividend out of those retained earnings, an amount in respect of the undistributed earnings tax, up to a

Table of Contents

maximum amount of 5% of the dividend to be distributed, will be credited against the withholding tax imposed on the non-ROC holders.

Distributions of stock dividends out of capital reserves will not be subject to withholding tax, except under limited circumstances.

Capital Gains

Starting from January 1, 2016, capital gains realized upon the sale or other disposition of common shares are exempt from ROC income tax.

Sales of ADSs are not regarded as sales of ROC securities and thus any gains derived from transfers of ADSs by non-ROC holders are not currently subject to ROC income tax.

Securities Transaction Tax

Securities transaction tax will be imposed on the seller at the rate of 0.3% of the transaction price upon a sale of common shares. Transfers of American depositary shares are not subject to the ROC securities transaction tax.

Subscription Rights

Distributions of statutory subscription rights for HoldCo Common Shares in compliance with the ROC Company Law are currently not subject to ROC tax. Sales of statutory subscription rights evidenced by securities are subject to the securities transaction tax, currently at the rate of 0.3% of the gross amount received. Proceeds derived from sales of statutory subscription rights, which are not evidenced by securities, are not subject to securities transaction tax but are subject to income tax at a fixed rate of 20% of the income if the seller is a non-ROC holder regardless of whether the non-ROC holder is an individual or entity. Subject to compliance with ROC laws, HoldCo, in its sole discretion, may determine whether statutory subscription rights are evidenced by securities.

Estate and Gift Tax

ROC estate tax is payable on any property within the ROC left by a deceased non-resident individual, and ROC gift tax is payable on any property within the ROC donated by a non-resident individual. Estate tax and gift tax are currently imposed at the rate of 10%. Under the ROC Estate and Gift Tax Act, common shares issued by ROC companies are deemed located in the ROC without regard to the location of the owner. It is unclear whether a holder of ADSs will be considered to own common shares for this purpose.

Tax Treaty

At present, the ROC has income tax treaties with Indonesia, Singapore, New Zealand, Australia, the United Kingdom, South Africa, the Gambia, Swaziland, Malaysia, Macedonia, the Netherlands, Senegal, Sweden, Belgium, Denmark, Israel, Vietnam, Paraguay, Hungary, France, India, Slovakia, Switzerland, Germany, Thailand, Kiribati, Luxembourg, Austria, Italy, Japan and Poland. These tax treaties may limit the rate of ROC withholding tax on dividends paid with respect to common shares issued by ROC companies. If a non-ROC holder of ADSs successfully proves to the ROC tax agency that he/she is the beneficial owner of common shares, such non-ROC holder will be considered as the beneficial owner of common shares for the purposes of such treaties. Holders of ADSs who wish to apply a reduced withholding tax rate that is provided under a tax treaty should consult their own tax advisers concerning such application. The United States does not have an income tax treaty with the ROC.

United States Taxation

In the opinion of Davis Polk & Wardwell LLP, the following are material U.S. federal income tax consequences to the U.S. Holders described below of the Share Exchange and of owning and disposing of HoldCo ADSs or HoldCo Common Shares received in the Share Exchange, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person’s decision to participate in the Share Exchange or own or dispose of such securities. This discussion applies only to U.S. Holders who hold ASE ADSs or ASE Common Shares, and will hold HoldCo ADSs or HoldCo Common Shares, as capital assets for U.S. federal income tax purposes. Except as otherwise stated, references to ADSs or Common Shares in this discussion refer to ASE ADSs or Common Shares prior to the Share Exchange and HoldCo ADSs or Common Shares thereafter. In addition,

Table of Contents

it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax consequences or the Medicare contribution tax on net investment income, and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or certain traders in securities;
- persons holding ADSs or Common Shares as part of a "straddle" or integrated transaction or similar transaction or persons entering into a constructure sale with respect to ADSs or Common Shares;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- tax-exempt entities;
- persons that own or are deemed to own 10% or more of our voting stock;
- persons who acquired or received ADSs or Common Shares pursuant to the exercise of an employee stock option or otherwise as compensation; or
- persons holding ADSs or Common Shares in connection with a trade or business conducted outside the United States.

In addition, this discussion does not address the U.S. federal income tax consequences to a person that will own, actually or constructively, 5% or more of the total voting power or the total value of HoldCo stock immediately after the Share Exchange. Any such person should consult its tax adviser concerning the U.S. federal income tax consequences of the Share Exchange in light of its particular circumstances, including the requirement to enter into a gain recognition agreement with the U.S. Treasury in order to defer the recognition of any gain realized on the Share Exchange.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns HoldCo ADSs or Common Shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Entities classified as partnerships for U.S. federal income tax purposes and their partners should consult their tax advisers as to the particular U.S. federal income tax consequences of the Share Exchange and

owning and disposing of the ADSs or Common Shares.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, all as of the date hereof and changes to any of which subsequent to the date of this proxy statement/prospectus may affect the tax consequences described herein, possibly with retroactive effect. This discussion is also based, in part, on representations by ASE, the ASE Depositary and the HoldCo Depositary and assumes that each representation by ASE is and will remain true through the date of the Share Exchange and each obligation under the HoldCo Deposit Agreement and any related agreement will be performed in accordance with their terms.

As used herein, a "U.S. Holder" is a beneficial owner of ASE ADSs, ASE Common Shares, HoldCo ADSs or HoldCo Common Shares that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, a U.S. Holder who owns American depositary shares will be treated as the owner of the underlying common shares represented by those American depositary shares for U.S. federal income tax purposes. Accordingly,

Table of Contents

no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying Common Shares represented by the relevant American depositary shares.

The U.S. Treasury has expressed concerns that parties to whom American depositary shares are released before the underlying shares are delivered to the depositary ("pre-release"), or intermediaries in the chain of ownership between holders of American depositary shares and the issuer of the security underlying the American depositary shares, may be taking actions that are inconsistent with the claiming of foreign tax credits by holders of American depositary shares. These actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the creditability of ROC taxes, and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, each described below, could be affected by actions taken by such parties or intermediaries.

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local, and foreign tax consequences of the Share Exchange and of owning and disposing of ADSs or Common Shares in their particular circumstances.

Exchange of ADSs or common shares pursuant to the Joint Share Exchange Agreement

General

Except as otherwise described below under "— Passive Foreign Investment Company Rules," a U.S. Holder will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of ASE ADSs or ASE Common Shares for HoldCo ADSs or HoldCo Common Shares, respectively, pursuant to the Joint Share Exchange Agreement, except to the extent of cash received in lieu of an entitlement to receive a fractional HoldCo ADS or a fractional HoldCo Common Share (a "fractional entitlement") or cash received by a dissenting U.S. Holder, as described below. A U.S. Holder's aggregate tax basis in its HoldCo ADSs or HoldCo Common Shares received pursuant to the Share Exchange will equal the aggregate tax basis that the U.S. Holder had in the ASE ADSs or ASE Common Shares immediately prior to the Share Exchange, less any tax basis that is allocable to a fractional entitlement. A U.S. Holder's holding period for the HoldCo ADSs or HoldCo Common Shares received in the Share Exchange will include the holding period for the ASE ADSs or ASE Common Shares exchanged.

A U.S. Holder who receives cash in lieu of a fractional entitlement will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the tax basis allocable to such fractional entitlement. Such capital gain or loss will be long-term capital gain or loss if, as of the date of the Share Exchange, the U.S. Holder's holding period for the relevant fractional entitlement exceeds one year.

Passive Foreign Investment Company Rules

As indicated in ASE's filings on Form 20-F, ASE believes that it has not been a PFIC for U.S. federal income tax purposes for any taxable year since the ASE ADSs were listed for trading on the NYSE in 2000, and ASE does not expect to be a PFIC for its current taxable year. However, ASE has not considered its PFIC status for any prior taxable year and ASE cannot provide assurance that it has not been a PFIC for any taxable year. Further, as discussed under "Tax Consequences of Owning HoldCo ADSs and HoldCo Common Shares—Passive Foreign Investment Company Rules" below, HoldCo does not expect to be a PFIC for the current taxable year or in the foreseeable future. Under proposed Treasury regulations that are not yet effective but are proposed to be effective from April 11, 1992, if (i) ASE were a PFIC for any taxable year during which a U.S. Holder owned ASE ADSs or ASE Common Shares and (ii) HoldCo is not a PFIC for the taxable year that includes the day after the Share Exchange, then, notwithstanding the general U.S. federal income tax treatment of the Share Exchange described above, the U.S. Holder would be required to recognize any gain realized on the exchange of ASE ADSs or ASE Common Shares for HoldCo ADSs or HoldCo Common Shares. Such gain would be allocated ratably over the U.S. Holder's holding period for the ASE ADSs or HoldCo Common Shares, as the case may be. The amounts allocated to the taxable year of the Share Exchange and to any year before ASE became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the tax on such amounts. U.S. Holders should consult their tax advisers regarding whether ASE may have been a PFIC in any year during which the U.S. Holder has held ASE ADSs or Common Shares and the U.S. federal income tax consequences of the Share Exchange to the U.S. Holder.

Table of Contents

Dissenting U.S. Holders

Provided that ASE was not a PFIC for any taxable year during which a U.S. Holder who exercises its dissenter's rights (a "dissenting U.S. Holder") owned ASE ADSs or ASE Common Shares, the dissenting U.S. Holder will generally recognize capital gain or loss in an amount equal to the difference between the amount of cash received by such U.S. Holder following the exercise of the dissenter's rights and its tax basis in the ASE Common Shares disposed of. Such capital gain or loss will be long-term capital gain or loss if, as of the date of the disposition, the dissenting U.S. Holder's holding period for the ASE Common Shares exceeds one year. Any gain or loss generally will be U.S.-source gain or loss for foreign tax credit purposes.

Tax Consequences of Owning HoldCo ADSs and HoldCo Common Shares

Except as discussed below under "-Passive Foreign Investment Company Rules," this discussion assumes that HoldCo will not be a PFIC for any taxable year.

Taxation of Distributions

Distributions other than certain *pro rata* distributions of HoldCo Common Shares to all shareholders (including holders of HoldCo ADSs), will be treated as dividends to the extent paid out of HoldCo's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because HoldCo doesn't expect to maintain calculations of earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends.

Dividends will be treated as foreign-source income for foreign tax credit purposes and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Subject to applicable limitations and the discussion above regarding concerns expressed by the U.S. Treasury, dividends paid to certain non-corporate U.S. Holders of ADSs may be eligible for taxation as "qualified dividend income" and therefore may be taxable at the rates applicable to long-term capital gains. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of these favorable rates in their particular circumstances.

Dividends generally will be included in a U.S. Holder's income on the date of the U.S. Holder's or, in the case of ADSs, the depositary's receipt of the dividend. The amount of any dividend paid in new Taiwan dollars will be the U.S. dollar amount of the dividend calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars

on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt, and any such gain or loss will generally be U.S.-source ordinary income or loss.

The amount of dividend income will include any amounts withheld by HoldCo in respect of ROC taxes reduced by any credit against withholding on account of the 10% retained earnings tax imposed on HoldCo. Subject to applicable limitations, which vary depending upon the U.S. Holder's circumstances, and subject to the discussion above regarding concerns expressed by the U.S. Treasury, ROC taxes withheld from dividends, reduced by any credit against the withholding tax which is paid by HoldCo on account of the 10% retained earnings tax, generally will be creditable against the U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances. In lieu of claiming a credit, a U.S. Holder may elect to deduct such ROC taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all foreign taxes paid or accrued in the taxable year.

Sale or Other Taxable Disposition of HoldCo ADSs or HoldCo Common Shares

A U.S. Holder will generally recognize taxable gain or loss on a sale or other disposition of HoldCo ADSs or HoldCo Common Shares equal to the difference between the amount realized on the sale or other taxable disposition and the U.S. Holder's tax basis in the HoldCo ADSs or HoldCo Common Shares. This gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if at the time of sale or disposition the U.S. Holder has owned the HoldCo ADSs or HoldCo Common Shares for more than one year. Any gain or loss generally will be U.S.-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

Table of Contents

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns directly or indirectly at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, royalties and rents. HoldCo does not expect to be a PFIC for its current taxable year or in the foreseeable future. However, because the determination of whether a company is a PFIC is an annual test that is based on the composition of a company's income and assets and the value of its assets from time to time, there can be no assurance that HoldCo will not be a PFIC for any taxable year.

If HoldCo were a PFIC for any taxable year during which a U.S. Holder held HoldCo ADSs or HoldCo Common Shares, gain recognized by a U.S. Holder on a sale or other disposition (including certain pledges) of the HoldCo ADSs or HoldCo Common Shares would be allocated ratably over the U.S. Holder's holding period for the HoldCo ADSs or HoldCo Common Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before HoldCo became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the tax on such amounts. In addition, any distribution received by a U.S. Holder on its HoldCo ADSs or HoldCo Common Shares, to the extent that it exceeds 125% of the average of the annual distributions received by the U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter, would be subject to taxation in the same manner. Furthermore, if HoldCo were a PFIC for the taxable year in which it paid a dividend or the prior taxable year, the preferential dividend rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the HoldCo ADSs or HoldCo Common Shares.

U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of owning and disposing of HoldCo ADSs or HoldCo Common Shares if HoldCo were a PFIC for any taxable year.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally will be subject to information reporting and backup withholding unless (i) the U.S. Holder is a corporation or other exempt recipient and, if required, demonstrates its status or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to

the U.S. Internal Revenue Service.

Foreign Financial Asset Reporting

Certain U.S. Holders who are individuals (or entities formed or availed of to hold certain specified foreign financial assets) may be required to report information relating to their ownership of the HoldCo Common Shares or HoldCo ADSs, unless such Common Shares or ADSs are held in accounts at financial institutions (in which case the accounts may be reportable if maintained by non-U.S. financial institutions). U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the HoldCo Common Shares or HoldCo ADSs.

Accounting Treatment of the Share Exchange

Under IFRS, the Cash Consideration paid by HoldCo pursuant to the Share Exchange will be accounted for by applying the acquisition method of accounting with HoldCo being considered the acquirer of SPIL for accounting purposes. Upon the completion of the Share Exchange, HoldCo would obtain control of SPIL and any equity interest previously held in SPIL accounted for as equity method investments is treated as if it were disposed of and reacquired at fair value on the acquisition date. Accordingly, it is remeasured to its acquisition-date fair value, and any resulting gain or loss compared to its carrying amount is recognized in profit or loss. HoldCo will measure the identifiable assets acquired and the liabilities assumed at their acquisition date fair values, and recognize goodwill as

Table of Contents

of the acquisition date measured as the excess of the Cash Consideration and the fair value of the ASE's previously held equity interest in SPIL over the net of the acquisition date fair value of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortized but is tested for impairment at least annually.

Under IFRS, the exchange of ASE Common Shares for HoldCo Common Shares and the exchange of ASE ADSs for HoldCo ADSs based on the Exchange Ratio will be accounted for as a legal reorganization of entities under common control. ASE and HoldCo are ultimately controlled by the same shareholders both before and after the Share Exchange and that control is not transitory; therefore, the Share Exchange under common control will not be accounted for by applying the acquisition method as above. Accordingly, ASE will recognize no gain or loss in connection with the exchange of ASE Common Shares for HoldCo shares upon the Share Exchange under common control, and all assets and liabilities of ASE will be recorded on the books of HoldCo at the predecessor carrying amounts.

Regulatory Approvals Required to Complete the Share Exchange

ASE and SPIL have each agreed to use their reasonable efforts to obtain all necessary governmental approvals required to complete the Share Exchange. The following is a summary of the regulatory approvals required for the completion of the Share Exchange. As of the date of this proxy statement/prospectus, the TFTC has issued a no objection letter in respect of the Share Exchange. However, there can be no assurance as to if and when regulatory approvals will be obtained in the PRC, or if and when the FTC will complete its investigation without seeking an injunction prohibiting the Share Exchange or as to the conditions or limitations that such regulatory authorities may seek to impose.

Taiwan Fair Trade Commission Approval

Both ASE and SPIL operate in the ROC. Under the ROC Fair Trade Act, transactions involving parties with sales above certain revenue levels cannot be completed until they are reviewed and approved by the TFTC. ASE and SPIL submitted the required materials to the TFTC on July 29, 2016. The TFTC formally accepted the parties' notification materials on September 19, 2016, and issued a no-objection letter in respect of the Share Exchange on November 16, 2016.

United States Antitrust Review

On October 26, 2016, the FTC issued a subpoena and civil investigative demand to ASE and SPIL with respect to the transaction contemplated under the Joint Share Exchange Agreement. On January 17, 2017, ASE and SPIL each certified that it complied with the FTC's requests for information. On May 15, 2017, ASE received a letter from the FTC confirming that the non-public investigation of the proposed combination had been closed.

The Ministry of Commerce of the People's Republic of China

Under the Chinese Anti-Monopoly Law of 2008 and relevant regulations ("AML"), if the concentration arising from a transaction that reaches the threshold level as set by the State Council, it cannot be completed until it is approved by MOFCOM. ASE and SPIL have sufficient revenues in both China and worldwide to exceed the statutory thresholds and completion of the Share Exchange is therefore conditioned upon MOFCOM's approval. ASE and SPIL submitted the required materials to MOFCOM on August 25, 2016. MOFCOM formally accepted the parties' notification materials on December 14, 2016, starting Phase I of the review process. MOFCOM issued notice extending its review to Phase II review on January 12, 2017. MOFCOM issued a notice extending its review to Phase III review on April 12, 2017. On June 5, 2017, ASE withdrew the original submission filed with MOFCOM and re-filed the same application with MOFCOM on June 5, 2017. Phase II of MOFCOM's review began on July 5, 2017. Phase III of MOFCOM's review began on September 30, 2017. On November 24, 2017, MOFCOM approved the proposed combination on the following four conditions, among others:

- HoldCo should maintain the legal personality of ASE and SPIL as independent competitors for a period of 24 months (the "Restriction Period"). During the Restriction Period, ASE and SPIL will each operate independently and compete in the market according to the pre-merger business management model and market practices, including, but not limited to: independent management, independent financial affairs, independent corporate personnel, independent pricing, independent sales, independent production capacities, and independent procurement.

Table of Contents

- During the Restriction Period, HoldCo will only exercise limited shareholder rights. Such limitation includes: other than the right to obtain dividend related and financial information from ASE and SPIL, HoldCo should temporarily cease to exercise its other shareholder's rights; notwithstanding the above, HoldCo's Resource Integration & Steering Committee may coordinate the plan, arrangement and the management of research-related projects and consolidate research capacity for ASE and SPIL; HoldCo's Resource Integration & Steering Committee may also coordinate business matters that do not involve semiconductor packaging and testing businesses. HoldCo, on the one hand, and ASE or SPIL, on the other hand, may loan company funds and provide financing to each other in accordance with such party's needs or request.

- During the Restriction Period, ASE and SPIL each covenants to provide services to customers on a non-discriminatory basis, and set service price and related transactional terms according to AML, reasonable commercial consideration and normal business operation.

- During the Restriction Period, ASE and SPIL each covenants to not limit the customers' choice of alternative suppliers of semiconductor packaging and testing businesses, and will cooperate with customers on requests related to switching such suppliers, under the circumstance that the customers obey the laws and regulations, and do not involve tort and breaking contracts.

All the conditions above are subject to further revisions in the official notice that may be published by MOFCOM from time to time.

Other Jurisdictions

ASE and SPIL derive revenues in other jurisdictions where merger or acquisition control filings or clearances are or may be required. ASE and SPIL have sufficient revenues in South Korea and Germany to meet the statutory thresholds, and completion of the Share Exchange is therefore conditioned upon approval of the Korea Fair Trade Commission ("KFTC") and the German Federal Cartel Office ("FCO"). The KFTC cleared the Initial ASE Tender Offers on November 18, 2015. Under the laws of South Korea, the clearance on the Initial ASE Tender Offers extends to the Share Exchange and no additional filing is required. The FCO cleared the Initial ASE Tender Offers on February 1, 2016 and subsequently confirmed that its February 1, 2016 clearance extends to the Share Exchange on July 26, 2016.

Share Exchange Listing

It is expected that HoldCo Common Shares will be listed on the TWSE and HoldCo ADSs will be listed on the NYSE at the Effective Time. As a result of the Share Exchange, ASE Common Shares currently listed on the TWSE and ASE ADSs currently listed on the NYSE will cease to be listed on the TWSE and the NYSE, respectively; SPIL Common Shares currently listed on the TWSE and SPIL ADSs currently listed on NASDAQ will cease to be listed on

the TWSE and NASDAQ, respectively.

The following is a tentative timetable of the various trading-related events in connection with the completion of the Share Exchange:

Final trading day for ASE Common Shares and SPIL Common Shares on the TWSE	[DATE], 2018 (Taiwan time)
Final trading day for ASE ADSs on the NYSE and SPIL ADSs on NASDAQ	[DATE], 2018 (New York time)
Effective date of the Share Exchange	[DATE], 2018 (Taiwan time)
First trading day for HoldCo Common Shares on the TWSE	[DATE], 2018 (Taiwan time)
First trading day for HoldCo ADSs on the NYSE	[DATE], 2018 (New York time)

Table of Contents

In advance of completion of the Share Exchange, ASE expects to publicly announce the definitive timetable for these trading-related events.

Rights of Dissenting Shareholders

Under the ROC Company Law and ROC Mergers and Acquisitions Act, when ASE's or SPIL's board proposes the Share Exchange to ASE EGM or the extraordinary shareholders' meeting of SPIL ("SPIL EGM") for approval, ASE's or SPIL's dissenting shareholder ("Dissenting Shareholder") will be entitled to an appraisal right, and to obtain payment of the fair value of all the Dissenting Shareholder's shares ("Dissenting Shares"). Only ASE shareholders who hold ASE Common Shares of record on the ASE EGM Record Date are entitled to vote at the ASE EGM, and to exercise the appraisal rights conferred on dissenting shareholders by the laws of the ROC. ASE ADS holders who wish to be entitled to appraisal rights must cancel their ASE ADSs by close of business (New York time) on [DATE], 2018 and become holders of ASE Common Shares by [DATE], 2018 (Taiwan time). The procedure for Dissenting Shareholders to exercise an appraisal right is set forth below.

The Dissenting Shareholder should either (a) deliver a written notice to ASE (or SPIL) stating his/her dissent from the proposal of Share Exchange on or before the ASE EGM (or SPIL EGM), or (b) at the ASE EGM (or SPIL EGM) orally express his/her dissent from the proposal of Share Exchange in person and ensure that such statement is duly recorded in the meeting minutes.

- Dissenting Shareholder must waive its voting right against the Share Exchange in ASE EGM (or SPIL EGM).

- Once ASE EGM and SPIL EGM pass the Share Exchange, the Dissenting Shareholder needs to deliver its Dissenting Shares to a licensed share registrar appointed by ASE (or SPIL, as applicable) through the book-entry system. Once the Dissenting Shares are duly delivered, the share registrar will issue a certificate evidencing the receipt of Dissenting Shares to the Dissenting Shareholder.

- Dissenting Shareholder needs to deliver to ASE (or SPIL), within 20 calendar days following the ASE EGM (or SPIL EGM), (a) a written notice stating the proposed price for sale of the Dissenting Shares to ASE (or SPIL) (the "Dissenting Shareholder's Price") and (b) the certificate of delivery of Dissenting Shares issued by the appointed share registrar.

Once the Dissenting Shareholder exercises the appraisal right in accordance with the procedure described above, ASE or SPIL should determine whether to (a) accept the Dissenting Shareholder's Price or (b) negotiate the price with the Dissenting Shareholder within 60 calendar days following the ASE EGM or SPIL EGM ("Negotiation Period").

If ASE (or SPIL) and Dissenting Shareholder cannot reach an agreement on the purchase price within the Negotiation Period, ASE (or SPIL) should file a petition with a court of competent jurisdiction in Taiwan for a determination of the fair value of the Dissenting Shares within 30 calendar days after the end of the Negotiation Period (the "Petition Period"). If ASE (or SPIL) fails to pay the Company's Price (as defined below) within the Negotiation Period or to file the petition with the court within the Petition Period, ASE/SPIL will be deemed to accept the Dissenting Shareholder's Price and obliged to settle the purchase of Dissenting Shares in accordance with the Dissenting Shareholder's Price.

According to the majority of the precedents, the court usually considered that the "fair value" should be the closing price of the shares registered on the open market on the date of the shareholders' meeting which approves the transaction. However, as the court has the full discretion to determine the fair value based on a variety of arguments, the court might hold a view different from the majority of precedents.

If ASE (or SPIL) and Dissenting Shareholder cannot reach an agreement on the purchase price within the 90 calendar days following the ASE EGM (or SPIL EGM), ASE or (SPIL) should determine a fair price to purchase the Dissenting Shares (the "Company's Price") and pay the Company Price to the Dissenting Shareholder by end of such 90-calendar-day period.

Table of Contents

ASE or SPIL should, within 30 calendar days after the court decision is concluded, pay to the Dissenting Shareholders (a) the difference between the Company's Price and the fair value as determined by the court, and (b) the interest, calculated by a 5% annual rate, against such difference amount for purchase of the Dissenting Shares.

The relevant portions of Article 12 of the ROC Mergers and Acquisitions Act are as follows, which is included in Annex C to this proxy statement/prospectus:

ROC MERGERS AND ACQUISITIONS ACT – ARTICLE 12

If the following event occurs when a company is undergoing a merger, consolidation, acquisition or division, a shareholder may request the company to repurchase his/her/its shares at the then-fair price of such shares:

4. In the event that the company is undergoing an acquisition as described in Article 27 of this Act, the shareholder delivers a written objection or an oral objection that has been put into the record and waives his/her/its voting rights before or during the shareholders' meeting;

Any shareholder who has made the request as provided in the preceding paragraph shall submit a written request that specifies the requested repurchase price and deposit the certificates of his/her/its shares within 20 days immediately following the date at which the shareholder resolutions are passed.

The company shall appoint an institution that is permitted by law to provide corporate action services to handle the shares deposited by the dissenting shareholder. The shareholder shall deposit his/her/its shares to such institution and the institution shall issue a certificate that specifies the type and amount of deposited shares to the shareholder; any deposit by book-entry transfer shall be governed by the procedures set forth in the rules and regulations in relation to the centralized securities depositary enterprises.

The request of a shareholder as provided in Paragraph 1 shall lose its effect when the company abandons its corporate action as provided in the same paragraph.

If the company and the shareholder reach an agreement with respect to the repurchase price, the company shall pay such repurchase price to the shareholder within 90 days immediately following the date at which the shareholders' resolutions are passed. If no agreement is reached, within 90 days immediately after the date at which the shareholders' resolutions are passed, the company shall pay for the shares of the shareholder with whom it has not reached an

agreement at a price determined by the company as the fair price for such shares; if the company fails to make such payment, the company shall be deemed as having agreed to the repurchase price requested by the shareholder pursuant to Paragraph 2.

If the company fails to reach an agreement with any shareholder with respect to the repurchase price within 60 days immediately following the date at which the shareholders' resolutions are passed, the company shall, within 30 days after the expiry of the 60-day period, file a petition with a court for a ruling to determine the fair price of the shares against all the shareholders with whom it has not reached an agreement as the opposing parties. If the company fails to list any shareholder with whom it has not reached an agreement as an opposing party, or the petition is withdrawn by the company or dismissed by the court, the company shall be deemed as having agreed to the repurchase price requested by the shareholder pursuant to Paragraph 2. However, if the opposing party has already presented his/her/its position in the court or the court's ruling has already been delivered to the opposing party, the company shall not withdraw the petition unless agreed to by the opposing party.

When the company files a petition with the court for a ruling to determine the repurchase price, the company shall attach to the petition the audited and attested financial statements of the company and the fair price assessment report by the certified public accountants, and written copies and photocopies thereof according to the number of opposing parties for the court to distribute to each opposing party.

Before making a ruling with respect to the repurchase price, the court shall allow the company and the opposing parties to have the chance to present their positions. If there are two or more opposing parties, the provisions set out in Articles 41 to 44, as well as Paragraph 2 of Article 401 of the ROC Civil Procedure Code shall apply *mutatis mutandis*.

If any party appeals against the ruling made pursuant to the preceding paragraph, the court shall allow the parties at dispute to have the chance to present their positions before making a decision on the appeal.

Table of Contents

When the ruling with respect to the repurchase price becomes final and binding, the company shall, within 30 days immediately after the ruling becomes final and binding, pay such final repurchase price to the dissenting shareholders, deducting any previous payment and interest accrued since the next day of the expiry of the 90-day period immediately following the date at which the shareholders' resolutions are passed.

The provisions set forth in Article 171 and Paragraphs 1, 2 and 4 of Article 182 of the ROC Non-Contentious Matters Act shall apply *mutatis mutandis*.

The company shall bear the expenses of the petition and the appraiser's compensation.

Holders of ASE ADSs and SPIL ADSs will not have any appraisal rights in respect of the Share Exchange under the terms of the ASE Deposit Agreement and the SPIL Deposit Agreement, as applicable. The ASE Depositary and the SPIL Depositary are not obligated to, and will not, exercise dissenters' rights on behalf of holders of ASE ADSs or SPIL ADSs, as applicable, even if instructed to do so by holders of ASE ADSs or SPIL ADSs. ASE ADS holders who wish to be entitled to appraisal rights may cancel their ADSs and become holders of ASE Common Shares by [DATE], 2018. SPIL ADS holders who wish to be entitled to appraisal rights may cancel their ADSs and become holders of SPIL Common Shares by [DATE], 2018.

Litigation Related to the Share Exchange

ASE is not aware of any lawsuit that challenges the Share Exchange or any other transaction contemplated under the Joint Share Exchange Agreement.

Expenses Relating to the Share Exchange

In connection with the Share Exchange, ASE expects to incur the costs, such as independent expert fees of US$ 4,000, legal fees of US$11.0 million and auditor fees of US$3.9 million, in the aggregate amount of approximately US$14.9 million. In connection with the Share Exchange, SPIL expects to incur the following costs and expenses as of the date of this proxy statement/prospectus.

Description	Amount

Financing fees and expenses and other professional fees	US$	11,496
Legal fees and expenses	US$	8,000
Miscellaneous (including filing fees, printing fees, proxy solicitation fees and mailing costs)	US$	1,128
Total	US$	20,624

All costs and expenses incurred in connection with the Share Exchange, the Joint Share Exchange Agreement and the completion of the transactions contemplated by the Joint Share Exchange Agreement will be paid by the party incurring such costs and expenses, except as otherwise explicitly provided for in the Joint Share Exchange Agreement, whether or not the Share Exchange or any other transactions contemplated by the Joint Share Exchange Agreement are completed.

Comparison of Rights of Shareholders of ASE and HoldCo

ASE is, and HoldCo will be, a company limited by shares organized under the laws of the ROC. ASE Common Shares are, and HoldCo Common Shares will be, listed on the TWSE. ASE ADSs are, and HoldCo ADSs representing HoldCo Common Shares will be, listed on the NYSE. In addition, the description of the attributes of common shares in the share capital provisions of the Articles of Incorporation of ASE and HoldCo are substantially similar. As a result, there are no material differences between the rights of holders of ASE Common Shares and of HoldCo Common Shares from a legal perspective.

See the sections entitled “Description of HoldCo American Depositary Shares” and “Description of HoldCo Common Shares” for more information.

Table of Contents

Cautionary Statements Regarding Forward-Looking Statements

This proxy statement/prospectus and the documents incorporated by reference herein contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that are not limited to historical facts but reflect ASE's and SPIL's current beliefs, expectations or intentions regarding future events. The words "anticipate," "believe," "ensure," "expect," "if," "intend," "estimate," "probable," "project," "forecast" "outlook," "aim," "will," "could," "should," "would," "potential," "may," "might," "anticipate," "likely," "plan," "positioned," similar expressions, and the negative thereof, are intended to identify such forward-looking statements. These forward-looking statements, which are subject to numerous factors, risks and uncertainties about ASE and SPIL, may include projections of their respective future business, strategies, financial condition, results of operations and market data. These statements are only predictions based on current expectations and projections about future events. There are important factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected, including those set forth in the section entitled "Risk Factors," the risk factors set forth in ASE 2016 20-F and the SPIL 2016 20-F and other documents on file with the SEC and the factors given below:

- the failure to obtain approval from ASE shareholders or the approval from SPIL shareholders in connection with the Share Exchange;
- the failure to complete or delay in completing the Share Exchange for other reasons;
- the timing to complete the Share Exchange;
- the risk that a condition to the completion of the Share Exchange may not be satisfied;
- the risk that a regulatory approval that may be required for the Share Exchange is delayed, is not obtained, or is obtained subject to conditions that are not anticipated;
- ASE's and SPIL's ability to achieve the cost and other synergies and value creation contemplated by the Share Exchange; and
- the diversion of management time on Share Exchange-related issues.

All subsequent written and oral forward-looking statements concerning ASE, SPIL, the transactions contemplated by the Joint Share Exchange Agreement or other matters attributable to ASE or SPIL or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. ASE's and SPIL's forward-looking statements are based on assumptions that may not prove to be accurate. Neither ASE nor SPIL can guarantee future results, activity levels, performance or achievements. Moreover, neither ASE nor SPIL assumes responsibility for the

accuracy and completeness of any of these forward-looking statements. ASE and SPIL assume no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of this proxy statement/prospectus.

Table of Contents

Risk Factors

In addition to the other information contained or incorporated by reference into this prospectus, ASE shareholders should carefully consider the risks described below and in the ASE 2016 20-F and the SPIL 2016 20-F, which is incorporated by reference into this proxy statement/prospectus, before making a decision on the Share Exchange.

Risks Relating to the Share Exchange

The Share Exchange is subject to conditions, including certain conditions that may not be satisfied, or completed on a timely basis, if at all. Failure to complete the Share Exchange could have material and adverse effects on ASE.

The completion of the Share Exchange is subject to a number of conditions, including, among other things, the approval by ASE shareholders of the proposal on the Joint Share Exchange Agreement and the Share Exchange and the approval by SPIL shareholders of the proposal on the Joint Share Exchange Agreement and the Share Exchange and obtaining antitrust and other regulatory approvals or decisions not to challenge the Share Exchange which may make the completion and timing of the completion of the Share Exchange uncertain. See the section entitled “The Joint Share Exchange Agreement — Conditions to Consummation of the Share Exchange” for a more detailed discussion. Also, the Joint Share Exchange Agreement will be automatically terminated if the Share Exchange has not been consummated by October 31, 2018.

If the Share Exchange is not completed on a timely basis, or at all, ASE’s respective ongoing businesses may be adversely affected and, without realizing any of the benefits of having completed the Share Exchange, ASE will be subject to a number of risks, including the following:

- ASE is required to pay their respective costs relating to the Share Exchange, such as legal, accounting, financial advisory and printing fees, even if the Share Exchange is not completed;
- time and resources committed by ASE’s management to matters relating to the Share Exchange could otherwise have been devoted to pursuing other beneficial opportunities;
- the market prices of ASE Common Shares could decline to the extent that the current market prices of ASE Common Shares reflect a market assumption that the Share Exchange will be completed;

- ASE may have to dispose of its 33.29% interest in SPIL at a loss if the Share Exchange is not consummated, which may significantly affect ASE's financial position; and

- ASE could be subject to litigation related to any failure to complete the Share Exchange or related to any enforcement proceedings commenced against ASE to perform their respective obligations under the Joint Share Exchange Agreement.

ASE is subject to business uncertainties and contractual restrictions while the proposed Share Exchange is pending, which could adversely affect each party's business and operations.

While the Share Exchange is pending completion, it is possible that certain customers, suppliers and other persons with whom ASE has a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their business relationships with ASE, as the case may be, as a result of the pending the Share Exchange, which could negatively affect ASE's revenues, earnings and cash flows, as well as the market price of ASE Common Shares, regardless of whether the Share Exchange is completed.

Under the terms of the Joint Share Exchange Agreement, ASE is subject to certain restrictions on the conduct of its business prior to completing the Share Exchange, which may adversely affect its ability to execute certain of its business strategies, including the ability in certain cases to acquire assets.

Table of Contents

The Share Exchange is subject to the receipt of approvals, consents or clearances from domestic and foreign regulatory authorities that may impose conditions that could have an adverse effect on ASE or HoldCo or, if not obtained, could prevent the completion of the Share Exchange.

Before the Share Exchange can be completed, any approvals, consents or clearances, including antitrust approval and clearances, required in connection with the Share Exchange must have been obtained. In deciding whether to grant the required regulatory approval, consent or clearance, the relevant governmental entities will consider the impact of the Share Exchange on competition within their relevant jurisdiction. The terms and conditions of the approvals, consents and clearances that are granted may impose requirements, limitations or costs or place restrictions on the conduct of HoldCo's business.

Under the Joint Share Exchange Agreement, ASE and SPIL have agreed to use their reasonable efforts to obtain such approvals, consents and clearances and therefore may be required to comply with conditions or limitations imposed by governmental authorities. However, no assurance can be given that the applicable regulatory agencies will approve the transaction or that any such transaction can be completed prior to or upon the completion of the Share Exchange, or at all.

There can be no assurance that regulators will not impose unanticipated conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying the completion of the Share Exchange or imposing additional material costs on or materially limiting the revenues of HoldCo following the completion of the Share Exchange.

There can be no assurance that ASE will be able to secure the funds necessary to pay the cash portion of the Cash Consideration on acceptable terms, in a timely manner, or at all.

ASE intends to fund the Cash Consideration with a combination of cash on hand and debt financing. To this end, Citibank Taiwan Limited and DBS Bank Ltd., Taipei Branch have each issued a highly confident letter stating that it is highly confident that it could arrange debt facilities for the Share Exchange up to US$3.8 billion and NT$53 billion (US$1.74 billion), respectively. However, neither ASE nor any of its subsidiaries has entered into definitive agreements for the debt financing (or any equity issuance or other financing arrangements in lieu thereof). There can be no assurance that ASE will be able to secure the debt financing pursuant to the highly confident letters.

In the event that the debt financing contemplated by the highly confident letters is not available, other financing may not be available on acceptable terms, in a timely manner, or at all. If ASE is unable to secure financing for the Share Exchange, the Share Exchange may not be completed. In the event of a termination of the Joint Share Exchange Agreement due to ASE's failure to obtain the necessary financing to complete the Shares Exchange, ASE and HoldCo

may be jointly and severally liable to pay to SPIL, in addition to the actual damages incurred, liquidated damages in the amount of NT$8.5 billion (US$0.3 billion).

The unaudited pro forma condensed combined financial data in this proxy statement/prospectus is presented for illustrative purposes only and may differ materially from the operating results and financial condition of HoldCo following completion of the pro forma events.

The unaudited pro forma condensed combined financial data in this proxy statement/prospectus is presented for illustrative purposes only and is not necessarily indicative of what the combined company's actual financial position or results of operations would have been had the pro forma events been completed on the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of HoldCo. The preparation of the pro forma condensed combined financial information is based upon available information and certain assumptions and estimates that ASE and SPIL currently believe are reasonable. The unaudited pro forma condensed combined financial data reflects adjustments, which are based upon preliminary estimates, to allocate the purchase price to SPIL's net assets. The purchase price allocation reflected in this proxy statement/prospectus is preliminary, and the final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of SPIL as of the Effective Time. In addition, subsequent to the completion of the Share Exchange, there may be further refinements of the purchase price allocation as additional information becomes available. Accordingly, the final purchase accounting adjustments may differ materially from the pro forma adjustments reflected in this proxy statement/prospectus. See the section entitled "Selected Unaudited Pro Forma Condensed Combined Financial Data."

Table of Contents

HoldCo may fail to successfully integrate the resources from ASE and SPIL and realize the anticipated benefits from the Share Exchange.

The success of the Share Exchange and the holding company structure that will be created pursuant to such Share Exchange will depend, in large part, on the ability of HoldCo to realize the anticipated synergies, operational efficiencies and growth opportunities from the Share Exchange. The realization of the anticipated benefits of the holding company structure may be blocked, delayed or reduced as a result of many factors, some of which may be outside our control. These factors include:

- the complexities associated with integrating resources with ASE and SPIL continuing to operate independently and failure to leverage the holding company structure to realize operational efficiencies;
- unforeseen contingent risks, including lack of required capital resources or increased tax liabilities, relating to the holding company structure that may become apparent in the future;
- the considerations discussed in the next risk factor;
- unexpected business disruptions; and
- failure to attract, develop and retain personnel with necessary expertise.

In addition, there may be valuation discounts as a result of the adoption of a holding company structure which may have an adverse effect on the trading value of HoldCo Common Shares or ADSs. Any of the foregoing could adversely affect ASE's and SPIL's ability to maintain relationships with customers, suppliers, employees and other constituencies or ASE's and SPIL's ability to achieve the anticipated benefits of the Share Exchange or could reduce each of ASE's and SPIL's earnings or otherwise adversely affect the business and financial results of HoldCo.

The independent operations of SPIL after the completion of the Share Exchange may make it difficult to integrate the operations of both companies.

Although SPIL will become a wholly owned subsidiary of HoldCo after the completion of the Share Exchange, under the terms of the Joint Share Exchange Agreement, ASE and SPIL have agreed that SPIL will maintain a high degree of independence with respect to its operations and corporate governance. ASE and SPIL have entered into a number of covenants to ensure SPIL's independence of operation.

For a more detailed description of these and other covenants, please refer to “The Joint Share Exchange Agreement – Post-Closing Operation and Corporate Governance – Independence” and “Annex A: Joint Share Exchange Agreement dated June 30, 2016 (English translation).”

Notwithstanding the agreement to maintain SPIL’s independent operations, under the Joint Share Exchange Agreement, HoldCo is required to assist SPIL’s operations. For example, HoldCo will, to the extent that it is capable, provide guaranties, funding or other support sufficient to enable SPIL to obtain financing from third parties (including, but not limited to, guarantee documentation acceptable to financing parties), in order to meet SPIL’s funding needs, including, but not limited to, capital expenditure and working capital.

There are uncertainties as to the impact of the independence of SPIL in terms of its operation and corporate governance would have on integration plans and future growth opportunities of ASE and SPIL under Holdco.

The future results of HoldCo may suffer if HoldCo does not effectively manage its expanded operations following the completion of the Share Exchange.

Following the completion of the Share Exchange, the size of the business of HoldCo will increase significantly beyond the current size of either ASE’s or SPIL’s business. HoldCo’s future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that HoldCo will be successful or that it will realize the expected operating efficiencies, cost savings and other benefits currently anticipated from the completion of the Share Exchange.

Table of Contents

Since HoldCo will be a holding company, it will depend on limited forms of funding to fund its operations.

As a holding company, HoldCo will have no significant assets other than the shares of its subsidiaries. HoldCo's primary sources of funding and liquidity will be dividends from its subsidiaries, sales of the interests in its subsidiaries and direct borrowings and issuances of equity or debt securities. HoldCo's ability to meet the obligations to its direct creditors and employees and other liquidity needs and regulatory requirements will depend on timely and adequate distributions from its subsidiaries and its ability to sell securities or obtain credit from its lenders.

HoldCo's ability to pay operating and financing expenses and dividends will depend primarily on the receipt of sufficient funds from its principal operating subsidiaries. Statutory provisions regulate HoldCo's operating subsidiaries' ability to pay dividends. If HoldCo's operating subsidiaries are unable to pay dividends to HoldCo in a timely manner and in amounts sufficient to pay for HoldCo's operation and financing expenses or to declare and pay dividends and to meet its other obligations, HoldCo may not be able to pay dividends or it may need to seek other sources of funding.

Furthermore, HoldCo's inability to sell its securities or obtain funds from its lenders on favorable terms, or at all, could also result in HoldCo's inability to meet its liquidity needs and regulatory requirements and may disrupt its operations at the holding company level.

In connection with the Share Exchange, existing ASE shareholders may not trade the ASE Common Shares or ADSs during certain periods.

In connection with the Share Exchange, ASE Common Shares will be suspended from trading on the TWSE, and ASE ADSs will be suspended from trading on the NYSE starting from the eighth (8th) ROC Trading Day before the Effective Time. As a result, holders of ASE Common Shares and ADSs will not be able to trade those shares or ADSs, or HoldCo shares or ADSs they will be entitled to receive when the Share Exchange is completed, during the applicable trading gap. Accordingly, these holders will be subject to the risk of not being able to liquidate their shares during a falling market, whether for ROC equities generally or for ASE Common Shares and ASE ADSs in particular.

There has been no prior market for the HoldCo Common Shares or ADSs.

ASE plans to apply for listing HoldCo Common Shares and HoldCo ADSs and expect that HoldCo Common Shares will begin trading in Taiwan during TWSE trading hours, and HoldCo ADSs will begin trading in the U.S. during NYSE trading hours, on the effective date of the Share Exchange. However, given that HoldCo will be formed as a new entity, there will be no public market for HoldCo Common Shares or HoldCo ADSs prior to their issuance in

connection with the Share Exchange. An active public market in the HoldCo Common Shares or HoldCo ADSs may not develop or be sustained after their issuance.

Risks Relating to Owning HoldCo ADSs

The market for HoldCo ADSs may not be liquid.

Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors, compared to less active and less liquid markets. Liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties.

Although holders of HoldCo ADS will be entitled to withdraw HoldCo Common Shares underlying the ASE ADSs from the depositary at any time, ROC law requires that HoldCo Common Shares be held in an account in the ROC or sold for the benefit of the holder on the TWSE. In connection with any withdrawal of HoldCo Common Shares from the HoldCo ADS facility, the HoldCo ADSs evidencing these common shares will be cancelled. Unless additional ADSs are issued, the effect of withdrawals will be to reduce the number of outstanding ADSs. If a significant number of withdrawals are effected, the liquidity of HoldCo ADSs will be substantially reduced.

HoldCo will be a foreign private issuer, and as such it is exempt from certain provisions applicable to United States domestic public companies.

Table of Contents

Because HoldCo qualifies as a foreign private issuer, it is exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- selective disclosure rules by issuers of material nonpublic information under Regulation FD.

HoldCo will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, HoldCo intends to publish its results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NYSE. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information HoldCo is required to file with or furnish to the SEC will be less extensive and less timely as compared to that required to be filed with the SEC by United States domestic issuers.

As a ROC company listed on the NYSE, HoldCo will be subject to the NYSE corporate governance listing standards. However, HoldCo, as a foreign private issuer, will also be permitted to follow certain home country corporate governance practices instead of those otherwise required under the NYSE's rules for domestic U.S. issuers, provided that HoldCo discloses which requirements it is not following and describe the equivalent home country requirement in its annual report on Form 20-F. Holdco intends to rely on home country practice to exempt out of the requirement for NYSE listed companies to have a majority of independent directors. The Joint Share Exchange Agreement provides that, for the first term of HoldCo' board of directors, HoldCo's incorporators' meeting will elect nine to thirteen non-independent directors and three supervisors who will become independent directors. The articles of incorporation of HoldCo further provides that starting from the second term of its board of directors term, HoldCo shall have thirteen directors, of which three shall be three independent directors and ten non-independent directors.

To the extent that HoldCo chooses to follow its home country corporate governance practice, its shareholders may be afforded less protection than they would otherwise have under the NYSE corporate governance listing standards applicable to U.S. domestic issuers. As a result, you may not be afforded the same protections or information, which would be made available to you, were you to invest in a United States domestic issuer.

The ongoing proceeding involving Dr. Tien Wu may have an adverse impact on HoldCo's business and cause HoldCo's share price to decline.

Dr. Tien Wu, ASE's director and Chief Operating Officer and a nominee for HoldCo's director, is currently undergoing criminal proceedings brought by the Kaohsiung Prosecutor's Office. The indictment alleges that Dr. Tien Wu violated Article 157-1 of the ROC Securities and Exchange Law for insider trading activities involving SPIL Common Shares conducted during the period when the Initial ASE Tender Offers, the Second ASE Tender Offers and negotiations of the Joint Share Exchange MOU took place. No judicial conclusion has been reached yet for this proceeding. Further development of this proceeding may result in regulatory scrutiny from the Taiwan Stock exchange or other regulators on a discretionary basis. If Dr. Tien Wu is sentenced or pleads guilty to the alleged violations, investor confidence in HoldCo could be impaired and HoldCo's capacity to retain or attract clients could be negatively affected. Although neither ASE, SPIL nor any their directors or the nominees for HoldCo's directors is expected to become party to any current or future litigation related to Dr. Tien Wu, there is no assurance that there will not be similar or related litigation in the future.

Although ROC Company law and other relevant regulations do not require a company to discharge any director who receives a sentence by a court for violating Article 157-1 of the ROC Securities and Exchange Law, the Securities and Futures Investors Protection Center may file a civil lawsuit against Dr. Tien Wu to request the court to remove him from HoldCo's board seat based on Article 10-1 of the Securities Investor and Futures Trader Protection Act. There is no assurance that this proceeding or the further scrutiny from regulators will not generate

Table of Contents

publicity or media attention. Any negative publicity in connection to this legal proceeding may adversely affect HoldCo's, ASE's or SPIL's brand and reputation and result in a material adverse impact on their business operations and prospects. As ASE and HoldCo depends on the continued service of its executive officers and is not insured against the loss of service of any of their personnel, HoldCo's or ASE's business operations could suffer if it loses the service of any executive officers, including Dr. Tien Wu, and cannot adequately replace them.

If a non-ROC holder of HoldCo ADSs withdraws and holds HoldCo Common Shares, such holder of HoldCo ADSs will be required to appoint a tax guarantor, local agent and custodian in the ROC and register with the TWSE in order to buy and sell securities on the TWSE.

When a non-ROC holder of HoldCo ADSs elects to withdraw and hold HoldCo Common Shares represented by HoldCo ADSs, such holder of the ADSs will be required to appoint an agent for filing tax returns and making tax payments in the ROC. Such agent will be required to meet the qualifications set by the ROC Ministry of Finance and, upon appointment, becomes the guarantor of the withdrawing holder's tax payment obligations. Evidence of the appointment of a tax guarantor, the approval of such appointment by the ROC tax authorities and tax clearance certificates or evidentiary documents issued by such tax guarantor may be required as conditions to such holder repatriating the profits derived from the sale of HoldCo Common Shares. There is no assurance that a withdrawing holder will be able to appoint, and obtain approval for, a tax guarantor in a timely manner.

In addition, under current ROC law, such withdrawing holder is required to register with the TWSE and appoint a local agent in the ROC to, among other things, open a bank account and open a securities trading account with a local securities brokerage firm, pay taxes, remit funds and exercise such holder's rights as a shareholder. Furthermore, such withdrawing holder must appoint a local bank or a local securities firm to act as custodian for confirmation and settlement of trades, safekeeping of securities and cash proceeds and reporting and declaration of information. Without satisfying these requirements, non-ROC withdrawing holders of HoldCo ADSs would not be able to hold or otherwise subsequently sell HoldCo Common Shares on the TWSE or otherwise.

Pursuant to ROC Mainland Investors Regulations, only qualified domestic institutional investors ("QDIIs") or persons that have otherwise obtained the approval from the Investment Commission of the MOEA and registered with the TWSE are permitted to withdraw and hold shares from a depositary receipt facility. In order to hold such shares, such QDIIs are required to appoint an agent and custodian as required by the Regulations Governing Securities Investment and Futures Trading in Taiwan by Mainland Area Investors. If the aggregate amount of HoldCo shares held by any QDII or shares received by any QDII upon a single withdrawal account or multiple withdrawal accounts for 10.0% of HoldCo's total issued and outstanding shares, such QDII must obtain the prior approval from the MOEA. We cannot assure you that such approval would be granted.

A different view of the ROC tax agency from our current treatment of the ROC securities transaction tax might cause tax uncertainties to HoldCo shareholders

Uncertainty exists as to whether the consideration received by ASE shareholders for the Share Exchange will be subject to the ROC securities transaction tax. In the view of Baker & McKenzie, by reasonable interpretation of the ROC Mergers and Acquisitions Act based on current rules and regulations promulgated by the ROC tax authority, the Share Exchange should be exempted from such tax under the ROC Mergers and Acquisitions Act. HoldCo intends to issue the share consideration to ASE shareholders at the Effective Time without deducting or withholding any ROC securities transaction tax. However, due to lack of precedents, ASE and Baker & McKenzie cannot assure you that the ROC tax agency will not take a different view on this. In the event that the ROC tax agency decides to charge securities transaction tax for the Share Exchange after the Effective Time, HoldCo will pay the tax and could demand reimbursement from former ASE shareholders, i.e., Holdco shareholders at that time.

Restrictions on the ability to deposit HoldCo Common Shares into HoldCo ADS facility may adversely affect the liquidity and price of HoldCo ADSs.

The ability to deposit HoldCo Common Shares into HoldCo ADS facility is restricted by ROC law. A significant number of withdrawals of HoldCo Common Shares underlying HoldCo ADSs would reduce the liquidity of the ADSs by reducing the number of ADSs outstanding. As a result, upon completion of the Share Exchange, the prevailing market price of HoldCo ADSs on the NYSE may differ from the prevailing market price of HoldCo Common Shares on the TWSE. Under current ROC law, no person or entity may deposit HoldCo Common Shares in the HoldCo ADS facility without specific approval of the FSC, unless:

Table of Contents

(1) HoldCo pays stock dividends on its common shares;

(2) HoldCo makes a free distribution of its common shares;

(3) holders of HoldCo ADSs exercise preemptive rights in the event of capital increases; or

(4) to the extent permitted under the HoldCo Deposit Agreement and the relevant custody agreement, investors purchase HoldCo Common Shares, directly or through the depositary, on the TWSE, and deliver HoldCo Common Shares to the custodian for deposit into the HoldCo ADS facility, or the shareholders of HoldCo deliver HoldCo Common Shares to the custodian for deposit into the HoldCo ADS facility.

With respect to item (4) above, the HoldCo Depositary may issue HoldCo ADSs against the deposit of HoldCo Common Shares only if the total number of HoldCo ADSs outstanding following the deposit will not exceed the number of HoldCo ADSs previously approved by the FSC, plus any HoldCo ADSs issued pursuant to the events described in items (1), (2) and (3) above.

In addition, in the case of a deposit of HoldCo Common Shares requested under item (4) above, the depositary will refuse to accept deposit of HoldCo Common Shares if such deposit is not permitted under any legal, regulatory or other restrictions notified by HoldCo to the HoldCo Depositary from time to time, which restrictions may include blackout periods during which deposits may not be made, minimum and maximum amounts and frequency of deposits.

Holders of HoldCo ADSs will not have the same voting rights as HoldCo shareholders, which may affect the value of their HoldCo ADSs.

The voting rights of a holder of HoldCo ADSs as to HoldCo Common Shares represented by its HoldCo ADSs will be governed by the HoldCo Deposit Agreement which will take effect at or after the Effective Time and which form has been included as exhibit 4.2 in this proxy statement/prospectus. Holders of HoldCo ADSs will not be able to exercise voting rights on an individual basis. If holders representing at least 51% of the HoldCo ADSs outstanding at the relevant record date instruct the HoldCo Depositary to vote in the same manner regarding a resolution, including the election of directors, the HoldCo Depositary will cause all HoldCo Common Shares represented by the HoldCo ADSs to be voted in that manner. If the HoldCo Depositary does not receive timely instructions representing at least 51% of the HoldCo ADSs outstanding at the relevant record date to vote in the same manner for any resolution, including the election of directors, holders of HoldCo ADSs will be deemed to have instructed the HoldCo Depositary or its nominee to authorize all HoldCo Common Shares represented by the HoldCo ADSs to be voted at the discretion of the Chairman of HoldCo or his designee, which may not be in the interest of holders of HoldCo ADSs. Moreover, upon the completion of the Share Exchange, shareholders who own 1% or more of HoldCo outstanding shares are entitled to submit one proposal to be considered at HoldCo annual general meetings of shareholders. However, only holders

representing at least 51% of HoldCo ADSs outstanding at the relevant record date are entitled to submit one proposal to be considered at HoldCo annual general meetings of shareholders. Hence, only one proposal may be submitted on behalf of all HoldCo ADS holders.

The right of holders of HoldCo ADSs to participate in future rights offerings is limited, which could cause dilution to HoldCo ADS holders' holdings.

HoldCo may from time to time distribute rights to its shareholders, including rights to acquire its securities. Under the HoldCo Deposit Agreement, the HoldCo Depositary will not offer holders of HoldCo ADSs those rights unless both the distribution of the rights and the underlying securities to all HoldCo ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. Although HoldCo may be eligible to take advantage of certain exemptions under the Securities Act available to certain foreign issuers for rights offerings, there are no assurances that HoldCo will be able to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement for any of these rights. Accordingly, holders of HoldCo ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings.

If the HoldCo Depositary is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, it will allow the rights to lapse, in which case holders of HoldCo ADSs will receive no value for these rights.

Table of Contents

Changes in exchange controls which restrict your ability to convert proceeds received from your ownership of HoldCo ADSs may have an adverse effect on the value of your investment.

Under current ROC law, the HoldCo Depositary, without obtaining approvals from the Central Bank of the Republic of China (Taiwan) or any other governmental authority or agency of the ROC, may convert NT dollars into other currencies, including U.S. dollars, for:

- the proceeds of the sale of HoldCo Common Shares represented by HoldCo ADSs or received as stock dividends from HoldCo Common Shares and deposited into the depositary receipt facility; and

- any cash dividends or distributions received from HoldCo Common Shares represented by HoldCo ADSs.

In addition, the HoldCo Depositary may also convert into NT dollars incoming payments for purchases of HoldCo Common Shares for deposit in the HoldCo ADS facility against the creation of additional HoldCo ADSs. The HoldCo Depositary may be required to obtain foreign exchange approval from the Central Bank of the Republic of China (Taiwan) on a payment-by-payment basis for conversion from NT dollars into foreign currencies of the proceeds from the sale of subscription rights for new HoldCo Common Shares. Although it is expected that the Central Bank of the Republic of China (Taiwan) will grant this approval as a routine matter, there is no assurance that in the future any approval will be obtained in a timely manner, or at all.

Table of Contents

Exchange Rates

The table below sets forth the exchange rates of NT dollars against U.S. dollars set forth in the H.10 statistical release of the Federal Reserve Board for the periods indicated.

	Exchange Rate			
	Average	High	Low	Period End
2012	29.47	30.28	28.96	29.05
2013	29.73	30.20	28.93	29.83
2014	30.38	31.80	29.85	31.60
2015	31.80	33.17	30.37	32.79
2016	32.23	33.74	31.05	32.40
2017				
June	30.26	30.46	30.07	30.38
July	30.39	30.61	30.18	30.20
August	30.23	30.35	30.07	30.13
September	30.13	30.37	29.93	30.33
October	30.25	30.44	30.12	30.12
November	30.08	30.21	29.97	29.98
December (through December 8, 2017)	30.02	30.04	29.98	30.02

Note: Annual averages were calculated by using the average of the exchange rates on the last day of each month during the relevant year. Monthly averages were calculated by using the average of the daily rates during the relevant month.

On December 8, 2017, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board was NT$30.02 to US$1.00.

We make no representation that any NT dollar or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or NT dollars, as the case may be, at any particular rate, or at all. Fluctuations in the exchange rate between NT dollars and U.S. dollars will affect the U.S. dollar equivalent of the NT dollar price of ASE Common Shares.

Table of Contents

Market Price and Dividend Information

Market Price Information

ASE Common Shares are listed on the TWSE under the stock code “2311.” The table below shows, for the periods indicated, the high and low closing prices and the average daily volume of trading activity on the TWSE for ASE Common Shares. The closing price for ASE Common Shares on the TWSE on December 13, 2017 was NT$ 38.85 per share.

	Closing Price per ASE Common Share (in NT$)	
	High	Low
2012	31.10	20.15
2013	30.65	23.60
2014	41.00	26.80
2015	47.75	30.00
First quarter	47.75	36.65
Second quarter	46.65	39.70
Third quarter	42.10	30.00
Fourth quarter	39.00	33.40
2016	39.60	28.65
First quarter	38.30	33.75
Second quarter	36.95	28.65
Third quarter	39.60	34.60
Fourth quarter	38.80	32.20
2017		
First quarter	39.90	32.80
Second quarter	39.40	37.00
June	39.40	37.30
Third quarter	40.85	35.60
July	40.85	38.55
August	40.30	36.40
September	37.15	35.60
Fourth quarter		
October	38.10	36.35
November	41.75	36.40
December (through December 13, 2017)	39.00	38.00

Source: Bloomberg

ASE ADSs have been listed on the New York Stock Exchange under the symbol “ASX” since September 26, 2000. The outstanding ASE ADSs are identified by the CUSIP number 00756M404. The following table sets forth, for the periods indicated, the high and low closing prices and the average daily volume of trading activity on the New York Stock Exchange for ASE ADSs and the highest and lowest of the daily closing values of the New York Stock Exchange Index. The closing price for ASE ADSs on the New York Stock Exchange on December 13, 2017 was US$6.53 per ADS.

	Closing Price per ASE ADS (in US$)	
	High	Low
2012	5.27	3.54
2013	5.35	3.91
2014	6.87	4.45
2015	7.89	4.69
First quarter	7.89	5.96
Second quarter	7.51	6.39
Third quarter	6.67	4.69
Fourth quarter	6.12	5.18
2016	6.21	4.41
First quarter	5.87	4.95
Second quarter	5.78	4.41
Third quarter	6.21	5.35
Fourth quarter	6.12	4.92
2017		
First quarter	6.62	5.09
Second quarter	6.54	6.04
June	6.48	6.04
Third quarter	6.65	5.86
July	6.63	6.24
August	6.65	6.02
September	6.23	5.86
Fourth quarter		
October	6.39	6.15
November	7.07	6.10
December (through December 13, 2017)	6.53	6.35

Source: Bloomberg

Table of Contents

SPIL Common Shares are listed on the TWSE under the stock code “2325.” The table below shows, for the periods indicated, the high and low closing prices on the TWSE for SPIL Common Shares.

	Closing Price per SPIL Common Share (in NT$)	
	High	Low
2012	36.50	26.80
2013	39.00	30.20
2014	55.30	35.40
2015	56.20	33.10
First quarter	56.20	47.20
Second quarter	52.40	45.00
Third quarter	47.45	33.10
Fourth quarter	52.40	39.65
2016	53.40	43.30
First quarter	52.70	48.35
Second quarter	53.40	43.30
Third quarter	48.55	46.30
Fourth quarter	48.60	46.00
2017		
First quarter	49.90	47.25
Second quarter	50.80	48.00
June	50.70	48.60
Third quarter	50.40	47.25
July	50.40	48.95
August	50.00	47.75
September	48.50	47.25
Fourth quarter		
October	48.75	47.80
November	50.20	47.70
December (through December 13, 2017)	50.20	49.80

SPIL ADSs are listed on the NASDAQ under the symbol “SPIL.” The table below shows, for the periods indicated, the high and low closing prices on the NASDAQ for SPIL ADSs.

	Closing Price per SPIL ADS (in US$)	
	High	Low

2012	6.04	4.52
2013	6.50	5.06
2014	8.88	5.62
2015	9.09	5.06
First quarter	9.09	7.46
Second quarter	8.49	7.30
Third quarter	7.55	5.06
Fourth quarter	8.05	6.16
2016	8.27	6.62
First quarter	8.21	7.16
Second quarter	8.27	6.62
Third quarter	7.68	7.19
Fourth quarter	7.57	7.13
2017		
First quarter	8.13	7.24
Second quarter	8.36	7.83
June	8.35	7.83
Third quarter	8.24	7.81
July	8.24	7.92
August	8.17	7.81
September	7.81	7.81
Fourth quarter		
October	8.04	7.81
November	8.36	7.80
December (through December 13, 2017)	8.31	8.24

Table of Contents

Dividends and Dividend Policy

ASE

ASE has historically paid dividends on ASE Common Shares with respect to the results of the preceding year following approval by ASE shareholders at the annual general meeting of shareholders. ASE has paid annual dividends on its common shares since 1989, except in 2002 and 2006 due to the losses it incurred in the 2001 and 2005 fiscal years, respectively.

The following table sets forth the stock dividends ASE paid during each of the years indicated and related information.

	Cash Dividends per ASE Common Share	Stock Dividends per Common Share[1]	Total ASE Common Shares Issued as Stock Dividends	Outstanding ASE Common Shares on Record Date[2]	Percentage of Outstanding ASE Common Shares Represented by Stock Dividends
	NT$	NT$			
2013	1.05	–	–	7,611,579,786	–
2014	1.29 [3]	–	–	7,847,817,646	–
2015	2.00	–	–	7,900,130,996	–
2016	1.60	–	–	7,931,725,946	–

(1) Stock dividends were paid out from retained earnings and capital surplus. Holders of common shares receive as a stock dividend the number of common shares equal to the NT dollar value per common share of the dividend declared multiplied by the number of common shares owned and divided by the par value of NT$10 per share. Fractional shares are not issued but are paid in cash.

(2) Aggregate number of ASE Common Shares outstanding on the record date applicable to the dividend payment. Includes ASE Common Shares issued in the previous year under our employee bonus plan.

(3) On June 26, 2014, ASE's shareholders approved a cash dividend of NT$1.30 per share for 2013 earnings. On July 29, 2014, the ASE Board resolved to adjust the cash dividend ratio to NT$1.29411842 because the number of

outstanding ASE Common Shares had changed as a result of the exercise of share options.

SPIL

SPIL may distribute dividends in any year in which SPIL has current or retained earnings (excluding reserves). SPIL has historically paid dividends on the Shares with respect to the results of the preceding year following approval by SPIL shareholders at the annual general meeting of shareholders. SPIL has paid annual dividends on its Shares since 1995, except in 2002 and 2003 because it incurred losses in 2001 and the shareholders did not resolve to declare a dividend in 2002. SPIL may also make distributions to its shareholders by capitalizing reserves, including the legal reserve and capital surplus if it does not have losses.

The following table sets forth the stock dividends SPIL paid during each of the years indicated and related information.

Table of Contents

	Cash Dividends Per SPIL Common Share	Stock Dividends per SPIL Common Share[1]	Total SPIL Common Shares Issued as Stock Dividends[2]	Outstanding SPIL Common Shares at Year-End
	NT$	NT$		
2013	1.67 [3]	–	–	3,116,361,139
2014	1.80	–	–	3,116,361,139
2015	3.00	–	–	3,116,361,139
2016	3.80 [4]	–	–	3,116,361,139

(1) Stock dividend is declared in NT dollar amount per common share. The number of shares received by a shareholder equals to the NT dollar amount per common share of dividend declared multiplied by the number of shares owned by the shareholder and divided by the par value of NT$10 per common share.

(2) Total number of common shares issued as stock dividends include common shares issued from retained earnings and from capital reserve.

(3) Of which NT$0.30 per share is from capital reserve and NT$1.37 per common share is from earnings distribution.

(4) Of which NT$1.0 per share is from our capital reserve and NT$2.80 per share is from earnings distribution.

Table of Contents

Information about the Companies

ASE

ASE is a company limited by shares incorporated under the laws of the ROC. ASE's services include semiconductor packaging, production of interconnect materials, front-end engineering testing, wafer probing and final testing services, as well as integrated solutions for electronics manufacturing services in relation to computers, peripherals, communications, industrial, automotive, and storage and server applications.

ASE Common Shares are traded on the TWSE under the ticker "2311" and ASE ADSs are traded on the NYSE under the symbol "ASX." ASE's principal executive offices are located at 26 Chin Third Road, Nantze Export Processing Zone, Nantze, Kaohsiung, Taiwan, Republic of China and our telephone number at the above address is +886-7-361-7131.

SPIL

SPIL is a company incorporated under the ROC Company Law as a company limited by shares with its principal business address at No. 123, Sec. 3, Da Fong Road, Tantzu, Taichung, Taiwan, Republic of China. The telephone number of SPIL's principal executive office is 886-4-2534-1525. The name, business address, present principal employment and citizenship of each director and executive officer of SPIL are set forth below.

HoldCo

It is expected that HoldCo will be a company limited by shares incorporated under the laws of the ROC and will be formed at the Effective Time. HoldCo will initially serve exclusively as the holding company for the ASE, SPIL, as well as their subsidiaries and investees.

It is expected that HoldCo Common Shares will be traded on the TWSE and HoldCo ADSs will be traded on the NYSE. It is expected that HoldCo's principal executive offices will be located at 26 Chin Third Road, Nantze Export Processing Zone, Nantze, Kaohsiung, Taiwan, Republic of China and its telephone number at the above address will

be +886-7-361-7131.

Table of Contents

Extraordinary General Shareholders' Meeting of ASE

General

The date, time and place of the ASE EGM to vote for the Share Exchange is expected to be held at 10:00 A.M. on [DATE], 2018 (Taiwan time), at Zhuang Jing Auditorium, 600 Jiachang Road, Nantze Export Processing Zone, Nantze District, Kaohsiung City, Taiwan, Republic of China. Holders of ASE Common Shares will be entitled exercise voting rights by electronic means or by attending the ASE EGM in person or by proxy, if they are recorded on ASE's stockholder register on [DATE], 2018. Holders of ASE ADSs will be entitled to instruct the ASE Depositary (Citibank), as to how to vote their underlying shares of ASE Common Shares at the ASE EGM in accordance with the procedures set forth in this prospectus, if those holders were recorded on such ASE Depositary's register of ASE ADS holders on [DATE], 2018.

This proxy statement/prospectus will be filed with the SEC no later than 20 business days prior to the date of the ASE EGM. ASE will publish the notice of convocation for such ASE EGM on the MOPS in Taiwan, and distribute the notice of convocation to all holders of ASE Common Shares by mail at least 15 calendar days prior to the date of the ASE EGM. The ASE Depositary will send to holders of ASE ADSs a notice and voting instruction from the depositary prior to the date of the ASE EGM. The form of depositary notice to holders of ASE ADSs and the form of voting instructions for use by holders of ASE ADSs are included in this proxy statement/prospectus as Exhibit 99.1 and Exhibit 99.2, respectively.

The purpose of the ASE EGM is to vote on the following proposals:

In connection with ASE

- Proposal 1. To consider and to vote upon the joint share exchange agreement entered into between ASE and SPIL on June 30, 2016 and as supplemented by the Supplemental Agreement dated December 14, 2017 (the "Joint Share Exchange Agreement") and the proposed share exchange and the other transactions contemplated by the Joint Share Exchange Agreement

- Proposal 2. To consider and to vote upon the amendment to the Procedures for Lending Funds to Other Parties of ASE

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Proposal 3. To consider and to vote upon the amendment to the Procedures of Making the Endorsement and Guarantees of ASE

· Proposal 4. To consider and to vote upon the amendment to the Procedures for Acquisition or Disposal of Assets of ASE

In connection with HoldCo

· Proposal 1. To consider and to vote upon the adoption of the articles of incorporation of HoldCo

· Proposal 2. To consider and to vote upon the Rules of Procedure for Shareholders' Meetings of HoldCo

· Proposal 3. To consider and to vote upon the Rules Governing the Election of Directors and Supervisors of HoldCo

· Proposal 4. To consider and to vote upon the Procedures for Lending Funds to Other Parties of HoldCo

· Proposal 5. To consider and to vote upon the Procedures of Making the Endorsement and Guarantees of HoldCo

· Proposal 6. To consider and to vote upon the Procedures for Acquisition or Disposal of Assets of HoldCo

· Proposal 7. To consider and elect the members of the board of directors and supervisors of HoldCo

· Proposal 8. To consider and to vote upon the proposal to waive the non-competition clauses applicable to newly elected directors of HoldCo

Table of Contents

Voting

Record Date

Holders of ASE Common Shares will be entitled exercise voting rights by electronic means or by attending the ASE EGM in person or by proxy. You may vote at the ASE EGM of ASE only if you are registered as a holder of one or more of ASE Common Shares in ASE's register of shareholders on [DATE], 2018 (Taiwan Time).

As of November 30, 2017, there were 8,727.813.764 ASE Common Shares issued and outstanding, including 552,280,665 ASE Common Shares represented by ASE ADSs. Other than the proposal for the election of directors and supervisors of ASE Industrial Holding Co., Ltd. which is through cumulative voting, each ASE shareholder is entitled to one vote per share for the proposals raised at the ASE EGM.

Vote Required

The required quorum to vote on the Share Exchange and other transactions contemplated by the Joint Share Exchange Agreement at the ASE EGM is a two-third majority of the total issued and outstanding common shares held by shareholders of ASE. The affirmative vote of shareholders representing a majority of the voting rights of the shareholders of ASE represented at the ASE EGM is required to approve the Share Exchange and other transactions contemplated by the Joint Share Exchange Agreement. Alternatively, if such quorum cannot be constituted, the resolution for the Share Exchange and other transactions contemplated by the Joint Share Exchange Agreement may be adopted by an affirmative vote representing at least two-thirds of the voting rights at the ASE EGM of shareholders for which shareholders of at least a majority of issued and outstanding common shares are present. Each shareholder is entitled to one vote per share.

Voting interest by ASE Directors and Officers

As of November 30, 2017, 2,163,879,853 ASE Common Shares, or approximately 24.8% of the outstanding shares entitled to vote, were beneficially owned by ASE's directors and executive officers. To our knowledge, the directors and executive officers intend to support the Share Exchange proposal at the ASE EGM.

Voting by ASE Depositary

As of November 30, 2017, approximately 6.3% of the total number of outstanding ASE Common Shares having voting rights were represented by ASE ADSs.

At the request of ASE, the ASE Depositary (Citibank) has fixed the close of business in New York on [DATE], 2018 as the date for determining those holders of ASE ADSs entitled to give voting instructions to the ASE Depositary. The ASE Depositary will send to holders of ASE ADSs as of that date a voting instruction card and a notice which outlines the procedures those holders must follow to give proper voting instructions to the ASE Depositary.

In accordance with and subject to the terms of ASE Deposit Agreement, holders of ASE ADSs have no individual voting rights with respect to the ASE Common Shares represented by their ASE ADSs. Pursuant to the ASE Deposit Agreement, each holder of ASE ADSs is deemed to have authorized and directed the ASE Depositary to appoint the Chairman of ASE or his/her designee as Voting Representative of the ASE Depositary, the custodian or the nominee who is registered in the ROC as representative of the holders ASE ADSs to vote the ASE Common Shares represented by ASE ADSs, as more fully described below.

In accordance with and subject to the terms of the ASE Deposit Agreement, if holders of ASE ADSs together holding at least 51% of all the ASE ADSs outstanding as of the record date set by the ASE Depositary for the ASE EGM to instruct the ASE Depositary, prior to the ASE ADS voting instructions deadline, to vote in the same manner with respect to any of the proposals to be voted on at the EGM, the ASE Depositary shall notify the Voting Representative and appoint the Voting Representative as the representative of the ASE Depositary and the holders of ASE ADSs to attend the ASE EGM and vote, as to such proposals, all ASE Common Shares represented by ASE ADSs outstanding in the manner so instructed by such holders. If voting instructions are received from an ASE ADS holder by the ASE Depositary as of the ASE ADS voting instructions deadline which are signed but without further

Table of Contents

indication as to voting instructions, the ASE Depositary shall deem such holder to have instructed a vote in favor of the items set forth in such instructions.

In accordance with and subject to the terms of the ASE Deposit Agreement, if, for any reason, the ASE Depositary has not, prior to the ASE ADS voting instructions deadline, received instructions from holders of ASE ADSs together holding at least 51% of all ASE ADSs outstanding as of the record date set by the ASE Depositary for the ASE EGM to vote in the same manner with respect to any of the proposals to be voted on at the EGM, the holders of all ASE ADSs shall be deemed to have authorized and directed the ASE Depositary to give a discretionary proxy to the Voting Representative, as the representative of the holders of ASE ADSs, to attend the ASE EGM and vote, as to such proposals, all the ASE Common Shares represented by ASE ADSs then outstanding in his/her discretion; provided, however, that the ASE Depositary will not give a discretionary proxy as described if it fails to receive under the terms of the ASE Deposit Agreement a satisfactory opinion from ASE's counsel prior to the ASE EGM. In such circumstances, the Voting Representative shall be free to exercise the votes attaching to the ASE Common Shares represented by ASE in any manner he/she wishes, which may not be in the best interests of the ASE ADS holders. The Voting Representative has informed ASE that he plans as of the date of this proxy statement/prospectus to vote in favor of all of the proposals at the ASE EGM, although he has not entered into any agreement obligating him to do so.

Voting Mechanism

Holders of ASE Common Shares are entitled to exercise voting rights by electronic means or by attending the ASE EGM in person or by proxy.

You may exercise your voting right by electronic means during the Electronic Voting Period. Shareholders who intend to exercise voting right electronically must log in to the website maintained by the Taiwan Depository & Clearing Corporation (https://www.stockvote.com.tw) and inputting an exercise code. Internet voting is available only in the Chinese language.

You may also exercise your voting rights by attending the ASE EGM in person or by proxy using a duly authorized power of attorney in the prescribed form attached to the notice of convocation distributed by ASE prior to the ASE EGM.

Revocation

Shareholders who previously exercised their voting right electronically may revoke or submit a subsequent vote via the electronic voting website anytime within the Electronic Voting Period. Once an electronic voting has been revoked, such shareholder may attend the ASE EGM in person or by proxy.

Shareholders who previously presented a valid proxy to ASE or exercised their voting rights electronically but then wish to attend the ASE EGM in person are required to revoke their proxy in writing addressed to ASE or revoke your electronic vote by logging in to the electronic voting website at least two (2) calendar days prior to the ASE EGM .Otherwise, the voting right exercised by their proxy or through the electronic voting website at the ASE EGM will prevail.

Solicitation of Proxies, Consents or Authorizations.

Under ROC law, ASE is prohibited from soliciting proxies, consents or authorizations at its shareholders' meetings, including the ASE EGM at which the Share Exchange and other transactions contemplated by the Joint Share Exchange Agreement will be voted upon.

However, ASEE, a shareholder of ASE beneficially holding approximately 15.7% of the total outstanding share capital of ASE as of the date of this proxy statement/prospectus, is soliciting proxies in favor of the authorization and approval of the Share Exchange and other transactions contemplated by the Joint Share Exchange Agreement prior to the ASE EGM. ASEE is controlled by ASE's Chairman and Chief Executive Officer Jason C.S. Chang. ASEE will pay its own cost of soliciting proxies, including the cost of mailing the proxy statement. In addition to solicitation by use of the mails, proxies may be solicited by each of ASEE's directors and executive officers, each of whom is a participant in this solicitation, in person or by telephone or other means of communication. These persons will not receive additional compensation, but may be reimbursed for reasonable out-of-pocket expenses in connection with this solicitation. ASEE will make arrangements with brokerage houses, custodians, nominees and

Table of Contents

fiduciaries to forward proxy solicitation materials to beneficial owners of shares held of record by them. ASEE will also reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding the proxy materials.

Table of Contents

The Joint Share Exchange Agreement

Summary of the Joint Share Exchange Agreement

The following section contains a summary of certain provisions of the joint share exchange agreement dated June 30, 2016, as supplemented by the Supplemental Agreement. The following summary is qualified in its entirety by reference to the Joint Share Exchange Agreement itself, which is incorporated herein by reference and included in this proxy statement/prospectus as Annex A-1 and Annex A-2. We urge you to read the Joint Share Exchange Agreement carefully and in its entirety, as it is the legal document governing the Share Exchange.

Structure of the Share Exchange

The Share Exchange

Pursuant to the Joint Share Exchange Agreement, all of the issued and outstanding shares of ASE and SPIL will be transferred to a newly formed holding company, HoldCo, incorporated by ASE. HoldCo will issue new shares to ASE shareholders and pay a cash consideration to SPIL shareholders, each as described below. At the Effective Time, ASE and SPIL will become wholly owned subsidiaries of HoldCo, retaining their respective legal personalities.

HoldCo Articles of Incorporation

The Articles of Incorporation appended to the Joint Share Exchange Agreement will be proposed by the ASE board to the meeting of HoldCo's incorporators for adoption. Once the HoldCo incorporators' meeting passes the resolution to adopt the Articles of Incorporation, the Articles of Incorporation will become effective on the date when HoldCo is incorporated (which shall be the Effective Time).

Directors and Officers of HoldCo

Upon completion of the Share Exchange, the directors of SPIL will continue to serve as directors for their respective terms, and ASE has undertaken to reelect or appoint the directors whose terms end in June 2017, if they have not been

found to violate their respective fiduciary duties. SPIL's chairman (being Mr. Lin or his successor) and president (being Mr. Chi-Wen Tsai or his successor) are expected to serve as directors of the HoldCo. The directors of SPIL are also authorized to retain the executive officers of SPIL as long as the fiduciary duties of the directors can be discharged.

Consideration

At the Effective Time: (i) each issued SPIL Common Share immediately prior to the Effective Time (including SPIL's treasury shares), will automatically be transferred to HoldCo and converted into the right to receive NT$55 in cash; and (ii) each SPIL ADS issued and outstanding immediately prior to the Effective Time, will be surrendered and converted into the right to receive NT$275.

In addition, at the Effective Time: (i) each issued ASE Common Share (including ASE's treasury shares) immediately prior to the Effective Time, will be exchanged, in accordance with the exchange ratio, for 0.5 HoldCo Common Shares; and (ii) each ASE ADS issued and outstanding immediately prior to the Effective Time, will be surrendered in exchange for, in accordance with the exchange ratio, 1.25 HoldCo ADSs (following the Share Exchange, 1 HoldCo ADS will represent 2 HoldCo Common Shares, in contrast to the current ASE ADS, which represents 5 ASE Common Shares).

Treatment of Treasury Shares and Equity-Linked Securities

At the Effective Time, provided that the ASE 2015 Convertible Bonds and the ASE 2013 Convertible Bonds have not been redeemed, repurchased or repaid by ASE or converted and cancelled by the bondholders, HoldCo shall become the successor to both the ASE 2015 Convertible Bonds and the ASE 2013 Convertible Bonds pursuant to a supplemental indenture to be entered into among ASE, HoldCo and the trustee for each series of bonds. After the Effective time, provided that the ASE 2015 Convertible Bonds and the ASE 2013 Convertible Bonds have not

Table of Contents

been redeemed, repurchased or repaid by ASE or converted and cancelled by the bondholders, ASE shall continue to serve as an obligor under any outstanding ASE 2015 Convertible Bonds and ASE 2013 Convertible Bonds.

Treatment of the SPIL Convertible Bonds

If any of SPIL Convertible Bonds have not been redeemed or repurchased by SPIL and cancelled or converted by holders of the SPIL Convertible Bonds prior to the Effective Time, ASE and HoldCo jointly warrant to SPIL that HoldCo, as co-obligors with SPIL pursuant to a supplemental indenture to be entered into among SPIL, HoldCo and the trustee of the SPIL Convertible Bonds, will pay Cash Consideration (subject to additional adjustments according to the terms of the Joint Share Exchange Agreement and applicable laws), without interest and net of any applicable withholding tax, to such holders of SPIL Convertible Bonds for each SPIL Common Share they are entitled to receive if they exercise their conversion rights after the Effective Time.

Treatment of Fractional Shares

HoldCo will not issue any fractional shares of HoldCo Common Shares or HoldCo ADSs pursuant to the Share Exchange. Instead, ASE will aggregate the fractional entitlements and sell the aggregated ASE Common Shares using the closing price of ASE Common Shares on the TWSE on the trading day immediately preceding the Effective Time. Each holder of ASE Common Shares who otherwise would have received a fraction of a share of HoldCo Common Shares, will be entitled to receive, on a proportionate basis, the cash proceeds from the sale of such fractional shares.

Adjustments to the Consideration

The Cash Consideration of NT$55 per SPIL Common Share and NT$275 per SPIL ADS will be adjusted if SPIL issues any shares or cash dividends between the date of the Joint Share Exchange Agreement and the Effective Time, provided, that the Cash Consideration will not be adjusted if SPIL's cash dividends in 2017, in aggregate, are less than 85% of SPIL's after-tax net profit for the year 2016. In 2017, SPIL made a dividend distribution of NT$1.75 per share, which represented 55% of its after-tax net profit for the year 2016. Therefore, no adjustments were made to the Cash Consideration.

ASE and SPIL will negotiate changes to the Cash Consideration in good faith as a result of the occurrence of certain events set forth below to the extent such events occur prior to the Effective Time and result in a reduction, individually or in aggregate, in SPIL's consolidated net book value by 10% or more compared to SPIL's net book value in its consolidated audited financial statements as of March 31, 2016 (excluding any such decrease resulting from

dividends distributed by SPIL):

- issuance of equity-linked securities by SPIL (except for any shares of SPIL issued as a result of the exercise of conversion rights of holders of SPIL Convertible Bonds;
- disposal of material assets by SPIL;
- occurrence of a major disaster causing a material adverse effect to SPIL, material technical changes or other circumstances affecting SPIL's shareholders' interests or the share price of SPIL Common Shares; and
- repurchase of treasury shares by SPIL, except for the repurchase of SPIL Common Shares following the exercise of appraisal rights by SPIL shareholders in connection with the Share Exchange.

As of the date of this proxy statement/prospectus, ASE and SPIL are not aware of any events requiring the parties to adjust the Cash Consideration.

Appraisal Rights

Without prejudice to the appraisal rights described below in the section entitled "Rights of Dissenting Shareholders," if a SPIL shareholder or ASE shareholder exercises its appraisal rights, SPIL or ASE, respectively, will repurchase such shares in accordance with applicable law and regulations.

Table of Contents

Closing of the Share Exchange

Subject to the satisfaction or waiver (as applicable) of the conditions to closing of the Share Exchange, the Share Exchange is expected to occur on a date to be agreed by HoldCo's board of directors, the SPIL Board and the ASE Board, which date will be agreed upon and approved by such parties within 10 days of receipt of the approvals of their respective general shareholders' meetings to effect the Share Exchange.

Within three (3) business days after the Effective Time, HoldCo will pay the full Cash Consideration to a dedicated capital account opened by SPIL's stock transfer agent. ASE and HoldCo shall be jointly and severally liable for such payment obligation.

Representations and Warranties

The Joint Share Exchange Agreement contains various customary representations and warranties that SPIL makes to ASE relating to, among other things:

- SPIL's due incorporation, valid existence and authority to carry on its business operations
- capitalization of SPIL;
- absence of violations of: (i) current laws or regulations of the ROC, (ii) judgments, orders or dispositions by courts, (iii) organizational documents, or (iv) contracts, representations, warranties or other obligations of SPIL, in each case as a result of entry into the Joint Share Exchange Agreement
- authority to enter into the Joint Share Exchange Agreement
- enforceability of the Joint Share Exchange Agreement;
- approval of the SPIL Board and/or shareholders' meeting in connection with the Share Exchange;
- financial statements
- taxes;

- the absence of litigation;
- the absence of undisclosed liabilities
- title to assets;
- absence of new material debts since December 31, 2015;
- intellectual property;
- labor matters;
- environmental matters;
- material contracts;
- absence of default under contracts;
- compliance with laws; and

86

Table of Contents

- accuracy of materials provided to prepare and file this proxy statement/prospectus.

The Joint Share Exchange Agreement contains various customary representations and warranties that ASE makes to SPIL relating to, among other things:

- ASE's due incorporation, valid existence and authority to carry on its business operations
- capitalization of ASE;
- absence of violations of: (i) current laws or regulations of the ROC, (ii) judgments, orders or dispositions by courts, (iii) organizational documents, or (iv) contracts, representations, warranties or other obligations of ASE, in each case as a result of entry into the Joint Share Exchange Agreement
- authority to enter into the Joint Share Exchange Agreement
- enforceability of the Joint Share Exchange Agreement; and
- approval of the ASE Board and/or meeting of ASE's shareholders in connection with the Share Exchange.

The Joint Share Exchange Agreement contains various customary representations and warranties that ASE agrees to cause HoldCo to make to SPIL relating to, among other things:

- HoldCo's due incorporation, valid existence and authority to carry on its business operations
- absence of violations of: (i) current laws or regulations of the ROC, (ii) judgments, orders or dispositions by courts, (iii) organizational documents, or (iv) contracts, representations, warranties or other obligations of HoldCo, in each case as a result of entry into the Joint Share Exchange Agreement and
- approval of HoldCo's incorporators' meeting in connection with the Share Exchange.

Many of the representations and warranties of each party in the Joint Share Exchange Agreement are qualified by knowledge, materiality thresholds or "material adverse effect." SPIL's representations and warranties are also qualified by information in disclosure schedules and its publicly available disclosures filed with the Taiwan Financial Supervisory Commission, the TWSE and the SEC.

For purposes of the Joint Share Exchange Agreement, a "material adverse effect" to ASE or SPIL means any change, development, incident, matter, effect or fact that, individually or in aggregate, results in a material adverse effect on SPIL and its subsidiaries, or ASE and its subsidiaries, as applicable, taken as a whole, where "material" means the occurrence of such events that, individually or in the aggregate, result in a decrease in the consolidated net book value of SPIL, or ASE, as applicable, by 10% or more, compared to SPIL's or ASE's, as applicable, consolidated audited financial statements as of March 31, 2016; provided that, for the purposes of this definition, in no event will any of the following, individually or in the aggregate, be regarded as having or be taken into account in determining whether there has been a material adverse effect:

- a change in capital market conditions or general economic conditions;
- a change in geopolitical conditions occurring after the date the Joint Share Exchange Agreement was executed, or outbreak or escalation of any conflict, or any acts of terrorism or war;
- a force majeure event occurring after the date the Joint Share Exchange Agreement was executed;
- any change in applicable law after the date the Joint Share Exchange Agreement was executed;
- any change of the industry in which the party or its subsidiaries operate;
- the failure, in and of itself, to meet any predictions, forecasts, projections or estimates of revenue, profits or other financial or operational targets, or a change of market price, credit rating or trading volume of the party's securities, provided that the directors of the party have met their duties of care and loyalty;

Table of Contents

- the announcement of the execution of the Joint Share Exchange Agreement or the consummation of the Share Exchange, including any transaction-related litigation, any actions required by the covenants in the Joint Share Exchange Agreement, any loss of or change of relationship with any customer, supplier, distributor or other business partners of the party or its subsidiaries, or any loss of any employees or senior management, provided that the directors of the party have met their duties of care and loyalty; and

- in the case of ASE only, any internal restructuring of ASE and/or its subsidiaries.

The representations and warranties of each of the parties to the Joint Share Exchange Agreement will terminate upon the Effective Time or termination of the Joint Share Exchange Agreement in accordance with its terms

Pre-Closing Covenants and Agreements

Conduct of Business of SPIL Pending Closing

From the date of execution of the Joint Share Exchange Agreement until the Effective Time, SPIL will not, and will not procure its subsidiaries to, among other matters:

- issue any equity-linked securities (other than shares issued as a result of the exercise of conversion rights by holders of SPIL Convertible Bonds); or

- directly or indirectly repurchase, individually or through any third party, any shares or equity-linked securities, or reduce its share capital or enter into any plan of dissolution, or make any filings in connection with restructuring, settlement or bankruptcy, except for the repurchase of shares from shareholders exercising appraisal rights or in connection with the redemption of SPIL Convertible Bonds.

Superior Proposals

Except (i) if required by a court judgment, arbitral award, approval or order, administrative decision or burden/condition approved by both ASE and SPIL by competent authorities (including the TWSE, TFTC, FTC, the MOFCOM or the SEC), or (ii) if SPIL receives a Superior Proposal (as described below), SPIL has agreed that between the date of the Joint Share Exchange Agreement and the Effective Time, it will not, and it will not procure its subsidiaries to, and none of its directors, managers, employees, agents or representatives may, offer or agree to enter into, or execute, any contract, agreement or other arrangement with any third party in respect of any of the following

transactions (an "Alternate Transaction"):

- any transaction that may involve a spin-off, purchase or sale of SPIL or any other company's shares of a non-financial investment nature;

- a lease of all SPIL's businesses to a third party, a joint operation with a third party, or the acquisition of the entire business or assets from a third party (except for the acquisition of the entire business or assets from a third party in an aggregate amount less than NT$500,000,000);

- any merger or acquisition that does not involve the issue of shares in HoldCo;

- any sale of any or all material assets or businesses of SPIL's wholly owned subsidiaries; and

- any disposal of any interest in any material assets or businesses, or exclusive licenses of material patents or technologies, in each case of SPIL's wholly owned subsidiaries.

For purposes of the Joint Share Exchange Agreement, "Superior Proposal" means a *bona fide*, unsolicited written offer to SPIL to enter into any Alternate Transaction, made by a party other than ASE, SPIL or any of SPIL's directors, managers, employees, agents or representatives, where the terms and conditions of such an offer are considered to be more favorable to SPIL and SPIL's shareholders than the terms and conditions of the Share Exchange, as evidenced by opinions separately issued by a renowned investment bank and law firm appointed by SPIL's audit committee. If SPIL receives a Superior Proposal from a third party the conditions of which, in the respective opinions of SPIL's audit committee and the SPIL Board, are more favorable than those of the Share Exchange, SPIL will notify ASE in writing of such superior proposal and furnish ASE with details of the entire Superior Proposal. From the fifth business day following the delivery of such notice to ASE, SPIL will be permitted

Table of Contents

to negotiate with, propose to, inquire with, deliberate with, contact, discuss with, offer to or consult with such third party. ASE and SPIL agree that if SPIL does not consummate the Share Exchange due to its acceptance of a Superior Proposal, SPIL will pay to ASE a termination fee in the amount of NT$17 billion.

Other Pre-closing Covenant of SPIL

After ASE issues to SPIL, in connection with the payment of entire amount of the cash consideration under the Joint Share Exchange Agreement, the financing plan and a highly confident letter in respect of the financing of the Transaction issued by banks conforming to the market practice, SPIL shall in its SEC filings recommend to its shareholders to vote in favor of approving the Joint Share Exchange Agreement and the Transaction.

Regulatory Approvals

ASE and HoldCo have agreed to use commercially reasonable efforts to, and SPIL has agreed to use reasonable efforts to, in each case, obtain all approvals relating to the Share Exchange from competent authorities. SPIL has agreed to use commercially reasonable efforts to assist ASE and HoldCo in making all filings and notifications and providing all information to competent authorities, including making all required filings with the TFTC, MOFCOM and the FTC. In addition, SPIL, ASE and HoldCo have agreed to comply with the Taiwan Fair Trade Act and all relevant laws.

ASE, HoldCo and SPIL have agreed to act in good faith and with goodwill in deciding, jointly, whether to accept any conditions or burdens imposed by any of the TFTC, the FTC or MOFCOM as a condition to obtaining approvals or avoiding a legal challenge from such authorities. ASE and SPIL have agreed to comply with any such conditions or burdens agreed by ASE and SPIL. Following the Effective Time, ASE, HoldCo and SPIL will comply with any conditions or burdens imposed by the TFTC, the FTC or MOFCOM, which ASE and SPIL have agreed to.

Covenants of ASE Pending Closing

Except (i) if SPIL has materially breached any of its representations, warranties or covenants under the Joint Share Exchange Agreement, (ii) if there is any action taken by SPIL that would prevent the consummation of the Share Exchange without just cause, or (iii) where SPIL’s directors have breached their duty of care or loyalty in relation to the Share Exchange, in each case during the period from the execution of the Joint Share Exchange Agreement to the Effective Time, ASE (and, if applicable, HoldCo) have agreed to:

- support the candidates for SPIL's 13th board of directors nominated by the SPIL Board when SPIL re-elects its board of directors in June 2017;

- not intervene in the operation of SPIL and to support the motions put forward by SPIL's Board at SPIL's shareholders' meeting, including by abstaining from voting on any motion that threatens SPIL's interests and to not solicit proxies or seek to replace SPIL's directors, including by convening an extraordinary general meeting of SPIL shareholders, and no current or former director of ASE or any of its subsidiaries, or their spouses, other relatives and certain other persons may serve as a director of SPIL;

- maintain the competition between, and the respective independence of, ASE and SPIL, without the hiring of any of SPIL's employees by ASE; and

- not purchase or acquire shares in SPIL or increase its interest in SPIL in any manner that violates applicable law; provided that, for any shares in SPIL acquired by ASE in accordance with applicable law between the date the Joint Share Exchange Agreement was executed and the Effective Time, (i) ASE may dispose of such shares freely for financial purposes, provided that the disposed shares are in aggregate less than 10% of the total issued and outstanding share capital of SPIL, and (ii) ASE may transfer shares of SPIL to persons who do not operate any businesses in the integrated circuit packaging industry; provided that if the transferred shares are in aggregate more than 10% of the total issued and outstanding share capital of SPIL, ASE will obtain SPIL's prior written consent to such a transfer.

(collectively, the "ASE Surviving Covenants")

Table of Contents

Shareholders' Meeting

SPIL and ASE, respectively, will cause an extraordinary general meeting of its shareholders to be duly called and held, on the same date, to approve the Joint Share Exchange Agreement and the Share Exchange. SPIL and ASE will jointly determine the date of such extraordinary general meetings upon receiving antitrust clearance or approvals from any two of the TFTC, MOFCOM and FTC. Such date shall be no later than seventy (70) calendar days after antitrust clearance or approvals from each of the TFTC, MOFCOM and FTC have been obtained.

In addition, from the business day immediately following the date on which the SEC confirms that it has no further comments on the respective SEC filing documents required for SPIL and ASE, each of SPIL and ASE will take all necessary actions to call an extraordinary general meeting of its shareholders. The date of such extraordinary general meetings shall be no later than seventy (70) calendar days after the date on which the SEC confirms that it has no further comments on the respective SEC filings documents required for SPIL and ASE.

Financing

ASE shall, before SPIL's submission of Schedule 13e-3 to the SEC, confirm with SPIL the types and composition of ASE's and HoldCo's funding sources and present proof documentation in respect of funding sources (including, but not limited to, the financing plan and a highly confident letter conforming to the market practice and issued by bank(s) financing the Share Exchange) that can demonstrate ASE's and HoldCo's ability to fully pay for the consideration of the Share Exchange.

Conditions to Consummation of the Share Exchange

The obligations of ASE, SPIL and HoldCo to consummate the Share Exchange are subject to the satisfaction of the following conditions:

- ASE and SPIL will each have obtained unconditional approval of the Share Exchange at their respective general shareholders' meetings;

- receipt of approvals from all relevant competent authorities, including, but not limited to, (i) the TWSE and the SEC (ii) the TFTC and MOFCOM and (iii) the FTC completing its investigation without seeking an injunction prohibiting the Share Exchange (in the case of (ii) and (iii), including approvals or consents of conditions imposed by such

authorities that both ASE and SPIL have agreed to accept); and

- no order (or agreement with the FTC) is in effect and enforceable prohibiting, enjoining or rendering illegal the consummation of the Share Exchange, and no law shall have been enacted or enforced after the date the Joint Share Exchange Agreement was executed rendering illegal or prohibiting the consummation of the Share Exchange; provided that the enforcement of an order or law shall not include the decision by a governmental entity to extend the waiting period or initiate an investigation under antitrust laws or other applicable law.

In addition, ASE's and HoldCo's obligations to consummate the Share Exchange are subject to the satisfaction or waiver by ASE and HoldCo of the following additional conditions:

- all representations and warranties of SPIL are true and accurate as of the date the Joint Share Exchange Agreement was executed and as of the Effective Time, except to the extent no material adverse effect on SPIL has occurred;

- SPIL has performed in all material respects all obligations and undertakings required to be performed by it under the Joint Share Exchange Agreement prior to the Effective Time

- no material adverse effect to SPIL shall have occurred prior to the Effective Time; and

- prior to the Effective Time, no force majeure events will have occurred which, individually or in aggregate, result in a decrease in SPIL's consolidated net book value by 30% or more, relative to SPIL's net book value in its consolidated audited financial statements as of March 31, 2016.

Table of Contents

In addition, SPIL's obligation to consummate the Share Exchange is subject to the satisfaction or waiver of the following additional conditions:

- all representations and warranties of ASE are true and accurate as of the date the Joint Share Exchange Agreement was executed and as of the Effective Time, except to the extent no material adverse effect on ASE has occurred

- all representations and warranties of HoldCo are true and accurate as of the Effective Time, except to the extent no material adverse effect on HoldCo has occurred

- ASE and HoldCo have performed in all material respects all obligations and undertakings required to be performed by each of them under the Joint Share Exchange Agreement prior to the Effective Time

- no material adverse effect to ASE will have occurred prior to the Effective Time; and

- prior to the Effective Time, no force majeure events will have occurred which, individually or in aggregate, result in a decrease in ASE's consolidated net book value by 30% or more, relative to ASE's net book value in its consolidated audited financial statements as of March 31, 2016.

The consummation of the Share Exchange is subject to the satisfaction or waiver of all the conditions set forth above on or prior to the Long Stop Date. If the closing of the Share Exchange cannot be completed due to the failure to satisfy the conditions set forth above on or prior to the Long Stop Date, the Joint Share Exchange Agreement will automatically terminate at midnight on the day immediately following the Long Stop Date.

Termination and Events of Default

Termination of Joint Share Exchange Agreement

The Joint Share Exchange Agreement may be terminated prior to the Effective Time by either ASE or SPIL if any of the following occurs:

- a law, judgment, court order or administrative decision issued by a competent authority restricts or prohibits the consummation of the Share Exchange, and such restriction or prohibition has been confirmed and cannot be remedied by amending the Joint Share Exchange Agreement; or

- the Joint Share Exchange Agreement and Share Exchange are not approved by ASE's shareholders or SPIL's shareholders at their respective shareholder meetings.

The Joint Share Exchange Agreement may also be terminated at any time prior to the Effective Time by ASE if SPIL has breached or failed to perform any of its representations, warranties, undertakings or obligations under the Joint Share Exchange Agreement and such breach leads to the failure to satisfy the conditions to the consummation and is by its nature not capable of being cured, or is not cured by SPIL within 30 business days of receiving written notice of such breach, and is not waived in writing by ASE.

The Joint Share Exchange Agreement may also be terminated at any time prior to the Effective Time by SPIL if ASE has breached or failed to perform any of its representations, warranties, undertakings or obligations under the Joint Share Exchange Agreement and such breach leads to the failure to satisfy the conditions to the consummation and is by its nature not capable of being cured, or is not cured by ASE within 30 business days of receiving written notice of such breach, and is not waived in writing by SPIL.

If the Share Exchange is not consummated on or before the Long Stop Date, the Joint Share Exchange Agreement will automatically terminate at midnight on the day immediately following the Long Stop Date.

Events of Default and Consequences of Termination

An event of default will occur if ASE, HoldCo or SPIL breach any of their obligations, undertakings, representations or warranties under the Joint Share Exchange Agreement, and such breach is by its nature not capable of being cured or, if such breach is by its nature capable of being cured, the non-defaulting party requests that the defaulting party cure such breach within 15 days and such breach is not cured within 15 days; provided that

Table of Contents

HoldCo and ASE are jointly and severally liable for breaches committed by either party, and a breach of any representation or warranty made prior to the Effective Time will no longer constitute an event of default as of the Effective Time.

Upon the occurrence of an event of default that prevents the consummation of the Share Exchange on or prior to the Long Stop Date, the non-defaulting Party will be entitled to terminate the Joint Share Exchange Agreement and claim from the defaulting party all necessary expenses incurred in connection with entering into the Joint Share Exchange Agreement and the performance of the obligations thereunder, in addition to any rights, remedies and damages under applicable law, subject to any adjustments for the contributory negligence of the non-defaulting party. The percentage of such contributory negligence may be determined by an expert appraiser appointed by both ASE and SPIL without being determined by arbitration. In addition to any right of termination and claims for expenses, upon the occurrence of certain prescribed material events of default, the non-defaulting party will also be entitled to liquidated damages in the amount of NT$8.5 billion from the defaulting party, subject to adjustments for contributory negligence by the non-defaulting party.

Post-Termination Obligations

Unless ASE terminates the Joint Share Exchange Agreement for breach by SPIL, ASE has agreed to comply with the ASE Surviving Covenants and SPIL has agreed to be bound by the provisions relating to a Superior Proposal, and the payment of the break fee, in each case for six (6) months from the date of termination of the Joint Share Exchange Agreement. In addition, ASE has agreed to maintain its position as solely a financial investor in SPIL without intervening with SPIL’s independent operations during such six (6) month period.

Post-Closing Operation and Corporate Governance

Board and Management of HoldCo

The directors of HoldCo will be comprised of nine to thirteen non-independent directors, appointed at a meeting of HoldCo’s incorporators, and three supervisors, who will be future independent directors. The Chairman of SPIL and President of SPIL will each be appointed (non-independent) directors of HoldCo. ASE and SPIL will jointly nominate one independent director, when HoldCo appoints independent directors.

Independence

ASE and SPIL have agreed to comply with certain post-closing covenants to ensure the continued independence of SPIL following the consummation of the Share Exchange, including that SPIL will become a wholly owned subsidiary of HoldCo but its independent operations and the competition between ASE and SPIL will be maintained. In addition, subject to applicable law, the duties of SPIL's directors and the interests of HoldCo, HoldCo agrees to comply with the following covenants:

- the operations of SPIL will be run by the SPIL Board, who will maintain control over SPIL's organizational documents, personnel, payroll or welfare systems, financial budgets, audit, technology research and development, operations and marketing; and other matters, in each case so as to maintain the independence of SPIL's operations;

- any matter relating to SPIL's rights and obligations will be controlled by the SPIL Board or under its authorization, and the operation of SPIL's businesses will be conducted by the SPIL Board or under its direction;

- HoldCo will, to the extent that it is capable, provide guaranties, funding or other support sufficient to enable SPIL to obtain financing from third parties (including, but not limited to, guarantee documentation acceptable to financing parties), in order to meet SPIL's funding needs, including but not limited to capital expenditure and working capital;

- SPIL's management, employees, current organizational structure, compensation and relevant benefits as of the date of execution of the Joint Share Exchange Agreement will be maintained;

- for so long as SPIL is a subsidiary of HoldCo, the SPIL Board will nominate and appoint directors and supervisors of SPIL in its sole discretion (and HoldCo will appoint such candidates), and such directors will

Table of Contents

not be replaced or otherwise removed without the consent of the SPIL Board; and the compensation and benefits of SPIL's directors as of the date of execution of the Joint Share Exchange Agreement will be maintained; and

- HoldCo may not dispose of any shares in SPIL without SPIL's consent.

Based on the principle of reciprocity, SPIL will, to the extent that it is capable, provide guaranties, funding or other support sufficient to enable HoldCo to obtain financing from third parties (including, but not limited to, guarantee documentation acceptable to financing parties), in order to meet HoldCo's funding needs, including but not limited to capital expenditure and working capital.

ASE, HoldCo and SPIL have agreed that, following the Effective Time, none of ASE, SPIL or any of the other wholly owned subsidiaries of HoldCo, or any of their directors, managers or agents, without the consent of HoldCo, will offer, agree or enter into any agreement with any third party regarding an Alternate Transaction.

In addition, HoldCo and its subsidiaries (other than ASE and SPIL) will not provide ASE with customer details or competitively sensitive information obtained from SPIL, including but not limited to production and sales costs, product price/quantity and details of suppliers, without the consent of SPIL and in accordance with applicable antitrust laws.

SPIL has the right to initiate arbitration against HoldCo or its subsidiaries if ASE commits an event of default under the Joint Share Exchange Agreement.

Employee Benefits and Rights

HoldCo has agreed that, for all employees of SPIL as of the Effective Time, HoldCo will ensure that, subject to certain exceptions set forth in the Joint Share Exchange Agreement, they continue to receive existing employee benefits, work under the conditions and be subject to the same personnel regulations. The employment rights for employees of SPIL will be protected, except where such employee committed a material breach of applicable law or the personnel regulations of SPIL.

In addition, HoldCo will reserve a portion of HoldCo's employee stock options for SPIL's management and employees. HoldCo will determine the plan and terms for the issue of employee stock options and the proportion to be reserved for employees of SPIL based on the number of employees; each employee's contribution and performance results, and

the profitability of HoldCo's future subsidiaries. SPIL will determine, in accordance with its personnel regulations, the proportion of such HoldCo's employee stock options to be distributed to SPIL's management and its other employees.

ASE and HoldCo have agreed that SPIL's management team may, in its sole discretion and within three months after the completion of the Share Exchange, implement reasonable and appropriate one-off plans to retain members of SPIL's management and/or determine whether or not to accept resignations from SPIL employees who choose to resign after the Effective Time and the terms of such resignations; provided that the SPIL management team does not violate its duty of loyalty or duty of care.

Expenses

Except as otherwise explicitly provided for in the Joint Share Exchange Agreement, all costs and expenses incurred by the parties in connection with the Share Exchange will be paid by the party incurring such costs and expenses.

Governing Law and Jurisdiction

The Joint Share Exchange Agreement is governed by and is to be construed, in all respects, with the law of ROC, including as to interpretation, effectiveness and performance. The parties have agreed to submit disputes arising out of the Joint Share Exchange Agreement to the Chinese Arbitration Association in Taipei.

Table of Contents

Description of HoldCo Common Shares

The following information relates to the shares of HoldCo Common Shares, including summaries of certain provisions of HoldCo's Articles of Incorporation and of the ROC Company Law.

General

The authorized share capital of HoldCo will be as provided in its Articles of Incorporation, of which such number of shares as to be determined will be issued.

Dividends

In general, HoldCo will not be permitted to distribute dividends or make other distributions to shareholders in any year in which it did not record net income or retained earnings (excluding reserves). The ROC Company Law also requires that 10% of annual net income (less prior years' losses, if any) be set aside as a legal reserve until the accumulated legal reserve equals our paid-in capital. In addition, the Articles of Incorporation of HoldCo, if adopted at the ASE EGM to vote for the Share Exchange and other transactions contemplated by the Joint Share Exchange Agreement, will provide that if HoldCo is profitable, 0.1% (inclusive) to 1% (inclusive) of the profits shall be allocated as compensation to employees and 0.75% (inclusive) or less of the profits should be allocated as compensation to directors; however, provided that HoldCo has accumulated losses, the profit shall be set aside to compensate losses before such allocation. The Articles of Incorporation of HoldCo further provide that the annual net income shall be distributed in the order of sequences below:

- making up for losses, if any;
- 10% being set aside as legal reserve;
- allocation or reversal of a special surplus reserve in accordance with laws or regulations set forth by the authorities concerned; and
- addition or deduction of the portion of retained earnings that are equity investment gains or losses that have been realized and measured at fair value through other overall gains or losses.

At the ASE EGM, the board of directors of HoldCo will submit to the shareholders for their approval any proposal for the distribution of dividends or the making of any other distribution to shareholders from HoldCo' net income for the preceding fiscal year. All common shares outstanding and fully paid as of the relevant record date are entitled to share equally in any dividend or other distribution so approved. Dividends may be distributed in cash, in the form of common shares or a combination of the two, as determined by the shareholders at the meeting. The Articles of Incorporation of HoldCo, if adopted at the ASE EGM to vote for the Share Exchange and other transactions contemplated by the Joint Share Exchange Agreement, will provide that cash dividend distribution should not be lower than 30% of the total dividend amount and the remainder be distributed as stock dividends.

HoldCo will also be permitted to make distributions to its shareholders in cash or in the form of common shares from reserves if it has no accumulated loss. However, the distribution payable out of HoldCo' legal reserve can only come from the amount exceeding 25% of the total paid-in capital.

Changes in Share Capital

Under ROC Company Law, any change in the authorized share capital of a company limited by shares requires an amendment to its Articles of Incorporation, which in turn requires approval at the shareholders' meeting. In the case of a public company such as HoldCo, it must also obtain the approval of, or submit a report to, the FSC and the Kaohsiung Export Processing Zone Administration. Authorized but unissued common shares may be issued, subject to applicable ROC law, upon terms as the board of directors of HoldCo may determine.

Preemptive Rights

Under the ROC Company Law, when an ROC company issues new shares for cash, existing shareholders who are listed on the shareholders' register as of the record date have preemptive rights to subscribe for the new issue in proportion to their existing shareholdings, while a company's employees, whether or not they are shareholders of the

Table of Contents

company, have rights to subscribe for 10% to 15% of the new issue. Any new shares that remain unsubscribed at the expiration of the subscription period may be freely offered, subject to compliance with applicable ROC law.

In addition, in accordance with the ROC Securities and Exchange Law, a public company that intends to offer new shares for cash must offer to the public at least 10% of the shares to be sold, except under certain circumstances or when exempted by the FSC. This percentage can be increased by a resolution passed at a shareholders' meeting, which would diminish the number of new shares subject to the preemptive rights of existing shareholders.

These preemptive rights provisions do not apply to offerings of new shares through a private placement approved at a shareholders' meeting.

Meetings of Shareholders

HoldCo will be required to hold an annual general meeting of our shareholders within six months following the end of each fiscal year. These meetings are generally held in Kaohsiung, Taiwan. Any shareholder who holds 1% or more of HoldCo' issued shares may submit one written proposal for discussion at our annual general meeting. Extraordinary shareholders' meetings may be convened by resolution of the board of directors or by the board of directors upon the written request of any shareholder or shareholders who have held 3% or more of the outstanding common shares for a period of one year or longer. Shareholders' meetings may also be convened by a supervisor. Notice in writing of meetings of shareholders, stating the place, time and purpose, must be dispatched to each shareholder at least 30 days, in the case of annual general meetings, and 15 days, in the case of extraordinary meetings, before the date set for each meeting. A majority of the holders of all issued common shares present at a shareholders' meeting constitutes a quorum for meetings of shareholders.

Voting Rights

Under the ROC Company Law, except under limited circumstances, shareholders have one vote for each common share held. Under the ROC Company Law, our directors and supervisors are elected at a shareholders' meeting through cumulative voting.

In general, a resolution can be adopted by the holders of at least a majority of our common shares represented at a shareholders' meeting at which the holders of a majority of all issued common shares are present. Under ROC Company Law, the approval by at least a majority of HoldCo Common Shares represented at a shareholders' meeting in which a quorum of at least two-thirds of all issued common shares are represented is required for major corporate

actions (alternatively, ROC Company Law provides that in case of a public company, such as HoldCo, a resolution to approve such major corporate actions may be adopted by the holders of at least two-thirds of the shares represented at a meeting of shareholders at which holders of at least a majority of issued and outstanding shares are present), including:

- amendment to the Articles of Incorporation, including increase of authorized share capital and any changes of the rights of different classes of shares;
- execution, amendment or termination of any contract through which the company leases its entire business to others, or the company appoints others to operate its business or the company operates its business with others on a continuous basis;
- transfer of entire business or assets or a substantial part of its business or assets;
- acquisition of the entire business or assets of any other company, which would have a significant impact on the company's operations;
- distribution of any stock dividend;
- dissolution, merger or spin-off of the company;
- issuance of restricted shares to employees; and
- removal of the directors or supervisors.

Table of Contents

A shareholder may be represented at an annual general or extraordinary meeting by proxy if a valid proxy form is delivered to HoldCo five days before the commencement of the annual general or extraordinary shareholders' meeting. Shareholders may exercise their voting rights by way of electronic means if the voting is made on the website maintained by the Taiwan Depository & Clearing Corporation (http://www.stockvote.com.tw) in accordance with the instructions provided therein.

Holders of HoldCo ADSs do not have the right to exercise voting rights with respect to the underlying common shares, except as described in the deposit agreement.

Other Rights of Shareholders

Under the ROC Company Law, dissenting shareholders are entitled to appraisal rights in certain major corporate actions such as a proposed amalgamation by the company. If agreement with the company cannot be reached, dissenting shareholders may seek a court order for the company to redeem all of their shares. Shareholders may exercise their appraisal rights by serving written notice on the company prior to or at the related shareholders' meeting and/or by raising and registering an objection at the shareholders' meeting (see "Special Factors — Rights of Dissenting Shareholders"). In addition to appraisal rights, shareholders have the right to sue for the annulment of any resolution adopted at a shareholders' meeting where the procedures were legally defective within 30 days after the date of the shareholders' meeting. One or more shareholders who have held 3% or more of the issued and outstanding shares of a company for a period of one year or longer may require a supervisor or an independent director (in the event a company's supervisors are replaced by an audit committee as required by ROC Company Law) to bring a derivative action on behalf of the company against a director as a result of the director's unlawful actions or failure to act.

Rights of Holders of Deposited Securities

For rights of holders of deposited securities, please see "Description of HoldCo American Depositary Shares —Voting Rights."

Register of Shareholders and Record Dates

HoldCo's share registrar, President Securities Corp., will maintain HoldCo's register of shareholders at its offices in Kaohsiung, Taiwan. Under the ROC Company Law and the Articles of Incorporation of HoldCo, HoldCo may, by giving advance public notice, set a record date and close the register of shareholders for a specified period in order for it to determine the shareholders or pledgees that are entitled to rights pertaining to its common shares. The specified

period required is as follows:

- annual general meeting—60 days;
- extraordinary shareholders' meeting—30 days; and
- relevant record date—5 days.

Annual Financial Statements

At least ten days before the annual general meeting, HoldCo' annual financial statements, which are prepared in conformity with Taiwan IFRS, must be available at our principal executive office in Kaohsiung, Taiwan for inspection by the shareholders.

Transfer of Common Shares

The transfer of common shares in registered form is effected by endorsement and delivery of the related share certificates but, in order to assert shareholders' rights against HoldCo, the transferee must have his name and address registered on our register of shareholders. Shareholders are required to file their respective specimen seals, also known as chops, with us. Chops are official stamps widely used in Taiwan by individuals and other entities to authenticate the execution of official and commercial documents. The settlement of trading in our common shares is normally carried out on the book-entry system maintained by the Taiwan Depository & Clearing Corporation.

Table of Contents

Acquisition of Common Shares by HoldCo

Under the ROC Securities and Exchange Law, HoldCo may purchase its own common shares for treasury stock in limited circumstances, including:

- to transfer shares to HoldCo' employees;
- to deliver shares upon the conversion or exercise of bonds with warrants, preferred shares with warrants, convertible bonds, convertible preferred shares or warrants issued by HoldCo; and
- to maintain HoldCo's credit and shareholders' equity, provided that the shares so purchased shall be canceled.

HoldCo may purchase its common shares on the TWSE or by means of a public tender offer. These transactions require the approval of a majority of SPIL Board of directors at a meeting in which at least two-thirds of the directors are in attendance. The total amount of common shares purchased for treasury stock may not exceed 10.0% of the total issued shares. In addition, the total cost of the purchased shares shall not exceed the aggregate amount of our retained earnings, any premium from share issuances and the realized portion of HoldCo' capital reserve.

HoldCo may not pledge or hypothecate any of our shares purchased by us. In addition, it may not exercise any shareholders' right attaching to such shares. In the event that HoldCo purchases its shares on the TWSE, its affiliates, directors, supervisors, managers, and their respective spouses and minor children and/or nominees are prohibited from selling any of HoldCo' shares during the period in which HoldCo is purchasing our shares.

Pursuant to the ROC Company Law, an entity in which HoldCo directly or indirectly owns more than 50.0% of the voting shares or paid-in capital, which is referred to as a controlled entity, may not purchase our shares. Also, if our company and a controlled entity jointly own, directly or indirectly, more than 50.0% of the voting shares or paid-in capital of another entity, which is referred to as a third entity, the third entity may not purchase shares in either our company or a controlled entity.

Liquidation Rights

In the event of our liquidation, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed pro rata to the shareholders in accordance with the relevant provisions of the ROC Company Law and our

Articles of Incorporation.

Transfer Restrictions

Substantial Shareholders

The ROC Securities and Exchange Law currently requires:

- each director, supervisor, manager, or substantial shareholder (that is, a shareholder who holds more than 10.0% shares of a company), and their respective spouses, minor children or nominees, to report any change in that person's shareholding to the issuer of the shares and the FSC; and

- each director, supervisor, manager, or substantial shareholder, and their respective spouses, minor children or nominees, after acquiring the status of director, supervisor, manager, or substantial shareholder for a period of six months, to report his or her intent to transfer any shares on the TWSE to the FSC at least three days before the intended transfer, unless the number of shares to be transferred does not exceed 10,000 shares.

In addition, the number of shares that can be sold or transferred on the TWSE by any person subject to the restrictions described above on any given day may not exceed:

- 0.2% of the outstanding shares of the company in the case of a company with no more than 30 million outstanding shares; or

Table of Contents

- 0.2% of 30 million shares plus 0.1% of the outstanding shares exceeding 30 million shares in the case of a company with more than 30 million outstanding shares; or

- in any case, 5.0% of the average trading volume (number of shares) on the TWSE for the ten consecutive trading days preceding the reporting day on which the director, supervisor, manager or substantial shareholder reports the intended share transfer to the FSC.

These restrictions do not apply to sales or transfers of HoldCo ADSs.

Table of Contents

Description of HoldCo American Depositary Shares

Citibank, N.A. has agreed to act as the depositary bank for the HoldCo American Depositary Shares. Citibank when acting as depositary bank for the HoldCo American Depositary Shares is referred to as the "depositary bank" or as the "HoldCo Depositary." Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. The HoldCo American Depositary Shares are referred to as "ADSs" or "HoldCo ADSs" and represent ownership interests in securities that are on deposit with the HoldCo Depositary. The HoldCo ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary bank typically appoints a custodian to safe keep the securities on deposit. In this case, the custodian is Citibank Taiwan Ltd., located at 9F, No. 16 Nanking East Road, Section 4, Taipei 10553, Taiwan, ROC.

HoldCo will appoint Citibank as depositary bank pursuant to a deposit agreement (the "HoldCo Deposit Agreement"). A copy of the HoldCo Deposit Agreement is on file with the SEC under cover of a Registration Statement on Form F-6 (Reg No.333-214753). You may obtain a copy of the HoldCo Deposit Agreement from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC's website (www.sec.gov).

The following is a summary description of the material terms of HoldCo ADSs and of your material rights as an owner of HoldCo ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of HoldCo ADSs will be determined by reference to the terms of the HoldCo Deposit Agreement and not by this summary. We urge you to review the HoldCo Deposit Agreement in its entirety. The portions of this summary description that are italicized describe matters that may be relevant to the ownership of HoldCo ADSs but that may not be contained in the HoldCo Deposit Agreement.

Each HoldCo ADS represents the right to receive, and to exercise the beneficial ownership interests in, two HoldCo Common Shares that are on deposit with the HoldCo Depositary and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the HoldCo Depositary or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of HoldCo ADSs because of legal restrictions or practical considerations. The custodian, the HoldCo Depositary and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of HoldCo ADSs. The deposited property does not constitute the proprietary assets of the HoldCo Depositary, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the HoldCo Deposit Agreement be vested in the beneficial owners of the HoldCo ADSs. The HoldCo Depositary, the custodian and their respective nominees will be the record holders of the deposited property represented by the HoldCo ADSs for the benefit of the holders and beneficial owners of the corresponding HoldCo ADSs. A beneficial owner of HoldCo ADSs may or may not be the holder of HoldCo ADSs. Beneficial owners of HoldCo ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the HoldCo ADSs, the registered holders of the HoldCo ADSs (on behalf of the applicable ADS owners) only through the HoldCo Depositary, and the HoldCo Depositary (on behalf of the owners of the corresponding HoldCo ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the HoldCo Deposit Agreement.

If you become an owner of HoldCo ADSs, you will become a party to the HoldCo Deposit Agreement and therefore will be bound to its terms and to the terms of any HoldCo American Depositary Receipt ("HoldCo ADR") that evidences your HoldCo ADSs. The HoldCo Deposit Agreement and the HoldCo ADR specify the rights and obligations of HoldCo as well as your rights and obligations as owner of HoldCo ADSs and those of the HoldCo Depositary. As an ADS holder you appoint the HoldCo Depositary to act on your behalf in certain circumstances. The HoldCo Deposit Agreement and the HoldCo ADRs are governed by New York law. However, the obligations of HoldCo to the holders of common shares will continue to be governed by ROC laws, which may be different from the laws in the United States. In addition, we note that ROC law and regulations may restrict the deposit and withdrawal of the common shares into or from the depositary receipt facilities.

Under the laws and regulations of the ROC, as currently in effect, after the Initial Deposit (as defined below), without obtaining regulatory approval from the FSC, no common shares may be accepted for deposit and no HoldCo ADSs may be issued under the terms of the HoldCo Deposit Agreement except in the following circumstances:

(1) upon a stock dividend on, or a free distribution of, shares to existing shareholders;

Table of Contents

(2) upon the exercise by existing shareholders of their preemptive rights in connection with capital increases for cash;

(3) subject in each case to receipt of all applicable approvals in the ROC, the issuance of shares by us to holders of bonds in connection with the exercise of conversion rights of such bond holders; and

(4) as permitted under the HoldCo Deposit Agreement, the purchase directly by a person or through the depositary of shares on the TWSE or the delivery by any person of shares held by such person for deposit in the depositary receipt facility provided that the total number of HoldCo ADSs outstanding after an issuance described in clause (4) does not exceed the number of HoldCo ADSs issued and previously approved by the ROC FSC in connection with the offering plus any HoldCo ADSs created under clauses (1), (2) and (3) described above.

Under the laws and regulations of the ROC, the shares deposited under the HoldCo Deposit Agreement may be withdrawn upon cancellation of the corresponding HoldCo ADSs pursuant to the HoldCo Deposit Agreement subject to the following conditions:

- the appointment of an eligible agent in the ROC to open (1) a securities trading account with an ROC brokerage firm with ROC approval and (2) a bank account to pay ROC taxes, remit funds, exercise shareholders' rights and perform such other functions as you may designate upon such withdrawal;
- the appointment of a tax guarantor in the ROC; and
- the appointment of a custodian bank to hold the securities in safekeeping, make confirmations, settle trades and report relevant information.

In addition, you will be required to register with the TWSE for making investments in the ROC securities market and obtain a foreign investor investment identification prior to withdrawing common shares.

As an owner of HoldCo ADSs, you may hold your HoldCo ADSs by means of a HoldCo ADR registered in your name, or through a brokerage or safekeeping account, or through an account established by the HoldCo Depositary in your name reflecting the registration of uncertificated HoldCo ADSs directly on the books of the HoldCo Depositary (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of HoldCo ADSs by the HoldCo Depositary. Under the direct registration system, ownership of HoldCo ADSs is evidenced by periodic statements issued by the HoldCo Depositary to the holders of the HoldCo ADSs. The direct registration system includes automated transfers between the HoldCo Depositary and DTC, the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your HoldCo ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the HoldCo ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and

settlement systems may limit your ability to exercise your rights as an owner of HoldCo ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All HoldCo ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the HoldCo ADSs directly by means of a HoldCo ADS registered in your name and, as such, we will refer to you as the "holder." When we refer to "you," we assume the reader owns HoldCo ADSs and will own HoldCo ADSs at the relevant time.

The registration of the common shares in the name of the HoldCo Depositary or the custodian shall, to the maximum extent permitted by applicable law, vest in the HoldCo Depositary or the custodian the record ownership in the applicable common shares with the beneficial ownership rights and interests in such common shares being at all times vested with the beneficial owners of the HoldCo ADSs representing the common shares. The HoldCo Depositary or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the HoldCo ADSs representing the deposited property.

Table of Contents

Dividends and Distributions

As a holder of HoldCo ADSs, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of HoldCo ADSs will receive such distributions under the terms of the HoldCo Deposit Agreement in proportion to the number of HoldCo ADSs held as of the specified record date, after deduction the applicable fees, taxes and expenses.

Distributions of Cash

Whenever HoldCo makes a cash distribution for the securities on deposit with the custodian, it will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the HoldCo Depositary will arrange for the funds to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to ROC law and regulations.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The HoldCo Depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the HoldCo Deposit Agreement. The HoldCo Depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of HoldCo ADSs until the distribution can be effected or the funds that the HoldCo Depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Shares

Whenever HoldCo makes a free distribution of common shares for the securities on deposit with the custodian, we will deposit the applicable number of common shares with the custodian. Upon receipt of confirmation of such deposit, the HoldCo Depositary will either distribute to holders new HoldCo ADSs representing the common shares deposited or modify the HoldCo ADS-to-common shares ratio, in which case each HoldCo ADS you hold will represent rights and interests in the additional common shares so deposited. Only whole new HoldCo ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new HoldCo ADSs or the modification of the HoldCo ADS-to-common share ratio upon a distribution of common shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the HoldCo Deposit Agreement. In order to pay such taxes or governmental charges, the HoldCo Depositary may sell all or a portion of the new common shares so distributed.

No such distribution of new HoldCo ADSs will be made if it would violate a law (*i.e.*, the U.S. securities laws) or if it is not operationally practicable. If the HoldCo Depositary does not distribute new HoldCo ADSs as described above, it may sell the common shares received upon the terms described in the HoldCo Deposit Agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever HoldCo intends to distribute rights to purchase additional common shares, we will give prior notice to the HoldCo Depositary and we will assist the HoldCo Depositary in determining whether it is lawful and reasonably practicable to distribute rights to purchase additional HoldCo ADSs to holders.

The HoldCo Depositary will establish procedures to distribute rights to purchase additional HoldCo ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of HoldCo ADSs, and if we provide all of the documentation contemplated in the HoldCo Deposit Agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new HoldCo ADSs upon the exercise of your rights. The HoldCo Depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new common shares other than in the form of HoldCo ADSs.

Table of Contents

The HoldCo Depositary will *not* distribute the rights to you if:

- HoldCo does not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- HoldCo fails to deliver satisfactory documents to the HoldCo Depositary; or
- It is not reasonably practicable to distribute the rights.

The HoldCo Depositary will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the HoldCo Depositary is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever HoldCo intends to distribute a dividend payable at the election of shareholders either in cash or in additional shares, it will give prior notice thereof to the HoldCo Depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the HoldCo Depositary in determining whether such distribution is lawful and reasonably practicable.

The HoldCo Depositary will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the HoldCo Deposit Agreement. In such case, the HoldCo Depositary will establish procedures to enable you to elect to receive either cash or additional HoldCo ADSs, in each case as described in the HoldCo Deposit Agreement.

If the election is not made available to you, you will receive either cash or additional HoldCo ADSs, depending on what a shareholder in the ROC would receive upon failing to make an election, as more fully described in the HoldCo Deposit Agreement.

Other Distributions

Whenever HoldCo intends to distribute property other than cash, common shares or rights to purchase additional common shares, it will notify the HoldCo Depositary in advance and will indicate whether we wish such distribution to be made to you. If so, HoldCo will assist the HoldCo Depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if HoldCo provides all of the documentation contemplated in the HoldCo Deposit Agreement, the HoldCo Depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the HoldCo Deposit Agreement. In order to pay such taxes and governmental charges, the HoldCo Depositary may sell all or a portion of the property received.

The HoldCo Depositary will *not* distribute the property to you and will sell the property if:

- HoldCo does not request that the property be distributed to you or if we ask that the property not be distributed to you; or
- HoldCo does not deliver satisfactory documents to the HoldCo Depositary; or
- The HoldCo Depositary determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Table of Contents

Redemption

Whenever HoldCo decides to redeem any of the securities on deposit with the custodian, it will notify the HoldCo Depositary in advance. If it is practicable and if HoldCo provides all of the documentation contemplated in the HoldCo Deposit Agreement, the HoldCo Depositary will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The HoldCo Depositary will convert the redemption funds received into U.S. dollars upon the terms of the HoldCo Deposit Agreement and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their HoldCo ADSs to the HoldCo Depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your HoldCo ADSs. If less than all HoldCo ADSs are being redeemed, the HoldCo ADSs to be retired will be selected by lot or on a pro rata basis, as the HoldCo Depositary may determine.

Changes Affecting Common Shares

The common shares of HoldCo held on deposit for your HoldCo ADSs may change from time to time. For example, there may be a change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of such common shares or a recapitalization, reorganization, merger, consolidation or sale of assets of HoldCo.

If any such change were to occur, your HoldCo ADSs would, to the extent permitted by law, represent the right to receive the property received or exchanged in respect of the common shares held on deposit. The HoldCo Depositary may in such circumstances deliver new HoldCo ADSs to you, amend the HoldCo Deposit Agreement, the HoldCo ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing HoldCo ADSs for new HoldCo ADSs and take any other actions that are appropriate to reflect as to the HoldCo ADSs the change affecting the common shares of HoldCo. If the HoldCo Depositary may not lawfully distribute such property to you, the HoldCo Depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of HoldCo ADSs upon Deposit of Common Shares

The initial deposit of shares by HoldCo in connection with this Share Exchange will be made by the delivery to the custodian of common shares of HoldCo in book-entry form, which shares will be registered in the name of the depositary or its nominee, as representatives of the holders of the HoldCo ADSs. Any future deposits of new shares for

cash by HoldCo in connection with any new HoldCo ADS offering will be made by the delivery to the custodian of a Certificate of Payment evidencing the right to receive the underlying common shares of HoldCo in book-entry form, which shares will be registered in the name of the depositary or its nominee, as representatives of the holders of the HoldCo ADSs, until the underlying common shares initially evidenced by scripless certificates of payment in the form of a master certificate of payment are listed on the TWSE. In practice, no later than the second ROC business day following the closing day of any new future HoldCo ADSs offering (the "Closing Date"), we will apply to the TWSE for listing of the Individual Scripless Certificate of Payment. Generally, the TWSE will approve the listing of the Individual Scripless Certificates of Payment on the fifth ROC business day following the Closing Date. Immediately upon such listing, the Certificate of Payment we deliver to the depositary's custodian on the Closing Date will be replaced by the Individual Scripless Certificates of Payment. The initial deposit of shares by HoldCo in connection with the Share Exchange are collectively referred to herein as the "Initial Deposit."

Under the ROC Securities and Exchange Law and applicable regulations, we are required to deliver the underlying shares in physical certificate form or scripless form to the custodian within thirty days after receiving approval from the relevant governmental authority of our corporate amendment registration. We are required under the ROC Company Law to file an amendment to our corporate registration within fifteen days after receiving the proceeds from any new offerings of HoldCo ADSs. Prior to the issue of the underlying shares in physical certificate form or scripless form, we will apply for and obtain approval to list the underlying shares on the TWSE. Until the underlying shares have been so issued and delivered, the HoldCo ADSs will represent shares evidenced by the Certificate of Payment (from the Closing Date to the date immediately prior to the listing of the Individual Scripless Certificates of Payment) or the Individual Scripless Certificates of Payment on or after the date of listing of the Individual Scripless Certificates of Payment. In case of a withdrawal of the underlying shares, such holders will be entitled to the same rights as if the depositary were holding the underlying shares in physical certificate form or

Table of Contents

scripless form. The Individual Scripless Certificates of Payment, which are without physical form and are issued only in book-entry form through Taiwan Depository & Clearing Corporation, the book-entry settlement system of the ROC, carry the same rights as those attaching to the shares in respect of dividends and are eligible for trading on the TWSE in the same manner as the shares.

Subject to limitations set forth in the HoldCo Deposit Agreement, after the Initial Deposit, the depositary may create HoldCo ADSs on your behalf if you or your broker deposit shares with the custodian. The depositary will deliver these HoldCo ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the shares to the custodian and you provide the applicable deposit certification. Your ability to deposit shares and receive HoldCo ADSs may be limited by U.S. and ROC legal considerations applicable at the time of deposit.

Under current ROC law, after the Initial Deposit, no deposits of shares may be made in a depositary receipt facility, and no HoldCo ADSs may be issued against such deposits, without specific approval of the FSC, except in connection with the offering and the issuance of additional HoldCo ADSs in connection with (i) dividends on, or free distributions of, shares, (ii) the exercise by holders of existing HoldCo ADSs of their preemptive rights in the event of capital increases for cash, (iii) subject in each case to receipt of all applicable approvals in the ROC, the issuance of shares by HoldCo to holders of convertible bonds in connection with the exercise of conversion rights of such bond holders, and (iv) to the extent that previously issued HoldCo ADSs have been canceled, reissuances of HoldCo ADSs up to an aggregate number of outstanding HoldCo ADSs equal to the total number of HoldCo ADSs (subject to adjustment for the issuances described in clauses (i), (ii) and (iii)) that were originally approved by the FSC and issued in connection with the offering; provided that the depositary will refuse to accept common shares for deposit under clause (iv) if such deposit is not permitted under any restriction notified by the company to the depositary from time to time, which restriction may specify blackout periods during which deposits may not be made, time periods during which deposits may be made, and minimum size and frequency of deposits.

The depositary and the custodian will refuse to accept shares for deposit whenever they are notified in writing that such deposit would result in any violation of applicable laws, including ownership restrictions under the laws of the ROC. In addition, the depositary will refuse to accept shares for deposit under clause (iv) of the immediately preceding paragraph if such deposit is not permitted under any restriction notified by HoldCo to the depositary from time to time, which restriction may specify blackout periods during which deposits may not be made, time periods during which deposits may be made, and minimum and maximum size and frequency of deposits.

The issuance of HoldCo ADSs may be delayed until the depositary or the custodian receives confirmation that all required approvals have been given and that the shares have been duly transferred to the custodian. The depositary will only issue HoldCo ADSs in whole numbers.

When you make a deposit of HoldCo Common Shares, you will be responsible for transferring good and valid title to the HoldCo Depositary. As such, you will be deemed to represent and warrant that:

- The HoldCo Common Shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.

- All preemptive (and similar) rights, if any, with respect to such common shares have been validly waived or exercised.

- You are duly authorized to deposit HoldCo Common Shares.

- The HoldCo Common Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the HoldCo ADSs issuable upon such deposit will not be, "restricted securities" (as defined in the HoldCo Deposit Agreement).

- The common shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the HoldCo Depositary may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Table of Contents

Transfer, Combination and Split Up of HoldCo ADRs

As a HoldCo ADR holder, you will be entitled to transfer, combine or split up your HoldCo ADRs and the HoldCo ADSs evidenced thereby. For transfers of HoldCo ADRs, you will have to surrender the HoldCo ADRs to be transferred to the HoldCo Depositary and also must:

- ensure that the surrendered HoldCo ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the HoldCo Depositary deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by HoldCo ADR holders pursuant to the terms of the HoldCo Deposit Agreement, upon the transfer of HoldCo ADRs.

To have your HoldCo ADRs either combined or split up, you must surrender the HoldCo ADRs in question to the HoldCo Depositary with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by HoldCo ADR holders, pursuant to the terms of the HoldCo Deposit Agreement, upon a combination or split up of HoldCo ADRs.

Withdrawal of Common Shares Upon Cancellation of HoldCo ADSs

On or after approximately the fifth ROC business day from a Closing Date for any future HoldCo ADS offering, with regard to such HoldCo ADSs issued on the Closing Date, subject to the approval from the TWSE of the listing of the Individual Scripless Certificates of Payment and the relevant provisions of the HoldCo Deposit Agreement, a holder may apply to withdraw the underlying shares or, as the case may be, the Individual Scripless Certificates of Payment, or request Citibank, N.A., as Depositary, acting pursuant to the HoldCo Deposit Agreement, to sell or cause to be sold on behalf of such holders of the underlying shares or, as the case may be, the Individual Scripless Certificates of Payment. The Individual Scripless Certificates of Payment, which are without physical form and settle through the book-entry system, carry the same rights as those attaching to the underlying shares in respect of dividends and are eligible for trading on the TWSE in the same manner as the underlying shares. Your ability to withdraw the shares may be limited by U.S. and ROC law considerations applicable at the time of withdrawal.

Under current ROC law, if you (other than PRC persons except for qualified domestic institutional investors in the PRC) wish to withdraw and hold underlying shares from a depositary receipt facility, you will be required to appoint an eligible agent in the ROC to open a securities trading account with a local brokerage firm (after receiving an approval from the TWSE) and a bank account (the securities trading account and the bank account are collectively referred to as " the Accounts", to pay ROC taxes, remit funds, exercise shareholders' rights and perform such other functions as you may designate upon such withdrawal. In addition, you will be required to appoint a custodian bank to hold the securities in safekeeping, make confirmation and settle trades and report all relevant information. Without the opening of such Accounts, the withdrawing owner would be unable to hold or subsequently sell the underlying shares withdrawn from the depositary receipt facility on the TWSE or otherwise. In addition, you will be required to register with the TWSE for making investments in the ROC securities market prior to withdrawing shares. These laws may change from time to time. We cannot assure you that current ROC law will remain in effect or that future changes in ROC law will not adversely affect your ability to withdraw our shares from the HoldCo ADS facility.

Holders of HoldCo ADSs withdrawing shares represented by HoldCo ADSs are also required under current ROC law and regulations to appoint an agent in the ROC for filing tax returns and making tax payments. Such agent must meet certain qualifications set by the ROC Financial Supervisory Commission and, upon appointment, becomes a guarantor of such withdrawing owner's ROC tax obligations. Evidence of the appointment of such agent and the approval of such appointment by the ROC tax authorities may be required as conditions to such withdrawing holder's repatriation of the proceeds from the sale of the withdrawn shares. There can be no assurance that such withdrawing holder will be able to appoint and obtain approval for such agent in a timely manner.

Subject to the withdrawal of deposited property being permitted under ROC law and regulations, you may also request that our shares or Individual Scripless Certificates of Payment represented by your HoldCo ADSs be sold on your behalf. The depositary may require that you deliver your request for sale in writing. Any sale of our shares will

Table of Contents

be conducted according to applicable ROC law through a securities company in the ROC on the TWSE or in another manner as is permitted under applicable ROC law. Any sale will be at your risk and expense. You may also be required to enter into a separate agreement to cover the terms of the sale of our shares or Individual Scripless Certificates of Payment.

Upon receipt of any proceeds from any sale, subject to any restrictions imposed by ROC law and regulations, the depositary shall convert the proceeds into US dollars and distribute the proceeds to you, net of any fees, expenses, taxes or governmental charges (including, without limitation, any ROC and U.S. taxes) incurred in connection with the sale.

Although sales of HoldCo ADSs by a non-resident individual or a corporation that has no fixed place of business or other permanent establishment or business agent in the territory of the ROC are not currently subject to ROC taxation, sales of HoldCo Common Shares or Individual Scripless Certificates of Payment by such individual or corporation will be subject to a securities transaction tax in the ROC.

In order to withdraw or instruct the sale of the shares or Individual Scripless Certificates of Payment represented by your HoldCo ADSs, you will be required to pay to the depositary the fees for cancellation of HoldCo ADSs and any charges and taxes payable upon the transfer of the shares or Individual Scripless Certificates of Payment being withdrawn and you will be required to provide to the depositary the applicable withdrawal certification. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the HoldCo ADSs will not have any rights under the HoldCo Deposit Agreement.

You will not be entitled to withdraw or instruct the sale of interests in any certificate(s) of payment representing shares underlying HoldCo ADSs until on or about the fifth ROC business day following the Closing Date of a future HoldCo ADS offering.

If you hold a HoldCo ADR registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary may deem appropriate before it will cancel your HoldCo ADSs. The withdrawal of the shares or Individual Scripless Certificates of Payment represented by your HoldCo ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary will only accept HoldCo ADSs for cancellation that represent a whole number of securities on deposit.

ASE currently has, and upon completion of the Share Exchange, HoldCo will have, reporting obligations under ROC law in respect of the HoldCo ADS facility. In order to enable us to gather the information necessary for these reporting obligations, you will be asked to complete and sign a certification upon withdrawal of shares or Individual

Scripless Certificates of Payment from the HoldCo ADS facility. In this certification you will be asked to disclose, among other information, the name, nationality and address of the beneficial owner of the HoldCo ADSs presented for cancellation, the number of shares owned by the beneficial owner and whether certain affiliations exist between the beneficial owner and us. The depositary will refuse to release shares or Individual Scripless Certificates of Payment to you until you deliver a completed and signed certification to it.

In addition, the depositary shall not deliver interests in certificate(s) of payment or shares to a surrendering holder of HoldCo ADSs unless such holder presents evidence of payment of any securities transaction tax which may be imposed under ROC law unless we shall have advised the depositary that no such tax is assessable in connection with the withdrawal of the individual certificate(s) of payment or shares hereunder.

If the shares or Individual Scripless Certificates of Payment are withdrawn from the depositary facility, such holder will be required to provide information to enable HoldCo's compliance with its obligations set forth under the laws and regulations of the ROC, including a certification that:

- the holder is or is not a "related person," as such term is defined in the HoldCo Deposit Agreement, to us;

- the holder will own a certain number of our shares after cancellation of the HoldCo ADSs surrendered thereby, as well as a certain number of HoldCo ADSs representing our shares after cancellation of the HoldCo ADSs surrendered thereby;

Table of Contents

- the holder, or the person on whose account he acts, is the beneficial owner of the HoldCo ADSs surrendered to the HoldCo Depositary thereby;

- the name, address and nationality of the beneficial owner of the HoldCo ADSs, as included upon presentation of HoldCo ADSs for cancellation, is true and correct;

- the number of HoldCo ADSs surrendered and the number of shares withdrawn, as included upon presentation of HoldCo ADSs for cancellation, is true and correct; and

- if the presenter is a broker-dealer, the owner of the account for which he is acting has confirmed the accuracy of the above representations.

In addition, you may be required to certify to other information that we or the HoldCo Depositary may deem necessary or desirable to comply with any ROC disclosure or reporting requirement. *The depositary will refuse to release Shares or the certificate(s) of payment to you until you deliver a completed and signed certification to it.*

You will have the right to withdraw the securities represented by your HoldCo ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the common shares or HoldCo ADSs are closed, or (ii) common shares are immobilized on account of a shareholders' meeting or a payment of dividends.

- Obligations to pay fees, taxes and similar charges.

- Restrictions imposed because of laws or regulations applicable to HoldCo ADSs or the withdrawal of securities on deposit.

- Other instructions specifically contemplated by Instruction (1) of the General Instructions to Form F-6 (as may be amended from time to time).

No common shares may be withdrawn upon presentation of HoldCo ADSs (and if applicable, the HoldCo ADRs evidencing such HoldCo ADSs) for cancellation until (i) HoldCo has delivered written confirmation that the number of Shares requested for withdrawal have been listed for trading on the TWSE (such Shares, the "Listed Shares") to the depositary and the custodian, (ii) the Listed Shares have been de-materialised (such Shares, the "De-Materialised Shares," and Shares that are both Listed Shares and De-Materialised Shares, hereinafter referred to as the "Final Shares"), and (iii) an equivalent number of Final Shares are available at the facilities of the custodian. HoldCo has informed the depositary that it is expected newly issued common shares which may be deposited by HoldCo from time to time

which are not listed for trading on the TWSE at the time of such deposit will be listed on the TWSE for trading and will be fully de-materialised, thereby becoming Final Shares, no later than 5 ROC business days calendar days after any such deposit. The depositary will deliver common shares represented by HoldCo ADSs (and if applicable, the HoldCo ADRs representing such HoldCo ADSs) presented for cancellation only to the extent of the number of Final Shares then on deposit with the custodian, the depositary will process presentations of HoldCo ADSs for withdrawal of Final Shares on a first come, first served basis, the depositary will complete requests for cancellation of HoldCo ADSs and withdrawal of the common shares represented only to the extent of the number of Final Shares at such time on deposit with the custodian, the depositary will refuse to complete a request for cancellation of HoldCo ADSs and withdrawal of common shares to the extent the number of common shares requested for withdrawal exceeds the number of Final Shares at such time deposited with the custodian, and the depositary reserves the right to suspend withdrawals of common shares until such time as the requisite number of Final Shares are deposited with the custodian.

The HoldCo Deposit Agreement may not be modified to impair your right to withdraw the securities represented by your HoldCo ADSs except to comply with mandatory provisions of law.

Voting Rights

Except as described below, you generally have no right under the HoldCo Deposit Agreement to instruct the depositary to exercise the voting rights for the Shares represented by your HoldCo ADSs. Instead, by accepting HoldCo ADSs or any beneficial interest in HoldCo ADSs, you will be deemed to have authorized and directed the

Table of Contents

depositary to appoint our Chairman or his designee to represent you at our shareholders' meeting and to vote, without liability, the common shares of HoldCo deposited with the custodian according to the terms of the HoldCo ADSs. The voting rights of holders of Shares are described in "Description of HoldCo Common Shares — Voting Rights."

The depositary will distribute to you notices of shareholders' meetings received from HoldCo together with information explaining how to instruct the depositary to exercise the voting rights of the securities represented by HoldCo ADSs.

If HoldCo fails to timely provide the depositary with its notice of meeting or other materials related to any meeting of owners of Shares, the depositary will endeavor to cause all the deposited securities represented by HoldCo ADSs to be present at the applicable meeting, insofar as practicable and permitted under applicable law, but will not cause those securities to be voted. *According to the ROC Company Law, except under limited circumstances described below, generally a shareholder's voting rights must, as to all matters brought to a vote of shareholders, be exercised as to all shares held by the shareholder in the same manner, except in the case of an election of directors (including independent directors), which may be conducted by means of cumulative voting or other mechanisms adopted in our Articles of Incorporation. Pursuant to ROC Company Law and our Articles of Incorporation, the election of directors (including independent directors) is by means of cumulative voting.*

If the depositary timely receives voting instructions from holders of at least 51% of the outstanding HoldCo ADSs to vote in the same manner regarding one or more resolutions to be considered at the meeting, including the election of directors, the depositary will, subject to its receipt of satisfactory opinions of counsel, notify and instruct the Chairman of HoldCo or his designee of the instructions to attend the meeting and vote all the securities represented by the holders' HoldCo ADSs in accordance with the direction received from holders at least 51% of the outstanding HoldCo ADSs.

If HoldCo has timely provided the depositary with the materials described in the applicable HoldCo Deposit Agreement and the depositary has not timely received instructions from holders of at least 51% of the outstanding HoldCo ADSs to vote in the same direction regarding any resolution to be considered at the meeting, including the election of directors, and, provided the HoldCo Deposit Agreement allows the holder of HoldCo ADSs to exercise its voting right on an individual basis, and any other matter where ROC law does not require a holder of the common shares of HoldCo to vote all common shares of HoldCo in the same manner and subject to its receipt of satisfactory opinions of counsel, and the depositary has secured satisfactory opinion of counsel, then you will be deemed to have authorized and directed the depositary to give a discretionary proxy to the Chairman of HoldCo or his designee to attend and vote at the meeting the Shares represented by your HoldCo ADSs in any manner such person may wish (which may not be in the interests of holders) unless the Chairman, or such designated person, shall have informed the depositary that he does not wish to be so authorized and directed.

Proposal Rights

Holders of one percent or more of the total and issued outstanding common shares of HoldCo will be entitled to submit one written proposal each year for consideration at HoldCo's annual ordinary meeting of stockholders provided that (i) the proposal is in the Chinese language and does not exceed 300 Chinese characters, (ii) the proposal is submitted to us prior to the expiration of the period for submission of proposals (the "Submission Period") announced by us, (iii) only one (1) matter for consideration at our annual ordinary meeting of shareholders is allowed in each proposal, and (iv) the proposing shareholder shall attend, in person or by a proxy, such annual ordinary meeting whereat his or her or its proposal is to be discussed and such proposing shareholder, or his or her or its proxy, shall take part in the discussion of such proposal.

As the holder of HoldCo Common Shares, the depositary is entitled, provided the conditions of ROC law are satisfied, to submit only one (1) proposal each year in respect of all of the common shares held on deposit. Holders and beneficial owners of HoldCo ADSs do not under ROC law have individual rights to submit proposals to us but may be able to submit proposals to us for consideration at the annual ordinary meeting of shareholders if the beneficial owners (i) timely present their HoldCo ADSs to the depositary for cancellation pursuant to the terms of the HoldCo Deposit Agreement and become holders of HoldCo Common Shares in the ROC prior to the expiration of the Submission Period and prior to the applicable shareholder proposal record date, and (ii) otherwise satisfy the conditions of ROC law applicable to the submission of proposals to HoldCo for consideration at an annual ordinary meeting of our shareholders.

Table of Contents

The depositary will, if so requested by (a) beneficial owner(s) as of the applicable HoldCo ADS record date that own(s), individually or as a group, at least 51% of the HoldCo ADSs outstanding as of the applicable HoldCo ADS record date, submit to us for consideration at the annual ordinary meeting of HoldCo shareholders one (1) proposal each year, provided that certain terms and conditions as set forth in the HoldCo Deposit Agreement are met.

The depositary will not be obligated to provide to holders and beneficial owners of HoldCo ADSs any notices relating to the proposal rights, including, without limitation, notice of submission period, or the receipt of any proposal(s) from submitting holders, or of the holdings of any HoldCo ADSs by any persons, except that the depositary shall, upon a HoldCo ADS holder's request, inform such holder of the total number of HoldCo ADSs the issued.

Fees and Charges

As a HoldCo ADS holder, you will be required to pay the following fees under the terms of the HoldCo Deposit Agreement:

Service	Fees
· Issuance of HoldCo ADSs (e.g., an issuance upon a deposit of shares, upon a change in HoldCo ADS(s)-to-shares(s) ratio, or for any other reason), excluding issuances as a result of distributions of shares	Up to U.S. 5¢ per HoldCo ADS issued
· Cancellation of HoldCo ADSs (e.g., a cancellation of HoldCo ADSs for delivery of deposited shares, upon a change in the HoldCo ADS(s)-to-share(s) ratio, or for any other reason)	Up to U.S. 5¢ per HoldCo ADS canceled
· Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S. 5¢ per HoldCo ADS held
· Distribution of HoldCo ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) an exercise of rights to purchase additional HoldCo ADSs	Up to U.S. 5¢ per HoldCo ADS held
· Distribution of securities other than HoldCo ADSs or rights to purchase additional HoldCo ADSs (e.g., spin-off shares)	Up to U.S. 5¢ per HoldCo ADS held
· HoldCo ADS Services	Up to U.S. 5¢ per HoldCo ADS held on the applicable record date(s) established by the HoldCo Depositary

As a HoldCo ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;

- the registration fees as may from time to time be in effect for the registration of common shares on the share register and applicable to transfers of common shares to or from the name of the custodian, the HoldCo Depositary or any nominees upon the making of deposits and withdrawals, respectively;

- certain cable, telex and facsimile transmission and delivery expenses;

- the expenses and charges incurred by the HoldCo Depositary in the conversion of foreign currency;

- the fees and expenses incurred by the HoldCo Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to common shares, HoldCo ADSs and HoldCo ADRs; and

Table of Contents

- the fees and expenses incurred by the HoldCo Depositary, the custodian or any nominee in connection with the servicing or delivery of deposited property.

HoldCo ADS fees and charges payable upon (i) the issuance of HoldCo ADSs and (ii) cancellation of HoldCo ADSs will be payable by the person to whom the HoldCo ADSs are so issued (in the case of HoldCo ADS issuances) and by the person whose HoldCo ADSs are being cancelled (in the case of HoldCo ADS cancellations). In the case of HoldCo ADSs issued by the HoldCo Depositary into DTC or held via DTC, the HoldCo ADS issuance and cancellation fees and charges will be payable by the DTC participant(s) receiving the HoldCo ADSs or whose HoldCo ADSs are being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account(s) of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participant(s) as in effect at the time. HoldCo ADS fees and charges in respect of distributions and the HoldCo ADS service fee are charged to the holders as of the applicable HoldCo ADS record date. In the case of distributions of cash, the amount of the applicable HoldCo ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the HoldCo ADS service fee, holders as of the HoldCo ADS record date will be invoiced for the amount of the HoldCo ADS fees and charges and such HoldCo ADS fees and charges may be deducted from distributions made to holders of HoldCo ADSs. For HoldCo ADSs held through DTC, the HoldCo ADS fees and charges for distributions other than cash and the HoldCo ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such HoldCo ADS fees and charges to the beneficial owners for whom they hold HoldCo ADSs.

In the event of refusal to pay the HoldCo Depositary fees, the HoldCo Depositary may, under the terms of the HoldCo Deposit Agreement, refuse the requested service until payment is received or may set off the amount of the HoldCo Depositary fees from any distribution to be made to the HoldCo ADS holder. Certain of the depositary fees and charges (such as the HoldCo ADS services fee) may become payable shortly after the Closing Date. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the HoldCo Depositary. You will receive prior notice of such changes. The HoldCo Depositary may reimburse us for certain expenses incurred by us in respect of the HoldCo ADR program, by making available a portion of the HoldCo ADS fees charged in respect of the HoldCo ADR program or otherwise, upon such terms and conditions as we and the HoldCo Depositary agree from time to time.

The obligation of holders and beneficial owners to pay HoldCo ADS fees and charges shall survive the termination of the HoldCo Deposit Agreement.

Amendments and Termination

HoldCo may agree with the HoldCo Depositary to modify the HoldCo Deposit Agreement at any time without your consent. HoldCo will undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the HoldCo Deposit Agreement. HoldCo will not consider to be

materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the HoldCo ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, HoldCo may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the HoldCo Deposit Agreement if you continue to hold your HoldCo ADSs after the modifications to the HoldCo Deposit Agreement become effective. The HoldCo Deposit Agreement cannot be amended to prevent you from withdrawing the common shares represented by your HoldCo ADSs (except as permitted by law).

We have the right to direct the HoldCo Depositary to terminate the HoldCo Deposit Agreement. Similarly, the HoldCo Depositary may in certain circumstances on its own initiative terminate the HoldCo Deposit Agreement. In either case, the HoldCo Depositary must give notice to the holders at least 30 days before termination. Until termination, your rights under the HoldCo Deposit Agreement will be unaffected.

After termination, the HoldCo Depositary will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your HoldCo ADSs) and may sell the securities held on

Table of Contents

deposit. After the sale, the HoldCo Depositary will hold the proceeds from such sale and any other funds then held for the holders of HoldCo ADSs in a non-interest-bearing account. At that point, the HoldCo Depositary will have no further obligations to holders other than to account for the funds then held for the holders of HoldCo ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

Books of Depositary

The HoldCo Depositary will maintain HoldCo ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the HoldCo ADSs and the HoldCo Deposit Agreement.

The HoldCo Depositary will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of HoldCo ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The HoldCo Deposit Agreement limits HoldCo' obligations and the HoldCo Depositary's obligations to you. Please note the following:

- HoldCo and the HoldCo Depositary are obligated only to take the actions specifically stated in the HoldCo Deposit Agreement without negligence or bad faith.

- The HoldCo Depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the HoldCo Deposit Agreement.

- The HoldCo Depositary disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in common shares, for the validity or worth of the common shares, for any tax consequences that result from the ownership of HoldCo ADSs, for the credit worthiness of any third party, for allowing any rights to lapse under the terms of the HoldCo Deposit Agreement, for the timeliness of any of our notices or for our failure to give notice.

- HoldCo and the HoldCo Depositary will not be obligated to perform any act that is inconsistent with the terms of the HoldCo Deposit Agreement.

- HoldCo and the HoldCo Depositary disclaim any liability if we or the HoldCo Depositary are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the HoldCo Deposit Agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of the Articles of Incorporation of HoldCo, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.

- HoldCo and the HoldCo Depositary disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the HoldCo Deposit Agreement or in our Articles of Incorporation or in any provisions of or governing the securities on deposit.

- HoldCo and the HoldCo Depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting common shares for deposit, any holder of HoldCo ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.

- HoldCo and the HoldCo Depositary also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of common shares but is not, under the terms of the HoldCo Deposit Agreement, made available to you.

Table of Contents

- HoldCo and the HoldCo Depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.

- HoldCo and the HoldCo Depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the HoldCo Deposit Agreement.

- No disclaimer of any Securities Act liability is intended by any provision of the HoldCo Deposit Agreement.

Pre-Release Transactions

Subject to the terms and conditions of the HoldCo Deposit Agreement, the HoldCo Depositary may issue to broker/dealers HoldCo ADSs before receiving a deposit of common shares. These transactions are commonly referred to as "pre-release transactions," and are entered into between the HoldCo Depositary and the applicable broker/dealer. The HoldCo Deposit Agreement limits the aggregate size of pre-release transactions (not to exceed 30% of the common shares on deposit in the aggregate) and imposes a number of conditions on such transactions (i.e., the need to receive collateral, the type of collateral required, the representations required from brokers, etc.). The HoldCo Depositary may retain the compensation received from the pre-release transactions.

Taxes

You will be responsible for the taxes and other governmental charges payable on the HoldCo ADSs and the securities represented by the HoldCo ADSs. HoldCo, the HoldCo Depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The HoldCo Depositary may refuse to issue HoldCo ADSs, to deliver, transfer, split and combine HoldCo ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The HoldCo Depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the HoldCo Depositary and to the custodian proof of taxpayer status and residence and such other information as the HoldCo Depositary and the custodian may require to fulfill legal obligations. You are required to indemnify HoldCo, the HoldCo Depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The HoldCo Depositary will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the HoldCo Deposit Agreement (net of any fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements).

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the HoldCo Depositary may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.

- Distribute the foreign currency to holders for whom the distribution is lawful and practical.

- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law/Waiver of Jury Trial

The HoldCo Deposit Agreement and the HoldCo ADRs will be interpreted in accordance with the laws of the State of New York. The rights of holders of common shares (including common shares represented by HoldCo ADSs) are governed by the laws of the ROC.

Table of Contents

AS A PARTY TO THE HOLDCO DEPOSIT AGREEMENT, YOU WAIVE YOUR RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THE HOLDCO DEPOSIT AGREEMENT OR THE HOLDCO ADRs AGAINST US AND/OR THE HOLDCO DEPOSITARY.

Table of Contents

Legal Matters

Baker & McKenzie, ROC counsel to ASE, will render an opinion with respect to the validity of the HoldCo Common Shares to be issued in the Share Exchange.

Experts

The consolidated financial statements of ASE, except SPIL, ASE's investment in which is accounted for by use of the equity method, as of December 31, 2015 and 2016 and for each of the three years in the period ended December 31, 2016, incorporated in this proxy statement/prospectus by reference from ASE 2016 20-F, and the effectiveness of ASE's internal control over financial reporting have been audited by Deloitte & Touche, as stated in their reports, which reports (1) express an unqualified opinion on the consolidated financial statements and include an explanatory paragraph referring to the convenience translation of New Taiwan dollar amounts into U.S. dollar amounts and (2) express an unqualified opinion on the effectiveness of internal control over financial reporting and are incorporated by reference herein. The consolidated financial statements of SPIL, ASE's investment in which is accounted for by use of the equity method, have been audited by PricewaterhouseCoopers, Taiwan, as stated in their report incorporated by reference to ASE 2016 20-F. Such financial statements of ASE have been so incorporated in reliance upon the respective reports of such firms given upon their authority as experts in accounting and auditing. All of the foregoing firms are independent registered public accounting firms.

The consolidated financial statements of SPIL and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Annual Report on Internal Control over Financial Reporting) incorporated in this proxy statement/prospectus by reference to SPIL 2016 20-F have been so incorporated in reliance on the report of PricewaterhouseCoopers, Taiwan, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The audited consolidated financial statements of SPIL, not separately presented in this proxy statement/prospectus, have been audited by PricewaterhouseCoopers, Taiwan, an independent registered public accounting firm, whose report thereon is incorporated in this proxy statement/prospectus by reference to ASE 2016 20-F. The audited financial statements of ASE, to the extent they relate to SPIL, have been so included in reliance on the report of such independent registered public accounting firm given on the authority of said firm as experts in auditing and accounting.

Enforceability of Foreign Judgments in the ROC

Upon the completion of the Share Exchange, HoldCo will be, a company limited by shares and incorporated under the ROC Company Law. It is expected that upon the completion of the Share Exchange, the majority HoldCo' directors, executive officers and supervisors and certain other parties named herein will be residents of the ROC and a substantial portion of HoldCo's assets and such persons are located in the ROC. As a result, it may not be possible for investors to effect service of process on HoldCo or such persons outside the ROC, or to enforce against any of their judgments obtained in courts outside of the ROC. ROC counsel has advised that any final judgment obtained against us or such persons in any court other than the courts of the ROC in respect of any legal suit or proceeding arising out of or relating to the Share Exchange will be enforced by the courts of the ROC without further review of the merits only if the court of the ROC in which enforcement is sought is satisfied that:

- the court rendering the judgment has jurisdiction over the subject matter according to the laws of the ROC;

- the judgment and the court procedures resulting in the judgment are not contrary to the public order or good morals of the ROC;

- if the judgment was rendered by default by the court rendering the judgment, (i) we or such persons were duly served in the jurisdiction of such court within a reasonable period of time in accordance with the laws and regulations of such jurisdiction, or (ii) process was served on us or such persons with judicial assistance of the ROC; and

- judgments of the courts of the ROC are recognized in the jurisdiction of the court rendering the judgment on a reciprocal basis.

A party seeking to enforce a foreign judgment in the ROC would, except under limited circumstances, be required to obtain foreign exchange approval from the Central Bank of the Republic of China (Taiwan) for the remittance out of the ROC of any amounts exceeding US$100,000 or its equivalent recovered in respect of such judgment denominated in a currency other than NT dollars.

Table of Contents

Where You Can Find More Information

ASE files annual, quarterly and current reports, proxy statements and other information with the SEC as required under the Exchange Act. ASE is currently, and upon completion of the Share Exchange, HoldCo will be, subject to periodic reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. As a "foreign private issuer" and, under the rules adopted under the Exchange Act, ASE is, and upon the completion of the Share Exchange, HoldCo will be, exempted from certain of the requirements of that Exchange Act, including the proxy and information provisions of Section 14 of the Exchange Act and the reporting and liability provisions applicable to officers, directors and significant shareholders under Section 16 of the Exchange Act. ASE files annual reports on Form 20-F with the SEC and also furnishes reports on Form 6-K to the SEC.

You may read and copy any reports, statements or other information filed by ASE or SPIL at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including ASE and SPIL. The address of that site is www.sec.gov.

Investors may also consult ASE's or SPIL's website for more information about ASE or SPIL, respectively. ASE's website is http://www.aseglobal.com. SPIL's website is http://www.spil.com.tw. Information included on these websites is not incorporated by reference into this proxy statement/prospectus.

ASE and SPIL have filed with the SEC a registration statement on Form F-4 of which this proxy statement/prospectus forms a part. The registration statement registers the HoldCo Common Shares to be issued to ASE shareholders in exchange for its ASE Common Shares in connection with the Share Exchange. A related registration statement on Form F-6 has also been filed with the SEC to register HoldCo ADSs representing HoldCo Common Shares. The registration statements and their exhibits and schedules contain additional relevant information about ASE and SPIL, ASE Common Shares and ASE ADSs. As allowed by SEC rules, this proxy statement/prospectus does not contain all the information you can find in the registration statement on Form F-4 filed by ASE and SPIL and the exhibits to the registration statement.

In addition, the SEC allows ASE to "incorporate by reference" information into this proxy statement/prospectus, which means that ASE can disclose important information to you by referring you to other documents filed separately with the SEC. The information incorporated by reference into this proxy statement/prospectus is considered part of this proxy statement/prospectus, except for any information superseded by information contained directly in this proxy statement/prospectus or in later filed documents incorporated by reference into this proxy statement/prospectus.

This proxy statement/prospectus incorporates by reference the documents listed below that ASE and SPIL have previously filed with the SEC. These documents contain important information about the companies, their respective financial condition and other matters.

ASE SEC Filings (File No. 001-16125)	**Period or File Date**
Annual Report on Form 20-F	Year ended December 31, 2016, filed on April 21, 2017
Current Report on Form 6-K	Furnished on December 14, 2017 (Exhibit 99.1 only)

SPIL SEC Filings (File No. 000-30702)	**Period or File Date**
Annual Report on Form 20-F	Year ended December 31, 2016, filed on April 11, 2017
Current Report on Form 6-K	Furnished on December 14, 2017 (Exhibit 99.1 only)

In addition, all annual reports on Form 20-F that ASE or SPIL files with the SEC and certain reports on Form 6-K that ASE furnishes to the SEC indicating, to the extent designated therein, that they are so incorporated by reference into this proxy statement/prospectus, in each case after the date of this proxy statement/prospectus and

Table of Contents

prior to the date of the ASE EGM and the SPIL EGM, will also be incorporated by reference into this proxy statement/prospectus. Such documents filed or furnished by ASE are considered to be a part of this proxy statement/prospectus, effective as of the date such documents are filed or furnished.

You can obtain any of these documents from the SEC, through the SEC's website at the address described above, or ASE or SPIL as applicable, will provide you with copies of these documents, without charge, upon written or oral request to:

Advanced Semiconductor Engineering, Inc.
e-mail: ir@aseglobal.com
Tel: +886-2-6636-5678
Room 1901, No. 333, Section 1 Keelung Rd.
Taipei, Taiwan, 110
Republic of China
Attention: Investor Relations

In the event of conflicting information in this proxy statement/prospectus in comparison to any document incorporated by reference into this proxy statement/prospectus, or among documents incorporated by reference, the information in the latest filed document controls.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated [DATE], 2017. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of such incorporated document. Neither the delivery of this proxy statement/prospectus to ASE shareholders nor the issuance of HoldCo Common Shares or HoldCo ADSs in connection with the Share Exchange will create any implication to the contrary.

Part II

Information Not Required in Prospectus

Item 20. Indemnification of Officers and Directors

The relationships between each Registrant and its directors and officers are governed by the ROC Civil Code, the ROC Company Law and such Registrant's articles of incorporation. There is no written agreement between either Registrant and its directors and officers governing the rights and obligations of such parties. Each person who was or is party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was either Registrant's director or officer, in the absence of willful misconduct or gross negligence on the part of such person in connection with such person's performance of duties as a director or officer, as the case may be, may be indemnified and held harmless by such Registrant to the fullest extent permitted by applicable law.

Item 21. Exhibits and Financial Statements Schedules

(a) Exhibits

- EX-3.1 Form of Articles of Incorporation of ASE Industrial Holding Co., Ltd. (proposed to be adopted on or about [DATE], 2018) (English translation) **
- EX-4.1 Form of Specimen of ASE Industrial Holding Co., Ltd. American Depositary Receipt *

Table of Contents

- EX-4.2 Form of Deposit Agreement, among ASE Industrial Holding Co., Ltd., Citibank, N.A., as depositary, and holders and beneficial owners of American depositary shares issued thereunder *

- EX-5.1 Opinion of Baker & McKenzie regarding the validity of the common shares of ASE Industrial Holding Co., Ltd. *

- EX-8.1 Opinion of Baker & McKenzie regarding certain Republic of China tax consequences in connection with the Share Exchange (included in Exhibit 5.1) *

- EX- 8.2 Opinion of Davis Polk & Wardwell LLP regarding certain United States Federal tax consequences of the Share Exchange *

- EX-12.1 Computation of Ratio of Earnings to Fixed Charges *

- EX-21.1 Subsidiaries of ASE **

- EX-21.2 Subsidiaries of SPIL **

- EX-23.1 Consent of Deloitte & Touche **

- EX-23.2 Consents of PricewaterhouseCoopers, Taiwan **

- EX-23.3 Consent of Baker & McKenzie (included in Exhibits 5.1 and 8.1) *

- EX-23.4 Consent of Davis Polk & Wardwell LLP (included in Exhibit 8.2) *

- EX-23.5 Consent of Mr. Ji-Sheng Chiu of Crowe Horwath (TW) CPAs *

- EX-24.1 Power of Attorney of ASE *

- EX-24.2 Power of Attorney of SPIL *

- EX-99.1 Form of depositary notice to holders of American depositary shares of Advanced Semiconductor Engineering, Inc. relating to the extraordinary general shareholders' meeting of shareholders **

EX-99.2 Form of voting instruction for use by holders of American depositary shares of Advanced Semiconductor Engineering, Inc. **

* Previously filed.

** Filed herewith.

Item 22. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum

Table of Contents

aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934, (and where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned registrant hereby undertakes as follows:

(1) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to the offerings by persons who may be deemed underwriters, in addition to the information called for by the other Items of the applicable form.

(2) That every prospectus (i) that is filed pursuant to the immediately preceding paragraph, or (ii) that purports to meet the requirements of section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415 (§ 230.415 of this chapter), will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(d) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer of controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(e) The undersigned registrant hereby undertakes: (i) to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means, and (ii) to arrange or provide for a facility in the United States for the purpose of responding to such requests. The undertaking

Table of Contents

in subparagraph (i) above includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(f) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Taipei, Taiwan on December 14, 2017.

ADVANCED SEMICONDUCTOR
ENGINEERING, INC.

By: /s/ Jason C.S. Chang
Name: Jason C.S. Chang
Title: Chairman and Chief Executive Officer

120

Table of Contents

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities indicated and on December 14, 2017.

Signature	Title
/s/ Jason C.S. Chang Jason C.S. Chang	Director, Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)
* Richard H.P. Chang	Director, Vice Chairman of the Board of Directors and President
* Rutherford Chang	Director and General Manager of China Region
* Tien Wu	Director and Chief Operating Officer
/s/ Joseph Tung Joseph Tung	Director and Chief Financial Officer (principal financial officer)
* Raymond Lo	Director and General Manager , Kaohsiung Packaging Facility
* Tien-Szu Chen	Director and General Manager of ASE Chung Li Branch
* Jeffrey Chen	Director and General Manager of Corporate Affairs and Strategy of China Region
* Shen-Fu Yu	Independent Director
* Ta-Lin Hsu	Independent Director
* Mei-Yueh Ho	Independent Director
* Murphy Kuo	Controller and Vice President (principal accounting officer)

*By: /s/ Jason C.S. Chang
Jason C.S. Chang
Attorney-in-fact

121

Table of Contents

SIGNATURE OF AUTHORIZED REPRESENTATIVE OF THE REGISTRANT

Pursuant to the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of Advanced Semiconductor Engineering, Inc., has signed this Registration Statement and any amendment thereto in the City of New York, New York, on December 14, 2017.

Cogency Global Inc.

By: /s/ Colleen A. De Vries
Name: Colleen A. De Vries
Title: Senior Vice-President

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Taipei, Taiwan on December 14, 2017.

SILICONWARE PRECISION INDUSTRIES CO., LTD.

By: /s/ Bough Lin
Name: Bough Lin
Title: Chairman of the Board of the Directors

123

Table of Contents

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities indicated and on December 14, 2017.

Signature	Title
/s/ Bough Lin Bough Lin	Chairman; Executive Vice President
* Chi-Wen Tsai	Vice Chairman; President (principal executive officer)
* Wen-Lung Lin	Director
* Yen-Chun Chang	Director; Senior Vice President; Chief Operating Officer
* Randy Hsiao-Yu Lo	Director
* Teresa Wang (Representative of Yang Fong Investment Co., Ltd)	Director
* John Hsuan	Independent Director
* Tsai-Ding Lin	Independent Director
* William W. Sheng	Independent Director
* Eva Chen	Vice President; Chief Financial Officer (principal financial officer and principal accounting officer)

*By: /s/ Bough Lin
Bough Lin
Attorney-in-fact

Table of Contents

SIGNATURE OF AUTHORIZED REPRESENTATIVE OF THE REGISTRANT

Pursuant to the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of Siliconware Precision Industries Co., Ltd., has signed this Registration Statement and any amendment thereto in the City of New York, New York, on December 14, 2017.

Law Debenture Corporate Services Inc.

By: /s/ Giselle Manon
Name: Giselle Manon
Title: Service of Process Officer

Table of Contents

Annex A-1

English Translation of Execution Version

Joint Share Exchange Agreement

Preamble

This Joint Share Exchange Agreement (this "**Agreement**") is entered into on June 30, 2016 (the "**Execution Date**") by and between:

(1) Advanced Semiconductor Engineering, Inc. ("**ASE**"), a company incorporated under Republic of China ("**ROC**") laws, with its address at No. 26, Jingsan Rd, Nanzi District, Kaohsiung City, Taiwan; and

(2) Siliconware Precision Industries Co., Ltd. ("**SPIL**" or the "**Company**"), a company incorporated under ROC laws, with its address at No. 123, Section 3, Da Fong Road, Tantzu District, Taichung City, Taiwan.

WHEREAS ASE and SPIL (each a "**Party**" and collectively the "**Parties**") agree for ASE to file an application to establish HoldCo (as defined below) by means of a statutory share exchange, and HoldCo will acquire all issued and outstanding shares of both ASE and SPIL. After the closing of the share exchange, ASE and SPIL will become wholly-owned subsidiaries of HoldCo concurrently (the "**Share Exchange**" or "**Transaction**"); and

WHEREAS each Party's board of directors has passed a resolution approving the Share Exchange.

NOW THEREFORE, IN WITNESS WHEREOF, the Parties have entered into this Agreement as follows:

Definitions

Save for the definitions set forth in the Preamble, in this Agreement:

"**HoldCo**" means (temporary English name: ASE Industrial Holding Co., Ltd.) to be established by ASE pu
Article 1.1 hereof.

"**SPIL Foreign Convertible Bonds**" means US$400,000,000 unsecured foreign convertible bonds issued by SPIL on October 31, 2014, due on October 31, 2019, with an outstanding balance of US$400,000,000, convertible into SPIL's new common shares, with the final conversion date at October 21, 2019. As the Execution Date occurs during the suspension period for conversion of SPIL Foreign Convertible Bonds, the conversion price per share shall be referred to the conversion price thereof announced by SPIL on July 1, 2016.

"**Exchange Ratio**" means the exchange of each ordinary share of ASE for 0.5 ordinary share of HoldCo (1 ASE's American depositary share each representing five ASE common shares to be exchanged for 1.25 HoldCo's American depositary shares each representing two HoldCo common shares).

Table of Contents

"**Cash Consideration**" means Initial Cash Consideration or Adjusted Cash Consideration, as applicable.

"**Initial Cash Consideration**" means NT$55 in cash to be exchanged for each SPIL common share.

"**Adjusted Cash Consideration**" means the cash consideration adjusted according to Article 3.2 and Article 4.2 hereof.

"**SEC**" means United States Securities and Exchange Commission.

"**Antitrust Law**" means (1) the ROC Fair Trade Act and laws relating thereto, (2) the U.S. Sherman Act, as amended, the U.S. Clayton Act, as amended, the U.S. Hart-Scott-Rodino Antitrust Improvements Act, as amended, and the U.S. Federal Trade Commission Act, as amended, (3) the Anti-monopoly Law of People's Republic of China with effectiveness from August 1, 2008, and (4) all other applicable laws issued by government entities for the purposes of prohibiting, restricting or regulating conducts with the purpose or effect of monopolizing, restricting trade or reducing competition through mergers or acquisitions.

"**SPIL Material Adverse Effect Event**" means any changes, developments, incidents, matters, effects or facts, which, individually or in combination with all other such changes, developments, incidents, matters, effects or facts, result in material adverse effects on SPIL and SPIL Subsidiaries, operating as a whole (for the purpose of this definition, "material" shall mean that the occurrence of said events or circumstances, individually or in aggregate, results in a decrease in the consolidated net book value of SPIL by 10% or more as compared to the net book value stated in SPIL's consolidated audited financial statements as of March 31, 2016); provided that the following changes, developments, incidents, matters, effects or facts shall not, individually or in aggregate, be regarded as having a material adverse effect on SPIL, or be taken into account in determining whether there has been a SPIL Material Adverse Effect, if they are induced or caused by: (1) any change of capital market conditions or economic condition, including a change pertaining to interest rate or exchange rate; (2) any change of geopolitical conditions occurring after the date hereof, or outbreak or escalation of any conflict, or any war or terrorism actions; (3) force majeure occurring after the date hereof; (4) any change of applicable law, regulation or accounting standards (or any official interpretation thereof) proposed, approved or promulgated on or after the date hereof; (5) any change of the industry in which SPIL or a SPIL Subsidiary operates; (6) underperformance in and of itself by SPIL or SPIL Subsidiaries of any internal or public predictions, forecasts, projections or estimates relevant to income, profits or other financial or operational targets before, on or after the date hereof, or change of market price, credit rating or trading volume of its securities, provided that SPIL's directors have met their duty of care and duty of loyalty; and (7) announcement and contingency of this Agreement or transactions contemplated hereunder (including any transaction-related litigation) of this Agreement, any adoption of actions required or expressly required in the covenants specified in this Agreement, including any loss of or change of relationship with any customer, supplier, distributor or other business partners of SPIL or SPIL

Table of Contents

Subsidiaries, or departure of any employee or senior management, resulting from or relevant to the announcement and contingency of this Agreement or transactions contemplated hereunder, provided that SPIL's directors have met their duty of care and duty of loyalty.

"**ASE Material Adverse Effect Event**" means any changes, developments, incidents, matters, effects or facts which, individually or in combination with all other such changes, developments, incidents, matters, effects or facts, result in material adverse effects on ASE and ASE's subsidiaries, operating as a whole (for the purposes of this definition, "material" means that the occurrence of said events or circumstances, individually or in aggregate, results in a decrease in the consolidated net book value of ASE by 10% or more as compared to the net book value stated in ASE's consolidated audited financial statements as of March 31, 2016); provided that the following changes, developments, incidents, matters, effects or facts shall not, individually or in aggregate, be regarded as having a material adverse effect on ASE, or be taken into account in determining whether there has been an ASE Material Adverse Effect, if they are induced or caused by: (1) any change of capital market conditions or economic condition, including a change pertaining to interest rate or exchange rate; (2) any change of geopolitical conditions occurring after the date hereof, or outbreak or escalation of any conflict, or any war or terrorism actions; (3) force majeure occurring after the date hereof; (4) any change of applicable law, regulation or accounting standards (or any official interpretation thereof) proposed, approved or promulgated on or after the date hereof; (5) any change of the industry in which ASE or an ASE's subsidiary operates; (6) underperformance in and of itself by ASE or ASE's subsidiaries of any internal or public predictions, forecasts, projections or estimates relevant to income, profits or other financial or operational targets before, on or after the date hereof, or change of market price, credit rating or trading volume of its securities, provided that ASE's directors have met their duty of care and duty of loyalty; (7) announcement and contingency of this Agreement or transactions contemplated hereunder (including any transaction-related litigation) of this Agreement, any adoption of actions required or expressly required in the covenants specified in this Agreement, including any loss of or change of relationship with any customer, supplier, distributor or other business partners of ASE or ASE's subsidiaries, or departure of any employee or senior management, resulting from or relevant to the announcement and contingency of this Agreement or transactions contemplated hereunder, provided that ASE's directors have met their duty of care and duty of loyalty; and (8) internal organizational restructuring of ASE and/or ASE's subsidiaries.

"**Long Stop Date**" means the expiry day of 18 months after the Execution Date (i.e., December 31, 2017) or a later date otherwise agreed in writing by both Parties.

"**Share Exchange Record Date**" means the date on which the exchanges of shares shall be completed as contemplated by the boards of directors of HoldCo and both Parties in accordance with the provisions of laws and Article 6.5 of this Agreement.

"**Relevant Securities Regulators**" means the Taiwan Financial Supervisory Commission, the Taiwan Stock Exchange and the SEC.

Table of Contents

"**Antitrust Law Enforcement Authorities of Relevant Countries or Regions**" means the Taiwan Fair Trade Commission, the United States Federal Trade Commission and the Ministry of Commerce of the People's Republic of China.

"**SPIL Subsidiaries**" means subsidiaries listed in SPIL's audited consolidated financial statements as of March 31, 2016.

"**Intellectual Property Rights**" means publicly registered patents, trademarks, copyrights and other intellectual property rights.

"**Material Contracts**" means all material agreements, contracts, representations, covenants, commitments, warranties, guarantees or other obligations that SPIL and SPIL Subsidiaries have entered into or undertaken.

"**Superior Proposal**" means a *bona fide*, unsolicited written offer for an Alternate Transaction (as defined below) to SPIL made by a party other than ASE, SPIL or any of SPIL's directors, managers, employees, agents or representatives; and the terms and conditions of such an offer are considered to be more favorable to SPIL and all shareholders of SPIL than the terms and conditions of this Transaction by opinions separately issued by a renowned investment bank and law firm appointed by the SPIL's audit committee.

"**SPIL Employees**" means all employees (including all appointed managers) of SPIL and SPIL Subsidiaries.

"**100% Subsidiaries**" means wholly-owned subsidiaries of HoldCo.

"**Alternate Transaction**" means (1) any transaction that may involve a spin-off, a purchase or sale of shares of non-financial investment nature, or any other transaction of similar nature; (2) a lease of all businesses or an entrustment, a joint operation or an assumption of the entire business or assets from others (except for an assumption of the entire business or assets from others in an aggregated transaction amount of less than NT$500,000,000); or (3) any merger and acquisition without issuing HoldCo's shares, any sale of all or material assets or businesses of 100% Subsidiaries, any disposal of interest in material assets or businesses of 100% Subsidiaries, or exclusive licensing of all or material patents or technologies of 100% Subsidiaries.

"**Force Majeure Events**" means judgments or orders of courts, orders or dispositions of relevant competent authorities, wars, hostility, blockade, riots, revolutions, strikes, work suspension, financial crisis, nuclear disasters, fires, hurricanes, earthquakes, tsunamis, plagues or floods, etc., which are not attributable to the Parties, or force majeure or equivalent events.

1. Share Exchange

1.1 ASE and SPIL agree that ASE shall file an application to establish HoldCo and effect, jointly with SPIL, the Share Exchange in accordance with the Republic of China Enterprise Mergers and Acquisitions Act and relevant laws and regulations.

Table of Contents

The general shareholders' meetings of both Parties will consider resolutions to approve the transfer of all the issued and outstanding shares of both Parties to HoldCo, and HoldCo will issue new shares to ASE's shareholders, and pay the Cash Consideration to SPIL's shareholders as consideration, based on the Exchange Ratio and Cash Consideration provided under Article 3 hereof.

1.2 ASE and SPIL agree that, upon the completion of the Share Exchange, ASE and SPIL shall each maintain its separate legal entity status and shall each retain its respective legal entity name, and that ASE and SPIL will become wholly-owned subsidiaries of HoldCo concurrently. HoldCo's Articles of Association is attached hereto as Appendix 1.

2. ASE's and SPIL's Capital Structures as of Execution Date

2.1 ASE represents to SPIL that its capital structure as of the Execution Date is as follows:

2.1.1 ASE's paid-in share capital amounts to NT$79,236,225,960 million, with a total of 7,923,622,596 issued and outstanding common shares (including 5,349,700 shares which remain to be registered for change).

2.1.2 ASE has 120,000,000 treasury shares.

2.1.3 It has a total of US$600,000,000 issued and outstanding unsecured foreign convertible bonds, specifically:

(1) US$400,000,000 unsecured foreign convertible bonds issued by ASE on September 5, 2013, with outstanding balance of US$400,000,000, convertible into ASE's new common shares, due on August 26, 2018, and the conversion price per share as of the Execution Date is NT$31.93.

(2) US$200,000,000 unsecured foreign convertible bonds issued by ASE on July 2, 2015, with outstanding balance of US$200,000,000, convertible into ASE's treasury shares as described under Article 2.1.2 hereof, due on March 17, 2017, and the conversion price per share as of the Execution Date is NT$54.5465.

2.1.4 ASE has a total of 236,676,850 units of issued but not vested employee stock options, specifically:

(1) 185,806,000 units of employee stock options issued by ASE on December 19, 2007, due on December 18, 2017, each unit exercisable for 1 common share, and its exercise price per share as of the Execution Date is NT$21.10, with the balance of the issued but not vested employee stock options amounting to 53,938,500 units.

(2) 187,719,500 units of employee stock options issued by ASE on May 6, 2010, due on May 5, 2020, each unit exercisable for 1 common share, and

A-1-5

Table of Contents

its exercise price per share as of the Execution Date is NT$20.4, with the balance of the issued but not vested employee stock options amounting to 84,056,850 units.

(3) 12,280,000 units of employee stock options issued by ASE on April 15, 2011, due on April 14, 2021, each unit exercisable for 1 common share, and its exercise price per share as of the Execution Date is NT$22.6, with the balance of the issued but not vested employee stock options amounting to 7,731,500 units.

(4) 94,270,000 units of ASE's employee stock options issued on September 10, 2015, due on September 9, 2025, each unit exercisable for 1 common share, and its exercise price per share as of the Execution Date is NT$36.5, with the balance of the issued but not vested employee stock options amounting to 90,950,000 units.

2.1.5 Except as set forth in Article 2.1.1 through Article 2.1.4, ASE has no other issued and outstanding equity-linked securities or other treasury shares.

2.2 SPIL represents to ASE that its capital structure as of the Execution Date is as follows:

2.2.1 Its paid-in share capital amounts to NT$31,163,611,390, with a total of 3,116,361,139 issued and outstanding common shares:

2.2.2 US$400,000,000 SPIL Foreign Convertible Bonds issued by SPIL on October 31, 2014, with an outstanding balance of US$400,000,000, convertible into SPIL's newly issued common shares prior to October 21, 2019. As the Execution Date occurs during the suspension period for conversion of SPIL Foreign Convertible Bonds, the conversion price for each share shall be referred to the conversion price thereof announced by SPIL on July 1, 2016.

2.2.3 Except as set forth in Article 2.2.1 and Article 2.2.2, SPIL has no other issued and outstanding equity-linked securities or other treasury shares.

2.3 The number of total shares as agreed by HoldCo to acquire from each of ASE and SPIL on the Share Exchange Record Date will be based on the actual total number of shares issued by ASE and SPIL, respectively, as of the Share Exchange Record Date.

3. Share Exchange Consideration

3.1 The Transaction will result in the exchange of all of ASE's issued and outstanding shares in consideration for newly issued common shares of HoldCo, at an exchange ratio of 1 ASE common share for 0.5 HoldCo common share (the "**Exchange Ratio**") (1 ASE American depositary share (each ASE American depositary share currently represents five ASE common shares) shall be

A-1-6

Table of Contents

exchanged for 1.25 Holdco American depositary shares (each HoldCo American depositary share will represent two HoldCo common shares)). The actual number of ASE's shares expected to be exchanged under this Transaction will be based on the total number of shares issued by ASE as of the Share Exchange Record Date.

3.2 The Transaction will result in the exchange of each of SPIL's issued and outstanding shares for the Cash Consideration payable by HoldCo. The actual number of SPIL's shares to be exchanged under the Transaction will be based on the total amount of shares issued by SPIL and outstanding as of the Share Exchange Record Date. The Cash Consideration will be subject to adjustments if SPIL issues shares or cash dividends during the period from the Execution Date to the Share Exchange Record Date, provided, however, the Cash Consideration shall not be subject to adjustment if the cash dividends distributed by SPIL in 2017 is less than 85% of its after-tax net profit for the year 2016.

3.3 ASE shall, before SPIL's submission of Schedule 13E-3 to the SEC, confirm with SPIL the types and their composition of ASE's and HoldCo's funding sources, and present proof documentation in respect of sources of funding (including, but not limited to, the financing plan and a highly confident letter conforming to market practice issued by bank(s) on the financing of the Transaction) that can demonstrate ASE's and HoldCo's abilities to fully pay the Cash Consideration. In addition, ASE and HoldCo shall, no later than three business days after the Share Exchange Record Date, transfer the entire amount of the Cash Consideration to a dedicated capital account opened by SPIL's stock transfer agency for the purposes of the closing of the Transaction. ASE and HoldCo shall be jointly and severally liable to the foregoing.

3.4 The total registered capital of HoldCo is contemplated to be NT$50,000,000,000, divided into 5,000,000,000 common shares, with a par value of NT$10, to be issued in installments; the total paid-in share capital of HoldCo as of the Share Exchange Record Date upon initial issuance is temporarily contemplated to be NT$39,618,112,980 million, divided into 3,961,811,298 shares. Prior to the Share Exchange Record Date, the amount of HoldCo's new shares to be issued upon the Share Exchange shall be adjusted to take into account any increase or decrease in the amount of ASE's issued shares arising from any capital increase, capital decrease or issuance of new shares on vesting, exchange or conversion of equity-linked securities.

3.5 Any fractional shares resulting from HoldCo issuing new HoldCo shares to ASE shareholders based on the Exchange Ratio will be subscribed by a person designated by HoldCo's chairman based on ASE's closing price on the trading day immediately before the Share Exchange Record Date on the Taiwan Stock Exchange, calculated based on the Exchange Ratio and such person will pay cash in lieu to such ASE shareholders (rounded down to the nearest NT dollar). HoldCo's board of directors has the sole discretion to implement any changes to the foregoing provisions relating to treatment of fractional shares so long as

Table of Contents

changes are necessary under relevant laws or regulations, or are required for processing purposes.

4. Adjustment to Consideration of Share Exchange

4.1 Both Parties agree that the Exchange Ratio as agreed hereunder shall not be changed unless approved by the competent authority and agreed by the resolutions of the boards of directors of HoldCo and both Parties; and except under the circumstances set forth in Article 4.2 hereof, the Cash Consideration as agreed herein cannot be changed.

4.2 The Parties agree that they shall cause their respective extraordinary general shareholders' meeting (ASE's extraordinary general shareholders' meeting shall be Holdco's promoters' meeting) to adopt a resolution authorizing each Party's and HoldCo's (if applicable) respective board of directors to effect a reasonable adjustment of the Cash Consideration in good faith and by mutual agreement as soon as possible, without the need for a resolution for adjustment at a separately convened general shareholders' meeting (unless as otherwise agreed herein), if any of the events described below occurs during the period from the Execution Date until the Share Exchange Record Date:

4.2.1 Issuance of SPIL's equity-linked securities of any nature (except for any share(s) newly issued as a result of the exercise of conversion rights by holders of SPIL Foreign Convertible Bonds) or other securities convertible into SPIL shares;

4.2.2 SPIL's disposal of material assets;

4.2.3 Occurrence of major disasters causing a SPIL Material Adverse Effect Event, material technical changes or other circumstances affecting SPIL's shareholders' interests or its share prices; or

4.2.4 SPIL's repurchase of treasury shares (except for the repurchase of shares by SPIL subsequent to SPIL shareholders' exercising appraisal rights under law in connection with the Share Exchange).

4.3 For the purposes of Article 4.2.2 and Article 4.23 hereof, "material" shall mean that the occurrence of said events or circumstances, individually or in aggregate, results in an increase or decrease of SPIL's consolidated net book value by 10% or more as compared to the net book value in SPIL's consolidated audited financial statements as of March 31, 2016 (for the avoidance of doubt, excluding a decrease in the net book value in SPIL's consolidated audited financial statements resulted from dividends distributed by SPIL).

4.4 Following the adjustment to the Cash Consideration pursuant to the terms of Article 4 hereof, both Parties shall apply with, notify to or change with the competent authority in accordance with the laws and regulations for the required permission or approval.

Table of Contents

5. Shareholders' Resolutions Approving the Share Exchange

5.1 Both Parties shall each prepare relevant documents subject to the procedures and schedules as agreed under Appendix 2 hereto, and hold an extraordinary general shareholders' meeting to approve this Agreement and the Transaction in a share exchange resolution based on the terms of this Agreement on the same date to be jointly agreed upon by both Parties in good faith and goodwill following clearance by two Antitrust Law Enforcement Authorities of Relevant Countries or Regions (but not later than the 70th calendar day following clearance and approval obtained by both Parties from each of the Antitrust Law Enforcement Authorities of Relevant Countries or Regions).

5.2 The non-independent directors and supervisors (future independent directors) of HoldCo shall be elected at ASE Extraordinary Shareholders' Meeting (i.e., Holdco's promoters' meeting) in accordance with the arrangements set forth in Article 9 of this Agreement.

6. Conditions Precedent to Share Exchange

6.1 HoldCo and both Parties shall effect the Share Exchange to complete the Transaction pursuant to this Agreement if all the conditions precedent below are satisfied:

6.1.1 The unconditional approval of the Transaction at each Party's respective general shareholders' meeting; and

6.1.2 The approvals or consents (including, but not limited to, approvals or consents of conditions and/or burdens imposed by Antitrust Law Enforcement Authorities of Relevant Countries and Regions that both Parties agree to accept) to consummate the Transaction from all relevant competent authorities (including, but not limited to: the Taiwan Stock Exchange, the SEC, and Antitrust Law Enforcement Authorities of Relevant Countries and Regions) shall have been received.

6.1.3 No governmental entity having competent jurisdiction over the Transaction shall have enacted or enforced any order (whether temporary, preliminary or permanent) that is in effect and enforceable prohibiting, enjoining or rendering illegal the consummation of the Transaction, and no law shall have enacted or enforced after the Execution Date rendering illegal or otherwise prohibiting the consummation of the Transaction. For the avoidance of doubt, the enactment or enforcement of an "order" or "law" shall not include the making of a decision by any governmental entity to extend the waiting period or initiate an investigation pursuant to any Antitrust Law or any law of relevant jurisdictions.

Table of Contents

6.2 The obligations of each of HoldCo and ASE to complete the Transaction is subject to the satisfaction of (or HoldCo's and ASE's consent to the waiver of) all the conditions below:

6.2.1 All of SPIL's representations and warranties contained within this Agreement are true and accurate as of the Execution Date and as of the Share Exchange Record Date, except to the extent that no SPIL Material Adverse Effect Event shall have occurred.

6.2.2 SPIL has fulfilled the undertakings and obligations that SPIL is obliged to fulfill in all material respects prior to the Share Exchange Record Date pursuant to this Agreement.

6.2.3 No SPIL Material Adverse Effect Event shall have occurred by the Share Exchange Record Date.

6.2.4 Before the Share Exchange Record Date, no Force Majeure Events shall have occurred which, individually or in aggregate, result in a decrease of SPIL's consolidated net book value by 30% or more as compared to the net book value in SPIL's consolidated audited financial statements as of March 31, 2016.

6.3 SPIL's obligation to complete this Transaction is subject to the satisfaction of (or SPIL's consent to waive) all the conditions below:

6.3.1 All of ASE's representations and warranties contained within this Agreement are true and accurate as of the Execution Date and as of the Share Exchange Record Date, except to the extent that no ASE Material Adverse Effect Event shall have occurred; all of HoldCo's representations and warranties contained within this Agreement are true and accurate as of the Share Exchange Record Date, except to the extent that no HoldCo's material adverse effect event shall have occurred.

6.3.2 ASE and/or HoldCo have fulfilled the undertakings and obligations that ASE and/or HoldCo are obliged to fulfill in all material respects prior to the Share Exchange Record Date pursuant to this Agreement.

6.3.3 No ASE Material Adverse Effect Event shall have occurred by the Share Exchange Record Date.

6.3.4 No Force Majeure Events shall have occurred by the Share Exchange Record Date which, individually or in aggregate, result in a decrease in ASE's consolidated net book value by 30% or more as compared to the net book value in ASE's consolidated audited financial statements as of March 31, 2016.

Table of Contents

6.4 The completion of this Transaction is subject to satisfaction or waiver of all the conditions precedent as set forth in Article 6.1 through 6.3 on or before the Long Stop Date. ASE or SPIL shall not prevent the consummation of this Transaction for any other improper reason. If the closing of the Transaction cannot be completed due to the failure of the conditions precedent as set forth in Article 6.1 through 6.3 hereof to be satisfied on or before the Long Stop Date, this Agreement shall be terminated automatically at 0:00am on the day immediately following the Long Stop Date.

6.5 If all the conditions precedent as set forth in Article 6.1 through 6.3 hereof have been satisfied or waived, the Share Exchange shall be completed on the share exchange record date as agreed by HoldCo's and both Parties' boards of directors in accordance with the laws and regulations and Article 6.5 hereof ("Share Exchange Record Date"). Each Party's and HoldCo's (if applicable) boards of directors shall jointly agree upon and respectively resolve to approve the Share Exchange Record Date within 10 days following the date of approval of their respective general shareholders' meeting to effect the Transaction under Article 5.1 hereof.

7. Representations and Warranties

7.1 ASE represents and warrants to SPIL that the following terms shall be true and correct as of the Execution Date and as of the Share Exchange Record Date:

7.1.1 Valid establishment and existence of the company: ASE is a company limited by shares duly incorporated and validly existing under the ROC Company Act and has obtained all necessary licenses, approvals, permits and other relevant licenses in order to carry on its business operations, except to the extent that failure to obtain such licenses, approvals, permits and other relevant licenses would not give rise to an ASE Material Adverse Effect Event. All the shares issued by ASE have been legally authorized, issued and fully paid.

7.1.2 Validity and effectiveness of this Agreement: the execution and implementation of this Agreement, shall not violate (1) current laws or regulations of the ROC; (2) judgments, orders or dispositions by courts or relevant competent authorities; (3) the articles of incorporation, board resolutions or shareholders' resolutions of ASE; or (4) contracts, agreements, representations, warranties, promises, guarantees, arrangements or other obligations with which ASE shall comply, except to the extent that, in case of (1), (2), (3) or (4), no ASE Material Adverse Effect Event shall have occurred or ASE's ability to fulfill this Agreement is not affected.

As of the Execution Date, subject to (a) pre-merger notification requirements under the Hart–Scott–Rodino Antitrust Improvements Act of 1976 (as amended) and regulations or rules promulgated thereunder (the "**HSR Act**"), (b) filing and/or notification under the Antitrust Laws of any jurisdiction

Table of Contents

outside the United States, (c) approval necessary to be obtained from the SEC for the proxy statement, (d) requirements for the purposes of compliance with state or other local securities, acquisitions and "blue sky" laws, and (e) in addition to other authorizations, consents, approvals, orders, permits, notices, reports, notifications, registrations, qualifications and waivers, ASE's execution hereof, and fulfillment of obligations hereunder, and consummation of the Transaction and other transactions contemplated hereunder have been authorized by the valid and effective resolution of ASE, and this Agreement constitutes a valid and legally binding obligation of ASE, enforceable against ASE in accordance with its terms.

7.1.3 Resolution and authorization by board of directors and/ or shareholders' meeting: ASE's board of directors and/or (before the Share Exchange Record Date) shareholders' meeting have passed resolution(s) approving this Agreement and the Share Exchange and authorized the chairman of ASE or his appointed representative to execute, amend or change this Agreement on behalf of ASE.

7.1.4 All of ASE's representations in Article 2.1 hereof are true and correct as of the Execution Date.

7.2 ASE causes HoldCo to represent and warrant, and represents and warrants jointly and severally with HoldCo, that the following terms shall be true and correct as of the Share Exchange Record Date:

7.2.1 Valid establishment and existence of the company: HoldCo is a company limited by shares duly incorporated and validly existing under the ROC Company Act and has obtained all necessary licenses, approvals, permits and other relevant licenses in order to carry on its business operations, except to the extent that failure to obtain such licenses, approvals, permits and other relevant licenses would not give rise to an material adverse effect event. All the shares issued by HoldCo have been legally authorized, issued and fully paid.

7.2.2 Validity and effectiveness of this Agreement: the execution and implementation of this Agreement, shall not violate (1) current laws or regulations of the ROC; (2) judgments, orders or dispositions by courts or relevant competent authorities; (3) the articles of incorporation, board resolutions or shareholders' resolutions of HoldCo; or (4) contracts, agreements, representations, warranties, promises, guarantees, arrangements or other obligations with which ASE shall comply, except to the extent that, in case of (1), (2), (3) or (4), HoldCo's ability to fulfill this Agreement is not affected. The performance of this Agreement has been authorized by the valid and effective resolution of HoldCo, and this Agreement constitutes a valid and legally binding obligation of HoldCo, enforceable against HoldCo in accordance with its terms.

Table of Contents

7.2.3 Resolution and authorization by board of directors and/or general shareholders' meeting: HoldCo's promoters meeting (if applicable) has passed a resolution approving this Agreement and the Share Exchange.

7.3 Except for (i) the information set forth in Appendix 3 (SPIL Disclosure Letter) and (ii) publicly available information disclosed in accordance with the regulations of the Relevant Securities Regulators, SPIL represents and warrants to ASE that the following terms shall be true and correct as of the Execution Date and as of Share Exchange Record Date (except to the extent that a representation or warranty is by its terms made as of a specified date, in which case such representation or warranty shall be true and correct only as of such date):

7.3.1 Valid establishment and existence of the company: SPIL is a company limited by shares duly incorporated and validly existing under the ROC Company Act and has obtained all necessary licenses, approvals, permits and other relevant licenses in order to carry on its business operations, except to the extent that the failure to obtain such licenses, approvals, permits and other relevant licenses would not cause a SPIL Material Adverse Effect Event to occur. All the shares issued by SPIL have been legally authorized, issued and fully paid.

7.3.2 Validity and effectiveness of this Agreement: the execution and implementation of this Agreement, shall not violate (1) current laws or regulations of the ROC; (2) judgments, orders or dispositions by courts or relevant competent authorities; (3) articles of incorporation, board resolutions or shareholders' resolutions of SPIL; or (4) contracts, agreements, representations, warranties, promises, guarantees, arrangements or other obligations with which SPIL shall comply, except to the extent that, in case of (1), (2), (3) or (4), no SPIL Material Adverse Effect Event shall have occurred or SPIL's ability to fulfill this Agreement is not affected.

As of the Execution Date, subject to (a) pre-merger notification requirements under the Hart–Scott–Rodino Antitrust Improvements Act of 1976 (as amended) and regulations or rules promulgated thereunder (the "**HSR Act**"), (b) filing and/or notification under the Antitrust Laws of any jurisdiction outside the United States, (c) approval necessary to be obtained from the SEC for the proxy statement, (d) requirements for the purposes of compliance with state or other local securities, acquisitions and "blue sky" laws, and (e) in addition to other authorizations, consents, approvals, orders, permits, notices, reports, notifications, registrations, qualifications and waivers, SPIL's execution hereof, and fulfillment of obligations hereunder, and consummation of the Transaction and other transactions contemplated hereunder have been authorized by the valid and effective resolution of SPIL, and this Agreement constitutes a valid and legally binding obligation of SPIL, enforceable against SPIL in accordance with its terms.

Table of Contents

7.3.3 Resolution and authorization by board of directors and/ or shareholders' meeting: SPIL's board of directors and/or (before the Share Exchange Record Date) shareholders' meeting have passed resolution(s) approving this Agreement and the Share Exchange and authorized the chairman of SPIL or his appointed representative to execute, amend or change this Agreement on behalf of SPIL.

7.3.4 All of SPIL's representations in Article 2.2 hereof are true and correct as of the Execution Date.

7.3.5 Financial statements and information: the audited and publicly available financial statements and any other financial statements provided to ASE were prepared in accordance with the applicable international financial reporting standards (Taiwan-IFRSs), and all material issues relating to SPIL and SPIL Subsidiaries were fairly presented, and do not have any fabrications, mistakes or concealments in their content that would cause a SPIL Material Adverse Effect Event to occur. Except as disclosed to ASE in writing, SPIL does not have any debts or other contingent liabilities that would cause a SPIL Material Adverse Effect Event to occur.

7.3.6 Declaration and payment of taxes and charges: except as publicly disclosed in accordance with applicable laws or disclosed in SPIL's audited financial statements as of December 31, 2015, all taxes and charges to be lawfully declared (except for those legally subject to litigation or relief proceedings) have been declared and paid in full within the legally allotted time period without any delays, omissions, fabrications, tax evasions or other violations of relevant tax laws and regulations, orders or explanatory letters that would cause a SPIL Material Adverse Effect Event to occur.

7.3.7 Litigation or contentious matters: except as publicly disclosed in accordance with applicable laws or disclosed in SPIL's audited financial statements as of December 31, 2015, there are no on-going or potential litigation or contentious matters, which is likely to cause a SPIL Material Adverse Effect Event to occur.

7.3.8 Assets and liabilities: SPIL's assets and liabilities of operation have been listed in the financial statements provided to ASE. SPIL has lawful and valid rights over the assets it uses and except as publicly disclosed in accordance with applicable laws or disclosed in SPIL's audited financial statements as of December 31, 2015, its utilization, benefits and disposition are not restrained or limited that would cause a SPIL Material Adverse Effect Event to occur.

7.3.9 No new material debts: except as publicly disclosed in accordance with applicable laws or disclosed in SPIL's audited financial statements as of December 31, 2015 or incurred in the ordinary course of operations, from December 31, 2015 to the Execution Date and the Share Exchange Record Date, no new indebtedness, obligations, burdens or contingent liabilities have

Table of Contents

been incurred that would cause a SPIL Material Adverse Effect Event to occur.

7.3.10 Intellectual property rights: except to the extent that a SPIL Material Adverse Effect Event would be caused to occur, the information contained in SPIL's public filings regarding Intellectual Property Rights is true, accurate and complete, does not contain any concealments or omissions and such Intellectual Property Rights are not subject to mortgages, pledges or other liens or burdens. Except as publicly disclosed in accordance with applicable laws or disclosed in SPIL's audited financial statements as of December 31, 2015, SPIL and SPIL Subsidiaries own valid Intellectual Property Rights for use in their daily major operations and have valid ownership or use right over the Intellectual Property Rights required for their operations. To SPIL's knowledge, SPIL and SPIL Subsidiaries have not infringed upon, and have not been notified in writing or accused of infringing, upon the intellectual property rights of others, and the validity and/or feasibility of the major Intellectual Property Rights owned by SPIL or SPIL Subsidiaries have not been questioned or objected to by others that would cause a SPIL Material Adverse Effect Event to occur.

7.3.11 Labor relations: except as publicly disclosed in accordance with applicable laws or disclosed in SPIL's audited financial statements as of December 31, 2015, there are no material labor disputes or any matters as of the Share Exchange Record Date which are in material violation of relevant labor laws subject to dispositions imposed by labor authorities, which would cause a SPIL Material Adverse Effect Event to occur.

7.3.12 Environmental events: If in accordance with the relevant rules and regulations, SPIL and SPIL Subsidiaries shall apply for relevant pollution treatment facility permits and pollution discharge permits, pay pollution prevention fees or set up professional staff to manage pollution, SPIL and SPIL Subsidiaries have complied with such requirements, and SPIL and SPIL Subsidiaries are not involved in any material environment pollution disputes or subject to dispositions imposed by environmental authorities for material violation of relevant environmental laws that would cause a SPIL Material Adverse Effect Event to occur.

7.3.13 Material contracts: All Material Contracts have been provided in writing or orally disclosed to ASE and are without any fabrications, concealments or mistakes, and, except as otherwise disclosed, such Material Contracts will not be invalid, terminated, dismissed, or claimed to be in breach as a result of the Transaction that would cause a SPIL Material Adverse Effect Event to occur.

7.3.14 No breach of contract: except as publicly disclosed in accordance with applicable laws or disclosed in SPIL's audited financial statements as of December 31, 2015, SPIL and SPIL Subsidiaries are not in breach of any

Table of Contents

material entrustment agreement, mortgage, trust, loan or other contracts to which they are parties, which are binding on them, or under which their properties are subject matters; except that any such breach does not cause a SPIL Material Adverse Effect Event to occur or affect the fulfillment of this Agreement by SPIL and SPIL Subsidiaries.

7.3.15 Materials of this Agreement: All or any part of information required in order to prepare and file the Registration Statement (as defined in Appendix 2) and documents provided by SPIL to ASE are true and correct in all material respects and do not contain any fabrications, mistakes or concealments that would cause a SPIL Material Adverse Effect Event to occur.

7.3.16 Compliance with Laws. SPIL and SPIL Subsidiaries are in compliance with all applicable laws in all material respects without violations that would cause a SPIL Material Adverse Effect Event to occur.

8. Covenants

8.1 ASE and/or HoldCo (if applicable) covenant to SPIL that, from the Execution Date until Share Exchange Record Date:

8.1.1 Except to the extent that SPIL has materially breached any of its obligations, undertakings or representations and warranties under this Agreement, or SPIL has any circumstances that would unreasonably prevent the completion of the Share Exchange or where SPIL's directors have breached their duty of care or duty of royalty in respect of the Transaction, the ASE covenants to SPIL that:

(1) ASE shall support the candidates nominated by SPIL's board of directors to be elected to serve on SPIL's 13th board of directors when SPIL re-elects its board of directors (including independent directors) in June 2017.

(2) ASE shall not intervene SPIL's operation. It shall support the motions put forward by SPIL's board of directors at SPIL's general shareholders' meeting (ASE shall abstain from so acting if ASE has an interest in the motion to SPIL's general shareholders' meeting that threatens SPIL's interest), and shall not solicit proxy forms or replace SPIL's directors in any way including, but not limited to, acting on its own or causing any other party to convene an extraordinary general shareholders' meeting; and unless with SPIL's consent and in compliance with non-compete rules, ASE, ASE's subsidiaries and their current or former directors, supervisors, managers, and/or the spouses and second-degree relatives and other related parties of such directors, supervisors, managers shall not serve as a director of SPIL.

(3) ASE and SPIL will maintain their competition and respective independence without poaching SPIL's employees.

Table of Contents

(4) ASE shall not purchase or acquire SPIL's shares or increase its shares held in SPIL in any manner violating the laws or regulations of relevant countries or regions; for the shares legally increased by ASE in SPIL from the Execution Date to the Share Exchange Record Date, ASE may dispose of them freely for financial purposes, provided that the shares subject to disposal shall be in aggregate less than 10% of the total issued and outstanding SPIL shares; ASE may transfer shares held in SPIL to designated persons who shall not in the integrated circuit packaging industry; if ASE transfers shares held in SPIL in the amount that is in aggregate more than 10% of the total issued and outstanding SPIL shares, ASE shall have firstly obtained SPIL's consent or transfer the shares to SPIL's designated persons.

8.1.2 Provided it is permissible by laws and regulations, ASE and HoldCo shall use its commercially reasonable efforts to assist in obtaining all approvals relating to the Transaction from competent authorities.

8.1.3 ASE and HoldCo shall comply with the Taiwan Fair Trade Act and all relevant laws to the extent they are applicable to the Transaction.

8.1.4 In its SEC Filings (as defined in Appendix 2 hereto), it will recommend ASE's shareholders to vote in favor of this Agreement and the Share Exchange.

8.1.5 If an Antitrust Law Enforcement Authority of Relevant Country or Region puts forward or proposes during its review of the Transaction to impose any addition conditions and/or burdens on ASE, SPIL and/or HoldCo in its clearance/approval of the Transaction, ASE shall, without breaching the principles of SPIL's independent operations set forth hereunder, act in good faith and goodwill.to jointly decide with SPIL on whether or not to accept such conditions and/or burdens, or consult with such Antitrust Law Enforcement Authority of Relevant Country or Region on such conditions and/or burdens.

8.1.6 ASE and HoldCo shall nominate and elect HoldCo's directors and supervisors (future independent directors) pursuant to Article 9 hereof.

8.2 SPIL covenants to ASE that, from the Execution Date until the Share Exchange Record Date:

8.2.1 To the extent permissible under laws and regulations, SPIL shall use its reasonable efforts to assist in obtaining all approvals relating to the Transaction from competent authorities.

8.2.2 Based on the consensus and premises that the laws and regulations will not be violated and ASE and HoldCo will maintain SPIL's independent operations pursuant to this Agreement, SPIL shall use its commercially reasonable efforts, to the extent that the law and regulations of relevant

Table of Contents

countries or regions are not violated, to provide assistance and support to ASE in filing explanations, information and/or notifications to competent authorities (including, but not limited to, filing on a several or joint basis of the relevant documentation to the Taiwan Fair Trade Commission or the Ministry of Commerce of the People's Republic of China, and filing of the relevant documentation on a several basis to the United States Federal Trade Commission), in order for HoldCo and both Parties to receive approval or consent from all relevant competent authorities required to complete the Share Exchange as soon as possible.

8.2.3 SPIL shall comply with the Taiwan Fair Trade Act and all relevant laws to the extent they are applicable to the Transaction.

8.2.4 After ASE issues to SPIL, in connection with the payment of entire amount of Cash Consideration hereunder, the financing plan and a highly confident letter in respect of the financing of the Transaction issued by banks conforming to the market practice , SPIL shall in its SEC Filings (as defined in Appendix 2) recommend to SPIL's shareholders to vote in favor of approving this Agreement and the Share Exchange.

8.2.5 Without the prior written consent of ASE, SPIL shall not nor procure SPIL Subsidiaries to:

(1) Issue any equity-linked securities (except for any share(s) newly issued as a result of the exercise of conversion rights by holders of SPIL Foreign Convertible Bonds).

(2) Except for the repurchase of shares from the shareholders exercising appraisal rights in connection with this Transaction in accordance with laws and regulations and Article 13 hereof or redemption of SPIL Foreign Convertible Bonds as contractually agreed, directly or indirectly repurchase, individually or through any third party, its issued and outstanding shares or equity-linked securities, decrease capital, resolve for dissolution, or file for restructuring, settlement or bankruptcy.

(3) Except subject to affirmative court judgments, arbitration awards or approvals, orders, administrative decisions or approved conditions/burdens or other requirements imposed by competent authorities (including, but not limited to, the Taiwan Stock Exchange, the Taiwan Fair Trade Commission, the United States Federal Trade Commission, the SEC, and the Antitrust Law Enforcement Authorities of Relevant Countries and Regions), none of SPIL or any of its directors, managers, employees, agents or representatives may offer, agree, enter into or sign with any third party any contract, agreement or other arrangements in respect of any following matter: (a) any transaction that may involve a spin-off, a purchase or a sale of shares of non-financial investment nature, or any other transaction of similar nature; (b) a lease of all businesses or an

Table of Contents

entrustment, a joint operation, or an assumption of the entire business or assets from others (except for an assumption of the entire business or assets from others in an aggregated transaction amount less than NT$500,000,000); or (c) any merger and acquisition without issuing HoldCo's shares, any sale of all or material assets or businesses of 100% Subsidiaries, any disposal of interest in material assets or businesses of 100% Subsidiaries, or exclusive licensing of all or material patents or technologies of 100% Subsidiaries, provided, however, if SPIL receives a Superior Proposal from a third party the conditions of which, in the respective opinions of SPIL's audit committee and board of directors, are more favorable than those of this Transaction, SPIL shall notify ASE in writing the entire content of such Superior Proposal, and from the fifth business day following the delivery of notice to ASE, negotiate with, propose to, inquire, deliberate with, contact, discuss, offer or consult with such third party. Both Parties agree that, if SPIL cannot complete the Share Exchange under this Agreement due to its acceptance of a Superior Proposal as set forth above, SPIL shall pay to ASE the amount of NT$17 billion as a termination fee for the Transaction.

8.2.6 If Antitrust Law Enforcement Authorities of Relevant Countries or Regions put forward or propose during their review of the Transaction to impose any conditions and/or burdens on ASE, SPIL and/or HoldCo in the clearance/approval of the Transaction, SPIL shall, without breaching the principles of SPIL's independent operations set forth hereunder, act in good faith and goodwill to jointly decide with ASE on whether or not to accept such conditions and/or burdens, or consult with such Antitrust Law Enforcement Authority of Relevant Countries or Regions on such conditions and/or burdens.

8.3 Special Covenants Applicable Subsequent to the Share Exchange Record Date: ASE, HoldCo and SPIL shall accept, comply with and fulfill the conditions and burdens agreed by both Parties and imposed by Antitrust Law Enforcement Authorities of Relevant Countries.

9. Directors of the HoldCo

9.1 HoldCo's promoters' meeting shall elect nine to thirteen seats of non-independent directors and three seats of supervisors (future independent directors).

9.2 Two seats of the non-independent directors of HoldCo shall include SPIL's chairman and president, respectively (and their successors (if any)). Both Parties will jointly determine in writing, with the utmost good faith and sincerity, the nominee for one independent director of HoldCo's board when HoldCo appoints independent directors.

Table of Contents

10. Guarantee of the Benefits and Rights of SPIL's Employees

10.1 HoldCo shall retain all SPIL Employees as of the Share Exchange Record Date. SPIL Employees to be retained after the completion of the Share Exchange will continue to enjoy the existing employee benefits, working conditions and personnel regulations as of the Execution Date. SPIL Employees' rights to employment shall be duly protected, save for where a SPIL Employee commits a material breach of laws or the personnel regulations of SPIL or SPIL Subsidiaries due to matters that are attributable to him/her and must be handled by SPIL in accordance with the relevant personnel regulation. HoldCo shall reserve a portion of its employee stock options for SPIL's employees when HoldCo issues new employee stock options. SPIL's board of directors may reasonably adjust SPIL's employee compensation and benefits by reference to ASE's employee compensation and benefits.

10.2 HoldCo shall set forth the methods to issue its employee stock options and the portion to be reserved for SPIL Employees based on the number of employees and employee's contribution, performance results and profitability of HoldCo's future subsidiaries; and SPIL will determine, in accordance with its personnel regulations, the proportion of such HoldCo's employee stock options to be distributed to SPIL's management and its other employees.

10.3 ASE and HoldCo agree that SPIL's management team may, based on its own discretion and within three months after the completion of the Share Exchange, implement reasonable and appropriate one-off plans to: (1) retain certain management team members of SPIL and/or (2) handle resignation requests from SPIL Employees who choose to terminate employment after the Share Exchange Record Date, provided that the SPIL management team does not violate its duty of loyalty or duty of care.

10.4 HoldCo and both Parties agree to waive the legal liability of each Party's staff (including, but not limited to, directors, managers and employees) in connection with the Transaction that may be incurred prior to the Share Exchange Date, and each Party agrees to mutually exempt, forego, waive all of its recourses in law against the other Party's staff as set forth above in connection with the Transaction that may be incurred prior to the Share Exchange Record Date. HoldCo and both Parties agree to waive the liability of any intermediary, its owner or employee arising from its engagement in the Transaction or provision of advisory and other services to the Parties; provided, however, this Article does not extend to the criminal liability, or legal liability arising from willful misconduct or gross negligence, of any of legal or natural persons as set forth above.

11. Independent Operation of SPIL

11.1 Before the completion of the Share Exchange, ASE and SPIL are companies independent from each other, operate independently and, through healthy competition, improve their individual operating efficiencies and economies of

Table of Contents

scale as well as research innovation achievements, thereby providing customers with more complete services and alleviate concerns of order transfers from customers due to concentration risk. As a result of such independent operation model, the competition restriction concerns or disadvantages to overall economic interests arising from the publicity and consummation of the Transaction can be avoided. Therefore, on the basis that SPIL's independent operation and concurrence of competition and cooperation between both Parties shall be maintained, both Parties agree to file explanations on the arrangement of the Transaction to relevant Antitrust Law Enforcement Authorities of Relevant Countries or Regions, to enable them to approve the Transaction.

11.2 After the Share Exchange is completed, HoldCo will become a parent company holding one hundred percent SPIL shares and continue to maintain the independent operation of, and concurrence of competition and cooperation between, both Parties, and SPIL shall retain its legal entity name; provided that the relevant laws and regulations are not violated, and no duty of care or duty of royalty of SPIL's directors to SPIL is breached, and without violating the interest of HoldCo, HoldCo agrees:

(1) All of SPIL's operations shall be resolved by SPIL's board of directors. SPIL's board of directors shall have independent decision power on SPIL's organizational documents, personnel, payroll or welfare systems, financial budgets, audit, technology research and development, operations and marketing and other matters so as to maintain SPIL's independent operation;

(2) any matter regarding SPIL's rights and obligations shall be completed by SPIL's board of directors or under its authorization, and the operation of SPIL's businesses shall also be conducted by SPIL's board of directors or under its directions;

(3) Based on the principle of reciprocity, HoldCo will, as long as allowed by its capability, provide guarantees, fundings or supports sufficient to cause other financing parties to provide fundings (including, but not limited to, repayment guarantee documentation acceptable to other financing parties) whenever SPIL has funding needs (including, but not limited to, the needs for capital expenditure and working capital in its annual budget/annual plans) in order to meet the financing needs of SPIL; and

(4) HoldCo shall agree that SPIL retain the management team and employees of SPIL and maintain their current organizational structure, compensation and relevant benefits as of the Execution Date. During the existence of SPIL as a subsidiary of HoldCo, SPIL's board of directors shall have full autonomy in deciding and nominating future candidates for directors and supervisors of SPIL (and HoldCo shall appoint such candidates thereupon) (who shall not be replaced or otherwise removed without consent of SPIL's board of directors), and maintain the current compensation and

Table of Contents

relevant benefits of SPIL's directors as of the Execution Date. In addition, HoldCo may in no way dispose of its shares in SPIL without SPIL's consent (including, but not limited to, sale, pledge, or otherwise encumbrance), and SPIL's board of directors may continue to operate independently and determine the organizational structure, compensation and relevant benefits of SPIL, in order to facilitate the maintenance of SPIL's current and future independent business and operation model after the completion of the Share Exchange.

For the avoidance of doubt, upon resolution of each Party's board of directors and general shareholders' meeting (including HoldCo's promoters' meeting) approving this Agreement, the provisions of this Agreement regarding SPIL's independent operation are deemed to comply with the laws and regulations set forth in Article 11.2 hereof without violating the interest of HoldCo.

11.3 Based on the principle of reciprocity, SPIL will, as long as allowed by its capability, provide guarantees, fundings or supports sufficient to cause other financing parties to provide fundings (including, but not limited to, repayment guarantee documentation acceptable to other financing parties) whenever HoldCo has the funding needs (including, but not limited to, the needs for capital expenditure and working capital in the annual budget/annual plan) in order to meet the financing needs of HoldCo.

11.4 The major organizational structure of HoldCo and major subsidiaries operated by HoldCo after completion of the Share Exchange is shown in Appendix 4 hereto.

11.5 After the completion of the Share Exchange, none of 100% Subsidiaries (including, but not limited to, ASE and SPIL) or any of their directors, managers or agents may, before discussion and consensus reached with HoldCo, offer, agree to, reach or enter into any agreement with any third party that is not a Party regarding an Alternate Transaction. Upon instruction, if any, of a competent authority regarding restrictions on 100% Subsidiaries entering into Alternate Transactions, Article 11.5 hereof shall be subject to adjustment as per such instruction.

11.6 HoldCo and its subsidiaries (other than SPIL) shall not provide to ASE with customers and competition information obtained from SPIL, including, but not limited to, production and sales costs, product price/quantity, suppliers and other information, unless otherwise agreed by SPIL and in compliance with Antitrust Law.

11.7 Except as set forth herein, in managing SPIL or handling SPIL matters, SPIL directors and/or managers shall not violate their duty of loyalty or duty of care to SPIL, and shall protect SPIL without violating the interest of HoldCo.

Table of Contents

11.8 Where SPIL exercises its rights under Article 14.2, Article 14.3, Article 17.4 or other relevant provisions herein, it has the rights to initiate arbitration against HoldCo or its subsidiaries (other than SPIL) for dispute settlement.

12. Principles in Dealing with Treasury Shares and Equity-Linked Securities

12.1 ASE has repurchased treasury shares before the Share Exchange Record Date for the purpose of Share Exchange in cooperation with ASE's issuance of US$200,000,000 unsecured foreign convertible bonds on July 2, 2015. However, the shares that have not been converted will continue to be owned by ASE and will be converted to the shares of HoldCo as of the Share Exchange Record Date in accordance with the Exchange Ratio for processing afterwards under the original purpose for repurchase of treasury shares or in accordance with relevant laws and regulations. The terms and conditions for conversion shall remain the same as original terms and conditions, except that the conversion price of the unsecured foreign convertible bonds shall be adjusted in accordance with Exchange Ratio.

12.2 For the outstanding balance of US$400,000,000 unsecured foreign convertible bonds issued by ASE on September 5, 2013, except where the bonds have been redeemed or repurchased and cancelled or converted by the holders by exercising their conversion rights before Share Exchange Record Date, the holders of such unsecured foreign convertible bonds may, after ASE obtains approval from all relevant competent authorities and after Share Exchange Record Date, convert such outstanding balance into newly issued HoldCo common shares. The conversion shall be subject to applicable laws and the indenture of such unsecured foreign convertible bonds and the Exchange Ratio. The conversion of the unsecured foreign convertible bonds into HoldCo common shares does not require separate approval from ASE's board meeting or shareholders' meeting or HoldCo's shareholders' meeting.

12.3 For the stock options issued by ASE upon the approval from relevant competent authorities before the execution of this Agreement, HoldCo will assume ASE's obligations under the stock options as of the Share Exchange Record Date. Except that the exercise price and amount shall be adjusted in accordance with Exchange Ratio herein and that the shares subject to exercise shall be converted into HoldCo's newly issued common shares, all other terms and conditions for issuance will remain the same. The final execution arrangements shall be made by HoldCo in compliance with relevant laws and regulations and subject to the approval of relevant competent authorities.

12.4 ASE shall cause HoldCo to warrant, and warrants severally and jointly with HoldCo, to SPIL that, if any SPIL Foreign Convertible Bonds have not been redeemed or repurchased and cancelled or converted by the bond holders thereof by exercising their conversion rights as of the Share Exchange Record Date, HoldCo will pay the Cash Consideration (subject to adjustments in accordance

Table of Contents

with laws, regulations and/or applicable requirements under Article 4 hereof) to the bond holders thereof exercising their conversion rights after the Share Exchange Record Date. In addition, HoldCo and SPIL shall separately agree to execute a supplemental indenture with the trustee of SPIL Foreign Convertible Bonds whereby HoldCo and SPIL will become co-obligors in respect of the redemption of SPIL Foreign Convertible Bonds and HoldCo agrees to pay the Cash Consideration (subject to adjustment in accordance with laws, regulations and/or applicable requirements under Article 4 hereof) to the bond holders thereof exercising their conversion rights.

13. Appraisal Rights

13.1 If a shareholder of either Party exercises its appraisal rights in relation to the Share Exchange under laws, such Party shall repurchase the shares of such dissenting shareholder in accordance with the procedures under the laws or regulations. Shares repurchased pursuant to this Article shall be dealt with under relevant laws and regulations.

14. Events of Default

14.1 If a Party fails to perform or breaches any of its obligations, undertakings or representations and warranties under this Agreement (a default by either HoldCo or ASE hereunder shall be deemed to be a joint default by HoldCo and ASE to which HoldCo and ASE shall be jointly and severally liable), and if such failure or breach is by its nature remediable, and the non-defaulting Party requests the defaulting Party in writing to remedy such failure or breach within 15 days, the failure to remedy in such period of time after receiving such notice shall constitute an event of default under this Agreement, provided, however, except as otherwise specifically provided in Article 14.3 hereof, any of the representations and warranties made by either Party prior to the Share Exchange Record Date, even though there was failure to perform or breach of any of those representations and warranties, shall be regarded as invalidated as of the Share Exchange Record Date.

14.2 If an event of default occurs and such event of default leads to the failure to consummate the Transaction on or before the Long Stop Date, the non-defaulting Party is entitled to terminate or cancel this Agreement and claim from the defaulting Party necessary expenses incurred in entering into this Agreement and the performance of the Transaction hereunder. The foregoing shall be in addition to, not in lieu of, the rights, remedies and damages available under laws; provided that if the non-defaulting Party's contributory negligence has contributed to the occurrence of such event of default, relevant costs shall be adjusted based on the proportion of contributory negligence, which may be determined by an expert appraiser appointed by both Parties without arbitration; the foregoing is also applicable, mutatis mutandis, to the offset between losses and gains, if any, of non-defaulting Party from such event of default.

Table of Contents

14.3 If a material event of default ("material event of default" refers to an event of breach under Article 8.1.1, Article 8.1.3, Article 8.1.5, Article 8.1.6, Article 8.2.2, Article 8.2.6, Article 8.3, Article 9, Article 10, Article 11, or the occurrence of a circumstance under Article 14.2) occurs, the non-defaulting Party shall not only be entitled to claim rights pursuant to the relevant provisions herein, but also entitled to claim liquidated damages of NT$8.5 billion from the defaulting Party. In case of a contributory negligence as set forth in the second sentence of Article 14.2, the liquidated damages shall be adjusted accordingly.

15. Termination of this Agreement

15.1 Prior to the Share Exchange Record Date, unless agreed by ASE and SPIL in writing, a Party can terminate this Agreement by written notice to the other Party in any of the following situations:

15.1.1 Laws, judgments or orders of courts or orders or administrative decisions are issued by relevant competent authorities restricting or prohibiting this Transaction, provided that such restriction or prohibition has been confirmed and cannot be remedied with the adjustment of the content of this Agreement, either Party may terminate this Agreement by a written notice to the other Party.

15.1.2 This Agreement and the Transaction are not approved by either Party's shareholders at the applicable shareholder meeting convened for such purpose.

15.2 Prior to the Share Exchange Record Date, ASE or SPIL may terminate this Agreement as follows:

15.2.1 If SPIL fails to perform or breaches any of its obligations, undertakings or representations and warranties under this Agreement (1) which leads to the failure to satisfy the conditions set forth in Article 6.2, and (2) such breach is by its nature remediable and cannot be or is not remedied by SPIL within 30 business days after receiving from ASE a written notice on such breach or failure to perform, and (3) which is not waived in writing by ASE, ASE may terminate this Agreement in writing.

15.2.2 If ASE fails to perform or breaches any of its obligations, undertakings or representations and warranties under this Agreement (1) which leads to the failure to satisfy the conditions set forth in Article 6.3, and (2) such breach is by its nature remediable and cannot be or is not remedied by ASE within 30 business days after receiving from SPIL a written notice on such breach or failure to perform, and (3) which is not waived in writing by SPIL, SPIL may terminate this Agreement in writing.

15.3 If the Transaction is not consummated on or before the Long Stop Date, this Agreement shall be terminated automatically at 0:00am on the day immediately following the Long Stop Date.

Table of Contents

15.4 After this Agreement is terminated or ceases to exist for any reason, except as otherwise provided by laws and regulations, either Party is entitled to request the other Party to return, within 7 business days after the termination of this Agreement, the documents, data, records, items, plans, trade secrets and any other tangible information that the other Party obtains pursuant to this Agreement. The Parties may retain the copies of such documents and information to the extent necessary to comply with relevant laws and regulations.

15.5 Unless terminated under Article 15.2.1, after this Agreement is terminated or ceases to exist for any reason, Article 8.1.1 and Article 8.2.5(3) hereof shall continue and remain the same effect within 6 months after the termination of this Agreement or its cessation to exist for any reason. ASE shall maintain its position as a financial investor without intervening SPIL's independent operation within this six-month period. The Parties shall enter into future cooperation plans by good faith negotiations within this six-month period.

16. Taxation and Expenses

16.1 Unless as otherwise agreed in this Agreement, any taxes and expenses incurred in relation to the negotiation, execution or performance of this Agreement (including, but not limited to, legal fees, accounting fees and other consultant fees and any taxes or other relevant fees that shall be paid by HoldCo, either Party or its shareholders in accordance with applicable law) shall be borne by HoldCo, ASE, SPIL and/or their shareholders, respectively.

17. Other Agreements

17.1 After the Transaction has been approved by the boards of directors of ASE and SPIL, and relevant information has been made public, in case that ASE and SPIL agree to enter into statutory share exchange with a party other than the Parties, which will result in additional parties participating in the Transaction, the previously completed procedures or legal actions in connection with the Transaction shall be re-conducted by all then-participating parties.

17.2 The interpretations, effectiveness and performance of this Agreement shall be governed by ROC law. Any matter not covered herein shall be addressed in accordance with the relevant laws and regulations.

17.3 If any provision of this Agreement violates relevant laws and regulations and thereby becomes invalid, the part which is in violation of such laws and regulations shall be invalid while other provisions of this Agreement shall remain valid. If an amendment to any provision of this Agreement is required according to an approval of competent authorities, due to change of law or regulation or as required by a fact, such amendment shall be made jointly upon approval of competent authorities and resolutions of the boards of directors of HoldCo and/or both Parties, and consent of each Party's general shareholders' meeting shall not be required.

Table of Contents

17.4 Disputes arising from this Agreement between ASE (and/or HoldCo) and SPIL shall be resolved by friendly negotiation as a first instance. In case that no agreement can be reached within 30 days after either Party requests in writing for negotiation, ASE (and/or HoldCo) and SPIL shall submit relevant disputes to the Chinese Arbitration Association in Taipei for arbitration in accordance with the Arbitration Law of the ROC. There shall be 3 arbitrators, one of whom shall be appointed by each of ASE (and/or HoldCo) and SPIL, and the presiding arbitrator shall be elected by the said 2 arbitrators. The arbitration shall be conducted in Chinese.

17.5 Except otherwise specifically agreed by both Parties in writing, ASE and SPIL agree that any oral or written discussions, agreements, contracts or undertakings entered into in relation to the Transaction (i.e. the Share Exchange) before this Agreement was executed shall be replaced by this Agreement and thereby be rendered invalid. In the event of any inconsistency in interpretation of meaning between the prior express agreement in writing and this Agreement, this Agreement shall prevail.

17.6 Amendments or alterations of this Agreement shall be made upon mutual written consent of both ASE (and HoldCo, if it has been established) and SPIL.

17.7 Either Party shall not transfer all or part of the rights under this Agreement to any third party or have any third party to assume all or part of the obligations under this Agreement without prior written consent of the other Party. As of the Execution Date, HoldCo has not yet been established; however, except to the extent applicable under law, as from the date that HoldCo's promoters meeting passes a resolution approving this Agreement, this Agreement will become effective upon HoldCo pending future establishment. ASE and HoldCo shall be jointly and severally liable to SPIL for all of HoldCo's obligations and duties to SPIL as agreed herein.

17.8 Before the Share Exchange Record Date, if either Party or HoldCo fails or delays its performance of the obligations under this Agreement due to a Force Majeure Event, it shall not be liable to the other Party. Upon occurrence of a Force Majeure Event, either Party shall notify the other Party within 5 days after it becomes aware of such events. Notwithstanding the foregoing, neither Party shall be exempted from continuing to perform its obligation under this Agreement as soon as possible when the Force Majeure Event shall have thereafter ceased.

17.9 Unless otherwise disclosed under relevant laws or regulations, this Agreement, orders or requirements of courts, competent authorities or stock exchanges or as necessary for the exercise, preservation or performance of the relevant rights and obligations by the Parties under this Agreement, the Parties and HoldCo agree to strictly keep the documents, data, records, items, plans, trade secrets, and other tangible and intangible information, which are of confidential nature and communicated or obtained from the other Party prior to the Share Exchange Record Date for the purposes of this Transaction, as confidential. The confidential

Table of Contents

obligations under this Article 17.9 shall survive the subsequent rescission, cancellation, termination or non-existence, for any reason, of this Agreement, except for any such information (1) which is generally known to the public due to reasons other than violation of this Agreement; (2) whose disclosure is required in order to avoid a violation of relevant laws and regulations; or (3) has been obtained by a Party from a third party who is legally entitled to obtain and disclose such information at the time when it obtains such document or information from the other Party.

17.10 Any notification in relation to this Agreement shall be delivered to the following address by registered letter or delivery in person. The notification shall become effective upon delivered to the following address. In case that the notification cannot be delivered, it shall be regarded as having been delivered when it is mailed at the first time.

Advanced Semiconductor Engineering, Inc.
Attention: Jason C.S. Chang, Chairman
Address: Room 1901, Floor 19, No. 333, Section 1, Keelung Road, Xinyi District, Taipei, Taiwan

Siliconware Precision Industries Co., Ltd.
Attention: Bough Lin, Chairman
Address: No. 123, Sec. 3, Da Fong Rd., Tantzu, Taichung , Taiwan

17.11 All of the appendices hereto constitute an integral part of this Agreement with the same effect.

17.12 This Agreement shall become effective after it is signed and delivered by both ASE and SPIL.

17.13 This Agreement is made in duplicate originals, one to be retained by each Party.

[Remainder of This Page Intentionally Left Blank, Signature Page Follows]

Table of Contents
Parties

Advanced Semiconductor Engineering, Inc.	**Siliconware Precision Industries Co., Ltd.**
Representative: Jason C.S. Chang	Representative: Bough Lin

Table of Contents
Appendix 1

ASE Industrial Holding Co., Ltd.

Articles of Incorporation

Chapter One: General Principals

Article 1. The Company is called , and is registered as a company limited by shares according to the ROC Co
The English name of the Company is ASE Industrial Holdings Co., Ltd.

Article 2. The Company is engaged in the following businesses: H201010 General Investment Business

Article 3. The investment made by the Company in other companies as a limited liability shareholder thereof is not subject to the limitation that such investment shall not exceed a certain percentage of the paid-in capital as set forth in the ROC Company Act.

Article 4. The Company may provide external guaranty.

Article 5. The Company's headquarter is located in the Nantze Export Processing Zone, Kaohsiung, Taiwan, R.O.C. and may set up domestic or foreign branches, offices or business establishments as resolved by the Board of Directors, if necessary.

Chapter Two: Shares

Article 6. The Company's total capital is NT$50 billion divided into 5 billion shares with a par value of NT$10 per share. Stock options worth of NT$4 billion are set aside for employee subscription. The Board of Directors is authorized to issue the unissued shares in installments if deemed necessary for business purposes.

Article 7. The share certificates shall be in registered form and have the signatures or seals of at least three directors of the Company and shall be legally authenticated before issuance. In accordance with the provisions set forth in Article 162-2 of the ROC Company Act, the Company may choose to not provide share certificates in print form.

Article 8. No registration of share transfer shall be made within sixty days before each ordinary general shareholders' meeting, or within thirty days before each extraordinary general shareholders' meeting or five days before the record date for dividends, bonuses or other distributions as determined by the Company.

Table of Contents

Article 9. The rules governing stock affairs of the Company shall be made pursuant to the laws and the regulations of the relevant authorities.

Chapter Three: General Shareholders' Meeting

Article 10. General shareholders' meetings include ordinary meetings and extraordinary meetings. Ordinary meetings shall be convened according to law by the Board of Directors once annually according to the law within 6 months after the end of each fiscal year. Extraordinary meetings will be held according to the law whenever necessary.

Article 11. General shareholders' meetings shall be convened by written notice stating the date, place and purpose dispatched to each shareholder at least 30 days, in the case of ordinary meetings, and 15 days, in the case of extraordinary meetings, prior to the date set for such meeting.

Article 12. Unless otherwise required by the ROC Company Act, shareholders' resolutions shall be adopted by at least half of the votes of the shareholders present at a general shareholders' meeting who hold at least half of all issued and outstanding shares of the Company.

Article 13. Each shareholder of the Company shall have one vote per share, unless otherwise provided by Article 179 of the ROC Company Act.

Article 14. Any shareholder, who for any reason is unable to attend general shareholders' meetings, may execute a proxy printed by the Company, in which the authorized matters shall be expressly stated, to authorize a proxy to attend the meeting for him/her. Such proxy shall be submitted to the Company at least 5 days prior to the general shareholders' meeting.

Article 15. The general shareholders' meeting shall be convened by the Board of Directors unless otherwise stipulated in the ROC Company Act, and the person presiding over the meeting will be the Chairman of the Board of Directors (the "Chairman"). If the Chairman is on leave or for any reason cannot discharge his duty, Paragraph 3 of Article 208 of the ROC Company Act should apply. If the general shareholders' meeting is convened by a person entitled to do so other than a member of the Board of Directors, that person shall act as the person presiding over the meeting . If two or more persons are entitled to call the general shareholders' meeting, those persons shall elect one to act as the person presiding over the meeting.

Chapter Four: Director and Supervisor

Article 16. The Company shall have nine to thirteen directors and also three supervisors to be elected by the general shareholders' meeting from

Table of Contents

candidates with legal capacity. Each director or supervisor shall hold office for a term of three years, and may continue to serve in the office if re-elected.

The election of the directors and supervisors of the Company shall be conducted pursuant to Article 198 of the ROC Company Act and relevant regulations.

Article 16-1.

Since the second Board of Directors term, the Company shall have thirteen directors, of which there shall be three independent directors and ten non-independent directors, to be elected by the general shareholders' meeting from candidates with legal capacity. Each director shall hold office for a term of three years, and may continue to serve in the office if re-elected.

The election of the directors and supervisors of the Company shall be conducted pursuant to Article 198 of the ROC Company Act and relevant regulations.

When handling the aforementioned election of directors, the election of independent directors and non-independent directors should be held together, provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately; those that receive votes representing more voting rights will be elected as independent directors or non-independent directors.

Upon the expiry of the term of office of the first supervisors of the Company elected, the provisions regarding supervisors under these Articles of Incorporation of the Company shall cease to apply. The Company shall then establish an audit committee in lieu of supervisors in accordance with Article 14-4 of the ROC Securities and Exchange Act to exercise the powers and duties of supervisors stipulated in the ROC Company Act, the ROC Securities and Exchange Act, and other applicable laws and regulations. The audit committee shall comprise solely of the independent directors. The responsibilities, powers and other related matters of the audit committee shall be separately stipulated in rules adopted by the Board of Directors in accordance with applicable laws and regulations.

The election of the Company's independent directors uses the candidate nomination system. Shareholders who hold 1% or more of the Company's issued shares and the Board of Directors may nominate a list of candidates for independent directors. After the Board of Directors examines and confirms the qualifications of the candidate(s) for serving as an independent director, the name(s) is/are sent to the general shareholders' meeting for election. If the general shareholders' meeting is convened by a person entitled to do so other

Table of Contents

than a member of the Board of Directors, after such person examines and confirms the qualifications of the candidate(s) for serving as an independent director, the name(s) is/are sent to the general shareholders' meeting for election. All matters regarding the acceptance method and announcement of the nomination of candidates for independent directors will be handled according to the ROC Company Act, the ROC Securities and Exchange Act, and other relevant laws and regulations.

Article 16-2. The remuneration of the Company's independent directors is set at NT$3 million per person annually. For those that do not serve a full year, the remuneration will be calculated in proportion to the number of days of the term that were actually served. The additional remuneration of the Company's independent directors who are also the members of the Company's Compensation Committee is set at NT$ 360,000 per person annually. For those that do not serve a full year, the additional remuneration will be calculated in proportion to the number of days of the term that were actually served.

Article 17. The Board of Directors is constituted by directors. Their powers and duties are as follows:

(1). Preparing business plans;
(2). Preparing surplus distribution or loss make-up proposals;
(3). Preparing proposals to increase or decrease capital;
(4). Reviewing material internal rules and contracts;
(5). Hiring and discharging the general manager;
(6). Establishing and dissolving branch offices;
(7). Reviewing budgets and audited financial statements; and
(8). Other duties and powers granted by or in accordance with the ROC Company Act or shareholders' resolutions.

Article 18. The Board of Directors is constituted by directors, and the Chairman and Vice Chairman are elected by more than half of the directors at a board meeting at which two-thirds or more of the directors are present. If the Chairman is on leave or for any reason cannot discharge his duties, his/her acting proxy shall be elected in accordance with Article 208 of the ROC Company Act.

Table of Contents

Article 19. Board of Directors meetings shall be convened according to the law by the Chairman according to the law, unless otherwise stipulated by the ROC Company Act. Board of Directors meetings can be held at the place that the Company is headquartered, or at any place that is convenient for the directors to attend and appropriate for the meeting to be convened, or via video conference.

Article 19-1. Directors and supervisors shall be notified of Board of Director meetings no later than seven days prior to the meetings. However, in case of any emergency, a Board of Directors meeting may be convened at any time. Notifications of Board of Directors meetings may be in writing or via email or fax.

Article 20. A director may execute a proxy to appoint another director to attend the Board of Directors meeting and to exercise his/her voting right, but a director can accept only one proxy.

Chapter Five: Manager

Article 21. This company has one general manager. The appointment, discharge and salary of the general manager shall be managed in accordance with Article 29 of ROC Company Act.

Chapter Six: Accounting

Article 22. The fiscal year of the Company starts from January 1 and ends on December 31 every year. At the end of each fiscal year, the Board of Directors shall prepare financial and accounting books in accordance with the ROC Company Act and submit them according to law to the ordinary general shareholders' meeting for approval.

Article 23. If the Company is profitable, 0.1% (inclusive) to 1% (inclusive) of the profits shall be allocated as compensation to employees and 0.75% (inclusive) or less of the profits should be allocated as compensation to directors. While the Company has accumulated losses, the profit shall be set aside to compensate losses before distribution.

The compensation being distributed to employees in the form of stock or cash shall be approved by more than half of the directors at a board meeting at which two-thirds or more of the directors are present and report to the general shareholders' meeting.

"Employees" referred to in paragraph 1 above includes employees of subsidiaries who meet certain qualifications. Such qualifications are to be determined by the Board of Directors.

Table of Contents

Article 24. The annual net income (“Income”) shall be distributed in the order of Article 24.

sequences below:

(1) Making up for losses, if any.

(2)I0% being set aside as legal reserve.

(3) Allocation or reversal of a special surplus reserve in accordance with laws or regulations set forth by the authorities concerned.

(4) Addition or deduction of the portion of retained earnings that are equity investment gains or losses that have been realized and measured at fair value through other overall gains or losses.

The remainder plus the undistributed earnings shall be distributed in accordance with the proposal submitted by the Board of Directors and adopted by the general shareholders’ meeting.

Chapter Seven: Appendix

Article 26. The bylaws and rules of procedure of the Company shall be stipulated separately.

Article 27. Any matter not covered by these Articles of Incorporation shall be subject to the ROC Company Act.

Article 28. These Articles of Incorporation were made on [DATE], 2018 as approved by all the promoters.

Table of Contents
Appendix 2

1. Proxy Statements. After the date for general shareholders' meetings of both Parties has been jointly agreed upon by both Parties in good faith and goodwill in accordance with Article 5.1 of this Agreement, ASE and SPIL shall each prepare a proxy statement relating to their respective authorization and approval of this Agreement and the Transaction by their respective general shareholders' meeting, including their respective notice convening an extraordinary shareholders' meeting (each, the "**ASE Proxy Statement**" (in case of ASE) and the "**SPIL Proxy Statement**" (in case of SPIL), and collectively, the "**Proxy Statements**").

2. Registration Statement. ASE shall prepare the relevant documents, and file with SEC a registration statement on Form F-4 with respect to the HoldCo common shares (the "Registration Statement") and shall use its reasonable best efforts to cause the Registration Statement to be declared effective under the Securities Act of 1933 as promptly as practicable after the Execution Date and to maintain the Registration Statement effective for so long as is necessary to consummate the Transaction.

3. Schedule 13E-3. Concurrently with the preparation and filing of the Registration Statement and the preparation of the Proxy Statements, SPIL and ASE shall each prepare and file with SEC a Rule 13E-3 Transaction Statement under Section 13(e) of the Securities Exchange Act of 1934 (the "**Exchange Act**") with respect to the Transaction. ASE and SPIL shall cooperate and communicate with each other in preparation of the their respective "Schedules 13E-3" filing (each a "Schedule 13E-3", and collectively, the "**Schedule 13E-3 Filings**"), including, without limitation, furnishing to each other the information required by the Exchange Act to be set forth in a Schedule 13E-3 (the Schedules 13E-3 and the Registration Statement collectively, the "**SEC Filings**").

4. SEC Comments. ASE and SPIL shall respond as promptly as practicable and reasonable to any comments made by the SEC with respect to the SEC Filings and will provide each other with copies of all correspondence with respect to the SEC Filings as promptly as practicable and reasonable. Both SPIL and ASE agree to not to file or mail any SEC Filings, including any amendment or supplement thereto or any response to SEC's comments, unless each Party has had a reasonable opportunity to review and comment on such SEC Filings and such comments have been reasonably incorporated into such SEC Filings. After the SEC confirms that it has no further comments to the SEC Filings, ASE and SPIL shall mail as promptly as practicable and reasonable the applicable SEC Filings and Proxy Statements, if necessary, to their respective ADR shareholders and thereafter promptly circulate amended, supplemental or supplemented proxy material.

5. Information Supplied. SPIL and ASE shall each promptly furnish all information as may be reasonably requested in connection with the preparation, filing and

Table of Contents

mailing of SEC Filings or the Proxy Statements or any other documents filed or to be filed with SEC in connection with the Transaction.

6. ASE's and SPIL's Extraordinary General Shareholders' Meetings. From the working day immediately following the date on which SEC confirms that it has no further comments on the SEC Filings, (i) ASE shall (x) cause its board of directors pass a resolution to call an extraordinary general shareholders' meeting (the "**ASE Extraordinary Shareholders' Meeting**") and set a record date and a date of meeting (the date of meeting must be in accordance with Article 5.1 thereof and within 70 calendar days after the next day after SEC confirms that it has no further comments on the SEC Filings) as promptly as practicable after the date on which the ASE Proxy Statement is mailed to the ASE shareholders for the purpose of obtaining shareholder approval of the Transaction, and circulate, in accordance with law, the notice and procedure manual of ASE Extraordinary Shareholders' Meeting after ASE Proxy Statement is mailed to ASE's shareholders and (y) mail or cause to be mailed notice of the ASE Extraordinary Shareholders' Meeting and form of proxy accompanying the ASE Proxy Statement that will be provided to the ASE shareholders in connection with the solicitation of proxies for use at the ASE Extraordinary Shareholders' Meeting and (ii) SPIL shall (x) cause its board of directors pass a resolution to call an extraordinary general shareholders' meeting (the "**SPIL Extraordinary Shareholders' Meeting**") and set a record date and a date of meeting (the date of meeting must be in accordance with Article 5.1 thereof and within 70 calendar days after the next day when SEC confirms after it has no further comments on the SEC Filings) as promptly as practicable after the date on which the SPIL Proxy Statement is mailed to the SPIL's shareholders for the purpose of obtaining shareholder approval of the Transaction, and circulate, in accordance with law, the notice and procedure manual of SPIL Extraordinary Shareholders' Meeting after SPIL Proxy Statement is mailed to SPIL's shareholders and (y) mail or cause to be mailed notice of the SPIL Extraordinary Shareholders' Meeting and form of proxy accompanying the SPIL Proxy Statement that will be provided to the SPIL shareholders in connection with the solicitation of proxies for use at the SPIL Extraordinary Shareholders' Meeting. ASE Extraordinary Shareholders' Meeting and SPIL Extraordinary Shareholders' Meeting shall be held on the same date to approve this Agreement and the Transaction in a share exchange resolution based on the terms of this Agreement in accordance with the Republic of China Enterprise Mergers and Acquisitions Act.

Table of Contents
Appendix 3

SPIL Disclosure Letter

As of June 29, 2016, no events listed in Article 7.3 hereof causing any SPIL Material Adverse Effect Event which shall be disclosed occurred, provided that the Parties agree that SPIL may update this Appendix 3 to this Agreement (i.e. the SPIL Disclosure Letter), to disclose the necessary events that occur from the Execution Date until the Share Exchange Record Date.

Table of Contents
Appendix 4

ASE Industrial Holding Co., Ltd.

10

Table of Contents
Annex A-2

Supplemental Agreement

to

Joint Share Exchange Agreement

Preamble

This Supplemental Agreement (this "**Agreement**") to Joint Share Exchange Agreement (as defined below) is entered into on December 14, 2017 (the "**Execution Date**") by and between:

(1) Advanced Semiconductor Engineering, Inc. ("**ASE**"), a company incorporated under Republic of China ("**ROC**") laws, with its address at No. 26, Chin Third Road, Nantze Export Processing Zone, Nantze District, Kaohsiung City, Taiwan; and

(2) Siliconware Precision Industries Co., Ltd. ("**SPIL**"), a company incorporated under ROC laws, with its address at No. 123, Section 3, Da Fong Road, Tantzu District, Taichung City, Taiwan.

WHEREAS ASE and SPIL (collectively, the "**Parties**") have entered into the Joint Share Exchange Agreement (the "**Joint Share Exchange Agreement**") on June 30, 2016 whereby ASE will file an application to establish a holding company ("**HoldCo**") by means of a statutory share exchange, and HoldCo will acquire all issued and outstanding shares of both ASE and SPIL. After the closing of the share exchange, ASE and SPIL will become wholly-owned subsidiaries of HoldCo concurrently (the "**Transaction**" or "**Share Exchange**").

NOW THEREFORE, IN WITNESS WHEREOF, the Parties have entered into this Agreement for the purpose of completing the Transaction, as follows:

1. Long Stop Date

1.1 Both Parties agree to amend the definition of Long Stop Date (the "**Long Stop Date**") as set forth in the Joint Share Exchange Agreement to read as follows:

Long Stop Date refers to October 31, 2018 or a later date otherwise agreed in writing by both Parties.

2. Other Agreements

2.1 This Agreement shall be deemed to be part of the Joint Share Exchange Agreement, provided that the terms of this Agreement shall prevail in case of discrepancy between this Agreement and the Joint Share Exchange Agreement. The Joint Share Exchange Agreement shall be applicable to matters not covered herein. Capitalized terms undefined herein shall have the meaning ascribed to them in the Joint Share Exchange Agreement.

2.2 The interpretations, effectiveness and performance of this Agreement shall be governed by ROC law. Any matter not covered herein shall be addressed in accordance with Joint Share Exchange Agreement and relevant laws and regulations.

2.3 Pursuant to Article 17.3 of Joint Share Exchange Agreement, this Agreement shall become effective after it is signed and delivered by both Parties and upon approval by their respective board of directors.

Table of Contents

2.4 This Agreement is made in duplicate originals, one to be retained by each Party.

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Table of Contents
Parties

Advanced Semiconductor Engineering, Inc.	**Siliconware Precision Industries Co., Ltd.**
Representative: Jason C.S. Chang	Representative: Bough Lin

Table of Contents

Annex B-1

Independent Expert Opinion
on the Fairness of the Consideration for Joint Share Exchange in the Joint Share Exchange Memorandum of Understanding between Advanced Semiconductor Engineering, Inc. and Siliconware Precision Industries Co., Ltd.

I. Introduction

Both Advanced Semiconductor Engineering Inc. ("**ASE**") and Siliconware Precision Industries Co., Ltd. ("**SPIL**") are the world's leading companies in semiconductor packaging and testing sector. ASE and SPIL intend to enter into the Joint Share Exchange Memorandum of Understanding ("**MOU**") to newly establish an investment holding company ("**HoldCo**") by joint share exchange whereby both ASE and SPIL will become wholly-owned subsidiaries of HoldCo, in order to pursue their operating scale and improve their overall operating performance while taking into account of the flexibility and efficiency of their individual independent operations ("**Share Exchange**"). The Share Exchange will result in the exchange of all of ASE common shares in consideration for newly issued common shares of HoldCo, at an exchange ratio of each ASE common share for 0.5 HoldCo common share. Furthermore, the Share Exchange will result in the exchange of each of SPIL's issued and outstanding shares for NT$55 in cash payable by HoldCo. The fairness of the consideration for Share Exchange under MOU is described and evaluated as below.

II. Financial Position

Financial position of ASE and SPIL for the last two years and the first quarter of 2016 are summarized as below:

(1) ASE

Item	Year		First quarter of 2016
	2014	2015	
	NT$(in thousands)		
Total assets	333,984,767	365,287,557	356,490,231
Total liabilities	175,546,763	196,867,675	187,752,829
Total equity attributable to owners of parent	150,218,907	156,916,004	158,016,614
Share capital	78,715,179	79,185,660	79,279,129
Operating income	256,591,447	283,302,536	62,371,082
Net profit - attributable to owners	23,636,522	19,478,873	4,163,477

Sources: Audited financial statements of ASE for the years of 2014 and 2015 and reviewed financial statements for the first quarter of 2016.

(2) SPIL

Item	Year 2014	2015	First quarter of 2016
	NT$(in thousands)		
Total assets	129,756,075	123,245,230	122,855,285
Total liabilities	57,649,456	52,644,588	50,446,781
Total equity attributable to owners of parent	72,106,619	70,600,642	72,408,504
Share capital	31,163,611	31,163,611	31,163,611
Operating income	83,071,441	82,839,922	19,299,310
Net profit - attributable to owners of parent	11,744,414	8,762,257	1,604,028

Sources: Audited financial statements of SPIL for the years of 2014 and 2015 and reviewed financial statements for the first quarter of 2016.

III. Sources of Information

B-1-1

Table of Contents

(1) Audited financial statements of ASE and SPIL for the years of 2014 and 2015 and reviewed financial statements for the first quarter of 2016.

(2) Business overviews, financial statements and other important information for evaluation purposes regarding ASE, SPIL and their peers obtained from Market Observation Post System.

(3) Information from website of the Taiwan Stock Exchange, website of the Taipei Exchange (GreTai Securities Market), Taiwan Economic Journal (TEJ) Database and Bloomberg's complied comparison, analysis and historical stock price data of ASE, SPIL and their peers.

(4) Information on the industry and peers of ASE and SPIL.

IV. Consideration for Share Exchange and Fairness thereof

The consideration for Share Exchange will be at an exchange ratio of each ASE common share for 0.5 HoldCo common share and each of SPIL's issued and outstanding shares for NT$55 in cash payable by HoldCo. After the completion of the Share Exchange, both ASE and SPIL will become wholly-owned subsidiaries of HoldCo. The fairness of consideration for Share Exchange in respect of each of ASE and SPIL is described and evaluated as below:

(A) ASE

1. ASE shareholders will contribute all the common shares held by them in ASE as of the share exchange record date in consideration of issue of their subscribed common shares required for the establishment of HoldCo. Following consummation of the Share Exchange, ASE will become a wholly-owned subsidiary of HoldCo, and previous ASE shareholders will become HoldCo shareholders. As such, similar to SPIL's cash consideration of NT$55, ASE will become a wholly-owned subsidiary of HoldCo by exchange of the shares of one single company; theoretically, the rights of previous ASE shareholders will not be affected by the exact Share Exchange ratio.

2. According to ASE's reviewed consolidated financial statements as of March 31, 2016, its equity attributable to owners of parent amounted to NT$158,016,614,000; based on the latest update from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs, ASE had a total of 7,918,272,896 issued and outstanding common shares as of April 26, 2016. Therefore, its net book value per common share was NT$19.956. Each ASE common share will be exchanged for 0.5 HoldCo common share resulting in 3,959,136,448 HoldCo common shares as of the share exchange record date. In addition, the net book value per common share as calculated based on ASE's equity attributable to owners of parent to be assumed by HoldCo will be increased in the ratio of 1:0.5. Based on ASE's equity attributable to owners of parent as of March 31, 2016, HoldCo's net book value per common share would be NT$39.912 per share. For HoldCo common shareholders after the Share Exchange, the shareholders' equity will not be impaired in any way by the Share Exchange ratio.

3. Net value of ASE's equity attributable to owners of parent as of the share exchange record date may vary from that as of March 31, 2016. However, ASE shareholders will contribute all the common shares held by them in ASE as of the share exchange record date in consideration of and exchange for the common shares required for the establishment of HoldCo. As such, for HoldCo common shareholders after the Share Exchange, the shareholders' equity will not be affected as a result of the Share Exchange.

In summary, it shall be fair and reasonable for all of ASE's issued and outstanding shares to be exchanged for and in consideration of newly issued common shares of HoldCo at an exchange ratio of each ASE common share for 0.5 HoldCo common share resulting in ASE to become a wholly-owned subsidiary of HoldCo.

(B) SPIL

1. Methodologies Used

There are many methods for evaluating stock value. In practice, common methods include: market approach, such as market price approach (focusing on listed target companies; the fair value can be estimated by market price on the stock exchange) and market comparison approach (based on financial

Table of Contents

information of target companies and their peers in the market, using market multiplier such as price-earnings ratio, price-book ratio for analysis and evaluation); income approach; and cost approach.

Among these methods, income approach requires the Company's estimates of future cash flow, involving multiple assumptions and having a higher uncertainty. Given its less objective nature compared to other methods, this method is not used. Cost approach examines and weighs SPIL's business model and capital structure. Therefore, it is not appropriate for valuation and also not used. As such, we intend to use the market approach as primary evaluation method while taking into account of other non-quantitative factors, to evaluate the reasonable consideration of the Share Exchange for SPIL.

2. Selection of Peers

Based on customer attributes, business activities and business model, ChipMOS Technologies (Bermuda) Ltd. ("**ChipMOS**"), Chipbond Technology Corporation ("**Chipbond**") and Powertech Technology Inc. ("**Powertech**") are selected as peers. The following table lists the financial conditions of these 3 peers for the first quarter of 2016:

Items	Peers		
	ChipMOS (8150)	Chipbond (6147)	Powertech (6239)
	NT$(in thousands)		
Total assets	32,404,046	36,230,116	70,446,410
Total liabilities	13,385,676	11,852,343	27,389,980
Total equity attributable to owners of parent	19,018,370	23,575,971	34,653,945
Share capital	8,957,836	6,492,620	7,791,466
Net value per share- attributable to owners of parent (NT$) (Note 1)	21.20	36.31	44.48
Operating income	4,724,139	3,733,921	10,618,124
Net profit - attributable to owners of parent	348,423	201,453	940,031
Earnings per share - attributable to owners of parent (NT$) (Note 2)	2.09	2.64	5.37

Source: Audited or reviewed consolidated financial statements of three peers for the first quarter of 2016

Note 1: Net value per share is calculated based on the number of common shares of the respective peer obtained from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs.

Note 2: Earnings per share are estimated for the four quarters ended the first quarter of 2016 based on the net profit attributable to owners of parent in the respective peer's consolidated financial statements for the year 2015 and the first quarter of 2016, number of common shares obtained from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs and other financial data.

3. Valuation

(1) Market Price Approach

As SPIL is a listed company with its open market trading prices available for objective reference, this opinion sampled its recent publicly traded prices to evaluate the average closing prices for 60, 90 and 180 business days up to and including the valuation date of May 25, 2016 as follows:

Item	Average closing price	Theoretical price range
	NT$	
Latest 60 business days	49.18	
Latest 90 business days	50.04	47.13 ~ 50.04
Latest 180 business days	47.13	

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (8/28/2015~5/25/2016); all average prices are calculated by simple arithmetic averaging of ex-rights/ex-dividend adjusted closing prices.

(2) Price-book Ratio Approach

Table of Contents

The reasonable value per share of SPIL is estimated by calculating the net book value per share based on the financial information of SPIL and sampling the average price-book ratios of publicly traded peers - ChipMOS, Chipbond and Powertech for comparison purposes. The price-book ratios of publicly traded peers are calculated using their closing prices for 180 business days up to and including the valuation date of May 25, 2016 for sampling purposes and based on the total equity attributable to owners of parent in the respective peer's consolidated financial statements for the first quarter of 2016, the number of common shares for respective peer obtained from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs and other financial data. The reasonable reference price of SPIL is imputed as follows:

Comparable peers	Average closing price for latest 180 business days NT$	Net value per share for the first quarter of 2016	Price-book ratio
ChipMOS	32.53	21.20	1.53
Chipbond	47.86	36.31	1.32
Powertech	66.98	44.48	1.51

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (8/28/2015~5/25/2016); all average prices are calculated by simple arithmetic averaging of ex-rights/ex-dividend adjusted closing prices.

Item	Description NT$
Range of multipliers	1.32 ~ 1.53
Net value per share of SPIL for the first quarter of 2016	23.23
Theoretical price range	30.66 ~ 35.54

(3) Price-earnings Ratio Approach

The reasonable value per share of SPIL is estimated by calculating the earnings per share based on the financial information of SPIL and sampling the average price-book ratios of publicly traded peers - ChipMOS, Chipbond and Powertech for comparison purposes. Earnings per share for the four quarters ended the first quarter of 2016 are estimated, and thereby the average price-earnings ratios of publicly traded peers are calculated, using their closing prices for 180 business days up to and including the valuation date of May 25, 2016 for sampling purposes and based on the net profits attributable to owners of parent in the respective peer's consolidated financial statements for 2015 and the first quarter of 2016, the number of common shares for respective peer obtained from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs and other financial data. The reasonable reference price of SPIL is imputed as follows:

Comparable peers	Average closing price for latest 180 business days NT$	Earnings per share in last four quarters	Price-earnings ratio
ChipMOS	32.53	2.09	15.56
Chipbond	47.86	2.64	18.13
Powertech	66.98	5.37	12.47

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (8/28/2015~5/25/2016); all average prices are calculated by simple arithmetic averaging of ex-rights/ex-dividend adjusted closing prices.

Item	Description
	NT$
Range of multipliers	12.47 ~ 18.13
Consolidated earnings per share of SPIL	2.49

Table of Contents

Item	Description
	NT$
Theoretical price range	31.05 ~ 45.14

(4) Conclusion

Calculation results of value of common shares under the foregoing evaluation methods are summarized as below. The above three methods have their theoretical and practical basis. Therefore, for avoidance of biases in the evaluation process, the imputation used 33.3% for purposes of weighted averaging by taking into account of other non-quantitative key factors with reference to the statistics of Bloomberg and the average premium rate of 33.24% of the global merger and acquisition cases in semiconductor industry since the third quarter of 2015. On these basis, the reasonable price range per share of SPIL shall be from NT$48.34 to NT$58.05. As such, we are of opinion that it shall be fair and reasonable for each SPIL common share in exchange of NT$55 in cash.

Evaluation method	Reference price range per share	Weight	Theoretical price range per share	Reference price range after adjustment
	NT$			
Market Price Approach	47.13~50.04	33.3%		
Price-book Ratio Approach	30.66~35.54	33.3%	36.28~43.57	48.34~58.05
Price-earnings Ratio Approach	31.05~45.14	33.3%		

V. Conclusion

In summary, ASE and SPIL are proposed to become wholly-owned subsidiaries of HoldCo by the joint share exchange. In relation to the Share Exchange, I, as the accountant, am of the opinion that it shall be fair and reasonable for each ASE common share in exchange for 0.5 HoldCo common share and each SPIL common share in exchange of NT$55 in cash.

By: /s/ Ji-Sheng Chiu
Name: Ji-Sheng Chiu
Title: Certified Public Account

May 25, 2016

B-1-5

Table of Contents
Statement of Independence

I am engaged to provide opinion of evaluation on the fairness of the joint share exchange, through which ASE and SPIL are proposed to become wholly-owned subsidiaries of HoldCo.

In order to perform the above task, I hereby state that:

1. Neither I nor my spouse is currently employed by ASE, SPIL or the underwriter to undertake any work on regular basis and be compensated at a fixed amount;

2. Neither I nor my spouse has ever served at ASE, SPIL or the underwriter in preceding two years;

3. Neither I nor my spouse serve at an affiliate of ASE, SPIL or the underwriter;

4. I am not the spouse or two or less-degree relative of any responsible officer or manager of ASE, SPIL or the underwriter;

5. Neither I nor my spouse have any investment in or share any interest with ASE, SPIL or the underwriter;

6. I am not an accountant of ASE, SPIL or the underwriter.

7. I am not the current director, supervisor or their spouse or two or less-degree relatives of Taiwan Stock Exchange Corporation; and

8. Neither I nor my spouse serve at a company that conducts business with ASE or SPIL.

I have been upholding the principles of impartiality, objectiveness and independence in issuing the expert evaluation opinion on the fairness of the joint share exchange through which ASE and SPIL are proposed to become wholly-owned subsidiaries of HoldCo.

By: /s/ Ji-Sheng Chiu
Name: Ji-Sheng Chiu
Title: Account

(Seal)

May 25, 2016

B-1-6

Table of Contents
Resume of Independent Expert

Name: Ji-Sheng Chiu

Qualification:

Certified Public Accountant, Republic of China (Taiwan)

Education:

Statistics Department, National Cheng Kung University

Accounting School, Soochow University

Credit course, Law Institute, National Taipei University

Work Experience:

Crowe Horwath (TW) CPAs (previously known as First United CPA Office)	Manager/Assistant Manager
Diwan & Company	Senior Manager
Crowe Horwath (TW) CPAs	Accountant

Current Offices:

Crowe Horwath (TW) CPAs	Partner
Taipei Accountants' Association	Director, Regular Lecture

Table of Contents

Annex B-2

Independent Expert Opinion
on the Fairness of the Consideration for Joint Share Exchange in the Joint Share Exchange Agreement between Advanced Semiconductor Engineering, Inc. and Siliconware Precision Industries Co., Ltd.

VI. Introduction

Both Advanced Semiconductor Engineering Inc. ("**ASE**") and Siliconware Precision Industries Co., Ltd. ("**SPIL**") are the world's leading companies in semiconductor packaging and testing sector. ASE and SPIL intend to enter into the Joint Share Exchange Agreement to newly establish ASE Industrial Holding Co., Ltd. ("**HoldCo**") by joint share exchange whereby both ASE and SPIL will become wholly-owned subsidiaries of HoldCo, in order to pursue their operating scale and improve their overall operating performance while taking into account of the flexibility and efficiency of their individual independent operations ("**Share Exchange**"). The Share Exchange will result in the exchange of all of ASE common shares in consideration for newly issued common shares of HoldCo, at an exchange ratio of each ASE common share for 0.5 HoldCo common share. Furthermore, the Share Exchange will result in the exchange of each of SPIL's issued and outstanding shares for NT$55 in cash payable by HoldCo ("**Cash Consideration**"). The Cash Consideration is adjusted to NT$51.2 after deduction of cash dividends distribution of NT$2.8 per share and capital reserve cash distribution of NT$1 per share as resolved at SPIL's annual general shareholder's meeting for 2016. The fairness of the consideration for the Share Exchange under the Share Exchange Agreement is described and evaluated as below.

VII. Financial Position

Financial position of ASE and SPIL for the last two years and the first quarter of 2016 are summarized as below:

(3) ASE

Item	**Year**		
	2014	**2015**	**First quarter of 2016**
	NT$(in thousands)		
Total assets	333,984,767	365,287,557	356,490,231
Total liabilities	175,546,763	196,867,675	187,752,829
Total equity attributable to owners of parent	150,218,907	156,916,004	158,016,614
Share capital	78,715,179	79,185,660	79,279,129
Operating income	256,591,447	283,302,536	62,371,082

Net profit - attributable to owners	23,636,522	19,478,873	4,163,477

Sources: Audited financial statements of ASE for the years of 2014 and 2015 and reviewed financial statements for the first quarter of 2016.

(4) SPIL

Item	Year 2014	2015	First quarter of 2016
	NT$(in thousands)		
Total assets	129,756,075	123,245,230	122,855,285
Total liabilities	57,649,456	52,644,588	50,446,781
Total equity attributable to owners of parent	72,106,619	70,600,642	72,408,504
Share capital	31,163,611	31,163,611	31,163,611
Operating income	83,071,441	82,839,922	19,299,310
Net profit - attributable to owners of parent	11,744,414	8,762,257	1,604,028

Sources: Audited financial statements of SPIL for the years of 2014 and 2015 and reviewed financial statements for the first quarter of 2016.

VIII. Sources of Information

Table of Contents

(5) Audited financial statements of ASE and SPIL for the years of 2014 and 2015 and reviewed financial statements for the first quarter of 2016.

(6) Business overviews, financial statements and other important information for evaluation purposes regarding ASE, SPIL and their peers obtained from Market Observation Post System.

(7) Information from website of the Taiwan Stock Exchange, website of the Taipei Exchange (GreTai Securities Market), Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs, Taiwan Economic Journal (TEJ) Database and Bloomberg's complied comparison, analysis and historical stock price data of ASE, SPIL and their peers.

(8) Information on the industry and peers of ASE and SPIL.

IX. Consideration for Share Exchange and Fairness thereof

The consideration for Share Exchange will be at an exchange ratio of each ASE common share for 0.5 HoldCo common share and each of SPIL's issued and outstanding shares for Cash Consideration of NT$55 payable by HoldCo. The Cash Consideration is adjusted to NT$51.2 after deduction of cash dividends distribution of NT$2.8 per share and capital reserve cash distribution of NT$1 per share as resolved at SPIL's annual general shareholder's meeting for 2016. After the completion of the Share Exchange, both ASE and SPIL will become wholly-owned subsidiaries of HoldCo. The fairness of consideration for Share Exchange in respect of each of ASE and SPIL is described and evaluated as below:

(C) ASE

4. ASE shareholders will contribute all the common shares held by them in ASE as of the share exchange record date in consideration of issue of their subscribed common shares required for the establishment of HoldCo. Following consummation of the Share Exchange, ASE will become a wholly-owned subsidiary of HoldCo, and previous ASE shareholders will become HoldCo shareholders. As such, similar to SPIL's Cash Consideration, ASE will become a wholly-owned subsidiary of HoldCo by exchange of the shares of one single company; theoretically, the rights of previous ASE shareholders will not be affected by the exact Share Exchange ratio.

5. According to ASE's reviewed consolidated financial statements as of March 31, 2016, its equity attributable to owners of parent amounted to NT$158,016,614,000; based on the latest update from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs, ASE had a total of 7,918,272,896 issued and outstanding common shares as of April 26, 2016. Therefore, its net book value per common share was NT$19.956. Each ASE common share will be exchanged for 0.5 HoldCo common share resulting in 3,959,136,448 HoldCo common shares as of the share exchange record date. In addition, the net book value per common share as calculated based on ASE's equity attributable to owners of parent to be assumed by HoldCo will be increased in the ratio of 1:0.5. Based on ASE's equity attributable to owners of parent as of March

31, 2016, HoldCo's net book value per common share would be NT$39.912 per share. For HoldCo common shareholders after the Share Exchange, the shareholders' equity will not be impaired in any way by the Share Exchange ratio.

6. Net value of ASE's equity attributable to owners of parent as of the share exchange record date may vary from that as of March 31, 2016. However, ASE shareholders will contribute all the common shares held by them in ASE as of the share exchange record date in consideration of and exchange for the common shares required for the establishment of HoldCo. As such, for HoldCo common shareholders after the Share Exchange, the shareholders' equity will not be affected as a result of the Share Exchange.

In summary, it shall be fair and reasonable for all of ASE's issued and outstanding shares to be exchanged for and in consideration of newly issued common shares of HoldCo at an exchange ratio of each ASE common share for 0.5 HoldCo common share resulting in ASE to become a wholly-owned subsidiary of HoldCo.

(D) SPIL

Table of Contents

4. Methodologies Used

There are many methods for evaluating stock value. In practice, common methods include: market approach, such as market price approach (focusing on listed target companies; the fair value can be estimated by market price on the stock exchange) and market comparison approach (based on financial information of target companies and their peers in the market, using market multiplier such as price-earnings ratio, price-book ratio for analysis and evaluation); income approach; and cost approach.

Among these methods, income approach requires the Company's estimates of future cash flow, involving multiple assumptions and having a higher uncertainty. Given its less objective nature compared to other methods, this method is not used. Cost approach examines and weighs SPIL's business model and capital structure. Therefore, it is not appropriate for valuation and also not used. As such, we intend to use the market approach as primary evaluation method while taking into account of other non-quantitative factors, to evaluate the reasonable consideration of the Share Exchange for SPIL.

5. Selection of Peers

Based on customer attributes, business activities and business model, ChipMOS Technologies (Bermuda) Ltd. ("**ChipMOS**"), Chipbond Technology Corporation ("**Chipbond**") and Powertech Technology Inc. ("**Powertech**") are selected as peers. The following table lists the financial conditions of these 3 peers for the first quarter of 2016:

Unit:

Items	**Peers**		
	ChipMOS (8150)	**Chipbond (6147)**	**Powertech (6239)**
	NT$(in thousands)		
Total assets	32,404,046	36,230,116	70,446,410
Total liabilities	13,385,676	11,852,343	27,389,980
Total equity attributable to owners of parent	19,018,370	23,575,971	34,653,945
Share capital	8,957,836	6,492,620	7,791,466
Net value per share- attributable to owners of parent (NT$) (Note 1)	21.20	36.31	44.48
Operating income	4,724,139	3,733,921	10,618,124
Net profit - attributable to owners of parent	348,423	201,453	940,031
Earnings per share - attributable to owners of parent (NT$) (Note 2)	2.09	2.64	5.37

Source: Audited or reviewed consolidated financial statements of three peers for the first quarter of 2016

Note 1: Net value per share is calculated based on the number of common shares of the respective peer obtained from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic

Affairs.

Note 2: Earnings per share are estimated for the four quarters ended the first quarter of 2016 based on the net profit attributable to owners of parent in the respective peer's consolidated financial statements for the year 2015 and the first quarter of 2016, number of common shares obtained from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs and other financial data.

6. Valuation

(5) Market Price Approach

As SPIL is a listed company with its open market trading prices available for objective reference, this opinion sampled its recent publicly traded prices to evaluate the average closing prices for 60, 90 and 180 business days up to and including the valuation date of June 29, 2016 as follows:

Table of Contents

Item	Average closing price	Theoretical price range
	NT$	
Latest 60 business days	46.25	
Latest 90 business days	46.45	45.05 ~ 46.45
Latest 180 business days	45.05	

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (10/5/2015~6/29/2016); all average prices are calculated by simple arithmetic averaging of ex-rights/ex-dividend adjusted closing prices.

(6) Price-book Ratio Approach

The reasonable value per share of SPIL is estimated by calculating the net book value per share based on the financial information of SPIL and sampling the average price-book ratios of publicly traded peers - ChipMOS, Chipbond and Powertech for comparison purposes. The price-book ratios of publicly traded peers are calculated using their closing prices for 180 business days up to and including the valuation date of June 29, 2016 for sampling purposes and based on the total equity attributable to owners of parent in the respective peer's consolidated financial statements for the first quarter of 2016, the number of common shares for respective peer obtained from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs and other financial data. The reasonable reference price of SPIL is imputed as follows:

Comparable peers	Average closing price for latest 180 business days	Net value per share for the first quarter of 2016	Price-book ratio
	NT$		
ChipMOS	32.53	21.20	1.53
Chipbond	46.86	36.31	1.29
Powertech	65.31	44.48	1.47

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (10/5/2015~6/29/2016); all average prices are calculated by simple arithmetic averaging of ex-rights/ex-dividend adjusted closing prices.

Item	Description
	NT$
Range of multipliers	1.29 ~ 1.53
Net value per share of SPIL for the first quarter of 2016	23.23
Theoretical price range	29.97 ~ 35.54

(7) Price-earnings Ratio Approach

The reasonable value per share of SPIL is estimated by calculating the earnings per share based on the financial information of SPIL and sampling the average price-book ratios of publicly traded peers - ChipMOS, Chipbond and Powertech for comparison purposes. Earnings per share for the four quarters ended the first quarter of 2016 are estimated, and thereby the average price-earnings ratios of publicly traded peers are calculated, using their closing prices for 180 business days up to and including the valuation date of June 29, 2016 for sampling purposes and based on the net profits attributable to owners of parent in the respective peer's consolidated financial statements for 2015 and the first quarter of 2016, the number of common shares for respective peer obtained from the Commerce and Industry Registration Enquiry System of Department of Commerce, Ministry of Economic Affairs and other financial data. The reasonable reference price of SPIL is imputed as follows:

Comparable peers	**Average closing price for latest 180 business days**	**Earnings per share in last four quarters**	**Price-earnings ratio**
	NT$		
ChipMOS	32.53	2.09	15.56

Table of Contents

Comparable peers	Average closing price for latest 180 business days	Earnings per share in last four quarters	Price-earnings ratio
	NT$		
Chipbond	46.86	2.64	17.75
Powertech	65.31	5.37	12.16

Note: Sources of ex-rights/ex-dividend adjusted closing prices are from compilations of Taiwan Economic Journal (10/5/2015~6/29/2016); all average prices are calculated by simple arithmetic averaging of ex-rights/ex-dividend adjusted closing prices.

Item	Description
	NT$
Range of multipliers	12.16 ~ 17.75
Consolidated earnings per share of SPIL	2.49
Theoretical price range	30.28 ~ 44.20

(8) Summary

Calculation results of value of common shares under the foregoing evaluation methods are summarized as below. The above three methods have their theoretical and practical basis. Therefore, for avoidance of biases in the evaluation process, the imputation used 33.3% for purposes of weighted averaging by taking into account of other non-quantitative key factors with reference to the statistics of Bloomberg and the average premium rate of 33.86% of the global merger and acquisition cases in semiconductor industry since the third quarter of 2015. On these basis, the reasonable price range per share of SPIL shall be from NT$46.98 to NT$56.30. As such, we are of opinion that it shall be fair and reasonable for each SPIL common share in exchange of Cash Consideration of NT$55 (the Cash Consideration is adjusted to NT$51.2 after deduction of cash dividends distribution of NT$2.8 per share and capital reserve cash distribution of NT$1 per share as resolved at SPIL's annual general shareholder's meeting for 2016).

Evaluation method	Reference price range per share	Weight	Theoretical price range per share	Reference price range after adjustment
	NT$			
Market Price Approach	45.05~ 46.45	33.3%		
Price-book Ratio Approach	29.97~35.54	33.3%	35.10~ 42.06	46.98~ 56.30
Price-earnings Ratio Approach	30.28~ 44.20	33.3%		

X. Conclusion

In summary, ASE and SPIL are proposed to become wholly-owned subsidiaries of HoldCo by the joint share exchange. In relation to the Share Exchange, I, as the accountant, am of the opinion that it shall be fair and reasonable for each ASE common share in exchange for 0.5 HoldCo common share and each SPIL common share in exchange of Cash Consideration of NT$55 (the Cash Consideration is adjusted to NT$51.2 after deduction of cash dividends distribution of NT$2.8 per share and capital reserve cash distribution of NT$1 per share as resolved at SPIL's annual general shareholder's meeting for 2016).

By: /s/ Ji-Sheng Chiu
Name: Ji-Sheng Chiu
Title: Certified Public Account

June 29, 2016

B-2-5

Table of Contents

Statement of Independence

I am engaged to provide opinion of evaluation on the fairness of the joint share exchange, through which ASE and SPIL are proposed to become wholly-owned subsidiaries of HoldCo.

In order to perform the above task, I hereby state that:

9. Neither I nor my spouse is currently employed by ASE, SPIL or the underwriter to undertake any work on regular basis and be compensated at a fixed amount;

10. Neither I nor my spouse has ever served at ASE, SPIL or the underwriter in preceding two years;

11. Neither I nor my spouse serve at an affiliate of ASE, SPIL or the underwriter;

12. I am not the spouse or two or less-degree relative of any responsible officer or manager of ASE, SPIL or the underwriter;

13. Neither I nor my spouse have any investment in or share any interest with ASE, SPIL or the underwriter;

14. I am not an accountant of ASE, SPIL or the underwriter.

15. I am not the current director, supervisor or their spouse or two or less-degree relatives of Taiwan Stock Exchange Corporation; and

16. Neither I nor my spouse serve at a company that conducts business with ASE or SPIL.

I have been upholding the principles of impartiality, objectiveness and independence in issuing the expert evaluation opinion on the fairness of the joint share exchange through which ASE and SPIL are proposed to become wholly-owned subsidiaries of HoldCo.

By: /s/ Ji-Sheng Chiu
Name: Ji-Sheng Chiu
Title: Account

(Seal)

June 29, 2016

B-2-6

Table of Contents

Resume of Independent Expert

Name: Ji-Sheng Chiu

Qualification:

Certified Public Accountant, Republic of China (Taiwan)

Education:

Statistics Department, National Cheng Kung University

Accounting School, Soochow University

Credit course, Law Institute, National Taipei University

Work Experience:

Crowe Horwath (TW) CPAs Manager/Assistant Manager (previously known as First United CPA Office)	
Diwan & Company	Senior Manager
Crowe Horwath (TW) CPAs	Accountant

Current Offices:

Crowe Horwath (TW) CPAs	Partner
Taipei Accountants' Association	Director, Regular Lecturer

Table of Contents

Annex C

ROC MERGERS AND ACQUISITIONS ACT – ARTICLE 12

If the following event occurs when a company is undergoing a merger, consolidation, acquisition or division, a shareholder may request the company to repurchase his/her/its shares at the then fair price of such shares:

4. In the event that the company is undergoing an acquisition as described in Article 27 of this Act, the shareholder delivers a written objection or an oral objection that has been put into the record and waives his/her/its voting rights before or during the shareholders' meeting;

Any shareholder who has made the request as provided in the preceding paragraph shall submit a written request that specifies the requested repurchase price and deposit the certificates of his/her/its shares within 20 days immediately following the date at which the shareholder resolutions are passed.

The company shall appoint an institution that is permitted by law to provide corporate action services to handle the shares deposited by the dissenting shareholder. The shareholder shall deposit his/her/its shares to such institution and the institution shall issue a certificate that specifies the type and amount of deposited shares to the shareholder; any deposit by book-entry transfer shall be governed by the procedures set forth in the rules and regulations in relation to the centralized securities depositary enterprises.

The request of a shareholder as provided in Paragraph 1 shall lose its effect when the company abandons its corporate action as provided in the same paragraph.

If the company and the shareholder reach an agreement with respect to the repurchase price, the company shall pay such repurchase price to the shareholder within 90 days immediately following the date at which the shareholders' resolutions are passed. If no agreement is reached, within 90 days immediately after the date at which the shareholders' resolutions are passed, the company shall pay for the shares of the shareholder with whom it has not reached an agreement at a price determined by the company as the fair price for such shares; if the company fails to make such payment, the company shall be deemed as having agreed to the repurchase price requested by the shareholder pursuant to Paragraph 2.

If the company fails to reach an agreement with any shareholder with respect to the repurchase price within 60 days immediately following the date at which the shareholders' resolutions are passed, the company shall, within 30 days after the expiry of the 60-day period, file a petition with a court for a ruling to determine the fair price of the shares against all the shareholders with whom it has not reached an agreement as the opposing parties. If the company fails to list any shareholder with whom it has not reached an agreement as an opposing party, or the petition is withdrawn by the company or dismissed by the court, the company shall be deemed as having agreed to the repurchase price requested by the shareholder pursuant to Paragraph 2. However, if the opposing party has already presented his/her/its position in the court or the court's ruling has already been delivered to the opposing party, the company shall not withdraw the petition unless agreed to by the opposing party.

When the company files a petition with the court for a ruling to determine the repurchase price, the company shall attach to the petition the audited and attested financial statements of the company and the fair price assessment report by the certified public accountants, and written copies and photocopies thereof according to the number of opposing parties for the court to distribute to each opposing party.

Before making a ruling with respect to the repurchase price, the court shall allow the company and the opposing parties to have the chance to present their positions. If there are two or more opposing parties, the provisions set out in Articles 41 to 44, as well as Paragraph 2 of Article 401 of the ROC Civil Procedure Code shall apply *mutatis mutandis*.

If any party appeals against the ruling made pursuant to the preceding paragraph, the court shall allow the parties at dispute to have the chance to present their positions before making a decision on the appeal.

Table of Contents

When the ruling with respect to the repurchase price becomes final and binding, the company shall, within 30 days immediately after the ruling becomes final and binding, pay such final repurchase price to the dissenting shareholders, deducting any previous payment and interest accrued since the next day of the expiry of the 90-day period immediately following the date at which the shareholders' resolutions are passed.

The provisions set forth in Article 171 and Paragraphs 1, 2 and 4 of Article 182 of the ROC Non-Contentious Matters Act shall apply *mutatis mutandis*.

The company shall bear the expenses of the petition and the appraiser's compensation.