Stock Code: 3265

Winstek Semiconductor Co., Ltd.

2019
Annual Report

Published on April 30, 2020

Check the annual report at: http://mops.tse.com.tw

I. Name, Job title, Contact telephone number and email of the Companys Spokesperson and Deputy Spokesperson:

Name of Spokesperson	:	Kui-Chu Liu
Job Title of Spokesperson	:	Deputy Director of Finance Division
Contact Number	:	03-5936565 ext.133
Email Address	:	kevin.liu@winstek.com.tw
Name of Deputy Spokesperson	:	Chao Tzu Chieh
Job Title of Deputy Spokesperson	:	Assistant General Manager of Business Development Division
Contact Number	:	03-5936565 ext.612
Email Address	:	matt.chao@winstek.com.tw

II. Addresses and Telephone Numbers of Corporate Headquarters, Subsidiaries and Factories

Corporate Headquarters Address	:	No.176-5, Luliao Pit, 6 Ling, Hualung Chun, Chiung Lin, 307 Hsin-Chiu Hsien, Taiwan
Phone	:	03-5936565
Factory Address	:	No.176-5, Luliao Pit, 6 Ling, Hualung Chun, Chiung Lin, 307 Hsin-Chiu Hsien, Taiwan
Tel	:	03-5936565

III. The name, address, telephone number and website of the shares transfer agent:

Name	:	Yuanta Securities Co., Ltd.
Address	:	B1 No.210, Section 3, Chengde Road, Datong district, Taipei 103
Website	:	www.yuanta.com.tw
Phone	:	02-25865859

IV. Names of the CPAs of the financial report of the most recent year, and their accounting firm's name, address, website and telephone number:

Name of CPA	:	CPA Li Tien I and Chiang Tsai Yen
Accounting Firm	:	PricewaterhouseCooper (PwC Taiwan)
Address	:	27th Floor, 333, Section 1, Keelung Road, Taipei
Website	:	http://www.pwcglobal.com.tw
Tel	:	02-2729 6666

V. Name of any overseas securities trading agency and method for inquiring information of such overseas securities: Not applicable

VI. Company website: http://www.winstek.com.tw

VII. The primary OTC listed company shall be published: not applicable

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Chapter 1 Letter to Shareholders

Clouded by the US-China trade war, the growth in the global demand market was hampered. According to a statistical report released by WSTS in January 2020, the global semiconductor market in the second half of 2019 fell by 12.1% mainly due to the excessive production capacity and inventory level of memory. However, the IC industry of Taiwan continued to grow in volume and value due to the demand of smart phone, high performance computing, 5G and IoT chips. Likewise, high-end products triggered the strong demand for advanced production process, which helped to stimulate a higher proportion of production of 7nm products. In addition, the 55/56 nm and 80/90 nm TDDI panel driver IC, the 40 nm and 28 nm OLED panel driver IC showed momentous growth by volume. In the area of special production process, the increase of orders for components such as panel and 5G related power control IC, matching with 3D Time of Flight (ToF) function and the CMOS Image Sensor (CIS) has boosted the production capacity of the 8" plants. According to the statistics released by ITRI, the production value of the IC industry in Taiwan amounted to NT$2,665.6 billion in 2019, which was an increase of 1.7% from the same period of 2018. Production value of the IC packaging sector amounted to NT$346.3 billion, which was an increase of 0.5% from the same period of 2018. Production value of the IC testing sector amounted to NT$154.4 billion or an increase of 4.0% from the same period of 2018.

With the support of all personnel and customers, the results of the operating performance of the Company in last year are shown below:

I. In 2019, the Company had consolidated revenue of NT$2.94 billion, which was an increase of 2.4% from the NT$2.87 billion in the same period of the previous year. Net income in 2019 amounted to NT$570 million, which was an increase of NT$240 from the NT$330 million in the same period of the previous year. Earnings per share in 2019 amounted to NT$4.17, which was an increase of NT$1.75 from NT$2.42 of the previous year.

II. Budget execution: the Company did not disclose any financial forecast in 2019.

Analysis of Financial Structure, Solvency and Profitability

The financial structure of the Company has been maintained sound and stable. The condition of financial structure, solvency and profitability are shown in the table below:

Items		Separate Financial Statements		Consolidated Financial Statements	
		2019	2018	2019	2018
Financial Structure	Liabilities to assets ratio (%)	11.2%	10.3%	23.8%	20.9%
	Long-term capital to fixed assets ratio (%)	689.4%	696.6%	259.1%	251.3%
Ability to repay debt	Current ratio (%)	360.8%	418.3%	473.1%	671.6%
	Quick ratio (%)	355.8%	402.5%	461.3%	648.5%
Profitability	Return on Assets (%)	10.8%	6.7%	9.5%	5.9%
	Return on Equity (%)	12.0%	7.4%	12.0%	7.4%
	Net profit rate (%)	44.7%	30.4%	19.3%	11.5%
	Earnings per share (NTD)	4.17	2.42	4.17	2.42

The Condition of Research and Development

The Company will commit resources to the needs of the end user application market in advanced encapsulation and testing of advanced new products such as data centers and servers, automotive electronics, artificial intelligence, smart home, IoT, smart voice, biochips, health measurement chips, remote charging chips and 5G applications and maintain close joint venture partnership with the customers In supporting the product needs of customers, the Company will spare no effort in the development of the FCCSP and WLCSP process for the customers a complete set of rear-end service.

Business Strategy and Policy for This Year

The Company will continue its focus on semiconductor packaging and testing and keeping up the close cooperation with customers in advanced technology. Further to maintaining positive and stable relations with major customers in existence, the Company will directly provide service to the existing end customers and continue the partnership after the expiration of the 5-year agreement with STATS ChipPAC Ltd. on technical service.

We will integrate resources to strengthen operation performance and actively engaged in the research and development of new production process, and to provide full-range testing and packaging capacity in one-stop service so as to reduce production cost and improve production efficiency. This will help t maximum capacity efficiency. We also seek to develop new customers to increase the proportion of revenue from new business for assurance of profitability and sustainable development of the enterprise.

Impact of External Environmental, Regulatory and Overall Business Environment

The negotiations regarding the China-US trade war seemed to be promising in the short run that macroeconomic development has become stable. The demand for heterogeneous integrations of chips continued to thrive under the demand for advanced AI for terminal products and the IoT related applications. Taiwan is well seasoned in IC packaging and testing with a variety of production lines that could sufficiently meet the demand for integration of terminal chips in production capacity and technology level. This is indeed an opportunity for the development of the semi-conductor industry of Taiwan.

In China, the development of the semiconductor industry has been stimulated by the China-US trade war that they tend to accelerate their paces. As such, the semiconductor industry of China intensified to attract good people from benchmark enterprises in semiconductor industry all over the world. This will bring about influence on the industry in the future.

The China-US trade war seemed to be ameliorated in this year such that macroeconomic development is expected to be stable again. The rebound of the sale of terminal products and the advanced packaging and testing capacity and the heterogeneous chips integration, packaging and testing technology of Taiwan is second to none in the world that could satisfy the needs of high integration and high performance of chips for terminal electronic products worldwide. The outbreak of COVID-19 mired the demand in the first half of the year. Yet, the growth in demand for wafer grade packaging and testing in Taiwan is expected to be promising.

Thank you for continuous support and encouragement from all our shareholders to the Company. We will adhere to the strategy of consistently seeking for development steadily to strike for the best interests of the Company and live up to the expectations of our shareholders. Wish all shareholders, ladies and gentlemen

good health and good luck.

Winstek Semiconductor Co., Ltd.

Chairman of the Board: Huang Hsing Yang

Chapter 2 Company Profile

I. Date of Establishment: April 26, 2000

II. Corporation Overview

Date	Record of Events
April 2000	On April 26, the Company was established with paid-up capital of NT$20,000,000
May 2000	Chubei plant was completed
May 2000	Erection of machinery and equipment was completed in Chubei plant
June 2000	Formal mass production
July 2000	Opening ceremony of new workshop in Chiung Lin
October 2000	Qualified by QS9000 Certification
November 2000	Qualified by IECQ Certification
January 2001	Introduced ERP system
April 2001	Completion and opening ceremony of Chiung Lin new factory
August 2001	Singapore Merchants STATS invested in Winstek Semiconductor Corporation, acquiring a 51% stock equity
October 2001	Opening ceremony of Chiung Lin factory
November 2001	Passed the bonded factory audit by the Ministry of Finance Taipei Customs
December 2001	Passed TSMC outsourcer audit, becoming a qualified TSMC outsourcer
December 2001	Passed the audit of licensed semiconductor subcontractor, becoming a licensed qualified outsourcer
December 2001	On December 14, the opening ceremony of bonded factory of Winstek Semiconductor Corporation (the Taipei Customs Bureau of Ministry of Finance officially took over)
January 2002	Won the first place of TSMC Outsourcer Evaluation in the fourth quarter of the year 2001
June 2002	Passed the outsourcer audit of Macronix International Co., Ltd., becoming a qualified outsourcer of Macronix
October 2002	Introduced the TS16949 Quality System
October 2002	Won the first place in UMC Outsourcer Evaluation in October 2002
April 2003	Made up for a public offering
June 2003	Won the first place in TSMC Outsourcer Evaluation in May, 2003
June 2003	Passed the TS16949 Quality System Certification
September 2003	Won the award of UMC Outsourcer Evaluation in 2003
September 2003	Won the award of TSMC Outstanding Outsourcer System Support in 2003
December 2003	Awarded as the Excellent Performance Partner of Faraday Technology in 2003
January 2004	The Companys stock was registered as emerging stock
March 2004	Won the award of TSMC Outstanding Outsourcer System Support in 2004
May 2004	Won the first place in TSMC Outsourcer Evaluation
June 2004	Won the award of UMC Excellent Outsourcer Evaluation

Date	Record of Events
June 2004	Qualified by ISO 14000 Certification
February 2005	Approved by the Securities and Futures Bureau(SFB), Financial Supervisory Commission(FSC) for OTC-listing
August 2005	Officially listed OTC
April 2006	Won the Best Contribution Award of TSMC Outsourcer
June 2006	Obtained the patent of new researched and developed product "Wafer Duster" from the Intellectual Property Office of the Ministry of Economic Affairs
September 2006	Qualified by OHSAS Occupational Safety and Health System Certification
September 2006	Qualified by ISO9001 Quality System/ISO14001 Environmental System Extended Certification
May 2007	Awarded the Strategic Alliance Manufacturer and the 2006 Premium Bonded Factory Award from the Taipei Customs Bureau
October 2007	Renamed as "STATS ChipPAC Taiwan Semiconductor Corporation"
February 2008	Won the honor of "Best Outsourcer of the Year 2007" of Faraday Technology, Initio Semiconductor Corp. and Modiotek
April 2008	Passed the Revision Certification of OHSAS 18001 2007 Occupational Safety and Health System Certification
May 2008	Won the 2007 Excellent Quality Supplier Award by Intel corporation
September 2008	Awarded the 2007 Premium Bonded Factory Award from the Taipei Customs Bureau
January 2009	Won the Evaluation Award of TSMC Quality System Level 1
February 2009	Won the honor of "Best Outsourcer of the Year 2008" of Faraday Technology
April 2009	Passed the Revision Certification of ISO9001 Quality System - Edition 2008
April 2009	Passed the Renewal Certification of ISO14001 Environmental System - Edition 2004
April 2009	Passed the Renewal Certification of OHSAS 18001 - Edition 2007 Occupational Safety and Health System Certification
May 2009	Won the honor of "Best Outsourcer of the Year 2008" of UMC Company
October 2009	Awarded the 2008 Premium Bonded Factory Award from the Taipei Customs Bureau
January 2010	Won the Evaluation Award of TSMC Quality System Level 1 of the Year 2009
February 2010	Won the honor of "Best Outsourcer of the Year 2009" of Faraday Technology
April 2010	Passed the Revision Certification of ISO9001 Quality System - Edition 2008
April 2010	Certified by the TS16949 Quality System Certification - Edition 2009
April 2010	Passed the Renewal Certification of ISO14001 Environmental System - Edition 2004
April 2010	Passed the Renewal Certification of OHSAS 18001 - Edition 2007 Occupational Safety and Health System Certification
October 2010	Awarded the 2009 Premium Bonded Factory Award from the Taipei

Date	Record of Events
	Customs Bureau
November 2010	Obtain the Certification of Sony Green Partner
November 2010	Obtain the Qualified Suppliers Recognition of Sony
January 2011	Won the Evaluation Award of TSMC Quality System Level 1 of the Year 2010
May 2011	Conducted cash capital reduction to return stock capital, reduce capital ratio by 50%.
June 2011	WLCSP was certified by ISO9001 Quality System - Edition 2008
September 2011	Awarded the 2010 Premium Bonded Factory Award from the Taipei Customs Bureau
April 2012	Obtained the Certification of Qualified Supplier of Sony in 2012
October 2012	Awarded the 2011 Premium Bonded Factory Award from the Taipei Customs Bureau
May 2013	Passed the Renewal Certification of ISO9001 Quality System - Edition 2008
May 2013	Passed the Renewal Certification of TS16949 Quality System - Edition 2009
May 2013	Passed the Renewal Certification of ISO14001 Environmental System - Edition 2004
May 2013	Passed the Renewal Certification of OHSAS 18001 - Edition 2007 Occupational Safety and Health System Certification
March 2014	Passed the Renewal Certification of ISO9001 Quality System - Edition 2008
March 2014	Passed the Renewal Certification of TS16949 Quality System - Edition 2009
March 2014	Passed the Renewal Certification of ISO14001 Environmental System - Edition 2004
March 2014	Passed the Renewal Certification of OHSAS 18001 - Edition 2007 Occupational Safety and Health System Certification
September 2014	Awarded the 2013 Premium Bonded Factory Award from the Taipei Customs Bureau of Ministry of Finance
July 2015	The Company acquired 100% equity of the subsidiary "Winstek Semiconductor Technology Co., Ltd." for US$ 15,000,000. STATS ChipPAC Ltd., the original parent company of the Company, transferred all its shares in the Company to Bloomeria Limited, the Company and its subsidiary Winstek Semiconductor Technology Co., Ltd. secede from the Group STATS ChipPAC Ltd.
July 2015	The Company and its subsidiary Winstek Semiconductor Technology Co., Ltd. signed the credit contract with Singapores DBS Bank of total amount of US$127,000,000.
August 2015	The Company and its subsidiary Winstek Semiconductor Technology Co., Ltd. signed a five-year technical service agreement with STATS ChipPAC Ltd. to provide wafer level packaging and testing services.
September 2015	The Company was renamed as Winstek Semiconductor Co., Ltd.
September 2015	Awarded the 2014 Premium Bonded Factory Award from the Taipei Customs Bureau of Ministry of Finance
May 2016	Passed the Renewal Certification of ISO9001 Quality System - Edition 2008

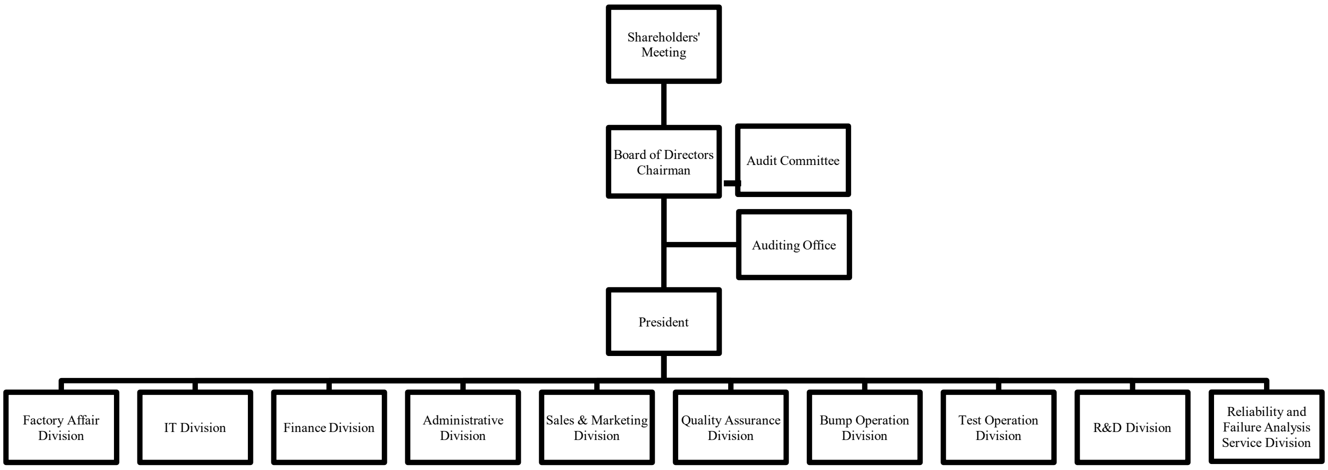
Date	Record of Events
May 2016	Passed the Renewal Certification of TS16949 Quality System - Edition 2009
May 2016	Passed the Renewal Certification of ISO14001 Environmental System - Edition 2004
May 2016	Passed the Renewal Certification of OHSAS 18001 - Edition 2007 Occupational Safety and Health System Certification
September 2016	Awarded the 2015 Premium Bonded Factory Award from the Taipei Customs Bureau of Ministry of Finance
March 2017	Passed the Renewal Certification of ISO9001 Quality System - Edition 2008
March 2017	Passed the Renewal Certification of TS16949 Quality System - Edition 2009
March 2017	Passed the Renewal Certification of ISO14001 Environmental System - Edition 2004
March 2017	Passed the Renewal Certification of OHSAS 18001 - Edition 2007 Occupational Safety and Health System Certification
September 2017	Awarded the 2016 Premium Bonded Factory Award from the Taipei Customs Bureau of Ministry of Finance
October 2017	Sigurd Microelectronics Corporation indirectly acquired 51.88% equity of the Company, becoming the ultimate parent company of the Company
March 2018	Passed the Revision Certification of ISO9001 Quality System - Edition 2015
March 2018	Passed the New Edition Certification of IATF16949 Quality System - Edition 2016
March 2018	Passed the Revision Certification of ISO14001 Environmental System - Edition 2015
March 2018	Passed the Renewal Certification of OHSAS 18001 - Edition 2007 Occupational Safety and Health System Certification
March 2018	Passed the Certification of ISO/IEC17025 Laboratory Quality Management System - Edition 2017
September 2018	Awarded the 2017 Premium Bonded Factory Award from the Taipei Customs Bureau of Ministry of Finance
March 2019	Passed the Renewal Certification of ISO9001 Quality Management System - Edition 2015
March 2019	Passed the Renewal Certification of IATF16949 Quality Management System - Edition 2016

Date	Record of Events
March 2019	Passed the Renewal Certification of ISO/IEC17025 Laboratory Quality Management System - Edition 2017
March 2019	Passed the Renewal Certification of ISO14001 Environmental Management System - Edition 2015
March 2019	Passed the Renewal Certification of OHSAS 18001 - Edition 2007 Occupational Safety and Health System Certification
March 2019	Obtained the Appreciation Award of 2018 Excellent Performance from Global Foundries (GBF)
October 2019	Awarded as one of the top 500 manufacturers with excellent export and import performance in 2018 by the Bureau of Foreign Trade.
November 2019	Awarded as the 2018 Excellent Bonded Factory by the Customs Administration, Ministry of Finance, Taipei Customs.
March 2020	Passed ISO 9001:2015 Quality Management System renewed certification.
March 2020	Passed IATF 16949:2016 Quality Management System renewed certification.
March 2020	Passed ISO/IEC 17025:2017 Laboratory Quality Management System renewed certification.
March 2020	Passed ISO 14001:2015 Environmental Management System renewed certification.
March 2020	Passed OHSAS 18001:2007 Occupational Safety and Health Management System renewed certification.

Chapter 3 Corporate Governance Overview

I. Organization System

1. Organization Structure



2. Responsibilities and Functions of Major Divisions

Division	Responsibilities
President Office	1. Collect various business information and assist the President in developing various business plans. 2. Assist the Company to establish a complete business system, evaluate the plans proposed by various departments, and assist in the formation of company decisions. 3. Call meetings presided over by the President, and track meeting minutes and resolutions. 4. Plan and promote the rationalization of corporate operations. 5. Assist the superior to carry out technical consultation of quality activities. 6. Provide countermeasures to problems related to production and technology throughout the Company. 7. Undertake and handle project matters assigned by the superior.
R&D Division	1. Set up a cross-functional team to coordinate the pre-production of mass production. 2. Develop product testing, confirm product production specifications, and assist in preparation for mass production. 3. Assist production line in technical improvement and test capability improvement. 4. Research and develop software interface and IC design automatic conversion engineering. 5. Research and develop software interface and test machine production program automation engineering. 6. Database integration of production line and test machines. 7. Production software automation and system connection. 8. Research and develop test equipment and test peripheral equipment. 9. Integration of automation hardware system.
Quality Assurance Division	1. Implement incoming inspection, in-process and final inspection. 2. Verification of new products, equipment and processes. 3. Maintenance of working environment. 4. Pre-warning for quality change and requirement improvement. 5. Manage the documentation control center. 6. Supervise and maintain the internal quality system and formulate the quality manual. 7. Coordinate the quality target setting and implementation. 8. Inspection, measurement, calibration and management of test equipment. 9. Customer quality complaint management.

Division	Responsibilities
	10. Verification of nonconformities, corrections and preventive actions.
Administrative Division	1. Personnel administration and human resource development management. 2. Education and training plan formulation, implementation and effect tracking. 3. General affairs management. 4. Procurement management of the whole factory. 5. Import and export affairs handling and progress tracking. 6. Product export declaration and information management. 7. Bonded business management. 8. Promotion and management of corporate social responsibility and RBA affairs.
Finance Division	1. General accounting treatment. 2. Cost accounting. 3. Tax planning. 4. Financial planning and working capital management. 5. Budget management implementation and monitoring. 6. Various investment matters. 7. Operation management of investors, shareholders and stock affairs.
Test Operation Division	1. Provide IC wafer and chip testing services. 2. Training and certification of manufacturing personnel and achievement of production capacity targets. 3. Scheduling of production planning and output follow-up, receipt and delivery management of warehousing materials. 4. Engineering support and engineering yield improvement for customer demand. 5. Development and introduction of new customers and new products. 6. Process optimization, equipment efficiency improvement and production cost reduction.
Bump Operation Division	1. Provide wafer bump and wafer level packaging services. 2. Training and certification of manufacturing personnel and achievement of production capacity targets. 3. Scheduling of production planning and output follow-up, receipt and delivery management of warehousing materials. 4. Engineering support and engineering yield improvement for customer demand. 5. Development and introduction of new customers and new products. 6. Process optimization, equipment efficiency improvement and production cost reduction.
Sales & Marketing Division	1. Plan, expand, sell and undertake the domestic and foreign markets and business of the Company. 2. Execute and follow up customer order status, respond to customer demand and customer relationship management.
Auditing Office	Responsible for the establishment, implementation and auditing of internal control system and internal audit system, and put forward improvement suggestions.
MIS	1. Network infrastructure maintenance. 2. Server management (including WEB, DB, Mail, FTP, File...etc.). 3. Software and hardware maintenance for clients. 4. Database management and backup. 5. Website management (including company homepage, webpage design and maintenance...etc.). 6. Planning, development and maintenance of the E.R.P. system. 7. Production software automation and system connection.
Factory Affair Division	1. Plant design, planning and construction. 2. Management and maintenance of water, electricity and material pipelines for production. 3. Plant maintenance, inspection and management.
Reliability and Failure Analysis Service Division	1. Accept clients' entrustment to carry out reliability test and failure analysis of semiconductor components. 2. Provide SMT process, accelerated environmental pressure test, accelerated life simulation test, electrical verification test, mechanical pressure test and other services. 3. Assist customers in performing failure analysis of failed products according to customers' requirements, including electrical characteristics testing, sample pretreatment, non-destructive analysis and other services.

II. Information regarding Directors, Supervisors, Presidents, Senior Vice Presidents, Vice Presidents, and Management Team

1. Information of Directors

(1) Information Regarding Board Members

April 11, 2020; Unit: Share, NT$ thousand

Occupational title (Note 1)	Nationality or registration place	Name	Sex	Date of election to (assumption of) office	Tenure	Initial election date (Note 2)	Quantity of shareholding at the time of elected to office		Quantity of shareholding at present		Current shareholding of spouse and minor children		Shares held in the name of others		Main experience (education) (Note 3)	Currently serving the Company and other companies	Other supervisors, directors, or supervisors who are with a kinship of spouse or second cousin			Note (Note 4)
							Number of shares	Proportion of shareholding	Number of shares	Proportion of shareholding	Number of shares	Proportion of shareholding	Number of shares	Proportion of shareholding			Occupational title	Name	Relations	
Chairman	Singapore	Bloomeria Limited, Singapore Representative: Hsing-Yang Huang	Male	November 2017	3 years	November 2017	70,694,438	51.88	70,694,438	51.88	0	0	0	0	Management Master's degree at the National Taiwan University, General Manager of Schlumberge Limited.	Chairman and Chief Executive Officer of Sigurd Microelectronics Corporation; Director of reinvestment company of Sigurd Microelectronics Corporation; Director of Singapore Merchants Bloomeria Limited; Chairman of Winstek Semiconductor Technology Co., Ltd.	None	None	None	None
Director	ROC	Chih-Li Weng	Male	November 2017	3 years	May 2000	571,507	0.42	571,507	0.42	0	0	0	0	Master's degree from Illinois Institute of Technology; General Manager at World-Wide Test Technology Inc.; Deputy Assistant General Manager of IC Test Division at Formosa Advanced Technologies Co., Ltd.; Sales and Marketing Director at Advanced Semiconductor Engineering, Inc. (Branch in American)	General Manager of this Company; Director and General Manager of Winstek Semiconductor Technology Co., Ltd	None	None	None	None

Director	Singapore	Bloomeria Limited, Singapore Representative: Tsan-Lian Yeh	Male	November 2017	3 years	November 2017	70,694,438	51.88	70,694,438	51.88	0	0	0	0	Bachelor of Department of Electronic Physics at National Chiao Tung University; Master of Institute of Enterprise Management of National Chiao Tung University; General Manager of Ouxiang Technology Co., Ltd.,; General Manager of Semiconductor Division of Chroma ATE Inc.	Director, General Manager, and operation officer of Sigurd Microelectronics Corporation; Director of reinvestment company of Sigurd Microelectronics Corporation; Director of Singapore Merchants Bloomeria Limited.	None	None	None	None
Director	Singapore	Bloomeria Limited, Singapore Representative: Min-Hung Wu	Male	November 2017	3 years	November 2017	70,694,438	51.88	70,694,438	51.88	0	0	0	0	Bachelor of Department of Electronics at National Taiwan Institute of Technology; General Manager of Schellenberg Systems Technology Co., Ltd.	Director, Executive Assistant General Manager, and Chief Financial Officer of Sigurd Microelectronics Corporation; Director of reinvestment company of Sigurd Microelectronics Corporation; Director of Chen Jun Co., Ltd.; representative of a legal person Director of ENE Technology Inc.; representative of a legal person Director of Yanyuan Investment Co., Ltd.; representative of a legal person Director and appointed as the chairman of Chengyuan Technology Co., Ltd.; Director of Singapore Merchants Bloomeria Limited; Director of Winstek Semiconductor Technology Co., Ltd.	None	None	None	None
Director	Singapore	Bloomeria Limited, Singapore Representative：Hsu-Tun Kuo	Male	November 2017	3 years	November 2017	70,694,438	51.88	70,694,438	51.88	0	0	0	0	Bachelor's degree from the Department of Electrical Engineering at National Cheng Kung University; Chairman of Panther; Executive Assistant General Manager & Chief Technology Officer of Walsin Advanced; Chairman and General Manager of Hongyu Semiconductor Co., Ltd.	General Manager and deputy chief operation officer of Sigurd Microelectronics Corporation; Director of re-investment company of Sigurd Microelectronics Corporation.	None	None	None	None

Director	Singapore	Bloomeria Limited, Singapore Representative: Chao-Hung Hsieh	Male	November 2017	3 years	November 2017	70,694,438	51.88	70,694,438	51.88	0	0	0	0	Department of Chemical Engineering, Yuan Ze University	Senior Vice President in Sale, Sigurd Microelectronics Corporation.	None	None	None	None
Independent Director	ROC	Min-Kai Lin	Male	November 2017	3 years	November 2017	0	0	0	0	0	0	0	0	Bachelor of Accounting degree from the Institute of National Cheng Kung University; Investment/financial planning high commissioner at GM Office/special assistant to the chairman/Director of the Auditing Office/chief secretary of CHC Group; Supervisor of Walton Cement International/CHC Construction/Lintes Technology Co., Ltd.	Remuneration committee member of the Company; Independent Director and remuneration committee member of Sigurd Microelectronics Corporation	None	None	None	None
Independent Director:	ROC	Wei Jen Yu	Male	November 2017	3 years	June 2006	0	0	0	0	420	0	0	0	Bachelor's degree from the Institute of Business Administration at National Chengchi University; Deputy Assistant General Manager of Investment Department at Huasheng International Investment Corp.; Assistant General Manager of Entire Technology Co., Ltd.	Remuneration committee member of the Company; Partner of MagiCapital Group Limited.	None	None	None	None
Independent Director:	United States	Wen-chou Vincent Wang	Male	November 2017	3 years	September 2015	0	0	0	0	0	0	0	0	Ph.D. Materials Science & Engineering from Cornell University, Ithaca, New York, was Senior Vice President for STATSChipPAC Ltd, Head of Flip Chip Engineering for Altera Corporation, San Jose	None	None	None	None	None

Note 1: Institutional shareholders should list out the name of the institution and the names of the representatives separately (for representatives of institutional shareholders, specify the name of the institutional shareholders), and fill in Table 1 below.

Note 2: Put down the date on which the Directors or Supervisors assumed office for the first time. Explain if there was interruption.

Note 3: Experience related to current position. If the person has been working with the CPA firm retained for audit services or its affiliates in the aforementioned period, explain the title and the assigned duties.

Note 4: If the Company chairman, general manager or equivalent title holder (top manager) is the same person or are spouses or relatives within the first degree of kinship; please explain the reason, rationale, necessity and corresponding measure (for example, increase the number of independent directors whereby over half of the directors have never served as employees or managers) related information.

(2) Major Shareholders of Winstek's Director that are Institutional Shareholders

Director that is an Institutional Shareholders of Winstek	Top 10 Shareholders
Singapore Merchants Bloomeria Limited	Sigurd Microelectronics Corporation (100%)

Representative of Top 10 Institutional Shareholders (April 12, 2020)

Name of corporate shareholder	Major shareholders of the corporate shareholder
SIGURD MICROELECTRONICS CORPOR	Yanyuan Investment Co., Ltd. (4.29%)
	American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of the Robeco Capital Growth Fund investment account (3.21%)
	American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of the series funds, Advanced Starlight General International Stock Index Fund investment account of PGIA (2.04%)
	Citibank Taiwan is entrusted with the custody of the investment account of the Norges Bank (2.01%)
	HsingYang Huang (1.71%)
	Bank of Taiwan is entrusted with the custody of the LSV Emerging Markets Stock Fund Limited Partnership investment account (1.70%)
	Mingchun Cho (1.37%)
	American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of Vanguard Emerging Markets Stock Index Fund investment account managed by Vanguard Group (1.27%)
	Citibank Taiwan is entrusted with the custody of the Emerging Markets Core Portfolio investment account of DFA Investment Diversity Group (1.12%)
	Citibank Taiwan is entrusted with the custody of the Secondary Emerging Market Assessment Fund investment account (1.10%)

(3) Directors' Professional Qualifications and Independent Analysis

Criteria / Name	Meet the Requirements of at Least Five Years Work Experience and the Following Professional Qualifications			Independence status (Note 1)												Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
	An Instructor of Higher Position in a Department of Commerce, Law, Finance, Accounting, and Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional of Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Area of Commerce, Law, FInance, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Singapore Merchants Bloomeria Limited Representative: Huang Hsing Yang			✓			✓					✓		✓	✓	✓	0
Weng Chih Li			✓			✓					✓		✓	✓	✓	0
Singapore Merchants Bloomeria Limited Representative: Yeh Tsan Lien			✓			✓					✓		✓	✓	✓	0
Singapore Merchants Bloomeria Limited Representative: Wu Min Hung			✓			✓					✓		✓	✓	✓	0
Singapore Merchants Bloomeria Limited Representative: Kuo Hsu Tung			✓			✓					✓		✓	✓	✓	0
Singapore Merchants Bloomeria Limited Representative: Hsieh Chao Hung			✓			✓					✓		✓	✓	✓	0
Lin Min Kai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Wei Jen Yu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Wen-chou Vincent Wang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: Number of fields may be adjusted according to actual needs.

Note 2: Directors and supervisors that have met the following conditions two years prior to the election and during the term of office shall tick"✓" the corresponding box.

(1) Not an employee of the company or its affiliated enterprises

(2) Not a director or supervisor of the Company or its affiliates (this restriction does not apply to mutual concurrent independent director positions in the Company, its parent company or subsidiary or subsidiaries belonging to the same parent company that are established in accordance with the local laws or laws of the registered country).

(3) Not the principle and the principal's spouse or minor children, or a natural person shareholder who holds more than 1% of the total shares issued of the company in the name of others or is on the top-ten shareholders' list.

(4) Not a manager listed in (1) or a spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship listed in (2) and (3).

(5) Not a director, supervisor, or employee of any company that has 5% or higher ownership interest in the Company or among the top-5 corporate shareholders of the Company; or a corporate shareholder representative appointed to serve as a company director or supervisor pursuant to Paragraph 1 or 2 of

Article 27 of the Company Act (this restriction does not apply to mutual concurrent independent director positions in the Company, its parent company or subsidiary, or subsidiaries belonging to the same parent company that are established in accordance with local laws or laws of the registered country).

(6) Director, supervisor or employee of another company controlled by the same person who is not part of the Company's board of directors or holds over half of the Company's voting rights (this restriction does not apply to mutual concurrent independent director positions in the Company, its parent company or subsidiary, or subsidiaries belonging to the same parent company that are established in accordance with local laws or laws of the registered country).

(7) Not a director (trustee), supervisor (auditor), or employee of another company or organization who is the same person or a spouse of the Company's chairman of the board, general manager, or equivalent (this restriction does not apply to mutual concurrent independent director positions in the Company, its parent company or subsidiary or subsidiaries belonging to the same parent company that are established in accordance with local laws or laws of the registered country).

(8) Not a director (trustee), supervisor (auditor), manager or shareholder holding over 5% of shares from a specific company or organization with financial or business dealings with this Company (this restriction does not apply if the specific company or organization holds over 20% and no more than 50% of the Company's shares and mutual concurrent independent director positions in the Company, its parent company or subsidiary, or subsidiaries belonging to the same parent company that are established in accordance with local laws or laws of the registered country).

(9) Not a business, legal affairs, finance, accounting, other related service professional, or an owner, partner, director (trustee), supervisor (auditor), or manager (or his/her spouse) of a sole proprietorship, partnership, company, or organization that has audited the Company or its affiliates or received the cumulative amount of remuneration of no more than NT$500,000 in the past two years. However, this restriction does not apply to members of the Salary and Remuneration Committee, Public Acquisition Review Committee, or Mergers and Acquisitions Special Committee performing their duties and powers in accordance with the relevant provisions provided by the Securities and Exchange Act and the Business Mergers And Acquisitions Act.

(10) There is no kinship with the other directors, such as, a spouse or a second cousin

(11) There is no occurrence of any matters as stipulated in Article 30 of the Company Act.

(12) There is no government, legal person, or its representative elected as stipulated in Article 27 of the Company act.

The board member diversity policy:

The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. The policy includes the following two general standards:

I. Basic requirements and values: Gender, age, nationality, and culture.

II. Professional knowledge and skills: A professional background, professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties. In order to achieve the ideal goal of corporate governance, the abilities that must be present in the board as a whole include: the ability to make judgments about operations, business management ability, knowledge of the industry, leadership decision making ability, an international market perspective, accounting and financial analysis ability.

2. Information regarding Presidents, Senior Vice Presidents, Vice Presidents, and Management Team

April 11, 2020; Unit: share

Occupational title (Note1)	Nationality	Name	Sex	Election (inauguration) date	Shareholding		Shareholding of spouse and minor children		Shares held in the name of others		Main experience (education) (Note 2)	The position held with other companies currently	Managers who are with a kinship of spouse or second cousin			Notes (note 3)
					Number of shares	Proportion of shareholding	Number of shares	Proportion of shareholding	Number of shares	Proportion of shareholding			Occupational title	Name	Relations	
President:	ROC	Chih-Li Weng	Male	February 2007	571,507	0.42	0	0	0	0	Graduate School, Illinois Institute of Technology, USA President, Huahong TechnologyThree years Asst VP, IC testing Division, Formosa Advanced Technology Corporation Sale Asst VP, ASE Technology branch in the USA	Director and President, Winstek Semiconductor Technology Co., Ltd.	None	None	None	None
Marketing Division Vice President	ROC	Chao Tzu Chieh	Male	January 2008	8,225	0.01	0	0	0	0	Political Science Department, Soochow University Sales and Marketing Manager at Sigurd Microelectronics Co. Sales and Marketing Manager at the former Winstek Semiconductor Corporation	Assistant General Manager of Business at Winstek Semiconductor Technology Co., Ltd.	None	None	None	None
TEST Operating Division Vice President	ROC	Huang Hao Chi	Male	January 2012	0	0	409	0	0	0	Bachelor of Electrical Engineering, Tamkang University Sales and Marketing Director at Winstek	None	None	None	None	None

											Semiconductor Co., Ltd. Engineering Manager at World-Wide Test Technology Inc. Hardware Engineer at Caesar Technology Inc.					
Information Technology Division Vice President	ROC	Huang Fu Shen	Male	November 2017	11,600	0.01	0	0	0	0	Bachelor of Department of Computer Science and Engineering of Yuan Ze University Deputy Engineer at National Chung-Shan Institute of Science and Technology MIS Manager at World-Wide Test Technology Inc. Chief Operating Officer at Winstek Semiconductor Co., Ltd.	None	None	None	None	None
BumpOperating Division Vice President	ROC	Chen Chien Hsun	Male	November 2017	0	0	0	0	0	0	Bachelor's degree from the Department of Electrical Engineering of National Tsing Hua University Deputy Manager at United Microelectronics Corporation (UMC) Manager at Universe Optical Technology Co., Ltd. and Chipbond Technology Corporation Deputy Director of Engineering at Winstek Semiconductor Technology Co., Ltd. Assistant Manager of Tron-e	None	None	None	None	None

											Technology Co., Ltd.					
Finance Division Chief Financial Officer	ROC	Tang Li Ying	Female	December 2015	0	0.00	0	0	0	0	Bachelor of Accounting from the National Cheng Kung University Chief Financial Officer at Winstek Semiconductor Technology Co., Ltd.	Chief Financial Officer at Winstek Semiconductor Technology Co., Ltd.	None	None	None	None
Finance Division Deputy Director	ROC	Kui-Chu Liu	Male	June 2000	9,106	0.01	0	0	0	0	Bachelor of Accounting, Tunghai University Manager at ShineWing Accounting Firm	Finance Deputy Director at Winstek Semiconductor Technology Co., Ltd.	None	None	None	None

Note 1: The profiles of the president, vice presidents, assistant vice presidents and heads of the departments and branches should be included. The position equivalent to president, vice presidents, assistant vice presidents and heads of the departments and branches should also be disclosed irrespective of the title.

Note 2: For the experience relevant to the current position, such as employment at an audit and certification accounting firm or an associated enterprise during the said period, the title and responsibilities shall be specified.

Note 3: If the chairman or equivalent title holder (top manager) is a same person, a spouse, or relative within the first degree of kinship as the president; please disclose the reason, rationale, necessity and corresponding measure (for example, increase the number of independent directors whereby over half of the directors have never served as employees or managers) related information.

3. Remuneration Paid to Directors and Compensation Paid to President and Senior Vice President:

(1) Remuneration for General Directors and Independent Directors

NT$ thousand

Occupational title	Name	Remuneration for Directors								After-tax earnings ratio of the sum of A, B, C, and D (%) (Note 10)		Remunerations for part-time employees								After-tax earnings ratio of the sum of A, B, C, D, E, F, and G (%) (Note 10)		Received transfer investment enterprise remuneration from companies other than a subsidiary (note 11)
		Remuneration (A) (Note 2)		Retirement and pension (B)		Remunerations for directors (C) (Note 3)		Business execution expense(D) (Note 4)				Salary, bonus and special expenditure (E) (Note 5)		Retirement and pension(F)		Remunerations for employees (G) (Note 6)						
		All companies covered	All companies mentioned in the financial report (Note 7)	All companies covered	All companies mentioned in the financial report (Note 7)	All companies covered	All companies mentioned in the financial report (Note 7)	All companies covered	All companies mentioned in the financial report (Note 7)	All companies covered	All companies mentioned in the financial report	All companies covered	All companies mentioned in the financial report (Note 7)	All companies covered	All companies mentioned in the financial report (Note 7)	All companies covered		All companies mentioned in the financial report (Note 7)		All companies covered	All companies mentioned in the financial report	
																Cash amount	Stock amount	Cash amount	Stock amount			
General Directors	Singapore Merchants Bloomeria Limited Representative: Hsing-Yang Huang Chih-Li Weng Singapore Merchants Bloomeria Limited Representative: Tsan-Lian Yeh Singapore Merchants Bloomeria Limited Representative: Min-Hung Wu Singapore Merchants Bloomeria Limited Representative：Hsu-Tun Kuo Singapore Merchants Bloomeria Limited Representative: Chao-Hung Hsieh	9,200	9,200	0	0	0	0	660	660	1.7%	1.7%	16,082	18,995	108	108	0	0	0	0	4.6%	5.1%	None
Independent Director:	Min-Kai Lin Wei Jen Yu Wen-chou Vincent Wang	2,900	2,900	0	0	0	0	45	45	0.5%	0.5%	0	0	0	0	0	0	0	0	0.5%	0.5%	None

1. Please describe the remuneration payment policies, systems, standards, and structure for independent directors as well as the relationship between the remuneration amounts and their duties, risks and tenure:

The remuneration for the Companys independent directors shall be in accordance with Article 23 -1 of the Companys Articles of Association. The Salary and Remuneration Committee shall review the contribution value and ope ration participation by the Companys directors, associate t he performance risks wi compensation received in a reasonable fair manner, take into account the Companys performance as well as the normal payment level by peers in the industry and then make a recommendation to the board of directors for resolution.

2. In addition to the disclosure listed in the table above, the remuneration received by the Company directors for services provided to all companies mentioned in the financial report (as a non-employee consultant, etc.) in the most recent year: None

Table of Remuneration Ranges

Remuneration Bracket for the Company's directors	Name of Directors			
	Sum of the said four types of remunerations(A + B + C + D)		Sum of the said seven types of remunerations(A + B + C + D + E + F + G)	
	The Company (Note 8)	In the Companys Financial Report (Note 9)H	The Company (Note 8)	All companies within the Financial Report (Note 9)I
Below NTD 1,000,000	Yeh Tsan Lien (Note 12), Kuo Hsu Tung (Note 12), Hsieh Chao Hung (Note 12), Wen-chou Vincent Wang	Yeh Tsan Lien (Note 12), Kuo Hsu Tung (Note 12), Hsieh Chao Hung (Note 12), Wen-chou Vincent Wang	Yeh Tsan Lien (Note 12), Kuo Hsu Tung (Note 12), Hsieh Chao Hung (Note 12), Wen-chou Vincent Wang	Yeh Tsan Lien (Note 12), Kuo Hsu Tung (Note 12), Hsieh Chao Hung (Note 12), Wen-chou Vincent Wang
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	Weng Chih Li, Wu Min Hung (note 12), Wei Jen Yu, Lin Min Kai	Weng Chih Li, Wu Min Hung (Note 12), Wei Jen Yu, Lin Min Kai	Wu Min Hung (Note 12), Wei Jen Yu, Lin Min Kai	Wu Min Hung (Note 12), Wei Jen Yu, Lin Min Kai
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)				
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	Huang Hsing Yang (Note 12)	Huang Hsing Yang (Note 12)	Huang Hsing Yang (Note 12)	Huang Hsing Yang (Note 12)
NT$5,000,000 (inclusive)～NT$10,000,000 (exclusive)				
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)				
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)			Chih-Li Weng	Chih-Li Weng
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)				
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)				
Over NTD 100,000,000				
Total	9 seats	9 seats	9 seats	9 seats

Note 1: The names of directors (for corporate shareholders, the names of corporate shareholders and representatives must be listed respectively) as well as general directors and independent directors must be shown separately and the various payment amounts must be listed using the summary disclosure method. If the director is also a general manager or vice general manager, this table and the following table (3-1) or (3-2-1), (3-2-2) shall be completed.

Note2：The remunerations paid to directors in the latest year (including salaries, additional pay, service pay, various prizes, rewards, among others)

Note3：The value of remunerations approved to be assigned to directors by the Board of Directors in the most recent year

Note4：Related expenses for carrying our tasks incurred by directors in the latest year (including transportation, special expenditure, various allowances, dormitory and car, among other actual items provided) For housing, automobiles, and other transportation tools or expenses that are specific to individuals, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations.

Note5：Salaries, additional pay, service pay, various prizes, rewards, transportation, special expenditure, various allowances, dormitory, cars, and other actual items that are claimed by directors and employees (including part-time general managers, vice general managers, other managers and employees) in the latest year For housing, automobiles, and other transportation tools or expenses that are specific to individuals, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations. In addition, salaries recognized in accordance with IFRS 2: stock-based payment transaction, including employee stock option certificates, restricted employee shares, and participation in subscribing shares in cash capital increase, shall also be included as part of the remunerations.

Note6：This means that directors and employees (including part-time general managers, vice general managers, other managers and employees) having claimed employee remunerations (including shares and cash) shall disclose employee remunerations distributed through the Board of Directors in the most recent year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally and Exhibit 1-3 shall be completed.

Note7：The total value of remunerations paid to directors of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note 8：Disclose the names of the Directors in relevant brackets along the payment scale and the total amount paid.

Note 9：Disclose the total amount of remuneration paid to the Directors of the Company by all companies included in the consolidated financial statements (including the Company) and their names in relevant brackets of the payment scale.

Note 10: Net profit after tax refers to the net profit after tax listed in individual or separate financial reports in the most recent year.

Note 11: a. Transfer investment enterprise related remuneration amounts received by the Company directors from sources other than a subsidiary Company must be clearly listed in this column (if none, please fill-in "none").

b. If the Companys directors have received transfer investment enterprise related remuneration amounts from sources other th an a subsidiary company or parent company, said remunerations received by the Companys directors from sources other than a subsidiary company or parent company must be fill ed-in in the I column of the remuneration pay-grade table, and the column shall be renamed as "parent company and all of the transfer investment enterprises."

c.Remuneration refers to the salaries, compensations (including employee, director, and supervisor salaries), operation implementation costs related payments received by this companys directors who have served as a director, su pervisor, or manager of reinvestment companies other than a subsidiary or a parent company.

Note 12: Legal representative of Singapore Merchants Bloomeria Limited.

(2) Compensation Paid to President and Vice Presidents

Unit: NT$ thousand

Occupational title	Name	Salary (A) (Note 2)		Retirement and pension (B)		Bonuses, special expenses, etc. (C) (Note 3)		Employee remunerations (D) (Note 4)				The ratio of the total amount of 4 categories (A, B, C and G) to the net income (%) (Note 8)		Transfer investment enterprise remuneration received from companies other than a subsidiary or a parent company (Note 9)
		All companies covered	All the companies in the financial report (Note 5)	All companies covered	All the companies in the financial report (Note 5)	All companies covered	All the companies in the financial report (Note 5)	All companies covered		All companies within the Financial Report (Note 5)		All companies covered	All the companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President:	Chih-Li Weng	7,257	15,815	324	540	13,470	15,454	1,698	0	6,273	0	4.0%	5.6%	None
Vice President	Chao Tzu Chieh													
Vice President	Huang Fu Shen													
Vice President	Chen Chien Hsun													
Vice President	Huang Hao Chi													

Table of Compensation Ranges

Remuneration Bracket for the Company's President and Vice President	Name of the President and Vice President	
	The Company (Note 6)	All companies within the Financial Report (Note 7) E
Below NTD 1,000,000		
NTD 1,000,000 (inclusive) ～ NTD 2,000,000 (exclusive)		
NTD 2,000,000 (inclusive) ～ NTD 3,500,000 (exclusive)	Huang Fu Shen	Huang Fu Shen, Chao Tzu Chieh
NTD 3,500,000 (inclusive) ～ NTD 5,000,000 (exclusive)	Huang Hao Chi	Huang Hao Chi
NT$5,000,000 (inclusive)～NT$10,000,000 (exclusive)		Chen Chien Hsun
NTD 10,000,000 (inclusive) ～ NTD 15,000,000 (exclusive)		
NTD 15,000,000 (inclusive) ～ NTD 30,000,000 (exclusive)	Chih-Li Weng	Chih-Li Weng
NTD 30,000,000 (inclusive) ～ NTD 50,000,000 (exclusive)		
NTD 50,000,000 (inclusive) ～ NTD 100,000,000 (exclusive)		
Over NTD 100,000,000		
Total	Three	Five

Note 1: Names of general managers and vice general managers shall be listed separately and individual payments made shall be disclosed through a summary. If the director is also a general manager or vice general manager, this table(1-1) and the following table (1-2-1) or (1-2-2)shall be completed.

Note 2: Salaries, additional pay and service pay for general managers and vice general managers in the latest year.

Note 3: Various prizes, awards, transportation, special expenditure, various allowances, dormitory, cars and other actual items provided and other compensations for general managers and vice general managers in the latest year. For housing, automobiles, and other transportation tools or expenses that are specific to individuals, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations. In addition, salaries recognized in accordance with IFRS 2: stock-based payment transaction, including employee stock option certificates, restricted employee shares and participation in subscribing shares in cash capital increase, shall also be included as part of the remunerations.

Note 4: Employee remunerations (including stock and cash) distributed to general managers and vice general managers as approved by the Board of Directors in the latest year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. In addition, the attached Table 1-3 shall be completed.

Note 5: The total value of remunerations paid to general managers and vice general managers of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note 6: For the total value of various remunerations paid to each general manager and vice general manager by the Company, disclose the name of the general manager and the vice general manager in the respective bracket.

Note 7: For the total value of various remunerations paid to each general manager and vice general manager of the Company by all companies (including the Company) in the Consolidated Report, disclose the name of the general manager and vice general manager in the respective bracket.

Note 8: Net profit after tax refers to the net profit after tax listed in individual or separate financial reports in the most recent year.

Note 9: a. Transfer investment enterprise related remuneration amounts received by the Company president or vice president from sources other than a subsidiary company or a parent company must be clearly listed in this column (if none, please fill-in "none").

b. If the Companys president or v ice president have received transfer investment enterprise related remuneration amounts from sources other than a subsidiary company or a parent company, said remunerations received by the Companys president or vice president from sources other than a sub sidiary company or a parent company must be filled-in in column E of the remuneration pay-grade table, and the column shall be renamed as "parent company and all of the transfer investment enterprises."

c. Remuneration refers to the salaries, compensations (including employee, director, and supervisor salaries), operation implementation costs related payments received by this companys president or vice president who have served as a director, supervisor, or manager of reinvestment companies ot her than a subsidiary or a parent company.

(3) Employees' Profit Sharing Bonus Paid to Management Team:

Unit: NT$ thousand

	Title	Name	Stock (Fair Market Value)	Cash	Total	Total Employees Profit Sharing Bonus Paid to Management Team as A % of 2018 Net Income After Tax
Manager	President	Weng Chih Li	0	9,974	9,974	1.8%
	Vice President	Chao Tzu Chieh				
	Vice President	Chen Chien Hsun				
	Vice President	Huang Fu Shen				
	Vice President	Huang Hao Chi				
	Supervisor of Finance Division	Tang Li Ying				
	Supervisor of Accounting Division	Kui-Chu Liu				

4. Separately describe total remuneration, as a percentage of net income, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to Directors, Supervisors, General Manager, and Assistant General Managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(1) Total remuneration as a percentage of net income, as paid to Directors, President, and Vice Presidents during the past 2 fiscal years.

Unit: NT$ thousand

	2019						2018					
	All companies covered			Financial Report Companies			All companies covered			Financial Report Companies		
Occupational title	Total remuneration	Net income after tax	Ratio accounted for compared to the total net income%	Total remuneration	Net income after tax	Ratio accounted for compared to the total net income%	Total remuneration	Net income after tax	Ratio accounted for compared to the total net income%	Total remuneration	Net income after tax	Ratio accounted for compared to the total net income%
General Directors	9,860	567,643	1.74%	9,860	567,643	1.74%	9,963	329,820	3.02%	9,963	329,820	3.02%
Independent Directors	2,945		0.52%	2,945		0.52%	2,950		0.89%	2,950		0.89%
President and Vice Presidents	22,749		4.01%	38,082		6.71%	27,797		8.43%	41,901		12.70%

(2) Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

As set out in the Articles of Incorporation, The Board of Directors is authorized to determine the salary for the Chairman and the Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry.

If the Company has made a profit this year, it shall allocate 0.1% to 15% as employee compensation. If employee compensation is distributed in stock or cash, the subjects of distribution shall include employees of the controlling company or the subsidiary company who meet certain conditions. However, the Company shall reserve the compensation amount in advance if there are still accumulated losses. In addition, no more than 3% of the provision should be regarded as director compensation depending on the business conditions. However, the Company shall reserve the compensation amount in advance if there are still accumulated losses.

The remuneration of president and vice president shall be determined in accordance with their scope of power and responsibility in the Company as well as contribution to the Companys operating objectives, and shall handle in accordance with the Companys Articles of Association and Article 29 of the Company Act.

In terms of remuneration determination, remuneration policies and systems for the Companys directors and managers shall be evaluated according to the "Salary and Remuneration Committee Organization Rules," "Director Remuneration and Payment Method" and "Manager Remuneration and Payment Method" by the Companys remuneration committee in a professional and objective manner; which shall propose recommendations to the board of directors.

Overall planning for the Companys remuneration policy must take the financial status, operating results, future capital utilization needs, and future risk assessment into account in order to minimize the possibility of risk. As of the publication date of this annual report, there is no possibility for the Company to bear liabilities, obligations, or debts in the future.

III. Corporate Governance Overview

1. Board of Directors Meeting Status

A total of 6 meetings have been held by the Board of Directors in 2019, with their attendance shown as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Remarks
Chairman	Singapore Merchants Bloomeria Limited Representative: Huang Hsing Yang	6	0	100%	Appointed on November 15, 2017
Director	Singapore Merchants Bloomeria Limited Representative: Wu Min Hung	6	0	100%	Appointed on November 15, 2017
Director	Singapore Merchants Bloomeria Limited Representative: Yeh Tsan Lien	5	0	83%	Appointed on November 15, 2017
Director	Singapore Merchants Bloomeria Limited Representative: Kuo Hsu Tung	6	0	100%	Appointed on November 15, 2017
Director	Singapore Merchants Bloomeria Limited Representative: Hsieh Chao Hung	5	0	83%	Appointed on November 15, 2017
Director	Weng Chih Li	6	0	100%	Reappointed on November 15, 2017
Independent Director	Lin Min Kai	6	0	100%	Appointed on November 15, 2017
Independent Director	Wei Jen Yu	6	1	83%	Reappointed on November 15, 2017
Independent Director	Wen-chou Vincent Wang	6	1	83%	Reappointed on November 15, 2017

Annotations:

I. Where one of the following circumstances apply for the operations of the Board of Director meetings, the date, session, proposal contents, opinions of all independent directors, and the Company's actions in response to the opinions of the independent directors shall be stated:

(I) Matters specified in Article 14-3 of the Securities and Exchange Act:

Board of Directors Meeting Date	Resolution	Matters Specified in Article 14-3 of the Securities and Exchange Act	Any Independent Director Had a Dissenting Opinion or Qualified Opinion
1st Board of Directors Meeting in 2019 (2019.03.06)	Proposal to amended some articles of "Assets Acquisition or Disposal Handling Procedures." Resolution: The matter is put before all directors present at the meeting and passed with none voicing an objection.	Yes	Independent directors passed the proposal without voicing any objections.
	Proposal to provide joint guarantee for subsidiary (Winstek Semiconductor Technology Co., Ltd.) to apply for credit line from bank. Resolution: The matter is put before all directors present at the meeting and passed with none voicing an objection.	Yes	Independent directors passed the proposal without voicing any objections.
2nd Board of Directors Meeting in 2019 (2019.04.29)	Proposal to amend some articles of "Endorsement Guarantee Operating Procedures." Resolution: The matter is put before all directors present at the meeting and passed with none voicing an objection.	Yes	Independent directors passed the proposal without voicing any objections.
	Proposal to amend some articles of "Third-party Fund Lending Operating Procedures." Resolution: The matter is put before all directors present at the meeting and passed with none voicing an objection.	Yes	Independent directors passed the proposal without voicing any objections.

(II) Any other written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion Except for the aforementioned matters: None.

II. For the practice of directors' recusing themselves from a proposal with a conflict of interest, the name of the directors, the content of the proposal, the reasons for the recusal, and the participation in the voting should be detailed:

Board of Directors' Meeting Time	Proposal Contents and Results	Names of Directors who Recused due to Conflict of Interest	Cause of Recusal	Participation and Voting Status
3rd Board of Directors Meeting in 2019 (2019.4.29)	General manager performance bonus allocation case proposed by the Salary and Remuneration Committee.	Chih-Li Weng	Because this case involves the distribution of individual performance bonuses, directors with manager status did not join in the discussion as provided by the law due to conflict of interest.	Except for Mr. Weng Chih Li who was recused from the discussion due to conflict of interest, the chair consulted with the rest of the directors present and passed the proposal without objections.

III. Self-assessment implementation status of the Company's board of directors: None.

IV. The objectives of strengthening the board of directors functions in the current and must recent year (i.e., establishing an audit committee, improving information transparency, etc.) and implementation status evaluation:
The Company has established an audit committee in July 98 to assist the board of directors in performing its duties. The board of directors appointed the 5th remuneration committee on December 7, 2017. Its main functions are to recommend, evaluate and supervise the remuneration level of directors and managers, employee stock option plans, employee dividend plans or other employee incentive plans of the Company.

2. Audit Committee Meeting Status

The Company set the Audit Committee after the regular shareholders meeting on June 26, 2009, which is composed of three independent directors. The Audit Committee assist the board of directors in fulfilling its supervision over the quality and integrity of the accounting, auditing, financial reporting processes and financial control practices of the Company. The Audit Committee is responsible to review the following major matters:

2. Financial statements auditing and accounting policies and procedures
3. Internal control systems and related policies and procedures
4. Material asset or derivatives transactions
5. Material capital loan and endorsement or guarantee
6. Raise or issue securities
7. Derivatives and cash investment
8. Regulatory compliance
9. Related-party transactions and potential conflicts of interests involving executive officers and directors
10. Complaint report
11. Fraud prevention and investigation report
12. IT security
13. Corporate risk management
14. The hiring, discharge, or compensation of an CPA

15. The appointment or discharge of financial, accounting, or internal auditing officers

The board of directors has prepared The Companys 201 9 annual business report, financial report (including individual and consolidated) and earnings distribution proposal, etc., of which the financial report (including individual and consolidated) has been reviewed and approved by the authorized PwC Taiwan, and an audit report has been issued. The above-mentioned business report, financial reports (including individual and consolidated) and earnings distribution proposals have been reviewed and approved to be correct by the audit committee.

The audit committee has assessed the effectiveness of the Companys internal control system policies and procedures (including control measures such as finance, operation, risk management, information security, outsourcing, regulatory compliance, etc.) and audited The Companys audit department and CPAs, as well as managements periodic reports, including risk management and regulatory compliance. The audit committee believes that the Companys risk management and internal control systems are effective and that the Company has adopted the necessary control mechanisms to supervise and correct violations.

The audit committee is authorized with the responsibility of supervising the independence of the certified accounting firm to ensure the fairness of the financial statements. Generally speaking, except for tax-related services or specially authorized projects, certified accounting firm shall not provide other services for The Company. All services provided by certified accounting firm must be approved by the audit committee.

A total of 4 (A) meetings have been held by the Audit Committee in 2019, with the attendance shown as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%)(B/A)	Remarks
Independent Director	Lin Min Kai	4	0	100%	Appointed on November 15, 2017
Independent Director	Wei Jen Yu	3	1	75%	Reappointed on November 15, 2017
Independent Director	Wen-chou Vincent Wang	4	0	100%	Reappointed on November 15, 2017

Annotations:

I. Where one of the following circumstances apply for the operations of the Audit Committee, the date, session, proposal contents and resolutions of the Audit Committee, and the Company's reaction in response to the opinions of the Audit Committee shall be stated:

(I) Matters specified in Article 14-5 of the Securities and Exchange Act:

<table>
<tr><th>Audit Committee Meeting Dates</th><th>Resolution</th><th>Results</th></tr>
<tr><td rowspan="3">1st Audit Committee Meeting in 2019 (2019.03.06)</td><td>(1) The Company's 2018 annual business report, individual financial report, and consolidated financial report.</td><td>Passed by all attending audit committee members without objections.</td></tr>
<tr><td>(2) Proposal to amended some articles of "Assets Acquisition or Disposal Handling Procedures."</td><td>Passed by all attending audit committee members without objections.</td></tr>
<tr><td>(3) Proposal to provide joint guarantee for subsidiary (Winstek Semiconductor Technology Co., Ltd.) to apply for credit line from bank.</td><td>Passed by all attending audit committee members without objections.</td></tr>
<tr><td rowspan="2">2nd Audit Committee Meeting in 2019 (2019.04.29)</td><td>(1) The Company inspected the consolidated financial quarterly report for the 1st quarter of 2019.</td><td>Passed by all attending audit committee members without objections.</td></tr>
<tr><td>(2) Proposal to amend some articles of "Third-party Fund Lending Operating Procedures."</td><td>Passed by all attending audit committee members without objections.</td></tr>
</table>

		(3) Proposal to amend some articles of "Third-party Fund Lending Operating Procedures."	Passed by all attending audit committee members without objections.
	3rd Audit Committee Meeting in 2019 (2019.08.06)	The Company inspected the consolidated financial quarterly report for the 2nd quarter of 2019.	Passed by all attending audit committee members without objections.
	4th Audit Committee Meeting in 2019 (2019.11.06)	(1) The Company inspected the consolidated financial quarterly report for the 3rd quarter of 2019.	Passed by all attending audit committee members without objections.
		(2) Amended the "Integrity Management Code."	Passed by all attending audit committee members without objections.

(II) Any other resolutions which was not approved by the Audit Committee but was approved by two thirds or more of all directors in 2018 except for the aforementioned matters: None.

II. Any recusals of Independent Directors due to conflicts of interests, the name of the independent director, the content of proposal, the reason of avoidance and the results of the voting should be stated:
None.

III. Communications between the Independent Directors, the internal auditors and the CPAs:
The audit supervisor of the Company regularly communicated with the audit committee member about the results of the audit report and attended the board meetings as a non-voting member. The Independent Directors had no objection to the report. The audit supervisor and independent directors had a good communication with each other. The communication channel between the Internal Auditors and the Independent Directors functioned well. Independent directors provided their professional opinions on the matters reported, and the Company also considered the opinions of independent directors at its discretion.
Independent directors regularly communicated with accountants face to face or in writing about the financial conditions every quarter, and the Company's audit committee communicated well with CPAs.

3. Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Explanation	
I. Does the Company follow " Taiwan Corporate Governance Implementation" to establish and disclose its corporate governance practices?	Yes		The Company has formulated the "Code of Practice on Corporate Governance" to implement the responsibilities of the Company's business operator, protect the legitimate rights and interests of shareholders and take into account the interests of other stakeholders.	Compliance with the code of practice on corporate governance.
II. Shareholding Structure & Shareholders' Rights (I) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, has these procedures been implemented accordingly?	Yes		(I) To ensure shareholders' interests, the spokesman and the acting spokesman of the Company are responsible for properly handling the matters such as proposals, doubts and disputes of shareholders, and a professional stock agency is entrusted to handle the stock affairs.	(I) Compliance with the code of practice on corporate governance.
(II) Does the Company have a list of major shareholders and beneficial owners of these major shareholders?	Yes		(II) The Company provides the information of the shareholders' register through the stock transfer agency, and masters the internal stock ownership change reporting system.	(II) Same as above.
(III) Has the Company built and executed a risk management system and a "firewall" between the Company and its affiliates?	Yes		(III) Handling according to the Operating Procedures for Financial Transactions Between Group Enterprises, Specific Companies and Related Parties, Regulations on Supervision of Subsidiaries and operating procedures related to internal control formulated in accordance with the regulations of the Company.	(III) Same as above.
(IV) Has the Company established internal standards prohibiting insider trading on undisclosed information?	Yes		(IV) The Company has formulated relevant norms such as "Internal Major Information Processing Operating Procedures" and "Operation Procedures for the Management of Insider Trading Precaution", and stipulated in the work management and professional ethics of employees that the prohibition of insider trading should not be violated.	(IV) Same as above.
III. Composition and Responsibilities of the Board of Directors (I) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	Yes		(I) The members of the board of directors of the Company focus on the compositions of diversity and formulate an appropriate diversification policy based on the Company's business operations, operating dynamics, and development needs. The Articles of Incorporation of the Company stipulate that the board of directors shall be composed of	(I) Compliance with the code of practice on corporate governance.

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Explanation	
			nine to eleven directors. and for the number of directors, the number of independent directors shall be at least three. The election method of the Directors of the Company is adopted by the candidate nomination system. All directors possess the necessary expertise, skills and qualities necessary for performing their duties. In conclusion, the Company has implemented the diversification policy of the members of the board of directors. for detailed information, please refer to the Explanation 1. The Company's website and MOPS, at the bottom of this table.	
(II) Other than the Compensation Committee and the Audit Committee which are required by law, does the company plan to set up other functional committees?	Yes	No	(II) Besides setting the Compensation Committee and Audit Committee in accordance with the law, the Company will set up other functional committees according to regulatory requirements and operational needs in the future.	(II) No difference.
(III) Has the Company established a board performance assessment measure and evaluation method, performed performance evaluation annually and regularly, reported the results of the performance evaluation to the board of directors, and applied the results to individual directors' salary and nomination renewal?	Yes		(III) The Company has adopted the board performance appraisal method in accordance with Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies. The appraisal may include the performance appraisal of the overall board of directors and individual board members. The assessment method may include internal self-assessment of the board of directors and self-assessment of the board members, and other proper way.	(III) Compliance with the code of practice on corporate governance.
(IV) Does the Company regularly evaluate its external auditors' independence?			(IV) The certification accounting firm, PwC Taiwan, commissioned by this Company is a large domestic accounting firm. This firm’s independence policy provided that all of its employees are required to complete their annual independence and risk management policy compliance statement on a regular basis each year, conduct a self-inspection of any violations before undertaking an appointment service and audit the Company's financial status under an independent and detached manner pursuant	(IV) Compliance with the code of practice on corporate governance.

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Explanation	
			to the laws and regulations. The Company has also assessed the independence of CPAs once a year. In 2019, the Company's board of directors has passed a resolution to appraise the independence and suitability of CPAs. The goals were to evaluate whether the CPA has a direct or significant indirect financial interest relationship with the Company, whether or not the CPA has received financing or guarantees from the Company's directors, whether or not the CPA and its audit team members have served as directors, managers, or positions in the Company in the past two years that may have a significant impact on the audit work; and whether or not the CPA has a relative relationship with the Company's directors, managers or other positions that may result in a significant impact to the audit work. The appraisal results indicated that CPA Li Tien I and CPA Chiang Ts'ai Yen both passed the Company's independence evaluation standards and are fully qualified to serve as the Company's certification CPAs.	
IV. Does the Company established a full -(or part-)time corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to providing information required for business execution by directors, handle matters relating to board/shareholders' meetings in compliance with laws, handle corporate registration and amendment registration, record minutes of board/shareholders meetings, etc.)?	Yes		The Company set up a corporate governance working group, with the finance and accounting division as the convener, and jointly with the administrative division, human resources, legal and other divisions to be responsible for corporate governance related affairs. The main responsibilities are to develop and plan appropriate corporate system and organizational structure to promote the independence of the board of directors and the transparency of the Company, and the implementation of laws and regulations. If there is any proposal of the board of directors should be appropriately avoided, appropriate reminder should be given to the counterpart. In accordance with the legal time limit every year, register the date of shareholders meeting, prepare and announce the meeting notice, prepare the meeting handbook and proceedings, etc.	Compliance with the code of practice on corporate governance.
V. Does the company establish a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), and created a Stakeholders Section on its Company website?	Yes		The Company has established a stakeholder area on the Company's website and provided information about the issues, communication channels, frequency and response methods associated to the stakeholders. Meanwhile, the stakeholder	Compliance with the code of practice on corporate governance.

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Explanation	
Does the Company respond to stakeholders' questions on corporate responsibilities? -			communication performances have also been listed. At present, the Company has a spokesperson or acting spokesperson serving as the corresponding window to handle shareholders' suggestions and concerns.	
VI. Has the Company appointed a professional stock affairs agency for its Shareholders' Meetings?	Yes		The Company has appointed "Yuanda Securities Co., Ltd.." as our stock service agency for our Shareholders' Meetings.	Compliance with the code of practice on corporate governance.
VII. Information Disclosure (I) Does the Company set up a corporate website to disclose information regarding its financials, business and corporate governance status? (II) Has the Company adopted other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (III) Has the Company announced and declared the annual financial report within two months after the end of the fiscal year; and published the 1st, 2nd, and 3rd quarter financial reports as well as the monthly operating status within the prescribed deadline?	 Yes Yes Yes		 (I) The Company regularly discloses its financial operations and corporate governance status on Market Observation Post System. We also established our corporate website (in Chinese and English) to disclose more important financials and corporate governance status. (II) The Company has set up a corporate website in Chinese and English, and has designated appropriate staffs to handle the collection and disclosure of information. We have also set up the spokesman system. (III) The Company has published the 1st, 2nd and 3rd quarter financial reports as well as the monthly operating status within the prescribed deadline.	 (I) Compliance with the code of practice on corporate governance. (II) Compliance with the code of practice on corporate governance. (III) No inconsistency.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, suppliers relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for the Company's directors and supervisors)?	Yes		(I) The Company has set up employee welfare committee, implemented pension system, provided equal employment opportunities, carried out various employee training courses and employee group insurance, and arranged regular employee health examinations, etc., emphasizing harmonious labor relations. (II) The Company keeps maintaining mutual benefit relationship with our business partners and customers by making the communication channel function well. The Company, in accordance with the provisions of the act, discloses the information of the Company honestly, so as to protect the rights and interests of investors and fulfill the obligations of the Company to shareholders. The Company has set "Stakeholder Section" on the Companys website and established the communication channels for stakeholders. (III) Continuing Education of Directors:		

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>

Title	Name	Date	Organizer	Course	Hours
Independent Directors	Min-Kai Lin	2019.07.31	Taipei Exchange	Emerging Stock Market/GTSM Company Internal Personnel Equity Briefing Session	3
		2019.07.23	Securities and Futures Market Development Foundation	Artificial Intelligence Principle and Application	3
Corporate Governance Association	Huang Hsing Yang, Yeh Tsan Lien, Kuo Hsu Tung, Wu Min Hung, Hsieh Chao Hung	2019.11.07	Taipei Exchange	Emerging Stock Market/GTSM Company Internal Personnel Equity Briefing Session	3
			Taiwan Corporate Governance Association	Enterprise Employees’ Reward Strategies and Tools Implementation Study	3

(IV) Risk management policies and risk measurement standards implementation status:
i. The Company has formulated strategies and guidelines for risk assessment, response, and control at any time; paid attention to raw materials supplies, market technology changes, competitor situation, as well as the economic and political macro environment forecasts; and conducted market dynamic analysis and risk assessment from time to time in order to make departmental plan adjustments. Formulated response policies to reduce the overall risk of the enterprise through regular and irregular meeting discussions.
ii. The Company has considered key factors that can affect the overall goal achievement such as changes in the industrial atmosphere, product life cycle, new product launches, etc., in order to review and prepare each item. The goal is to establish the Company's overall goal through budgeting in order to avoid risks arising from the overall plan implementation.
iii. The duties and responsibilities of the Company's key executives as well as their operation agents have been clearly established. Fund raising financial activities are
</td><td></td></tr>
</table>

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Explanation	
			stable. Backup plans are required for important information systems such as customer data, R&D secrets, and accounting systems in order to reduce corporate risks. (V) Customer policies implementation status: The Company has established the "Integrity Management Code" to ensure that business activities are operated in good faith. Please refer to the Company's 2019 annual report "V. Operational Overview - 1, Business Content." (VI) As of the date of publication of the prospectus, the directors of the Company already, in accordance with the relevant provisions of the rules of procedure of the board of directors, recused themselves from interested proposals. (VII) The Company has submitted a report to the board of directors to purchase liability insurance for the directors covering a period of year 2019 with a liability limit of US $10 million.	

IX. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved: None.

Description 1: The diversification policy of the Company's board members and implementation status:

(I) The diversification policy of the board members

Each board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal of corporate governance, the entire board of directors shall possess the following capabilities:

1. Business discernment
2. Accounting and financial analysis.
3. Management capability.
4. Crisis management capability
5. Industry Knowledge
6. An international market perspective.
7. Leadership
8. Decision-making capability

(II) Implementation Status

Core Projects of Diversification / Name of Director		Nationality or Domicile	Operational Judgments	Accounting and Financial Analysis	Operation Management	Crisis Management	Knowledge of the Industry	International Market Perspective	Leadership Decision-making
Chairman	Huang Hsing Yang (Note)	Singapore	✓	✓	✓	✓	✓	✓	✓
Director	Weng Chih Li	Taiwan	✓	✓	✓	✓	✓	✓	✓
Director	Yeh Tsan Lien (Note)	Singapore	✓	✓	✓	✓	✓	✓	✓

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Explanation	

Director	Wu Min Hung (Note)	Singapore	✓	✓	✓	✓	✓	✓	✓
Director	Kuo Hsu Tungg (Note)	Singapore	✓	✓	✓	✓	✓	✓	✓
Director	Hsieh Chao Hung (Note)	Singapore	✓	✓	✓	✓	✓	✓	✓
Independent Director	Lin Min Kai	Taiwan	✓	✓	✓	✓	✓	✓	✓
Independent Director	Wei Jen Yu	Taiwan	✓	✓	✓	✓	✓	✓	✓
Independent Director	Wen-chou Vincent Wang	USA	✓		✓	✓	✓	✓	✓

Note: Legal representative of Singapore Merchants Bloomeria Limited

4. Where a remuneration committee is established, the Company shall disclose its composition, duties and operation status:

The board of directors of the Company established a remuneration committee, whose members are appointed by resolution of the board of directors, and the main responsibility of which is to regularly review the performance appraisal and remuneration policies of directors and managers, and submit the proposed recommendations to the board of directors for discussion.

(1) Information on Members of the Compensation Committee

Title (Note 1)	Criteria Name	Meet the Requirements of at Least Five Years Work Experience and the Following Professional Qualifications			Independence status (Note 2)										Number of Other Public Companies where the Individual Concurrently Serves as a Member of the Remuneration Committee	Remarks (Note 3)
		Lecturer or above in business, legal, finance, accounting or corporate business related to public or private universities	Judges, prosecutors, lawyers, CPA or other professionals and technicians who have passed the national examinations and obtained certificates necessary for the business of the Company	Work experience in business, legal, finance, accounting or corporate business	1	2	3	4	5	6	7	8	9	10		
Independent Director	Lin Min Kai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	NA
Independent Director	Wei Jen Yu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	NA
Others	Liao, Chin-Yi			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	NA

Note 1: Please fill in the "Title" field as director, independent director or otherwise.

Note 2: For any members who fulfills the relevant condition(s) for two fiscal years before being elected to the office or during the term of office, please provide the [√] sign in the field next to the corresponding conditions.✓

(1) Not an employee of the company or its affiliated enterprises

(2) Not a director or supervisor of the Company or its affiliates (this restriction does not apply to mutual concurrent independent director positions in the Company, its parent company or subsidiary or subsidiaries belonging to the same parent company that are established in accordance with local laws or laws of the registered country).

(3) Not one of the top 10 natural person shareholders, one who holds over 1% of the Companys total shares under the name of another, or his/her spouse or minor children.

(4) Not a manager listed in (1) or a spouse, a relative within the second degree of kinship or a direct blood relative within the third degree of kinship listed in (2) and (3).

(5) Not a director, supervisor or employee of any company that has 5% or higher ownership interest in the Company or among the top-5 corporate shareholders of the Company; or a corporate shareholder representative appointed to serve as a company director or supervisor pursuant to Paragraph 1 or 2 of Article 27 of the Company Act (this restriction does not apply to mutual concurrent independent director positions in the Company, its parent company or subsidiary or subsidiaries belonging to the same parent company that are established in accordance with local laws or laws of the registered country).

(6) Director, supervisor or employee of another company controlled by the same person who is not part of the Companys board of directors or holds over half of the Companys voting rights (this restriction does not apply to mutual concurrent independent director positions in the Company, its parent company or subsidiary, or subsidiaries belonging to the same parent company that are established in accordance with local laws or laws of the registered country).

(7) Not the same person as the Company's chairman of the board, president, or equivalent or the spouse of a chairman of another company or organization (this restriction does not apply to mutual concurrent independent director positions in the Company, its parent company or subsidiary, or subsidiaries belonging to the same parent company that are established in accordance with local laws or laws of the registered country).

(8) Not a director (trustee), supervisor (auditor), manager, or shareholder holding over 5% of shares from a

specific company or organization with financial or business dealings with this Company (this restriction does not apply if the specific company or organization holds over 20% and no more than 50% of the Companys shares and mutual concurrent independent dire ctor positions in the Company, its parent company or subsidiary, or subsidiaries belonging to the same parent company that are established in accordance with local laws or laws of the registered country).

(9) Not a business, legal affairs, finance, accounting, other related service professional, or an owner, partner, director (trustee), supervisor (auditor), or manager (or his/her spouse) of a sole proprietorship, partnership, company, or organization that has audited the Company or its affiliates or received the cumulative amount of remuneration of no more than NT$500,000 in the past two years. However, this restriction does not apply to members of the Salary and Remuneration Committee, Public Acquisition Review Committee, or Mergers and Acquisitions Special Committee performing their duties and powers in accordance with the relevant provisions provided by the Securities and Exchange Act and the Business Mergers And Acquisitions Act.

(10) With no condition listed by Article 30 of Company Act.

(2) Compensation Committee Meeting Status

- There are 3 members in the Companys Compensation Committee.
- Current Term: From December 7, 2017 to November 14, 2020. The Compensation Committee held three meetings in the recent year, the qualifications and attendance of the Committee are shown as follows:

Title	Name	Attendance in Person (B)	By Proxy	Actual Attendance Rate (%) (B / A)(Note)	Remarks
Convener	Lin Min Kai	2	0	100%	Newly appointed on December 7, 2017
Member	Wei Jen Yu	2	0	100%	Reappointed on December 7, 2017
Member	Liao, Chin-Yi	2	0	100%	Newly appointed on December 7, 2017

Annotations:

The content and resolution of the proposal in the remuneration committees meeting in the most recent year and The Companys disposal of the compensation committees opinions:

<table>
<tr><td>Compensation Committee</td><td>Content of Motion and Follow-up Actions</td><td>Result of Resolution</td><td>The Company's Disposal of The Compensation Committee's Opinions</td></tr>
<tr><td>1st Remuneration Committee Meeting in 2019 (2019.03.06)</td><td>2019 Manager Annual Bonus Issuance Case</td><td>Agreed and Passed by All Members of the Committee</td><td>Passed by All Directors Present at the Board of Directors</td></tr>
<tr><td rowspan="2">2nd Remuneration Committee Meeting in 2019 (2019.04.29)</td><td>(1)Managers 2018 Annual Employee Remuneration Package</td><td>Agreed and Passed by All Members of the Committee</td><td>Passed by All Directors Present at the Board of Directors</td></tr>
<tr><td>(2)Manager Performance Bonus Issuance</td><td>Agreed and Passed by All Members of the Committee</td><td>Passed by All Directors Present at the Board of Directors</td></tr>
</table>

1. If the Board of Directors does not adopt or amend recommendations proposed by the Compensation Committee, the date, session, proposal contents and resolutions of the Board of Directors, and the Companys actions in response to the opinions of the Audit Committee shall be stated (also, where the remuneration approved by the Board of Directors is superior to that recommended by the Remuneration Committee, the differences and reasons shall be stated): None.
2. Where resolutions of the Remuneration Committee include dissenting or qualified opinion which is on record or stated in a written statement, the date, session, proposal contents, opinions from every member, and actions in response to the opinions of the members shall be stated: None.

Note:

(1) Where members of the Remuneration Committee resign before the end of the year, the date of resignation shall be indicated in the "Remarks" column. Actual presence rate (%) shall be calculated by the number of Remuneration Committee meetings convened and times of actual presence during the term of service.

(2) Where any members of the Remuneration Committee have been reelected before the end of the year, both newly appointed and previously appointed members of the remuneration committee shall be listed, and previously appointed, newly appointed or reappointed member together with the re-election date shall be indicated in the "Remarks" column. Actual presence rate (%) shall be calculated by the number of Remuneration Committee meetings convened and times of actual presence during the term of service.

5. Social Responsibilities Implementation Status

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
1. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality; and formulated the relevant risk management policies or strategies?	Yes		1. Environmental Protection The Company is committed to continuous improvement and pollution prevention in order to maintain the natural and healthy living environment, reducing the impact of production activities on the environment, and ensure the safety of people by actively executing waste reduction and pay attention to safety, reduce waste of resources, comply with government laws and regulations, follow the various environmental safety standards, set environmental safety goals to show improved performances, establish an environmental management system, and achieve sustainable environmental protection through internal and external communications. To ensure the lowest impact on the environment during the production processes, the Company has adopted the best technologies in terms of health and hazard control and committed to abide by the relevant laws and high-standard safety operations in order to meet the various environmental safety standards and requirements. Meanwhile, the Company has established environmental goals. It has also achieved and implemented a comprehensive management plan through internal and external communication as well as operation review aimed at preventing any workplace hazards and reducing environmental impact. 2. Supplier Management The Company attaches great importance to customer	(I) In compliance with the Corporate Social Responsibility Code of Practice.

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
			satisfaction and social corporate responsibility. It has worked closely with suppliers to promote the supply chain management concept to achieve the sustainable operation objective and jointly enhance social responsibility. The Company has regularly evaluated the main raw material suppliers. If a supplier fails to meet the standard, the supplier will be required to propose improvement plans and confirm its effectiveness. The Company has also audited raw material suppliers. If any defects are found in the audit, the supplier will be required to propose improvement plans and confirm its effectiveness. Those who have failed to improved shall be disqualified. The Company has continued to promote "Green Procurement" whereby raw materials suppliers must provide test certificates from impartial third-party units such as EU RoHS, REACH, etc., to ensure that the products do not contain prohibited substances harmful to the environment (compliance with the Company's document G-ES-018 "Environmental Management Substance Management Regulations" at Attachment 9.1) and that the products meet the requirements of customers as well as the relevant international laws. The Company has fully demonstrated its ability to manage hazardous substances and collected the relevant data each year such as materials test reports to ensure that the materials provided by suppliers meet the requirements of customers as well as the relevant international laws and regulations. 3. Employee and Employer Relations The Company has harmonious labor-management relationship,	

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
			attached great importance to employee opinions, and provided opinion communication channels through labor-management meetings as well as suggestion boxes in order to maintain good labor-management relations. To enhance the quality of human resources and development advantages, the Company has established the "Education and Training Methods" as well as annual training plans to strengthen the Company's operational advantages and ability to meet customer demands. Pre-employment professional training for new recruits has been implemented during new employee arrival, and general and professional training sessions (including internal training and external training) have been implemented irregularly for employees in various departments. The goal is to achieve professional talent training, improve management performance, and effectively develop and use talents. 4. Anti-Corruption The Company has established a full-time (part-time) administrative office unit to promote corporate integrity management, which is responsible for policy formulation, publicity, implementation and reporting the relevant matters. The corporate integrity management implementation status is also reported to the board of directors at least once a year. The Company has held "Insider Trading Prevention Management Operating Procedures," "Work Management and Professional Ethics," "Integrity Management Policy" and "Whistleblowing System and Reporting Procedure" advocacy lectures for all employees each year.	
2. Has the Company established a full (part) time unit to	Yes		The Company has established the Corporate Social Responsibility	(I) In compliance with

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
promote CSR, and has the board of directors authorized the senior management to handle the matters and report the handling status to the board of directors?			Code of Practice in order to fulfill its corporate social responsibility. Each year, it has deployed staff to attend corporate social responsibility publicity conference sponsored by the competent authority and regularly organized education and training sessions related to employee professional ethics, whistleblowing systems and other procedures or laws. The Company has established a Corporate Social Responsibility Promotion Team. The administrative department is responsible for coordinating the various departments to jointly promote corporate social responsibility. The corporate social responsibility implementation status is also reported to the board of directors at least once a year.	the Corporate Social Responsibility Code of Practice.
3. Environmental Issues (I) Has the Company established an appropriate environmental management system according to its industrial characteristics? (II) Is the Company committed to improving resources utilization efficiency and using recycled materials that can lower the impact on environmental? (III) Has the Company assessed the potential risks and opportunities of climate change for the present and in the future and taken measures to address climate-related issues?	Yes Yes Yes		(1) The Company has established and passed the ISO14001 environmental management system according to the industry characteristics, and there are instances whereby the responsible unit has maintained the environment. (2) The Company is engaged in the IC testing service industry and the finished packaging materials tested by the Company are in compliance with the RoHS EU environmental protection directive. (3) The Company has incorporated climate change issues such as "climate change risk identification," "temperature rise, continual global warming," "increasingly more distinctive rainy and dry seasons" and "extreme climate" as part of its risk management efforts. The Company's website also contains topics such as response measures, related actions, and risk considerations / response plans / specific actions.... In	(I) In compliance with the Corporate Social Responsibility Code of Practice. (II) The same as above. (III) The same as above.

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
			addition, the Company has also established guidelines designed to strengthen extreme climate adaptation; which listed the specific contingency measures for power shortage, water shortage, and strong wind situations.	
(IV) Has the Company calculated its greenhouse gas emissions, water consumption and total weight of waste for the past two years; and has the Company formulated any energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management related policies?	Yes		(4) The Company has adopted greenhouse gas inventory and energy-saving measures as the management direction to achieve the greenhouse gas reduction objectives, reduce the impact on the environment, obtain the SGS third-party agency inspection certification, and complete the ISO14064-1 greenhouse gas verification. Meanwhile, the Company has established specific power conservation measures each year to reduce electricity consumption, carbon dioxide emissions and the impact on the environment. It has also set a 10-year waste recovery rate of ≧ 80%.	(IV) The same as above.
4. Social Issues (I) Has the Company formulated the related management policies and procedures according to the relevant regulations and international human rights conventions?	Yes		(I) The Company has formulated the relevant labor and ethics management provisions pursuant to the relevant labor laws and regulations, provided management rules for employees to follow and protected the legitimate rights and interests of employees.	(I) In compliance with the Corporate Social Responsibility Code of Practice.
(II) Has the Company formulated and implemented reasonable employee welfare measures (including compensation, vacations and other benefits) and appropriately reflected its operating performances or results in employee compensation?	Yes		(II) The Company has purchased group medical insurance for every colleague; established a staff welfare committee in order to implement the various employee welfare measures; provided bereavement leaves, birthday and New Year gifts, community activities and company leaves; and appropriately reflected operating performance or results in employee compensations.	(II) The same as above.
(III) Has the Company provided a safe and healthy work	Yes		(III) The Company has established a labor safety and health	(III) The same as above.

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
environment and regularly implemented safety and health education for employees?			policy, organized regular employee health exams, advocated employee safety and held fire drills as well as employee drills to maintain the safety of employees and suppliers.	
(IV) Has the Company established an effective career development training program for employees?	Yes		(IV) The Company has established a complete and effective professional training program for employees to strengthen their career development capabilities.	(IV) The same as above.
(V) With regard to customer health and safety, customer privacy or marketing and labeling of products and services; has the Company followed the relevant regulations and international standards as well as formulated related consumer protection policies and appeal procedures?	Yes		(V) The Company has engaged in the IC testing industry and provided customers with transparent and effective grievance procedures and channels for products and services. The Company always pays attention to the marketing label for products and services, and endeavors to international standards.	(V) The same as above.
(VI) Has the Company formulated supplier management policies that require suppliers to follow the relevant regulations on environmental protection, occupational safety and health or labor human rights, and implement accordingly?	Yes		(VI) The Company has conducted new supplier evaluation and strengthened investigation on whether or not the suppliers have environment and social impact records. In terms of operational practice, the Company has signed contracts with major suppliers and stipulated that the contracts shall be terminated if the suppliers violate corporate social responsibility policies or engaged in actions that have significant negative impact on the environment and society. The Company has audited its main raw material suppliers. The audit items include quality system, environmental safety and health system, banned substances requirements, and code of conduct for responsible business alliance. If a defect is found during the audit, the supplier is required to propose an improvement plan and verify its effectiveness. Those who have not improved shall be disqualified.	(VI) The same as above.

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
V. Has the company had the corporate social responsibility reports and other reports that disclose the company's non-financial information prepared by referring to the international standards and guidelines for the preparation of a report; also, has the aforementioned reports validated and verified by a third-party verification unit?		No	The company will prepare corporate social responsibility reports and other reports that disclose the company's non-financial information in accordance with regulatory requirements and operational needs in the future.	No inconsistency.
VI. If the Company makes its own corporate social responsibilities principles according to the Rules of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: The Company has formulated its codes of practice for corporate social responsibilities according to the Rules of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, and its operation roughly conforms to the relevant norms.				
VII. Other important information to facilitate better understanding of the Company's implementation of corporate social responsibilities: (1) All the finished packaging materials tested by the Company conform to the RoHS regulations of the EU environmental protection directive. The Company has adopted environment-friendly tableware for employee canteen and adopted comprehensive waste separation method to reduce the impact on the environment. (2) In recent years, the Company has made regular annual cash and resource donations to social welfare organizations. For example, the Company has organized charity events and made donations to the Hsinchu County Catholic Shiguang Rehabilitation Home, the Hsinchu County Huashan Social Welfare Foundation, Taiwan Fund for Children and Families (Hsinchu Center), Ai-Heng Training Center for Mental Retardation, etc. The Company has also invited the Hsinchu County Catholic Shiguang Rehabilitation Home and the Taiwan Fund for Children and Families (Hsinchu Center) to jointly participate in the charity sale, encourage colleagues to donate invoices to spread the warmth of charity and give back to the society. (3) The Company has set a dedicated unit to deal with issues related to the rights and interests of customers. (4) The Company's employment policy does not discriminate on the basis of gender, race, age, marital status or family status, to ensure equal remuneration, employment conditions, training and promotion opportunities. (5) The Company carries out regular employee health examination, and implements labor safety promotion for employees, fire training and fire drill, to maintain the safety of employees. Organize employee health examination every year to provide safe and healthy working environment for employees.				
VIII. Other information regarding "Corporate Responsibility Report" which is verified by certifying agencies: The Company has passed ISO9001, IATF 16949, ISO/IEC 17025, ISO14001, OHSAS18001 and Sony Green Partner and relevant certification.				

6. Status of the company's Corporate Conduct and Ethics Implementation and related measures adoption

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (I) Does the Company have bylaws and publicly available documents addressing its Corporate Conduct and Ethics Policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the management team? (II) Has the Company established a dishonesty risk assessment mechanism, regularly analyzed and evaluated business activities with a high risk of dishonesty, and formulated a plan to prevent dishonesty that at least covers the preventive measures provided by Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"? (III) Has the Company expressly formulated the operating procedure, behavior guideline, as well as disciplinary penalty and grievance system plans; and implemented them accordingly to prevent dishonesty behaviors or reviewed and revised them on a regular basis?	Yes Yes Yes		(I) The Company has established its integrity operation practice principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies". In addition, the Company has also formulated labor and ethics management regulations and other relevant norms in accordance with relevant labor laws and regulations. The Company has clarified its Corporate Conduct and Ethics Policy in its regulations and external documents which are actively implemented by the board of directors and managers, and implemented in internal management and external business activities. (II) The Company has formulated its Corporate Conduct and Ethics practice principles in accordance with the relevant laws and regulations, established the corporate culture with sound development of the integrity operation practice for the Company. (III) The Company has formulated the Code of Integrity Management; established a sound development and integrity management corporate culture; specified its operating procedures, behavior guidelines, disciplinary punishment, and appeal system; and implemented them according to the relevant laws and regulations.	(I) Compliance with the code of practice on corporate governance. (II) Same as above. (III) Same as above.
II. Ethic Management Practice				

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
(I) Does the Company assess the ethics record of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	Yes		(I) The Company has stipulated good faith conduct related clauses in its business contracts to prevent any dishonest behaviors.	(I) Compliance with the code of practice on corporate governance.
(II) Has the Company established a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) reported the dishonesty prevention integrity management policies and plans to the board of directors in order to supervise the implementation status?	Yes		(II) The Company has established an administrative office as a full-time (part-time) unit to promote corporate integrity management, which reports the corporate integrity management related matters to the board of directors at least once a year.	(II) Same as above.
(III) Does the Company work out policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	Yes		(III) The Company has formulated relevant regulations such as labor and ethical management measures in accordance with relevant labor laws and regulations, the content of which also includes employee complaint mechanisms and whistleblowing procedures. In terms of general conflict of interest prevention, the Company has established complaint channels and handled the matters properly.	(III) Same as above.
(IV) Has the Company established an effective accounting system and internal control system to implement integrity management, formulated the relevant audit plans based on the dishonesty risk evaluation results of the internal audit unit and inspected or commissioned a CPA to inspect and ensure compliance with the dishonesty prevention plans?	Yes		(IV) The Company has established an effective accounting system and internal control system, which are regularly audited by internal auditors. It has also commissioned large domestic accounting firms to regularly perform audit procedures.	(IV) Same as above.
(V) Does the Company organize internal or external ethical conduct trainings regularly?	Yes		(V) The Company has regularly held "Insider Trading Prevention Management Operating Procedures," "Work Management and Professional Ethics," "Integrity Management Policy" and "Whistleblowing System and	(V) Same as above.

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
			Reporting Procedure" education training and law advocacy lectures for all employees each year.	
III. 3. Implementation of Complaint System (I) Has the Company established specific complaint and reward system, set up conveniently accessible complaint channels, and assign appropriate individuals to handle the complaint received? (II) Has the Company set the standard operation procedures and related confidential mechanisms to investigate the complaints received? (III) Has the Company adopted proper measures to protect a complainant from retaliation for his/her filing a complaint?	Yes Yes Yes		(I) The Company has established labor and ethics management regulations, management methods for reporting cases of illegal behaviors and violation of integrity, and other relevant norms in accordance with relevant labor laws and regulations, including various employee complaint mechanisms and reporting procedures. Employees allows to report any ethical irregularities through either phone or letter. (II) The Company has formulated management methods for reporting cases of illegal behaviors and violation of integrity, and other operating norms and has set up a confidentiality mechanism to strictly prohibit retaliation against good-will whistle blowers. (III) The Company has formulated management methods for reporting cases of illegal behaviors and violation of integrity, and other operating norms and has set up a confidentiality mechanism to properly protect the whistle blower from improper disposal for whistleblowing, strictly prohibit retaliation against good-will whistle blowers.	(I) Compliance with the code of practice on corporate governance. (II) Same as above. (III) Same as above.
IV. Strengthen information disclosure (I) Does the Company disclose its guidelines on business ethics and information about implementation of such guidelines on its website and the MOPS?	Yes		(I) The Company has disclosed its formulated integrity operation codes on the MOPS and set up a website, http://www.winstek.com.tw, to disclose related information on integrity operation. The Company information is collected by dedicated personnel and disclosed on the	(I) Compliance with the code of practice on corporate governance.

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
			Company website by the information personnel.	

V.	If the Company has stipulated corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any differences between the policies and their implementation: The Company has formulated its Ethics Code based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. There is no discrepancy between the Ethics Code and its implementation.
VI.	Other important information for better understanding of the Company's corporate conduct and ethics compliance practices (e.g. review and amendment of the company's corporate conduct and ethics policy). The Company has formulated its Ethics Codes, labor and ethics management regulations, management methods for reporting cases of illegal behaviors and violation of integrity and other operating norms to be followed.

7. The Company shall disclose how to search for its corporate governance best-practice principles or related regulations.

   The Company has formulated the "Code of Practice on Corporate Governance", "Code of Practice on Corporate Social Responsibility" and "Ethics Codes". Please refer to the MOPS or the Companys website for details.

8. Other significant information to facilitate better understanding of the companys implementation on corporate governance shal l also be disclosed: please refer to the MOPS or the Companys official website for details.

9. Internal Control System Execution Status

(1) Statement on Internal Control System

Winstek Semiconductor Co., Ltd.
Statement of Internal Control System

Date: March 9, 2020

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2019:

I. The Companys Board of Directors and management team are responsible for developing, implementing and maintaining an adequate internal control system, and such system has been established. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of company assets), reliability, timeliness, transparency of report; and compliance with applicable rulings, laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the above-mentioned three objectives. In addition, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company will take immediate corrective actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The criteria adopted by the Guidelines identify five factors of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each factor includes several items. Details of each item can be found in the Guidelines.

IV. The Company has evaluate the design and operating effectiveness of its internal control system according to the aforesaid Guidelines.

V. Based on the findings of such evaluation, The Company believes that, on December 31, 2019, it has maintained an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Statement is an integral part of the Companys annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Article 20, Article 32, Article 171 and Article 174 set forth in the Security and Exchange Act.

VII. The Statement was passed by the Board of Directors in their meeting held on March 9, 2020, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Winstek Semiconductor Co., Ltd.

Chairman: Huang Hsing Yang (signature and seal)

General Manager: Weng Chih Li (signature and seal)

(2) If CPA was engaged to carry out a special audit of the internal control system, provide its audit report: None.

10. For the most recent fiscal year or as the date of the annual report, regulatory authorities legal penalties to the Company and its employees, and the Companys resulting punishment on its employees for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

11. Major Decisions of Shareholders Meeting and Board Meetings during the most recent fiscal year or as the date of the annual report:

(1) Major resolutions of shareholders meeting and implementation status in the year 2019:

Meeting Name	Meeting Date	Important Resolution Items	Implementation
2019 Regular Shareholders' Meeting	June 10,2019	1. Acknowledged the Company's 2018 annual business report, individual financial report and consolidated financial report.	Pursuant to Article 230 of the Company Act, the resolutions shall be distributed to all shareholders.
		2. Acknowledged the Company's 2018 annual earnings distribution.	The surplus for 2018 has been fully distributed, July 22, 2019 was set as the dividends distribution base date, and cash dividends were issued on August 15, 2019.
		3. Passed amendment to the "Articles of Incorporation."	After passing the general shareholders meeting resolution, change were registered with the Ministry of Economic Affairs, and the change registration approval was obtained on July 15, 2019.
		4. Passed amendment for some articles of the "Endorsement Guarantee Operating Procedures," the "Third-party Fund Lending Operating Procedures" and the "Assets Acquisition or Disposal Handling Procedures."	Handled the relevant operations according to the amended procedures.

(2) Major resolutions of Board Meetings from 2019 to April 30, 2020

Date	Important Resolution Items
March 06,2019	1. Passed the 2018 annual employee and director remuneration. 2. Passed the Companys 2018 annual business report, individual financial report and consolidated financial report. 3. Passed the Companys 2018 annual earnings distribution. 4. Passed the Companys 2019 regular shareholder meeting date, locations and agenda as well as shareholder proposal acceptance related matters. 5 Passed the proposal to provide joint guarantee for subsidiary (Winstek Semiconductor Technology Co., Ltd.) to apply for credit line from bank. 6. Passed amendment for some articles of the "Articles of Incorporation." 7. Passed amendment for some articles of the "Assets Acquisition or Disposal Handling Procedures." 8. Passed the Companys 2018 annual internal control system evaluation efficiency and internal control system declaration.
March 19,2019	Passed the annual compensation payment through the third contract of technical service contracts.
April 29,2019	1. Passed the Companys 2019 first quarter consolidated financial report. 2. Passed amendment for some articles of "Endorsement Guarantee Operating Procedures." 3. Passed amendment for some articles of "Third-party Fund Lending Operating Procedures." 4. Passed amendment for the Companys 2019 regular shareholders meeting agenda. 5.Passed the Managers 2018 Annual Employee Remuneration Package. 6. Passed manager performance bonus issuance.
August 06,2019	1. Passed the Companys 2018 second quarter consolidated financial report. 2. Passed no Company annual earnings distribution for the first half of fiscal year 2019. 3. Passed amendment for some articles of the "Board of Directors Meeting Guidelines." 4. Passed amendment for some articles of the "Salary and Remuneration Committee Organization Rules." 5. Passed amendment for some articles of the "Organizational Regulations of the Audit Committee."
Novermber 06,2019	1. Passed the Companys 2019 third quarter consolidated financial report. 2. Passed amendment for some articles of the "Directors' Performance Evaluation Method." 3. Passed amendment for some articles of the "Shareholders' Meeting Procedure Rules." 4. Passed amendment for some articles of the "Code of Practice for Corporate Governance." 5. Passed amendment for some articles of the "Corporate Social Responsibility Code of Practice." 6. Passed amendment for some articles of the "Code of Integrity Management." 7. Passed amendment for some articles of "Insider Trading Prevention Management Operating Procedures." 8. Passed amendment for some articles of "Major Internal Information Processing Procedures." 9. Passed amendment for some articles of the "Subsidiary Supervision Measures." 10. Passed amendment for some articles of the "Director Elections Method."
December 24,2019	1. Passed the Companys 2019 CPA independence and suitability evaluation report. 2. Passed the 2020 annual business plan.

March 09,2020	1. Passed the 2019 annual employee and director remuneration. 2. Passed the Companys 2019 annual business report and financial report. 3. Passed the Companys 2019 annual earnings distribution. 4. Passed the reelection of Company directors 5. Passed the lifting of competition prohibition for new directors and their representatives. 6. Passed the Companys 2020 regular shareholder meeting date, locations and agenda as well as shareholder proposal acceptance related matters. 7. Passed the amendment for some articles of the "Director Remuneration and Payment Method." 8. Passed the amendment for some articles of the "Manager Remuneration and Payment Method." 9. Passed amendment for some articles of the "Articles of Incorporation." 10. Passed the Companys 2020 financial report certifica tion CPA change as well as independence and suitability evaluation report. 11. Passed the Companys 2019 annual internal control system evaluation efficiency and internal control system declaration.
April 28,2020	1. Passed the Companys 2020 first quarter consolidated financial report. 2. Passed the Companys board of directors proposals and reviewed the list of candidates for directors as well as independent directors.

12. Major issues of record or written statements made by any director/supervisor dissenting to major resolutions passed by the Board Meetings during the most recent fiscal year and as of the date of the publication of this annual report: None.

13. Resignations or dismissals of any personnel related to financial reports (chairman, president, heads of accounting, and chief internal auditor) during the most recent fiscal year and as of the date of the annual report: None.

IV. Information on CPA Audit Fees

Name of Accounting Firm	Name of CPA		Audit Period	Note
PwC Taiwan	Tian-Yi Lee	Tsai-Yan Chiang	2019.01.01～2019.12.31	PwC Taiwan

Note: where the Company has replaced the CPA or accounting firm in this year, the period of the audit shall be listed respectively and the reason for the replacement shall be stated in the "Remarks" column.

Amount Unit: NT$ thousand

Amount grade \ Public expenses items		Audit expenses	Non-audit expenses	Total
1	Below NTD 2,000 thousand		✓	
2	Between NTD 2,000 (inclusive) thousand and NTD 4,000 thousand	✓		✓
3	Between NTD 4,000 (inclusive) thousand and NTD 6,000 thousand			
4	Between NTD 6,000 (inclusive) thousand and NTD 8,000 thousand			
5	Between NTD 8,000 (inclusive) thousand and NTD 10,000 thousand			
6	More than NTD 10,000 thousand (inclusive)			

1. Non-audit fee shall be listed separately according to the service items. If the "other" of non-audit fee reaches 25% of the total amount of non-audit fee, the service contents shall be presented in the "Remarks" column:

Amount Unit: NT$ thousand

Name of Accounting Firm	Name of CPA	Audit expenses	Non-audit expenses					CPA inspection period	Note
			System design	Commercial registration	Human Resources	Other	Sub-total		
PwC Taiwan	CPA Li Tien I and CPA Chiang Tsai Yen	2,550	0	0	0	0	0	2019.01.01~ 2019.12.31	

2. If the accounting firm is replaced and the audit certification fee paid in the replacement year is lower than that in the year prior to the replacement; the amount, proportion and reason for the reduction in public expenditure must be disclosed: None.
3. If the audit certification expenditure has decreased by over 15% compared to that of the previous year; the amount, proportion and reasons for the audit certification expenditure reduction must be disclosed: None.

V. CPAs Information :

1. Regarding the Former CPA

<table>
<tr><td>Date of Changes</td><td colspan="4">Approved by Board of Directors on March 6, 2018</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="4">In line with the needs of parent company (Sigurd Microelectronics Corporation) in preparing consolidated financial statements, replace the accounting firm with the same as the parent company. Therefore, reappoint PwC Taiwan instead of KPMG Taiwan for auditing from the year 2018.</td></tr>
<tr><td rowspan="3">Specify whether the appointment is terminated or rejected by the consignor or CPAs</td><td colspan="2">Client
Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td colspan="2">Appointment terminated automatically</td><td></td><td>✓</td></tr>
<tr><td colspan="2">Appointment rejected (discontinued)</td><td></td><td></td></tr>
<tr><td>Opinions other than unmodified opinion issued in the last two years and the reasons for the said opinions</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Any disagreement in opinion with the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Supplementary Disclosure (Disclosures specified in Article 10, Paragraph 6, Subparagraphs 1-4 to 1-7 of the Standards)</td><td colspan="4">None</td></tr>
</table>

2. Successor CPAs

Name of Accounting Firm	PwC Taiwan
Name of the CPA	CPA Li Tien I and Chiang Tsai Yen
Date of Appointment	2018.03.22
Matters and results of consultation prior to the formal engagement of the successor CPA regarding the accounting treatment of or application of accounting principles to a specified transaction and the type of audit opinion that might be rendered on the companys financial report	None
Written opinions of a successor CPA regarding the matters on which the former CPA did not agree with	None

3. The reply letter from the former CPAs regarding Article 10, Paragraph 6, Subparagraphs 1 and 2-3 of the standards.

None

VI. The State of the Companys Chairperson, General Manager, or Any Managerial Officer in Charge of Finance or Accounting Matters Has in The Most Recent Year Held a Position at The Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm: None.

VII. Any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More Than 10 Percent During The Most Recent Fiscal Year or as of the Date of the Annual Report

1. Net Change in Shareholding

Unit: Share

Title	Name	2019		01/01/2020 - 04/30/2020	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding	Net change in shares pledged
Major shareholder and Corporate Director	Singapore Merchants Bloomeria Limited	0	0	0	0
Representative of Legal Director and Chairman	Huang Hsing Yang (Note 1)	0	0	0	0
Representative of Legal Director	Yeh Tsan Lien (Note 1)	0	0	0	0
Representative of Legal Director	Wu Min Hung (Note 1)	0	0	0	0
Representative of Legal Director	Kuo Hsü Tung (Note 1)	0	0	0	0
Representative of Legal Director	Hsieh Chao Hung (Note 1)	0	0	0	0
Chairman and President	Weng Chih Li	0	0	0	0
Independent Director	Lin Min Kai	0	0	0	0
Independent Director	Wei Jen Yu	0	0	0	0
Independent Director	Wen-chou Vincent Wang	0	0	0	0
Assistant Vice president	Chao Tzu Chieh	0	0	0	0
Assistant Vice president	Huang Hao Chi	0	0	0	0
Assistant Vice president	Chen Chien Hsun	0	0	0	0
Assistant Vice president	Huang Fu Shen	0	0	0	0
Chief Financial Officer	Tang Li Ying	0	0	0	0
Financial Deputy Director	Kui-Chu Liu	0	0	0	0

Note 1: Representative of Sigurd Microelectronics Corporation

2. Stock trade with related parties: None.
3. Stock pledge with related party: None.

VIII. Related Party Relationship Among The Companys Top 10 Largest Shareholders

April 11, 2020; Unit: share

Name	Shares held personally		Shareholding of spouse and minor children		Shares held jointly in the name of other person		The title, name and relationship of the top 10 shareholders who are spouses or relatives within the second degree of kinship as listed in the Statement of Financial Accounting Standards (SFAS) No.6.		Note
	Number of shares	Proportion of shareholding	Number of shares	Proportion of shareholding	Number of shares	Proportion of shareholding	Name	Relations	
Singapore Merchants Bloomeria Limited	70,694,438	51.88%	0	0	0	0	None	None	
Representative: Hsing-Yang Huang	0	0	0	0	0	0	None	None	
Tsai Cheng Ta	4,203,000	3.08%	0	0	0	0	None	None	
HSBC Hosting the Jaketti Emerging Markets Small Equity Capital Fund	1,076,000	0.79%	0	0	0	0	None	None	
Tsai Ching Wen	1,070,000	0.79%	0	0	0	0	None	None	
Pan Yu Chin	1,001,643	0.74%	0	0	0	0	None	None	
Chen Hou Kuang	768,000	0.56%	0	0	0	0	None	None	
Huang Yi	691,000	0.51%	0	0	0	0	None	None	
Citibank (Taiwan) Hosting Swiss Bank European SE Investment Account	630,000	0.46%	0	0	0	0	None	None	
Citibank Hosting DFA Core Portfolio Investment Account for Emerging Markets	607,000	0.45%	0	0	0	0	None	None	
Chang Shu Fen	604,000	0.44%	0	0	0	0	None	None	

IX. Consolidated Shareholding Percentage

Unit: thousand shares; %

Long Term Investment Ownership (Note)	Ownership by the Company		Investment by Directors, Supervisors, Managers, Directly or Indirectly Owned Subsidiaries		Total Ownership	
	Shares	%	Shares	%	Shares	%
Winstek Semiconductor Technology Co., Ltd.	310,000	100%	0	0	310,000	100%

Note: Long-term equity investment of the Company calculated according to the equity method.

Chapter 4 Funding Status

I. Capital and Shares

1. Sources of Capital

Unit: NT$ thousand; thousand share

Year/Month	Par Value Per Share (NT$)	Authorized Share Capital		Capital Stock		Remarks		
		Shares	Amount	Shares	Amount	Sources of Share Capital	Capital increased by Assets Other Than Cash	Others
2000.04	10	2,000	20,000	2,000	20,000	Incorporation by stock flotation	None	Note 1
2000.06	10	120,000	1,200,000	80,000	800,000	Capital increase NT$780,000,000 by cash	None	Note 2
2001.04	10	120,000	1,200,000	90,000	900,000	Capital increase NT$100,000 ,000 by cash	None	Note 3
2001.09	10	250,000	2,500,000	184,000	1,840,000	Capital increase NT$940,000 ,000by cash	None	Note 4
2003.11	10	250,000	2,500,000	224,000	2,240,000	Capital increase NT$400,000 ,000 by cash	None	Note 5
2003.08	10	274,900	2,749,000	243,736	2,437,357	Capital increase NT$197, 357 ,000 by earnings	None	Note 6
2005.08	10	274,900	2,749,000	254,291	2,542,913	Capital increase NT$105, 556 ,000 by IPO cash	None	Note 7
2005.10	10	274,900	2,749,000	254,432	2,544,318	Employee stock options converted into new shares of NT$1, 405 ,000	None	Note 8
2006.01	10	274,000	2,749,000	255,108	2,551,078	Employee stock options converted into new shares of NT$6, 760 ,000	None	Note 9
2006.04	10	274,000	2,749,000	255,147	2,551,468	Employee stock options converted into new shares of NT$390 ,000	None	Note 10
2006.08	10	274,000	2,749,000	255,150	2,551,498	Employee stock options converted into new shares of NT$30 ,000	None	Note 11
2006.08	10	400,000	4,000,000	263,605	2,636,046	Capital increase NT$84, 548 ,000 by earnings	None	Note 12
2006.11	10	400,000	4,000,000	263,976	2,639,761	Employee stock options converted into new shares of NT$3, 715 ,000	None	Note 13
2007.02	10	400,000	4,000,000	264,152	2,641,516	Employee stock options converted into new shares of NT$1, 755 ,000	None	Note 14
2007.05	10	400,000	4,000,000	264,208	2,642,078	Employee stock options converted into new shares of NT$563 ,000	None	Note 15
2007.08	10	400,000	4,000,000	262,428	2,624,283	(1) Employee stock options converted into new shares of NT$75 ,000 (2) Write off treasury shares by NT$17, 870 ,000	None	Note 16
2007.08	10	400,000	4,000,000	271,902	2,719,016	Capital increase NT$94, 732 ,000 by earnings	None	Note 17
2007.11	10	400,000	4,000,000	272,019	2,720,188	Employee stock options converted into new shares of NT$1, 173 ,000	None	Note 18

Year/Month	Par Value Per Share (NT$)	Authorized Share Capital		Capital Stock		Remarks		
		Shares	Amount	Shares	Amount	Sources of Share Capital	Capital increased by Assets Other Than Cash	Others
2008.02	10	400,000	4,000,000	272,388	2,723,878	Employee stock options converted into new shares of NT$3, 690 ,000	None	Note 19
2008.05	10	400,000	4,000,000	272,411	2,724,108	Employee stock options converted into new shares of NT$230 ,000	None	Note 20
2008.08	10	400,000	4,000,000	272,429	2,724,288	Employee stock options converted into new shares of NT$180 ,000	None	Note 21
2008.11	10	400,000	4,000,000	272,523	2,725,233	Employee stock options converted into new shares of NT$945 ,000	None	Note 22
2011.05	10	400,000	4,000,000	136,262	1,362,617	Capital decrease to return NT$1, 362, 617 ,000 by cash	None	Note 23

Note 1: April 26, 2000, No.89284149.
Note 2: June 14, 2000, Department of Commerce, MOEA Issuance (2000) No.118968.
Note 3: April 20, 2001, Department of Commerce, MOEA Issuance (2001) No.09001129230.
Note 4: September 3, 2001, Department of Commerce, MOEA Issuance (2001) No.09001350740.
Note 5: November 11, 2003, Department of Commerce, MOEA Issuance Letter No.09201311200.
Note 6: August 19, 2004, Department of Commerce, MOEA Issuance Letter No.09301152930.
Note 7: August 19, 2005, Department of Commerce, MOEA Issuance Letter No.09401158140.
Note 8: November 8, 2005, Department of Commerce, MOEA Issuance Letter No.09401222330.
Note 9: March 2, 2006, Department of Commerce, MOEA Issuance Letter No.09501036070.
Note 10: May 15, 2006, Department of Commerce, MOEA Issuance Letter No.09501084860.
Note 11: August 8, 2006, Department of Commerce, MOEA Issuance Letter No.09501171060.
Note 12: August 31, 2006, Department of Commerce, MOEA Issuance Letter No.09501194040.
Note 13: November 9, 2006, Department of Commerce, MOEA Issuance Letter No.09501249320.
Note 14: February 12, 2007, Department of Commerce, MOEA Issuance Letter No.09601032890.
Note 15: May 9, 2007, Department of Commerce, MOEA Issuance Letter No.09601100470.
Note 16: August 9, 2007, Department of Commerce, MOEA Issuance Letter No.09601193040.
Note 17: August 31, 2007, Department of Commerce, MOEA Issuance Letter No.09601212680.
Note 18: November 5, 2007, Department of Commerce, MOEA Issuance Letter No.09601270960.
Note 19: February 5, 2008, Department of Commerce, MOEA Issuance Letter No.09701029790.
Note 20: May 16, 2008, Department of Commerce, MOEA Issuance Letter No.09701111670.
Note 21: August 13, 2008, Department of Commerce, MOEA Issuance Letter No.09701200880.
Note 22: November 11, 2008, Department of Commerce, MOEA Issuance Letter No.09701287880.
Note 23: May 18, 2011, Department of Commerce, MOEA Issuance Letter No.10001100240.

2. Type of Shares

April 11, 2020; Unit: share

Type of Shares	Authorized Capital Stock			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common Stock	136,261,659	263,738,341	400,000,000	Listed

3. Shareholder Structure

April 11, 2020; Unit: Person/Share

Quantity / Shareholder Structure	Government Agencies	Financial Institutions	Other juridical Persons	Natural Persons	Foreign Institutions & Individuals	Total
Number of shareholders	0	0	24	9,046	66	9,136
shareholdings	0	0	868,440	55,994,535	79,398,684	136,261,659
Holding Percentage	0.00%	0.00%	0.64%	41.09%	58.27%	100%

4. Shareholding Distribution Status

Par value per share of NT$10 April 11, 2020; Unit: Person/Share

Shareholder Ownership			Number of Shareholders	Ownership	Holding Percentage
1	to	999	2,122	450,617	0.33%
1,000	to	5,000	5,424	11,253,003	8.26%
5,001	to	10,000	800	6,392,473	4.69%
10,001	to	15,000	212	2,751,298	2.02%
15,001	to	20,000	166	3,126,859	2.29%
20,001	to	30,000	126	3,306,288	2.43%
30,001	to	50,000	118	4,721,554	3.47%
50,001	to	100,000	78	5,742,701	4.21%
100,001	to	200,000	48	6,959,278	5.11%
200,001	to	400,000	26	7,173,000	5.26%
400,001	to	600,000	6	3,039,507	2.23%
600,001	to	800,000	5	3,300,000	2.42%
800,001	to	1,000,000	0	0	0.00%
1,000,001		Over	5	78,045,081	57.28%
Total			9,136	136,261,659	100.00%

5. List of Major Shareholders

Name, number of shares held, and shareholding percentage of shareholders who hold more than 5% of the shares or the top 10 shareholders:

April 11, 2020; Unit: Share

Name of major shareholders	Quantity of shareholdings	Shareholdings ratio
Singapore Merchants Bloomeria Limited	70,694,438	51.88%
Tsai Cheng Ta	4,203,000	3.08%
HSBC Hosting the Jaketti Emerging Markets Small Equity Capital Fund	1,076,000	0.79%
Tsai Ching Wen	1,070,000	0.79%
Pan Yu Chin	1,001,643	0.74%
Chen Hou Kuang	768,000	0.56%
Huang Yi	691,000	0.51%
Citibank (Taiwan) Hosting Swiss Bank European SE Investment Account	630,000	0.46%
Citibank Hosting DFA Core Portfolio Investment Account for Emerging Markets	607,000	0.45%
Chang Shu Fen	604,000	0.44%

6. Market Price, Net Value, Earnings Per Share and Dividends and Related Information for the Most Recent Two Years

Unit: NT$ thousand; thousand share

Item \ Year			2018	2019	As of March 31 2019
Market Price Per Share	Highest		44.70	30.25	28.50
	Lowest		20.65	21.05	18.60
	Average		34.53	27.02	25.12
Net value per share	Before Distribution		33.57	35.88	34.60
	After Distribution		32.57	(Note)	(Note)
Earnings Per Share (EPS)	Weighted Average Shares		136,262	136,262	136,262
	Before Adjustment		2.42	4.17	0.01
	After Adjustment		2.42	(Note)	(Note)
Dividends Per Share	Cash Dividend		1.20	1.50	—
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	0	(Note)	-
		Stock Dividends Appropriated from Capital Reserve	0	(Note)	-
	Accumulated Undistributed Dividends		0	(Note)	-
Return on Investment	Price-earnings (P/E) Ratio		14.27	6.48	—
	Price-dividend (P/D) Ratio		28.78	18.01	—
	Cash Dividend Yield		3.48%	5.55%	—

Note: Pending Shareholders approval

7. Dividend Policy and Implementation Status:

(1) The Companys Dividend Policy

When allocating the earnings at the end of each fiscal year, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the remaining net profits; then set aside special capital reserve if necessary. If there is still earnings, together with the accumulated undistributed earnings in the previous years, the Board of Directors may reserve a portion of such earnings based on business situation, draw the earnings allocation plan and submit to the board of shareholders for resolution.

The Companys dividend policy shall take in to consideration its fiscal earnings result, investment environment, capital requirement, budgeting and operating plans, financial structure and earnings dilution. The dividend shall be distributed not less than 10% of the net income after-tax in current fiscal year, and shall be retained without allocation under the condition that the EPS is below NT$ 0.5 or the dividend distribution might result in a breach of contract. Earnings of the Company may be distributed by way of stock dividend and/or cash dividend, of which the cash dividend shall not be less than 10% of the total dividends.

(2) Dividend Distributions Proposed At Recent Shareholders Meeting:

The proposed dividend distribution at this regular meeting of shareholders is based on the resolution of the board of directors and the proposed appropriation of cash dividend for shareholders is NT$204,392,000. Complies with the dividend policy stipulated in the Articles of Incorporation.

8. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders meeting:

There is no proposed stock dividend at this shareholders meeting, which will not affect the Companys business performance and earnings per share.

9. Remuneration to employees, Directors and Supervisors

(1) Information on remuneration to employees, directors, and supervisors, as set forth in the Companys Articles of Incorporation:

The Company shall appropriate 0.1% to 15% of the profit, where applicable, as remuneration to the employees. Remunerations to the employees may be effected in stock or cash. Employees of controlled entities or subsidiaries meeting specific conditions are also entitled to the payment. The Company shall appropriate for offsetting carryforward loss where applicable. The Company shall appropriate no more than 3% of the profit, where applicable, as remunerations to the Directors depending on the state of business. The Company shall appropriate for offsetting carryforward loss where applicable.

(2) The estimation basis of the remuneration amount to employees, directors, and supervisors for the current period; the estimation basis of the number of shares distributed to remuneration; and the accounting treatment of the discrepancy, if any, between the actual distributed amount and estimated figure, for the current period:

The estimated amount of employee remuneration for the current period is NT$43,761,000 and the estimated amount of director remuneration is NT$0, which is appropriated from the pretax profit of the current year deducted 5.9%

and 0% from the profit before the remuneration distribution to employees and directors, in accordance with the percentage as set forth in the Articles of Incorporation.

Employees remuneration shall be paid in cash. If there is any difference between the actual amount of employees remuneration and directors remuneration due to accounting estimated changes, the profit and loss of the distributed accounting year shall be adjusted.

(3) Information on the remuneration distribution approved by the Board of Directors:

A. Where the amount of remuneration paid to employees and the amount of remuneration paid to directors and supervisors in cash or shares shows any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The board of directors of the Company resolved on March 9, 2020, that the amount of employees remuneration shall be NT$ 43,761,000 and the amount of directors remuneration shall be NT$0. The employees remuneration shall be paid in cash, and there is no difference between the amount of employees remuneration and the carrying amount.

B. The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration:

Employees remuneration is not paid in shares this year, so it is not applicable.

(4) Actual distribution remuneration of employees, directors, and supervisors for the previous fiscal year (including the distributed number, amount and shares price), and where is any discrepancy between the actual distribution and the recognized remunerations for employees, directors and supervisors, the discrepancy, cause, and how it is treated shall be stated:

In the year 2018, the estimated amount of employees remuneration is NT$28,088,000 and the estimated amount of directors remuneration is NT$0. There is no difference between the actual distribution and the estimated amount.

10. Buyback of Common Stock: None.

II. Corporate debt (including overseas corporate debt) treatment: None

III. Preferred shares: None.

IV. Global depository receipts (GDR): None.

V. Status of Employee stock option plan and Employee restricted stock: None.

VI. Status of New share Issuance in connection with mergers and acquisitions: None.

VII. The State of Implementation of the Companys Capital Allocation Plans

As of April 30, 2020, there is no such circumstance that the Company has not completed any of its previous issuance or private placement of securities, or has completed in the last three years but without realizing the planned benefits.

Chapter 5 Overview of Operations

I. Business Activities

1. Business Scope

(1) Main business contents:

- All kinds of design, testing, accessories, processing, packaging, trading business of integrated circuit (IC).
- Solder bumping, flip chip technology packaging service and related products design business.
- Product reliability verification service and failure analysis service.
- Information software services business.
- Electronic components manufacturing business.

(2) Business proportion:

Unit: NT$ thousand; %

Product	2019	Percentage
Testing services	1,268,512	43.11%
Wafer level packaging services	1,674,157	56.89%
Total	2,942,669	100.00%

(3) Current commodities (services):

The Company is a specialized IC packaging and testing plant, with main service of wafer and integrated circuit testing service, product reliability verification service and failure analysis service, wafer level wafer size packaging (WLCSP) service, wafer bumping packaging service, Cu Pillar Bump Flip Chip packaging service and wafer grinding and cutting service.

(4) New products (services) planned to develop:

- Enterprise Employees' Reward Strategies and Tools Implementation Study
- Development new type of wafer test and more precise ball spacing test technology for wafer-level packaging.
- 5G Radio frequency component testing technology, integrated IC testing technology.
- MEMs products testing technology R&D
- Integrated classifier technology development
- Pin Scale/J750 testing software and hardware development.
- Fan Out/RDL product testing development.
- Develop WLCSP and 5 side/6 side protection package services continuously.
- Develop new types of advanced packaging technology to provide efficient System on Chip and System in Package services.
- Flip chip packaging
- Plasma wafer cutting technology

- Multilayer circuit rewiring wafer level packaging technology
- SiC/GaN special wafer cutting service
- Crystal back metallization process
- Silicon Photonics Wafer-level packaging

2. Industry Overview

(1) Current State and Development of the Industry

According to WSTS forecast in November 2019, the global semiconductor market reached US$409 billion in 2019, which declined by 12.8% compared to that of 2018. Among them, integrated circuit (IC) reached US$330.3 billion and declined by 16.0%, optoelectronic components reached US$41.1 billion and grew by 7.9%, discrete components reached US$24 billion and slightly declined by 0.6%, and sensors reached US$13.6 billion and grew by 2.0%.

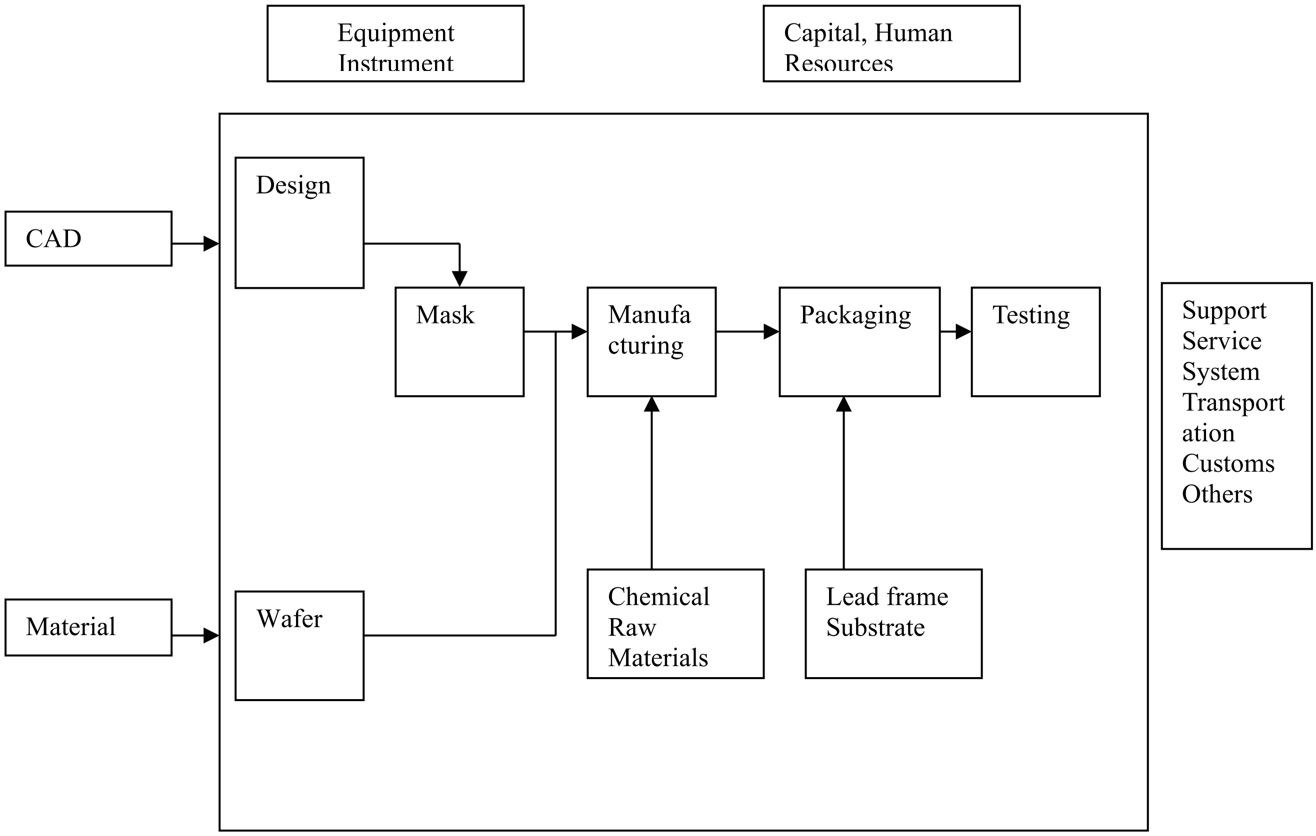
In terms of the domestic market, the foundry's competitive advantage in advanced manufacturing processes shined. Mass production of 7nm process products and trial production of 5nm process products have made innovative breakthroughs in advanced logic technology, special technology, advanced packaging, and other technologies. The de-Americanization of mainland Chinas semiconductor supply chain has benefited the performance of some factories in Taiwan. However, due to the weakened market demand for semiconductor product terminal applications, the lingering US-China trade war, the lengthened semiconductor supply chain adjustment, and the increase in industry competition, etc.; the February 2020 ITRI Industrial Economics and Knowledge Center (IEK) statistics indicated that Taiwans IC industry output value has reached NT$2,665.6 billion, which increased by just 1.7% compared to that of 2018. Among them, the output value of the IC design industry was NT$692.8 billion, which increased by 8.0% over 2018; the IC manufacturing industry was NT$1,472.1 billion, which declined by 0.9% compared to that of 2018; the wafer foundry industry was NT$1,312.5 billion, which increased by 2.1% over 2018; memory chips and other manufacturing reached NT$159.6 billion, which declined by 20.4% compared to that of 2018; the IC packaging industry was NT$346.3 billion, which increased by 0.5% over 2018; and the IC testing industry was NT$154.4 billion, which increased by 4.0% over 2018.

Taiwan semiconductor industry has developed into an industrial structure with vertical division of labor from upstream to downstream, including IC design, IC manufacturing, IC packaging and IC testing from upstream to downstream. Vertical division of labor and industry cluster has made Taiwan IC industry the competitive advantage of flexibility, speed and low cost. With the diversification of IC applications, emerging fields such as smart phones, Internet of things, automotive electronics, high-performance computing, 5G, and artificial intelligence have put forward higher requirements for advanced packaging. Packaging technology has developed rapidly with particularly active innovation and fierce competition. Advanced packaging is developing towards the direction of system integration, high speed, high frequency and three-dimensions. At present, high-density TSV/Fan-Out technology has become the core technology of advanced packaging in the new era due to its flexibility, high density and suitability for system integration.

(2) Correlation among Upstream, Midstream and Downstream of the Industry

The semiconductor industry can be divided into upstream - IC Design, mid-stream - IC Manufacturing and Foundry, and downstream - IC Packaging and Testing.

Correlation among upstream, midstream and downstream of the countrys IC industry is shown as follows:



Data source: IT at ITRI IEK IS plan

(3) Various Development Trends of Product

Rapid development of emerging technologies such as 5G, artificial intelligence (AI), Cloud computing, Big Data and the Internet of Things (IoT) will continue after the development of personal computers, smart phones and consumer electronics applications. The applications of electronic products have continued to maintain rapid development in emerging technologies such as 5G, artificial intelligence (AI), Cloud computing, Big Data, and the Internet of Things (IoT) following the development of personal computers, smart phones, and consumer electronics applications. Moreover, IoT demands are expected to grow steadily for a long period of time. It is bound to further increase the demand for data storage and processing capabilities while strengthening the growth of the semiconductor ecosystem.

From the products perspective, the future development trend for semiconductor components will move toward the path of AI integrated IoT. In terms of chip specifications, features such as high-speed computing and transmission, heterogeneous integration of multiple components, and low power consumption have become the key product and process design considerations for the future in addition to component miniaturization. AI + IoT will enhance the IoT functions and popularity. The key chip technology in the future IoT era will be AI function integration aimed at improving computing power and capacity, and strengthening the interconnection and learning functions between devices.

(4) Competitive Situation

In the future, with the-winner-takes-it-all industrial characteristics, Taiwan's packaging and testing industry will develop by means of market restructuring, alliance and merger. In order to achieve greater economies of scale and expand the scope of product supply, the Company has reinvested on its subsidiaries whose main business is wafer bumping and wafer packaging services. After the acquisition of the major shareholders of the Company, Sigurd Microelectronics Corporation became the ultimate holding company which enhances the effective use of resources and complementarities of the Group. Enable the Company to provide a wider range of services and have a more diversified customer base.

In terms of technical, under the trend of that the terminal electronic products IC increasingly smaller but growing functionality, the technology development of the Company will continue toward the SiP Module, 3D IC, Higher I/O Density, Cu pillar bump technology, ultrathin wafer grinding and packaging technology, integrated passive components technology and the development of miniaturization, extend the scope of packaging and testing services and provide customer with more in-depth integration services such as product reliability verification and failure analysis services. The Company will distinguish itself from the competition by strengthening its strategic partnership with the design industry to jointly develop low-cost high-performance packaging and testing technology in response to future new products.

The major IC professional packaging and testing plants in the country are ASE Inc., ASE Test Limited, Powertech Technology Inc., KYEC, Ardentec. And TLC, etc. The Company has developed a long-term relationship with our clients by providing advanced packaging and testing engineering capabilities, automation IT system capabilities, qualified quality and timely delivery.

3. Technology and R&D Overview

(1) Technical Level of Business:

In response to the increasing complexity of IC design, in terms of testing technical services, the Company has provided our clients with total solutions by dedicating to high-level technology area - logic testing, analog testing, mixed signal semiconductor testing, RF semiconductor testing, SoC testing, and other testing (e.g. image sensor testing) with continuously research and development innovation and process technology improvement.

In order to meet customers demand for high efficiency, multi -function, frivolous and short products, the wafer bumping technology services developed by the Company and provided to customers contain IC wafer lead free (tin-silver and tin-copper) bumping technology, IC wafer eutectic bumping technology, IC wafer lead free bumping technology, IC wafer Cu pillar bumping technology, 8 "/ 12" Ball On Trace WLCSP.

(2) Research and Development:

The Company, since its inception, has set up a research and development department in charge of research and development and introduction of new processes, new equipment, software and hardware integration and automatic conversion projects. In response to rapid market changes and future demand on IC market, the Company has deeply cultivated its technology development. In addition to researching and developing new products, the Company also introduces new technologies through technical cooperation. The R&D team has the ability to develop software and hardware programs for testing as well as advanced packaging technology.

(3) R&D costs incurred in the most recent fiscal year and as of the date of the annual report

Unit: NT$ thousand; %

Item	2019	March 31 2020
R&D Expenses	15,930	3,106
Net Operating Income	2,942,669	574,413
As A Percentage of Net Operating Income	0.54%	0.54%

(4) R&D Accomplishments in the most recent fiscal year and as of the date of the annual report

- 16/12/10/7 Nm advanced process wafer testing
- 40um micromatrix type IC wafer Cu pillar bumping chip testing
- AI related chip testing technology
- USB3.x hard disk control wafer finished product testing
- 4G-LTE related wafer finished product testing
- Digital product 12/16 sites finished product parallel testing
- 80um~150um pitch Cu pillar bumping technology for matrix type IC wafer
- 12" Ball on Trace WLCSP
- 40um~80um pitch Cu pillar bumping technology for matrix type IC wafer
- Low Cure Temp PI process technology
- Au RDL process technology
- Cu Pillar Bump Flip Chip packaging services and WLCSP services with 12/7 Nm advanced process.
- 8” Wafer level packaging services

4. Long Term and Short Term Business Development Plan

(1) Short Term Development Plan

A. In order to be able to provide a wider range of services and have a more diversified customer base, and expand the scope of product supply, the Company has reinvested on its subsidiaries whose main business is wafer bumping and wafer packaging services, extended the scope of packaging and testing services and provide customer with more in-depth integration services such as product reliability verification and failure analysis services, using mature services and technical capability, continues the strategic cooperation with international wafer fabs and wafer foundries to maintain the Companys competitiveness. At the same time, the Company continues to introduce other international fabs and international design companies to increase the customer base in Europe, North America and other regions of Asia, and meanwhile spreads the customer base and reduce the risk of over-concentration of customers.

B. Rapidly develop the packaging testing technology and products in line with market trends. Continuously improve the effective output efficiency to meet customer requirements for production cycle, which may reduce the investment cost of urgent and short orders.

C. Leverage the Group resources, make full use of the test machine platform conversion technology to improve production efficiency, provide customers with the best solution, reduce production cost and improves quality, and maintain stable cooperation with customers.

(2) Long Term Development Plan:

A. Using mature testing technology, continues the strategic cooperation with international wafer fabs and wafer foundries on wafer testing techniques with more advanced manufacturing processes, such as 3 Nm process wafer testing technology, which can help to maintain the Company in the competitiveness of the higher order product wafer testing. Meanwhile, expands wafer testing capacity and business in line with customers investment plans and strategies for advanced manufacturing processes in the later stage, so as to diversify the customer base and improve the problem of over-concentration of product application and reduce operational risks.

B. Continuously carries out various improvement projects to increase the effective output to save cost, improve the yield and customer satisfaction, cooperates with customers and suppliers to develop higher level of parallel testing ability to reduce cost and enhance competitiveness.

C. Continues to strengthen the in-service training of staff and develop various retention plans to enhance staff engineering and production capacity to effectively improve output efficiency and quality, and in response to the talent shortage problems under the overall environment.

D. Cooperates with customer for integrated service requirement (total turnkey solution) to sustainably develop new packaging testing technology.

E. Develops maintenance technology (probe card cost) for low cost testing tools and maintains high yield in response to the high cost test requirements of customers for high-end products.

F. Strengthens research and development of information technology (IT) application to improve operational efficiency and streamline workforce to increase profitability, while integrating with global trends in energy conservation and carbon reduction.

II. Market Overview

1. Market Analysis

(1) Major Commodities (Service) Sales (Provided) Region:

Unit: NT$ thousand

Region \ Year	2018		2019	
	Amount	%	Amount	%
Domestic Sales	861,680	30.03%	810,690	27.55%
Export Sales	2,007,963	69.97%	2,131,979	72.45%
Total	2,869,643	100.00%	2,942,669	100.00%

(2) Market Share

The IEK-ITIS (2019/02) statistics indicated that the annual domestic packaging and testing service industry output value reached NT$500.7 billion in 2019. The Company's turnover in 2019 was 2.94 billion, which accounted for 0.59% of the market share. The annual domestic packaging and testing service industry output value reached NT$493 billion in 2018. The Company's turnover in 2018 was 2.87 billion, which accounted for 0.58% of the market share.

(3) Future supply and demand of the market and its growth

The 2020 IC packaging and testing industry outlook indicated that the product application trend has shifted from consumer electronics in the past to the 5G, AI and IoT value-added fields; and the IC manufacturing industry has shifted from traditional consumer electronics to diversified and emerging applications.

According to the latest WSTS forecasts in November 2019, the global semiconductor market has reached US$409 billion in 2019. Among them, integrated circuit (IC) reached US$330.3 billion, optoelectronic components reached US$41.1 billion, discrete components reached US$24 billion, and sensors reached US$13.6 billion. The global semiconductor market is anticipated to reach US$433 billion in 2020, which will grow by 5.9% compared to that of 2019. Among them, integrated circuit (IC) reached US$347.6 billion and grew by 5.2%, optoelectronic components reached US$46.2 billion and grew by 12.5%, discrete components reached US$24.9 billion and grew by 3.8%, and sensors reached US$14.4 billion and grew by 5.4%. The memory chips market is expected to stabilize in 2020 and grow by 4.1%.

(4) Competitive advantage

A. Possesses excellent management ability to handle exception problems rapidly. The Company has a complete and rigorous operating system, has established a real-time response system and has the ability to quickly solve problems, and timely review and amend the system, instantly feed the test results to customers as a reference for customers to modify their IC design.

B. Possesses the ability to shorten the Cycle Time of IC products and assist customers to reduce relevant fees.

C. Introduces high precision machinery and equipment, in response to that the IC product development is increasingly complex. In order to meet customer demand and future trends, introduces automation and high precision equipment from world-renowned equipment factory, to satisfy customer demand and improve service quality.

D. With long-term cooperation with large international factories, the Companys professional technical capabilities have been recognized by them.

E. The Company also provides turnkey services of wafer level packaging and testing to reduce the cost and risk of shipping products back and forth to meet customer needs and improve the Company's competitive niche.

F. The Company uses the Internet system for information transmission, thus customers may at any time grasp the product problem and the present progress, understand product condition, which is helpful for the product improvement and to solve problems rapidly, enhancing the added value for customers.

(5) Advantages, Disadvantages and Countermeasures of The Development Prospect

A. Advantages:

a. The Company has excellent R&D engineering professionals who have senior experience and professional quality in the industry, can quickly respond to and solve customer matters and provide the best solution standing in the position of customers, to reduce customer costs and become the best partner of customers.

b. The Company provides wafer level packaging and testing services to customers, enabling customers to obtain integral service by placing one order, and can shorten the delivery time and save transportation costs. In addition, in response to the market and customer demand, rapid carries out the capacity expansion and adjustment, duly invests in the most advanced equipment to meet customer demand for capacity, and provides customers with the most competitive solutions.

c. The 5G related construction and deployment will continue to improve. Meanwhile, the AI, IoT, automotive electronic application-related products, etc., will enhance the growth of semiconductor demands; which will drive advanced process packaging and testing services.

B. Disadvantages and Countermeasures:

a. As a result of the fluctuation of IC industry market, the operating risk of IC packaging and testing plant has increased. In the whole IC production system, IC packaging and testing are located at the back-end of the whole process, which is a necessary step before the shipment of IC products and greatly affected by the semiconductor market fluctuation. The semiconductor market is characterized by a small elasticity of price demand, and a slight imbalance between supply and demand will lead to sharp price fluctuations of chips, which will affect the profitability of the semiconductor back-end packaging and testing industry.

Countermeasures: in addition to actively deploying machines and shortening programming and execution time, the Company also provides prompt and accurate services to upstream wafer manufacturers and IC design companies to attract customers continuous orders. In terms of capacity expansion, the Company adopts a stable investment approach to avoid losing market opportunities due to insufficient capacity of machinery and equipment, or causing idle equipment due to excessive expansion of equipment, thus increasing operational risks. At the same time, the Company intensifies the cooperation mode with customers, establishes long-term partnership with existing customers and develops new customers, so that the production capacity can be fully and steadily used.

b. Urgent Need for Capital

With the expansion of business and the high cost of the new generation of test equipment, there is an urgent need for capital of operating working and machine equipment investment of testing industry.

Countermeasures: The Company has a sound financial structure and a high proportion of its own funds, so the capital demand can be satisfied from the net cash inflow from operating and the capital market financing channels.

2. Important Uses and Production Processes of Major Products

(1) Product Use

Major Products or Services Items	Important Uses or Functions
Testing Service - Wafer Testing (Wafer Sort)	Check and test the wafer defects before IC packaging.
Test Service - Integrated Circuit Testing (Final Test)	Test and classify all properties of IC products by precise high-tech machinery equipment according to the test conditions specified by customers, and to ensure that the products meet the quality and stability required by customers.
Wafer Level Chip Scale Packaging (Wafer Level CSP) Flip Chip Scale Packaging (Flip Chip CSP)	It is mainly used in computers, communications, Internet, consumer electronics and other products, including notebook computers, tablet computers, smart phones, functional phones, wearable devices, smart appliances, on-board boxes, LCD TVS, digital cameras, game consoles, Internet of things, fingerprint sensors and so on.

(2) Production Process

Testing Services:

Incoming Material Storage→IQC→Incoming Material Storage→Machine Setting→Wafer on the Prober/IC on the Classifier→QVM→Baking→FQC→Storage→Shipment

Packaging Services:

Incoming Material Storage→IQC→Wafer Bumping→Wafer Cutting→Flip Chip Sticking Grain→Prime Coat Filling→Positive Printing→Solder Ball on Trace→Appearance Inspection→Packaging→Storage→Shipment

3. Supply Status of Main Raw Materials

The Company mainly provides IC processing for customers, and the supply status of main raw materials used in packaging is as follows:

Main Raw Materials	Main Suppliers	Supply Status
Taping Topping Material	Lintec Advanced Technologies (Taiwan), Inc.	Good
Photo Graphy Material Yellow Light Material	Hitachi Chemical Co., Ltd.	Good
	Akros Trading Taiwan Co., Ltd.	Good
Plating Material	AMPOC Far-East Co., Ltd.	Good
	Taiwan Dabang Chemical Co., Ltd.	Good
	MacdermidEnthone Taiwan Co., Ltd.	Good
Etching Material	Chemleader Corporation	Good
	Meltex Taiwan Inc.	Good
General Chemical	KANTO-PPC Inc.	Good

4. The name of the customer who accounted for more than 10% of the total amount of goods purchased (sold) in the last two years and the amount and proportion of such goods purchased (sold)

(1) Major Sales Customers

Unit: NT$ thousand

Item	2018				2019			
	Name	Amount (NT$ thousand)	As A Percentage of Annual Net Sales (%)	Relationship with The Issuer	Name	Amount (NT$ thousand)	As A Percentage of Annual Net Sales (%)	Relationship with The Issuer
1	Company A	1,755,261	61.17	None	Company A	2,061,752	70.06	None
2	Company B	447,203	15.58	None	Company B	341,756	11.61	None
3	Others	667,179	23.25	None	Others	539,161	18.33	None
	Total	2,869,643	100.00		Total	2,942,669	100.00	

Explanation of Increase or decrease: It is mainly due to the increase in revenue from wafer-level packaging services.

(2) Major purchase customers, and explain the reasons for the changes

Unit: NT$ thousand

Item	2018				2019			
	Name	Amount (NT$ thousand)	As A Percentage of Annual Net Purchases (%)	Relationship with The Issuer	Name	Amount (NT$ thousand)	As A Percentage of Annual Net Purchases (%)	Relationship with The Issuer
1	Company A	76,040	17.12	None	Company A	38,700	10.05	None
2	Company B	42,218	9.5	None	Company B	85,424	22.19	None
3	Others	325,997	73.38	None	Others	260,845	67.76	None
	Total	444,255	100.00		Total	384,969	100.00	

Explanation of Increase or decrease: the amount of supply and the rate of change mainly follows the change of the purchased goods specifications.

5. Table of Production Quantity of The Most Recent Two Years

Unit: Tablet; Thousand Grains; NT$ thousand

Year / Production Quantity	2018			2019		
	Capacity	Yield	Output Value	Capacity	Yield	Output Value
Wafer Testing	Note	234,423	677,546	Note	223,841	669,589
Integrated Circuit Testing		76,398			82,244	
Wafer Level Packaging	516,000	308,875	1,530,564	660,000	207,221	1,389,887
Total			2,208,110			2,059,476

Note: as the production capacity of testing industry is calculated according to time rather than quantity, it is disclosed by the number of main production machines, which is 112 and 127 sets respectively by the end of 2018 and 2019.

6. Table of Sales Volume of The Most Recent Two Years

Unit: Tablet; Thousand Grains; NT$ thousand

Sales Volume / Major Commodities	2018				2019			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wafer Testing	120,720	685,567	113,703	399,669	82,731	242,121	141,110	216,131
Integrated Circuit Testing	73,828		2,570		62,693	192,912	19,551	61,268
Wafer Level Packaging	15,976	175,860	292,899	1,608,294	41,001	293,463	166,220	1,042,213
Others (Note)		253		0		455,007		439,554
Total		861,680		2,007,963		1,183,503		1,759,166

Note: It includes contract compensation income, device rental service provided, engineering product development services and test program development services.

III. Employee Information

Employee Information for The Last Two Fiscal Years and up to The Date of Publication of The Annual Report

Year		2018	2019	Current Year to March 31, 2019
Numbers of Employees	Directly	267	245	247
	Indirectly	407	405	405
	Management	81	79	78
	Total	755	729	730
Average Age		35.9	36.6	36.7
Average Year of Services		5.9	6.6	6.7
Educational Attainment Distribution Ratio	Doctor	0.0%	0.0%	0.0%
	Master	7.9%	8.6%	8.8%
	College	64.5%	63.8%	63.7%
	Senior High School	25.2%	25.4%	25.2%
	Below Senior High School	2.4%	2.2%	2.3%

IV. Information on Environmental Protection Expenditure

1. Loss and disposal caused by environmental pollution in the most recent fiscal year and as of the date of the annual report: None.

2. Future countermeasures:

   Continue to promote the relevant energy saving and carbon reduction policies, implement various energy saving measures. The Company has a special environmental protection and dedicated industrial safety unit who is responsible for the management and supervision of related operations.

   (1) Waste water management: set up a waste water in-time monitoring system and regularly inspect the quality of discharged water by outsourcing to comply with environmental laws and regulations.

   (2) Exhaust gas management: set up an exhaust gas continuous monitoring system and regularly inspect exhaust gas emission quality by outsourcing to comply with environmental laws and regulations.

   (3) Waste disposal: entrust a qualified disposal agency to properly dispose of waste and conduct regular audit.

(4) Contractor management: regularly audit the manufacturers to jointly fulfill the responsibility of complying with the industrial safety and environmental protection.

(5) Energy management: reduce the resources consumption of water, electricity and gas.

3. Estimated Capital Expenditure On Environmental Protection In The Coming Fiscal Year:

In response to the expansion of production lines and the improvement of waste water, waste gas and waste disposal facilities as well as energy saving and waste reduction measures, the Company expects to spend NT$34,877,000 and NT$14,799,000 respectively in related capital expenditure in year 2020 and year 2021.

V. Labor Management Relations

1. Present the Companys various employee welfare measures, retir ement allowance system and its implementation status, as well as agreements between labor and management.

(1) Employee Benefits Measures:

The employee benefits committee coordinates the handling of employee welfare and organizes regular staff tourism and friendship activities to relieve working pressure for staff. In addition to labor insurance, the Company also provides group life insurance, accident insurance, medical insurance, cancer prevention insurance and national health insurance for colleagues, enabling them to enjoy multiple protection. The Company allocates annual budget for employee education and training, and promotes the improvement of professional skills and personal career development of employees.

(2) Retirement System and Its Implementation State:

The Company has formulated retirement allowance management rules for regular employees, and according to the relevant provisions of the Labor Standards Act, the Company was approved by the government in 2002 FSZZ Letter No. 9100045465 on May 20, 2001 to set up the "Employee Retirement Reserve Supervision Committee", the retirement reserve is appropriated on a monthly basis and deposited in the Bank of Taiwan Ltd. Since July 2005, the new employee retirement system has been implemented in accordance with the law. Employees under the new employee retirement system are subject to the defined contribution plans for their service years. The Company shall contribute the retirement allowance at a rate of not less than 6% of their monthly salary to the individual retirement allowance account of the employee retirement allowance.

(3) State of agreement between labor and management:

The Company has a harmonious labor relations and always value employee's opinions, which can be communicated through labor management meetings and suggestion boxes to maintain good labor relations.

(4) Training, Development and Implementation State:

In order to improve the quality and development advantage of human resources, the Company has formulated "Education and Training Method" and annual training plan to strengthen the Company's operation advantage and meet the needs of customers. The pre-service professional education and training will be implemented for new employees upon their arrival. General training and professional training (including internal training and external training) will be implemented aiming at employees of various departments from time to time, so as to train professional talents, improve management performance and effectively develop and use talents. The Company's Training Programs includes:

Item	No. of shifts	Total Number of Trainee	Total Hours	Total Cost (NT$ thousand)
1.New Employee Training	284	1,114	1,013	4
2.Professional Training	234	1,746	4,601	378
3.Management Development Program	8	21	105	19
4.General Training	23	4,946	2,895	7
5.Training Related to Environment, Safety and Health	43	839	1,094	104
Total	592	8,666	9,708	512

2. Losses resulting from labor disputes in the most recent two fiscal years and as of the date of the annual report, and the estimated amount and countermeasures of possible losses resulting from labor disputes at present and in the future: None.

VI. Material Contracts

Contract Nature	Party	Date of Commencement and Termination of The Contract	Main Content	Restrictive Covenants
Technical service contract	STATS ChipPAC Ltd.	August 2015 – August 2020	The company provides wafer bumping, processing and testing services to STATS ChipPAC Ltd.	Keep third-party's business confidential.
Mid-term credit contract	Yuanta Bank	November 2018 – March 2022	Mid-term credit contract	Take responsibility for endorsement and guarantee.
Mid-term credit contract	Bank SinoPac	December 2018 – March 2022	Mid-term credit contract	Take responsibility for endorsement and guarantee.
Mid-term credit contract	Fubon Bank	November 2018 – November 2021	Mid-term credit contract	None
Short-term general credit contract	Mega Bank	June 2019 – June 2020	Short-term credit contract	None
Short-term general credit contract	Taishin International Bank	May 2019 – April 2020	Short-term credit contract	None
Short-term general credit contract	DBS Bank	May 2019 – May 2020	Short-term credit contract	None
Short-term general credit contract	Cathay United Bank	October 2019 – October 2020	Short-term credit contract	None

Chapter 6 Financial Overview

I. Information on Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Fiscal Years

1. Condensed Balance Sheet and Comprehensive Income Statement

(1) Condensed Consolidated Balance Sheet - International Financial Reporting Standards (IFRS)

Unit: NT$ thousand

Item \ Year		Financial Information of the Most Recent Five Fiscal Years (Note) 2015	2016	2017	2018	2019	Financial Information From Current Year to March 31, 2020
Current Asset		3,547,426	3,951,978	3,873,474	3,636,955	4,206,648	4,178,450
Property, Plant and Equipment		4,112,880	3,033,277	2,103,064	2,084,149	2,101,684	2,017,816
Intangible Asset		14,535	12,001	21,453	20,815	32,132	29,753
Other Assets		25,595	76,572	44,781	38,092	75,581	51,067
Total Assets		7,700,436	7,073,828	6,042,772	5,780,011	6,416,045	6,277,086
Current Liability	Before Distribution	729,931	1,382,624	1,715,985	541,508	889,134	792,010
	After Distribution	763,996	1,498,446	1,893,125	705,022	1,093,526	996,402
Non-current Liabilities		3,754,447	1,908,875	16,490	664,092	637,915	565,370
Total Liabilities	Before Distribution	4,484,378	3,291,499	1,732,475	1,205,600	1,527,049	1,357,380
	After Distribution	4,518,443	3,407,321	1,909,615	1,369,114	1,731,441	1,561,772
Equity Attributable to Owners of Parent Company		3,216,058	3,782,329	4,310,297	4,574,411	4,888,996	4,715,314
Share Capital		1,362,617	1,362,617	1,362,617	1,362,617	1,362,617	1,362,617
Capital Surplus		366,243	366,243	366,243	366,243	366,243	366,243
Retained Earnings	Before Distribution	1,470,807	2,042,298	2,649,369	2,807,636	3,205,990	3,208,002
	After Distribution	1,436,742	1,926,476	2,472,229	2,644,122	3,001,598	3,003,610
Other Equity		16,391	11,171	(67,932)	37,915	(45,854)	(17,156)
Treasury Stocks		0	0	0	0	0	0
Non-controlling Interests		0	0	0	0	0	0
Equity	Before Distribution	3,216,058	3,782,329	4,310,297	4,574,411	4,888,996	4,919,706
Equity	After Distribution	3,181,993	3,666,507	4,133,157	4,410,897	4,684,604	4,715,314

Note: All financial data are audited or reviewed by CPAs.

(2) Condensed Comprehensive Income Statement - IFRS

Unit: NT$ thousand

Item \ Year	Financial Information of the Most Recent Five Fiscal Years (Note)					Financial Information From Current Year to March 31, 2020
	2015	2016	2017	2018	2019	
Operating Income	2,927,583	3,371,581	2,842,923	2,869,643	2,942,669	574,413
Gross Operating Profit	83,116	535,582	427,019	661,533	883,193	46,443
Other Gains (Losses) - Net	—	487,007	930,355	—	—	—
Operating Income and Loss	(139,592)	783,248	1,091,257	435,840	655,616	(11,191)
Non-Operating Income and Expenses	(61,050)	(170,272)	(148,419)	20,372	85,017	13,415
Profit Before Tax	(200,642)	612,976	942,838	456,212	740,633	2,224
Net Income for Continuing Operations	(272,872)	611,362	727,651	329,820	567,643	2,012
Loss from Discontinuing Operations	0	0	0	0	0	0
Net Profit (Loss) in Current Period	(272,872)	611,362	727,651	329,820	567,643	2,012
Other Comprehensive Gain or Loss in Current Period (Net of Tax)	4,775	(11,026)	(83,861)	102,151	(89,544)	28,698
Total Comprehensive Gain or Loss in Current Period	(268,097)	600,336	643,790	431,971	478,099	30,710
Net Profit Attributable to Owners of Parent Company	(163,623)	611,362	727,651	329,820	567,643	2,012
Net Profit Attributable to Non-controlling Interests	(109,249)	0	0	0	0	0
Total Comprehensive Income or Loss Attributable to Owners of Parent Company	(150,513)	600,336	643,790	431,971	478,099	30,710
Total Comprehensive Profit and Loss Attributable to Non-controlling Interests	(117,584)	0	0	0	0	0
Earnings Per Share (NT$)	(1.20)	4.49	5.34	2.42	4.17	0.01

Note: All financial data are audited or reviewed by CPAs.

(3) Condensed Individual Balance Sheet - IFRS

Unit: NT$ thousand

Item \ Year		Financial Information of the Most Recent Five Fiscal Years (Note)				
		2015	2016	2017	2018	2019
Current Asset		1,961,513	2,615,342	1,619,952	1,101,396	1,479,572
Property, Plant and Equipment		1,026,091	828,981	656,746	694,059	708,503
Intangible Asset		7,796	6,520	6,551	5,014	18,450
Other Assets		312,370	608,014	2,433,214	3,297,677	3,299,605
Total Assets		3,307,770	4,058,857	4,716,463	5,098,146	5,506,130
Current Liability	Before Distribution	86,128	263,078	389,740	263,276	410,114
	After Distribution	120,193	378,900	566,880	426,790	614,506
Non-current Liabilities		5,584	13,450	16,426	260,459	207,020
Total Liabilities	Before Distribution	91,712	276,528	406,166	523,735	617,134
	After Distribution	125,777	392,350	583,306	687,249	821,526
Equity Attributable to Owners of Parent Company		3,216,058	3,782,329	4,310,297	4,574,411	4,888,996
Share Capital		1,362,617	1,362,617	1,362,617	1,362,617	1,362,617
Capital Surplus		366,243	366,243	366,243	366,243	366,243
Retained Earnings	Before Distribution	1,470,807	2,042,298	2,649,369	2,807,636	3,205,990
	After Distribution	1,436,742	1,926,476	2,472,229	2,644,122	3,001,598
Other Equity		16,391	11,171	(67,932)	37,915	(45,854)
Treasury Stocks		0	0	0	0	0
Non-controlling Interests		0	0	0	0	0
Total equity	Before Distribution	3,216,058	3,782,329	4,310,297	4,574,411	4,888,996
	After Distribution	3,181,993	3,666,507	4,133,157	4,410,897	4,684,604

Note: All financial data are audited and certified by CPAs.

(4) Condensed Individual Comprehensive Income Statement - IFRS

Unit: NT$ thousand

Year / Item	Financial Information of the Most Recent Five Fiscal Years (Note)				
	2015	2016	2017	2018	2019
Operating Income	1,064,834	1,149,846	1,020,772	1,085,489	1,268,512
Gross Operating Profit	206,456	214,715	230,007	407,943	598,923
Other Gains (Losses) - Net	–	272,240	649,597	–	–
Operating Income and Loss	153,609	363,861	731,284	292,366	479,404
Non-Operating Income and Expenses	(395,921)	311,252	154,216	135,524	215,072
Profit Before Tax	(242,312)	675,113	885,500	427,890	694,476
Net Profit from Continuing Operations in Current Period	(272,872)	611,362	727,651	329,820	567,643
Loss from Discontinuing Operations	0	0	0	0	0
Net Profit (Loss) in Current Period	(272,872)	611,362	727,651	329,820	567,643
Other Comprehensive Gain or Loss in Current Period (Net of Tax)	4,775	(11,026)	(83,861)	102,151	(89,544)
Total Comprehensive Gain or Loss in Current Period	(268,097)	600,336	643,790	431,971	478,099
Net Profit Attributable to Owners of Parent Company	(163,623)	611,362	727,651	329,820	567,643
Net Profit Attributable to Non-controlling Interests	(109,249)	0	0	0	0
Total Comprehensive Income (Loss) Attributable to Owners of Parent Company	(150,513)	600,336	643,790	431,971	478,099
Total Comprehensive Profit and Loss Attributable to Non-controlling Interests	(117,584)	0	0	0	0
Earnings Per Share (NT$)	(1.20)	4.49	5.34	2.42	4.17

Note: All financial data are audited and certified by CPAs.

2. Name of CPAs and Their Opinions for Most Recent 5-Years

CPAs and Their Opinions for Most Recent 5-Years

Year	Name of CPA	Accounting Firm	Auditors Opinion
2015	Wei Hsing-Hai, Huang Hai-Ning	KPMG Taiwan	Modified Unqualified Opinion
2016	Wei Hsing-Hai, Huang Hai-Ning	KPMG Taiwan	Unqualified Opinion
2017	Wei Hsing-Hai, Huang Hai-Ning	KPMG Taiwan	Unqualified Opinion
2018	Li Tien I, Chiang Tsai Yen	PwC Taiwan	Unqualified Opinion With Emphasis-of-Matter or Other-Matter Explanatory Paragraph
2019	Li Tien I, Chiang Tsai Yen	PwC Taiwan	Unqualified Opinion

II. Financial Analysis of the Most 5 Recent Fiscal Years

1. Consolidated Financial Report Analysis - IFRS

Item Analyzed (Year)		2. Financial Analysis of the Most Recent Five Years					Financial Information From Current Year to March 31, 2020 (Note)
		2015	2016	2017	2018	2019	
Financial Structure (%)	Debt-To-Asset Ratio	58.24	46.53	28.67	20.86	23.80	24.88
	Proportion of Long-Term Capital in Property, Plant and Equipment	169.48	187.63	205.74	251.35	259.10	260.49
Debt Paying Ability (%)	Current Ratio	485.99	285.83	225.73	671.63	473.12	419.35
	Quick Ratio	471.28	275.59	218.99	648.46	461.26	407.67
	Interest Coverage Ratio	(1.93)	5.33	15.76	19.56	50.30	2.10
Operating Ability	Receivables Turnover Rate (Times)	4.98	4.08	2.45	3.08	3.08	2.11
	Average Collection Days	73.28	89.36	149.07	118.33	118.68	173.14
	Inventory Turnover Rate (Times)	45.63	42.79	33.41	29.43	26.12	26.60
	Payables Turnover Rate (Times)	46.80	40.86	21.91	25.77	34.99	39.22
	Average Days of Sales	8.00	8.53	10.92	12.40	13.97	13.72
	Property, Plant and Equipment Turnover Rate (Times)	0.63	0.94	1.11	1.37	1.40	1.10
	Total Asset Turnover Rate (Times)	0.36	0.46	0.43	0.49	0.48	0.36
Profitability	Return on Assets (%)	(2.48)	10.19	11.85	5.88	9.50	0.23
	Return on Equity (%)	(7.30)	17.47	17.98	7.42	12.00	0.17
	Ratio of Profit before Income Tax to Pay-in Capital %	(14.72)	44.99	69.19	33.48	54.35	0.65
	Net Profit Margin (%)	(9.32)	18.13	25.60	11.49	19.29	0.35
	Earnings Per Share (NT$)	(1.20)	4.49	5.34	2.42	4.17	0.01
Cash Flow	Cash Flow Ratio (%)	153.84	47.32	113.16	282.05	114.01	110.19
	Cash Flow Adequacy Ratio (%)	175.27	196.99	272.99	249.53	274.55	244.81
	Cash Flow Reinvestment Ratio (%)	4.82	3.74	11.93	8.14	4.79	5.24
Leverage	Operating Leverage	(7.58)	1.87	0.95	2.55	2.16	(15.27)
	Financial Leverage	0.67	1.22	1.06	1.06	1.02	0.85

The reasons for all financial ratio changes within the most recent two years are as follows. (exempt from analysis if less than 20%)

1. Current ratio: Due to the increase in current liabilities for this period, the current ratio in this period has decreased compared to that of the previous period.
2. Quick ratio: Due to the increase in current liabilities for this period, the quick ratio in this period has decreased compared to that of the previous period.
3. Interest protection multiples: Due to the increase in net profit before tax for this period, the interest protection multiples in this period have increased compared to that of the previous period.
4. Payables turnover ratio (rate): Due to the decrease in the average payables for this period, the payables turnover ratio in this period has increased compared to that of the previous period.
5. Return on assets: Due to the increase in post-tax income for this period, the return on assets in this period has increased compared to that of the previous period.
6. Return on equity: Due to the increase in after tax income for this period, the return on equity in this period has increased compared to that of the previous period.
7. Net profit before tax to paid-in capital ratio: Due to the increase in net profit before tax for this period, the net profit before tax to paid-in capital ratio for this period has increased compared to that of the previous period.
8. Net profit rate: Due to the increase in profits for this period, the net profit ratio for this period has increased compared to that of the previous period.
9. Earnings per share: Due to the increase in profits for this period, the earnings per share for this period has increased compared to that of the previous period.
10. Cash flow ratio: Due to the decrease in net cash flow from operating activities and the increase in current liabilities for this period, the cash flow ratio in this period has decreased compared to that of the previous period.
11. Cash re-investment ratio: Due to the decrease in net cash flow from operating activities and the increase in working capital for this period, the cash re-investment ratio in this period has lowered compared to that of the previous period.

Note: The financial ratios related to operating capacity and profitability were derived by extrapolating the annual figures.

All the above-mentioned financial data are audited or reviewed by CPAs.

A. Financial Structure
   (A) Debt-To-Asset Ratio = Total liabilities/Total assets
   (B) Ratio of long-term funds to real estate, plant, and equipment = (total equity + non-current liabilities) / (net amount for property, plant and equipment + net right-of-use assets).

B. Debt Paying Ability
   (A) Current ratio = Current assets/Current liabilities.
   (B) Quick ratio = (Current assets – Inventory – Prepaid expense)/Current liabilities.
   (C) Interest protection multiples = net profit before income tax and interest/interest expenditures in current period.

C. Operating Ability
   (A) Accounts receivable (including accounts receivable and bills receivable arising from operation) turnover rate = Net sale/average balance of accounts receivable (including accounts receivable and bills receivable arising from operation) of each period.
   (B) Average collection days = 365/Accounts receivable turnover rate.
   (C) Inventory turnover rate = Cost of goods sold/Average balance of inventory.
   (D) Accounts payable (including accounts payable and bills payable arising from operation) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and bills payable arising from operation) of each period.
   (E) Average Days of Sales = 365/Inventory turnover rate.
   (F) Real estate, plant and equipment turnover rate = net sales / (average net amount for real estate, plan, and equipment + average net right-of-use assets).
   (G) Total asset turnover rate = Net sales/Average total assets.

D. Profitability
   (A) Return on assets = [Gain (loss) after tax + Interest expenses * (1 - interest rate)]/Average total asset value.
   (B) Return on Equity = Gain (loss) after tax/Average Total Equity.
   (C) Net profit margin = Gain (loss) after tax/net sales
   (D) Earnings per share = [(Gain (loss) attributable to owners of parent company – Dividends on preferred stock)]/Weighted average number of shares issued. (Note 4)

E. Cash Flow
   (A) Cash flow rate = Net cash flow from operating activities/Current liabilities.
   (B) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent 5 years/(Capital expenditures + Increase in inventory + Cash dividends) in the most recent 5 years.
   (C) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross of property, plant, and equipment + gross of right-of-use assets + long-term investment + other non-current assets + working capital).

F. Leverage:
   (A) Operating leverage = (Net operating income - Changes in operating costs and expenses)/Operating income.
   (B) Financial leverage = operating income/(operating income - interest).

2. Individual Financial Report Analysis - IFRS

Item Analyzed	Year	2. Financial Analysis of the Most Recent Five Years				
		2015	2016	2017	2018	2019
Financial Structure (%)	Debt-To-Asset Ratio	2.77	6.81	8.61	10.27	11.21
	Proportion of Long-Term Capital in Property, Plant and Equipment	313.97	457.88	658.81	696.61	689.44
Debt Paying Ability (%)	Current Ratio	2,277.44	994.13	415.65	418.34	360.77
	Quick Ratio	2,233.62	973.70	407.03	402.55	355.77
	Interest Coverage Ratio	NA	NA	NA	1089.78	143.98
Operating Ability	Receivables Turnover Rate (Times)	4.52	5.44	4.14	4.65	4.89
	Average Collection Days	80.80	67.15	88.23	78.63	74.60
	Inventory Turnover Rate (Times)	NA	NA	NA	NA	NA
	Payables Turnover Rate (Times)	561.40	449.26	293.96	343.41	593.61
	Average Days of Sales	NA	NA	NA	NA	NA
	Property, Plant and Equipment Turnover Rate (Times)	0.94	1.24	1.37	1.61	1.77
	Total Asset Turnover Rate (Times)	0.27	0.31	0.23	0.22	0.24
Profitability	Return on Assets (%)	(7.03)	16.60	16.58	6.73	10.78
	Return on Equity (%)	(7.30)	17.47	17.98	7.42	12.00
	PBT to Pay-in Capital %	(17.78)	49.55	64.99	31.40	50.97
	Net Profit Margin (%)	(25.63)	53.17	71.28	30.38	44.75
	Earnings Per Share (NT$)	(1.20)	4.49	5.34	2.42	4.17
Cash Flow	Cash Flow Ratio (%)	484.49	111.66	187.23	266.00	188.40
	Cash Flow Adequacy Ratio (%)	98.76	97.34	148.34	219.12	228.45
	Cash Flow Reinvestment Ratio (%)	1.45	3.17	6.52	5.69	6.07
Leverage	Operating Leverage	2.39	0.77	0.33	1.60	1.60
	Financial Leverage	1.00	1.00	1.00	1.00	1.01

The reasons for all financial ratio changes within the most recent two years are as follows. (exempt from analysis if less than 20%)

1. Interest protection multiples: Due to the increase in bank loan interest expenses for this period, the interest protection multiples generated for this period has decreased compared to that of the previous period.
2. Payables turnover ratio (rate): Due to the decrease in the average payables for this period, the payables turnover ratio in this period has increased compared to that of the previous period.
3. Return on assets: Due to the increase in post-tax income for this period, the return on assets in this period has increased compared to that of the previous period.
4. Return on equity: Due to the increase in after tax income for this period, the return on equity in this period has increased compared to that of the previous period.
5. Net profit before tax to paid-in capital ratio: Due to the increase in net profit before tax for this period, the net profit before tax to paid-in capital ratio for this period has increased compared to that of the previous period.
6. Net profit rate: Due to the increase in net profit after tax for this period, the net profit ratio in this period has increased compared to that of the previous period.
7. Earnings per share: Due to the increase in profits for this period, the earnings per share for this period has increased compared to that of the previous period.
8. Cash flow ratio: Due to the increase in current liabilities for this period, the Cash flow in this period has decreased compared to that of the previous period.

All the above-mentioned financial data are audited or reviewed by CPAs.

A. Financial Structure
   (A) Debt-To-Asset Ratio = Total liabilities/Total assets.
   (B) Proportion of Long-Term Capital in Property, Plant and Equipment = (Total equity + Non-current liabilities)/Net property, plant and equipment.
B. Debt Paying Ability
   (A) Current ratio = Current assets/Current liabilities.
   (B) Quick ratio = (Current assets – Inventory – Prepaid expense)/Current liabilities.
   (C) Interest protection multiples = net profit before income tax and interest/interest expenditures in current period.
C. Operating Ability
   (A) Accounts receivable (including accounts receivable and bills receivable arising from operation) turnover rate = Net sale/average balance of accounts receivable (including accounts receivable and bills receivable arising from operation) of each period.
   (B) Average collection days = 365/Accounts receivable turnover rate.
   (C) Inventory turnover rate = Cost of goods sold/Average balance of inventory.
   (D) Accounts payable (including accounts payable and bills payable arising from operation) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and bills payable arising from operation) of each period.
   (E) Average Days of Sales = 365/Inventory turnover rate.
   (F) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
   (G) Total asset turnover rate = Net sales/Average total assets.
D. Profitability
   (A) Return on assets = [Gain (loss) after tax + Interest expenses * (1 - interest rate)]/Average total asset value.
   (B) Return on Equity = Gain (loss) after tax/Average Total Equity.
   (C) Net profit margin = Gain (loss) after tax/net sales.
   (D) Earnings per share = [(Gain (loss) attributable to owners of parent company – Dividends on preferred stock)]/Weighted average number of shares issued. (Note 4)
E. Cash Flow
   (A) Cash flow rate = Net cash flow from operating activities/Current liabilities.
   (B) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent 5 years/(Capital expenditures + Increase in inventory + Cash dividends) in the most recent 5 years.
   (C) Cash reinvestment ratio = (Net cash flow from operating activities – Cash dividend)/(Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).
F. Leverage
   (A) Operating leverage = (Net operating income - Changes in operating costs and expenses)/Operating income.
   (B) Financial leverage = operating income/(operating income - interest).

III. Audit Committees Review Report for the Most Recent Annual Financial Report

Winstek Semiconductor Co., Ltd.

Audit Committees Audit Report

The board of Directors has prepared the Companys 201 9 Business Report, Proposal for Profit Distribution, Consolidated Financial Report and Individual Financial Report. The Consolidated Financial Report and the Individual Financial Report has been audited by CPA Li Tien I and Chiang Tsai Yen of PwC Taiwan. The aforementioned Business Report, Proposal for Profit Distribution, Consolidated Financial Report and Individual Financial Report, etc., have been reviewed and have not been found to be inconsistent by the Audit Committee, thus we hereby submit a report pursuant to the provisions of Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act. Please proceed to review and approve.

Sincerely,

2020 Annual General Shareholders Meeting

Independent Director: Lin Min Kai

Independent Director: Wei Jen Yu

Independent Director: Wen-chou Vincent Wang

March 9, 2020

IV. Financial Statement for the Most Recent Fiscal Year (Consolidated Financial Report):

Winstek Semiconductor Co., Ltd.

Consolidated Financial Statements for Affiliated Companies

In year of 2019 (from January 1, 2019 to December 31, 2019), the related entities that are required to be included in the preparation of the consolidated financial statements of the Company, under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those defined in International Financial Reporting Standards (IFRS) No. 10 "Consolidated Financial Statements." In addition, the information which shall be disclosed in the combined financial statements of affiliated companies is included in the consolidated financial statements of the parent company. Consequently, there will be no separate preparation of combined financial statements of affiliated companies.

As hereby declared

Company Name: Winstek Semiconductor Co., Ltd.

Person in Charge: Huang Hsing-Yang

March 9, 2020

Independent Auditors Report

(109) TWSE Review No. 19002675

Winstek Semiconductor Co., Ltd. Company seal:

Audit Opinion

The consolidated balance sheet on December 31, 2019 and December 31, 2018 consolidated composite income sheet, consolidated statement of changes in equity, combined statement of cash flows from January 1, 201 to December 31, 2019, and the notes to the consolidated financial statements (including the summary of material accounting policies) of Winstek Semiconductor Co., Ltd. and Subsidiaries (hereinafter referred to as "Winstek Group"), have been audited by CPA.

In our opinion, all the material items prepared in these consolidated financial statements are in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations and interpretation announcements recognized by the Financial Supervisory Commission (FSC). Therefore, they are able to properly express the consolidated financial status of Winstek Group as of December 31, 2019 and December 31, 2018 and consolidated financial performance and consolidated cash flows from January 1, 2018 to December 31, 2019.

Basis of Audit Opinion

We have performed the auditing work in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the ROC. Below, our CPAs will further explain the responsibilities auditors shall execute during the audit of consolidated financial statements under the above principles. The personnel of our accounting firm who are subject to independent regulations have acted in accordance with the ROC CPA Code of Professional Ethics to remain highly neutral from Winstek Group, while fulfilling other duties set forth in the said Code. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of the auditors opinion.

Key Audit Matters

The key audit matters refer to those most material items when auditing the combined financial statements of the year 2019 of Winstek Group, based on the professional judgment of the CPA. The said matters have been expressed when we audited the consolidated financial statements and when we established the auditor's opinion. We will not express any personal opinion on any of the matters.

The key audit matters of the consolidated financial statements of the year 2019 of Winstek Group are as follows:

Audits of Real Estate, Plant, and Equipment Capitalization

Matter description

Winstek Semiconductor Co., Ltd. and Subsidiaries increase capital expenditures along with their operations. Please refer to Note 4 (XIII) of the consolidated balance sheet for accounting polices related to items of real estate, plants, and equipment and Note 6(V) for description of items related to real estate, plants, and equipment. The amount of capital expenditure of real estate, plants, and equipment in this year is significant, and therefore, the CPA listed audits of real estate, plant, and equipment capitalization as key matters.

Corresponding auditing procedures

The auditor conducted main audit procedures towards the said key audit matters including:

1. Evaluation and testing of effectiveness time points of relevant control of additional procurement and depreciation of real estate, plant, and equipment and audit relevant procurement orders and invoices to confirm proper approval of transactions and accuracy of account amounts; audit and accept relevant forms to confirm time appropriation of availability of asset utilization and property inventory and accuracy of depreciation allocated.

Other matters- Individual financial report

Winstek Semiconductor Co., Ltd. has prepared the individual financial report of the year 2018 and 2019, and the CPA has issued the unqualified audit report with other matters for future reference.

The responsibility of the management and governance units for the consolidated financial statements

The responsibility of the management was to establish financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and IFRS, IAS, interpretations and interpretation announcements recognized by the FSC, to properly indicate the companys financial status and also to maintain necessary internal control with regard to establishment of consolidated financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When preparing the consolidated financial statements, the management is also responsible for the assessment of Winstek Groups ability on going concern, the disclosure of relevant matter s, the adoption of the accounting base for going concern, unless the management intends to proceed with the liquidation to Winstek Group or to discontinue its operations, or has no other practical alternative solutions except for liquidation or closure.

The governing body of Winstek Group (including the Audit Committee) had the responsibility to supervise the financial reporting process.

The responsibility of CPAs when auditing Consolidated Financial Statements

Our objective when auditing the consolidated financial statements was to ascertain whether they contained any false contents as a result of fraudulence or mistakes and whether they were reasonably reliable and issue the auditors report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with commonly accepted ROC audit guidelines cannot guarantee detection of significant false contents in parent company only financial statements. Misstatements could be caused by fraud or error. If the individual amounts or sums that false contents involved could be reasonably expected to affect the financial decision making of users of consolidated financial statements such false contents would be considered significant.

We conducted the auditing work according to audit standards generally accepted in the ROC and also exercised our profession judgment and remained professionally skeptical. We have also executed the following tasks:

1. Identifying and evaluating likely risks from significant false contents in the consolidated financial statements as a result of fraudulence of errors, designing and executing proper counter measures against the risks identified, and also establishing sufficient and appropriate audit evidence to serve as the basis of the auditors report. As fraudulence can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect significant false contents resulting from fraudulence is higher than the risk of failing to identify those coming from errors.

2. Obtaining necessary understanding of internal controls relevant to the audit, in order to design

appropriate audit procedures in the circumstances, but the purpose is not to express an opinion on the effectiveness of internal controls of Winstek Group.

3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly.

4. Based on the audit evidence obtained, conclusions are drawn on the appropriateness of the managements continuing adoption of the going concern accounting foundation and whether there was any significant doubt (in the events or circumstances) about the capacity of Winstek Group to remain in operation or whether any significant uncertainty existed. If we thought such doubt or significant uncertainty existed, we had to point it out in the auditors report to remind users of the consolidated financial statements to look out for related disclosures in the consolidated financial statements to revise out audit opinion if such disclosures were considered inappropriate. Our conclusion was established according to the audit evidence obtained before the deadline for the auditors report. However, future events or circumstances may resul t in Winstek Group no longer being able for going concern.

5. Evaluating the overall expression, structure and contents of the consolidated financial statements (including related notes) and whether the consolidated financial statements could appropriately express related transactions and events.

6. Obtaining sufficient and appropriate audit evidence with regard to the finance of the individual entities in the group to establish our opinion about the consolidated financial statements. We were responsible for guiding, supervising, and executing the audit work for the group and also establishing the auditors opinion.

We communicated with governance units about the planned audit range and time and important audit discoveries (including significant internal control defects found during the audit process).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and also communicate with them about the all relations and other matters (including related preventive measures) that could affect the independence of CPAs.

Based on the result of our discussion with the governance body, we decided the key audit matters when auditing the 2019 consolidated financial statement of Winstek Group. We have clearly described the said matters in the auditors report except certain matters whose public disclosure is prohibited by law or certain matters we decided not to mention under some extremely rare circumstances because disclosure of such matters can be reasonably expected to lead negative effects that would be greater than public good they might benefit.

PwC Taiwan

Li Tien-I

Certified public accountant

Chiang Tsai-Yen

Financial Supervisory Commission (FSC)
Approved certificate No. 1020028992
FSC Approved Certificate No. 1060025097

March 9, 2020

Winstek Semiconductor Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

December 31, 2018 and 2019

Unit: NT$ thousand

	Assets	Notes	December 31, 2019			December 31, 2018		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	431,419	7	$	1,275,492	22
1136	Financial assets measured at amortized cost - current	6(2)		2,469,160	39		1,458,175	25
1140	Contract assets - current	5(2) and 6(15)		20,401	-		13,161	-
1170	Net accounts receivable	6(3)		1,156,714	18		751,857	13
1180	Accounts receivable from related parties (net)	6(3) and 7		117	-		118	-
1200	Other receivables from subsidiaries			8,042	-		5,631	-
130X	Inventory	6(4)		78,900	1		74,851	2
1479	Other current assets - others			41,895	1		57,670	1
11XX	**Total current assets**			4,206,648	66		3,636,955	63
	Non-current assets							
1535	Financial assets measured at amortized cost - non-current	6(2) and 8		20,700	-		19,700	-
1600	Property, plant, and equipment	6(5) and 8		2,101,684	33		2,084,149	36
1755	Right-of-use asset	6(6)		31,417	-		-	-
1780	Intangible assets	6(8)		32,132	1		20,815	1
1840	Deferred income tax assets	6(21)		19,676	-		14,604	-
1920	Refundable deposits			3,788	-		3,788	-
15XX	**Total non-current assets**			2,209,397	34		2,143,056	37
1XXX	**Total assets**		$	6,416,045	100	$	5,780,011	100

(To be continued on next page)

Winstek Semiconductor Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2018 and 2019

Unit: NT$ thousand

	Liability and shareholders equity	Notes	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liability					
2170	Accounts payable		$ 71,808	1	$ 45,925	1
2180	Account payable-related parties		803	-	-	-
2200	Other payables	6(9)	430,014	7	211,553	3
2220	Other payables - related parties	7	9	-	484	-
2230	Current income tax liabilities		134,774	2	57,316	1
2250	Liability reserve - current		2,794	-	8,017	-
2280	Lease obligations－current		27,085	1	-	-
2320	Long-term liabilities due within one year or one operating cycle	6(10)	82,500	1	105,000	2
2399	Other current liabilities - others		139,347	2	113,213	2
21XX	**Total current liabilities**		889,134	14	541,508	9
	Non-current liability					
2540	Long-term loans	6(10)	607,500	10	638,269	11
2570	Deferred income tax liabilities	6(21)	4,020	-	5,449	-
2580	Lease obligations－non-current		1,638	-	-	-
2640	Net defined benefit liability - non-current	6(11)	21,216	-	16,831	1
2670	Other non-current liabilities – others		3,541	-	3,543	-
25XX	**Total non-current liabilities**		637,915	10	664,092	12
2XXX	**Total liabilities**		1,527,049	24	1,205,600	21
	Equity					
	Capital	6(12)				
3110	Capital from ordinary share		1,362,617	21	1,362,617	24
	Capital reserve	6(13)				
3200	Capital surplus		366,243	6	366,243	6
	Retained earnings	6(14)				
3310	Legal reserve		637,091	10	604,109	10
3320	Special reserve		-	-	67,932	1
3350	Undistributed earnings		2,568,899	40	2,135,595	37
	Other equity					
3400	Other equity		(45,854)	(1)	37,915	1
3XXX	**Total equity**		4,888,996	76	4,574,411	79
	Material commitments and contingencies	9				
	Significant subsequent events	11				
3X2X	**Total liabilities and equity**		$ 6,416,045	100	$ 5,780,011	100

The notes to the combined financial statements attached is part of the combined financial report for your reference.
Chairman of the Board: Huang Hsing-Yang Manager: Chih-Li Weng Accounting Officer: Kui-Chu Liu

Winstek Semiconductor Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31 of 2018 and 2019

Unit: NT$ thousand

(except for unit of earnings per share which is NTD)

	Items	Notes	2019 Amount	2019 %	2018 Amount	2018 %
4000	**Revenue**	6(15)and 7	$ 2,942,669	100	$ 2,869,643	100
5000	**Operating cost**	6(4)	(2,059,476)	(70)	(2,208,110)	(77)
5950	**Net gross profit**		883,193	30	661,533	23
	Operating expenses	6(19) and (20)				
6100	Selling expenses		(26,352)	(1)	(31,008)	(1)
6200	General and administrative expenses		(185,295)	(6)	(179,739)	(6)
6300	Research and development expenses		(15,930)	(1)	(14,946)	(1)
6000	**Total operationing expenses**		(227,577)	(8)	(225,693)	(8)
6900	**Operating profit**		(655,616)	(22)	(435,840)	(15)
	Non-operating income and expenses					
7010	Other income	6(16)	45,453	2	26,618	1
7020	Other gains and losses	6(17)	54,587	2	18,328	1
7050	Financing cost	6(18)	(15,023)	(1)	(24,574)	(1)
7000	**Total non-operating income and expenses**		85,017	3	20,372	1
7900	**Profit before tax**		740,633	25	456,212	16
7950	Income tax expense	6(21)	(172,990)	(6)	(126,392)	(5)
8200	**Net profit of this period**		$ 567,643	19	$ 329,820	11

(To be continued on next page)

Winstek Semiconductor Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31 of 2018 and 2019

Unit: NT$ thousand
(except for unit of earnings per share which is NTD)

	Items	Notes	2019 Amount	2019 %	2018 Amount	2018 %
	Other comprehensive gain or loss					
	Items that will not be reclassified to profit or loss:					
8311	Remeasurements of defined benefit plans	6(11)	($ 5,775)	-	($ 3,696)	-
8310	**Total amount of items that will not be reclassified subsequently to profit or income**		(5,775)	-	(3,696)	-
	Items that may be reclassified to profit or loss					
8361	Foreign currency translation difference of financial statements of overseas business units		(83,769)	(3)	105,847	4
8360	**Total amount of items that may be reclassified subsequently to profit of loss**		(83,769)	(3)	105,847	4
8500	**Total consolidated profit/loss for the current period**		$ 478,099	16	$ 431,971	15
	Profit attributable to:					
8610	Owners of parent		$ 567,643	19	$ 329,820	11
	Total comprehensive income attributable to:					
8710	Proprietors of parent company		$ 478,099	16	$ 431,971	15
	Earnings per share	6(21)				
9750	**Basic earnings per share**		$ 4.17		$ 2.42	
9850	**Diluted earnings per share**		$ 4.11		$ 2.39	

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Chih-Li Weng Accounting Officer: Kui-Chu Liu

Winstek Semiconductor Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31 of 2018 and 2019

Unit: NT$ thousand

		Equity attributable to owners of parent company						
				Retained earnings				
	Notes	Share	Capital surplus	Legal capital reserve	Special capital reserve	Retained earnings	The balance of translation of the financial statements of foreign operating institutions	Total equity
2018								
Balance as of January 1, 2018		$ 1,362,617	$ 366,243	$531,343	$ -	$ 2,118,026	($ 67,932)	$ 4,310,297
Effects of retrospective application and retrospective restatement		-	-	-	-	9,283	-	9,283
The balance after retrospective application on January 1, 2018		1,362,617	366,243	531,343	-	2,127,309	(67,932)	4,319,580
Net income in current period		-	-	-	-	329,820	-	329,820
Other comprehensive profit and loss in current period	6(11)	-	-	-	-	(3,696)	105,847	102,151
Total comprehensive gain or loss in current period		-	-	-	-	326,124	105,847	431,971
Annual appropriation of net income and allocation of the year 2017								
Appropriated as statutory surplus reserve		-	-	72,766	-	(72,766)	-	-
Appropriated as special surplus reserve		-	-	-	67,932	(67,932)	-	-
Cash dividend	6(14)	-	-	-	-	(177,140)	-	(177,140)
Balance as of December 31, 2018		$ 1,362,617	$ 366,243	$604,109	$ 67,932	$ 2,135,595	$ 37,915	$ 4,574,411

(To be continued on next page)

Winstek Semiconductor Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31 of 2018 and 2019

Unit: NT$ thousand

	Notes	Equity attributable to owners of parent company		Retained earnings				Total equity
	Notes	Share	Capital surplus	Legal capital reserve	Appropriated as special capital reserve	Retained earnings	The balance of translation of the financial statements of foreign operating institutions	Total equity
2019								
Balance as of January 1, 2019		$ 1,362,617	$ 366,243	$604,109	$ 67,932	$ 2,135,595	$ 37,915	$ 4,574,411
Net income in current period		-	-	-	-	567,643	-	567,643
Other comprehensive profit and loss in current period	6(11)	-	-	-	-	(5,775)	(83,769)	(89,544)
Total comprehensive gain or loss in current period		-	-	-	-	561,868	(83,769)	478,099
Annual appropriation of net income and allocation of the year 2018								
Appropriated as Legal reserve		-	-	32,982	-	(32,982)	-	-
Cash dividend	6(14)	-	-	-	-	(163,514)	-	(163,514)
Special reserve reversal		-	-	-	(67,932)	67,932	-	-
Balance as of December 31, 2019		$ 1,362,617	$ 366,243	$637,091	$ -	$ 2,568,899	($ 45,854)	$ 4,888,996

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Chih-Li Weng Accounting Officer: Kui-Chu Liu

Winstek Semiconductor Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to December 31 of 2018 and 2019

Unit: NT$ thousand

	Note	January 1 To December 31, 2019	January 1 To December 31, 2018
Cash flow from operating activities			
Current net profit before tax		$ 740,633	$ 456,212
Adjusted items			
Income and expense items			
Depreciation expenses	6(5), 6(6), and 6(19)	755,958	669,391
Amortization expenses	6(8), and 6(19)	6,848	6,394
Interest expense	6(6) and 6(18)	15,023	24,574
Interest income	6(16)	(44,990)	(25,172)
Disposition of plant, property, and equipment	6(17) and 7	(57,320)	(14,120)
Changes in assets and liabilities relating to operating activities			
Net change in assets relating to operating activities			
Contract assets		(7,620)	(3,680)
Accounts receivable		(428,847)	377,828
Accounts receivable - related parties		1	(118)
Other receivables		(107)	442,207
Inventory		(6,022)	358
Other current assets - other		15,262	(2,593)
Net change in liabilities relating to operating activities			
Accounts payable		27,789	(81,927)
Account payable-related parties		803	-
Other payables		46,124	(115,296)
Other payables - related parties		(475)	484
Provisions		(5,210)	528
Other current liabilities		27,447	5,192
Net defined benefit liabilities		(1,388)	(859)
Other noncurrent liabilities		1	1,039
Cash flow from operating activities		1,083,910	1,740,442
Interest income received		42,536	24,450
Interest paid		(14,944)	(20,372)
Income tax paid		(97,781)	(215,786)
Net cash flow from operating activities		1,013,721	1,528,734

(To be continued on next page)

Winstek Semiconductor Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to December 31 of 2018 and 2019

Unit: NT$ thousand

	Notes	January 1 To December 31, 2019	January 1 To December 31, 2018
Cash flow from investment activities			
Increase in financial assets measured at amortized cost		($ 5,581,004)	($ 4,686,976)
Decrease in financial assets measured at amortized cost		4,545,606	4,611,663
Acquisition of property, plant, and equipment	6(24) and 7	(518,013)	(628,586)
Intangible assets acquired	6 (8)	(18,491)	(3,733)
Disposal of property, plant, and equipment		60,996	24,468
Decreases in refundable deposits		-	766
Net cash flow from investing activities (out)		(1,510,906)	(682,398)
Cash from financing activities			
Short-term loans borrowed	6(25)	-	1,000,000
Repayment of short term loans	6(25)	-	(1,000,000)
Long-term loans borrowed	6(25)	480,000	1,041,750
Long-term loans repaid	6(25)	(540,000)	(1,315,793)
Release principal repayment	6(24)	(112,256)	-
Increases in guarantee deposits	6(25)	38	72
Decreases in guarantee deposits	6(25)	(33)	(65)
Cash dividends paid	6(14)	(163,514)	(177,140)
Net cash flow from financing activities (out)		(335,765)	(451,176)
Impacts on cash and cash equivalents from changes in exchange rates		(11,123)	30,650
Amount of cash and cash equivalents(decrease) increase		(844,073)	425,810
Cash and cash equivalents at beginning of year	6(1)	1,275,492	849,682
Cash and cash equivalents at end of year	6(1)	$ 431,419	$ 1,275,492

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Chih-Li Weng Accounting Officer: Kui-Chu Liu

Winstek Semiconductor Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

2019 and 2018

Unit: NT$ thousand

I. Company History

Winstek Semiconductor Co., Ltd. (hereinafter referred to as "the Company") was established in April 26, 2000 in the ROC. The Companys shares were listed and traded at GreTai Securities Market in August 2005. The Company and its subsidiaries (hereinafter referred to as "the Group") are mainly engaged in the R&D and testing of integrated circuits, services of turnkey wafer bumping and wafer level packaging, and other related businesses.

Based on the operational consideration, and to comply with the reorganization plan of the Companys orig inal parent, STATS ChipPAC Ltd. Group, the Company signed a legally binding list of important clauses on December 30, 2014, which were approved by the board of directors on December 25, 2014, to purchase the full shares of Winstek Semiconductor Technology Co., Ltd. (hereinafter referred to as "Winstek Semiconductor Technology") which were 100% held by STATS ChipPAC Ltd, at a total price of US$15 million. The main business of Winstek is the services of turnkey wafer bumping and wafer level packaging, etc. The company completed the payment to STATS ChipPAC Ltd. on July 30, 2014 and acquired the equity of Winstek Semiconductor Technology.

STATS ChipPAC Ltd., the original parent company of the Company, transferred all its shares in the Company to Bloomeria Ltd. in Singapore, its wholly owned subsidiary, on July 30, 2014. In addition, STATS ChipPAC Ltd., has distributed the above US$ 15 million and all the shares of Bloomeria Ltd. to the eligible shareholders of STATS ChipPAC Ltd., by capital reduction. Upon completion of the reorganization and capital reduction program of the group on August 5, 2015, the Company and its subsidiary Winstek Semiconductor Technology became separated from the STATS ChipPAC Ltd. group.

The ultimate parent company of the Company was originally Temasek Holding Ltd., and Silicon Microelectronics Corporation took control of the parent company Bloomeria Ltd. on October 13, 2017, and indirectly acquired 51.88% equity of the Company, becoming the ultimate parent company of the Group.

II. Approval date and procedures of the financial statements

This consolidated financial statements were issued by the board of directors on March 9, 2020.

III. Application of New and Amended International Financial Reporting Standards (IFRS) and Interpretations

(I) Effects of the adoption of new and amended IFRSs endorsed by the Financial Supervisory Commission (FSC):

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2019:

The Newly Issued/Amended/Revised Standards and Interpretations	Effective date issued by IASB
Amendments to IFRS 9 "Repayment Features with Negative Compensation"	January 1, 2019
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Annual improvements in the 2015-2017 cycle	January 1, 2019

The Group has assessed that the above standards and interpretations have no significant influence on the Groups financial position and financial performance, except as those indicated below:

IFRS 16 "Leases"

1. IFRS 16 “Leases” supersedes IAS 17 “Leases” and its relevant IFRIC and SIC interpretations. IFRS 16 requires that a lessee recognize right-of-use assets and lease liabilities for all leases unless the lease is less than 12 months or the underlying asset has a low value. Accounting treatment under IFRS 16 for a lessor is substantially unchanged, which allows a lessor to continue to classify leases as either operating or finance, except that additional disclosures are required.

2.According to the 2019 International Financial Reporting Standards(IFRS), International Accounting Standards, interpretation, and interpretation announcement (hereinafter referred to as IFRSs) ratified by the Financial Supervisory Commission, the Group does not re-compile comparative information regarding IFRS 16 (hereinafter referred to as “modified tracing adjustment” to respectively adjust right-of-use asset and leasing obligations by increasing $137,655.

3. Initially, the Group adopted the practical measure of expediency below applicable to IFRS 16:

(1) Lease contracts were not re-evaluated whether belong (or include) rental but were determined as a lease contract previously applicable to IFRS 17 and Interpretation 4 of IFRS and handled according to IFRS 16.

(2) Any lease contract combination with similar rational features uses the single discount rate.

(3) For any leases terminated before December 31, 2019, they were handled with the principle of short-term lease and allocated as the amount of $112 in 2019.

(4) The direct cost was not included in the measure of right-of-use asset.

4. When calculating the current value of lease obligations, the Group adopted the groups incremental borrowing rate of interest at the interest range between 1.3877%~1.8000%.

5.The Group adopted the current value of incremental borrowing rate of interest discounted on initially applicable day and adjustment of lease obligations on January 1, 2019 according to the amount reconciled for operating lease obligations by IFRS 17:

Reconciled for operating lease obligations by IFRS 17 on December 31, 2018	$	168,831
Less: Exemption of short-term lease	(	112)
Less: Exemption of low-value asset	(	29,999)
Total amount of lease obligations of lease contracts recognized on January 1, 2019 according to IFRS 16	$	138,720
The groups incremental borrowing rate of interest on initial applicable day		1.3877%~1.800%
Lease obligations recognized on January 1, 2019 according to IFRS 16	$	137,655

(II) Effects of not yet applying the newly-announced and revised IFRSs endorsed by the FSC:

The following table compiles principles and interpretation of new announcement, amendment, and modification of IFRSs applicable in 2020 ratified by the FSC:

The Newly Issued/Amended/Revised Standards and Interpretations	Effective date issued by IASB
Amendments to IFRS 9, IAS 39 and IFRS 7 of Interest Rate Benchmark Reform	January 1, 2020
Amendments to IAS 1 and 8 of “Disclosure Initiative-Definition of Significance”	January 1, 2020
Amendments to IFRS 3 “Definition of Business”	January 1, 2020

After evaluating the said principles and interpretation, there has been no significant impacts on the Group’s financial status and performance.

(III) Effects of IFRSs issued by IASB but not yet endorsed by the FSC:

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

The Newly Issued/Amended/Revised Standards and Interpretations	Effective date issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by International Accounting Standards Board (IASB)
IFRS 17 "Insurance Contracts"	January 1, 2021

The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

IV. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Statement of compliance

The consolidated financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as IFRS, IAS, IFRIC interpretations and SIC interpretations (collectively referred to as "IFRSs" hereinafter) endorsed by the FSC.

(II) Basis of preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:

   Defined benefit liabilities recognized based on the amount of pension fund assets less net present value of defined benefit obligations.

2. Critical accounting estimates are required when preparing financial statements in compliance with IFRSs. When the Group adopts the accounting policies, the management is required to exercise judgments on highly judgmental or complex items or significant assumptions and estimates with regards to this consolidated financial reports. Please refer to Note 5 for details.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements:

   (1) The Group includes all subsidiaries as entities in the consolidated financial statements. Subsidiaries refer to entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its

involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control, and are excluded from the consolidated financial statements from the date when such control ceases.

(2) Transactions, balances and unrealized gains or losses between companies within the Group are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Group.

2. Subsidiaries included in the consolidated financial statements:

			Percentage of equity held		
Name of investment company	Name of subsidiaries	Nature of business	December 31, 2019	December 31, 2018	Details
The Company	Winstek Semiconductor Technology	Services of turnkey wafer bumping and wafer level packaging	100%	100%	

3. Subsidiaries not absorbed into the consolidated financial reports: none.

4. Adjustment for subsidiaries with different balance sheet date: none.

5. Significant restrictions: none.

6. Subsidiaries with material non-controlling interest to the Group: none.

(IV) Foreign currency translation

All items on the financial statements of each entity of the Group are measured at the currency of the principal economic environment in which the entity operates (i.e. functional currency). The consolidated financial statements are presented in NT$, which is the Company's functional and the Group's presentation currency.

1. Foreign currency transaction and balance

(1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred are to be recognized in the current profit or loss.

(2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.

(3) For non-monetary assets and liabilities denominated in foreign currency, if they are measured at FVTPL, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in profit or loss; if they are measured at FVOCI, they

are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in other comprehensive income; and if they are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.

(4) All exchange gains and losses are presented as “Other gains and losses” on the statement of comprehensive income.

2. Translation from Foreign Operations

The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) The assets and liabilities presented in each balance sheet are translated at the closing rate of the balance sheet date;

(2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(3) All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of current and non-current assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2) Assets held primarily for trading purposes;

(3) Assets that are expected to be realized within 12 months after the balance sheet date;

(4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

The Group classifies assets not meet the aforesaid criteria into non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle.

(2) The liability is held mainly for transaction purposes.

(3) Liabilities that are expected to be settled within 12 months after the balance sheet date;

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Settlement by the issue of equity instruments based on transaction partys choice does not impact classification.

The Group classifies liabilities not meet the aforesaid criteria into non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to the investments that are short-term, highly liquid, subject to a low risk of changes in value, and readily convertible to known amount of cash. Time deposits satisfying the afore-mentioned definition and for which the objective of holding is to meet the short-term operating cash commitment are classified as the cash equivalent.

(VII) Financial assets measured at amortized cost

1. Refer to those comply with all the following conditions:
   (1) The financial asset is held under a business model for the purpose of collecting contractual cash flow.
   (2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.
2. The Group uses the trade day accounting for financial assets measured at amortized cost and complied with trade practices.
3. The Group originally recognized the financial assets measured at its fair value plus transaction costs. Subsequently, the Group recognized interest income and impairment loss within the period of circulation by adopting the effective interest method in accordance with the amortization procedure. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
4. The time deposits which are not complied with the definitions of cash equivalents held by the Group are measured by the amount of investment due to the short holding period and the immaterial influence of the discounting.

(VIII) Accounts receivable

1. Refers to the accounts which, as agreed in the contract, are entitled to unconditionally receive the amount of consideration for the transfer of commodity or services.
2. For the short-term accounts receivable with unpaid interest, the Group measures at the original invoice amount due to the immaterial influence of discounting.

(IX) Impairment of financial assets

The Group measures the loss allowance for financial assets measured at amortized cost after taking into account all reasonable and proving information (including foreseeing information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables or contract assets that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(X) Derecognition of financial assets

The Group derecognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(XI) Operating lease (lessor)

Rental income from operating lease deducted any incentives given to the lessor was recognized as current profit and loss according to straight line method of amortization during the lease term.

(XII) Inventory

Inventory, as the accounting foundation of acquisition cost, is mainly consumed and transferred to cost of sales in the process of providing services. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. The item by item approach is employed when evaluating the lower of costs and net realizable value. Net realizable value is the balance of estimated selling price in the normal operating course less the estimated cost of completion and applicable variable selling expenses.

(XIII) Property, plant, and equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. The cost model is applied to other property, plant and equipment and these are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.
4. In the end of each financial year, the Group reviews the residual value, useful life and depreciation method of each asset; if the expected values of the residual value and useful life are different from previous estimates, or the consumption patterns of the future economic benefits embodied in the assets have changed significantly, any

change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of change. The estimated useful lives of property, plant, and equipment are as follows:

Housing and construction equipment	5 ~ 25 years
Machinery equipment	3 ~ 8 years
Office and other equipment	3 ~ 8 years

(XIV) Lease transactions of the lessee－use-of-right asset/lease obligations

Applicable for 2019

1. Lease asset on the available day to the Group is recognized as use-of-right asset and lease obligations. When a lease contract belongs to short-term lease or low-value asset, it is recognized as expense according to straight-line method during the lease term.
2. Current value of lease obligations that are not paid on the beginning day of lease was converted into cash and recognized according to the Group's incremental borrowing rate of interest. Rental payment is fixed deducted any rental incentive collectable.

   The future interest method adopts the measurement of amortized cost method and recognized as interest expense during the leasing term. When there is a lease term or rental payment change resulting not from contract revision, lease obligations shall be re-evaluated and use-of-right asset shall be measured and adjusted accordingly.
3. Use-of-right asset shall be recognized according to the costs on the beginning day of lease and the costs include:
   (1) Initial measurement amount of lease obligations; and
   (2) Any initial direct costs arising.

   The cost model measurement is continuously adopted depending on the maturity of service life of right-of-use asset or termination of lease, which comes first, to amortize the depreciation amount. When lease obligations are re-evaluated, use-of-right asset shall adjust any re-measured amount of lease obligations.

(XV) Lease asset /operating lease(lessee)

Applicable for 2018

For operating leases, lease payments (excluding incentives from the lessor) are amortized on a straight-line basis over the lease term and recognized in profit or loss.

(XVI) Intangible asset

1. Technical royalty

It is recognized at acquisition cost, amortized based on economic benefit or contract life by a straight-line method, with an estimated useful life of 7 years.

2. Computer software

Computer software is recognized at acquisition cost, amortized by the straight-line method, with an estimated useful life of 3 to 5 years.

(XVII) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets for which there is an indication that they are impaired. An impairment loss is recognized for the amount when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When circumstances contributed to the recognition of impairment loss of an asset in the previous period do not exist or are decreased, the recognized impairment loss is reversed to the carrying amount of an asset to the extent that it does not exceed the carrying amount (net of depreciation and amortization) if the impairment loss had not been recognized.

(XVIII) Loan

1. Refers to the long-term or short-term funds borrowed from a bank. Borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequently, borrowing expenses are recognized in profit or loss based on the difference amounts between the proceeds (net of any transaction costs) and the redemption value that are amortized over the lives of borrowings using the effective interest method.
2. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. When there is no evidence of the possibility that some or all the facility will be drawn down, the fee is recognized as a pre-payment and amortized over the period of the facility to which it relates.

(XIX) Accounts payable

1. Refers to the debts that incurred for the purchase of raw materials, commodity or services and notes payable that incurred by both operating and non-operating activities.
2. For the short-term accounts payable without paid interest, the Group measures them by the original invoice amount due to the immaterial influence of discount.

(XX) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(XXI) Liability reserve

Liability reserve is a current statutory or constructive obligation generated from a past event. It is likely that outflow of resources with economic benefit will be required to settle the obligation and the amount of the obligation shall be recognized when it can be estimated reliably. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used is a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the liability. The discounted amortization amount is recognized as interest expense. Provisions are not recognized for future operating losses.

(XXII) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2. Pensions

   (1) Defined contribution plan

   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments.

   (2) Defined benefit plans

   A. The net obligation under a defined benefit plan is defined as the present value of pension benefits that employees will receive on retirement for their services with the Company in the current period or prior periods. The amount recognized is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is computed by independent actuaries every year using the projected unit credit method. The discount rate employed is the market yields on government bonds (at the balance sheet date).

   B. The re-measured amount of defined benefit plans is recognized in other comprehensive income as it arises and presented in retained earnings.

3. Other long-term employee benefits

   The Group has long-term employee benefits in addition to pension plans. Its net obligation is calculated by projected unit credit method. It is measured by discounting the amount of future benefits earned by the employee from the current or past services less the fair value of any relevant assets. The discounting rate adopts the yield-to-maturity on the reporting date of government bonds, the due date which is close to the Groups obligations deadline. All actuarial gains and losses are recognized as profit and loss in the current period.

4. Compensation to employees and remuneration to directors and supervisors

   Compensation to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(XXIII) Income Tax

1. Income tax expense comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The income tax expenses are calculated on tax rates on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. For the income tax levied on retained earnings in accordance with the income tax law, it shall be recognized as retained earnings income tax expenses, based on the actual allocation status of surplus, after the surplus allocation plan has been approved in the shareholders meeting in the following year of the year in which the surplus is generated.
3. Deferred income tax adopts the balance sheet approach. It is recognized as the temporary difference between the tax bases of assets and liabilities and their carrying amounts on the consolidated balance sheet at the reporting date. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be

utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

5. If tax rate changes occur in the interim, the Group recognizes all effects of changes to the period when such changes accrue; for income tax attributable to items not included in profit or loss, effects of changes are recognized in other comprehensive income or equity; and for income tax related to items included in profit or loss, effects of changes are recognized in profit or loss.

(XXIV) Share capital

Ordinary shares are classified as equity. The net amount of increased cost (directly attributed to the issue or warrant of new shares) less income tax, will be recognized as price reduction in equity.

(XXV) Dividend distribution

The dividend allocated to the shareholders of the Company shall be recognized in the financial report during the resolution of the shareholders meeting to distribute dividend, while cash dividends shall be recognized as liabilities.

(XXVI) Revenue recognition

1. Income from labor services

   The Group engages in R&D and testing of integrated circuits, and services of turnkey wafer bumping and wafer level packaging and other related businesses. If the following conditions are complied with: (a) with the performance of contract by enterprises, customers acquire and consume the benefits provided by enterprises; (b) the performance of contract by enterprises creates or strengthens the assets which are controlled by the customer during the performance process; (c) the performance of contract by enterprises does not create assets which are useful for other purposes, in addition to the presence of executable rights on the currently completed performance items, then the enterprise will gradually transfer control of the commodity or services over time, thus the performance obligations are gradually fulfilled and are recognized as income. The testing and packaging services provided by the Group meet the condition (b) above, hence they shall be recognized as revenue gradually over time by following the procedure of completion measurement on the performance obligations.

   The Group has not adjusted the transaction price to reflect the time value of the currency, because the time interval between the transfer of the promised commodity or services to the customer and the customers payment time has not exceeded one year.

2. Consideration income

The Group retains production capacity to provide semiconductor testing and packaging services to customers. During the term of the contract, if the purchase quantity of customer less than the minimum purchase amount agreed in the contract each year, the Group may claim the balance consideration for the part of the reserved production capacity not exceeding the purchase amount in accordance with the procedures stipulated in the contract. The income from the balance consideration shall meet the performance obligations upon the transfer of control of each performance obligation and shall be recognized as income.

V. The primary sources of uncertainties in major accounting judgments, estimates, and assumptions

When preparing the consolidated financial statements, management of the Group had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made and actual results, the historical experience, and other factors will be taken into account in order to continue assessment and adjustment. Such estimates and assumptions may result in a risk of a material adjustment to the carrying amount of assets and liabilities in the next year. The related information is addressed below:

(I) Major judgments in adopting the accounting policies

None.

(II) Critical accounting estimates and assumptions

None.

VI. Descriptions of major accounting subjects

(I) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 100	$ 100
Checking deposit and demand deposit	431,319	506,812
Time deposits	-	768,580
Total	$ 431,419	$ 1,275,492

1. The Group deals with financial institutions with good credit quality. The Group also deals with various financial institutions to diversify credit risks. Therefore, the expected risk of default is pretty low.
2. The Group has not pledged any cash or cash equivalents.

(II) Financial assets measured at amortized cost

Items	December 31, 2019	December 31, 2018
Current items:		
Time deposits	$ 2,469,160	$ 1,458,175
Non-current items:		
Time deposits	$ 20,700	$ 19,700

1. The details of recognition of financial assets measured by amortized cost as gains or losses are as follows:

	2019	2018
Interest income	$ 37,015	$ 16,489

2. The time deposits with an amount of $20,700, with purpose of which is restricted by the customs guarantee are accounted in "financial assets measured at amortized cost - non-current." Please refer to note VIII for details.

(III) Accounts receivable

Items	December 31, 2019	December 31, 2018
Accounts receivable	$ 1,156,714	$ 751,857
Accounts receivable - related parties	117	118
	1,156,831	751,975
Less: allowance for losses and bad debts	-	-
	$ 1,156,831	$ $ 751,975

The Group does not have accounts provided as hypothecation security.

1. Aging analysis of accounts receivable is stated as follows:

	December 31, 2019	December 31, 2018
Not overdue	$ 747,642	$ 381,579
≤30 days	266,790	99,772
31-90 days	142,263	215,721
91-180 days	130	54,903
More than 181 days	6	-
	$ 1,156,831	$ 751,975

The aging analysis above was based on the number of days overdue.

2. The account receivable balance as of December 31 2019 and December 31 2018 were generated from customer contracts, and the account receivable balance from

customer contracts as of January 1 2018 amounted to $1,108,706.

3. The maximum exposure of credit risk of the group deriving from account receivables let alone the collaterals held or other enhanced credit amounted to $1,156,831 and $751,975 as of December 31 2019 and December 31 2018, respectively.For credit risk information, please refer to Note 12(2).

(IV) Inventory

	December 31, 2019	December 31, 2018
Raw materials	$ 81,482	$ 76,205
Allowance for price decline of inventories	(2,582)	(1,354)
Carrying amount	$ 78,900	$ 74,851

The cost of inventories recognized as expense for the period:

	2019	2018
Cost of inventories have been consumed	$ 2,055,969	$ 2,207,737
Loss from falling price	1,374	373
Recovered interest	2,279	-
Exchange Influence	(146)	-
	$ 2,059,476	$ 2,208,110

(V) Property, plant, and equipment

	2019					
	Land	Buildings	Machinery equipment	Office equipment and other equipment	Equipment awaiting examination	Total
Cost	$ 194,924	$ 848,779	$ 11,056,984	$ 1,286,930	$ 86,231	$ 13,473,848
Accumulated depreciation	-	(752,381)	(9,500,369)	(1,136,949)	-	(11,389,699)
	$ 194,924	$ 96,398	$ 1,556,615	$ 149,981	$ 86,231	$ 2,084,149
January 1	$ 194,924	$ 96,398	$ 1,556,615	$ 149,981	$ 86,231	$ 2,084,149
Additions	-	2,514	459,872	113,683	123,578	699,647
Disposals	-	-	(3,676)	-	-	(3,676)
Reclassification	-	-	52,361	28,128	(80,579)	-
Depreciation expenses	-	(32,136)	(564,896)	(49,958)	-	(646,990)
Net exchange differences	-	-	(21,605)	(2,048)	(7,793)	(31,446)
December 31	$ 194,924	$ 67,776	$ 1,478,671	$ 239,876	$ 121,437	$ 2,101,684
December 31						
Cost	$ 194,924	$ 851,293	$ 10,957,684	$ 1,310,031	$ 121,437	$ 13,435,369
Accumulated depreciation	-	(784,517)	(9,479,013)	(1,070,155)	-	(11,333,685)
	$ 194,924	$ 66,776	$ 1,478,671	$ 239,876	$ 121,437	$ 2,101,684

	2018					
	Land	Buildings	Machinery equipment	Office equipment and other equipment	Equipment awaiting examination	Total
Cost	$ 194,924	$ 845,057	$ 10,849,189	$ 1,186,026	$ 33,909	$ 13,109,105
Accumulated depreciation	-	(732,072)	(9,185,756)	(1,090,213)	-	(11,006,041)
	$ 194,924	$ 114,985	$ 1,663,433	$ 95,813	$ 33,909	$ 2,103,064
January 1	$ 194,924	$ 114,985	$ 1,663,433	$ 95,813	$ 33,909	$ 2,103,064
Additions	-	17,379	423,589	94,116	86,094	621,178
Disposals	-	-	(10,348)	-	-	(10,348)
Reclassification	-	-	33,654	381	(34,035)	-
Depreciation expenses	-	(35,996)	(590,866)	(42,559)	-	(669,391)
Net exchange differences	-	-	37,153	2,230	263	39,646
December 31	$ 194,924	$ 96,398	$ 1,556,615	$ 149,981	$ 86,231	$ 2,084,149
December 31						
Cost	$ 194,924	$ 848,779	$ 11,056,984	$ 1,286,930	$ 86,231	$ 13,473,848
Accumulated depreciation	-	(752,381)	(9,500,369)	(1,136,949)	-	(11,389,699)
	$ 194,924	$ 96,398	$ 1,556,615	$ 149,981	$ 86,231	$ 2,084,149

1. Amount of capitalization and interest rate range of real estate, plants, and equipment borrowing costs:

	2019	2018
Amount of capitalization	$ 1,753	$ -
Interest rate range	1.27%~1.39%	-

2. Please refer to Note VIII for detailed information regarding the guarantee of property, plant, and equipment.

(VI) Lease transactions－Lessee

Applicable for 2019

1. Underlying assets of leased by the Group include any building, machinery equipment, and company vehicles. Normally, the lease term is between two to ten years. All lease contracts are negotiated individually and include various terms and conditions. Except for pledge and guarantee purposes, no other restrictions have been imposed.
2. Information of book value and depreciation expense of right-of-use asset is described below:

	December 31, 2019	2019
	Book Value	Depreciation Expense
Building	$ 475	$ 535
Machinery Equipment	27,862	107,047
Transportation Equipment (Company Vehicle)	3,080	1,386
	$ 31,417	$ 108,968

3. The increase of right-of-use asset in 2019 of the Group is $2,744.
4. Information of profit and loss items related to lease contracts is shown below:

	2019
Items of influence of current profit and loss	
Interest expense of lease obligations	$ 921
Expense of short-term lease	3,285
Expense of low-value asset lease	10,295

5. The total amount of cash outflow to rental of the Group in 2019 was $125,994.

(VII) Lease transactions－Lessor

1. Underlying assets of leased out by the Group include any buildings and generally, the lease term is five years. Lease contracts are negotiated individually and include various terms and conditions. Requirements are usually made for uses of asset rented for security purpose.
2. In 2018 and 2019, rental income has been recognized as $463 及$482 respectively according to operating lease contracts and there has been no change of lease payment change.
3. Analyses of maturity date of lease payment of operating lease of the Company is shown below:

	December 31, 2019			December 31, 2018	
2020	$	406	2019	$	463
2021		117	2020		406
2022		-	2021		117
Total	$	523	Total	$	986

(VIII) Intangible asset

	2019		
	Technical royalties	Computer software	Total
January 1			
Cost	$ 36,858	$ 156,450	$ 193,308
Accumulated amortization and impairment	(36,858)	(135,635)	(172,493)
	$ -	$ 20,815	$ 20,815
January 1	$ -	$ 20,815	$ 20,815
Add - derived from separate gain	-	18,491	18,491
Amortization	-	(6,848)	(6,848)
Net exchange differences	-	(326)	(326)
December 31	$ -	$ 32,132	$ 32,132
December 31			
Cost	$ 35,976	$ 172,105	$ 208,081
Accumulated amortization and impairment	(35,976)	(139,973)	(175,949)
	$ -	$ 32,132	$ 32,132

	2018 Technical royalties	2018 Computer software	2018 Total
January 1			
Cost	$ 35,712	$ 147,678	$ 183,390
Accumulated amortization and impairment	(35,712)	(126,225)	(161,937)
	$ -	$ 21,453	$ 21,453
January 1	$ -	$ 21,453	$ 21,453
Add - derived from separate gain	-	5,338	5,338
Amortization	-	(6,394)	(6,394)
Net exchange differences	-	418	418
December 31	$ -	$ 20,815	$ 20,815
December 31			
Cost	$ 36,858	$ 156,450	$ 193,308
Accumulated amortization and impairment	(36,858)	(135,635)	(172,493)
	$ -	$ 20,815	$ 20,815

The amortization details of intangible assets are as follows:

	2019	2018
Operating cost	$ 3,385	$ 3,376
Administrative expenses	3,463	3,018
	$ 6,848	$ 6,394

(IX) Other payables

	December 31, 2019	December 31, 2018
Bonus and salaries payable	$ 129,967	$ 116,786
Compensation payable to employees and remuneration payable to Directors and Supervisors	71,009	47,363
Payables on equipment	229,038	47,404
	$ 430,014	$ 211,553

(X) Long-term loans

Loan type	Loan period and repayment method	Interest range	Collateral		December 31, 2019
Long-term bank loans					
Credit borrowing	From November 27, 2018 to November 27, 2021, to repay in installments over the period of the agreement	1.3934%	None	$	240,000
Credit borrowing	From March 20, 2019 to March 20, 2022, to repay in installments over the period of the agreement	1.3500%	None		150,000
Credit borrowing	From March 20, 2019 to March 20, 2022, to repay in installments over the period of the agreement	1.2700%	None		300,000
					690,000
Less: Long-term loans due within one year or one operating cycle				(	82,500)
				$	607,500

Loan type	Loan period and repayment method	Interest range	Collateral		December 31, 2018
Long-term bank loans					
Credit borrowing	From April 27, 2018 to April 27, 2021, to repay in installments over the period of the agreement	1.7970%	None	$	450,000
Credit borrowing	From November 27, 2018 to November 27, 2021, to repay in installments over the period of the agreement	1.3877%	None		300,000
					750,000
Less: Long-term loans due within one year or one operating cycle				(	105,000)
Less: Arranger fees				(	6,731)
				$	638,269

To complete the reorganization plan of STATS ChipPAC Ltd. Group, and to subsequently obtain 100% of Winstek Semiconductor Technology, on July 23, 2015, the Company and Winstek Semiconductor Technology with Singapores DBS Bank signed a credit contract with a total amount of US$127 million, the duration of which was three years and may be extended for another two years with application and additional payment of extension fee of 0.2% of the unamortized balance. The Company provided guarantee and reverse commitment for Winstek Semiconductor Technology, when Winstek Semiconductor Technology applied US$127 million credit extension from DBS Bank, and when Winstek Semiconductor Technology applied to open the guaranteed letter of credit of US$127 million from DBS Bank (Taiwan) for the guarantee of such credit extension to DBS Bank.

Corresponding with the above credit guarantee case, the Company shall adjust the amount of guarantee and endorsement provided to Winstek Semiconductor Technology in accordance with the net value of financial statements audited or reviewed by CPA on a quarterly basis.

Provisions of the loan agreement signed on July 23, 2015:

1. During the loan period, the Company (joint guarantor) shall maintain the specific financial ratios such as the debt ratio and the interest coverage ratio, etc. in the

annual consolidated financial statements audited and verified by the CPA and the quarterly consolidated financial statements reviewed by the CPA. The consolidated financial statements of the Group for the year 2017 met its financial ratio limits.

2. After the closing date of the acquisition of Winstek Semiconductor Technology, DBS Bank (Taiwan) shall have the right to cancel the loan and request Winstek Semiconductor Technology to deposit the amount equal to the outstanding guarantee amount into the specified account immediately if the following control rights of the Group have changed.
   (1) Bloomeria Ltd. does not directly or indirectly hold more than 45% equity of Winstek Semiconductor Co., Ltd.
   (2) Singapore Technologies Semiconductor Pte Ltd. does not directly or indirectly hold more than 50% equity of Bloomeria Ltd.
   (3) Winstek Semiconductor Technology is not a 100% owned subsidiary of the Group.
3. The Group shall not be arbitrarily merged, divided or restructured without the consent of DBS Bank, unless the merged parties belong to the same group.
4. According to the agreement, the Group shall not pay dividends to shareholders from the date of loan until full repayment, unless:
   (1) At the time of dividend payment, there is no default by the Group.
   (2) After the allocation of dividends, the cash and cash equivalents of the Group shall not be less than US$30 million or less than the other equivalent currency.
5. The Group shall not amend its terms of the technical services agreement between the Group and STATS ChipPAC Ltd., that shall have a material influence, unless the loan has been fully repaid.

Silicon Microelectronics Corporation on October 13, 2017, obtained the control right of the Groups parent company Bloomeria Ltd. The equity trading has contravened the bank loan contractual provision where Singapore Technologies Semiconductor Pte Ltd. shall not hold more than 50% equity of Bloomeria Ltd. In accordance with the provisions, DBS Bank shall have the right to cancel the loan and request Winstek Semiconductor Technology to deposit the amount equal to the outstanding guarantee amount into the specified account immediately. In order to meet the above restrictions, Winstek had repaid all the balance of the loan (US$33,691,000) in advance on January 23, 2018, and because of this, it paid the additional fee of NT$4,506 as agreed in the contract. In addition, in accordance with the above repayment, the Companys end orsement guarantee provided to Winstek Semiconductor Technology has been cancelled on January 26, 2018.

<u>Secured bank borrowings</u>

In accordance with the provisions of the credit extension contract signed on April 16, 2018, the following financial ratios and agreements shall be maintained prior to the full repayment of the debts incurred, for the duration of this credit extension case:

1. Net financial ratio: the total net financial liabilities divided by the profit before tax of consolidated financial statements plus interest expenses plus depreciation expenses and amortization expenses shall be less than 3 times.
2. Interest coverage ratio: the net profit before tax plus interest expenses plus depreciation expenses and amortization expenses divided by interest expenses of consolidated financial statements shall be more than 4 times.

The said guarantee loans have been paid in full earlier in 2018.

Credit loans

According to terms of credit contracts signed, before loans are paid back in full before the each credit duration, financial ratios and terms shall be maintained as summarized below:

1. Current ratio: the net current assets divided by the net current liabilities in the consolidated financial statements shall not be less than 100%.
2. Debt ratio: the total net liabilities plus contingent liabilities divided by tangible net value in the consolidated financial statements shall not be more than 100%.
3. Interest coverage ratio: the net profit before tax plus interest expenses plus depreciation expenses and amortization expenses divided by interest expenses in the consolidated financial statements shall not be less than 10 times.
4. Shares of Winstek Semiconductor Co., Ltd. held by Sigurd Co.Ltd. shall not be less than 50%.
5. Net value of tangible assets shall not be lower than NT$3.8 billion.
6. The balance of deposit at the contract bank over the recent three months on average shall not be lower than NT$ 6 million.

The said financial commitment ratios use the consolidated financial statement audited or approved by the CPT quarterly as the calculation basis and the consolidated financial statement of the Group in 2018 and 2019 meet the requirement of the financial ratios.

(XI) Pension Funds

1. (1) The company and the subsidiaries in accordance with the provisions of the "Labor Standards Law," have made the method to define retirement allowance, which applies to the length of service of all regular employee before the implementation of "Labor Pensions Ordinance" on July 1, 2005, and the length of follow-up service of employee choosing to continue to apply to "Labor Standards Law" after the implementation of "Labor Pensions Ordinance." Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service rendered and the average salaries or wages of the last 6 months prior to retirement. Two bases are given for each full year of service over the first 15 years, and one base is given for an additional year of service thereafter, provided that the total bases

do not exceed forty-five (45). The Company shall contribute 2% of the total salary to the pension fund on a monthly basis, which shall be deposited into an account of the Bank of Taiwan in the name of the Supervisory Committee of Workers Pension Preparation Fund. Pri or to the end of each annual period, the Company assesses the balance of the aforementioned designated account for the labor pension fund. If the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement within next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

(2) Amounts recognized on the balance sheets are as follows:

	December 31, 2019	December 31, 2018
Present value of Defined Benefit obligations	$ 44,297	$ 37,392
Fair value of plan assets	(23,080)	(20,561)
Net defined benefit liabilities	$ 21,217	$ 16,831

(3) Changes in net defined benefit liabilities are as follows:

	2018		
	Present value of defined benefit obligations	Plan fair value of assets	Net defined benefit liabilities
2019			
Balance as of January 1	$ 37,392	($ 20,561)	$ 16,831
Interest expense (income)	514	(294)	220
	37,906	(20,855)	17051
Remeasurement amount:			
Plan assets return (excluding amounts included in interest income or expenses)	-	($ 616)	(616)
Impacts of changes in demographic assumptions	2,339	-	2,339
Impacts of changes in financial assumptions	2,269	-	2,269
Experience adjustment	1,783	-	1,783
	6,391	(616)	5,775
Provision of pension funds	-	(1,609)	(1,609)
Balance as of December 31	$ 44,297	($ 23,080)	$ 21,217

	2018		
	Present value of defined benefit obligations	Plan fair value of assets	Net defined benefit liabilities
2018			
Balance as of January 1	$ 32,375	($ 18,731)	$ 13,994
Interest expense (income)	491	(281)	210
	32,216	(19,012)	14,204
Remeasurement amount:			
Plan assets return (excluding amounts included in interest income or expenses)	-	(480)	(480)
Impacts of changes in demographic assumptions	2,927	-	2,927
Impacts of changes in financial assumptions	635	-	635
Experience adjustment	614	-	614
	4,176	(480)	3,696
Provision of pension funds	-	(1,069)	(1,069)
Balance as of December 31	$ 37,392	($ 20,561)	$ 16,831

(4) The fund asset of the Company's defined benefit pension plan (hereinafter referred to as the "Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Company has no right to participate in the operation and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19 paragraph 142. For the fair value of the total assets of the Fund as of 31 December, 2018 and 31 December, 2019, please refer to the various annual labor pension utilization reports issued by the government.

(5) Actuarial assumptions on pensions are summarized as follows:

	2019	2018
Discount rate	1.000%	1.375%
Future increase rate of wage	3.000%	3.000%

The assumptions for future mortality rate are estimated by the Fifth Experience Mortality Table of Taiwan's life insurance industry.

Effects of changes in the principal actuarial assumptions on present value analysis of defined benefit obligation are as follows:

	Discount rate		Future increase rate of wage	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
December 31, 2019				
The impact on present value of defined benefit obligations	($ 1,586)	$ 1,664	$ 1,607	($ 1,541)
December 31, 2018				
The impact on present value of defined benefit obligations	($ 1,367)	$ 1,434	$ 1,390	($ 1,333)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability is the same. The method of analysing sensitivity and the method of calculate net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

(6) The Groups projected allocation to the pension plan for the year 2020 is $1,478.

(7) As at 31 December 2019, the weighted average duration of the pension plan is 14.6 years. The analysis of the due dates of retirement allowance payment is as

follows:

Within 1 year	$	512
1 - 2 years		512
2 - 5 years		4,989
5-10 years		7,596
	$	13,609

2. (1) As of July 1, 2005, the Company and its subsidiaries have, in accordance with the "Labor Pensions Ordinance," have made the method to define retirement allowance, which applies to local employees. Where the employees have elected to apply the labor pension system as stipulated in the Labor Pension Act, the Company and subsidiaries make a contribution in an amount equal to 6% of the employees' monthly salaries or wages to their individual accounts in the Bureau of Labor Insurance.

   (2) The retirement allowance costs recognized by the Group under the above retirement allowance method were $24,052 and $24,549 respectively in the years of 2019 and 2018.

3. The other long-term employee benefit plans (pension) provided by the Group to the employees, which is measured by an actuarial technology on other long-term employee benefit liabilities, in accordance with the actuarial report, the amounts recognized as costs and expenses of other long-term employee benefit plans were $0 and $1,041 respectively in the years of 2019 and 2018, and on December 31, 2019 and 2018, other long-term employee benefit liabilities were $3,335 and $3,335 respectively.

(XII) Share capital

On December 31, 2019, the Companys authorized capital was NT$4 million, divided into 400 million shares, and the paid-up capital was NT$1,362,617, with a face value of NT$ 10 per share. Share payments for the Company's issued shares have been collected in full.

Quantities of the Company's outstanding ordinary shares at the beginning and ending of periods were reconciled as follows:

Unit: 1,000 shares

	2019	2018
January 1/December 31	136,262	136,262

(XIII) Capital surplus

According to the provisions of the Company Act, over face value of share premium gifts of assets donated to additional paid-in capital for covering deficit. If there is no accumulated deficit in company, company shall issue new shares with existing shares or cash by ratio to shareholders According to the relevant provisions of the Securities Exchange Act, allocated capital from additional paid-in capital, its maximum not exceed the limit of 10% of the paid-up capital each year Company in surplus reserves to fill the capital loss still remains insufficient, may not be complemented by additional paid-in capital.

	2019	
	Issue premium	Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries
January 1/December 31	$ 250,734	$ 115,509

	2018	
	Issue premium	Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries
January 1/December 31	$ $ 250,734	$ 115,509

(XIV) Retained earnings

1. In accordance with the Articles of Association of the Company, if there is after-tax surplus in the annual accounts, 10% of the statutory capital reserve shall be appropriated after covering the loss of previous years, and the special capital reserve shall be appropriated as necessary. If there is still surplus, together with the accumulated undistributed surplus of the previous years, the Board of Directors may reserve a portion of the surplus based on the operating circumstances, and draw the allocation plan of net income and submit to the shareholders meeting for resolution to distribute shareholder dividend. The Board of Directors authorized will especially resolve to distribute part or all stock dividend and bonus in cash and report to the shareholders' meeting.
2. The dividend distribution policy of the Company shall consider the current surplus status of the Company and the future investment environment, the capital demand, capital budget plan and operating plan, etc., allocated according to the financial structure and the surplus dilution situation, the amount of which shall be not less than 10% of the net surplus after-tax in current year, but shall be retained and not assigned if the EPS is below NT$ 0.5 or dividend distribution will result in a breach of contract. The Companys surplus may be distributed as stock dividends or cash dividends, of which the cash dividends shall not be less than 10% of the total dividends.
3. The Board of Directors of the Company may at the end of a semi-accounting year, compile a business report, financial statements, and resolutions about surplus distribution or recovery of loss for the audit first by the Audit Committee and submission to the Board of Directors afterwards. When distributing surplus, tax payables, recovery of losses, and statutory surplus reserve as required by laws hall be estimated and reserved. But there shall be an exception when statutory surplus reserve exceeds the amount of paid-in capital. If distribution of the said surplus is

provided via issuing of new stocks, it shall be handled according to Article 240 of the Company Law and the distribution in cash shall be resolved by the Board of Directors.

4. The statutory capital reserve shall not be used except to cover the Companys losses and to issue new shares or cash in proportion to the shareholders original holdings. However, when new shares are issued or cash is distributed, the amount shall exceed 25% of the reserves of the paid-in capital.

5. By resolutions of the shareholders meeting on June 10, 2019 and June 12, 2018, respectively, the Company adopted the following surplus allocation for the years of 2018 and 2017:

	2018		2017	
	Amount	Dividend per share (NT$)	Amount	Dividend per share (NT$)
Cash dividend	$ 163,514	$ 1.20	$ 177,140	$ 1.30

6. By a resolution of the Board of Directors on March 9, 2020, the Company adopted the following surplus allocation plan for the year 2019:

	2018 (Note)	
	Amount	Dividend per share (NT$)
Cash dividend	$ 204,392	$ 1.50

Note: Please visit the Market Observation Post System for information about dividend distribution decided by the Board of Directors of the Company.

(XV) Revenue

	2019	2018
Revenue from customer contracts	$ 2,942,669	$ 2,869,643

1. Segments of revenue from contracts with customers

The revenue of the Group is derived from the provision of services that are gradually transferred over time and can be categorized into the following main product lines:

2019	Testing income	Bumping income	Other labor services income	Total
Segment revenue	$ 712,432	$ 1,335,676	$ 894,561	$ 2,942,669
Revenue from external customer contracts	$ 712,432	$ 1,335,676	$ 894,561	$ 2,942,669

2018	Testing income	Bumping income	Other labor services income	Total
Segment revenue	$ 1,085,236	$ 1,784,154	$ 253	$ 2,869,643
Revenue from external customer contracts	$ 1,085,236	$ 1,784,154	$ 253	$ 2,869,643

2. Contract assets and liabilities

The assets and liabilities associated with the clients contract revenue recognized by the Group are as follows:

	December 31, 2019	December 31, 2018	January 1, 2018
Contract assets:			
Contract assets - packaging testing	$ 20,401	$ 13,161	$ 9,283

(XVI) Other income

	2019	2018
Interest income:		
Interest from bank deposits	$ 7,975	$ 8,683
Interest income from financial assets at amortized cost	37,015	16,489
Total interest income	44,990	25,172
Rental income	463	1,446
	$ 45,453	$ 26,618

(XVII) Other gains and losses

	2019	2018
Interests from disposal of property, plant, and equipment	$ 57,320	$ 14,120
Foreign exchange gains (losses)	(4,442)	4,740
Miscellaneous expenses	$	$

Advance repayment losses on long-term loans	-	(4,506)
Other gains and losses	1,709	3,974
	$ 54,587	$ 18,328

(XVIII) Financial cost

	2019	2018
Interest expense	$ 14,102	$ 24,574
	921	-
Other financial expenses	$ 15,023	$ 24,574

(XIX) Additional information regarding the nature of expense

	2019	2018
Employee benefit expenses	$ 734,332	$ 718,688
Depreciation expenses of property, plant, and equipment	755,958	669,391
Amortization expense of intangible assets	$ 6,848	$ 6,394

(XX) Employee benefit expenses

	2019	2018
Wages and salaries expenses	$ 629,787	$ 607,735
Labor and health insurance expenses	51,086	53,730
Pension expense	24,272	24,759
Other employment expenses	29,187	32,464
	$ 734,332	$ 718,688

1. According to the Articles of Association of the Company, if the Company earns profits during the year, 0.1%~15% of which shall be allocated to the employees bonus. Where employees bonus is paid in stock or cash, the payees includes employees who meet certain conditions in the controlling company or their subordinate companies. However, if the Company still has an accumulated deficit, the amount to offset the deficit shall be retained first. if the company earns profits during the year, less than 3% of which shall be appropriated as directors bonus depending on the operating circumstances. However, if the Company still has an accumulated deficit, the amount to offset the deficit shall be retained first.
2. The estimated amount of employee bonus of the Company in the year of 2019 and year 2018 is $44,347 and $28,088 respectively; the estimated amount of directors bonus was $0. The foregoing amounts were accounted as pay expenses.

The employees bonus and directors bonus in resolution of the Board of Directors in 2018 are the same as the amount recognized in the financial report of 2018.

Information about employee compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System.

(XXI) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2019	2018
Current income tax:		
Income tax incurred in current period	$ 158,924	88,123
Tax on undistributed profit	23,347	40,506
Overestimation of prior year's annual income tax	(2,780)	(3,148)
Total income tax in the period	179,491	125,481
Deferred income tax:		
Initial recognition and reversal of temporary differences	(6,501)	2,687
Impacts of tax rate changes	-	(1,776)
Total deferred income tax	(6,501)	911
Income tax expense	$ 172,990	$ 126,392

2. Relation between income tax expense and accounting profit

	2019	2018
Income tax calculated on net profit before tax by statutory tax rate	$ 148,126	$ 91,241
Expenses which shall be excluded in accordance with the provisions of the tax law	705	715
Overestimation of prior year's annual income tax	(2,779)	(3,148)
Impacts of tax law amendments on income tax	-	(1,776)
Tax on undistributed profit	23,347	40,506
Other	3,591	(1,146)
Income tax expense	$ 172,990	$ 126,392

3. The amount of assets or liabilities of deferred income tax resulting from temporary difference is shown below:

	2019		
	January 1	Recognized in profit and loss	December 31
Deferred income tax assets:			
- Temporary differences:			
Tax differentials in depreciation expenses	$ 10,412	$ 595	$ 11,007
Unrealized exchange loss	2,324	5,247	7,571
Inventory allowance loss from falling price	265	275	540
Other	1,603	(1,045)	558
Subtotal	14,604	5,072	19,676
- Deferred income tax liabilities:			
Unrealized exchange gains	(5,304)	1,706	(3,598)
Other	(145)	(277)	(422)
Subtotal	(5,449)	1,429	(4,020)
Total	$ 9,155	$ 6,501	$ 15,656

	2018		
	January 1	Recognized in profit and loss	December 31
Deferred income tax assets:			
- Temporary differences:			
Tax differentials in depreciation expenses	$ 8,344	$ 2,068	$ 10,412
Unrealized exchange loss	1,555	769	2,324
Inventory allowance loss from falling price	167	98	265
Other	-	1,603	1,603

Subtotal	10,066	4,538	14,604
- Deferred income tax liabilities:			
Unrealized exchange gains	-	(5,304)	(5,304)
Other	-	(145)	(145)
Subtotal	-	(5,449)	(5,449)
Total	$ 10,066	($ 911)	$ 9,155

4. The Companys business income tax has been audited and approved by the taxation authority until the year of 2016.
5. The amendments to the Income Tax Act of Taiwan have become effective on February 7, 2018, which amendments raise the profit-seeking enterprise income tax rate from 17% to 20% and are applicable from 2018. The Group has assessed the impact on income tax from such tax rate changes.

(XXII) Earnings per share (EPS)

	2019		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net profit of this period attributable to the ordinary shareholders of the parent company	$ 567,643	136,262	$ 4.17
Diluted earnings per share			
Net profit of this period attributable to the ordinary shareholders of the parent company	567,643	136,262	
Impacts of dilutive potential ordinary shares			
Employee remuneration	-	1,784	
Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders of the parent company in the current period	$ 567,643	138,046	$ 4.11

	2018		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net profit of this period attributable to the ordinary shareholders of the parent company	$ 329,820	136,262	$ 2.42
Diluted earnings per share			
Net profit of this period attributable to the ordinary shareholders of the parent company	329,820	136,262	
Impacts of dilutive potential ordinary shares			
Employee remuneration	-	1,621	
Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders of the parent company in the current period	$ 329,820	137,883	$ 2.39

(XXIII) Operating lease

Applicable for 2018

The Group leases machinery and equipment under a business lease, the lease term of which is from 2018 and 2020, with the right to renew the lease at the end of the lease term. Rental expenses of $188,376 were recognized as current profits and losses for the years of 2018, respectively. In addition, the total minimum future lease payments due to the non-cancelable contract are as follows:

	December 31, 2018
Less than 1 year	$ 122,151
More than 1 year but not more than 5 years	46,680
	$ 168,831

(XXIV) Additional information regarding cash flows

Investing activities with partial cash payments:

	2019	2018
Purchase of property, plant, and equipment	$ 699,647	$ 621,178
Add: payable on equipment at the beginning of period	47,404	54,812
Less: payable on equipment at the end of the period	(229,038)	(47,404)
Cash paid in the period	$ 518,013	$ 628,586

(XXV) Changes in financing liabilities

	2019			
	Leasing obligations	Long-term loans (note)	Deposit Received	Total liabilities from financing activities
January 1	$ 137,655	$ 743,269	$ 209	$ 881,133
Changes in cash flows from financing activities	(112,256)	(60,000)	5	(172,251)
Other non-cash changes:				
Interest costs	921	-	-	921
Impacts of exchange rate changes	(342)	(71)	(10)	(423)
Amortization of arranger fees	-	6,802	-	6,802
Increase of current period	2.744	-	-	2,744
December 31	$ 28,722	$ 690,000	$ 204	$ 718,926

	2018			
	Leasing obligations	Long-term loans (note)	Deposit Received	Total liabilities from financing activities
January 1	$ -	$ 995,305	$ 202	$ 995,507
Changes in cash flows from financing activities	-	(274,043)	7	(274,036)
Other non-cash changes:				
Impacts of exchange rate changes	-	12,830	-	12,830
Amortization of arranger fees	-	9,177	-	9,177
December 31	$ -	$ $ 743,269	$ 209	$ 743,478

Note: include long-term loans due within one year or one operating cycle.

VII. Related-party transactions

(I) The parent company and the ultimate controlling party

The company is controlled by Bloomeria Limited (incorporated and registered in Singapore) which owns 51.88% shares of the Company. The ultimate parent company and controller of the company is Sigurd Co., Ltd. (incorporated and registered in Taiwan, the Republic of China).

(II) Name and relation of affiliates

Name of related party	Relationship with the Group
Sigurd Microelectronics Corporation	Ultimate parent company

(III) Major transactions between related parties

1. Operating revenue

	2019	2018
Ultimate parent company	$ 1,574	$ 13,663

Income from labor service is processed according to the general transaction price and conditions, and the payment condition is 30-day monthly statement.

2. Purchase

	2019	2018
Purchase of services		
Ultimate parent company	$ 1,043	$ -

3. Receivables from related parties

	December 31, 2019	December 31, 2018
Accounts receivable		
Ultimate parent company	$ 117	$ 118

The receivables from related parties mainly come from the provision of labor services. The receivables are unsecured and non-interest bearing. There is no provision for liability reserve for the receivables from related parties.

4. Payables to related parties

	December 31, 2019	December 31, 2018
Other payables - machine rental and purchase:		
Ultimate parent company		
Other payables-processing services	$ -	$ 484
Ultimate parent company		
	$ 9	$ -

Payables to related parties are for machinery lease, purchase, and processing services provided by relates parties. These payables do not contain interest payment.

5. Property transactions

(1) Acquisition of real estate, plant, and equipment

	2019	2018
Ultimate parent company	$ 9,888	$

(2) Disposal of property, plant, and equipment:

	2019		2018	
Ultimate parent company	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
	$ 57,546	$ 54,492	$ 18,076	$ 7,695

6. Other transactions

		Amount of transaction	
	Accounting subject	2019	2018
Ultimate parent company	Rental receipt	$ 2,154	$ 230
	Receipt of processing services	$ 9	$ 959

(IV) Information about Remunerations to the Major Management:

	2019	2018
Short-term employee benefits	$ 34886	$ 27,826
Benefits after retirement	$ 756	$ 756
Total	$ 35,642	$ 28,582

VIII. Pledged Assets

Assets pledged as collateral by the Group are enumerated as follows:

	Book value		
Assets	December 31, 2019	December 31, 2018	Collateral purpose
Hypothecated time deposits (financial assets account measured at amortized cost - non-current)	$ 20,700	$ 19,700	Customs security
Property, plant, and equipment	-	1,271,381	Long-term loans

IX. Significant contingent liabilities and unrecognized commitments

(I) The Group has signed a five-year technical service agreement with STATS ChipPAC Ltd. on August 5, 2015, and has retained the capacity of the Group to provide STATS ChipPAC

Ltd. with wafer level packaging and testing services for five years from the date of this agreement. As stipulated in the contract:

1. The Group must retain the minimum capacity for STATS ChipPAC Ltd. to provide services timely on a monthly basis; the Group shall provide the services within the range of the existing production capacity that can be adjusted, if STATS ChipPAC Ltd. placed orders that fall between the minimum production capacity and maximum production capacity; the Group is not obligated to provide the services if STATS ChipPAC Ltd.s order exceeds the maximum capac ity of the Group.
2. During the period of the contract, STATS ChipPAC Ltd. shall place an order with the Group at the agreed minimum purchase quantity for each year at the agreed price, that is, the Group may claim the balance consideration in accordance with the procedures stipulated in the contract for the part of its retained capacity that does not meet the minimum purchase quantity. If STATS ChipPAC Ltd. does not meet the minimum purchase amount, it may exercise the right to defer the minimum purchase amount by 5% to the next year, and provide consideration to the Group for any portion of the deferred purchase amount that does not meet the minimum purchase amount every 12 months from the date of signing the contract. STATS ChipPAC Ltd. may exercise the right to deferred purchase quantity only once a year, and the deferred portion may not be renewed in the following year, and the right cannot be exercised in the last year of the contract.
3. In accordance with the agreement signed by both parties on January 2017, STATS ChipPAC Ltd. agreed to pay the Group a consideration amount of US$30,197,000 for it did not meet the minimum purchase amount for the first contract year (from the date of signing contract to August 4, 2016). The Group recognized the consideration amount as consideration income in the fourth quarter of the year 2016 and the first quarter of the year 2017, of US$15,098,000 ($487,007) and US$15,099,000 ($463,024) respectively.
4. In addition, the minimum purchase amount shall be combined in calculation and the total minimum purchase amount shall remain unchanged as agreed by both parties from the second contract year. The combined minimum purchase amount that STATS ChipPAC Ltd. shall realize for the Group for the next coming four years is as follows:

Currency: US$ 1,000

	The second year	The third year	The fourth year	The fifth year
Minimum purchase amount	$ 80,800	$ 75,100	$ 63,200	$ 51,400
Deferred amount for the second year	4,750	-	-	-
Deferred amount for the third year	(4,040)	4,040	-	-
Deferred amount for the fourth year	-	(3,755)	3,755	-
Deferred amount for the fifth year	-	-	(3,160)	3,160
	$ 81,510	$ 75,385	$ 63,795	$ 54,560

5. Both parties signed the agreement in November 2017. STATS ChipPAC Ltd. deferred 5% of the minimum purchase quantity for the second year (the second contract year is from August 5, 2016 to August 4, 2017) to the next year in accordance with the contract, and agreed to pay the Group a consideration amount of US$15,694,000 ($467,331) for it did not meet the minimum purchase amount in the second year of the contract. STATS ChipPAC Ltd. has performed payment according to the above agreement and also carried out the related purchase in the third year in accordance with the contract, therefore the Groups management believed that the payment of compensation income can almost be ascertained, thus the whole value of it was recognized as compensation income.

6. From August 5, 2017 to August 4, 2018, the amount of combined purchase performed by STATS ChipPAC Ltd. for the third contract year was US$68,555,000 and the minimum purchase amount for the third year of the agreement is deferred to the next year as agreed. The Company has claimed for the balance consideration from STATS ChipPAC Ltd., in accordance with the procedures stipulated in the contract, for it did not meet the minimum purchase amount in the third year of the contract.

   In consideration of the long-term cooperative relationships of both parties, STATS ChipPAC Ltd. proposed to reconcile based on the long-term business interests. The Company also considered its business operations and judgment. The proposed settlement with STATS ChipPAC Ltd. that has been approved by the Board of Directors of the Company on September 20, 2018, is as follows:

   (1) Both parties agree that the technical services agreement shall be extended for another two years (from August 5, 2020 to August 4, 2022) and the combined minimum purchase amount that STATS ChipPAC Ltd. shall perform for the Group in accordance with the future agreement shall be as follows:

Currency: US$ 1,000

	The sixth year	The seventh year
Minimum purchase amount	$ 30,000	$ 30,000

(2) The Group reserves the capacity of US$40 million per contract year for the extended period of two years to STATS ChipPAC Ltd.

(3) If STATS ChipPAC Ltd. fails to meet the above commitment amount in the current year, the insufficient amount may be postponed to the next year.

(4) STATS ChipPAC Ltd. agrees to purchase from the Group on a preferential basis during the fourth year of contract.

(5) Based on the above commercial interests and the long-term cooperative relationship between the two parties, the Group will not claim the difference of US$6,830,000 from STATS ChipPAC Ltd., which is less than the minimum purchase amount for the third year of contract.

The said settlement after negotiated by both parties has not been concluded. Later due to the internal consideration of STATS ChipPAC Ltd., it proposed to further negotiate between both parties for the settlement. The Company resolved by the Board of Directors on March 19, 2019 to change the original settlement with ChipPAC Ltd. into STATS settlement. ChipPAC Lt agreed to pay the Group the amount of US$ 5,000,000 (NT$ 153,850,000) for the minimum purchase it failed to meet in the third contract year. Both parties signed the settlement agreement on March 27, 2019 and the compensation was received in full and recognized as compensation income.

7. In the five-year Technology Service Contract entered between the Group and STATS ChipPAC Ltd., on August 5, 2015, in the period of the fourth year (from August 5, 2018 to August 4, 2019) , STATS ChipPAC Ltd. purchased a consolidated amount of US$36, 435,000 and according to the said contract, it deferred 5% of the minimum purchase amount in the fourth contract year to the following year. The discrepancy amount that fails to meet the minimum purchase was resolved by both parties through signing the settlement agreement on October 16, 2019. STATS ChipPAC Ltd. agreed to pay the Group US$ 20,520,000 (as the compensation. As of March 9, 2020, installments at the amount of US$ 11,000,000 have been received as settled.

8. From August 5, 2019 to December 31, 2019, STATS ChipPAC Ltd. in the fifth year period purchased a consolidated amount of US$ 22,001, 000.

(II) Capital expenditures contracted but not yet incurred

	December 31, 2019	December 31, 2018
Property, plant, and equipment	$ 47,169	$ 105,652

X. Significant losses from disasters

No.

XI. No.

XII. Material subsequent events

The company adopted the appropriation plan of net income for the year of 2018 by the Board of Directors on March 9, 2020. Please refer to Note VI(XIV) for details.

XIII. Others

(I) Financial situation

The Groups strategy in the year of 2019 remains the same as that in the year of 2018, with the aim of reducing the debt-to-capital ratio to a reasonable level of risk. As of 2019 and December 31, 2018, the Groups debt -to-capital ratios were as follows:

	December 31, 2019	December 31, 2018
Total borrowing	$ 690,000	$ 743,269
Less: cash and cash equivalent	(431,419)	(1,275,492)
Net debt	(258,581)	(532,223)
Total equity	4,888,996	4,574,411
Total capital	$ 5,147,577	$ 4,042,188
Capital and liabilities ratio	5 %	-

(II) Financial Instruments

1. Types of Financial instruments

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	$ 431,419	$ 1,275,492
Financial assets measured at amortized cost – current	2,469,160	1,458,175
Accounts receivable	1,156,714	751,857
Accounts receivable - related parties	117	118
Other receivables	8,042	5,631
Financial assets measured at amortized cost - non-curren		
Assets - noncurrent	20,700	19,700
Other non-current assets		
Refundable Deposits	3,788	3,788
	$ 4,089,940	$ 3,514,761

	December 31, 2019	December 31, 2018
Financial liability		
Financial liabilities measured at amortized cost		
Accounts payable	$ 71,808	$ 45,925
Other payables	430,014	211,553
Other accounts payable - related parties	9	484
Long-term loans (including whose due within one year or one operating cycle)	690,000	743,269
Guarantee deposits	204	209
	$ 1,192,035	$ 1,001,440
Lease obligations (including non-current)	$ 28,723	$ -

2. Risk Management Policy

(1) The Board of Directors shall fully take the responsibilities for establishment and supervision of the risk management structure of the Group, and take the responsibilities for development and control of the risk management policies of the Group.

(2) The risk management policy of the Group is established to identify and analyze risks encountered by the Group, set appropriate risk limits and control, and supervise the compliance of risks and risk limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the Groups operations. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(3) The Audit Committee of the Group shall supervise the management to monitor the compliance of the Groups risk management policies and procedures, and review the appropriateness of the Groups relevant management framework for the risks encountered. Internal auditors assist the Groups audit committee in a supervision role. These officers conduct review on risk management controls and procedures and report the review results to the Audit Committee.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

A. The functional currency of the Company is New Taiwan Dollar and the functional currency of the subsidiary is United States Dollar. Therefore, the information of foreign currency assets and liabilities affected by significant exchange rate fluctuations is as follows:

	December 31, 2019		
	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT$)
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
US$:NT$	$ 20,257	29.98	$ 607,305
NT$:US$	679,830	0.033	679,830
Financial liability			
Monetary items			
US$:NT$	$ 2,654	29.98	$ 79,567
NT$:US$	622,047	0.033	622,047

	December 31, 2018		
	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT$)
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
US$:NT$	$ 12,077	30.715	$ 370,945
NT$:US$	670,582	0.033	670,582
Financial liability			
Monetary items			
NT$:US$	$ 543,269	0.033	$ 543,269

B. Functional currency items of the Group due to foreign exchange with significant impacts were recognized as disclosure of exchanges (losses) in full amount in 2019 and 2018 with the total amount of ($4,442) and $4,740 respectively.

C. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were materially affected by the exchange rate volatility:

	2019		
	Sensitivity analysis		
	Range of change	Affect the profit and loss	Affect other comprehensive income
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
US$:NT$	1%	$ 6,073	$ -
NT$:US$	1%	6,798	-
Financial liability			
Monetary items			
US$:NT$	1%	$ 796	$ -
NT$:US$	1%	6,220	-

	December 31, 2018		
	Range of change	Affect the profit and loss	Affect other comprehensive income
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
US$:NT$	1%	$ 3,709	$ -
NT$:US$	1%	6,706	-
Financial liability			
Monetary items			
NT$:US$	1%	($ 5433)	$ -

Cash flow interest rate risk and fair value interest rate risk

A. Interest rate risk of the Group mainly comes from long-term loans issued according to floating rates that expose the Group to interest rate risk of cash flow. In 2019 and 2018, loans of the Group issued according to floating rates are mainly calculated according to New Taiwan Dollars.

B. Loans of the Group are measured according to costs after amortization and values will be re-evaluated according to annual interest rates stated in contracts. Thus, the Group exposes to risk of any interest rate change in future market.

C. When any interest rate of loan increased or decreased 1% and all other factors remained unchanged, in 2019 and 2018, net profit before tax respectively reduce or increase $6,900 and $7,500 respectively mainly due to changes of interest expenses arising according to flowing rates of loans.

(2) Credit risk

A. The Groups credit risk is the risk of financial loss to the Group due to the failure of the customer or counterparty of the financial instrument to perform its contractual obligations, which are mainly resulted from the failure of the counterparty to pay off accounts receivable payable on the terms of collection and the contractual cash flow.

B. The Group establishes credit risk management from the Groups perspective. In accordance with internally defined credit policies, risk management and credit risk analysis shall be carried out prior to the setting of terms and conditions of payment and delivery. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors. Individual risk limits are based on internal or external ratings, and the use of credit limits is regularly monitored.

C. In accordance with the credit risk management procedures, the Group shall deem the contract to have been breached, if the counterparty fails to make payment in accordance with the agreed payment terms within a certain period.

D. The Groups categorizes customers accounts receivable and contract assets according to the characteristics of customer ratings, using a simplified approach to estimate expected credit losses based on a reserve matrix.

E. The indicators used by the Group to determine credit impairment on debt instrument investments are as follows:

(A) The possibility of the issuer experiencing material financial difficulties or entering into bankruptcy or other financial restructuring increases;

(B) The loss of the active market for the financial assets by the issuer due to financial difficulties;

(C) Delay or non-payment of interest or principal by the issuer;

(D) Adverse changes in national or regional economic conditions that result in a default by issuer.

F. The Group mainly provides specific customers with semiconductor wafer packaging and testing services. Therefore, the Group assesses the credit risk of individual customers, adjusts loss rate according to the specific historical and current information, in consideration of future prospects, so as to estimate the loss allowance on accounts receivable. On December 31, 2019 and December 31, 2018, as a result of assessment, the expected shortfall rates were between 0.01% and 1%.

G. Changes in loss allowance for accounts receivables using the simplified approach are as follows:

		2019
		Account receivables
January 1	$	-
Less: Impairment loss amortized		-
December 31	$	-

		2018
		Account receivables
January 1_IAS 39	$	-
Adjustments under new standards		-
January 1_IAS 39		-
Provision of impairment loss		-
December 31	$	

(3) Liquidity risk

A. The details of the Groups undrawn borrowing facilities are as follows:

	December 31, 2019		December 31, 2018	
Fixed interest rate				
Due within 1 year	$	795,500	$	860,430
Due for more than 1 year		750,000		1,699,999
	$	1,545,500	$	2,560,429

B. The table below analyzes the Groups non -derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities, and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2019	Less than 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years
Non-derivative financial liabilities:				
Accounts payable	$ 71,808	$ -	$ -	$ -
Other payables	430,014	-	-	-
Other payables - related parties	9	-	-	-
Leasing obligations	28,530	1,563	768	896
Deposit Received	-	-	-	204
Long-term loans (including those due within one year or one business circle)	34,618	56,837	331,803	283,438

December 31, 2018	Less than 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years
Non-derivative financial liabilities:				
Accounts payable	$ 45,925	$ -	$ -	$ -
Other payables	211,553	-	-	-
Other payables - related parties	484	-	-	-
Deposit Received	-	-	-	209
Long-term loans (including those due within one year or one business circle)	36,090	80,747	248,579	407,880

(III) Fair value information:

1. The Group does not have financial instruments measured at fair value.
2. Financial tools not measured with fair values

Cash and cash equivalents, account receivables (including related parties), other account receivables (including related parties), financial assets amortized according to amortization costs, account payable (including related parties), other payables (including related parties), corporate bond payable within one year and book values of deposit guarantee of the Group are determined with approximated values based on fair values.

XIV. Additional disclosure

(I) Information about significant transactions:

1. Loans to others: no.
2. Endorsements and guarantees: Please refer to Appendix Table 1.
3. Marketable securities held (excluding investments in subsidiaries, affiliates, and jointly control identities): None
4. Accumulated to buy or sell the same marketable securities amount to NT$300 million or more than 20% of the paid-up capital: None
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None
7. The amount of purchase and sales with related parties amounts to NT$100 million or more than 20% of the paid-up capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None
9. Information about the derivative financial instruments transaction: None.
10. The business relationship between the parent company and its subsidiaries and their subsidiaries, and the status and amount of important transactions: Please refer to Appendix Table 2.

(II) Information on reinvestment

Name of investee companies, location, and other relevant information (excluding investee companies in Mainland China): please refer to attached table III for details.

(III) Information on investment in mainland china

No.

XV. About operating departments

(I) General information:

There are two reporting divisions in the Group: Testing Division and Packaging Division.

(II) Measurement of segment information

The Group has apportioned its non-recurring profit and loss to the reporting department. In addition, all reported department profits and losses include significant non-cash items other than depreciation and amortization. The amount of departmental information reported is consistent with the amount used by operational decision makers. The accounting policies of the operating departments are the same as the important accounting policies of the Group. The Groups operating departments profit and loss are measured by sales income and net profit before tax, and serve as the basis for assessing the performance of the departments.

(III) Information on segment profit or loss, and assets and liabilities

The financial information of reportable segments provided to chief operating decision maker is as follows:

2019	Testing business segment	Bumping business segment	Adjustment and elimination	Total
External revenue	$ 1,268,512	$ 1,758,498	($ 84,341)	$ 2,942,669
Depreciation and amortization expenses	$ 287,577	$ 477,803	($ 2,574)	$ 762,806
Segment Income	$ 479,404	$ 176,811	($ 599)	$ 655,616
Segment assets	$ 195,102	$ 504,545	$ -	$ 699,647

2018	Testing business segment	Bumping business segment	Adjustment and elimination	Total
External revenue	$ 1,085,489	$ 1,784,154	$ -	$ 2,869,643
Depreciation and amortization expenses	$ 174,207	$ 501,578	$ -	$ 675,785
Segment Income	$ 292,366	$ 143,474	$ -	$ 435,840
Segment assets	$ 213,448	$ 407,730	$ -	$ 621,178

December 31, 2019	Testing business segment	Bumping business segment	Adjustment and elimination	Total
Segment assets	$ 2,266,561	$ 4,227,786	($ 78,302)	$ 6,416,045

December 31, 2018	Testing business segment	Bumping business segment	Adjustment and elimination	Total
	$ 1,826,776	$ 3,972,893	($ 19,658)	$ 5,780,011

Impacts on department information in 2019 due to the adoption of IFRS 16 “Leasing” by the Group is described below:

	Testing	Bumping	Adjustment and Amortization	Total
Depreciation costs	$ 108,030	$ 3,515	($ 2,577))	$ 108,968
Department assets	$ 30,648	$ 769	($ -)	$ 31,417
Department liabilities	$ 27,928	$ 794	($ $ -)	$ 28,722

(IV) Information by product and service:

Please refer to Note VI(XV) for details.

(V) Geographical information:

The geographical information of the Group for 2019 and 2018 is as follows:

	2018		2019	
	Income	Non-current assets	Income	Non-current assets
Singapore	$ 1,957,210	$ -	$ 1,725,554	$ -
Taiwan	$ 810,690	$ 2,165,233	861,680	2,104,964
USA	$ 166,494	$ -	278,844	-
Malaysia	$ 507	$ -	412	-
Other	7,768	-	3,153	-
Total	$ 2,942,669	$ 2,165,233	$ 2,869,643	$ 2,104,964

(VI) Major customer information

Information on major customers of the Group for 2019 and 2018 is as follows:

	2019	2018
	Income	Income
Customer D	$ 2,061,752	$ 1,755,261
Customer A	341,756	447,203
	$ 2,403,508	$ 2,202,464

Winstek Semiconductor Co., Ltd. and Subsidiaries
Providing Endorsement/guarantee to Others
From January 1 to December 31, 2019

Unit: NT$1,000
(unless otherwise specified)

Table 1

Number (Note 1)	The name of the company that provides endorsement/guarantee	The object receiving endorsement/guarantee		Maximum amount of endorsement/guarantee for a single enterprise (Note 3)	Maximum balance of endorsement/guarantee for the current period (Note 4)	Balance of endorsement/guarantee at the end of current period (Note 5)	Actual amount drawn (Note 6)	Amount of endorsement/guarantee guaranteed with property	Percentage of aggregated amount of endorsement/guarantee with the net value in the most recent financial reports	Maximum amount of endorsement/guarantee (Note 3)	A parent company provides endorsement/guarantee for its subsidiary (Note 7)	A subsidiary provides endorsement/guarantee for its parent company (Note 7)	The endorsement/guarantee involves Mainland China (Note 7)	Note
		Name of company	Relationship (Note 2)											
0	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	2	$4,888,996	$ 2,400,000	$ 900,000	$ 450,000	$ -	18%	$ 4,888,996	Y	N	N	

Note 1: The description of the number column is as follows:
(1) The issuer shall fill in 0.
(2) The investees are numbered in alphabetical order beginning with the Arabic numeral 1.

Note 2: Please indicate the relationship between the provider of endorsement/guarantee and the object of endorsement/guarantee, which can be classified into the following six categories:
(1) Companies which are doing business with each other.
(2) Companies of which the Company directly or indirectly holds more than 50% of the voting shares.
(3) Companies of which directly or indirectly hold more than 50% of the voting shares in the Company.
(4) Among companies of which the Company directly or indirectly holds more than 90% of the voting shares.
(5) Companies in the same industry that endorse/guarantee for each other due to the need to contract project; or companies which are endorsed/guaranteed mutually by the same founders under provision of contract.
(6) Companies which are endorsed/guaranteed by all shareholders based on their shareholding percentage due to joint investment.
(7) In accordance with the consumer protection law, Companies in the same industry who perform housing pre-sale contract, are jointly and severally endorsed/guaranteed.

Note 3: The total amount of the Companys external endorsement/guarantee shall not exceed 50% of the Companys most recent net value. The amount of the Companys endorsement/guarantee for a single enterprise shall not exceed 20% of the net value at the time when the company endorses/guarantees.
However, an endorsement/guarantee between the Company and among companies of which the Company directly or indirectly holds 100% of the voting shares, or other companies that the Company has agreed to purchase and upon completion will become a subsidiary of which the Company directly or indirectly holds 100% shares, and approved by a resolution of the Board of Directors, its endorsement/guarantee amount shall not be restricted by the aforesaid total amount of endorsement/guarantee and the limit of endorsement/guarantee for a single enterprise.
However, the endorsement/guarantee to a single enterprise shall not exceed 100% of the net value of the Company in its most recent financial reports audited or reviewed by CPA. In addition, the endorsement/guarantee not between the Company and among companies of which the Company directly or indirectly holds 100% voting shares,
the total cumulative amount of such external endorsements/guarantees shall not exceed 100% of the net value of the Company in its most recent financial reports audited or reviewed by CPA.

Note 4: The maximum balance of endorsement/guarantee for others in the current year.

Note 5: By the end of the year, Chu Fan Company shall undertake the obligation of endorsement/guarantee when the amount of endorsement/guarantee contract/bill signed by it to the bank is approved; Other relevant endorsements/guarantees shall be accounted in the balance of endorsements/guarantees.

Note 6: The actual amount drawn by the company endorsed/guaranteed within the balance of the endorsement/guarantee shall be filled here.
To be filled if a listed/OTC parent company provides endorsement/guarantee for its subsidiary, or if a subsidiary provides endorsement/guarantee for its listed/OTC parent company; "Y" shall be filled in if the endorsement/guarantee involves Mainland China

Winstek Semiconductor Co., Ltd. and Subsidiaries

Providing Endorsement/guarantee to Others

From January 1 to December 31, 2019

Unit: NT$1,000
(unless otherwise specified)

Table2

Serial No. (Note 1)	Name of Related Company	Counterparty	Relationship With the Counterparty (Note 2)	Transaction Nature: Account	Amount	Trade Terms	As a Percentage of Consolidated Revenues or Total Assets (Note 3)
0	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	1	Revenue	$ 83,822	It is to be processed in accordance with the price and conditions agreed by both parties.	2.85%
0	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	1	Accounts payable	$ 32,317		0.5%

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:
(1). 0 for parent company.
(2). Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below. Only the category is indicated (no duplicate disclosure is made on two counterparties of the same transaction. For example, in a parent-to-subsidiary transaction, no disclosure is made on the subsidiarys end if disclosure has already been made on the parent compa nys end; in a subsidiary -to-subsidiary transaction, no disclosure is made on one subsidiarys end if disclosure h as already been made on the other subsidiary):
(1). Parent to subsidiary.
(2). Subsidiary to parent.
(3). Subsidiary to subsidiary.

Note 3: Calculation for business dealings as a percentage of consolidated total revenues or total assets is explained as follows: for balance sheet items, percentage relative to total assets is calculated using end-of-period balances; for profit and loss accounts, percentage relative to total revenues is calculated using cumulative amount and cumulative total revenues.

Note 4: If the single transaction amount is for less than NT$20,000, it needs not be disclosed, and the relative transactions will no longer be disclosed.

Winstek Semiconductor Co., Ltd. and Subsidiaries
Name, Location, and Other Relevant Information of the Investee Companies (excluding Investee Companies in Mainland China)
From January 1 to December 31, 2019

Unit: NT$1,000
(unless otherwise specified)

Table 3

Name of investing company	Name of the investee company (Notes 1, 2)	Location	Main business items	Original investment amount: At the end of this period	Original investment amount: At the end of last year	Holding at the end of period: Number of shares	Holding at the end of period: Ratio	Holding at the end of period: Carrying amount	Profit and loss of investee company in the current period (Note 2(2))	Investment gains and losses recognized in the current period (Note 2(3))	Note
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	Taiwan	Wafer bumping and wafer level packaging services	$ 2,875,740	$ 2,875740	310,000,000	100%	$ 3,239,569	$ 165,193	$ 165,193	

Note 1: If a public company has a foreign holding company and the consolidated financial report is the main financial report according to local laws and regulations, the disclosure of information about the foreign investee may only include the relevant information of the holding company.

Note 2: In cases other than those described in Note 1, the following information shall be provided:

(1) The columns of "Name of the investee company", "Location", "Main business items", "Original investment amount" and "Shareholding at the end of period", etc., shall be filled in in order according to the reinvestment situation of the (public) company and each reinvestment situation of the investee company under direct or indirect control. The relationship between each investee company and the (public) company (if it is a subsidiary or sub-subsidiary) shall be indicated in the remarks column.

(2) In the column B of "Profit and loss of investee company in the current period", the current profit and loss amount of each investee shall be filled in.

(3) In the column B of "investment gains and losses recognized in the current period", only the recognized profit and loss amount of each directly reinvested subsidiary of this (public) Company and each investee assessed by equity method shall be filled in, and the balance is not required to be filled in. When filling in "recognized profit and loss amount of each directly reinvested subsidiary for the current period", it shall be confirmed that the amount of profit and loss of each subsidiary for the current period has included the reinvestment profit and loss that should be recognized as investment profit and loss according to provisions.

V. Individual Financial Report Certified by A CPA for the Most Recent Fiscal Year:

Independent Auditors Report

(109) TWSE Review No. 19002668

Winstek Semiconductor Co., Ltd. Company seal:

Audit Opinion

The Individual Balance Sheets as on December 31, 2018 and December 31, 2019; Individual Composite Income Statements, Individual Statement of Changes in Equity, Individual Statement of Cash Flows from January 1, 2018 to December 31 2018 and December 31, 2019; and the Notes to the Individual Financial Statements (including the Summary of Significant Accounting Policies) of Winstek Semiconductor Co., Ltd., have been audited by the certified public accountant (hereafter referred to as "CPA").

In the opinion of the CPA, all the material items prepared in the above mentioned Individual Financial Statements are in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", which properly present the financial position of Winstek Semiconductor Co., Ltd. as of December 31, 2018 and December 31, 2019, and individual financial performance and individual cash flows from January 1, 2018 to December 31 2018 and in 2019.

Basis of Audit Opinion

We have performed the auditing work in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the ROC. Our CPAs will further explain the responsibilities auditors shall execute during the audit of Individual Financial Statements under the above principles. The personnel of our accounting firm who are subject to independent regulations have acted according to the ROC CPA Code of Professional Ethics to remain neutral from Winstek Semiconductor Co., Ltd. while fulfilling other duties set forth in the said Code. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of the auditors opinion.

Key Audit Matters

Key audit key matters refer to those most material key matters for the audit on the Individual Financial Statements of the year 2019 of Winstek Semiconductor Co., Ltd., based on the professional judgment of the accountant. Such matters have been taken into account in audit of the overall Individual Financial Statements and have been considered to the formation of audit opinions, therefore the CPA is not giving any personal opinions on such key matters.

The key audit matters of the Individual Financial Statements of the year 2019 of Winstek Semiconductor Co., Ltd. are as followings:

Audits of Real Estate, Plant, and Equipment Capitalization

Matters descriptions

Winstek Semiconductor Co., Ltd. and Subsidiaries increase capital expenditures along with their operations. Please refer to Note 4 (XII) of the consolidated balance sheet for accounting polices related to items of real estate, plants, and equipment and Note 6(V) for description of items related to real estate, plants, and equipment. The amount of capital expenditure of real estate, plants, and equipment in this year is significant, and therefore, the CPA listed audits of real estate, plant, and equipment capitalization as key matters.

Corresponding auditing procedures

The auditor conducted main audit procedures towards the said key audit matters including: Evaluation and testing of effectiveness time points of relevant control of additional procurement and depreciation of real estate, plant, and equipment and audit relevant procurement orders and invoices to confirm proper approval of transactions and accuracy of account amounts; audit and accept relevant forms to confirm time appropriation of availability of asset utilization and property inventory and accuracy of depreciation allocated.

The responsibility of the management and governance units for the Individual Financial Statements

The responsibility of the management was to establish financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to properly indicate the companys financial status and also to maintain necessary internal control with regard to establishment of Individual Financial Statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When preparing the Individual Financial Statements, the management is also responsible for the assessment of Winstek Semiconductor Co., Ltd.s ability on going concern, the disclosure of relev ant matters, the adoption of the accounting base for going concern, unless the management intends to proceed with the liquidation to Winstek Group or to discontinue its operations, or has no other practical alternative solutions except for liquidation or closure.

The governing body of Winstek Semiconductor Co., Ltd. (including the Audit Committee) had the responsibility to supervise the financial reporting process.

The responsibility of CPAs when auditing Individual Financial Statements

Our objective when auditing the parent company only financial statements was to ascertain whether they contained any false contents as a result of fraudulence or mistakes and whether they were reasonably reliable and issue the auditors report. Reasonably reliable means highl y reliable. However, auditing work carried out in accordance with commonly accepted ROC audit guidelines cannot guarantee detection of significant false contents in parent company only financial statements. Misstastements could be caused by fraud or error. If the individual amounts or sums that false contents involved could be reasonably expected to affect the financial decision making of users of Individual Financial Statements such false contents would be considered significant.

We conducted the auditing work according to audit standards generally accepted in the ROC and also exercised our profession judgment and remained professionally skeptical. We have also executed the following tasks:

1. Identifying and evaluating likely risks from significant false contents in the Individual Financial Statements as a result of fraudulence of errors, designing and executing proper counter measures against the risks identified, and also establishing sufficient and appropriate audit evidence to serve as the basis of the auditors report. As fraudulence can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect significant false contents resulting from fraudulence is higher than the risk of failing to identify those coming from errors.
2. Obtaining necessary understanding of internal controls relevant to the audit, in order to design appropriate audit procedures in the circumstances, but the purpose is not to express an opinion on the effectiveness of internal controls of Winstek Semiconductor Co., Ltd.
3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly.
4. Based on the audit evidence obtained, conclusions are drawn on the appropriateness of the managements continuing adoption of the going concern accounting foundation and whether there was any significant doubt (in the events or circumstances) about the capacity of Winstek Semiconductor Co., Ltd. to remain in operation or whether any significant uncertainty existed. If we thought such doubt or significant uncertainty existed, we had to point it out in the auditors report to remind users of the Individual Financial Statements to look out for related disclosures in the Individual Financial Statements to revise out audit opinion if such disclosures were considered inappropriate. Our conclusion was established according to the audit evidence obtained before the deadline for the auditors report. However, future events or circumstances may result in Winstek Semiconductor Co., Ltd. no longer being able for going concern.
5. Evaluating the overall expression, structure and contents of the Individual Financial Statements (including related notes) and whether the Individual Financial Statements could appropriately express related transactions and events.
6. Obtaining sufficient and appropriate audit evidence with regard to the finance of the individual entities in Winstek Semiconductor Co., Ltd. to establish our opinion about the Individual Financial Statements. We were responsible for guiding, supervising, and executing the audit work for the Company and also establishing the auditors opinion.

We communicated with governance units about the planned audit range and time and important audit discoveries (including significant internal control defects found during the audit process).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and also communicate with them about the all relations and other matters (including related preventive measures) that could affect the independence of CPAs.

Based on the result of our discussion with the governance body, we decided the key audit matters when auditing the 2019 Individual Financial Statements of Winstek Semiconductor Co., Ltd. We have clearly described the said matters in the auditors report except certain matters whose public disclosure is prohibited by law or certain matters we decided not to mention under some extremely rare circumstances because disclosure of such matters can be reasonably expected to lead negative effects that would be greater than public good they might benefit.

PwC Taiwan
Li Tien-I
Certified public accountant
Chiang Tsai-Yen

Financial Supervisory Commission (FSC)
Approved certificate No.: 1020028992
FSC Approved Certificate No. 1060025097

March 9, 2020

Winstek Semiconductor Co., Ltd.

Individual Balance Sheet

December 31, 2018 and 2019

Unit: NT$ thousand

	Assets	Notes	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current asset					
1100	Cash and cash equivalents	6(1)	$ 210,866	4	$ 431,800	9
1136	Financial assets measured at amortized cost - current	6(2)	879,820	16	360,715	7
1140	Contract assets - current	5(2), and 6(15)	6,715	-	6,096	-
1170	Net accounts receivable	6(3)	279,199	5	$ 239,101	5
1180	Accounts receivable from related parties (net)	6(3) and 7	32,434	1	118	-
1200	Other receivables		2,567	-	589	-
1210	Other accounts receivable - related parties	7	45,461	1	19,069	-
1410	Prepayments		1,066	-	-	-
1479	Other current assets - others		21,444	-	43,908	1
11XX	**Total current assets**		1,479,572	27	1,101,396	22
	Non-current asset					
1535	Financial assets measured at amortized cost - non-current	6(2) and 8	12,000	-	12,000	-
1550	Investment under equity method	6(4)	3,239,569	59	3,271,369	64
1600	Property, plant, and equipment	6(5) and 8	708,503	13	694,059	14
1755	Right-of-use assets		30,648	1	-	-
1780	Intangible assets	6(8)	18,450	-	5,014	-
1840	Deferred income tax assets	6(21)	15,665	-	12,585	-
1990	Other non-current assets – others		1,723	-	1,723	-
15XX	**Total non-current assets**		4,026,558	73	3,996,750	78
1XXX	**Total assets**		$ 5,506,130	100	$ 5,098,146	100

(To be continued on next page)

Winstek Semiconductor Co., Ltd.

Individual Balance Sheet

December 31, 2018 and 2019

Unit: NT$ thousand

	Liability and shareholders equity	Notes	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liability					
2170	Accounts payable		$ 1,125	-	$ 1,131	-
2200	Other payables	6(9)	100,849	2	71,071	2
2220	Other payables - related parties	7	525	-	1,074	-
2230	Current income tax liabilities		134,774	2	57,316	1
2250	Liability reserve - current		1,278	-	2,761	-
2280	Lease obligations-current		26,290	-	-	-
2320	Long-term liabilities due within one year or one operating cycle	6(10)	60,000	1	60,000	1
2399	Other current liabilities - others		85,273	2	69,923	1
21XX	**Total current liabilities**		410,114	7	263,276	5
	Non-current liability					
2540	Long-term loans	6(10)	180,000	3	240,000	5
2570	Deferred income tax liabilities	6(21)	744	-	183	-
2580	Lease obligations-non-current		1,638	-	-	-
2640	Net defined benefit liability - non-current	6(11)	21,217	1	16,831	-
2670	Other non-current liabilities – others		3,421	-	3,445	-
25XX	**Total non-current liabilities**		207,020	4	260,459	5
2XXX	**Total liabilities**		617,134	11	523,735	10
	Equity					
	Capital	6(12)				
3110	Capital from ordinary share		1,362,617	25	1,362,617	27
	Capital reserve	6(13)				
3200	Capital surplus		366,243	7	366,243	7
	Retained earnings	6(14)				
3310	Legal reserve		637,091	11	604,109	12
3320	Special reserve		-	-	67,932	1
3350	Undistributed earnings		2,568,899	47	2,135,595	42
	Other equity					
3400	Other equity		(45,854)	(1)	37,915	1
3XXX	**Total equity**		4,888,996	89	4,574,411	90
	Material commitments and contingencies	9				
	Significant subsequent events	11				
3X2X	**Total liabilities and equity**		$ 5,506,130	100	$ 5,098,146	100

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Weng Chih-Li Accounting Officer: Liu Kui-Chu

<u>Winstek Semiconductor Co., Ltd.</u>
<u>Individual Statement of Comprehensive Income</u>
<u>January 1, to December 31, 2018 and 2019</u>

Unit: NT$ thousand
(Except for earnings per share)

	Items	Notes	2019 Amount	2019 %	2018 Amount	2018 %
4000	**Revenue**	6(15), and 7	$ 1,268,512	100	$ 1,085,489	100
5000	**Operating cost**		(669,589)	(53)	(677,546)	(62)
5950	**Net gross profit**		598,923	47	407,943	38
	Operating expenses	6(19) and (20)				
6100	Selling expenses		(10,433)	(1)	(13,730)	(1)
6200	General and administrative expenses		(102,345)	(8)	(94,940)	(9)
6300	Research and development expenses		(6,741)	-	(6,907)	(1)
6000	**Total operational expenses**		(119,519)	(9)	(115,577)	(11)
6900	**Operating profit**		479,404	38	292,366	27
	Non-operating income and expenses					
7010	Other income	6(16)	9,927	1	4,849	-
7020	Other gains and losses	6(17)	44,809	3	11,066	1
7050	Financing cost	6(18)	(4,857)	-	(393)	-
7070	Shares of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method	6(4)	165,193	13	120,002	11
7000	**Total non-operating income and expenses**		215,072	17	135,524	12
7900	**Profit before tax**		694,476	55	427,890	39
7950	Income tax expense	6(21)	(126,833)	(10)	(98,070)	(9)
8200	**Net profit of this period**		$ 567,643	45	$ 329,820	30
	Other comprehensive gain or loss					
	Items that will not be reclassified to profit or loss:					
8311	Remeasurements of defined benefit plans	6(11)	($ 5,775)	-	($ 3,696)	-
8310	**Total amount of items that will not be reclassified subsequently to profit or income**		(5,775)	-	(3,696)	-
	Items that may be reclassified to profit or loss					
8361	Foreign currency translation difference of financial statements of overseas business units	6(4)	(83,769)	(7)	105,847	10
8360	**Total amount of items that may be reclassified subsequently to profit of loss**		(83,769)	(7)	105,847	10
8500	**Total comprehensive income**		$ 478,099	38	$ 431,971	40
	Earnings per share	6(22)				
9750	**Basic earnings per share**		$ 4.17		$ 2.42	
9850	**Diluted earnings per share**		$ 4.11		$ 2.39	

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Weng Chih-Li Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Co., Ltd.
Individual Statement of Changes in Equity
January 1, to December 31, 2018 and 2019

Unit: NT$ thousand

	Notes	Share	Capital surplus	Retained earnings: Legal capital reserve	Retained earnings: Special capital reserve	Retained earnings: Retained earnings	The balance of translation of the financial statements of foreign operating institutions	Total equity
2018								
Balance as at January 1, 2018		$ 1,362,617	$ 366,243	$ 531,343	$ -	$ 2,118,026	($ 67,932)	$ 4,310,297
Effects of retrospective application and retrospective restatement		-	-	-	-	9,283	-	9,283
The balance after retrospective application on January 1, 2018		1,362,617	366,243	531,343	-	2,127,309	(67,932)	4,319,580
Net income in current period		-	-	-	-	329,820	-	329,820
Net income in current period	6(11)	-	-	-	-	(3,696)	105,847	102,151
Total comprehensive gain or loss in current period		-	-	-	-	326,124	105,847	431,971
Annual appropriation of net income and allocation of the year 2017								
Appropriated as Legal reserve		-	-	72,766	-	(72,766)	-	-
Appropriated as special surplus reserve		-	-	-	67,932	(67,932)	-	-
Cash dividend	6(14)	-	-	-	-	(177,140)	-	(177,140)
Balance as of December 31, 2018		$ 1,362,617	$ 366,243	$ 604,109	$ 67,932	$ 2,135,595	$ 37,915	$ 4,574,411
2019								
Balance as of January 1, 2019		$ 1,362,617	$ 366,243	$ 604,109	$ 67,932	$ 2,135,595	$ 37,915	$ 4,574,411
Net profit		-	-	-	-	567,643	-	567,643
Other comprehensive income	6(11)	-	-	-	-	(5,775)	(83,769)	(89,544)
Total amount of comprehensive income		-	-	-	-	561,868	(83,769)	478,099
2018 surplus distribution and allocation								
Legal reserve provision		-	-	32,982	-	(32,982)	-	-
Reversal of special reserve		-	-	-	(67,932)	67,932	-	-
Cash dividend	6(14)	-	-	-	-	(163,514)	-	(163,514)
Balance as of December 31, 2019		$ 1,362,617	$ 366,243	$ 637,091	$ -	$ 2,568,899	($ 45,854)	$ 4,888,996

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Weng Chih-Li Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Co., Ltd
Individual Statement of Cash Flow
January 1, to December 31, 2018 and 2019

Unit: NT$ thousand

	Notes	January 1 To December 31, 2019	January 1 To December 31, 2018
Cash flow from operating activities			
Current net profit before tax		$ 694,476	$ 427,890
Adjusted items			
Income expense items			
Depreciation expenses	6(5)(6)(19)	285,635	171,789
Amortization expenses	6(8)(19)	1,942	2,418
Interest expense	6(6) (18)	4,857	393
Interest income	6(16)	(9,464)	(4,367)
Disposition of plant, property, and equipment	6(17) and (7)	(54,492)	(10,755)
The share of gains and losses of subsidiaries recognized by the equity method	6(4)	(165,193)	(120,002)
Changes in assets and liabilities relating to operating activities			
Net change in assets relating to operating activities			
Contract assets		(619)	(2,035)
Accounts receivable		(40,098)	(11,497)
Accounts receivable - related parties		(32,316)	(118)
Other receivables		(55)	390,482
Other accounts receivable--related parties		7,400	(863)
Prepayments		(1,065)	-
Other current assets – other		22,463	(4,789)
Net change in liabilities related to operating activities			
Accounts payable		(6)	(1,684)
Other payables		16,091	(113,687)
Other payables - related parties		(549)	413
Provisions		(1,483)	1,082
Other current liabilities		16,326	19,728
Net defined benefit liability		(1,388)	(861)
Other non-current liabilities		-	1,040
Cash flow from operating activities		742,462	744,577
Interest income received		7,541	5,223
Dividends received	6(4)	113,224	108,930
Interest paid		(4,866)	(347)
Income tax paid		(85,686)	(158,069)
Net cash inflow from operating activities		772,675	700,314
Cash flow from investment activities			
Increase in financial assets measured at amortized cost		(1,890,150)	(1,036,549)
Decrease in financial assets measured at amortized cost		1,371,045	1,164,448
Investment acquired based on equity method		-	(750,000)
Acquisition of property, plant, and equipment	6(24)	(181,416)	(216,648)
Amount from disposal of property, plant and equipment		57,545	15,101
Intangible assets acquired		(15,378)	(881)
Decrease of refundable deposits		-	63
Net cash flow from investing activities (out)		(658,354)	(824,466)
Cash from financing activities			
Short-term loans borrowed	6(25)	30,000	300,000
Return of long-term borrowing	6(25)	(90,000)	-
Amount returned for long-term borrowing	6(25)	(111,308)	-
Increase in guarantee deposits	6(25)	8	6
Decrease in guarantee deposits	6(23)(25)	(32)	(34)
Cash dividends paid	6(12)	(163,514)	(177,140)
Net cash (outflow) inflow from financing activities		(334,846)	122,832
Impacts of exchange rate on cash and cash equivalents		(409)	-
Decrease in cash and cash equivalents for the current year		(220,934)	(1,320)
Cash and cash equivalents at beginning of year	6(1)	431,800	433,120
Cash and cash equivalents at end of year	6(1)	$ 210,866	$ 431,800

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang　　Manager: Weng Chih-Li　　Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Co., Ltd.
Notes to the Individual Financial Statements
2019 and 2018

Unit: NT$ thousand
(unless otherwise specified)

I. Overview

Winstek Semiconductor Co., Ltd. (hereinafter referred to as "the Company") was established in April 26, 2000 in the ROC. The Companys shares were listed and traded at GreTai Securities Market in August 2005. The Company is mainly engaged in the research and development and testing of integrated circuits and other related businesses.

Based on the operational consideration, and to comply with the reorganization plan of the Companys original parent, STATS ChipPAC Ltd. Group, the Company signed a legally binding list of important clauses on December 30, 2014, which were approved by the board of directors on December 25, 2014, to purchase the full shares of Winstek Semiconductor Technology Co., Ltd. (hereinafter referred to as "Winstek Semiconductor Technology") which were 100% held by STATS ChipPAC Ltd, at a total price of US$15 million. The main business of Winstek Semicondutor Technology is the services of turnkey wafer bumping and wafer level packaging, etc. The Company completed the payment to STATS ChipPAC Ltd. on July 30, 2014 and acquired the equity of Winstek Semiconductor Technology.

STATS ChipPAC Ltd., the original parent company of the Company, transferred all its shares in the Company to Bloomeria Ltd. in Singapore, its wholly owned subsidiary, on July 30, 2014. In addition, STATS ChipPAC Ltd., has distributed the above US$ 15 million and all the shares of Bloomeria Ltd. to the eligible shareholders of STATS ChipPAC Ltd., by capital reduction. Upon completion of the reorganization and capital reduction program of the group on August 5, 2015, the Company and its subsidiary Winstek Semiconductor Technology became separated from the STATS ChipPAC Ltd. group.

The ultimate parent company of the Company was originally Temasek Holding Limited, and Silicon Microelectronics Corporation (hereinafter referred to as "Sigurd Corporation") took control of the parent company Bloomeria Limited on October 13, 2017, and indirectly acquired 51.88% equity of the Company, becoming the ultimate parent company of the Company.

II. Approval date and procedures of the financial statements

This Individual Financial Statements was approved and issued by the Board of Directors on March 9, 2020.

III. Application of New and Amended International Financial Reporting Standards (IFRS) and Interpretations

(I) Effects of the adoption of new and amended IFRSs endorsed by the Financial Supervisory Commission (FSC):

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2019:

The Newly Issued/Amended/Revised Standards and Interpretations	Effective date issued by IASB
Amendment to IFRS 9, "Repayment Features with Negative Compensation"	January 1, 2019
IFRS 16, "Leases"	January 1, 2019
Amendments to IAS 19, “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28, “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23, “Uncertainty over Income Tax Treatments”	January 1, 2019
Annual improvement for the 2015-2017 cycle	January 1, 2019

The Company has assessed that the above standards and interpretations have no significant influence on the Companys financial position and financial performance, except as those indicated below:

IFRS 16 "Leases"

1. IFRS 16 “Leases” supersedes IAS 17 “Leases” and its relevant IFRIC and SIC interpretations. IFRS 16 requires that a lessee recognize right-of-use assets and lease liabilities for all leases unless the lease is less than 12 months or the underlying asset has a low value. Accounting treatment under IFRS 16 for a lessor is substantially unchanged, which allows a lessor to continue to classify leases as either operating or finance, except that additional disclosures are required.
2. According to the applicable 2019 International Financial Reporting Standards (IFRS), ratified by the Financial Supervisory Commission (FSC), the G does not re-compile comparative information regarding IFRS 16 (hereinafter referred to as “modified tracing adjustment” to respectively adjust right-of-use asset and leasing obligations by increasing $135,934.
3. Initially, the Group adopted the practical measure of expediency below applicable to IFRS 16:
   (1) Lease contracts were not re-evaluated whether belong (or include) rental but were determined as a lease contract previously applicable to IFRS 17 and Interpretation 4 of IFRS and handled according to IFRS 16.
   (2) Any lease contract combination with similar rational features uses the single discount rate.
   (3) The direct cost was not included in the measure of right-of-use asset.
4. When calculating the current value of lease obligations, the Group adopted the Company’s incremental borrowing rate of interest at the interest range of 1.3877%.

5. The Company adopted the current value of incremental borrowing rate of interest discounted on initially applicable day and adjustment of lease obligations on January 1, 2019 according to the amount reconciled for operating lease obligations by IFRS 17:

Disclosure of Operating Release Taken in IFRS 17 adopted on December 31, 2018	$	142,199
Less: Exemption of low-value asset	(	5,228)
Total amount of lease contracts recognized as lease obligations according to the adoption of IFRS 16 on January 1, 2019	$	136,971
Incremental borrowing rate of interest of the Company on the initially applicable day	$	1.3877%
Lease obligations recognized according to the adoption of IFRS 16 on January 1, 2019	$	135,934

(II) Effects of not yet applying the newly-announced and revised IFRSs endorsed by the FSC:

The following table compiles principles and interpretation of new announcement, amendment, and modification of IFRS applicable in 2020 ratified by the FSC:

The Newly Issued/Amended/Revised Standards and Interpretations	Effective date issued by IASB
Amendments to IAS 1 and 8 of "Disclosure Initiative-Definition of Significance"	January 1, 2020
Amendments to IFRS 3 "Definition of Business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 of Interest Rate Benchmark Reform	January 1, 2020

(III) Effects of IFRSs issued by IASB but not yet endorsed by the FSC:

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

The Newly Issued/Amended/Revised Standards and Interpretations	Effective date issued by IASB
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by International Accounting Standards Board (IASB)
IFRS 17, "Insurance Contracts"	January 1, 2021

The Company has assessed that the above standards and interpretations have no significant influence on the Companys financial position and financial performance.

IV. Summary of Significant Accounting Policies

Accounting policies applied in preparing this Individual Financial Statements are listed below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Statement of Compliance

The Individual Financial Statements has been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis of Preparation

1. The Individual Financial Statements are prepared at historical cost, except for the following significant items:

   Defined benefit liabilities recognized based on the amount of pension fund assets less net present value of defined benefit obligations.

2. Some material accounting estimates will be used for the preparation of financial reports to comply with IFS, IAS, interpretation and interpretation announcement (hereafter referred to as IFRSs), and also will be applied by the management for judgment in the application of the Companys accounting policies. For the items involving high judgment or complexity, or items involving material hypotheses and estimates of individual financial reports, please refer to the specific Note V.

(III) Foreign currency translation

All items on the financial statements of each entity of the Company are measured at the currency of the principal economic environment in which the entity operates (i.e. functional currency). The Individual Financial Statements are presented in NT$, which is the Company’s functional and presentation currency.

1. Foreign currency transaction and balance

   (1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred are to be recognized in the current profit or loss.

   (2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss

   (3) For non-monetary assets and liabilities denominated in foreign currency, if they are measured at FVTPL, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising

therefrom are recognized in profit or loss; if they are measured at FVOCI, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in other comprehensive income; and if they are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.

(4) All exchange gains and losses are presented as "Other gains and losses" on the statement of comprehensive income.

2. Translation from Foreign Operations

All Groups entities, related companies and joint agreements with different functional currency and presentation currency, the operating results and financial position of which are translated to presentation currency in the following ways:

(1) The assets and liabilities presented in each balance sheet are translated at the closing rate of the balance sheet date;

(2) The assets and liabilities presented in each composite income sheet are translated at the current average exchange rate; and

(3) All translation differences generated by translations are recognized as other comprehensive income.

(IV) Classification of current and non-current assets and liabilities

1. Assets shall be classified as current assets if comply with one of the following conditions:

(1) The asset is expected to be realized in the normal operating cycle, or is intended to be sold or consumed.

(2) The asset is held mainly for transaction purposes.

(3) The asset is expected to be realized within 12 months after the balance sheet date.

(4) Cash or cash equivalents, except for those are restricted because of exchange at least twelve months after the date of the balance sheet or using for liquidation of liabilities.

The Company classifies all assets that do not comply with the conditions above as non-current assets.

2. Liabilities shall be classified as current liabilities if comply with one of the following conditions:

(1) The liability is expected to be settled in the normal operation cycle.

(2) The asset is held mainly for transaction purposes.

(3) The liability is expected to be settled due within 12 months after the date of the balance sheet.

(4) The settlement term of the liability cannot be deferred unconditionally to at least 12 months after the date of the balance sheet. The terms of liability, which

may lead to the settlement by issue equity instruments at the option of the counterparty, shall not affect the classification of assets.

The Company classifies all liabilities that do not comply with the conditions above as non-current liabilities.

(V) Cash equivalents

Cash equivalents is a short-term investment with highly liquidity that can be readily converted into quota cash at any time with little risk of change in value. Fixed deposits are classified as cash equivalents if they comply with the above mentioned definitions and are held for meeting short-term cash commitments in operating.

(VI) Financial assets measured at amortized cost

1. Refer to those comply with all the following conditions:
   (1) The financial asset is held under a business model for the purpose of collecting contractual cash flow.
   (2) The cash flow generated on a specific date from the contractual terms of the financial asset is solely for the payment of interest on the principal and the amount of principal outstanding.
2. The Company uses the trade day accounting for financial assets measured at amortized cost complied with trade practices.
3. The Company originally recognized the financial assets measured at its fair value plus transaction costs. Subsequently, the Company recognized interest income and impairment loss within the period of circulation by adopting the effective interest method in accordance with the amortization procedure. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
4. The time deposits which are not comply with the definitions of cash equivalents held by the Company are measured by the amount of investment due to the short holding period and the insignificant influence of the discounting.

(VII) Accounts receivable

1. Refers to the accounts which, as agreed in the contract, are entitled to unconditionally receive the amount of consideration for the transfer of commodity or services.
2. For the short-term accounts receivable with unpaid interest, the Company measures at the original invoice amount due to the immaterial influence of discounting.

(VIII) Impairments of financial assets

For the financial assets measured at amortized cost on each balance sheet date, the Company, after consideration of all reasonable and verifiable information (including prospective information), and the credit risk of which has not increased significantly since the initial recognition, measures the allowance losses by the amount of expected credit losses within 12 months; For the credit risk of those has increased significantly since the initial recognition, measures the allowance losses by the amount of the lifetime expected credit losses; For those accounts receivables or contract assets that do not include significant financial components, measures the allowance losses by the amount of lifetime expected credit losses.

(IX) Derecognition of financial assets

When the Companys contractual right to receive cash flows from financial assets lapses, the financial assets will be derecognized.

(X) Operating lease (lessee)

The benefits of an operating lease, less receipts from the lessor for any inducements, shall be amortized and recognized as current gains and losses during the lease term under the straight-line method.

(XI) Investment / Subsidiaries under equity method

1. A subsidiary is an entity controlled by the Company (including structural individuals). When the Company is exposed to the participation on changes in remuneration of the entity or is entitled to the rights to such changes, and has the ability to influence such remuneration through its power over the entity, the Company controls the entity.
2. The unrealized gains and losses between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary in line with those adopted by the Company.
3. The Company recognized the share of gain and loss after acquisition of the subsidiary as current gain and loss, and the other comprehensive gain and loss after acquisition of the subsidiary as other comprehensive gain and loss. The Company shall continue to recognize losses in proportion to its shareholding if the companys share of losses recognized on the subsidiary is equal to or greater than its equity in the subsidiary.
4. As stipulated in "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current gains and losses and other comprehensive income in the Individual Financial Statements shall be the same as the allocation of other comprehensive income attributable to the parent company owners in the consolidated financial statements, and the owners equity in the Individual Financial Statements shall be the same as the equity attributable to the parent companys owners in the consolidated financial statements.

(XII) <u>Property, plant, and equipment</u>

1. Property, plant and equipment are on the accounting foundation of acquisition cost, capitalize relevant interest during the period of acquisition and construction.
2. The subsequent costs shall be included in the carrying amount of the assets or recognized as a separate asset only if the future economic benefits related to the project are likely to flow to the Company and the cost of the project can be measured reliably. The carrying amount of the replacement shall be derecognized All other maintenance expenses are recognized as current gains and losses when incurred.
3. The property, plant and equipment shall be subsequently measured by the cost model, and the depreciation of which, except for the land, shall be itemized for depreciation under straight-line method according to the estimated useful life. If each item of property, plant and equipment is significant, it should be itemized for depreciation individually.
4. In the end of each financial year, the Company reviews the residual value, useful life and depreciation method of each assets, if the expected values of the residual value and useful life are different from previous estimates, or the consumption patterns of the future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of change. The useful life of each asset is as follows:

Building	5 ~ 25 years
Machinery equipment	3 ~ 8 years
Office and other equipment	3 ~ 6 years

(XIII) <u>Lease transactions of the lessee－use-of-right asset/lease obligations</u>

<u>Applicable for 2019</u>

1. Lease asset on the available day to the Company is recognized as use-of-right asset and lease obligations. When a lease contract belongs to short-term lease or low-value asset, it is recognized as expense according to straight-line method during the lease term.
2. Current value of lease obligations that are not paid on the beginning day of lease was converted into cash and recognized according to the Company's incremental borrowing rate of interest. Rental payment is fixed deducted any rental incentive collectable.

   The future interest method adopts the measurement of amortized cost method and recognized as interest expense during the leasing term. When there is a lease term or rental payment change resulting not from contract revision, lease obligations shall be re-evaluated and use-of-right asset shall be measured and adjusted accordingly.

3. Use-of-right asset shall be recognized according to the costs on the beginning day of lease and the costs include:

   (1) Initial measurement amount of lease obligations; and

   (2) Any initial direct costs arising.

   The cost model measurement is continuously adopted depending on the maturity of service life of right-of-use asset or termination of lease, which comes first, to amortize the depreciation amount. When lease obligations are re-evaluated, use-of-right asset shall adjust any re-measured amount of lease obligations.

(XIV) Lease asset /operating lease(lessee)

Applicable for 2018

The benefits of an operating lease, less receipts from the lessor for any inducements, shall be amortized and recognized as current gains and losses during the lease term under the straight-line method.

(XV) Intangible asset

Computer software

Computer software is recognized at acquisition cost, amortized by the straight-line method, with an estimated useful life of 3 to 5 years.

(XVI) Impairment of non-financial assets

On the balance sheet date, the Company estimates the recoverable amount of the assets with indicators of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. Recoverable amount refers to the fair value less costs of disposal of the assets or its use value, whichever is higher. When circumstances contributed to the recognition of impairment loss of an asset in the previous period do not exist or are decreased, the recognized impairment loss is reversed to the carrying amount of an asset to the extent that it does not exceed the carrying amount (net of depreciation and amortization) if the impairment loss had not been recognized.

(XVII) Loan

1. Refers to the long-term or short-term funds borrowed from a bank. The Company originally recognizes the loans measured at its fair value abating transaction costs, and subsequently recognizes interest expense as gain and loss within the period of circulation adopting the effective interest method in accordance with the amortization procedure in respect of any balance between the price after transaction costs abatement and the redemption value.

2. Expenses paid at the establishment of the borrowing limit, if it is likely to withdraw

some or all of the limit, shall be recognized as the transaction cost of the loan, deferred to the withdrawal incurrence and recognized as the adjustment of the effective interest rate; When it is unlikely to withdraw some or all of the limit, the expenses shall be recognized as advance payment and amortized over the period in which the limit is relevant.

(XVIII) Accounts payable

1. Refers to the debts that incurred for the purchase of raw materials, commodity or services and notes payable that incurred by both operating and non-operating activities.
2. For the short-term accounts payable without paid interest, the Company measures them by the original invoice amount due to the immaterial influence of discount.

(XIX) Derecognition of financial liabilities

The Company shall, upon the performance, cancellation or expiration of obligations under the agreement, derecognize the financial liabilities.

(XX) Liability reserve

Liability reserve is a current statutory or constructive obligation generated from a past event. It is likely that outflow of resources with economic benefit will be required to settle the obligation and the amount of the obligation shall be recognized when it can be estimated reliably. Liability reserve is measured by the best estimated present value required to pay for the settlement to the obligation at the balance sheet date. The discounting rate adopts the pre-tax discounting rate reflecting the current market assessment of the time value of the currency and the specific risks of the liability, and the amortization of which is recognized as interest expense. Future operating losses shall not be recognized as liability reserves.

(XXI) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured by expected payment amount for non-discounting, and are recognized as expenses at the time of service delivery.

2. Retirement allowance

   (1) Defined allocation plan
   Defined allocation plan is to recognize the amount of the pension fund to be allocated as the current retirement allowance cost on an accrual basis. Allocation funds paid in advanced are recognized as assets within the scope that they are refundable in cash or reduce future benefit.

   (2) Defined benefit plan

   A. Net obligations under defined benefit plan are calculated by discounting the amount of future benefits earned by the employee from the current or past services, and by present value of defined benefit obligations abating the fair value of plan assets on the balance sheet date. Defined benefit net obligation is calculated annually by the actuary adopting the projected unit credit method, and the discounting rate adopts the market yield-to-maturity of government bonds (at the balance sheet date).

B. The amount of remeasurement generated from defined benefit plan are recognized as other comprehensive income in the current period and presented in retained earnings.

3. Other long-term employee benefits

The Company has long-term employee benefits in addition to pension plans. Its net obligation is calculated by projected unit credit method. It is measured by discounting the amount of future benefits earned by the employee from the current or past services less the fair value of any relevant assets. The discounting rate adopts the yield-to-maturity on the reporting date of government bonds, the due date which is close to the Groups obligations deadline. All actuarial gains and losses are recognized as profit and loss in the current period.

4. Compensation to employees and remuneration to directors and supervisors

Employees bonus and consideration of directors and supervisors, with legal or constructive obligations and the amount of which can be reasonably estimated, are recognized as expenses and liabilities. If there is any difference between the actual allocation amount and the estimated amount after resolution, it shall be treated by the changes in accounting estimates.

(XXII) Income tax

1. Income tax expense comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The income tax expenses are calculated on tax rates on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. For the income tax levied on retained earnings in accordance with the income tax law, it shall be recognized as retained earnings income tax expenses, based on the actual allocation status of surplus, after the surplus allocation plan has been approved in the shareholders meeting in the following year of the year in which the surplus is generated.

3. Deferred income tax shall be recognized as the temporary difference generated between the levy foundation of assets and liabilities and the carrying amount of the amalgamated balance sheet adopting the balance sheet method. Deferred income tax liabilities generated from the goodwill of original recognition shall not be recognized, and deferred income tax liabilities generated from the original recognition of assets or liabilities in transactions (excluding enterprise merger) shall not be recognized if the accounting profits or taxable income (taxable loss) are not influenced at the time of the transaction. The temporary differences generated from investment in subsidiaries, the reversal time point of which can be controlled by the Company, and which is likely not to reverse in the foreseeable future, shall not be recognized. Deferred income tax shall adopt the tax rate (and tax law) on which already has legislation or substantially legislation on the balance sheet date and is expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized within the scope of that temporary differences are likely to be used to offset future taxable income, and will be reassessed on those unrecognized and recognized on each balance sheet date.
5. If tax rate changes occur in the interim, the Group recognizes all effects of changes to the period when such changes accrue; for income tax attributable to items not included in profit or loss, effects of changes are recognized in other comprehensive income or equity; and for income tax related to items included in profit or loss, effects of changes are recognized in profit or loss.

(XXIII) Share capital

Ordinary shares are classified as equity. The net amount of increased cost (directly attributed to the issue or warrant of new shares) less income tax, will be recognized as price reduction in equity.

(XXIV) Dividend distribution

The dividend allocated to the shareholders of the Company shall be recognized in the financial report during the resolution of the shareholders meeting to distribute dividend, while cash dividends shall be recognized as liabilities.

(XXV) Revenue recognition

1. Revenue from labor services

   The Company engages in R&D and testing of integrated circuits, and services of turnkey wafer bumping and wafer level packaging and other related businesses. If the following conditions are complied with: (a) with the performance of contract by enterprises, customers acquire and consume the benefits provided by enterprises; (b) the performance of contract by enterprises creates or strengthens the assets which are controlled by the customer during the performance process; (c) the performance of contract by enterprises does not create assets which are useful for other purposes, in addition to the presence of executable rights on the currently completed performance items, then the enterprise will gradually transfer control of the commodity or services over time, thus the performance obligations are gradually fulfilled and are recognized as income. The testing and packaging services provided by the Company meet the condition (b) above, hence they shall be recognized as revenue gradually over time by following the procedure of completion measurement on the performance obligations.

The Company has not adjusted the transaction price to reflect the time value of the currency, because the time interval between the transfer of the promised commodity or services to the customer and the customers payment time has not exceeded one year.

2. Consideration income

The Company retains production capacity to provide semiconductor testing and packaging services to customers. During the term of the contract, if the purchase quantity of customer less than the minimum purchase amount agreed in the contract each year, the Company may claim the balance consideration for the part of the reserved production capacity not exceeding the purchase amount in accordance with the procedures stipulated in the contract. The income from the balance consideration shall meet the performance obligations upon the transfer of control of each performance obligation and shall be recognized as income.

V. The primary sources of uncertainties in major accounting judgments, estimates, and assumptions

While preparing this individual financial report, the management has applied its judgment to determine the accounting policies to be adopted and has made accounting estimates and hypotheses on reasonable expectations of future events based on the current situation on the balance sheet date. The material accounting estimates and hypotheses have been made may differ from the actual results, and the historical experience and other factors will be taken into account for continuous assessment and adjustment. Such estimates and hypotheses carry the risk of leading to material adjustments in the carrying amounts of assets and liabilities in the next financial year. Please refer to the following descriptions of uncertainty of material accounting judgments, estimates and hypotheses:

(I) Important judgment of accounting policy adoption

None.

(II) Significant accounting estimates and hypotheses

None.

VI. Description of major accounting subjects

(I) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 100	$ 100
Checking deposit and demand deposit	210,766	170,270
Time deposits	-	261,430
Total	$ 210,866	$ 431,800

The credit quality of the financial institutions with which the Company has transactions is good, and the Company has transactions with a number of financial institutions to spread credit risk and the possibility of an expected default is low.

(II) Financial assets measured at amortized cost

Items	December 31, 2019	December 31, 2018
Current items:		
Time deposits	$ 879,820	$ 360,715
Non-current items:		
Time deposits	$ 12,000	$ 12,000

1. The details of recognition of financial assets measured by amortized cost as gains or losses are as follows:

	2019	2018
Interest income	$ 7,123	$ 1,324

2. The fixed deposits of amount of $12,000, the purpose of which is limited by the customs guarantee are accounted in "financial assets measured at amortized cost - non-current". Please refer to Note VIII for details.

(III) Accounts receivable

Items	December 31, 2019	December 31, 2018
Accounts receivable	$ 279,199	$ 239,101
Accounts receivable - related parties	32,434	118
	311,633	239,219
Less: allowance for losses and bad debts	-	-
	$ 311,633	$ 239,219

There is no such situation of that the Company have accounts provided as hypothecation security.

1. The aging analysis of accounts receivable is as follows:

	December 31, 2019	December 31, 2018
Not overdue	$ 150,174	$ 184,619
≤30 days	149,830	26,489
31-90 days	11,499	16,996
91-180 days	130	11,115
	$ 311,633	$ 239,219

The above is an aging analysis based on overdue days.

2. Balance amounts of account receivables on December 31, 2019 and December 31, 2018 both were generated from customer contracts and additionally, the amount of account receivable on January 1, 2018 arising from customer contracts was $227,604.
3. Without regard to the security held or other credit enhancement, the maximum amounts of exposure at default best representing credit risk of the Companys accounts receivable on 2019 and December 31, 2018 are $311,633 and $239,219, respectively.
4. For credit risk information, please refer to Note 12 (2).

(IV) Investment under equity method

	2019	2018
January 1	$ 3,271,369	$ 2,399,228
Effects of retrospective application and retrospective restatement	-	$ 5,222
Balance after retrospective application on January 1	3,271,369	2,404,450
Increase investments under equity method	-	750,000
Share of interests from investments under equity method	165,193	120,002
Surplus allocation of investments under equity method	(113,224)	(108,930)
Changes in other equity	(83,769)	105,847
December 31	$ 3,329,529	$ 3,271,369

	December 31, 2019	December 31, 2018
Subsidiary	$ 3,329,529	$ 3,271,369

1. For information about the companys subsidiaries, please refer to Note 4 (3) to the combined financial statements of the company in the year of 2019.
2. In April, 2018, the Company acquired 100% of the capital increase equity of Winstek Semiconductor Technology at the total transaction price of NT $750 million respectively.

(V) Property, plant and equipment

	2019							
		Buildings						
	Land	For self-use	For leasing	Subtotal	Machinery equipment	Office equipment and other equipment	Equipment awaiting examination	Total
January 1								
Cost	$ 194,924	$ 466,219	$ 382,560	$ 848,779	$ 3,510,289	$ 511,698	$ 322	$ 5,066,012
Accumulated depreciation	-	(414,456)	(337,925)	(725,381)	(3,181,385)	(438,187)	-	(4,371,953)
	$ 194,924	$ 51,763	$ 44,635	$ 96,398	$ 328,904	$ 73,511	$ 322	$ 694,059
January 1	$ 194,924	$ 51,763	44,635	96,398	328,904	73,511	322	694,059
Additions	-	2,514	-	2,514	143,654	48,934	-	195,102
Disposal	-	-	-	-	(3,053)	-	-	(3,053)
Reclassification	-	-	-	-	-	322	(322)	-
Depreciation expenses	-	(8,004)	(24,132)	(32,136)	(125,235)	(20,234)	-	(177,605)
December 31	$ 194,924	$ 46,273	$ 20,503	$ 66,776	$ 344,270	$ 102,533	$ -	$ 708,503
December 31								
Cost	$ 194,924	$ 468,733	$ 382,560	$ 85,293	$ 3,400,675	$ 465,877	$ -	$ 4,912,769
Accumulated depreciation	-	(422,460)	(362,057)	(784,517)	(3,056,405)	(363,344)	-	(4,204,266)
	$ 194,924	$ 46,273	$ 20,503	$ 66,776	$ 344,270	$ 102,533	$ -	$ 708,503

	2018					
	Land	Buildings	Machinery equipment	Office equipment and other equipment	Equipment awaiting examination	Total
January 1						
Cost	$ 194,924	$ 845,057	$ 3,603,203	$ 456,467	$ -	$ 5,099,651
Accumulated depreciation	-	(730,072)	(3,275,141)	(437,692)	-	(4,442,905)
	$ 194,924	$ 114,985	$ 328,062	$ 18,775	$ -	$ 656,746
January 1	$ 194,924	$ 114,985	$ 328,062	$ 18,775	$ -	$ 656,746
Additions	-	17,379	123,385	72,362	322	213,448
Disposals	-	-	(4,346)	-	-	(4,346)
Depreciation expenses	-	(35,996)	(118,197)	(17,626)	-	(171,789)
December 31	$ 194,924	$ 96,398	$ 328,904	$ 73,511	$ 322	$ 694,059
December 31						
Cost	$ 194,924	$ 848,779	$ 3,510,289	$ 511,698	$ 322	$ 5,066,012
Accumulated depreciation	-	(752,381)	(3,181,385)	(438,187)	-	(4,371,953)
	$ 194,924	$ 96,398	$ 328,904	$ 73,511	$ 322	$ 694,059

1. The capitalized amount of the borrowing costs of property, plant and equipment was $0 in both 2019 and 2018.
2. Please refer to Note 8 for detailed information regarding the guarantee of property, plant and equipment.

(VI) Lease transactions－Lessee

Applicable for 2019

1. Underlying assets of leased by the Company include any building, machinery equipment, and company vehicles. Normally, the lease term is between two to ten years. All lease contracts are negotiated individually and include various terms and conditions. Except for pledge and guarantee purposes, no other restrictions have been imposed.

2. Information of book value and depreciation expense of right-of-use asset is described below:

	December 31, 2019		2019	
	Book Value		Depreciation Expense	
Machinery equipment	$	27,682	$	107,047
Transportation equipment (Company vehicles)		2,786		983
	$	30,648	$	108,030

3. The increase of right-of-use asset in 2019 of the Group is $2,744 .

4. Information of profit and loss items related to lease contracts is shown below:

	2019	
Items impacting current profit and loss		
Interest income of lease obligations	$	967
Expenses of short-term lease contracts		3,173
Expenses of low-value asset lease		2,655

5. The total amount of cash outflow to rental of the Group in 2019 was $117,304.

(VII) Lease transactions－Lessor

Applicable for 2019

1. Underlying assets of leased out by the Company include any buildings and generally, the lease term is one to five years. Lease contracts are negotiated individually and include various terms and conditions. Requirements are usually made for uses of asset rented for security purpose.

2. In 2018 and 2019, rental income has been recognized as$21,749 and $28,672respectively according to operating lease contracts and there has been no change of lease payment change.

3. Analyses of maturity date of lease payment of operating lease of the Company are shown below:

		December 31, 2019			December 31, 2018
2020	$	28,596	2019	$	3,658
2021		117	2020		3,601
2022		-	2021		2,772
2023		-	2022		2,665
Total	$	28,713	Total	$	12,686

(VIII) Intangible asset

	2019	2018
	Computer software	Computer software
January 1		
Cost	$ 42,046	$ 41,165
Accumulated amortization	(37,032)	(34,614)
	$ 5,014	$ 6,551
January 1	$ 5,014	$ 6,551
Additions	15,378	881
Amortization expenses	(1,942)	(2,418)
December 31	$ 18,450	$ 5,014
December 31		
Cost	$ 57,424	$ 42,046
Accumulated amortization	(38,974)	(37,032)
	$ 18,450	$ 5,014

The amortization details of intangible assets are as follows:

	2019	2018
Operating cost	$ 464	$ 1,218
Administration expenses	1,478	1,200
	$ 1942	$ 2,418

(IX) Other payables

	December 31, 2019	December 31, 2018
Bonus and salaries payable	$ 41,464	$ 41,045
Compensation payable to employees and remuneration payable to Directors	43,761	28,088
Payables on equipment	15,624	1,938
	$ 100,849	$ 71,071

(X) Long-term loans

Loan type	Loan period and repayment method	Interest range	Collateral	December 31, 2019
Long-term bank loans				
Credit borrowing	From November 27, 2018 to November 27, 2021, to repay in installments over the period of the agreement	1.3934%	None	$ 240,000
Less: Long-term loans due within one year or one operating cycle				(60,000)
				$ 180,000

Loan type	Loan period and repayment method	Interest range	Collateral	December 31, 2018
Long-term bank loans				
Credit borrowing	From November 27, 2018 to November 27, 2021, to repay in installments over the period of the agreement	1.3877%	None	$ 300,000
Less: Long-term loans due within one year or one operating cycle				(60,000)
				$ 240,000

Before loans are paid back in full before the each credit duration, financial ratios and terms shall be maintained as summarized below:

1. Current ratio: that is, the net current assets divided by the net current liabilities in combined financial report shall not be less than 100%.
2. Debt ratio: that is, the total net current liabilities plus contingent liabilities divided by tangible net value in the combined financial report shall not be more than 100%.
3. Interest coverage ratio: that is, the net profit before tax plus interest expenses plus depreciation and amortization expenses divided by interest expenses in the combined financial report shall not be less than 10 times.

The combined financial report of the Company of the year 2019 and 2018 met its financial ratio limits.

(XI) Retirement allowance

1. (1) In accordance with the provisions of the "Labor Standards Law", the Company has developed the method to define retirement allowance, which applies to the length of service of all regular employee before the implementation of "Labor Pensions Ordinance" on July 1, 2005, and the length of follow-up service of employee choosing to continue to apply to "Labor Standards Law" after the implementation of "Labor Pensions Ordinance". If the employee is eligible for retirement, the retirement allowance payment shall be calculated based on the service length and the average salary of 6 months before retirement. The service length within 15 years (including) shall be given two cardinalities for each full year, and the service length over 15 years shall be given one cardinality for each full year. However, the cumulative maximum shall be limited to 45 cardinalities. The Company shall transfer 2% of the total salary to the pension fund on a monthly basis, which shall be deposited in the special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Fund Supervision Committee. In addition, the Company shall, before the end of each fiscal year, estimate the balance of the labor retirement reserve fund special account in the preceding paragraph. If the balance is insufficient to pay the retirement allowance amount calculated in accordance with the foregoing calculation for the labor eligible for retirement in the next one fiscal year, the Company shall once allocate the balance by the end of March of the next fiscal year.

(2) The amounts recognized in the balance sheet are as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	$ 44,297	$ 37,392
Fair value of plan assets	(23,080)	(20,561)
Net defined benefit liabilities	$ 21,217	$ 16,831

(3) Changes in net defined benefit liabilities are as follows:

2019	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1	$ 37,392	($ 20,561)	$ 16,831
Interest expense (income)	514	(294)	220
	37,906	(20,855)	17,051
Remeasurement:			
Plan assets return (excluding amounts included in interest income or expenses)	-	(616)	(616)
Impacts of changes in demographic assumptions	2,339	-	2,339
Impacts of changes in financial assumptions	2,269	-	2,269
Experience adjustment	1,783	-	1,783
	6,391	(616)	5,775
Provision of pension funds	-	(1,609))	1,609
Balance as of December 31	$ 44,297	($ 23,080)	$ 21,217

2018	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1	$ 32,725	($ 18,731)	$ 13,994
Interest expense (income)	491	(281)	210
	33,216	(19,012)	14,204
Remeasurement:			
Plan assets return (excluding amounts included in interest income or expenses)	-	(480)	(480)
Impacts of changes in demographic assumptions	2,927		2,927
Impacts of changes in financial assumptions	635	-	635
Experience adjustment	614	-	614
	4,176	(480)	3,696
Provision of pension funds	-	(1,069)	(1,069)
Balance as of December 31	$ 37,392	($ 20,561)	$ 16,831

(4) The Companys defined benefit retirement plan fund assets, is handled entrusted operating by Bank of Taiwan, within the scope of the entrusted operating ratio and amount defined by the funds annual investment application plan, in accordance with items in article 6 of the regulations for the custody and use of the income and expenditure of the labor retirement fund (namely the deposit in financial institutions at home and abroad, investment on equity securities listed at home and abroad, over-the-counter (OTC) or private placed, and investment of property securitization products at home and abroad, etc.), related use is supervised by the Board of Supervisors of the Labor Pension Fund. For the utilization of the fund, the minimum annual income allocated in

the final accounts shall not be less than the income calculated according to the two-year fixed deposit interest rate of the local bank. Any insufficiency, shall be made up by the national treasury after being approved by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it is unable to disclose the classification of the fair value of the plan assets in accordance with paragraph 142 of IAS 19. For the composition of the fair value of the total assets of the fund as in 2019 and at 31 December 2018 and 2017, please refer to the annual report on the use of the labor pension fund published by the government.

(5) Actuarial hypotheses relating to retirement allowance are summarized as follows:

	2019	2018
Discount rate	1.000%	1.375%
Future increase rate of wage	3.000%	3.000%

The hypotheses for future mortality rate are estimated by the fifth experience life table of Taiwan life insurance industry.

The analysis of present value of defined benefit obligations affected by the changes of main actuarial hypotheses adopted is as follows:

	Discount rate		Future increase rate of wage	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
December 31, 2019				
Impact on the present value of defined benefit obligations	($ 1,586)	$ 1,664	$ 1,607	($ 1,541)
December 31, 2018				
Impact on the present value of defined benefit obligations	($ 1,367)	$ 1,434	$ 1,390	($ 1,333)

The above sensitivity analysis is based on the influence of the change of a single hypothesis with other hypotheses unchanged. In practice many of the changes in hypotheses may be linked. The methodology used for sensitivity analysis is consistent with that used to calculate the net pension liabilities of the balance sheet.

The methods and assumptions used in preparing the current sensitivity analysis are the same as those used in the previous period.

(6) The Companys projected allocation to the retirement plan for the year 2020 is $1,478.

(7) As at 31 December 2019, the weighted average duration of the retirement plan is 14.6 years. The maturity analysis of retirement allowance payment is as follows:

Within 1 year	$	512
1 - 2 years		512
2 - 5 years		4,989
5-10 years		7,596
	$	13,609

2. (1) As of July 1, 2005, the Company, in accordance with the "Labor Pensions Ordinance", has developed the method to define retirement allowance, which applies to employees of the nationality. For the retirement system as provided in "Labor Pensions Ordinance" chose by employees, the Company transfer labor retirement allowance of 6% of monthly salary to personal accounts of employees in Labor Security Bureau. Employees can draw the retirement allowance by monthly pension payments or one-time payment based on the amount in the individual pension account and accumulated income of employees

   (2) The retirement allowance costs recognized by the Company by the above mentioned retirement allowance method were $10,053 and $9,773 respectively in the years of 2019 and 2018.

3. The other long-term employee benefit plans (pension) provided by the Company to the employees, which is measured by an actuarial technology on other long-term employee benefit liabilities, in accordance with the actuarial report, recognized as costs and expenses of other long-term employee benefits under the other long-term employee benefit plans of $0 and $1,041 respectively in the years of 2019 and 2018, and in 2019 and on December 31,2018, other long-term employee benefit liabilities is $3,335 and $3,335 respectively.

(XII) Share capital

On December 31, 2019, the Companys authorized capital was NT$4 million, divided into 400 million shares, and the paid-up capital was NT$1,362,617, with a nominal amount of $10 per share. Share payments for the Company’s issued stocks have been collected in full.

Quantities of the Company’s outstanding common shares at the beginning and ending of periods were reconciled as follows:

Unit: 1,000 shares

	2019	2018
January 1/December 31	136,262	136,262

(XIII) Capital surplus

According to the provisions of the Company Act, over face value of share premium, gifts of assets donated to additional paid-in capital for covering deficit. If there is no accumulated deficit in company, company shall issue new shares with existing shares or cash by ratio to shareholders According to the relevant provisions of the Securities Exchange Act, allocated capital from additional paid-in capital, its maximum not exceed the limit of 10% of the paid-up capital each year Company in surplus reserves to fill the capital loss still remains insufficient, may not be complemented by additional paid-in capital.

	2019	
	Issue premium	Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries or disposal of a subsidiary and its book value
January 1/December 31	$ 250,734	$ 115,509

	2018	
	Issue premium	Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries or disposal of a subsidiary and its book value
January 1/December 31	$ 250,734	$ 115,509

(XIV) Retained earnings

1. In accordance with the articles of association of the Company, if there is after-tax surplus in the annual accounts, 10% of the legal capital reserve shall be appropriated after covering the deficiency of previous years, and the special capital reserve shall be appropriated as necessary. If there is still surplus, together with the accumulated undistributed surplus of the previous years, the board of directors may reserve a portion of the surplus based on the business situation, and draw the allocation plan of net income and submit to the board of shareholders for resolution.
2. The dividend allocation policy of the Company shall consider the factors of surplus situation of the Company and the future investment environment, the capital demand, capital budget plan and operating plan, etc., allocated according to the financial structure and the surplus dilution situation, the amount of which shall be not less than 10% of the after-tax surplus in current year, but shall be retained and not assigned if EPS is below $0.5 or dividend allocation will result in a breach of

contract. The Companys surplus may be allocated with stock dividends or cash dividends, of which the cash dividends shall not be less than 10% of the total dividends.

3. The legal capital reserve shall not be used except to cover the Companys deficiency and to issue new shares or cash in proportion to the original shares held by shareholders with the limit of the portion of the reserve exceeding 25% of the paid-in capital.

4. The allocation of surplus for 2018 and 2017 has been resolved in the shareholders meetings on June 10, 2019 and June 12, 2018, respectively. The distribution of earnings plan is as follows:

	2018		2017	
	Amount	Dividend per share (NT$)	Amount	Dividend per share (NT$)
Cash dividend	$ 163,514	$ 1.20	$ 177,140	$ 1.30

5. The Company resolved the surplus allocation plan for the year 2019 by the shareholders meeting on March 9, 2020,

	2019 (Note)	
	Amount	Dividend per share (NT$)
Cash dividend	$ 204,392	$ 1.50

Note: Please visit the Market Observation Post System for information about dividend distribution decided by the Board of Directors of the Company.

(XV) Operating revenue

	2019	2018
Revenue from customer contracts	$ 1,268,512	$ 1,085,489

1. Disaggregation of revenue from client contract

The revenue of the Company is derived from the provision of services that are transferred over time and can be disaggregate into the following main product lines:

2019	Testing income	Other Service income	Total
Segment Revenue	$ 794,335	$ 474,177	$ 1,268,512
Revenue from external customer contracts	$ 794,335	$ 474,177	$ 1,268,512

2018	Testing income	Other Service income	Total
Segment Revenue	$ 1,085,236	$ 253	$ 1,085,489
Revenue from external customer contracts	$ 1,085,236	$ 253	$ 1,085,489

2. Contract assets

The assets and liabilities associated with the clients contract revenue recognized by the Company are as follows:

	December 31, 2019	December 31, 2018	January 31, 2018
Contract assets:			
Contract asset - testing	$ 6,715	$ 6,096	$ 4,061

(XVI) Other income

	2019	2018
Interest income:		
Interest from bank deposits	$ 2,341	$ 3,043
Interest income from financial assets at amortized cost	7,123	1,324
Total interest income	9,463	4,367
Rental income	463	482
	$ 9,927	$ 4,849

(XVII) Other gains and losses

	2019	2018
Interests from disposal of property, plant, and equipment	$ 54,492	$ 10,755
Foreign exchange gains (losses)	(10,933)	(1,064)
Miscellaneous expenses		
Other gains and losses	1,250	1,375
	$ 44,809	$ 11,066

(XVIII) Financial cost

	2019	2018
Interest expense	$ 4,857	$ 393

(XIX) Additional information on the nature of expense

	2019	2018
Employee benefit expenses	$ 328,905	$ 306,475
Depreciation expenses of property, plant, and equipment	$ 285,635	$ 171,789
Amortization expenses of intangible assets	$ 1,942	$ 2,418

(XX) Employee benefits expense

	2019	2018
Wages and salaries expenses	$ 285,909	$ 262,027
Labor and health insurance expenses	21,630	22,331
Pension expense	10,273	9,983
Other employment expenses	11,093	12,134
	$ 328,905	$ 306,475

1. According to the Articles of Association of the Company, if the Company earns profits during the year, 0.1%~15% of which shall be allocated to the employees bonus. Employees remuneration may be distributed in shares or cash, and the counterparty to whom shares or cash are distributed may include the employees of its subordinate companies that meet certain criteria. Bur if the Company still has an accumulated deficiency, the amount to cover should be retained in advance. If the Company earns profits during the year, less than 3% of which shall be appropriated as bonus to directors depending on the situation of the business. Bur if the Company still has an accumulated deficiency, the amount to cover should be retained in advance.
2. The estimated amount of employee bonus of the Company in the years of 2019 and year 2018 is $43,761 and $28,088 respectively; The estimated amount of bonus to directors is $0. The foregoing amount is accounted in the subject of pay expense account.

   The amount of employees bonus and bonus to directors that had been resolved by the board of directors are the same as the amount recognized in the financial report of 2018.

   Information regarding employees bonus and bonus to directors approved by the board of directors of the Company can be found at the open information observatory.

(XXI) Income tax

1. Income tax expense

(1) Income tax expense components:

	2019	2018
Current income tax:		
Income tax incurred in current period	$ 108.383	$ 62,607
Tax on undistributed surplus earning	23,347	40,506
	(2,378)	(2,307)
Total income tax in the period	129,352	100,806
Deferred income tax:		
Initial recognition and reversal of temporary differences	(2,519)	(1,030)
Impacts of tax rate changes	-	(1,706)
Total deferred income tax	(2,519)	(2,736)
Income tax expense	$ 126,833	$ 98,070

2. The relationship between income tax expense and accounting profit

	2019	2018
Income tax calculated on net profit before tax by statutory tax rate	$ 138,889	$ 85,577
Costs exempted as tax law requirement Overestimation amount of prior year's annual income tax	(33,025)	(24,000)
Impacts of tax law amendments on income tax	(2,378)	(2,307)
Tax on undistributed surplus earnings	-	(1,706)
	23,347	40,506
Income tax expense	$ 126,833	$ 98,070

3. The amounts of deferred income tax assets or liabilities generated from temporary differences are as follows:

	2019		
	January 1	Recognized in profit and loss	December 31
Deferred income tax assets:			
- Temporary differences:			
Tax differentials in depreciation expenses	$ 10,412	$ 595	$ 11,007
Unrealized exchange loss	1,621	2,781	4,402
Others	552	(296)	256
Subtotal	12,585	3,080	15,665
Deferred income tax liabilities			
Unrealized exchange gains	(38)	(284)	(322)
Others	(145)	(277)	(422)
Subtotal	(183)	(561)	(744)
Total	$ 12,402	$ 2,519	$ 14,921

	2018		
	January 1	Recognized in profit and loss	December 31
Deferred income tax assets:			
- Temporary differences:	$ 8,344	$ 2,068	$ 10,412
Tax differentials in depreciation expenses	1,322	299	1,621
Unrealized exchange loss	-	552	552
Subtotal	9,666	2,919	12,585
Deferred income tax liabilities	-	(38)	(38)
Unrealized exchange gain	-	(145)	(145)
Subtotal	-	(183)	(183)
Total	$ 9,666	$ 2,736	$ 12,402

4. The Companys business income tax has been checked and approved by the taxation authority until the year 2016.

5. The amendment to the Taiwan Income Tax Act was promulgated and taken into effect on February 7, 2018. The rate of business income tax was increased from 17% to 20%, which will be applicable from 2018. The Company has assessed the influence of this tax rate change on income tax.

(XXII) Proprietors of parent company

	2019		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	$ 567,643	136,262	$ 4.17
Diluted earnings per share			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	567,643	136,262	
Impacts of dilutive potential ordinary shares			
Employee remuneration	-	1,784	
Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders in the current period	$ 567,643	138,046	$ 4.11

	2018		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	$ 329,820	136,262	$ 2,42
Diluted earnings per share			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	329,820	136,262	
Impacts of dilutive potential ordinary shares			
Employee remuneration	-	1,621	
Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders in the current period	$ 329,820	137,883	$ 2.39

(XXIII) Operating lease

Applicable for 2018

1. The Company leases part of the real estate, plant and equipment to its subsidiary Winstek Semiconductor Technology under an operating lease for a period of two years starting from November, 2017. If either party doesnt notify the other party of the termination of the contract before the expiration of the contract, the contract will be automatically extended for another one year. In addition, please refer to Note VII for details of the rental income generated from the base platform for production and the rental income from the lease to related parties.

   In addition, the total minimum future lease payments due to the non-cancelable contract are as follows:

	December 31, 2018
Less than 1 year	$ 3,658

More than 1 year but not more than 5 years	8,982
	$ 12,640

The companys rental income is presented as net amount of depreciation, with details as follows:

	2018
Rental receipt (Note)	$ 28,672
Depreciation expense of leased assets	(28,190)
	$ 482

Note: It is accounted in other income and other benefits and losses for the years 2018.

2. The Company rents machinery and equipment under an operating lease, the lease term of which is from 2018 and 2020, with the right to renew the lease at the end of the lease term. Rental expenses of $188,118 were recognized as current gains and losses for the years of 2018, respectively. In addition, the total minimum future lease payments due to the non-cancelable contract are as follows:

	December 31, 2018
Less than 1 year	$ 112,204
More than 1 year but not more than 5 years	29,995
	$ 142,199

(XXIV) Supplement information of Cash flow

Investment activities with only partial cash payment:

	2019	2018
Purchase of property, plant, and equipment	$ 195,102	$ 213,448
Add: payable on equipment at the beginning of period	1,938	5,138
Less: payable on equipment at the end of the period	(15,624)	(1,938)
Cash paid in the period	$ 181,416	$ 216,648

(XXV) Changes in liabilities generated from financing activities

	Leasing obligations	Long-term loans (note)	Deposit Received	Total liabilities from financing activities
January 1, 2019	$ 135,934	$ 300,000	$ 100	$ 436,044
Changes in cash flows from financing activities	(111,308)	(60,000)	(25)	(171,333)
Change of other non-cash items		-	-	-
Interest costs	967	-	-	967
Impact of exchange rate	(409)	-	-	(409)
Increase of current period	2,744	-	-	2,744
December 31, 2018	$ 27,928	$ 240,000	$ 85	$ 268,013

		Long-term loans (note)	Deposit Received	Total liabilities from financing activities
January 1, 2018	$	$ -	$ 138	$ 138
Changes in cash flows from financing activities		300,000	(28)	299,972
December 31, 2018		$ 300,000	$ 110	$ 300,110

Note: include long-term loans due within one year or one operating cycle.

VII. Related-party transactions

(I) Parent Company and ultimate controlling party

The company is controlled by Bloomeria Limited (incorporated and registered in Singapore) which owns 51.88% shares of the Company. The ultimate parent company and controller of the company is Sigurd Co., Ltd. (incorporated and registered in Taiwan, the Republic of China).

Name of related party	Relationship with the Company
Sigurd Microelectronics Corporation	Ultimate parent company
Winstek Semiconductor Technology Co., Ltd.	Subsidiary

(II) Material transactions with affiliates

1. Operating revenue

	2019	2018
Ultimate parent company	$ 1,574	$ 11,353
Subsidiary	83,822	-
Total	$ 85,396	$ 11,353

Income from labor service mentioned above is processed according to the general transaction price and conditions, and the payment condition is monthly statement 30 -90 days.

2. Receivables from related parties

Items	December 31, 2019	December 31, 2018
Accounts receivable:		
Ultimate parent company	$ 117	$ 118
Subsidiary	32,317	-
Subtotal	32,434	118
Other receivables - plant leasing:		
Subsidiary	325	2,467
Other receivables - management services and services support:		
Subsidiary	1,605	1,565
Other receivables - advance money for another:		
Subsidiary	9,739	9,024
Subtotal	11,669	13,056
Total	$ 44,103	$ 13,174

The receivables from related parties mainly come from the provision of labor services, operating lease, related party management service and business support. There is no mortgage and non-interest bearing on receivables. There is no provision for liability reserve for the receivables from related parties. Please refer to Note 6 (23) of the operating lease for details.

3. Accounts payables to related parties

Items	December 31, 2019	December 31, 2018
Other payables - machine leasing:		
Ultimate parent company	$ -	$ 484
Other payables - business support:		-
Subsidiary	10	473
Other payables - advance money for another:		
Subsidiary	515	117
Total	$ 525	$ 1,074

The payables to related parties mainly come from the machine rental and business support provided by the affiliates. There is no bearing interest on the amount payable.

4. Property transactions

(1) Acquisition of property, plant, and equipment:

	December 31, 2019	December 31, 2018
Ultimate parent company	$ 9,888	$ -

(2) Disposal of property, plant and equipment:

	2019		2018	
	Disposal price	Disposal interest	Disposal price	Disposal interest
Ultimate parent company	$ 57,545	$ 54,492	$ 8,789	$ 4,444

5. Other transactions

	Accounting subject	Amount of transaction 2019	Amount of transaction 2018
Subsidiary	Rental income (accounting for operating costs reduction)	$ 21,286	$ 28,190

	Manage revenue from services and business support (accounting for operating costs and operating expenses reduction)	$ 20,955	$ 21,041
	Business support cost (recorded as operating cost and operating expenses)	$ 6,480	$ 6,573
Ultimate parent company	Rental expenses	$ 2,154	$ 230

6. Endorsement guarantee provided by affiliates

	December 31, 2019	December 31, 2018
Subsidiary	$ 900,000	$ 1,500,000

7. Linked tax regime

Since 2016, the Company and its subsidiaries Winstek Semiconductor Technology have adopted the linked tax regime for combined settlement to declare the affiliates accounts receivable (payable) generated from business income tax. The Company estimates the linked tax receivable (payable) under linked tax regime as follows (respectively accounted in other receivables - affiliates and other payables - affiliates):

	December 31, 2019	December 31, 2018
Subsidiary	$ 33,792	$ 6,013

(III) Compensation information of main management

	2019	2018
Short-term employee benefits	$ 22,513	$ 13,633
Benefits after retirement	432	432
Total	$ 22,945	$ 14,065

VIII. Pledged Assets

The details of the asset pledged as collateral provided by the Company are as follows:

Assets	Book value December 31, 2019	December 31, 2018	Guarantee use
Hypothecated time deposits (financial assets account measured at amortized cost - non-current)	$ $ 12,000	$ 2,000	Customs security
Property, plant, and equipment	-	274,187	Long-term loans of subsidiaries

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) The Company has signed a five-year technical service agreement with STATS ChipPAC Ltd. on August 5, 2015. Within five years from the signed date of this agreement, the Company and Winstek Semiconductor Technology (hereinafter referred to as Winsrek) shall retain the capacity to provide STATS ChipPAC Ltd. s wafer level packaging and testing services. As stipulated in the contract as follows:

1. The Company and Winstek Semiconductor Technology must retain the minimum capacity for STATS ChipPAC Ltd. to provide services timely on a monthly basis; if the purchased quantity from STATS ChipPAC Ltd. is between the minimum production capacity and maximum production capacity, the Company shall provide the services within the adjustable range of the existing production capacity. If STATS ChipPAC Ltd. s order exceeds the maximum capacity of the Company, the Company is not obligated to provide the services.
2. During the term of the contract, STATS ChipPAC Ltd. Shall place an order with the Company and Winstek Semiconductor Technology at the agreed minimum purchase quantity for each year at the agreed price, that is, the Company and Winstek Semiconductor Technology may claim the balance consideration in accordance with the procedures stipulated in the contract for the part of its retained capacity that does not meet the minimum purchase quantity. Settlement should be carried out every twelve months from the date of signing the contract. If STATS ChipPAC Ltd does not meet the minimum purchase amount, it may exercise the right to defer the minimum purchase amount by 5% to the next year, and pay the consideration to the Company and Winstek Semiconductor Technology for the portion of the unfulfilled minimum purchase amount deducted the deferred purchase amount. STATS ChipPAC Ltd. may exercise the right to deferred purchase quantity only once a year, and the deferred portion may not be re-deferred in the following year, and the right cannot be exercised in the last year of the contract.

3. In accordance with the agreement signed by both parties on January 2017, STATS ChipPAC Ltd. agreed to pay the Company consideration amount of US $16,883,000 which is generated from the failure to meet the minimum purchase amount in the second year of the contract (from the date of signing contract to August 4, 2016). The Company recognized the consideration amount as consideration income in the fourth quarter of the year 2016 and the first quarter of the year 2017, of US $8,442,000 ($272,240) and US $8,441,000 ($256,032), respectively, accounted under other income and expenses in the subject of other composite income sheet respectively.
4. In addition, the minimum purchase amount shall be consolidated and the total minimum purchase amount shall remain unchanged as agreed by both parties from the second contract year. The combined minimum purchase amount that STATS ChipPAC Ltd. shall carry out for the Company and Winstek Semiconductor Technology for the next coming four years is as follows:

Currency: US$ 1,000

	The second year	The third year	The fourth year	The fifth year
Minimum purchase amount	$ 80,800	$ 75,100	$ 63,200	$ 51,400
Deferred amount for the second year	4,750	-	-	-
Deferred amount for the third year	(4,040)	4,040	-	-
Deferred amount for the fourth year	-	(3,755)	3,755	-
Deferred amount for the fifth year	-	-	(3,160)	3,160
	$ 81,510	$ 75,385	$ 63,795	$ 54,560

5. Both parties signed the agreement in November 2017. STATS ChipPAC Ltd. deferred 5% of the minimum purchase quantity for the second year (the second contract year is from August 5, 2016 to August 4, 2017) to the next year in accordance with the contract, and agreed to pay the Group a consideration amount of US$15,694,000 ($467,331) for it did not meet the minimum purchase amount in the second year of the contract. STATS ChipPAC Ltd. has performed payment according to the above agreement and also carried out the related purchase in the third year in accordance with the contract, therefore the Groups management believed that the payment of compensation income can almost be ascertained, thus the whole value of it was recognized as compensation income.
6. From August 5 2017 to August 4, 2018, STATS ChipPAC Ltd. has performed a combined purchase amount of US $68,555,000 for the Company and Winstek Semiconductor Technology in the third year of contract and deferred 5% of the minimum purchase amount for the third year of contract to the next year as per

contract. The Company has claimed in accordance with the procedures stipulated in the contract, the balance consideration from STATS ChipPAC Ltd. which is generated from the failure to meet the minimum purchase amount in the third year of the contract.

In consideration of the long-term cooperative relationships of both parties, STATS ChipPAC Ltd. proposed to conciliate based on the long-term business interests. And the Company and Winstek Semiconductor Technology considering the business operations and business judgment, resolved and approved the proposed settlement with STATS ChipPAC Ltd. by the board of directors on September 20, 2018, as follows:

(a) Both parties agree that the technical services agreement shall be extended for another two years (from August 5, 2020 to August 4, 2022). And in accordance with the agreement, STATS ChipPAC Ltd. perform the combined minimum purchase amount for the Company and Winstek Semiconductor Technology of as follows:

Currency: US$ 1,000

	The sixth year	The seventh year
Minimum purchase amount	$ 30,000	$ 30,000

(b) The Company and Winstek Semiconductor Technology retain the capacity of US $40,000,000 per contract year for the extend period of two years to STATS ChipPAC Ltd.
(c) If STATS ChipPAC Ltd. fails to meet the above commitment amount in the current year, the insufficient amount may be postponed to the next year.
(d) STATS ChipPAC Ltd. agrees to purchase from the Company and Winstek Semiconductor Technology on a preferential basis during the fourth year of contract.
(e) Based on the above commercial interests and the long-term cooperative relationship between the two parties, the Company and Winstek Semiconductor Technology will not claim the difference of US $6,830,000 from STATS ChipPAC Ltd., which is less than the minimum purchase amount for the third year of contract.

The said settlement after negotiated by both parties had not been concluded. Later due to the internal consideration of STATS ChipPAC Ltd., it proposed to further negotiate between both parties for the settlement. The Company resolved by the Board of Directors on March 19, 2019 to change the original settlement with ChipPAC Ltd. into STATS settlement. ChipPAC Lt agreed to pay the Group the amount of US$ 5,000,000 (NT$ 153,850,000) for the minimum purchase it failed to meet in the third contract year. Both parties signed the settlement agreement on

March 27, 2019 and the compensation was received in full and recognized as compensation income.

7. In the five-year Technology Service Contract entered between the Company and Winstek and STATS ChipPAC Ltd., on August 5, 2015, in the period of the fourth year (from August 5, 2018 to August 4, 2019) , STATS ChipPAC Ltd. purchased a consolidated amount of US$36, 435,000 from the Company and Winstek and according to the said contract, it deferred 5% of the minimum purchase amount in the fourth contract year to the following year. The discrepancy amount that fails to meet the minimum purchase was resolved by both parties through signing the settlement agreement on October 16, 2019. STATS ChipPAC Ltd. agreed to pay the Company and Winstek US$ 20,520,000 (USD 9,517,000 to the Company) as the compensation. As of March 9, 2020, installments at the amount of US$ 11,000,000 have been received as settled (USD 5,000,000 to the Company)。

8. From August 5, 2019 to December 31, 2019, STATS ChipPAC Ltd. in the fifth year period purchased a consolidated amount of US$ 22,001, 000.

(II) Capital expenditures contracted but not yet incurred

	December 31, 2019	December 31, 2018
Property, plant, and equipment	$ 23,567	$ 15,624

X. Material disaster losses

None.

XI. Material subsequent events

The Company resolved and approved the appropriation plan of net income for the year 2019 by the board of directors on March 9, 2020. Please refer to Note 6 (14) for details.

XII. Others

(I) Capital management

The Companys strategy of the year 2019 remains the same as that of the year 2018, all are dedicating to reduce the debt-to-capital ratio to a reasonable level of risk. As at December 31, 2019 and December 31, 2018, The Companys debt -to-capital ratios were as follows:

	December 31, 2019	December 31, 2018
Total borrowing	$ 240,000	$ 300,000
Less: cash and cash equivalent	(210,866)	(431,800)
Net debt	(29,134)	(131,800)
Total equity	4,888,996	4,574,411
Total capital	$ 4,918,130	$ 4,442,611
Capital and liabilities ratio	0.59%	-

(II) Financial instrument

1. Categories of financial instruments

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	$ 210,866	$ 431,800
Financial assets measured at amortized cost - current	879,820	360,715
Accounts receivable	279,199	139,101
Accounts receivable - related parties	32,434	118
Other receivables	2,567	589
Other accounts receivable - related parties	45,461	19,069
Refundable deposits	1,723	1,723
Financial assets measured at amortized cost - non-current	12,000	12,000
	$ 1,464,070	$ 1,065,115
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable	$ 1,125	$ 1,131
Other payables	100,849	71,071
Other accounts payable - related parties	525	1,074
Liability reserve	1,278	2,761
Long-term loans (including whose due within one year or one operating cycle)	240,000	300,000
Guarantee deposits	85	110
	$ 343,862	$ 376,147
Lease obligations-non-current	$ 27,928	$ -

2. Risk management policy

(1) The board of directors shall fully take the responsibilities for establishment and supervision of the risk management structure of the Company, and take the responsibilities for development and control of the risk management policies of the Company.

(2) The risk management policy of the Company is established to identify and

analyze risks encountered by the Company, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the Companys operations. The Company develops a disciplined and constructive control environment through training, management guidelines and procedures to enable all employees to understand their roles and obligations.

(3) The audit committee of the Company shall supervise the management level to monitor the compliance of the Companys risk management policies and procedures, and review the appropriateness of the Companys relevant management framework for the risks encountered. Internal auditors assist the Companys audit committee in a supervision role. These auditors conduct review on risk management controls and procedures and report the review results to the audit committee.

3. Nature and degree of material financial risks

(1) Market risks

Exchange rate risk

A. The company is engaged in business involving several non-functional currencies. The functional currency of the Company is New Taiwan dollar. The information of foreign currency assets and liabilities affected by significant exchange rate fluctuations is as follows:

	December 31, 2019		
	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT$)
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
US$:NT$	$ 20,257	29.98	$ 607,305
Long-term equity investments under equity method			
US$:NT$	$ 108,058	29.98	$ 3,239,569

	December 31, 2018		
	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT$)
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
US$:NT$	$ 12,077	30.715	$ 370,945
Long-term equity investments under equity method			
US$:NT$	$ 106,507	30,715	$ 3,271,369

B. The monetary items of the Company have significant influence due to the exchange rate fluctuations, and have been recognized and disclosed in the aggregate amounts of exchange gains (losses) of $10,933 and $1,064 respectively in the years of 2019 and 2018.

C. The foreign currency market risks of the Company due to material exchange rate fluctuations are analyzed as follows:

	2019		
	Sensitivity analysis		
	Range of change	Affect the profit and loss	Affect other comprehensive income
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
US$:NT$	1%	$ 6,073	$ -
Long-term equity investments under equity method			
US$:NT$	1%	$ -	$ 32,396

	2018		
	Sensitivity analysis		
	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT$)
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
US$:NT$	$ 1%	$ 3,709	$ -
Long-term equity investments under equity method			
US$:NT$	1%	$ -	$ $ 32,714

Cash flow and fair value interest rate risk

A. Interest rate risk of the Company mainly comes from long-term loans issued according to floating rates that expose the Company to interest rate risk of cash flow. In 2019 and 2018, loans of the Group issued according to floating rates are mainly calculated according to New Taiwan Dollars.

B. Loans of the Company are measured according to costs after amortization and values will be re-evaluated according to annual interest rates stated in contracts. Thus, the Company is exposed to risk of any interest rate change in future market.

C. When any interest rate of loan increased or decreased 1% and all other factors remained unchanged, in 2019 and 2018, net profit before tax respectively reduce or increase $2,400 and $3,000 respectively mainly due to changes of interest expenses arising according to flowing rates of loans.

(2) Credit risk

A. The Companys credit risk is the risk of financial loss to the Company due to the failure of the customer or counterparty of the financial instrument to perform its contractual obligations, and is mainly from the failure of the counterparty to settle accounts receivable payable under the terms of collection and the contractual cash flows of classified as debt instrument investment measured by amortized cost.

B. The Company establishes credit risk management from the Groups perspective. Management and credit risk analysis of terms and conditions on payment and delivery should be carried out before finalization in accordance with internal defined credit policies. The internal risk control assesses customers credit quality by taking into account their financial position, historical experience, and other factors. Individual risk limits are based on internal or external ratings, and the use of credit limits is regularly monitored.

C. The Company according to IFRS9 provides the assumption that when the payment in the contract according to payment terms is overdue more than 90 days, it is deemed as the violation to contract.

D. The Company groups customers accounts receivable and contrac t assets according to the characteristics of customer ratings, using a simplified approach to estimate expected credit losses based on a reserve matrix.

E. The indicators used by the Company to determine credit impairment on debt instrument investments are as follows:

   (A) The possibility of the issuer experiencing material financial difficulties or entering into bankruptcy or other financial restructuring increases;

   (B) The issuer loss the active market for the financial assets due to financial difficulties;

   (C) Arrearage or non-payment of interest or principal from the issuer;

   (D) Adverse changes in national or regional economic conditions that result in issuer default.

F. The Company mainly provides specific customer integrated circuit and semiconductor wafer testing services, and therefore, assesses the credit risk of individual customers, considering its future prospective, adjusts the loss rate established according to the specific historical and current information, to estimate allowance for losses on accounts receivable. On December 31, 2018 and in 2019, the expected shortfall rate after assessment is 0.01%-1% and 0% to 1% respectively.

G. Changes in allowance for losses on accounts receivable of the Company using the simplified approach are as follows:

Accounts receivable	2019
January 1	$ -
Provision of impairment loss	-
December 31	$ -

Accounts receivable	2018
January 1_IAS 39	$ -
Adjustments under new standards	-
January 1_FRS 9	-
Provision of impairment loss	-
December 31	$ -

(3) Liquidity risk

A. Details of the Companys undrawn borrowing are as follows:

	December 31, 2019	December 31, 2018
Fixed interest rate		
Due within 1 year	$ 400,000	$ 500,000
Due for more than 1 year	600,000	600,000
	$ 1,000,000	$ 1,100,000

B. The below table is the non-derivative financial liabilities of the Company and the derivative financial liabilities delivered in net or total amount, grouped according to the relevant maturity date. The non-derivative financial liabilities are analyzed according to the remaining period from the balance sheet date to contract expiration date, while derivative financial liabilities are analyzed according to the remaining period from the balance sheet date to expected maturity. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

December 31, 2019	Less than 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years
Non-derivative financial liabilities:				
Accounts payable	$ 1,125	$ -	$ -	$ -
Other payables	100,849	-	-	-
Other payables - related parties	525	-	-	-
Leasing obligations	28,056	1,236	768	896
Guarantee deposits	-	-	-	85
Long-term loans (including those due within one year)	31,637	31,427	182,090	

December 31, 2018	Less than 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years
Non-derivative financial liabilities:				
Accounts payable	$ 1,131	$ -	$ -	$ -
Other payables	71,071	-	-	-
Other payables - related parties	1,074	-	-	-
Guarantee deposits	-	-	-	110
Long-term loans (including those due within one year)	32,047	31,839	63,053	181,735

(III) Fair value information

1. The Company does not have financial instruments measured at fair value.

2. Financial tools not measured with fair values

Cash and cash equivalents, account receivables (including related parties), other account receivables (including related parties), financial assets amortized according to amortization costs, account payable (including related parties), other payables (including related parties), corporate bond payable within one year and book values of deposit guarantee of the Company are determined with approximated values based on fair values.

XIII. Additional disclosure

(I) Information about significant transactions:

1. Loans to others: None.
2. Endorsements and guarantees: Please refer to Appendix Table 1.
3. Marketable securities held (excluding investments in subsidiaries, affiliates, and jointly control identities): None
4. Accumulated to buy or sell the same marketable securities amount to NT$300 million or more than 20% of the paid-up capital: None
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None
7. The amount of purchase and sales with related parties amounts to NT$100 million or more than 20% of the paid-up capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9. Information about the derivative financial instruments transaction: None.
10. The business relationship between the parent company and its subsidiaries and their subsidiaries, and the status and amount of important transactions: Please refer to Appendix Table 2.

(II) Information on reinvestment

Name of investee companies, location, and other relevant information (excluding investee companies in Mainland China): please refer to attached table III for details.

(III) Information on investment in mainland china

None.

XIV. Segment Information

Please refer to consolidated financial report of 2019 for details.

(Blank below)

Winstek Semiconductor Co., Ltd. and Subsidiaries
Providing Endorsement/guarantee to Others
From January 1 to December 31, 2019

Unit: NT$1,000
(unless otherwise specified)

Table 1

Number (Note 1)	The name of the company that provides endorsement/guarantee	The object receiving endorsement/guarantee		Maximum amount of endorsement/guarantee for a single enterprise (Note 3)	Maximum balance of endorsement/guarantee for the current period (Note 4)	Balance of endorsement/guarantee at the end of current period (Note 5)	Actual amount drawn (Note 6)	Amount of endorsement/guarantee guaranteed with property	Percentage of aggregated amount of endorsement/guarantee with the net value in the most recent financial reports	Maximum amount of endorsement/ guarantee (Note 3)	A parent company provides endorsement/guarantee for its subsidiary (Note 7)	A subsidiary provides endorsement/ guarantee for its parent company (Note 7)	The endorsement/guarantee involves Mainland China (Note 7)	Note
		Name of company	Relationship (Note 2)											
0	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	2	$4,888,996	$ 2,400,000	$ 900,000	$ 450,000	$ -	18%	$ 4,888,996	Y	N	N	

Note 7: The description of the number column is as follows:
(3) The issuer shall fill in 0.
(4) The investees are numbered in alphabetical order beginning with the Arabic numeral 1.

Note 8: Please indicate the relationship between the provider of endorsement/guarantee and the object of endorsement/guarantee, which can be classified into the following six categories:
(8) Companies which are doing business with each other.
(9) Companies of which the Company directly or indirectly holds more than 50% of the voting shares.
(10) Companies of which directly or indirectly hold more than 50% of the voting shares in the Company.
(11) Among companies of which the Company directly or indirectly holds more than 90% of the voting shares.
(12) Companies in the same industry that endorse/guarantee for each other due to the need to contract project; or companies which are endorsed/guaranteed mutually by the same founders under provision of contract.
(13) Companies which are endorsed/guaranteed by all shareholders based on their shareholding percentage due to joint investment.
(14) In accordance with the consumer protection law, Companies in the same industry who perform housing pre-sale contract, are jointly and severally endorsed/guaranteed.

Note 9: The total amount of the Companys external endorsement/guarantee shall not exceed 50% of the Companys most recent net value. The amount of the Companys endorsement/guarante e for a single enterprise shall not exceed 20% of the net value at the time when the company endorses/guarantees.
However, an endorsement/guarantee between the Company and among companies of which the Company directly or indirectly holds 100% of the voting shares, or other companies that the Company has agreed to purchase and upon completion will become a subsidiary of which the Company directly or indirectly holds 100% shares, and approved by a resolution of the Board of Directors, its endorsement/guarantee amount shall not be restricted by the aforesaid total amount of endorsement/guarantee and the limit of endorsement/guarantee for a single enterprise.
However, the endorsement/guarantee to a single enterprise shall not exceed 100% of the net value of the Company in its most recent financial reports audited or reviewed by CPA. In addition, the endorsement/guarantee not between the Company and among companies of which the Company directly or indirectly holds 100% voting shares,
the total cumulative amount of such external endorsements/guarantees shall not exceed 100% of the net value of the Company in its most recent financial reports audited or reviewed by CPA.

Note 10: The maximum balance of endorsement/guarantee for others in the current year.

Note 11: By the end of the year, Chu Fan Company shall undertake the obligation of endorsement/guarantee when the amount of endorsement/guarantee contract/bill signed by it to the bank is approved; Other relevant endorsements/guarantees shall be accounted in the balance of endorsements/guarantees.

Note 12: The actual amount drawn by the company endorsed/guaranteed within the balance of the endorsement/guarantee shall be filled here.
To be filled if a listed/OTC parent company provides endorsement/guarantee for its subsidiary, or if a subsidiary provides endorsement/guarantee for its listed/OTC parent company; "Y" shall be filled in if the endorsement/guarantee involves Mainland China

Winstek Semiconductor Co., Ltd. and Subsidiaries
Providing Endorsement/guarantee to Others
From January 1 to December 31, 2019

Unit: NT$1,000
(unless otherwise specified)

Table2

Serial No. (Note 1)	Name of Related Company	Counterparty	Relationship With the Counterparty (Note 2)	Transaction Nature			
				Account	Amount	Trade Terms	As a Percentage of Consolidated Revenues or Total Assets (Note 3)
0	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	1	Revenue	$ 83,822	It is to be processed in accordance with the price and conditions agreed by both parties.	6.61%
0	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	1	Accounts payable	$ 32,317		0.5%

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:
(1). 0 for parent company.
(2). Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below. Only the category is indicated (no duplicate disclosure is made on two counterparties of the same transaction. For example, in a parent-to-subsidiary transaction, no disclosure is made on the subsidiarys end if disclosure has already been made on the parent compa nys end; in a subsidiary -to-subsidiary transaction, no disclosure is made on one subsidiarys end if disclosure has already been made on the other subsidiary):
(1). Parent to subsidiary.
(2). Subsidiary to parent.
(3). Subsidiary to subsidiary.

Note 3: Calculation for business dealings as a percentage of consolidated total revenues or total assets is explained as follows: for balance sheet items, percentage relative to total assets is calculated using end-of-period balances; for profit and loss accounts, percentage relative to total revenues is calculated using cumulative amount and cumulative total revenues.

Note 4: If the single transaction amount is for less than NT$20,000, it needs not be disclosed, and the relative transactions will no longer be disclosed.

Winstek Semiconductor Co., Ltd. and Subsidiaries
Name, Location, and Other Relevant Information of the Investee Companies (excluding Investee Companies in Mainland China)
From January 1 to December 31, 2019

Unit: NT$1,000
(unless otherwise specified)

Table 3

Name of investing company	Name of the investee company (Notes 1, 2)	Location	Main business items	Original investment amount: At the end of this period	Original investment amount: At the end of last year	Holding at the end of period: Number of shares	Holding at the end of period: Ratio	Holding at the end of period: Carrying amount	Profit and loss of investee company in the current period (Note 2(2))	Investment gains and losses recognized in the current period (Note 2(3))	Note
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	Taiwan	Wafer bumping and wafer level packaging services	$ 2,875,740	$ 2,875740	310,000,000	100%	$ 3,239,569	$ 165,193	$ 165,193	

Note 3: If a public company has a foreign holding company and the consolidated financial report is the main financial report according to local laws and regulations, the disclosure of information about the foreign investee may only include the relevant information of the holding company.

Note 4: In cases other than those described in Note 1, the following information shall be provided:

(4) The columns of "Name of the investee company", "Location", "Main business items", "Original investment amount" and "Shareholding at the end of period", etc., shall be filled in in order according to the reinvestment situation of the (public) company and each reinvestment situation of the investee company under direct or indirect control. The relationship between each investee company and the (public) company (if it is a subsidiary or sub-subsidiary) shall be indicated in the remarks column.

(5) In the column B of "Profit and loss of investee company in the current period", the current profit and loss amount of each investee shall be filled in.

(6) In the column B of "investment gains and losses recognized in the current period", only the recognized profit and loss amount of each directly reinvested subsidiary of this (public) Company and each investee assessed by equity method shall be filled in, and the balance is not required to be filled in. When filling in "recognized profit and loss amount of each directly reinvested subsidiary for the current period", it shall be confirmed that the amount of profit and loss of each subsidiary for the current period has included the reinvestment profit and loss that should be recognized as investment profit and loss according to provisions.

Winstek Semiconductor Co., Ltd.

Statements of Cash and Cash Equivalents

December 31, 2019

Statement (I) Unit: NT$ thousand

Items	Abstract				Amount
Cash					
Petty cash (fund)					$ 100
Demand deposits					
- Taiwan Dollar					125,209
- USA Dollar	USD	2,840,250.37	Rate of exchange	29,98	85,151
- Singapore Dollar	SGD	12,9870.73	Rate of exchange	22,28	289
- Japanese Yen	JPY	424,117.00	Rate of exchange	0.2760	117
					$ 210,866

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Winstek Semiconductor Co., Ltd.

Accounts Receivable

December 31, 2019

Statement (II) Unit: NT$ thousand

Customer name	Abstract	Amount	Note
General customers:			
Customer A		$ 187,219	
Customer B		38,902	
Other		53,078	The balance of each single customer does not exceed 5% of the amount of this subject
		279,199	
Affiliate			
Sigurd Corporation		117	
Winstek Semiconductor Technology Co., Ltd.		32,317	
		$ 32,434	
		311,633	

Winstek Semiconductor Co., Ltd.

Changes in Investments under Equity Method

January 1, to December 31, 2019

Statement (III)

Unit: NT$ thousand

	Opening balance		Increase in the period		Decrease in the period(Note 1)		Ending balance			Market price or net equity value			
Name	Number of shares (thousand shares)	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares (thousand shares)	Shareholding Percentage	Amount	Unit price	Total price	The situation of offering for pledge or collateral	Note
Winstek Semiconductor Technology Co., Ltd.	310,000	$ 3,271,369	-	$ -	-	($ 31,800)	310,000	100%	$ 3,239,569	$ -	$ 3,239,569	None	

Note 1: The current increase includes the impact number of the retrospective application and the retrospective restatement of the investee, cumulative translation adjustments, investment benefit and increase in investment amount.

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Winstek Semiconductor Co., Ltd.

Changes in Property, Plant, and Equipment

January 1, to December 31, 2019

Statement (IV)

Unit: NT$ thousand

Items	Opening balance	Increase in the period	Decrease in the period	Ending balance	The situation of offering for pledge or collateral	Note
Land	$ 194,924	$ -	$ -	$ 194,924	None	
Building	848,779	2,514	-	851,293	None	
Machinery equipment	3,510,289	143,654	(253,268)	3,400,675	None	
Office equipment and other equipment	511,698	48,934	(94,755)	465,877	None	
Equipment awaiting examination	322	-	(322)	-	None	
	$ 5,066,012	195,102	($ 348,345)	4,912,769		

Winstek Semiconductor Co., Ltd.

Changes in Accumulated Depreciation of Property, Plant, and Equipment

January 1, to December 31, 2019

Statement (V)

Unit: NT$ thousand

Items	Opening balance	Increase in the period	Decrease in the period	Ending balance	Note
Building	$ 752,381	$ 32,136	$ -	$ 784,517	
Machinery equipment	3,181,385	125,235	(250,215)	3,056,405	
Office equipment and other equipment	438,187	20,234	(95,077)	363,344	
	$ 4,371,	$ 177,605	($ 345,292)	$ 4,204,266	

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Winstek Semiconductor Co., Ltd.

Statements of Revenue

January 1, to December 31, 2019

Statement (VI) Unit: NT$ thousand

Items	Amount	Note
Labor service income:		
Testing income	$ 794,335	
Other	474,177	
	$ 1,268,512	

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Winstek Semiconductor Co., Ltd.

Statements of Operating Cost

January 1, to December 31, 2019

Statement (VII)

Unit: NT$ thousand

Items	Amount	Note
Depreciation expenses	$ 281,172	
Pay expenditure	195,775	
Consumption expenses	43,434	
Repairment fee	38,707	
Water, electricity and gas charges	37,958	
Other	72,543	The amount of each single subject does not exceed 5% of the amount of this subject
Total operating cost	$ 669,589	

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Winstek Semiconductor Co., Ltd.

Statements of Sales & Marketing Expense

January 1, to December 31, 2019

Statement (VIII) Unit: NT$ thousand

Items	Abstract	Amount	Note
Pay expenditure		$ 8,755	The amount of each single subject does not exceed 5% of the amount of this subject
Other		1,678	
		$ 10,433	

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Winstek Semiconductor Co., Ltd.

Administrative Expenses

January 1, to December 31, 2019

Statement (IX) Unit: NT$ thousand

Items	Abstract	Amount	Note
Pay expenditure		$ 63,600	
Fixed compensation of directors		12,145	
Other		26,600	The amount of each single subject does not exceed 5% of the amount of this subject
		$ 102,345	

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Winstek Semiconductor Co., Ltd.
Statements of Research and Development Expenses
January 1, to December 31, 2019

Statement (X) | Unit: NT$ thousand

Items	Abstract	Amount	Note
Pay expenditure		$ 5,634	
Insurance expense		445	
Other		662	The amount of each single subject does not exceed 5% of the amount of this subject
		$ 6,741	

Winstek Semiconductor Co., Ltd.

Summary Table of Employee Benefits, Depreciation, Depletion, and Amortization Expenses for the Period

January 1, to December 31, 2019

Statement (XI) Unit: NT$ thousand

Function / Nature	2019			2018		
	Items belong to operating costs	Items belong to operating expenses	Total	Items belong to operating costs	Items belong to operating expenses	Total
Employee benefit expenses						
Wages and salaries expenses	$ 195,775	$ 77,989	$ 273,764	$ 17,651	$ 73,126	$ 249,777
Labor and health insurance expenses	17,235	4,395	21,630	17,975	4,356	22,331
Pension expense	7,825	2,448	10,273	7,599	2,384	9,983
Remuneration of Directors	-	12,145	12,145	-	12,250	12,250
Other employee benefits expenses	9,118	1,975	11,093	10,068	2,066	12,134
Depreciation expenses	281,172	4,463	285,635	166,383	5,406	171,789
Amortization expenses	464	1,478	1,924	1,218	1,200	2,418

Note:

1. The number of average employees in this year and the previous year is 318 and 322 respectively, among which the number of Directors who do not serve as employees is 8.
2. For companies with stocks listed on TWSE or traded at Taipei Exchanged, information below shall be disclosed:
   (1) The amount of average employee benefit expense of the current year(“the total amount of annual employee welfare expense of the current year – directors’ remuneration of the current year”/ “the number of employees of the current year – the number of directors not served as employees of the current year) is $1,022; The average employee benefit expense of the previous year(“the total amount of annual employee welfare expense of the previous year –directors’ remuneration of the previous year”/ “the number of employees of the previous year – the number of directors not served as employees of the previous year) was $937.
   (2) The amount of average employee salary expense of the current is $883 (the total amount of annual salary expense of the current year/ “the number of employees of the current year – the number of directors not served as employees of the current year); the amount of average employee expense of the previous year was $795 (the total amount of annual salary expense of the previous year/ “the number of employees of the previous year – the number of directors not served as employees of the previous year.)

   (3) The adjustment of average employee salary expense is 11% (“the average employee salary expense of the current year- the average employee salary expense of the previous year”/ the average employee salary expense of the previous year.)

VI. In case of any financial turnover difficulties of the Company and affiliated companies in the most recent year, up to the date this report is published, the impact on the Companys financial condition shall be stated：None.

Chapter 7 Review and Analysis of the Companys Financial Position and Financial Performance, and A Listing of Risk

I. Comparative Analysis of Financial Condition

Unit: NT$ thousand; %

Item \ Year	2019.12.31	2018.12.31	Differences	
			Amount	%
Current asset	4,206,648	3,636,955	569,693	15.66
Property, Plant and Equipment	2,101,684	2,084,149	17,535	0.84
intangible asset	32,132	20,815	11,317	54.37
Other assets	75,581	38,092	37,489	98.42
Total Assets	6,416,045	5,780,011	636,034	11.00
Current liability	889,134	541,508	347,626	64.20
Non-current liabilities	637,915	664,092	(26,177)	(3.94)
Total liabilities	1,527,049	1,205,600	321,449	26.66
Equity attributable to owners of parent Company	4,888,996	4,574,411	314,585	6.88
Share capital	1,362,617	1,362,617	0	0.00
Capital surplus	366,243	366,243	0	0.00
retained earnings	3,205,990	2,807,636	398,354	14.19
Other equity	(45,854)	37,915	(83,769)	(220.94)
Treasury Stocks	0	0	0	
Non-controlling Interests	0	0	0	
Total equity	4,888,996	4,574,411	314,585	6.88

If the change is over 20% in ratio and over NT$10 million in amount between the two periods, the main reasons are as follows:

1. Intangible assets:
   The increase of intangible assets for this period compared to that of the previous period was mainly due to the increase in the cost of software purchase.
2. Current liabilities:
   Current liabilities increased in the current period compared to that of the previous period was mainly due to the increase in equipment payable and income tax payable.
3. Other equities:
   The decrease in other equity in the current period compared to that of the previous period was mainly due to the decrease in the currency exchange difference translated from the foreign operating agency financial statements during the current period.

II. Financial Performance Analysis

Unit: NT$ thousand; %

Year / Item	2019	2018	Differences	
			Amount	%
Net Operating Income	2,942,669	2,869,643	73,026	2.54
Operating Cost	2,059,476	2,208,110	(148,634)	(6.73)
Gross Operating Profit	883,193	661,533	221,660	33.51
Operating Expense	227,577	225,693	1,884	0.83
Operating Profit	655,616	435,840	219,776	50.43
Non-Operating Income and Expenses	85,017	20,372	64,645	317.32
Current Net Profit Before Tax	740,633	456,212	284,421	62.34
Income Tax Expense (Profit)	172,990	126,392	46,598	36.87
Net Income in Current Period	567,643	329,820	237,823	72.11
Other Comprehensive Gain or Loss (Net of Tax)	(89,544)	102,151	(191,695)	(187.66)
Total Comprehensive Gain or Loss in Current Period	478,099	431,971	46,128	7.24

1. If the change is over 20% in ratio and over NT$10 million in amount between the two periods, the main reasons are as follows:
   (1) Gross operating profit
   The operating gross profit for the current period increased over the same period of last year mainly due to the increase in operating income for the current period compared to that of the previous period as well as the decrease in depreciation expenses for the current period.
   (2) Non-operating income and expense:
   The non-operating income and expenses for the current period increased compared to that of the same period last year mainly due to the increase in real estate disposal, the increase in plant and equipment benefits and the decrease in interest expenses.
   (3) Income tax expenses (benefits):
   The current income tax expense increased compared to that of the same period last year mainly because of the increase in profits for the current period, which resulted in the increase of current income tax expenses.
   (4) Other comprehensive (losses) gains (net after tax):
   The other comprehensive (losses) gains for this period decreased compared to that of the same period last year mainly due to the decrease in currency exchange differences during the conversion of the financial statements for foreign operating agencies.
2. Expected sales volume and its basis:
   The Company sets annual sales targets based on business plans, industry planning and past business performance.
3. Possible impacts on the Companys future financial business and response plans:
   In order to provide a wider range of services and a more diversified customer base and enhance its market competitiveness, Sigurd Microelectronics Corporation became the ultimate holding company after acquiring the equity of major shareholders of the Company to enhance the effective use of resources and complementarity of the Group. The Companys financial condition is good, depending on the market demand changes and customer demand for products and services in the future, the Company will extend the scope of test services and provide customers with more in-depth integration of product reliability verification services and failure analysis services, expand

the market share, so that the Companys operation could grow continuously.

III. Cash Flow

(1) Analysis of recent annual cash flow changes

Unit: NT$ thousand

Opening cash balance	Net cash flow from business activities throughout the year	Net annual cash flow due to investment and financing activities	Effect of change in exchange rate on cash and cash equivalents	Remaining cash amount	Remedial measures for expected cash shortage	
					Investment plan	Materials management plan
1,275,492	1,013,721	(1,846,671)	(11,123)	431,419	–	–

Cash flow change analysis:

1. The net cash inflow from operating activities was mainly due to the depreciation and profit growth of this year, which resulted in cash inflow from operating activities.
2. Net cash outflow from investing activities was mainly caused by an increase in capital expenditure as well as financial assets measured at amortized cost.
3. The net cash outflow from financing activities was mainly due to the repayment of bank loans and the payment of dividends.

(2) Cash liquidity analysis of the coming year

Unit: NT$ thousand

Opening cash balance	Net cash flow from business activities throughout the year	Net annual cash flow due to investment and financing activities	Remaining cash amount	Remedial measures for expected cash shortage	
				Investment plan	Materials management plan
431,419	1,242,900	(1,213,800)	460,519	–	–

Cash flow status analysis:

1. Business activities: Expected to generate operating income and profit to create net cash inflow.
2. Investment activities: Expected to purchase fixed assets and generate net cash outflows.
3. Financing activities: Expected to distribute cash dividends, repay long- and short-term loans and generate net cash outflows.

Remedial measures and liquidity analysis for expected cash shortage: none.

IV. Impact of major capital expenditures on corporate finances and business for the most recent year: None.

V. The main reasons, improvement plan and investment plan for the upcoming fiscal year of the most recent annual reinvestment policy and its profit or loss:

1. Reinvestment Policy

   Based on operational considerations, the Company mainly invests in related fields of the industry, so that the Company can provide a wider range of services and a more diversified customer base. At present, the main business of Winstek Semiconductor Co., Ltd. which the Company holds 100% reinvestment, is wafer bumping and wafer packaging services.

2. The State of Reinvestment Profit or Loss and Improvement Plan

Unit: NT$ thousand

Name of Investment Company	Name of Re-invested Business	Recognized Profit (Loss) Amount in 2019	Main Reason for Profit or Loss	Improvement Plan
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	165,193	Although the annual turnover of Winstek Semiconductor Technology Co., Ltd. in 2019 fell by 2% compared with the previous period, it generated profits due to the effective management of operating costs.	Not applicable.

3. Investment plans for the following year: None.

VI. Risks Management and Assessment

1. The impact of interest rate, exchange rate fluctuations and inflation on corporate profits and losses and future countermeasures:

Unit: NT$ thousand

Item/Year	2018	2019
Net Operating Income	2,869,643	2,942,669
Net Interest Expense	24,574	14,102
Interest Expenses As A Proportion of Net Operating Income (%)	0.86%	0.48%
Net Exchange (Loss) Gain	4,740	(4,442)
Exchange (Loss) Gain As A Proportion of Net Operating Income (%)	0.17%	-0.15%

(1) Changes In Interest Rates

The Companys fix asset investment amount is relatively large and the source of funding is primarily bank loans except for self-provided funds. Therefore, the Companys income is affected by interest rate changes. The Company has kept abreast of the latest market interest rate fluctuations, maintained good relations with banks to obtain the most favorable loan interest rates, timely adjusted the bank loan amounts, and negotiated with new banks in order to obtain the best preferential loan conditions depending on the interest rate conditions in order to reduce the impacts of interest rate changes on the Companys finances. There fore, it is anticipated that changes in interest rates would not cause significant income risks to the Company.

(2) Fluctuation In Exchange

The Companys operating income is mainly valuated in US dollars, and the source of income is mainly in US currency. However, some of the Companys machinery equipment and raw materials are imported from other countries and are valuated in US dollars. Although they have the same position in US dollars, and have offset effects with each other, the profit and loss of the Company are still affected by the exchange rate fluctuations.

In order to reduce the exchange risk for the Company, in addition to collecting the information of international finance, exchange rate and interest rate provided by its correspondent bank for reference as the time point of exchange settlement and payment, specific measures in response to the exchange rate fluctuations as follows:

A. a. In order to achieve the effect of hedging, the foreign currency loans received is used to pay for imported machinery and equipment, to reduce the risk of exchange rate fluctuations by the mutual offset of the foreign currency assets and liabilities.

B. b. Continue to pay attention to the international financial condition, collect information on exchange rate movements from various sources, summarize and analyze exchange rate tendency for reference in response to exchange rate movements.

C. c. Keep close contact with the foreign exchange department of correspondent bank to understand the trend of exchange rate fluctuations, which can be used as a reference for instant/forward exchange trading and settlement.

(3) Depending on future inflation or deflation, the Company will adjust the selling price of products and reduce production costs in response to market price changes.

2. Policies for engaging in high-risk, highly leveraged investments, capital loans to others, endorsements, guarantees and derivatives trading, main reasons for profits or losses and future countermeasures:

The Company has not engaged in high-risk, highly leveraged investment and derivatives trading, the entity of the Companys loans to and endorsements, guarantees made to is its subsidiaries whose financial operations condition is normal, and the Company follows the relevant laws and the "Operational Procedures for Loaning of Company Funds, Endorsements and Guarantees", therefore, there is no possibility of loss.

3. Future R&D plans and expected R&D expenses:

The Company will continue to carry out research and development and introduction of new technology and new processes of packaging and testing, cooperate with the customers requirements on new product in future, developing toward the direction of multi-functionality, high-speed, high reliability and high precision, and actively research and develop and introduce new technology. Future R&D expenditure is estimated to account for 2% of annual net income.

4. The impact of changes in important domestic and foreign policies adopted and legal environment on the Companys financial operations and countermeasures:

The Companys financial operation has not been affected by changes in important domestic and foreign policy and laws in recent years.

5. The impact of changes in science and technology as well as industry on the Companys financial operations and countermeasures:

The Company keeps abreast of changes in technology related to the industry in which it operates and assesses the impact of such changes on the Companys operation. However, the Companys financial operation has not been affected by material changes in technology in recent years.

6. The impact of changes in corporate image on corporate crisis management and countermeasures:

Since the establishment, the Company has been continuously and actively strengthening internal management and improving its quality management ability. There has been no material change in the corporate image in recent years, and there are not any reports in the market that are unfavorable to corporate image.

7. Expected benefits and possible risks associated with any merger and acquisitions:

As of the date of publication of the annual report, the Company has no merger and acquisition plan.

8. Expected benefits and possible risks associated with any plant expansion:

The Company has no plans to expand the plant at present.

9. Risks associated with any centralized purchasing or sales:

In response to frequent changes in market demand, there are multiple suppliers stably supply each major materials required for the operation of the Company, and the Company assesses new suppliers on a planned basis every year, actively looks for new qualified suppliers and alternative material. The Companys major material suppliers are all internationally renowned large factories with sound finance and continuous supply of materials, so there is no risk of centralized purchasing.

The Company has signed a five-year technical service agreement with STATS ChipPAC Ltd. on August 5, 2015. Within five years from the signed date of this agreement, the merged company shall retain the capacity to provide STATS ChipPAC Ltd. with wafer level packaging and testing services. In addition to providing STATS ChipPAC Ltd. with wafer packaging and testing services, the Company is actively developing new customer services on the basis of the deployment of spare capacity to enhance the overall competition niche and diversify the risks of centralized sales.

10. The impact and risk of substantial share transfer or replacement of directors, supervisors or major shareholders holding more than 10% of the shares on the Company: None.

11. The impact and risk of any changes in management right on the Company: none.

12. Disposal of litigation or non-litigation matters: None.

13. Other important risk: None.

VII. Other Important Matters: None.

Security Risk Assessment and Analysis as well as Corresponding Measures

Winstek has built a complete cost-effective network and information security protection system, so as to filter the malicious software and viruses, to protect functional operation of the Companys manufacturing and financial accounting and enterprise resou rce planning (ERP) and other important systems, in order to reduce the unexpected natural disasters or the risk of information system interruption caused by human error.

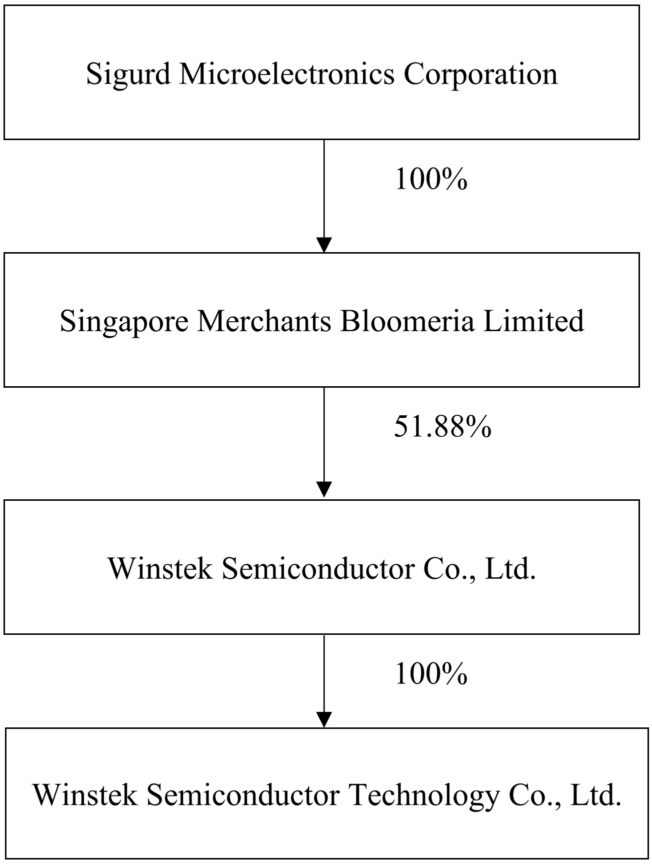
To reduce the risk caused by interruption of information system in the production of the lockout, Winstek continues to eliminate single points system failure, update system security correction program, establish backup assistance architecture with high usability, no tape backup system with rapid recovery, and different backup off-site storage mechanism, to ensure to achieve maximum data preservation and minimum impact on production.

In addition, information security education and guidance on information security practices will be implemented in the on-boarding training program for new employees. Every year, all employees will be given information security promotion and tests, and their scores will be included in the employees appraisal to enhance their information security awareness. To fulfill our commitment to clients by working in parallel with technology and management.

Chapter 8 Special Notes

I. Information Related to the Companys Affiliates

1. Organization Chart of Affiliated Companies



2. Basic Information of Affiliated Enterprises

Company Name	Date of Establishment	Address	Paid-up Capital	Principal Business or Production Items
Winstek Semiconductor Technology Co., Ltd.	2005.09.29	No.176-5, Luliao Pit, 6 Ling, Hualung Chun, Chiung Lin, 307 Hsin-Chiu Hsien, Taiwan	NT$3, 100,000 ,000	Solder bumping and flip chip technology packaging service

3. Presumed to have relationship of controlled and affiliated: None.

4. Industry covered by the overall business of the affiliated enterprises:

   The Company and its affiliated enterprises are engaged in the business of solder bumping, flip chip technology packaging service and semiconductor testing service.

5. The name of directors, supervisors and general managers of each affiliated enterprise and their shareholding or capital contribution in the enterprise:

December 31, 2019; Unit: thousand share

Company Name	Title	Name or Representative	Share holding	
			Number of Shares	Shareholding Percentage
Winstek Semiconductor Technology Co., Ltd.	Chairman	Representative of Winstek Semiconductor: Huang Hsing Yang	3,100,000	100%
	Director	Representative of Winstek Semiconductor: Weng Chih Li		
	Director	Representative of Winstek Semiconductor: Wu Min Hung		

6. Operation overview of each affiliated enterprise:

December 31, 2019; Unit: NT$ thousand

Company Name	Capitalization	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Profit (Loss)	Current Net Profit (After Tax)
Winstek Semiconductor Technology Co., Ltd.	3,100,000	4,227,786	988,217	3,239,569	1,758,498	176,811	165,193

7. Consolidated financial statements of related enterprises

In 2019 (from January 1, 2019 to December 31 2019), the "companies" required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards No.10 (IFRS 10) approved by the Financial Supervisory Commission (FSC), and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the proceeding consolidated financial statements of parent and subsidiary companies, thus the Company is not required to prepare separate consolidated financial statements of affiliates. (See page 96 for details)

8. Affiliation Reports

Winstek Semiconductor Co., Ltd.

(Stock Code: 3265)

Affiliation Reports

2019

Winstek Semiconductor Co., Ltd.

Affiliation Reports Statements

The Companys affiliation reports for the fiscal year of 201 9 (from January 1, 2019 to 31 December 2019) was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and the disclosed information is not materially inconsistent with the information disclosed in the notes to the financial statements of the above-mentioned period.

Company Name: Winstek Semiconductor Co., Ltd.

Principal: Huang Hsing Yang

March 9, 2020

Winstek Semiconductor Co., Ltd.

CPA Review Report on the Affiliation Reports

ZH Issuance Letter No. 19008485

Winstek Semiconductor Co., Ltd. Company seal:

Winstek Semiconductor Co., Ltd.s affiliation reports for the fiscal year of 201 9 was prepared in accordance with the provisions under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and the relevant financial information has been reviewed by the CPA as well as the relevant information disclosed in the notes to the financial statements of the Company during the above-mentioned period. According to the review results of the CPA, relevant information has been disclosed in Winstek Semiconductor Co., Ltd.s affiliation reports for the fiscal year o f 2019 which was prepared in accordance with the provisions under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", the financial information is consistent with the financial statements and no material amendments are required.

PwC Taiwan
Li Tien I
CPA
Chiang Tsai Yen
Financial Supervisory Commission (FSC)
Approved Certificate No.:
FSC Approved Certificate No.1020028992
FSC Approved Certificate No.1060025097
March 9, 2020

Winstek Semiconductor Co., Ltd.

2019 Affiliation Reports

I. Overview of the Relationship Between The Subordinate Company and the Controlling Company

The Company is a subsidiary of Sigurd Microelectronics Corporation (hereinafter referred to as "Sigurd Corporation" and the information is as follows:

Unit: Share; %

Name of the Controlling Company	Reasons for the Control	Details of Shareholding and Pledges			Any Directors or Supervisors Appointed to the Subordinate Company by The Controlling Company	
		Number of Shares Held	Shareholding Percentage	The Number of Shares Under Pledge	Title	Name
Sigurd Corporation	The Ultimate Parent Company That Has Control Over The Company	Consolidated Shareholding 70, 694, 438 (Note)	Consolidated Shareholding Percentage 51.88% (Note)	-	Chairman Director Director Director Director	Huang Hsing Yang Wu Min Hung Yeh Tsan Lien Kuo Hsu Tungg Hsieh Chao Hung

Note: Sigurd Corporation took control of the Companys parent company Bloomeria Limited on October 13, 2017, and indirectly acquired 51.88% equity of the Company, becoming the ultimate parent company of the Company.

II. The situation of transactions

The transactions between the Company and the controlling company Sigurd Corporation are as follows:

(I) Purchase (sale) of goods: Please refer to Schedule 1 for details.

(II) Property transactions: Please refer to Schedule 2 for details.

(III) Financing: None.

(IV) Asset leasing: Please refer to Schedule 3 for details.

(V) Other significant business transactions: No significant business transactions.

III. Endorsements and guarantees: None.

IV. Other Matters with A Significant Effect on Finances and Business: None.

Schedule 1

Purchase (Sale) of Goods

Unit: NT$ thousand; %

Transactions Status With Controlling Companies				Terms of Transaction With The Controlling Companies		General Terms of Transaction		Reason for Difference	Accounts Receivable (Payable), Notes Receivable (Payable)		Overdue Accounts Receivable			Remarks
Purchase (Sale) of Goods	Amount	As A Proportion of Total Goods Purchased (Sold)	Gross Profit On Sales	Unit Price (NT$)	Credit Granting Period	Unit Price (NT$)	Credit Granting Period		Balance	As A Proportion of Total Accounts Receivable (Payable) or Notes Receivable (Payable)	Amount	Treatment Method	Amount of Allowance for Bad Debts	
Reveune	$1,574	0.12%	12%	Note 1	Monthly statement 30 days	Note 1	Monthly statement 30 ~ 90 days	Note 1	$ 117	0.04%	$ -	-	$ -	None

Note 1: Goods and services are purchased from related parties on general commercial terms and conditions.

Schedule 2

Property Transactions

Unit: NT$ thousand; %

Transaction Category (Acquisition or Disposal)	Asset Name	Transaction date or fact occurrence date	Transaction amount	Transaction or payment terms	Price payment status	Income disposal	Previous data transfer				Transaction determination method	Basis of reference for price determination	Other terms Item
							Owner	Relationship with the company	Transfer date	Amount			
Disposal	Machinery equipment	January 2019	$ 26,108	Monthly settlement 30 days	Collected	$ 26,108	Equipment supplier	None	August 2004	$ 88,271	President:	Agreement reached by the Parties	None
Disposal	Machinery equipment	March 2019	25,847	Monthly settlement 30 days	Collected	25,847	Equipment supplier	None	October 2004	85,494	President:	Agreement reached by the Parties	None
Disposal	Machinery equipment	July 2019	5,591	Monthly settlement 30 days	Collected	2,537	Equipment supplier	None	March 2013	14,897	President:	Agreement reached by the Parties	None
Obtained	Machinery equipment	September 2019	9,821	Monthly settlement 30 days	Paid	-	Equipment supplier	None	October 2007	28,495	President:	Agreement reached by the Parties	None
Obtained	Machinery equipment	September 2019	67	Monthly settlement 30 days	Paid	-	Equipment supplier	None	September 2010	193	President:	Agreement reached by the Parties	None

Schedule 3

Asset Leasing

Unit: NT$ thousand; %

Transaction Type	Name of the Object Leased		Lease Period	Nature of Leasing	Determination Method of Leasing Price	Collection (Payment) Method	Comparison With Ordinary Leasing Price Levels	Total Leasing Price for the Current Period	Collection/Payment Status in The Current Period	Other Stipulations
	Name	Location								
Lessee	Machinery Equipment	The Company	From November 2018 to November 2019	Operating lease	Determined by agreement between both parties	Monthly payment	Normal	$2,154	Full payment	None

II. Where the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the Company by the Companys subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

IV. Other matters that require additional description: None.

V. Matters that materially affect shareholders equity or the price of the Companys securities specified in Article 36, Paragraph 2, Subparagraph 2 of these regulations, occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

VI. The primary OTC listed company shall include an explanation of any material differences from the rules of Taiwan in relation to the protection of shareholder equity: Not applicable.

Winstek Semiconductor Co., Ltd.

Chairman of the board: Huang Hsing Yang