

Stock Code: 3265



Winstek Semiconductor Corporation

2020 Annual Report

Published on April 30, 2021

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- I. Name, Job title, Contact telephone number and email of the Company's 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 : Liang Yi Zhong
Job Title of Deputy Spokesperson : Director of Sales &Marketing
Contact Number : 03-5936565 ext.616
Email Address : Chao.liang@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 Hsieh Chin-Cheng 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

In 2020, COVID-19 and the increasing tension between China and the United States made the global semiconductor business environment less optimistic than expected at the beginning of the year. However, the performance of Taiwan's semiconductor industry showed a super high level of growth and expansion against the trend. It displayed a high degree of competitiveness, showing that the epidemic control of Taiwan is outstanding, thus allowing Taiwan to fully play its role as a global semiconductor supplier and receive orders from other countries. Taiwan, therefore, becomes the target to win over by both China and the United States in the extended Sino-US trade war. This highlights the important strategic position of Taiwan's semiconductors in the global market. In 2020, the output value of the domestic IC industry was NT\$3,001.9 billion, 12.6% higher than that in 2019.

Due to the development of COVID-19 vaccines, the epidemic situation gradually eased. According to IMF, the global economy has been returning to positive growth from the 2020 recession, and the global economic growth rate in 2021 will be 5.2%. The epidemic has changed people's lifestyles, including daily social interaction, work, shopping, communication and entertainment, and will also generate new demand and business opportunities. Under the influence of the epidemic, the development of digital technology applications such as AI, 5G and IoT will accelerate, and business opportunities related to servers, base stations, Netcom devices and smartphones will gradually ferment after the peak of the epidemic. They will drive the development of relevant upstream components.

In the IC industry this year, the epidemic situation is expected to stabilize. The popularization of vaccines is gradually warming up the global economy; in addition, the recovery of electronic terminal product sales is driving consumer spending. Taiwan has the world's most advanced semiconductor packaging and testing capability and heterogeneously integrated packaging and testing technology for wafers, which can meet the high integration and efficiency requirements of global electronic terminal products. The effects of order transfer by IDMs, commercial transfer to 5G, home economy and the launch of new mobile phones and game machines will help the growth of Taiwan's IC packaging industry. According to the research data of IKE, the output value of Taiwan's packaging and testing industry in 2021 is expected to be NT\$586.5 billion, up 6.8% over 2020.

With the support of all personnel and customers, the , the result of operation performance of the Company in last year is specified below:

- I. The consolidated operating revenue in 2020 was NT\$2.61 billion, down 11.1% from NT\$2.94 billion in the previous year. The net profit after tax in 2020 was NT\$210 million, a decrease of NT\$360 million from NT\$570 million in the previous year. The earnings per share in 2020 was NT\$1.54, NT\$2.63 less than the earnings per share of NT\$4.17 in the previous year.

II. Budget execution: the Company did not disclose any financial forecast in 2020.

Financial structure, ability to repay debts, and profitability analysis

The financial situation and profitability of the Company are sound. The analysis of financial structure, ability to repay debt and profitability is shown below:

Items		Parent Company only Financial Statements		Consolidated Financial Statements	
		2020	2019	2020	2019
Financial Structure	Debt-to-asset ratio (%)	4.6%	11.2%	16.9%	23.8%
	Long-term capital to fixed asset ratio (%)	690.1%	689.4%	284.4%	259.1%
Debt-paying Ability	Current ratio (%)	554.2%	360.8%	596.2%	473.1%
	Quick Ratio (%)	547.6%	355.8%	581.5%	461.3%
Profitability	Return on assets (%)	4.1%	10.8%	3.6%	9.5%
	Return on shareholders' equity (%)	4.4%	12.0%	4.4%	12.0%
	Net profit margin (%)	27.9%	44.7%	8.0%	19.3%
	Earnings per share (NTD)	1.54	4.17	1.54	4.17

The Condition of Research and Development

As 5G is still the focus of the semiconductor industry chain layout, it will drive the demand for advanced packaging and testing processes. Driven by the popularization of 5G product technology applications, the development of electronic terminal products moves towards the trends of low price, multi-function, high efficiency and high integration, and systems and packaging modules with heterogeneous integration have a greater demand. The Company will continue to maintain close cooperation with customers and actively invest in 5G product-related technologies and production capacity to meet the future needs of customers.

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. 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.

Based on the economic condition of the industry and with reference to the forecast of various professional forecasting agencies on the semiconductor industry and the packaging and testing industry, the COVID-19 epidemic is expected to stabilize, and the popularization of vaccines is

gradually warming up the global economy; in addition, the recovery of electronic terminal product sales is driving consumer spending. It is expected that the company's sales volume and revenue in 2021 will remain cautiously optimistic.

Impact of external environmental, regulatory and overall business environment

The successive occurrence of Sino-US trade disputes and the COVID-19 epidemic challenged the production layout of the existing global supply chain. They brought changes to the current system of the global economic division of labor. In addition to the trend of technology diversion between the United States and China, under the thinking of diversifying risks in the post-epidemic era and the development of local economy in various countries, the global layout of the manufacturing industry has become an unstoppable trend.

Looking forward to the future, the epidemic may change people's lifestyle, including daily social interaction, work, shopping, communication and entertainment, and will also generate new demand and business opportunities. The International Institute of Obstetrics estimates that AI, 5G, IoT and other digital technology applications will accelerate the development under the influence of the epidemic. The business opportunities of related servers, base stations, Netcom devices and smartphones will gradually ferment after the peak of the epidemic. All these are expected to continue to drive the demand for wafer-level packaging and testing in Taiwan.

Thank you for the continuous support and encouragement from all shareholders to the Company, and I hope you will continue to give us advice and encouragement. I wish all shareholders

good health and good luck.

Winstek Semiconductor Corporation.

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 Company's 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
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 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 Singapore's 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
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%

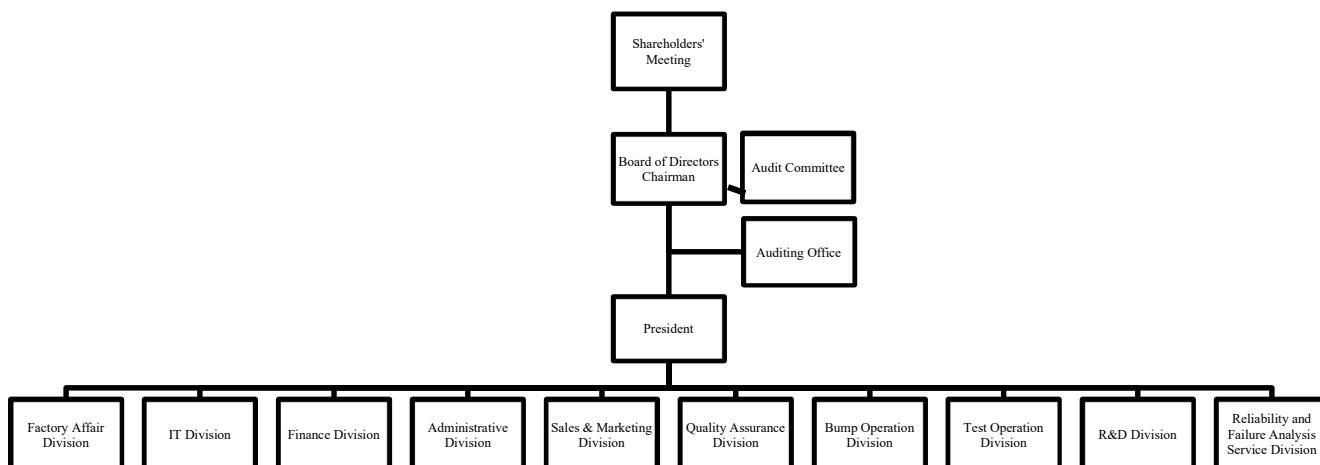
	equity of the Company, becoming the ultimate parent company of the Company
March 2018	Passed the Revision Certification of ISO9001 Quality System - Edition 2015
March 2018	Passed the New Edition Certification of IATF16949 Quality System - Edition 2016
March 2018	Passed the Revision Certification of ISO14001 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
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.
August 2020	Certified with SONY GP (Green Partner)
October 2020	Awarded as Best Bonded Factory by 2019 Taipei Customs of

	Customs Administration, the Ministry of Finance
March 2021	Certified with ISO9001:2015 Edition Followed by a Full Three-Year Certification; Expansion of Flip Chip Production Line
March 2021	Certified with IAFF 16949:2016 Edition Followed by a Full Three-Year Certification
March 2021	Certified with ISO/IEC 17025:2017 Edition Followed by a Full Three-Year Certification
March 2021	Certified with ISO 14001:2015 Edition Followed by a Full Three-Year Certification
March 2021	Certified with ISO 45001: 2018 Edition

Chapter 3 Corporate Governance Overview

I. Organization System

1. Organization Structure



2. Responsibilities and Functions of Major Divisions

Division	Responsibilities
President Office	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.

	<ul style="list-style-type: none"> 9. Customer quality complaint management. 10. Verification of nonconformities, corrections and preventive actions.
Administrative Division	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	ROC	Ge-Shing Corporation Representative: Hsing-Yang Huang	Male	June 2020	3 years	November 2017	32,000	0.02	70,726,438	51.9	0	0	0	0	Management Master's degree at the National Taiwan University, General Manager of Schlumberger 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 Ge-Shing Corporation; Chairman of Winstek Semiconductor Technology Corporation	None	None	None	None
Director	ROC	Chih-Li Weng	Male	June 2020	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 Corporation	None	None	None	None
Director	ROC	Ge-Shing Corporation Representative: Tsan-Lian Yeh	Male	June 2020	3 years	November 2017	32,000	0.02	70,726,438	51.9	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	ROC	Ge-Shing Corporation Representative: Hsu-Tung Kuo	Male	June 2020	3 years	November 2017	32,000	0.02	70,726,438	51.9	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	ROC	Ge-Shing Corporation Representative: Chao-Hung Hsieh	Male	June 2020	3 years	November 2017	32,000	0.02	70,726,438	51.9	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	June 2020	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	Remuneration committee member of the Company; Independent Director and remuneration committee member of Sigurd Microelectronics	None	None	None	None

															chairman/Director of the Auditing Office/Chief Secretary of CHC Group; Supervisor of Walton Cement International/CHC Construction/Lintes Technology Co., Ltd.	Corporation				
Independent Director:	ROC	Wei Jen Yu	Male	June 2020	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	June 2020	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 STATChipPAC Ltd, Head of Flip Chip Engineering for Altera Corporation, San Jose	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
Ge-Shing Corporation	Sigurd Microelectronics Corporation (100%)

Representative of Top 10 Institutional Shareholders (April 12, 2021)

Name of corporate shareholder	Major shareholders of the corporate shareholder
SIGURD MICROELECTRONICS CORPOR	Yanyuan Investment Co., Ltd. (2.94%)
	Taiwan Cooperative Bank Co., Ltd. (2.01%)
	Huang Hsing-Yang (1.63%)
	Norges Bank Investment Account Entrusted to Citibank Taiwan (1.58%)
	Designated Account of Limited Partnership of LSV Emerging Markets Fund Entrusted to Bank of Taiwan (1.38%)
	Designated Account of PGIA ETF Series Fund Investment of Progressive Global Investment Advisor Limited (PGIA) Entrusted to Taipei Branch of JPMorgan Chase Bank (1.31%)
	Chiou Ming-Chun(1.31%)
	Designated Account of Vanguard Emerging Markets ETF Managed by Vanguard Group Entrusted to Taipei Branch of JPMorgen Chase Bank (1.14%)
	Designated Account of Credit Suisse Group AG Entrusted to Sales Department of Standard Chartered (1.08%)
	Designated Account of ISHARES Core MSCI Emerging Markets ETF Fund Entrusted to Sales Department of Standard Chartered (0.92%)

(3) Directors' Professional Qualifications and Independent Analysis

April 09, 2021

Name	Criteria	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
Ge-Shing Corporation Representative: Hsing-Yang Huang			✓			✓							✓	✓	✓	✓	0
Chih-Li Wen			✓			✓							✓	✓	✓	✓	0
Ge-Shing Corporation Representative: Tsan-Lian Yeh			✓			✓							✓	✓	✓	✓	0
Ge-Shing Corporation Representative: Hsu-Tung Kuo			✓			✓							✓	✓	✓	✓	0
Ge-Shing Corporation Representative: Chao-Hung Hsieh			✓			✓							✓	✓	✓	✓	0
Min-Kai Lin			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Wei Jen Yu			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
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 09, 2021; Unit: share

Occupational title (Note 1)	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 Technology Three 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 Corporation	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 Semiconductor Co., Ltd. Engineering Manager at World-Wide Test Technology Inc. Hardware Engineer at Caesar Technology Inc.	None	None	None	None	None
Bump Operating 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	None	None	None	None	None

											Engineering at Winstek Semiconductor Technology Co., Ltd. Assistant Manager of Tron-e 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 Corporation	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 Corporation	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								Remunerations for part-time employees								After-tax earnings ratio of the sum of A, B, C, D, E, F, and G (%)	Received transfer interprise remuneration from companies other than a subsidiary			
		Remuneration (A)		Retirement and pension (B)		Remunerations for directors (C)		Business execution expense(D)		After-tax earnings ratio of the sum of A, B, C, and D (%)		Salary, bonus and special expenditure (E)		Retirement and pension(F)		Remunerations for employees (G) (Note 6)						
		All companies covered	All companies mentioned in the financial report	All companies covered	All companies mentioned in the financial report	All companies covered	All companies mentioned in the financial report	All companies covered	All companies mentioned in the financial report	All companies covered	All companies mentioned in the financial report	All companies covered	All companies mentioned in the financial report	All companies covered	All companies mentioned in the financial report	Cash amount	Stock amount			Cash amount	Stock amount	All companies covered	All companies mentioned in the financial report
General Directors	Ge-Shing Corporation Representative: Hsing-Yang Huang (Note1)	8,168	8,168	0	0	0	0	768	768	4.3%	4.3%	16,082	18,995	108	108	0	0	0	0	11.9%	13.3%	None
	Ge-Shing Corporation Representative: Tsan-Lian Yeh (Note1)																					
	Ge-Shing Corporation Representative: Hsu-Tung Kuo (Note1)																					
	Ge-Shing Corporation Representative: Chao-Hung Hsieh (Note1)																					
	Chih-Li Weng																					
General Directors	Singapore Merchants Bloomeria Limited Representative: Hsing-Yang Huang (Note 2)	8,168	8,168	0	0	0	0	768	768	4.3%	4.3%	16,082	18,995	108	108	0	0	0	0	11.9%	13.3%	None
	Singapore Merchants Bloomeria Limited Representative: Tsan-Lian Yeh (Note 2)																					
	Singapore Merchants Bloomeria Limited Representative: Min-Hung Wu (Note 3)																					
Independent Director:	Singapore Merchants Bloomeria Limited Representative : Hsu-Tun Kuo (Note 2)	2,900	2,900	0	0	0	0	45	45	1.4%	1.4%	0	0	0	0	0	0	0	0	1.4%	1.4%	None
	Min-Kai Lin																					
	Wei Jen Yu																					
	Wen-chou Vincent Wang																					

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 Company's independent directors shall be in accordance with Article 23 of the Company's Articles of Association. The Salary and Remuneration Committee shall review the contribution value and operation participation by the Company's directors, associate the performance risks with compensation received in a reasonable fair manner, take into account the Company's 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

Note 1: Elected on June 9,2020.

Note 2: Discharged on June 9,2020.

Note 3: Discharged on July 6,2020.

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	In the Company's Financial Report H	The Company	All companies within the Financial Report I
Below NTD 1,000,000	Yeh Tsan Lien (Note 1), Kuo Hsu Tung (Note 1), Hsieh Chao Hung (Note 1), Wu Min Hung(Note 2) Wen-chou Vincent Wang	Yeh Tsan Lien (Note 1), Kuo Hsu Tung (Note 1), Hsieh Chao Hung (Note 1), Wu Min Hung(Note 2) Wen-chou Vincent Wang	Yeh Tsan Lien (Note 1), Kuo Hsu Tung (Note 1), Hsieh Chao Hung (Note 1), Wu Min Hung(Note 2) Wen-chou Vincent Wang	Yeh Tsan Lien (Note 1), Kuo Hsu Tung (Note 1), Hsieh Chao Hung (Note 1), Wu Min Hung(Note 2) Wen-chou Vincent Wang
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	Weng Chih Li, Wei Jen Yu, Lin Min Kai	Weng Chih Li, Wei Jen Yu, Lin Min Kai	Wei Jen Yu, Lin Min Kai	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 1)	Huang Hsing Yang (Note 1)	Huang Hsing Yang (Note 1)	Huang Hsing Yang (Note 1)
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: Served as the Representative of Singapore Bloomeria Limited between 2020/01/01~2020/06/09 and as the Representative of Ge-Shing Corporation between 2020/06/09~2020/12/31.

Note2 : 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	6,763	15,322	297	513	13,468	15,952	639	0	2,139	0	10.11%	16.20%	None
Vice President	Chao Tzu Chieh(Note1)													
Vice President	Huang Fu Shen(Note2)													
Vice President	Chen Chien Hsun													
Vice President	Huang Hao Chi													

Note 1: Discharged in February 2021.

Note 2: Discharged in September 2020.

Note 3: On March 9, 2020, the Board of Directors of the Company approved the amount to be distributed as employee remuneration but the name list of employee remuneration has not been finalized. The said amount is the estimated one.

Table of Compensation Ranges

Remuneration Bracket for the Company's President and Vice President	Name of the President and Vice President	
	The Company	All companies within the Financial Report E
Below NTD 1,000,000		
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	Huang Fu Shen	Huang Fu Shen
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)		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

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

Unit: NT\$ thousand

	Title	Name	Stock	Cash	Total	Ratio accounted for compared to the total net income%
M a n a g e r	President	Weng Chih Li	0	3,292	3,292	1.57%
	Vice President	Chen Chien Hsun				
	Vice President	Huang Hao Chi				
	Supervisor of Finance Division	Tang Li Ying				
	Supervisor of Accounting Division	Kui-Chu Liu				

Note : On March 9,2020 the Board of Directors of the Company approved the amount to be distributed as director remuneration, but the name list of director remuneration has not been finalized. The said amount is the estimated one.

3. 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

Occupational title	2020						2019					
	All companies covered			Financial Report Companies			All companies covered			Financial Report Companies		
	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	8,939	209,398	4.27%	8,939	209,398	4.27%	9,860	567,643	1.74%	9,860	567,643	1.74%
Independent Directors	2,955		1.41%	2,955		1.41%	2,945		0.52%	2,945		0.52%
President and Vice Presidents	21,168		10.11%	33,926		16.20%	22,749		4.01%	38,082		6.71%

(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 Company's operating objectives, and shall handle in accordance with the Company's Articles of Association and Article 29 of the Company Act.

In terms of remuneration determination, remuneration policies and systems for the Company's 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 Company's remuneration committee in a professional and objective manner; which shall propose recommendations to the board of directors.

Overall planning for the Company's 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	Ge-Sihing Corporation Representative: Huang Hsing Yang	4	0	100%	Appointed on June 9, 2020
Director	Ge-Sihing Corporation Representative: Yeh Tsan Lien	4	0	100%	Appointed on June 9, 2020
Director	Ge-Sihing Corporation Representative: Kuo Hsu Tung	4	0	100%	Appointed on June 9, 2020
Director	Ge-Sihing Corporation Representative: Hsieh Chao Hung	4	0	100%	Appointed on June 9, 2020
Chairman	Singapore Merchants Bloomeria Limited Representative: Huang Hsing Yang	2	0	100%	Discharged on June 9, 2020
Director	Singapore Merchants Bloomeria Limited Representative: Wu Min Hung	3	0	100%	Discharged on July 6, 2020
Director	Singapore Merchants Bloomeria Limited Representative: Yeh Tsan Lien	2	0	100%	Discharged on June 9, 2020
Director	Singapore Merchants Bloomeria Limited Representative: Kuo Hsu Tung	2	0	100%	Discharged on June 9, 2020
Director	Singapore Merchants Bloomeria Limited Representative: Hsieh Chao Hung	2	0	100%	Discharged on June 9, 2020
Director	Weng Chih Li	6	0	100%	Reappointed on June 9, 2020
Independent Director	Lin Min Kai	6	0	100%	Reappointed on June 9, 2020
Independent Director	Wei Jen Yu	6	0	100%	Reappointed on June 9, 2020
Independent Director	Wen-chou Vincent Wang	6	0	100%	Reappointed on June 9, 2020

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
4st Board of Directors Meeting in 2020 (2020.03.09)	Modification of Partial Provisions of the "Rules Governing Director Remuneration and Distribution" 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.
	Change of CPAs for the 2020 Financial Statements of the Company and CPA's Independence and Suitability 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.
4nd Board of Directors Meeting in 2020 (2020.08.05)	Modification of Partial Provisions of the "Rules Governing Handling Procedures of Derivatives Transactions" 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.

	Modification of Provisions of Internal Control System Governed by the Procedure of Financial Statement Preparation 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.
5nd Board of Directors Meeting in 2020 (2020.11.03)	Enactment of Regulations Governing the “Rules for Irregular Loaning Funds and Evaluation” 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
1st Board of Directors Meeting in 2020 (2020.03.09)	Resolution proposed by the Remuneration Committee on 2019 salary and remuneration paid to managers	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.
3rd Board of Directors Meeting in 2020 (2020.4.28)	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:

Evaluation Period (Note 1)	Evaluation Period (Note 2)	Scope of Evaluation (Note 3)	Evaluation Method (Note 4)	Evaluation Contents (Note 5)
Once per Yea	From January 1, 2020 to December 31, 2020	1. Overall Performance of the Board of Directors 2. Performance of Directors	Internal Self-Evaluation of the Board of Directors	Performance Evaluation of the Board of Directors: Participation level in operations of the Company, decision-making quality of the

		3. Performance of Functional Committees		<p>Board of Directors, composition and structure of the Board of Directors, election and continuous studies of Directors, and internal control Performance Evaluation of Directors: Command of objectives and missions of the Company, awareness of Directors toward their duties, participation level in operations of the Company, management and communication of internal relations, professional and continuous studies of Directors, and internal control Performance Evaluation of Functional Committees:</p> <p>Participation level in operations of the Company, awareness toward duties, decision-making quality of functional committees, composition, election, and structure of functional committees and internal control</p>
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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 in July, 2009 set up the Audit Committee to assist the Board of Directors to carry out their duties. The Board of Directors on August 5, 2020 entrusted the 6th Remuneration Committee with duties to suggest, evaluate and monitor salary and remuneration standards of Directors and managers, employee stock option plans, employee bonus plans , and other incentive plans of the Company. Additionally, the Board of Directors of the Company enacted the Rules governing performance evaluation of the Board of Directors for internal self-evaluations. In 2020, results of self-evaluations for “Overall Performance of the Board of Directors,” “Performance of Directors,” and “Performance of Functional Committees” were shown good.

2. Audit Committee Meeting Status

The Audit Committee of the Company was established on June 26, 2009 after the general shareholders’ meeting consisting of three independent directors of the Company. At least, each committee meeting shall be held quarterly. The Committee aims to assist Directors in monitoring accounting, audit, financial reporting processes and quality and integrity of financial control, mainly including reviews of:

- (1) Financial statements auditing and accounting policies and procedures
- (2) Internal control systems and related policies and procedures
- (3) Material asset or derivatives transactions
- (4) Material capital loan and endorsement or guarantee
- (5) Raise or issue securities

- (6) Derivatives and cash investment
- (7) Regulatory compliance
- (8) Related-party transactions and potential conflicts of interests involving executive officers and directors
- (9) Complaint report
- (10) Fraud prevention and investigation report
- (11) IT security
- (12) Corporate risk management
- (13) The hiring, discharge, or compensation of an CPA
- (14) The appointment or discharge of financial, accounting, or internal auditing officers

A total of 4 (A) meetings have been held by the Audit Committee in 2020, 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%	Reappointed on June 9, 2020
Independent Director	Wei Jen Yu	4	0	100%	Reappointed on June 9, 2020
Independent Director	Wen-chou Vincent Wang	4	0	100%	Reappointed on June 9, 2020

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:

Audit Committee Meeting Dates	Content of Resolution	Resolution Result of Audit Committee	Handling of the Company towards Opinion of the Audit Committee	Resolution Adopted by the Board of Directors
1st Audit Committee Meeting in 2020 (2020.03.09)	(1) The Company's 2020 annual business report, individual financial report, and consolidated financial report.	Passed by all attending audit committee members without objections.	Not Applicable	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.
	(2) Entrustment of CPAs for the 2020 Financial Statements of the Company and CPA's Independence and Suitability	Passed by all attending audit committee members without objections.	Not Applicable	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.
2nd Audit Committee Meeting in 2020 (2020.04.28)	(1) The Company inspected the consolidated financial quarterly report for the 1st quarter of 2020.	Passed by all attending audit committee members without objections.	Not Applicable	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.
3rd Audit Committee Meeting in 2020 (2020.08.05)	(1) Review of the 2020 Q2 Consolidated Financial Statement of the Company	Passed by all attending audit committee members without objections.	Not Applicable	The Chair asked all Directors attending the meeting and the resolution was

					adopted unanimously.
		(2) Modification of Partial Provisions of the “Rules Governing Handling Procedures of Derivatives Transactions”	Passed by all attending audit committee members without objections.	Not Applicable	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.
		(3) Modification of Provisions of Internal Control System Governed by the Procedure of Financial Statement Preparation	Passed by all attending audit committee members without objections.	Not Applicable	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.
4th Audit Committee Meeting in 2020 (2020.11.03)		(1) The Company inspected the consolidated financial quarterly report for the 3rd quarter of 2020.	Passed by all attending audit committee members without objections.	Not Applicable	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.
		(2) Enactment of Regulations Governing the “Rules for Irregular Loaning Funds and Evaluation”	Passed by all attending audit committee members without objections.	Not Applicable	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.

(II) Besides the said item, is there any resolution not approved by the Audit Committee but adopted and approved by more than two thirds of members of the Board of Directors: 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.

<p>(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?</p>	<p>Yes</p>	<p>No</p>	<p>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.</p> <p>(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.</p>	<p>(II) No difference.</p>
<p>(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?</p>	<p>Yes</p>		<p>(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.</p>	<p>(III) Compliance with the code of practice on corporate governance.</p>
<p>(IV) Does the Company regularly evaluate its external auditors' independence?</p>			<p>(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 to the laws and regulations. The Company has also assessed the independence of CPAs once a year.</p> <p>In March 9 2020, 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</p>	<p>(IV) Compliance with the code of practice on corporate governance.</p>

			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 Hsieh Chih-Cheng and CPA Chiang Tsai-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? Does the Company respond to stakeholders' questions on corporate responsibilities? -	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 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.	Compliance with the code of practice on corporate governance.
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	Yes		(I) The Company regularly discloses its financial operations and corporate governance status on Market Observation	(I) Compliance with the code of practice

<p>governance status?</p> <p>(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.)?</p> <p>(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?</p>	<p>Yes</p> <p>Yes</p>		<p>Post System. We also established our corporate website (in Chinese and English) to disclose more important financials and corporate governance status.</p> <p>(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.</p> <p>(III) The Company has published the 1st, 2nd and 3rd quarter financial reports as well as the monthly operating status within the prescribed deadline.</p>	<p>on corporate governance.</p> <p>(II) Compliance with the code of practice on corporate governance.</p> <p>(III) No inconsistency.</p>																										
<p>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)?</p>	<p>Yes</p>		<p>(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.</p> <p>(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 Company's website and established the communication channels for stakeholders.</p> <p>(III) Continuing Education of Directors:</p>	<table border="1" data-bbox="1061 954 2063 1417"> <thead> <tr> <th>Job Title</th> <th>Name</th> <th>Date of Continuous Study</th> <th>Name of Organizer</th> <th>Name of Course</th> <th>Hour of Study</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Independent Director</td> <td rowspan="3">Lin Min-kai</td> <td>2010.09.24</td> <td>Securities & Futures Institute</td> <td>Theories and Applications of Blockchain</td> <td>3</td> </tr> <tr> <td>2010.11.05</td> <td>Taiwan Corporate Governance Association</td> <td>Impacts and Responses to the Sino-US Trade Wars</td> <td>3</td> </tr> <tr> <td>2020.11.05</td> <td>Taiwan Corporate Governance Association</td> <td>Disputes and Case Studies of Management Rights</td> <td>3</td> </tr> <tr> <td>Independent Director</td> <td>Wei Ren-Yu</td> <td>2020.11.10</td> <td>Taiwan Corporate Governance</td> <td>New Perspectives towards the Company Act, Enhancement</td> <td>3</td> </tr> </tbody> </table>	Job Title	Name	Date of Continuous Study	Name of Organizer	Name of Course	Hour of Study	Independent Director	Lin Min-kai	2010.09.24	Securities & Futures Institute	Theories and Applications of Blockchain	3	2010.11.05	Taiwan Corporate Governance Association	Impacts and Responses to the Sino-US Trade Wars	3	2020.11.05	Taiwan Corporate Governance Association	Disputes and Case Studies of Management Rights	3	Independent Director	Wei Ren-Yu	2020.11.10	Taiwan Corporate Governance	New Perspectives towards the Company Act, Enhancement	3
Job Title	Name	Date of Continuous Study	Name of Organizer	Name of Course	Hour of Study																									
Independent Director	Lin Min-kai	2010.09.24	Securities & Futures Institute	Theories and Applications of Blockchain	3																									
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Independent Director	Wei Ren-Yu	2020.11.10	Taiwan Corporate Governance	New Perspectives towards the Company Act, Enhancement	3																									

			Association	of Corporate Governance, and Guarantee of Shareholders' Rights	
		2020.11.10	Taiwan Corporate Governance Association	Elite Retention and Introduction to Employee Reward Systems	3
Directors	Huang Hsing-Yang, Yeh Tsan-Lien, Kuo Hsu-Dung, Hsieh Chao-Hung, Min-Hung Wu	2020.11.05	Taiwan Corporate Governance Association	Impacts and Responses to the Sino-U.S. Trade Wars	3
			Taiwan Corporate Governance Association	Disputes and Case Studies of Management Rights	3
<p>(IV) Risk management policies and risk measurement standards implementation status:</p> <ul style="list-style-type: none"> 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 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. <p>(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."</p>					

			<p>(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.</p> <p>(VII) The Company has submitted a report to the board of directors to purchase liability insurance for the directors covering a period of year 2020 with a liability limit of US \$10 million.</p>
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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		Nationality or Domicile	Operational Judgments	Accounting and Financial Analysis	Operation Management	Crisis Management	Knowledge of the Industry	International Market Perspective	Leadership Decision-making
Name of Director									
Chairman	Huang Hsing Yang (Note)	Taiwan	✓	✓	✓	✓	✓	✓	✓
Director	Weng Chih Li	Taiwan	✓	✓	✓	✓	✓	✓	✓
Director	Yeh Tsan Lien (Note)	Taiwan	✓	✓	✓	✓	✓	✓	✓
Director	Kuo Hsu Tung (Note)	Taiwan	✓	✓	✓	✓	✓	✓	✓
Director	Hsieh Chao Hung (Note)	Taiwan	✓	✓	✓	✓	✓	✓	✓
Independent Director	Lin Min Kai	Taiwan	✓	✓	✓	✓	✓	✓	✓
Independent Director	Wei Jen Yu	Taiwan	✓	✓	✓	✓	✓	✓	✓
Independent Director	Wen-chou Vincent Wang	USA	✓		✓	✓	✓	✓	✓

Note: Legal Representative of Ge-Shing Corporation

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 Company's 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 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 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 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) With no condition listed by Article 30 of Company Act.

(2) Compensation Committee Meeting Status

- There are 3 members in the Company's Compensation Committee.
- Current Term: From August 5, 2020 to June 8, 2023. 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%	Reappointed on August 5, 2020
Member	Wei Jen Yu	2	0	100%	Reappointed on August 5, 2020
Member	Liao, Chin-Yi	2	0	100%	Reappointed on August 5, 2020

Annotations:

The content and resolution of the proposal in the remuneration committee's meeting in the most recent year and The Company's disposal of the compensation committee's opinions:

Compensation Committee	Content of Motion and Follow-up Actions	Result of Resolution	The Company's Disposal of The Compensation Committee's Opinions
1st Remuneration Committee Meeting in 2020 (2020.03.06)	(1) Resolution on 2019 Manager Salary and Remuneration	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.	Passed by All Directors Present at the Board of Directors
	(2) Modification of Partial Provisions of the "Rules Governing Remuneration Distribution of Directors and Supervisors"	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.	Passed by All Directors Present at the Board of Directors
	(3) Modification of Partial Provisions of the "Rules Governing Remuneration Distribution of Managers"	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.	Passed by All Directors Present at the Board of Directors
2nd Remuneration Committee Meeting in 2020 (2020.04.28)	(1) Resolution on 2019 Employee Remuneration Distributed to Managers of the Company	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.	Passed by All Directors Present at the Board of Directors
	(2) Resolution on Distribution of Performance Bonus Distributed to Managers of the Company	The Chair asked all Directors attending the meeting and the resolution was adopted unanimously.	Passed by All Directors Present at the Board of Directors

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 Company's 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.

5. Situation and Reason of Implementation Difference from that of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

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		<p>1. Environmental Protection</p> <p>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.</p> <p>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.</p> <p>2. Supplier Management</p> <p>The Company attaches great importance to customer satisfaction and social corporate responsibility. It has worked closely with</p>	(I) In compliance with the Corporate Social Responsibility Code of Practice.

		<p>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.</p> <p>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.</p> <p>3. Employee and Employer Relations</p> <p>The Company has harmonious labor-management relationship, 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</p>	
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		<p>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.</p> <p>4. Anti-Corruption</p> <p>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.</p> <p>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.</p>	
2. Has the Company established a full (part) time unit to 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?	Yes	<p>The Company has established the Corporate Social Responsibility 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.</p> <p>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.</p>	(I) In compliance with 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?	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.	(I) In compliance with the Corporate Social Responsibility Code of Practice.
(II) Is the Company committed to improving resources utilization efficiency and using recycled materials that can lower the impact on environmental?	Yes		(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.	(II) The same as above.
(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		(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 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.	(III) The same as above.
(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 $\geq 80\%$.	(IV) The same as above.
4. Social Issues				
(I) Has the Company formulated the related management policies and procedures according to the relevant regulations	Yes		(I) The Company has formulated the relevant labor and ethics management provisions pursuant to the relevant labor laws	(I) In compliance with the Corporate Social

and international human rights conventions?			and regulations, provided management rules for employees to follow and protected the legitimate rights and interests of employees.	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 environment and regularly implemented safety and health education for employees?	Yes		(III) The Company has established a labor safety and health 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.	(III) The same as above.
(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	(VI) The same as above.

			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.	
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, ISO145001, OHSAS18001 and Sony Green Partner and relevant certification.			

6. Situation and Reason of Implementation Different from that of Ethical Corporate Management Best Practice Principles for TWSE/GTSM

Listed Companies

Assessment Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
<p>I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(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?</p> <p>(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”?</p> <p>(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?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>(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.</p> <p>(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.</p> <p>(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</p>	<p>(I) Compliance with the code of practice on corporate governance.</p> <p>(II) Same as above.</p> <p>(III) Same as above.</p>

			according to the relevant laws and regulations.	
II. Ethic Management Practice				
(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 Reporting Procedure" education training and law advocacy lectures for all employees each year.	(V) Same as above.
III. 3. Implementation of Complaint System				

<p>(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?</p> <p>(II) Has the Company set the standard operation procedures and related confidential mechanisms to investigate the complaints received?</p> <p>(III) Has the Company adopted proper measures to protect a complainant from retaliation for his/her filing a complaint?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>(I) Compliance with the code of practice on corporate governance.</p> <p>(II) Same as above.</p> <p>(III) Same as above.</p>
<p>IV. Strengthen information disclosure</p> <p>(I) Does the Company disclose its guidelines on business ethics and information about implementation of such guidelines on its website and the MOPS?</p>	<p>Yes</p>		<p>(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 Company website by the information personnel.</p>	<p>(I) Compliance with the code of practice on corporate governance.</p>
<p>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.</p>				
<p>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.</p>				

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 Company's website for details.
8. Other significant information to facilitate better understanding of the company's implementation on corporate governance shall also be disclosed: please refer to the MOPS or the Company's official website for details.

9. Internal Control System Execution Status
(1) Statement on Internal Control System

Winstek Semiconductor Corporation
Statement of Internal Control System

Date: March 9, 2021

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2020:

- I. The Company's 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, 2020, 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 Company's 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, 2021, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Winstek Semiconductor Corporation

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. In the recent financial year and as of the date when this Annual Report was published, whether the Company and its insiders are punished by laws or punished due to the violation to rules governing the internal control system and disciplines may result in significant impacts on shareholders' rights or prices of securities, the contents of disciplines, major drawbacks, and improvement shall be specified: 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 2020:

Meeting Name	Meeting Date	Important Resolution Items	Implementation
2020 Regular Shareholders' Meeting	June 9,2020	1. Approval of 2019 Annual Operational Report and Financial Statements	Pursuant to Article 230 of the Company Act, the resolutions shall be distributed to all shareholders.
		2. Acknowledged the Company's 2019 annual earnings distribution.	The surplus for 2019 has been fully distributed, August 3, 2020 was set as the dividends distribution base date, and cash dividends were issued on August 20, 2020.
		3. Approval of Modification of Partial Provisions of the "Corporation By-laws"	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 3, 2020.
		4. Approval of Elected Directors of the Company	Nine Directors (including three Independent Directors) were elected and the approval of newly elected Directors by the Department of Commerce, Ministry of Economic Affairs was obtained in July 2020.

(2) Major resolutions of Board Meetings from 2020 to April 30, 2021

Date	Important Resolution Items
March 09,2020	<ol style="list-style-type: none"> 1. Passed the 2019 annual employee and director remuneration. 2. Passed the Company's 2019 annual business report and financial report. 3. Passed the Company's 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 Company's 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 Company's 2020 financial report certification CPA change as well as independence and suitability evaluation report.

	11. Passed the Company's 2019 annual internal control system evaluation efficiency and internal control system declaration.
April 28, 2020	1. Passed the Company's 2020 first quarter consolidated financial report. 2. Passed the Company's board of directors proposals and reviewed the list of candidates for directors as well as independent directors.
June 09, 2020	Approval of Election of Mr. Huang Hsing-Yang as the Chairman of the Company
August 05, 2020	1. Approval of 2020 Q2 Financial Statements of the Company 2. Adopted the Resolution on No Dividend Distribution by the Company in the first accounting year of 2020. 3. Approval of Modification of Partial Provisions of the “Rules Governing Handling Procedures of Derivatives Transactions” 4. Approval of Modification of Provisions of Internal Control System Governed by the Procedure of Financial Statement Preparation 5. Approval of Modification of Operational Procedure of the “Accounting System” 6. Approval of Appointment of Members of the 6 th Remuneration Committee of the Company
November 06, 2020	1. Approval of the 2020 Q3 Consolidated Financial Statement of the Company 2. Approval of Enactment of Regulations Governing the “Rules for Irregular Loaning Funds and Evaluation”
December 21, 2020	1. Approval of the 2021 Operational Plan 2. Approval of the 2021 Audit Plan
March 09, 2021	1. Approval of 2020 Employee and Director Remuneration Distribution of the Company 2. Approval of the 2020 Operational Report and Financial Report of the Company 3. Approval of the 2020 Dividend Distribution of the Company 4. Approval of By-election of Directors of the Company 5. Approval of Abolishing Non-competition Restrictions on Newly Elected Directors and Representatives 6. Approval of Date, Venue, Agenda, and Resolution Proposals Accepted of the 2021 General Shareholders’ Meeting 7. Approval of Modification of Partial Provisions of the “Rules for Irregular Loaning Funds and Evaluation” 8. Approval of Modification of Partial Provisions of the “Organizational Regulations of Audit Committee” 9. Approval of Modification of Partial Provisions of the “Organizational Regulations of Remuneration Committee” 10. Approval of Modification of Partial Provisions of the “Organizational Regulations of Remuneration Committee” 11. Approval of Modification of Partial Provisions of the “Rules Governing Elections of Directors” 12. Approval of Effectiveness Evaluation of the 2020 Internal Control System and Internal Control Statement 13. Approval of Modification of Partial Provisions of the “Operational Procedure for Self-evaluation of the Internal Control System”
April 27, 2021	1. Approval of the 2020 Q1 Consolidated Financial Report of the Company 2. Approval of Nomination and Candidate of Direction Election of the Company

12. In the recent financial year and as of the date when this annual report was printed, whether any Director or Independent Director held different opinions towards important resolution and there is a record or written statement: None.
13. In the recent financial year and as of the date when this annual report was printed,

whether any Chairman, General Manager, Head of Accounting, Head of Finance, Head of Internal Audit, Head of Corporate Governance and Head of R&D resigned or is discharged: None.

IV. Information on CPA Audit Fees

Name of Accounting Firm	Name of CPA		Audit Period	Note
PwC Taiwan	Hsieh Chih Cheng	Tsai-Yan Chiang	2020.01.01 ~ 2020.12.31	To incorporate with internal job transfer of PwC Taiwan, the originally entrusted CPAs Li Tien-Yi and Chiang Tsai-Yen were replaced as CPAs, Hsieh Chih-Cheng and Chiang Tsai-Yen since the 2020 Q1 Quarterly Report.

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

Public expenses items		Audit expenses	Non-audit expenses	Total
Amount grade				
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)			

- 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 Hsieh Chih Cheng and CPA Chiang Tsai Yen	2,535	0	0	0	280	280	2020.01.01~2020.12.31	

- 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 10% compared to that of the previous year; the amount, proportion and reasons for the audit certification expenditure reduction must be disclosed: None.

V. CPA's Information:

1. Regarding the Former CPA

Date of Changes	Approved by Board of Directors on March 9, 2020		
Reasons and Explanation of Changes	To incorporate with internal job transfer of PwC Taiwan, the originally entrusted CPAs Li Tien-Yi and Chiang Tsai-Yen were replaced as CPAs, Hsieh Chih-Cheng and Chiang Tsai-Yen since the 2020 Q1 Quarterly Report.		
Specify whether the appointment is terminated or rejected by the consignor or CPAs	Status	Client	CPA
	Appointment terminated automatically		Not Applicable
	Appointment rejected (discontinued)		Not Applicable
Opinions other than unmodified opinion issued in the last two years and the reasons for the said opinions	None		
Any disagreement in opinion with the issuer	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	None		✓
Explanation			
Supplementary Disclosure (Disclosures specified in Article 10, Paragraph 6, Subparagraphs 1-4 to 1-7 of the Standards)	None		

2. Successor CPAs

Name of Accounting Firm	PwC Taiwan
Name of the CPA	CPA Hsieh Chih Cheng and Chiang Tsai Yen
Date of Appointment	2020.03.09
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 company's 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 Company's 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
Mahority Shareholder and Director of Legal Person	Ge-Shing Corporation	70,694,438	0	0	0
Representative of Legal Director and Chairman	Huang Hsing Yang (Note 1)	0			
Representative of Legal Director	Yeh Tsan Lien (Note 1)	0			
Representative of Legal Director	Kuo Hsü Tung (Note 1)	0			
Representative of Legal Director	Hsieh Chao Hung (Note 1)	0			
Mahority Shareholder and Director of Legal Person	Bloomeria Limited, Singapore	(70,694,438)			
Representative of Legal Director and Chairman	Huang Hsing Yang (Note 2)	0	0	0	0
Representative of Legal Director	Yeh Tsan Lien (Note 2)	0	0	0	0
Representative of Legal Director	Wu Min Hung (Note 3)	0	0	0	0
Representative of Legal Director	Kuo Hsü Tung (Note 2)	0	0	0	0
Representative of Legal Director	Hsieh Chao Hung (Note 2)	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(Note 4)	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(Note 5)	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: Elected on June 9, 2020.

Note 2: Discharged on June 9, 2020.

Note 3: Discharged on July 6, 2020.

Note 4: Resigned on February 11, 2021.

Note 5: Resigned on September 18, 2020

2. Stock trade with related parties:

Name	Reason for Equality Transfer	Date of Transaction	Trading Counterparty	Relations of Trading Counterparty with the Company, Directors, Supervisors, Managers, and Shareholders who Own more than 10% of Shares	Number of Shares	Trading Price
Singapore Bloomeria Limited	Handling	2020.07.06	Ge-Shing Corporation	Legal Person Director of the Company	70,694,438	Stock-for-stock exchange was handled according to Article 156-3 of the Company Act; Ge-Shing Corporation issued Singapore Bloomeria Limited new shares for Singapore Bloomeria Limited to hold 70,694,438 shares of Winstek at the relevant amount.

3. Stock pledge with related party: None.

VIII. Related Party Relationship Among The Company's 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	
Representative of Ge-Shing Corporation., Huang Hsing-Yang	70,726,438	51.90%	0	0	0	0	None	None	
	0	0	0	0	0	0	None	None	
Tsai Cheng-Ta	4,203,000	3.08%	0	0	0	0	None	None	
Lu Te-Seng	1,900,000	1.39%	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	
Small-cap Capital Stock Fund of Jaketti Emerging Market Managed by HSBC	836,000	0.61%	0	0	0	0	None	None	
Chen Hou-Guang	804,000	0.59%	0	0	0	0	None	None	
Huang Yi	691,000	0.51%	0	0	0	0	None	None	
Representative of Silan Corporation, Cheng Chuo-Ren	609,000	0.45%	0	0	0	0	None	None	
	0	0	0	0	0	0	None	None	
You Chien-Hui	606,000	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 Corporation	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\$940,000,000 by 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	None	Note 18

						NT\$1,173,000		
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 9, 2021; 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 9, 2021; Unit: Person/Share

Shareholder Structure	Quantity	Government Agencies	Financial Institutions	Other juridical Persons	Natural Persons	Foreign Institutions & Individuals	Total
Number of shareholders		0	0	27	9,100	59	9,186
shareholdings		0	0	72,277,338	56,611,006	7,373,315	136,261,659
Holding Percentage		0.00%	0.00%	53.04%	41.55%	5.41%	100%

4. Shareholding Distribution Status

Par value per share of NT\$10 April 9, 2021; Unit: Person/Share

Shareholder Ownership	Number of Shareholders	Ownership	Holding Percentage
1 to 999	1,999	410,873	0.30%
1,000 to 5,000	5,738	11,455,238	8.41%
5,001 to 10,000	753	6,092,905	4.47%
10,001 to 15,000	173	2,230,026	1.64%
15,001 to 20,000	131	2,462,176	1.81%
20,001 to 30,000	120	3,206,289	2.35%
30,001 to 50,000	109	4,402,801	3.23%
50,001 to 100,000	67	4,964,487	3.64%
100,001 to 200,000	54	7,761,278	5.70%
200,001 to 400,000	25	7,501,998	5.51%
400,001 to 600,000	7	3,326,507	2.44%
600,001 to 800,000	3	1,906,000	1.40%
800,001 to 1,000,000	2	1,640,000	1.20%
1,000,001 Over	5	78,901,081	57.90%
Total	9,186	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
Ge-Shing Corporation	70,726,438	51.90%
Tsai Cheng-Ta	4,203,000	3.08%
Lu Te-Seng	1,900,000	1.39%
Tsai Ching-Wen	1,070,000	0.79%
Pan Chin-Yu	1,001,643	0.74%
Small-caped Capital Stock Fund of Jaketti New Emerging Market Managed by HSBC	836,000	0.61%
Chen Hou-Guang	804,000	0.59%
Huang Yi	691,000	0.51%
Silan Corporation	609,000	0.45%
You Chien-Hui	606,000	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		As of March 31 2021		
	2019	2020			
Market Price Per Share	Highest	30.25	30.40	30.60	
	Lowest	21.05	18.50	27.25	
	Average	27.02	25.34	28.73	
Net value per share	Before Distribution	35.88	34.71	33.94	
	After Distribution	34.38	(Note)	(Note)	
Earnings Per Share (EPS)	Weighted Average Shares	136,262	136,262	136,262	
	Before Adjustment	4.17	1.54	0.37	
	After Adjustment	4.17	(Note)	(Note)	
Dividends Per Share	Cash Dividend		1.50	1.23	—
	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		6.48	16.45	—
	Price-dividend (P/D) Ratio		18.01	20.60	—
	Cash Dividend Yield		5.55%	4.85%	—

Note: Pending Shareholders' approval

7. Dividend Policy and Implementation Status:

(1) The Company's Dividend Policy

If there is the revenue after tax after the final annual calculation of the Company, after compensating the annual loss of previous years, 10% of the amount shall be allocated as legal reserve. But this is not applicable to legal reserve that reaches the amount of paid-in capital and when there is a need to allocate or recover as appropriated retained earning, that amount and the retained earning at the beginning of the year shall be put in the earning distribution resolution after retaining a portion according to operations to obtain the approval of Shareholders' meeting to determine dividends distributed to shareholders. The resolution shall be adopted with the attendance of more than two-thirds of Directors of the Company and the approval of more than half Directors who attend the meeting to determine the distribution of a part or whole dividends and bonuses, additional paid-in capital, or legal reserve in cash. The distribution shall report to the Shareholders' Meeting.

The Company's dividend policy shall take into 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\$167,518,000. 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 Company's 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 Company's 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\$21,848,000 and the estimated amount of director remuneration is NT\$0, which is appropriated from the pretax profit of the current year deducted 10% 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. If there is a difference between the recognized annual estimate amount and the amount of employee and Director remuneration distributed in cash or stock, the different amount, reason, and handling shall be exposed:

The board of directors of the Company resolved on March 9, 2021, that the amount of employees' remuneration shall be NT\$21,848,000 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 2019, the estimated amount of employees' remuneration is NT\$43,761,000 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 Company's Capital Allocation Plans

As of April 30, 2021, 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	2020	Percentage
Testing services	741,349	28.37%
Wafer level packaging services	1,872,185	71.63%
Total	2,613,534	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
- Ultra-thin wafer cutting services.

2. Industry Overview

(1) Current State and Development of the Industry

According to WSTS statistics in January, 2021, worldwide semiconductor market sales were US\$440.4 billion, a growth of 6.8% compared to that of 2020 while the US semiconductor market reached US\$95.4 billion in 2020, a growth of 21.3 compared to that of 2019. Japanese semiconductor market was US\$36.5 billion, a growth of 1.3% than that of 2019 followed by European semiconductor market, US\$37.5 billion, a decline of 5.8% than that of 2019, Chinese semiconductor market, US\$151.5 billion, a growth of 4.8% than that of 2019, Asian Pacific semiconductor market, 119.5 billion, a growth of 5.4% compared to that of 2019.

In terms of the domestic market, in 2020, the whole IC design industry in Taiwan grew in 5G, smart home, and ASIS related sales due to the effect of the stay-at-home economy caused by the pandemic and order transfer due to the US-sino technology war. In addition, the dramatic increase of true wireless stereo(TWS) headsets, higher penetration of smartphones with the full-screen and narrow-frame design, and strong demands of TDDI product shipment further drove the growth. In 2020, the whole IC manufacturing industry in Taiwan was benefitted due to the demand growth of relevant devices for online work and school around the world. The increase of orders, including PC and NB, also directly pushed for greater demands of servers as well as high-performance computation of 5G and data centers relevant with communications, the growth drive for the advanced manufacturing procedure of the year. To respond to the increasing demand of IoT devices, IC for power management, RF components of the communication module, panel drive IC, contact image sensor (CIS), microcontroller unit(MCU), 8-inch special manufacturing capacities are now accelerating. For memories, long-distance work and learning also drive the growth of communication products and relevant server applications. In 2020, the IC probe and package industry, due to the drive of the stay-at-home economy during the outbreak of COVID-19, grew according to the increasing demands of cloud server chips. Additionally, with the gradually increasing trend of sales of final electronic products, Taiwan's advanced probe and package capacities and chip heterogeneous integration technology will satisfy the world's needs of highly integrated and performance of final electronic products.

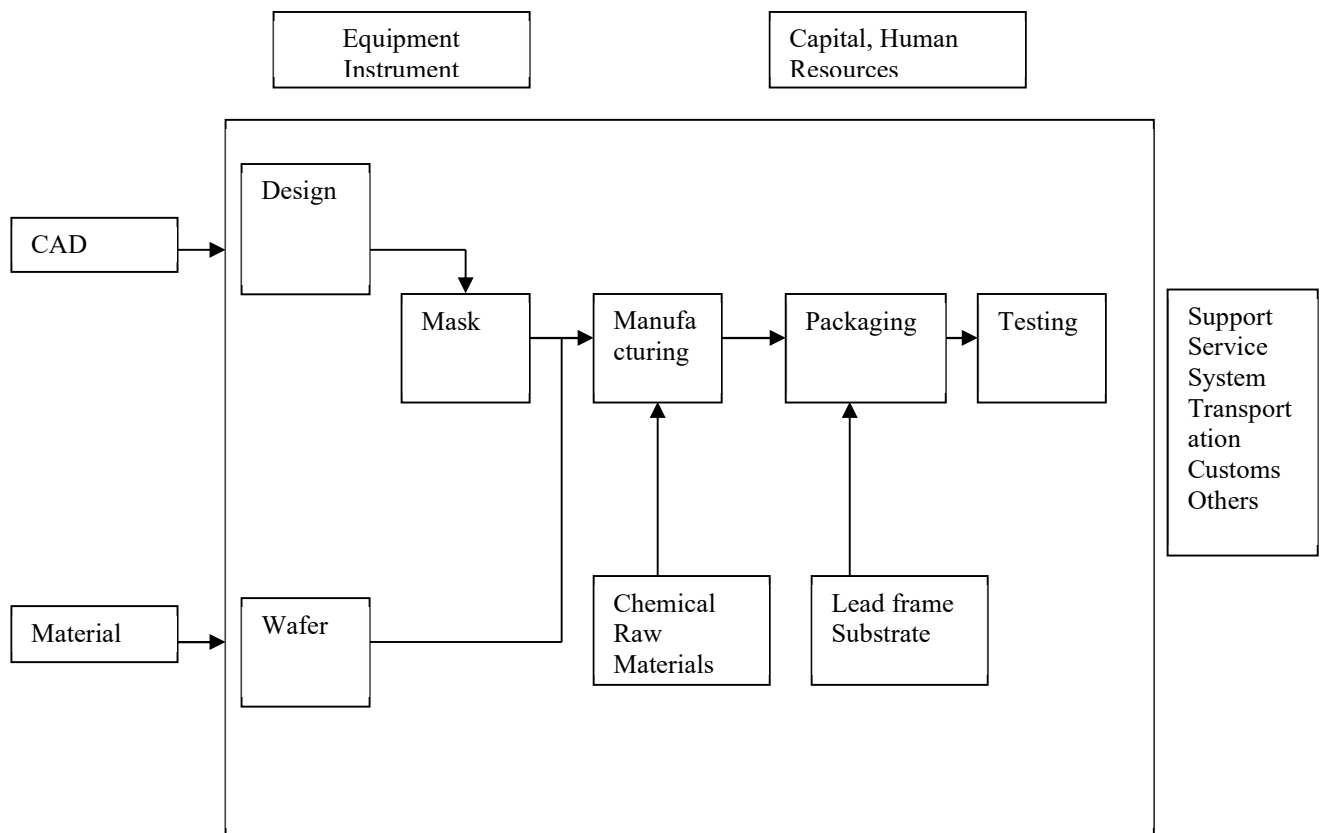
According to IEK statistics in March 2021, in 2020 Taiwan's IC industry created revenue of NT\$322.22 billion, a growth of 20.9% than that of 2019. The IC design industry earned a revenue of NT\$852.9 billion, a growth of 23.1% than that of 2019; the IC manufacturing industry had a revenue of NT\$ 1,820.3 billion, a decline of 23.7% than that of 2019. Wafer subsourcing created the revenue of

NT\$1,629.7 billion, a growth of 24.2% than that of 2019, while manufacturing of memory and other components reached the revenue of NT\$190.6 billion, a growth of 19.4% than that of 2019. The IC package industry earned a revenue of NT\$377.5 billion, a growth of 9.0% that that of 2019 and the IC probe industry created a revenue of NT\$171.5 billion, a growth of 11.1% than that of 2019.

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

Taiwan's semiconductor industry at present has developed the vertically integrated industrial structure from downstream to upstream, respectively including IC design, IC manufacturing, IC package, and IC probe. Vertical labor division and industrial clusters enable Taiwan to possess competitive advantages of being flexible, quick to respond to demands, and cost-effective.

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



Data source: IT at ITRI IEK IS plan

(3) Various Development Trends of Product

Development of relevant applications and high performance 5G and electronic products pushed demands for advanced manufacturing procedure and high-end probe and package. To respond to greater needs of probe and package modules in systems of heterogeneous integration, construction of 5G air interfaced base station and high-speed optical fiber infrastructure have been accelerated. Development of relevant applications and high performance 5G and electronic products will drive demands for high-end probe and package.

TSMC is expected to run the risk production for its 3-nanometer chips in 2021 and its 5-nanometer chips of enhanced edition will begin mass production in 2021. These indicate the high-end manufacturing technology will be further enhanced in Taiwan to maintain TSMC's leadership in wafer subcontracting. ASE Technology Holding and its subsidiary, BPIL, continuously expanded capacities of 2.5 D, Fan-out, and the mainstream FC-BGA of middle-performance HPC chips and will develop FC-PoP and FC-AiP package.

Global capacity of 8-inch wafer increased only 4.5% and demands came from power management wafers, CMOS image sensors, fingerprint identification wafers, display drive IC, RF wafers, and frequency devices. In particular, 5G smartphones dramatically increase demands for power management IC. The US ban on exports of Semiconductor Manufacturing International Corporation brought the order transfer effect to the second-tier wafer subcontracting foundry in Taiwan.

(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 technology, the final electronic products decrease sizes and increase functions and following this trend, technology R&D of the Company continuously works on 5G RF component probe technology, integrated IC probe technology, and Sip Module, 3D IC, and Higher I/O density, copper pillar bump technology, ultrathin wafer grounding and package technology, integrative passive component technology and micromized development to expand package and probe service scope as well as deepened integrated services for customers in verification and failure analyses. By doing so, we will enhance strategic partnership with design vendors for joint development of new products at low cost and with high performance in probe and package technologies and improve differentiation for competitions.

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.

Mainland China has been implementing self-control and export alternative policies in semiconductor manufacturing and these policies bring competition pressure to some manufacturers in Taiwan. To avoid threats posed by the US technology ban and export control, the Chinese government continuously helps its industry with focuses on policy support and collaborative innovation. If the Chinese technology industry reaches the speed of self-controllable supply chain quicker than we expect, it will relatively and gradually replace orders placed in Taiwan and sustainable import will take the lead to form competitive pressure for Taiwanese manufacturers of consumer wafers, low and middle-performance probe and package, and subcontracting of mature wafer production.

3. Current Technology and R&D

(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. We now provide customers services of failure analysis and reliability verification of their manufacturing procedure of new products.

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

Unit: NT\$ thousand; %

Item	2020	March 31 2021
R&D Expenses	14,134	3,153
Net Operating Income	2,613,534	677,287
As A Percentage of Net Operating Income	0.54%	0.47%

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

- 16/12/10/7/5 Nm advanced process wafer testing
- 40um micromatrix type IC wafer Cu pillar bumping chip testing
- Edge & Cloud AI Probe of Finished Wafer Products
- Bitcoin Probe of Finished Wafer Products
- DTV Probe of Finished Wafer Products
- Game Console Probe of Wafers
- 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 12/7/5 Nm advanced process.
- 8" Wafer level packaging services
- Silicon Photonics Grade Wafer Package Services
- fCCSP/fCBGA Flip Chip Package 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 Company's 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	2019		2020	
		Amount	%	Amount	%
Domestic Sales		810,690	27.55%	750,436	28.71%
Export Sales		2,131,979	72.45%	1,863,098	71.29%
Total		2,942,669	100.00%	2,613,534	100.00%

(2) Market Share

According to IEK-IT IS (2021/03), in 2020, the domestic package and probe service industry in Taiwan created a revenue of NT\$549 billion, while in the same year, the revenue of the Company was NT\$2.61 billion with a market share of 0.48%. In 2019, Taiwan's probe and package industry earned a revenue of 500.7 billion, while in the same year, the Company's revenue was NT\$2.94 billion with a market share of 0.59%.

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

Factors to promote the growth of Taiwan's IC industry include deployment of diverse 5G SoC smartphone chips, accelerating speed of 5G smartphone penetration, significant growth of demand for wafer products required for high-performance computing and vehicle image processing, order transfer effect due to the US-Sino technology war, increasing demands for communication equipment driven by the severe outbreak of the pandemic, and the dominant AI trend. Prevalence of vaccine rollout also heated the global economy and push sales of final electronic products. With the world's most advanced probe and package capacities and heterogeneous integration technology of wafer manufacturing, Taiwan is able to meet global demands for final electronic products in highly integrated and high performance functions.

According to the newest forecast made by WSTS in March, 2021, Taiwan's IC industry was expected to generate a revenue of NT\$349.81 billion in 2021, a growth of 8.6% compared to that of 2020. The IC design industry was expected to generate a revenue of NT\$945.9 billion, a growth of 10.9% than that of 2020 while the IC manufacturing industry was estimated to create the revenue of NT\$1,965.7 billion, a growth of 8% than that of 2020. Taiwan's probe and package industry was expected to create a revenue of NT\$586.5 billion in 2021, a growth of 6.8% than that of 2020.

(4) Competitive advantage

A. The Company's management team is equipped with a professional background in the probe and package industry and relevant experiences to quickly respond to failure issues. The Company follows a complete and strict operating system to develop real-time response and problem-solving capabilities. Proper reviews are conducted with timely adjustment to quickly give feedbacks of probe results to customers for their IC design reference.

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 Company's 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. Development of 5G related and high-performance computing and wafer subcontracting in Taiwan now at the stage of 3-nanometer risk production and 5-nanometer mass production will continuously push demands for advanced manufacturing procedures and high-end probe and package capacities. The uncertain between the US-sino relationship also continuously benefits Taiwan's semiconductor industry because of technology opportunities in the Chinese supply chain rising from de-Americanization.

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.

c. The IC industry in China now speeds up in the ability of self control and export alternative policies and these will bring competitive pressure to some manufacturers in Taiwan.

Counter strategies: We have been working closely with international clients to jointly develop new products and strong engineering and cycle time capabilities with our own strengths. We assist clients in reducing their production costs to attract more international clients to engage in long-term cooperation with the provision of probe and package services.

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	SHOWA DENKO MATERIALS(HONG KONG) CO. LTD	Good
Yellow Light Material	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	As A Percentage of Annual Net Sales (%)	Relationship with The Issuer	Name	Amount	As A Percentage of Annual Net Sales (%)	Relationship with The Issuer
		(NT\$ thousand)				(NT\$ thousand)		
1	Company A	2,061,752	70.06	None	Company A	996,767	38.14	None
2	Company B	341,756	11.61	None	Company B	127,270	4.87	None
3					Company C	500,834	19.16	
4	Others	539,161	18.33	None	Others	988,663	37.83	None
	Total	2,942,669	100.00		Total	2,613,534	100.00	

Description of Increase and Decrease: A Company is an international probe and package operator and because of the decreased orders received, the revenue also decreased accordingly.

B Company is a domestic subcontracting wafer foundry that has been long cooperated with the Company.

Due to the demands of customers declined, the revenue also decreased accordingly.

C Company is a domestic IC design company and provides probe and package services.

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

Unit: NT\$ thousand

Item	2019				2020			
	Name	Amount	As A Percentage of Annual Net Purchases (%)	Relationship with The Issuer	Name	Amount	As A Percentage of Annual Net Purchases (%)	Relationship with The Issuer
		(NT\$ thousand)				(NT\$ thousand)		
1	Company A	38,700	10.05	None	Company A	44,991	8.60	None
2	Company B	85,424	22.19	None	Company B	118,277	22.61	None
3	Others	260,845	67.76	None	Others	359,938	68.79	None
	Total	384,969	100.00		Total	523,206	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	2019			2020		
	Capacity	Yield	Output Value	Capacity	Yield	Output Value
Wafer Testing	Note	223,841	677,546	Note	174,789	609,927
Integrated Circuit Testing		82,244			92,925	
Wafer Level Packaging	660,000	207,221	1,389,887	660,000	325,836	1,570,279
Total			2,059,476			2,180,206

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 122 and 122 sets respectively by the end of 2020 and 2019.

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

Unit: Tablet; Thousand Grains; NT\$ thousand

Sales Volume Major Commodities	2019				2020			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wafer Testing	82,731	242,121	141,110	216,131	60,238	171,714	114,551	268,660
Integrated Circuit Testing	62,693	192,912	19,551	61,268	69,125	165,033	23,800	100,946
Wafer Level Packaging	41,001	293,463	166,220	1,042,213	54,822	378,694	271,014	1,493,222
Others (Note)		455,007		439,554		34,995		270
Total		1,183,503		1,759,166		750,436		1,863,098

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		2019	2020	Current Year to March 31, 2020
Num bers of Empl oyees	Directly	245	253	270
	Indirectly	405	425	437
	Management	79	73	70
	Total	729	751	777
Average Age		36.6	37.0	36.9
Average Year of Services		6.6	6.9	6.8
Educ ation al Attai nmen t	Doctor	0.00%	0.00%	0.00%
	Master	8.60%	9.90%	9.10%
	College	63.80%	62.70%	62.30%
	Senior High School	25.40%	25.30%	26.40%
Distri butio n Ratio	Below Senior High School	2.20%	2.10%	2.20%

IV. Information on Environmental Protection Expenditure

- In the recent financial year and as of the date when this annual report was printed, whether the Company suffers losses and is punished due to environmental pollution (including compensation and audit result of environmental protection in violation to relevant laws, date of punishment, letter number of punishment, laws that it violated, violation contents, and punishment contents) and disclose the estimate amounts paid now and possibly paid in the future and responsive measures: None.
- 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.
 - 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\$116,675 and NT\$127,335 respectively in related capital expenditure in year 2021 and year 2022.

V. Labor Management Relations

1. Present the Company's various employee welfare measures, retirement 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	291	1,586	1,583	4
2.Professional Training	150	1,214	3,518	84
3.Management Development Program	5	5	30	15
4.General Training	32	5,309	3,182	7
5.Training Related to Environment, Safety and Health	63	1,749	1,748	87
Total	541	9,863	10,061	197

2. In the recent financial year and as of the date when this annual report was printed, whether the Company suffers losses due to any dispute (including labor inspection result in violation to relevant laws, date of punishment, letter number of punishment, laws that it violated, violation contents, and punishment contents) and disclose the estimate amounts paid now and possibly paid in the future and responsive measures. If the amounts cannot be rationally estimated, please describe facts of the difficulty: 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	SinoPac Bank	November 2021 – April 2026	Mid-term credit contract	None
Mid-term credit contract	Fubon Bank	November 2021 – March 2026	Mid-term credit contract	None
Mid-term credit contract	Mega Bank	December 2020 – November 2025	Mid-term credit contract	None
Mid-term credit contract	HuaNan Bank	February 2022 – January 2026	Mid-term credit contract	None
Short-term general credit contract	Mega Bank	June 2020 – June 2021	Short-term credit contract	None
Short-term general credit contract	Taishin International Bank	May 2021 – April 2022	Short-term credit contract	None
Short-term general credit contract	DBS Bank	May 2021 – May 2022	Short-term credit contract	None
Short-term general credit contract	Cathay United Bank	October 2020 – October 2021	Short-term credit contract	None
Short-term general credit contract	KGI Bank	September 2020 – September 2021	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)					Financial Information From Current Year to March 31, 2021
		2016	2017	2018	2019	2020	
Current Asset		3,951,978	3,873,474	3,636,955	4,206,648	3,813,896	3,533,189
Property, Plant and Equipment		3,033,277	2,103,064	2,084,149	2,101,684	1,768,742	1,958,948
Intangible Asset		12,001	21,453	20,815	32,132	52,115	84,364
Other Assets		76,572	44,781	38,092	75,581	58,207	194,831
Total Assets		7,073,828	6,042,772	5,780,011	6,416,045	5,692,960	5,771,332
Current Liability	Before Distribution	1,382,624	1,715,985	541,508	889,134	639,675	836,309
	After Distribution	1,498,446	1,893,125	705,022	1,093,526	807,193	836,309
Non-current Liabilities		1,908,875	16,490	664,092	637,915	323,892	310,906
Total Liabilities	Before Distribution	3,291,499	1,732,475	1,205,600	1,527,049	963,567	1,147,215
	After Distribution	3,407,321	1,909,615	1,369,114	1,731,441	1,131,085	1,147,215
Equity Attributable to Owners of Parent Company		3,782,329	4,310,297	4,574,411	4,888,996	4,729,393	4,624,117
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	2,042,298	2,649,369	2,807,636	3,205,990	3,204,006	3,087,420
	After Distribution	1,926,476	2,472,229	2,644,122	3,001,598	3,036,488	3,087,420
Other Equity		11,171	(67,932)	37,915	(45,854)	(203,473)	(192,163)
Treasury Stocks		0	0	0	0	0	0
Non-controlling Interests		0	0	0	0	0	0
Equity	Before Distribution	3,782,329	4,310,297	4,574,411	4,888,996	4,729,393	4,624,117
Equity	After Distribution	3,666,507	4,133,157	4,410,897	4,684,604	4,561,875	4,624,117

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, 2021
		2016	2017	2018	2019	2020	
Operating Income		3,371,581	2,842,923	2,869,643	2,942,669	2,613,534	677,287
Gross Operating Profit		535,582	427,019	661,533	883,193	433,328	112,663
Other Gains (Losses) - Net		487,007	930,355	—	—	—	—
Operating Income and Loss		783,248	1,091,257	435,840	655,616	227,031	60,043
Non-Operating Income and Expenses		(170,272)	(148,419)	20,372	85,017	715	(3,878)
Profit Before Tax		612,976	942,838	456,212	740,633	227,746	56,165
Net Income for Continuing Operations		611,362	727,651	329,820	567,643	209,398	50,932
Loss from Discontinuing Operations		0	0	0	0	0	0
Net Profit (Loss) in Current Period		611,362	727,651	329,820	567,643	209,398	50,932
Other Comprehensive Gain or Loss in Current Period (Net of Tax)		(11,026)	(83,861)	102,151	(89,544)	(164,609)	11,310
Total Comprehensive Gain or Loss in Current Period		600,336	643,790	431,971	478,099	44,789	62,242
Net Profit Attributable to Owners of Parent Company		611,362	727,651	329,820	567,643	209,398	50,932
Net Profit Attributable to Non-controlling Interests		0	0	0	0	0	0
Total Comprehensive Income or Loss Attributable to Owners of Parent Company		600,336	643,790	431,971	478,099	44,789	62,242
Total Comprehensive Profit and Loss Attributable to Non-controlling Interests		0	0	0	0	0	0
Earnings Per Share (NT\$)		4.49	5.34	2.42	4.17	1.54	0.37

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

(3) Condensed Parent Company Only Balance Sheet - IFRS

Unit: NT\$ thousand

Item	Year	Financial Information of the Most Recent Five Fiscal Years (Note)				
		2016	2017	2018	2019	2020
Current Asset		2,615,342	1,619,952	1,101,396	1,479,572	1,085,549
Property, Plant and Equipment		828,981	656,746	694,059	708,503	687,374
Intangible Asset		6,520	6,551	5,014	18,450	39,747
Other Assets		608,014	2,433,214	3,297,677	3,299,605	3,144,592
Total Assets		4,058,857	4,716,463	5,098,146	5,506,130	4,957,262
Current Liability	Before Distribution	263,078	389,740	263,276	410,114	195,862
	After Distribution	378,900	566,880	426,790	614,506	363,380
Non-current Liabilities		13,450	16,426	260,459	207,020	32,007
Total Liabilities	Before Distribution	276,528	406,166	523,735	617,134	227,869
	After Distribution	392,350	583,306	687,249	821,526	395,387
Equity Attributable to Owners of Parent Company		3,782,329	4,310,297	4,574,411	4,888,996	4,729,393
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	336,243
Retained Earnings	Before Distribution	2,042,298	2,649,369	2,807,636	3,205,990	3,204,006
	After Distribution	1,926,476	2,472,229	2,644,122	3,001,598	3,036,488
Other Equity		11,171	(67,932)	37,915	(45,854)	(203,473)
Treasury Stocks		0	0	0	0	0
Non-controlling Interests		0	0	0	0	0
Total equity	Before Distribution	3,782,329	4,310,297	4,574,411	4,888,996	4,729,393
	After Distribution	3,666,507	4,133,157	4,410,897	4,684,604	4,561,875

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

(4) Condensed Parent Company Only Comprehensive Income Statement - IFRS

Unit: NT\$ thousand

Item	Year	Financial Information of the Most Recent Five Fiscal Years (Note)				
		2016	2017	2018	2019	2020
Operating Income		1,149,846	1,020,772	1,085,489	1,268,512	749,533
Gross Operating Profit		214,715	230,007	407,943	598,923	139,605
Other Gains (Losses) - Net		272,240	649,597	—	—	—
Operating Income and Loss		363,861	731,284	292,366	479,404	28,490
Non-Operating Income and Expenses		311,252	154,216	135,524	215,072	168,144
Profit Before Tax		675,113	885,500	427,890	694,476	196,634
Net Profit from Continuing Operations in Current Period		611,362	727,651	329,820	567,643	209,398
Loss from Discontinuing Operations		0	0	0	0	0
Net Profit (Loss) in Current Period		611,362	727,651	329,820	567,643	209,398
Other Comprehensive Gain or Loss in Current Period (Net of Tax)		(11,026)	(83,861)	102,151	(89,544)	(164,609)
Total Comprehensive Gain or Loss in Current Period		600,336	643,790	431,971	478,099	44,789
Net Profit Attributable to Owners of Parent Company		611,362	727,651	329,820	567,643	209,398
Net Profit Attributable to Non-controlling Interests		0	0	0	0	0
Total Comprehensive Income (Loss) Attributable to Owners of Parent Company		600,336	643,790	431,971	478,099	44,789
Total Comprehensive Profit and Loss Attributable to Non-controlling Interests		0	0	0	0	0
Earnings Per Share (NT\$)		4.49	5.34	2.42	4.17	1.54

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	Auditor's 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
2020	Hsieh Chih-Cheng、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, 2021 (Note)
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debt-To-Asset Ratio	46.53	28.67	20.86	23.80	16.93	19.88
	Proportion of Long-Term Capital in Property, Plant and Equipment	187.63	205.74	251.35	259.10	284.37	250.92
Debt Paying Ability (%)	Current Ratio	285.83	225.73	671.63	473.12	596.22	422.47
	Quick Ratio	275.59	218.99	648.46	461.26	581.53	406.13
	Interest Coverage Ratio	5.33	15.76	19.56	50.30	30.69	58.72
Operating Ability	Receivables Turnover Rate (Times)	4.08	2.45	3.08	3.08	2.93	4.41
	Average Collection Days	89.36	149.07	118.33	118.68	124.62	82.75
	Inventory Turnover Rate (Times)	42.79	33.41	29.43	26.12	28.21	27.42
	Payables Turnover Rate (Times)	40.86	21.91	25.77	34.99	28.21	28.63
	Average Days of Sales	8.53	10.92	12.4	13.97	12.94	13.31
	Property, Plant and Equipment Turnover Rate (Times)	0.94	1.11	1.37	1.40	1.34	1.45
	Total Asset Turnover Rate (Times)	0.46	0.43	0.49	0.48	0.43	0.47
Profitability	Return on Assets (%)	10.19	11.85	5.88	9.50	3.58	3.61
	Return on Equity (%)	17.47	17.98	7.42	12.00	4.35	4.36
	Ratio of Profit before Income Tax to Pay-in Capital %	44.99	69.19	33.48	54.35	16.71	16.49
	Net Profit Margin (%)	18.13	25.6	11.49	19.29	8.01	7.52
	Earnings Per Share (NT\$)	4.49	5.34	2.42	4.17	1.54	0.37
Cash Flow	Cash Flow Ratio (%)	47.32	113.16	282.05	114.01	187.19	28.60
	Cash Flow Adequacy Ratio (%)	196.99	272.99	249.53	274.55	258.05	161.25
	Cash Flow Reinvestment Ratio (%)	3.74	11.93	8.14	4.79	5.93	0.44
Leverage	Operating Leverage	1.87	0.95	2.55	2.16	3.96	3.78
	Financial Leverage	1.22	1.06	1.06	1.02	1.03	1.02

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

1. Debt asset ratio: Due to decreased loan payments to banks in this period, the debt asset ratio is lower than that of the previous period.
2. Current ratio: Due to decreased current liability in this period, the current ratio in this period is higher than that of the previous period.
3. Acid test ratio: Due to the decrease of current liability in this period, acid test ratio in this period is higher than that of the previous period.
4. Times interest earned: Due to the decrease of net profit before tax in this period, times interest earned is lower than that of the previous period.
5. Various profitability ratios (return on asset, return on equity, ratio of net profit in paid-in capital, net profit ratio and earning per share): Due to decreased revenue in this period, net profit after tax in this period decreased by 63% compared to that of last period. Therefore, various profitability ratios are lower in this period than those in the previous period.
6. Cash flow ratio: Due to operational activities, net cash flow of this period increases and current liability decreases and the cash flow ratio in this period is higher than that of the previous period.
7. Cash re-investment ratio: Net cash flow in operational activities during this period increases, which results in the increase of cash re-investment in this period than that of the previous period.
8. Degree of leverage operating: Due to the decrease of revenue in this period, the degree of leverage operating in this period is higher than that in 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. Parent Company Only Financial Report Analysis - IFRS

Item Analyzed		2. Financial Analysis of the Most Recent Five Years				
		2016	2017	2018	2019	2020
Financial Structure (%)	Debt-To-Asset Ratio	6.81	8.61	10.27	11.21	4.60
	Proportion of Long-Term Capital in Property, Plant and Equipment	457.88	658.81	696.61	689.44	690.06
Debt Paying Ability (%)	Current Ratio	994.13	415.65	418.34	360.77	554.24
	Quick Ratio	973.7	407.03	402.55	355.77	547.63
	Interest Coverage Ratio	NA	NA	1089.78	143.98	70.04
Operating Ability	Receivables Turnover Rate (Times)	5.44	4.14	4.65	4.89	4.05
	Average Collection Days	67.15	88.23	78.63	74.6	90.14
	Inventory Turnover Rate (Times)	NA	NA	NA	NA	NA
	Payables Turnover Rate (Times)	449.26	293.96	343.41	593.61	459.11
	Average Days of Sales	NA	NA	NA	NA	NA
	Property, Plant and Equipment Turnover Rate (Times)	1.24	1.37	1.61	1.77	1.05
	Total Asset Turnover Rate (Times)	0.31	0.23	0.22	0.24	0.14
Profitability	Return on Assets (%)	16.6	16.58	6.73	10.78	4.06
	Return on Equity (%)	17.47	17.98	7.42	12	4.35
	PBT to Pay-in Capital %	49.55	64.99	31.4	50.97	14.43
	Net Profit Margin (%)	53.17	71.28	30.38	44.75	27.94
	Earnings Per Share (NT\$)	4.49	5.34	2.42	4.17	1.54
Cash Flow	Cash Flow Ratio (%)	111.66	187.23	266	188.4	178.34
	Cash Flow Adequacy Ratio (%)	97.34	148.34	219.12	228.45	235.26
	Cash Flow Reinvestment Ratio (%)	3.17	6.52	5.69	6.07	1.55
Leverage	Operating Leverage	0.77	0.33	1.6	1.6	7.96
	Financial Leverage	1.00	1.00	1.00	1.01	1.11
<p>The reasons for all financial ratio changes within the most recent two years are as follows. (exempt from analysis if less than 20%)</p> <ol style="list-style-type: none"> Debt asset ratio: Due to decreased loan payment to banks in this period, debt asset ratio is lower than that of the previous period. Current ratio: Due to decreased current liability in this period, current ratio in this period is higher than that of the previous period. Acid test ratio: Due to the decrease of current liability in this period, acid test ratio in this period is higher than that of the previous period. Times interest earned: Due to the decrease of net profit before tax in this period, times interest earned is lower than that of the previous period. Various profitability ratios (return on asset, return on equity, ratio of net profit in paid-in capital, net profit ratio and earning per share): Due to decreased revenue in this period, net profit after tax in this period decreased by 63% compared to that of last period. Therefore, various profitability ratios are lower in this period than those in the previous period. Cash re-investment ratio: Net cash flow in operational activities during this period increase and this results in the increase of cash re-investment in this period than that of the previous period. Degree of leverage operating: Due to the decrease of revenue in this period, the degree of leverage operating in this period is higher than that in 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 Committee's Review Report for the Most Recent Annual Financial Report

Winstek Semiconductor Corporation Audit Committee's Audit Report

The board of Directors has prepared the Company's 2020 Business Report, Proposal for Profit Distribution, Consolidated Financial Report and Individual Financial Report. The Consolidated Financial Report and the Parent Company Only Financial Report has been audited by CPA Hsieh Chih-Cheng 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,
2021 Annual General Shareholders' Meeting

Convenor of the Audit Committee: Lin Min Kai

March 9, 2021

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

Winstek Semiconductor Corporation.

Declaration of Consolidated Financial Statement of Affiliates

In 2020 (from January 1, 2020 to December 31, 2020), 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. " The information that 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
Corporation

Person in Charge: Hsing-Yang Huang

March 9, 2021

Independent Auditor's Report

(109) TWSE Review no. 20003172

Winstek Semiconductor Co., Ltd. seal:

Audit Opinion

We have audited the consolidated balance sheet on December 31, 2020 and December 31, 2019 consolidated composite income sheet, consolidated statement of changes in equity, combined statement of cash flows from January 1 to December 31, 2020 and January 1 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").

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 can properly express the consolidated financial status of Winstek Group as of December 31, 2020 and December 31, 2019 and consolidated financial performance and consolidated cash flow from January 1, 2019 to December 31, 2020.

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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Consolidated Financial Statements. We are independent of the Winstek Group in accordance with the Code of Ethics for Professional Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

The key audit matters refer to those most material items when auditing the combined financial statements of the year 2020 of Winstek Group, based on the professional judgment of the CPA. These matters were addressed in the context of our audit of the consolidated statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements of the year 2020 of Winstek Group are as follows:

Audits of Real Estate, Plant, and Equipment Capitalization

Matter description

Capital expenditure of Winstek Semiconductor Corporation and Subsidiaries increased in proportion to operations increase capital expenditures along with their operations. Please refer to Note 4 (XIII) of the consolidated balance sheet for accounting policies related to items of real estate, plants, and equipment and Note 6(V) for the description of items related to real estate, plants, and equipment. The amount in capital expenditure of real estate, plants, and equipment in this year is significant. 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 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 Corporation has prepared the Parent Company only financial report of the year 2020 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 company's financial status and also to maintain necessary internal control with regard to the establishment of consolidated financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

In preparing the consolidated financial statements of Winstek Group, management is responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate Winstek Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Auditing Committee) are responsible for overseeing the financial reporting process of Winstek Group.

The responsibility of CPAs when auditing Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance. Still, it is not a guarantee that an audit conducted in accordance with auditing principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. These are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with the auditing principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Winstek Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting. Based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Winstek Group and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Winstek Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the notes to the statements) and whether or not the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence (and where applicable, related safeguards).

Based on the result of our discussion with the governance body, we decided on the key audit matters when auditing the 2020 consolidated financial statement of Winstek Group. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Hsieh Chih-Cheng

CPA

Tsai-Yen Chiang

Former Executive Yuan Financial Supervisory Commission
(FSC)

SC Approved Certificate No. 0990042599

Financial Supervisory Commission (FSC)

FSC Approved Certificate No. 1060025097

March 9, 2021

Winstek Semiconductor Corporation and subsidiaries
Consolidated Balance Sheet
December 31, 2020 and December 31, 2019

Unit: NT\$ thousand

Assets	Note	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
Current Assets						
1100	Cash and Cash Equivalents	6 (1)	\$ 1,065,623	19	\$ 431,419	7
1136	Financial assets on the basis of amortized cost – current	6 (2)	1,980,960	35	2,469,160	39
1140	Contracts Assets – current	6 (15)	20,529	-	20,401	-
1170	Net account receivables	6 (3)	627,438	11	1,156,714	18
1180	Account receivables – related parties - net	6 (3) and 7	1,662	-	118	-
1200	Other receivables		7,210	-	8,042	-
1220	Income tax assets in the current period		12,523	-	-	-
130X	Inventory	6 (4)	68,448	1	78,900	1
1410	Prepayments		25,570	1	35,453	1
1470	Other current assets		3,933	-	6,441	-
11XX	Total current assets		<u>3,813,896</u>	<u>67</u>	<u>4,206,648</u>	<u>66</u>
Non-current assets						
1535	Financial assets on the basis of amortized cost –noncurrent	6 (2) and 8	21,700	-	20,700	-
1600	Property, plant, and equipment	6 (5)	1,768,742	31	2,101,684	33
1755	Right of use assets	6 (6)	8,296	-	31,417	-
1780	Intangible assets	6 (8)	52,115	1	32,132	1
1840	Deferred income tax assets	6 (22)	24,360	1	19,676	-
1900	Other non-current assets		3,851	-	3,788	-
15XX	Total non-current assets		<u>1,879,064</u>	<u>33</u>	<u>2,209,397</u>	<u>34</u>
1XXX	Total assets		<u>\$ 5,692,960</u>	<u>100</u>	<u>\$ 6,416,045</u>	<u>100</u>

(continue on next page)

Winstek Semiconductor Corporation and subsidiaries
Consolidated Balance Sheet
December 31, 2020 and December 31, 2019

Unit: NT\$ thousand

Liabilities and shareholders' equity	Note	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
Current liabilities						
2130	Contract liabilities -current	6 (15)	\$ 396	-	\$ -	-
2170	Account payables		82,789	1	71,808	1
2180	Account payables –related parties	7	257	-	803	-
2200	Other payables	6 (9)	393,311	7	563,804	9
2220	Other payables –related parties	7	-	-	9	-
2230	Income tax liabilities in the current period		-	-	134,774	2
2250	Provision for liabilities –current		10,816	-	2,794	-
2280	Leasehold liabilities – current	6 (25)	1,947	-	27,085	1
2320	Current portion of long-term liabilities	6 (10)	145,000	3	82,500	1
2399	Other current liabilities – others		5,159	-	5,557	-
21XX	Total current liabilities		<u>639,675</u>	<u>11</u>	<u>889,134</u>	<u>14</u>
Noncurrent liabilities						
2540	Long-term loans	6 (10)	285,500	5	607,500	10
2570	Deferred income tax liabilities	6 (22)	1,616	-	4,020	-
2580	Leasehold liabilities –non-current	6 (25)	6,397	-	1,638	-
2640	Defined benefit liabilities – non-current	6 (11)	26,816	1	21,216	-
2670	Other non-current liabilities – others		3,563	-	3,541	-
25XX	Total non-current liabilities		<u>323,892</u>	<u>6</u>	<u>637,915</u>	<u>10</u>
2XXX	Total liabilities		<u>963,567</u>	<u>17</u>	<u>1,527,049</u>	<u>24</u>
Equity						
Capital						
3110	Capital from ordinary share	6 (12)	1,362,617	24	1,362,617	21
Capital reserve						
3200	Capital surplus	6 (13)	366,243	7	366,243	6
Retained earnings						
3310	Legal reserve	6 (14)	693,278	12	637,091	10
3320	Special Reserve		45,854	1	-	-
3350	Undistributed earnings		2,464,874	43	2,568,899	40
Other equities						
3400	Other equities		(203,473)	(4)	(45,854)	(1)
3XXX	Total equities		<u>4,729,393</u>	<u>83</u>	<u>4,888,996</u>	<u>76</u>
Major commitment or contingency						
	Materiality after the reporting period	9				
3X2X	Total liabilities and shareholders' equity	11	<u>\$ 5,692,960</u>	<u>100</u>	<u>\$ 6,416,045</u>	<u>100</u>

The notes to the consolidated financial statements constitute an integral part of this consolidated financial statement.

Chairman: Huang Hsing-Yang

Manager: Weng Chih-Li

Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Corporation and subsidiaries
Consolidated Comprehensive Income Statements
January 1 to December 31, 2020 and January 1 to December 31, 2019

Unit: NT\$ thousand
(NTD for earnings per share)

Items	Note	2020		2019	
		Amount	%	Amount	%
4000 Revenue	6 (15) and 7	\$ 2,613,534	100	\$ 2,942,669	100
5000 Cost of operations	6 (4)	(2,180,206)	(83)	(2,059,476)	(70)
5950 Net gross profit		433,328	17	883,193	30
Operating expense	6 (20) (21)				
6100 Sale expense		(25,018)	(1)	(26,352)	(1)
6200 Management expense		(167,145)	(6)	(185,295)	(6)
6300 R&D expense		(14,134)	(1)	(15,930)	(1)
6000 Total operating expense		(206,297)	(8)	(227,577)	(8)
6900 Operating income		227,031	9	655,616	22
Non-operating income and expense					
7100 Interest income	6 (16)	23,708	1	44,990	2
7010 Other incomes	6 (17)	463	-	463	-
7020 Other profits and loss	6 (18) & 7	(15,786)	(1)	54,587	2
7050 Financial cost	6 (19)	(7,670)	-	(15,023)	(1)
7000 Total non-operating income and expense		715	-	85,017	3
7900 Earnings before Taxation		227,746	9	740,633	25
7950 Income tax expense	6 (22)	(18,348)	(1)	(172,990)	(6)
8200 Net income in the current period		\$ 209,398	8	\$ 567,643	19
Other comprehensive incomes					
8311 Re-estimation of defined benefit plan	6 (11)	(\$ 6,990)	-	(\$ 5,775)	-
8310 Total amount of items not reclassified as profit or loss		(6,990)	-	(5,775)	-
Items likely be reclassified under profit or loss					
8361 Exchange difference from the conversion of financial statements of foreign operations.		(157,619)	(6)	(83,769)	(3)
8360 Total amount in items likely to be reclassified under profit or loss		(157,619)	(6)	(83,769)	(3)
8500 Total comprehensive incomes in the current period		\$ 44,789	2	\$ 478,099	16
Net income attributable to:					
8610 Shareholders of parent company		\$ 209,398	8	\$ 567,643	19
Total comprehensive income attributable to:					
8710 Shareholders of parent company		\$ 44,789	2	\$ 478,099	16
Earnings per share	6 (23)				
9750 Earnings per share		\$	1.54	\$	4.17
9850 Diluted earnings per share		\$	1.52	\$	4.11

The notes to the consolidated financial statements constitute an integral part of this consolidated financial statement.

Chairman: Huang Hsing-Yang

Manager: Weng Chih-Li

Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Corporation and subsidiaries
Consolidated Statement of Changes in Shareholders Equity
January 1 to December 31, 2020 and January 1, 2019 to December 31, 2019

Unit: NT\$ thousand

Note	Shareholders equity attributable to parent company						Conversion from financial statements of foreign operations Exchange difference	Total shareholders' equity
	Share	Capital surplus	Legal reserve	Special Reserve	Undistributed earnings	Retained earnings		
<u>1.1.2019 - December 31, 2019</u>								
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 the current period	-	-	-	-	567,643	-	567,643	
Other comprehensive incomes 6 (11) in the current period	-	-	-	-	(5,775)	(83,769)	(89,544)	
Total comprehensive incomes in the current period	-	-	-	-	561,868	(83,769)	478,099	
Distribution of earnings and appropriation in 2018 6 (14)								
Appropriation for legal reserve	-	-	32,982	-	(32,982)	-	-	
Cash dividends	-	-	-	-	(163,514)	-	(163,514)	
Reversal of special reserve	-	-	-	(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	
<u>1.1.2020 - December 31, 2020</u>								
Balance on 1.1.2020	1,362,617	366,243	637,091	-	2,568,899	(45,854)	4,888,996	
Net income in the current period	-	-	-	-	209,398	-	209,398	
Other comprehensive incomes 6 (11) in the current period	-	-	-	-	(6,990)	(157,619)	(164,609)	

The notes to the consolidated financial statements constitute an integral part of this consolidated financial statement.

Chairman: Huang Hsing-Yang

Manager: Weng Chih-Li

Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Corporation and subsidiaries
Consolidated Statement of Changes in Shareholders Equity
January 1 to December 31, 2020 and January 1, 2019 to December 31, 2019

Unit: NT\$ thousand

	Shareholders equity attributable to parent company							Total shareholders' equity
	Note	Share	Capital surplus	Legal reserve	Special Reserve	Undistributed earnings	Conversion from financial statements of foreign operations Exchange difference	
Total comprehensive incomes in the current period		-	-	-	-	202,408	(157,619)	44,789
Earnings in 2019 and appropriation	6 (14)							
Appropriation for legal reserve		-	-	56,187	-	(56,187)	-	-
Appropriation for special reserve		-	-	-	45,854	(45,854)	-	-
Cash dividends		-	-	-	-	(204,392)	-	(204,392)
Balance on December 31, 2020		1,362,617	366,243	693,278	45,854	2,464,874	(203,473)	4,729,393

The notes to the consolidated financial statements constitute an integral part of this consolidated financial statement.

Chairman: Huang Hsing-Yang

Manager: Weng Chih-Li

Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Corporation and subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2020 and January 1 to December 31, 2019

Unit: NT\$ thousand

	<u>Note</u>	<u>From January 1, 2020 to December 31, 2020</u>	<u>From January 1, 2019 to December 31, 2019</u>
<u>Cash flow from operation</u>			
Earnings before taxation in the current period		\$ 227,746	\$ 740,633
Adjusted items			
Capital gain/loss item			
Depreciations	6 (5), 6 (20)	660,041	755,958
Amortization	6 (8) (20)	10,941	6,848
Interest expense	6 (6) (19)	7,670	-
Interest income	6 (16)	(23,708)	(44,990)
Capital gain from disposal of property, plant and equipment	6 (18)	(7,468)	(57,320)
Changes in assets/liabilities related to operations			
Net change in assets related to operations			
Contract assets		(781)	(7,620)
Account receivables		496,496	(428,846)
Account receivables –related parties		(1,545)	-
Other receivables		1,710	(5,795)
Inventory		6,748	(6,022)
Prepayment		4,897	24,127
Other current assets		2,404	(3,187)
Net change in liabilities related to operation			
Contract liabilities		411	-
Account payables		15,047	27,789
Account payables – related parties		2,037	803
Other payables		(74,931)	72,762
Other payables –related parties		2,289	(475)
Provision for liabilities		8,444	(5,210)
Other current liabilities		(155)	898
Net defined benefit liabilities		(1,389)	(1,388)
Other non-current liabilities		-	1
Cash inflow from operations		1,336,904	1,068,966
Interest collected		26,822	42,536
Interest paid		(7,740)	-
Income tax paid		(158,555)	(97,781)
Net cash inflow from operations		1,197,431	1,013,721

(continue on next page)

Winstek Semiconductor Corporation and subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2020 and January 1 to December 31, 2019

Unit: NT\$ thousand

	<u>Note</u>	<u>From January 1, 2020 to December 31, 2020</u>	<u>From January 1, 2019 to December 31, 2019</u>
<u>Cash flows from investment</u>			
Financial assets measured at amortized cost		(\$ 4,372,379)	(\$ 5,581,004)
Disposal of financial assets measured at amortized cost		4,769,155	4,545,606
Acquisition of property, plant and equipment	6 (24)	(441,079)	(518,013)
Acquisition of intangible assets	6 (8)	(31,488)	(18,491)
Proceeds from disposal of property, plant and equipment		9,300	60,996
Increase of refundable security deposits		(63)	-
Net cash outflow from investment		(66,554)	(1,510,906)
<u>Cash flows from financing</u>			
Borrowing of long-term loans	6 (25)	3,000	480,000
Repayment of long-term loans	6 (25)	(262,500)	(540,000)
Repaid amount in lease principal	6 (25)	(25,968)	(112,256)
Increase of cash on receipt	6 (25)	111	38
Decrease of cash on receipt	6 (25)	(89)	(33)
Cash dividends payment	6 (14)	(204,392)	(163,514)
Net cash outflow from financing		(489,838)	(335,765)
Effect of changes in exchange rate		(6,835)	(11,123)
Increase (decrease) of cash and cash equivalents in the current period		634,204	(844,073)
Balance of cash and cash equivalents at the beginning of period	6 (1)	431,419	1,275,492
Balance of cash and cash equivalents at the end of period	6 (1)	\$ 1,065,623	\$ 431,419

The notes to the consolidated financial statements constitute an integral part of this consolidated financial statement.

Chairman: Huang Hsing-Yang

Manager: Weng Chih-Li

Accounting Officer: Liu Kui-Chu

Winstek Semiconductors Corporation And Subsidiaries
Notes to Consolidated Financial Statements
2020 and 2019

Unit: NT\$ thousand
(unless otherwise specified)

I. Company History

Winstek Semiconductor Corporation (hereinafter referred to as "the Company") was established on April 26, 2000 in the ROC. The Company's 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.

The former ultimate parent of the Company was Temasek Holding Limited. Sigurd Microelectronics Corporation (hereinafter, "Sigurd") acquired control over Bloomeria Limited, our parent company, on October 13, 2017, which in turn indirectly holds 51.88% of the staked of the Company and emerged as the ultimate parent to the Company.

In consideration of the overall operation of the group, our parent company, Bloomeria Limited, transferred all its shares of the Company to the Ge-Shing Corporation, a wholly-owned subsidiary of the ultimate parent on July 6, 2020. As such Ge-Shing Corporation becomes the parent of the Group.

II. Approval date and procedures of the financial statements

These consolidated financial statements were issued by the board of directors on March 9, 2021.

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 2020:

The Standard, Interpretations and Amendments	Effective date issued by IASB
Amendment to IAS 1 and IAS 8, "Disclosure - definition of materiality"	January 1, 2020
Amendment to IFRS 3, "Definition of Business"	January 1, 2020
Amendment to IFRS 9, IFRS 39, and IFRS 7, "Interest rate indicator change".	January 1, 2020
Amendment to IFRS 16, "Deduction of rent pertinent to the influence of COVID-19".	June 1, 2020 (Note)
Note: the FSC permitted the application of these rules prior to January 1, 2020	

The Group has assessed the aforementioned standards and interpretations with reference to our financial position and performance and confirmed that there is no material influence.

(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 2021 ratified by the FSC:

The Standard, Interpretations and Amendments	Effective date issued by IASB
Amendment to IFRS4, "temporary exemption of the application of the extended use of IFRS 9".	January 1, 2021
Amendment to amendment to IFRS 9, IFRS 39, IFRS 7, IFRS 4, and IFRS 16 in phase II, "interest indicator change".	January 1, 2021

The Group has assessed the aforementioned standards and interpretations with reference to our financial position and performance and confirmed that there is no material influence.

(iii) Effect on the applying of IFRSs announced by IASB pending on the recognition of FSC.

The following IFRSs have been announced by IASB but not yet included as the newly-announced, amended and revised standards and interpretations recognized by FSC:

<u>The Standard, Interpretations and Amendments</u>	<u>Effective date issued by IASB</u>
Amendment to IFRS 3, “guide of conceptual framework”.	January 1, 2022
Amendment to IFRS 10 and IAS 28, “the disposal or investment in assets between Investors and its associates or joint ventures”.	Pending on the decision of IASB
IFRS 17, “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17, “Insurance Contracts”.	January 1, 2023
Amendment to IAS 1, “Classification of current and noncurrent liabilities”.	January 1, 2023
Amendment to IAS 16, “Property, plant and equipment: price before the expected state of use”	January 1, 2022
Amendment to IAS 37, “Contract of financial liabilities - the cost of contractual performance”.	January 1, 2022
Improvement in the period of 2018-2020	January 1, 2022

The Group has assessed the aforementioned standards and interpretations with reference to our financial position and performance and confirmed that there is no material influence.

IV. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated 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 these 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 (including structural entities). 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 is excluded from the consolidated financial statements from 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.
- (3) The components of profits and loss and other comprehensive income attributable to the owners of the parent company and uncontrolled equity. Comprehensive loss is also attributable to the owners of the parent company and uncontrolled equity even if a loss of the balance of the uncontrolled equity occurs.
- (4) If the changes in the shares held by subsidiaries do not result in a loss of control (transactions with uncontrolled equities), accounted for as equity transactions, which means that it is the transactions with the owners. The difference deriving from the adjustment of the amount in uncontrolled equities and payment or the fair value in consideration shall be directly recognized as equity.
- (5) If the Group loses its control over the subsidiaries, the residual investment of the former subsidiaries will be remeasured at fair value and recognized as the fair value of the financial assets at initial recognition or the cost of the initial investment in associates or joint ventures. The difference between fair value and book value shall be recognized as income in the current period. Amount previously recognized as other comprehensive incomes and amount related to the subsidiary shall be accounted for shall be the same as the direct disposal of assets or liabilities by the Group. In other words, if previously recognized as profit or loss under other comprehensive income, reclassify as income at the time of disposal of related assets or liabilities. If the control over the subsidiary extinct, the profit or loss will be reclassified as income under the reclassification.

2. Subsidiaries included in the consolidated financial statements

Name of investment company	Name of subsidiaries	Nature of business	Percentage of equity held		Details
			December 31, 2019	December 31, 2018	
The Company	Winstek Semicon 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 Dollar, 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. 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 Operation

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) Assets held primarily for trading 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 the balance sheet date. Settlement by the issue of equity instruments based on the transaction party's 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 in cash. Time deposits satisfying the aforementioned definition and the objective of holding are to meet the short-term operating cash commitment 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 principal and interest on the principal 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 do not comply with the definitions of cash equivalents held by the Group are measured by the amount in investment due to the short holding period and the insignificant influence of the discounting.

(viii) Account receivables

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 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 the acquisition cost, is mainly consumed and transferred to the 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. At 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:

Building	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

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 an 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 the 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 collectible.

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 assets shall be measured and adjusted accordingly.

3. Right of Use 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, the use-of-right asset shall adjust any re-measured amount in lease obligations.

(xv) Intangible assets

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.

(xvi) 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 in 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. 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 in amounts between the proceeds (net of any transaction costs) and the redemption value that is

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.

(xviii) Account payables

1. Refers to the debts incurred for the purchase of raw materials, commodity or services, and notes payable 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 insignificant influence of discount.

(xix) Derecognition of financial liabilities

A financial liability is derecognized when the contract's obligation is either discharged or canceled or expired.

(xx) Provision for liabilities

A 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. The amount in 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 an interest expense. Provisions are not recognized for future operating losses.

(xxi) Employee Benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount in the benefits expected to be paid. They 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 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 the projected unit credit method. It is measured by discounting the amount in 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 government bonds' reporting date, the due date which is close to the Group's 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 subsequent actual distributed amounts is accounted for as changes in 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 these 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 reporting date's consolidated balance sheet. The deferred income tax liabilities deriving from the initial recognition of goodwill won't be recognized. If the deferred income tax was derived from the initial recognition of assets or liabilities in transactions (excluding business combination), and with no effect on accounting profits or taxable income (or taxable loss) at the time of transaction, it will not be recognized. 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. Unconsumed deferred income tax deduction generated from the procurement of equipment or technology and spending on R&D development carried forward to subsequent period should be recognized as income tax assets within the scope of possible use as income tax deduction for taxation in the future.

(xxiii) Share stock

Ordinary shares are classified as equity. The net amount in 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. In contrast, cash dividends shall be recognized as liabilities.

(xxv) Revenue Recognition

1. Income from Labor Service

The Group engages in testing 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 customer's 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.

(xxvi) Operating segment

The information on the operating segment of the Group and the internal management report presented to the key corporate decision-maker of the Group are presented in a consistent manner. Key corporate decision-makers are responsible for the allocation of resources to the operating segments and the evaluation of their performance.

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 assumptions 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 in 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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 100	\$ 100
Checking deposit and demand deposit	1,065,523	431,319
Total	<u>\$ 1,065,623</u>	<u>\$ 431,419</u>

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

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Time deposits	<u>\$ 1,980,960</u>	<u>\$ 2,469,160</u>
Non-current items:		
Time deposits	<u>\$ 21,700</u>	<u>\$ 20,700</u>

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

	<u>2020</u>	<u>2019</u>
Interest income	<u>\$ 21,616</u>	<u>\$ 37,015</u>

2. The time deposits with an amount in \$21,700, 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) Account receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	\$ 627,438	\$ 1,156,714
Accounts receivable - related parties	<u>1,662</u>	<u>118</u>
	629,100	1,156,831
Less: allowance for losses and bad debts	<u>-</u>	<u>-</u>
	<u>\$ 629,100</u>	<u>\$ 1,156,831</u>

The Group does not have accounts provided as hypothecation security.

1. Aging analysis of accounts receivables is stated below:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not overdue	\$ 580,727	\$ 747,642
≤30 days	46,146	266,790
31-90 days	1,729	142,263
91-180 days	498	130
More than 181 days	<u>-</u>	<u>6</u>
	<u>\$ 629,100</u>	<u>\$ 1,156,831</u>

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

2. The account receivable balance as of December 31, 2020 and December 31, 2019 were generated from customer contracts, and the account receivable balance from customer contracts as of January 1, 2019 amounted to \$751,975.
3. The maximum exposure of credit risk of the group deriving from account receivables, let alone the collateral held or other enhanced credit, amounted to \$629,100 and \$1,156,831 as of December 31, 2020 and December 31, 2019, respectively.
4. For credit risk information, please refer to Note 12 (2).

(iv) Inventory

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Raw materials	\$ 73,114	\$ 81,482
Allowance for price decline of inventories	<u>4,665</u>	<u>2,582</u>
Carrying amount	<u>\$ 68,449</u>	<u>\$ 78,900</u>

The cost of inventories recognized as expense for the period:

	<u>2020</u>	<u>2019</u>
Cost of inventories have been consumed	\$ 2,178,123	\$ 2,055,969
Loss from falling price	2,252	1,374
Recovered interest	-	2,279
Exchange Influence	(169)	146
	<u>\$ 2,180,206</u>	<u>\$ 2,059,476</u>

(v) Property, plant, and equipment

2020

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Office equipment and other equipment</u>	<u>Equipment awaiting examination</u>	<u>Total</u>
January 1						
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)
	<u>\$ 194,924</u>	<u>\$ 66,776</u>	<u>\$ 1,478,671</u>	<u>\$ 239,876</u>	<u>\$ 121,437</u>	<u>\$ 2,101,684</u>
January 1	\$ 194,924	\$ 66,776	\$ 1,478,671	\$ 239,876	\$ 121,437	\$ 2,101,684
Additions	-	1,110	282,181	60,164	15,242	358,697
Disposals	-	-	(1,832)	-	-	(1,832)
Reclassification	-	-	120,190	1,433	(121,623)	-
Depreciation expenses	-	(10,759)	(549,662)	(71,475)	-	(631,896)
Net exchange differences	-	-	(51,670)	(6,415)	(175)	(57,911)
December 31	<u>\$ 194,924</u>	<u>\$ 57,127</u>	<u>\$ 1,227,878</u>	<u>\$ 223,582</u>	<u>\$ 15,231</u>	<u>\$ 1,768,742</u>
December 31						
Cost	\$ 194,924	\$ 852,402	\$ 10,852,487	\$ 1,325,142	\$ 15,231	\$ 13,240,186
Accumulated depreciation	-	(795,275)	(9,574,609)	(1,101,560)	-	(11,471,444)
	<u>\$ 194,924</u>	<u>\$ 57,127</u>	<u>\$ 1,277,878</u>	<u>\$ 223,582</u>	<u>\$ 15,231</u>	<u>\$ 1,768,742</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Office equipment and other equipment</u>	<u>Equipment awaiting examination</u>	<u>Total</u>
January 1						
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)
	<u>\$ 194,924</u>	<u>\$ 96,398</u>	<u>\$ 1,556,615</u>	<u>\$ 149,981</u>	<u>\$ 86,231</u>	<u>\$ 2,084,149</u>
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	<u>\$ 194,924</u>	<u>\$ 67,776</u>	<u>\$ 1,478,671</u>	<u>\$ 239,876</u>	<u>\$ 121,437</u>	<u>\$ 2,101,684</u>
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)
	<u>\$ 194,924</u>	<u>\$ 66,776</u>	<u>\$ 1,478,671</u>	<u>\$ 239,876</u>	<u>\$ 121,437</u>	<u>\$ 2,101,684</u>

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

	2020	2019
Amount of capitalization	\$ 503	\$ 1,753
Interest rate range	0.55%-1.12%	11.27%-1.39%

(vi) Lease transactions – Lessee

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. The lease term of the Group for the leasing of building and machinery equipment is limited to 12 months. The low value subject matters of lease are buildings and machinery equipment.
3. Information of book value and depreciation expense of right-of-use asset is described below:

	December 31, 2020	December 31, 2019
	Book Value	Book Value
Building	\$ 5,124	\$ 475
Machinery Equipment	-	27,862
Transportation Equipment (Company Vehicle)	3,172	3,080
	\$ 8,296	\$ 31,417
	2020	2019
	Depreciation Expense	Depreciation Expense
Building	\$ 562	\$ 535
Machinery Equipment	25,828	107,047
Transportation Equipment (Company Vehicle)	1,755	1,386
	\$ 28,145	\$ 108,968

4. The addition of right of use assets in 2020 and 2019 amounted to \$7,084 and \$2,744, respectively.
5. Information of profit and loss items related to lease contracts is shown below:

	2020	2019
<u>Items of influence of current profit and loss</u>		
Interest expense of lease obligations	\$ 127	\$ 921
Expense of short-term lease	30,972	3,285
Expense of low-value asset lease	9,082	10,295

6. The total amount in cash outflow to rental expense of the Group in 2020 and 2019 amounted

to \$66,149 and \$125,994, respectively.

(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.
2. In 2020 and 2019, rental income has been recognized as \$463 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, 2020		December 31, 2019	
2021	\$	288	2020	\$ 406
2022		219	2021	117
2023		114	2022	-
2024		114	Total	\$ 523
2025		86		
Total	\$	821		

(viii) Intangible assets

	2020		
	Technical royalties	Computer software	Total
January 1			
Cost	\$ 35,976	\$ 172,105	\$ 208,081
Accumulated amortization and impairment	35,976	139,973	175,949
	()	()	()
	\$ -	\$ 32,132	\$ 32,132
January 1	\$ -	\$ 32,132	\$ 32,132
Add - derived from separate gain	-	31,488	31,488
Amortization	-	(10,941)	(10,941)
Net exchange differences	-	(564)	(564)
December 31	\$ -	\$ 52,115	\$ 52,115
December 31			
Cost	\$ -	\$ 197,793	\$ 197,793
Accumulated amortization and impairment	-	145,678	145,678
	()	()	()
	\$ -	\$ 52,115	\$ 52,115

	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)
	<u>\$ -</u>	<u>\$ 20,815</u>	<u>\$ 20,815</u>
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	<u>\$ -</u>	<u>\$ 32,132</u>	<u>\$ 32,132</u>
December 31			
Cost	\$ 35,976	\$ 172,105	\$ 208,081
Accumulated amortization and impairment	(35,976)	(139,973)	(175,949)
	<u>\$ -</u>	<u>\$ 32,132</u>	<u>\$ 32,132</u>

The amortization details of intangible assets are as follows:

	2020	2019
Operating cost	\$ 6,907	\$ 3,385
Administrative expenses	4,034	3,463
	<u>\$ 10,941</u>	<u>\$ 6,848</u>

(ix) Other payables

	December 31, 2020	December 31, 2019
Bonus and salaries payable	\$ 103,993	\$ 129,967
Compensation payable to employees and remuneration payable to Directors and Supervisors	44,556	71,009
Payables on equipment	146,656	229,038
Other	98,106	133,790
	<u>\$ 393,311</u>	<u>\$ 563,804</u>

(x) Long-term loans

Loan type Long-term bank loans	Loan period and repayment method	Interest range	Collateral	December 31, 2020
Credit borrowing	From November 27, 2019 to November 27, 2021, to repay in installments over the period of the agreement	1.0800%	None	\$ 127,500
Credit borrowing	From March 20, 2020 to March 20, 2022, to repay in installments over the period of the agreement	1.1174%	None	300,000
Credit borrowing	From March 20, 2020 to March 20, 2022, to repay in installments over the period of the agreement	0.5500%	None	<u>3,000</u>
				430,500
Less: Long-term loans due within one year or one operating cycle				(145,000)
				<u>\$ 285,500</u>

Loan type Long-term bank loans	Loan period and repayment method	Interest range	Collateral	December 31, 2020
Credit borrowing	From November 27, 2019 to November 27, 2021, to repay in installments over the period of the agreement	1.3934%	None	\$ 240,000
Credit borrowing	From March 20, 2020 to March 20, 2022, to repay in installments over the period of the agreement	1.3500%	None	150,000
Credit borrowing	From March 20, 2020 to March 20, 2022, to repay in installments over the period of the agreement	1.2700%	None	<u>300,000</u>
				690,000
Less: Long-term loans due within one year or one operating cycle				(82,500)
				<u>\$ 607,500</u>

Credit borrowing

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 4 times.
4. Shares of Winstek Semiconductor Corporation held by Sigurd Corporation 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\$ 60 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 2020 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.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of Defined Benefit obligations	\$ 52,400	\$ 44,297
Fair value of plan assets	(25,584)	(23,080)
Net defined benefit liabilities	<u>\$ 26,826</u>	<u>\$ 21,217</u>

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

	Present value of defined benefit obligations	Plan fair value of assets	Net defined benefit liabilities
2020			
Balance as of January 1	\$ 44,297	(\$ 23,080)	\$ 21,217
Interest expense (income)	443	(238)	205
	<u>44,740</u>	<u>(23,318)</u>	<u>21,422</u>
Remeasurement amount:			
Plan assets return (excluding amounts included in interest income or expenses)	-	(\$ 670)	(670)
Impacts of changes in demographic assumptions	805	-	805
Impacts of changes in financial assumptions	3,430	-	3,430
Experience adjustment	3,425	-	3,425
	<u>7,660</u>	<u>(670)</u>	<u>6,990</u>
Provision of pension funds	-	(1,596)	(1,596)
Balance as of December 31	<u>\$ 52,400</u>	<u>(\$ 25,584)</u>	<u>\$ 26,816</u>
	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
	<u>37,906</u>	<u>(20,855)</u>	<u>17,051</u>
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
	<u>6,391</u>	<u>(616)</u>	<u>5,775</u>
Provision of pension funds	-	(1,609)	(1,609)
Balance as of December 31	<u>\$ 44,297</u>	<u>(\$ 23,080)</u>	<u>\$ 21,217</u>

(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, 2020 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:

	2020	2019
Discount rate	0.500%	1.000%
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, 2020				
The impact on present value of defined benefit obligations	(\$ 1,762)	\$ 1,846	\$ 1,773	(\$ 1,703)
December 31, 2019				
The impact on present value of defined benefit obligations	(\$ 1,586)	\$ 1,664	\$ 1,607	(\$ 1,541)

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 analyzing sensitivity and calculating net pension liability in the balance sheet is 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 Group's projected allocation to the pension plan for the year 2021 is \$1,629.

(7) As at 31 December 2020, the weighted average duration of the pension plan is 13.7 years. The analysis of the due dates of retirement allowance payment is as follows:

Within 1 year	\$	584
1 - 2 years		981
2 - 5 years		7,881
5-10 years		9,708
	<u>\$</u>	<u>19,154</u>

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 \$24,960 and \$24,052 respectively in the years of 2020 and 2019.

3. The other long-term employee benefit plans (pension for death) provided by the Group to the employees, which is measured by an actuarial technology on other long-term employee benefit liabilities, other long-term employee benefit liabilities were recognized at NT\$3,335 as of December 31, 2020 and December 31, 2019, respectively.

(xii) Share stock

On December 31, 2020, the Company's authorized capital was NT\$4 million, divided into 400,000,000 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.

The reconciliation between the quantity of outstanding shares of the Company at the beginning and the ending of the period is shown below:

	2020	Unit: 1,000 shares 2019
January 1/December 31	<u>136,262</u>	<u>136,262</u>

(xiii) Capital surplus

According to the provisions of the Company Act, over the face value of share premium gifts

of assets donated to Capital surplus for covering the deficit. If there is no accumulated deficit in the company, it shall issue new shares with existing shares or cash by ratio to shareholders. According to the Securities Exchange Act, allocated capital from Capital surplus cannot exceed 10% of the paid-up capital each year. The Company may allocate Capital surplus for covering capital deficiency only if the amount in reserve is inadequate for this purpose.

	2020	
	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

	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

(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 a balance, pool up with the undistributed earnings accumulated from the preceding fiscal year and retain a portion of the accumulated earnings as dictated by business need. The Board shall then prepare a proposal for the distribution of the earnings and refer to the Shareholders Meeting for resolution of dividend payment to the shareholders The Board shall be authorized to determine if shareholder dividend and bonus issue should be paid in cash in whole or in part, and report to the Shareholders Meeting
2. In accordance with the Articles of Association of the Company, if there is after-tax surplus in the annual accounts, 10% of the legal reserve shall be appropriated after covering the loss of previous years. The special capital reserve shall be appropriated as necessary. The Company's 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 for final approval The Company shall estimate and retain appropriate amount for tax payment, offsetting carryforward loss, and legal reserve at the time of distributing

earnings. No further appropriation of legal reserve is necessary if the amount in legal reserve is equivalent to the paid-in capital. If new shares are offered as the mean for distribution of earnings as mentioned in the preceding paragraph, proceed to Article 240 of the Company Act. If cash is paid, the resolution of the Board for approval is required.

4. The legal reserve may be used to cover the Company's loss carried forward and for capitalization into new shares (or in cash) for payment to shareholders in proportion to their holdings. However, the new shares or cash for distribution shall be the amount in excess of the 25% of the paid-in capital
5. The Shareholders Meeting of the Company resolved on 06.09.2020 and 06.10.2019 to pay out earnings of 2019 and 2018 specified as follows:

	2019		2018	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve	\$ 56,187	\$ -	\$ 32,982	\$ -
Special reserve (reversal)	45,854	-	(67,932)	-
Cash dividend	\$ 204,392	\$ 1.50	\$ 163,514	\$ 1.20
Total	<u>306,433</u>	<u>1.50</u>	<u>128,564</u>	<u>1.20</u>

6. The proposal for the distribution of earnings of 2020 was passed by the Board on 03.09.2021 and specified as follows pending on the final approval of the Shareholders Meeting:

	2019	
	Amount	Dividend per share (NT\$)
Legal reserve	20,241	-
Special reserve (reversal)	157,618	-
Cash dividend	\$ 167,518	\$ 1.23
Total	<u>345,377</u>	<u>1.23</u>

Note: Information on dividend payout passed by the Board is available at Market Observation Post Service.

(xv) Revenue

	2020	2019
Revenue from customer contracts	<u>\$ 2,613,534</u>	<u>\$ 2,942,669</u>

1. Detail of Revenue from customer contracts

The labor services rendered in chronology of time remained the primary source of income for the Group. The details of incomes are specified as follows:

<u>2020</u>	<u>Testing income</u>	<u>Bumping income</u>	<u>Other labor services income</u>	<u>Total</u>
Segment revenue	\$ 706,354	\$ 1,871,915	\$ 35,265	\$ 2,613,534
Revenue from external customer contracts	<u>\$ 706,354</u>	<u>\$ 1,871,915</u>	<u>\$ 35,265</u>	<u>\$ 2,613,534</u>
<u>2019</u>	<u>Testing income</u>	<u>Bumping income</u>	<u>Other labor services income</u>	<u>Total</u>
Segment revenue	\$ 712,432	\$ 1,335,676	\$ 894,561	\$ 2,942,669
Revenue from external customer contracts	<u>\$ 712,432</u>	<u>\$ 1,335,676</u>	<u>\$ 894,561</u>	<u>\$ 2,942,669</u>

2. Contract assets

Contract assets pertinent to the incomes from customer contracts recognized by the Group are specified below:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Contract assets:			
Contract assets - packaging testing	\$ 20,401	\$ 20,401	\$ 13,161
Contract liabilities	\$ 396	\$ -	\$ -

(xvi) Interest income

	<u>2020</u>	<u>2019</u>
Interest income:		
Interest from bank deposits	\$ 2,092	\$ 7,975
Interest income from financial assets at amortized cost	21,616	37,015
	<u>23,708</u>	<u>44,990</u>

(xvii) Other incomes

	<u>2020</u>	<u>2019</u>
Rental income	\$ 463	\$ 463

(xviii) Other profits and loss

	<u>2020</u>	<u>2019</u>
Interests from disposal of property, plant, and equipment	\$ 7,468	\$ 57,320
Foreign exchange gains (losses)	(28,303)	4,442
Other gains and losses	5,049	1,709
	<u>\$ 15,786</u>	<u>\$ 54,587</u>

(xix) Financial cost

	2020	2019
Interest expense	\$ 8,026	\$ 15,855
Other financial expenses	147	921
Capitalized interest	(503)	(1,753)
	<u>\$ 7,670</u>	<u>15,023</u>

(xx) Additional information on type of expenses

	2020	2019
Employee benefit expenses	\$ 706,122	\$ 734,332
Depreciation expenses of property, plant, and equipment	660,041	755,958
Amortization expense of intangible assets	\$ 10,941	\$ 6,848

(xxi) Employee benefit expense

	2020	2019
Wages and salaries expenses	\$ 599,401	\$ 629,787
Labor and health insurance expenses	51,226	51,086
Pension expense	25,165	24,272
Other employment expenses	30,330	29,187
	<u>\$ 706,122</u>	<u>\$ 734,332</u>

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. If remuneration is in the form of a stock dividend or cash dividend, the employees of controlled entities or subsidiaries shall also be entitled. The Company shall appropriate for covering loss carried forward if applicable. If the company earns profits during the year, less than 3% of which shall be appropriated as directors' bonus depending on the operating circumstances. The Company shall appropriate for covering loss carried forward if applicable.
2. The Company estimated remuneration to employees in 2020 and 2019 amounting to \$21,848 and \$43,761, respectively, and estimated remuneration to Directors at \$0 for both years. The above amount was presented under the account title of salary expense in the book.

The Board resolved to pay out remuneration to employees and Directors amounting to \$43,761 and \$0 in 2019, which is relevant with the amount presented in the financial report of 2019. All were paid in cash.

Information on remuneration to employees and Directors passed by the Board is available

and Market Observation Post Service.

(xxii) Income tax

1. Income tax expense

Components of income tax expense

	<u>2020</u>	<u>2019</u>
Current income tax:		
Income tax incurred in current period	\$ 55,513	158,924
Tax on undistributed profit	-	23,347
Overestimation of prior year's annual income tax	(30,077)	(2,780)
Total income tax in the period	<u>25,436</u>	<u>179,491</u>
Deferred income tax:		
Initial recognition and reversal of temporary differences	(7,088)	6,501
Total deferred income tax	(7,088)	6,501
Income tax expense	<u>\$ 18,348</u>	<u>\$ 172,990</u>

2. Relation between income tax expense and accounting profit

	<u>2020</u>	<u>2019</u>
Income tax calculated on net profit before tax by statutory tax rate	\$ 45,317	\$ 148,126
Expenses which shall be excluded in accordance with the provisions of the tax law	686	705
Overestimation of prior year's annual income tax	(30,077)	(2,780)
Tax on undistributed profit	-	23,347
Other	2,422	(3,592)
Income tax expense	<u>\$ 18,348</u>	<u>\$ 172,990</u>

3. The amount in deferred income tax assets or liabilities deriving from temporary difference

	2020		
	January 1	Recognized in profit and loss	December 31
Deferred income tax assets:			
- Temporary differences:			
Tax differentials in depreciation expenses	\$ 11,007	\$ 595	\$ 11,602
Unrealized exchange loss	7,571	2,067	9,638
Inventory allowance loss from falling price	540	417	957
Other	558	(1,605)	2,163
Subtotal	<u>19,676</u>	<u>4,684</u>	<u>24,360</u>
- Deferred income tax liabilities:			
Unrealized exchange gains	(3,598)	2,127	(1,471)
Other	(422)	(277)	(145)
Subtotal	<u>(4,020)</u>	<u>2,404</u>	<u>(1,616)</u>
Total	<u>\$ 15,656</u>	<u>\$ 7,088</u>	<u>\$ 22,744</u>

	2020		
	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	<u>14,604</u>	<u>5,072</u>	<u>19,676</u>
- Deferred income tax liabilities:			
Unrealized exchange gains	(5,304)	1,706	(3,598)
Other	(145)	(277)	(422)
Subtotal	<u>(5,449)</u>	<u>1,429</u>	<u>(4,020)</u>
Total	<u>\$ 9,155</u>	<u>\$ 6,501</u>	<u>\$ 15,656</u>

4. The corporate income tax of the Company has been approved by the tax collection authorities to 2018.

(xxiii) Earnings per share

	2020		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders of the parent company			
	\$ 209,398	136,262	\$ 1.54
<u>Diluted earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders of the parent company	209,398	136,262	
Impacts of dilutive potential ordinary shares			
Employee remuneration	-	1,071	
Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders of the parent company in the current period	\$ 209,398	137,333	\$ 1.52

	2019		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders of the parent company			
	\$ 567,643	136,262	\$ 4.17
<u>Diluted earnings per share</u>			
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

(xxiv) Supplementary information on cash flow

Investment activities with partial cash payments:

	2020	2019
Purchase of property, plant, and equipment	\$ 358,697	\$ 699,647
Add: payable on equipment at the beginning of period	229,038	47,404
Less: payable on equipment at the end of the period	(146,656)	(229,038)
Cash paid in the period	\$ 441,079	\$ 518,013

(xxv) Changes in liabilities from financing

	2020			
	Leasing obligations	Long-term loans (note)	Deposit Received	Total liabilities from financing activities
January 1	\$ 28,723	\$ 690,000	\$ 204	\$ 718,927
Changes in cash flows from financing activities	(25,968)	(259,500)	24	(285,444)
Other non-cash changes:				-
Interest costs	127	-	-	127
Impacts of exchange rate changes	413	-	-	413
Amortization of arranger fees	7,084	-	-	7,084
Increase of current period	(2,035)	-	-	(2,035)
December 31	\$ 8,344	\$ 430,500	\$ 288	\$ 439,072

	2020			
	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

Note: including current portion of long-term loans.

VII. Related-party Transactions

(I) The ultimate controlling entity of the Company

The Group was previously controlled by Bloomeria Limited (incorporated in Singapore). It was eventually under the control of Ge-Shing Corporation Since July 6, 2020 after Bloomeria Limited has transfer all the equity shares under its holding holds 51.90% of the Company's shares. The ultimate parent company and the ultimate controlling entity of the Group is Sigurd Microelectronics Corporation (incorporated in Taiwan).

(II) Names and Relations with Related Parties

<u>Name of related party</u>	<u>Relation with the Company</u>
Sigurd Microelectronics Corporation	Ultimate parent
Bloomeria Limited	Parent company (before July 6, 2020)
Ge-Shing Corporation	Parent company (after July 6, 2020)

(III) Significant transactions with the related-parties

1. Revenue

	<u>2020</u>	<u>2019</u>
Ultimate parent company	<u>\$ 9,995</u>	<u>\$ 1,574</u>

The above income from rendering of labor service is based on the price and condition the same as other transactions. The payment term is open account monthly settlement plus 30 days.

2. Purchase

	<u>2020</u>	<u>2019</u>
Purchase of services		
Ultimate parent company	<u>\$ -</u>	<u>\$ 1,043</u>

3. Receivable from related-parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable		
Ultimate parent company	<u>\$ 1,662</u>	<u>\$ 117</u>

The receivable from related-parties are mostly from the rendering of labor service No pledge or interest accrued from the account receivables.

4. Payable to related-Parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other payables - machine rental and purchase:		
Ultimate parent company	<u>\$ 257</u>	<u>\$ 803</u>
Other payables-processing services		
Ultimate parent company	<u>\$ -</u>	<u>\$ 9</u>

The payable to related-parties are mainly from the labor service rendered by related-parties. No interest accrued from the account payable

5. Asset trade

(1) Acquisition of property, plant and equipment

	2020	2019
Ultimate parent company	\$ -	\$ 9,888

(2) Disposals of property, plant and equipment:

Ultimate parent company	2020		2019	
	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
	\$ 4,840	\$ 3,008	\$ 57,546	\$ 54,492

Ultimate parent company	Accounting subject	Amount of transaction	
		2020	2019
	Rental receipt	\$ 131	\$ 2,154

(IV) Information on salaries for the top management

	2020	2019
Short-term employee benefits	\$ 34,392	\$ 34,886
Benefits after retirement	\$ 729	\$ 756
Total	\$ 35,121	\$ 35,642

VIII. Pledged assets

The detail of pledged assets of the Group are specified below:

<u>Assets</u>	Book value		
	December 31, 2020	December 31, 2019	Collateral purpose
Hypothecated time deposits (financial assets account measured at amortized cost - non-current)	\$ 21,700	\$ 20,700	Customs security

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) The Group has signed a five-year technical service agreement with STATS ChipPAC Ltd. on August 5, 2015. It 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: As specified in the contract that:

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 capacity 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 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

	<u>The second year</u>	<u>The third year</u>	<u>The fourth year</u>	<u>The fifth year</u>
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
	<u>\$ 81,510</u>	<u>\$ 75,385</u>	<u>\$ 63,795</u>	<u>\$ 54,560</u>

STATS ChipPAC Ltd. did not meet the minimum purchase quantity in the contracts of year 2 and year 3. The Group has claimed compensation as stated in the agreement and recognized as income. 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:

- (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 the combined minimum purchase amount that STATS ChipPAC Ltd. shall perform for the Group in accordance with the future agreement shall be as follows:

	<u>Currency: US\$ 1,000</u>	
	<u>The sixth year</u>	<u>The seventh year</u>
Minimum purchase amount	\$ 30,000	\$ 30,000

- (b) The Group reserves the capacity of US\$40 million per contract year for the extended 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 Group 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 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 negotiation 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 in US\$ 5,000,000 (NT\$ 153,850,000) for the minimum purchase it failed to meet in the third contract year. the compensation was received in full and recognized as compensation income.

4. In the Technology Service Contract of year 5 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 in 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. Both parties resolved the discrepancy amount that fails to meet the minimum purchase through signing the settlement agreement on October 16, 2019. STATS ChipPAC Ltd. agreed to pay the Group US\$ 20,520,000 (as the compensation.
5. In year 5, the combined purchase amount executed by STATS ChipPAC Ltd. (from 08.05.2019 to 08.04.2020) with the Group amounted to US\$54,135 thousand, which fell below the minimum purchase difference under the settlement agreement on 11.09.2020. As such, STATS ChipPAC Ltd. Agreed to pay the Group US\$383 thousand as compensation. The said amount has been collected and recognized and considered income.

(II) Capital expenditures contracted but not yet incurred:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Property, plant, and equipment	\$ 178,309	\$ 47,169

X. Losses from major disasters

No.

XI. Materiality after the reporting period

The Board of the Company passed the proposal for distribution of earnings for the year 2020 on 03.09.2021. Refer to Note 6 (14).

XII. Other

(i) Capital Management

The strategic maintenance of the Group in 2020 remained the same as in 2019 in an effort to reduce the liabilities to capital reasonable risk level. The liabilities to capital ratio of the Group on December 31, 2020 and December 31, 2019 are shown below:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total borrowing	\$ 430,500	\$ 690,000
Less: cash and cash equivalent	(1,065,623)	(431,419)
Net debt	(635,123)	(258,581)
Total equity	4,729,393	4,888,996
Total capital	<u>\$ 4,094,270</u>	<u>\$ 5,147,577</u>
Capital and liabilities ratio	<u>-</u>	<u>5 %</u>

(ii) Financial instruments

1. Types of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 1,065,623	\$ 431,419
Financial assets measured at amortized cost (including noncurrent)	1,980,960	2,469,160
Accounts receivable	627,438	1,156,714
Accounts receivable - related parties	1,662	118
Other receivables	7,210	8,042
Refundable Deposits	3,851	3,788
	<u>\$ 3,686,744</u>	<u>\$ 4,069,241</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liability</u>		
Financial liabilities measured at amortized cost		
Accounts payable	\$ 82,789	\$ 71,808
Account payables – related parties	257	803
Other payables	393,311	563,804
Other accounts payable - related parties	-	9
Long-term loans (including whose due within one year or one operating cycle)	430,500	690,000
Guarantee deposits	228	204
	<u>\$ 907,085</u>	<u>\$ 1,192,035</u>
Lease obligations (including non-current)	<u>\$ 8,344</u>	<u>\$ 28,723</u>

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 Group's operations. Through its training and management standards and procedures, the Group 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 Group's risk management policies and procedures and review the appropriateness of the Group's relevant management framework for the risks encountered. Internal auditors assist the Group's audit committee in a supervision role. These officers conduct review of risk management controls and procedures and report the review results to the Audit Committee.

3. The nature and intensity of significant risk

(1) Market risk

Exchange rate 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, 2020		
	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT\$)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	\$ 14,831	28.48 \$	422,387
NT\$:US\$	427,936	0.035	427,936
<u>Financial liability</u>			
<u>Monetary items</u>			
US\$:NT\$	\$ 1,765	28.48 \$	50,267
NT\$:US\$	625,072	0.035	625,072
	December 31, 2019		
	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT\$)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	\$ 20,257	29.98 \$	607,305
NT\$:US\$	679,830	0.033	679,830
<u>Financial liability</u>			
<u>Monetary items</u>			
US\$:NT\$	\$ 2,654	29.98 \$	79,567
NT\$:US\$	622,047	0.033	622,047

- 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 2020 and 2019 with the total amount in (\$28,303) and \$4,442 respectively.
- C. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were significantly affected by the exchange rate volatility

	2020		
	Sensitivity analysis		
	Range of change	Affect the profit and loss	Affect other comprehensive income
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	1%	\$ 4,224	\$ -
NT\$:US\$	1%	4,279	-
<u>Financial liability</u>			
Monetary items			
US\$:NT\$	1%	(\$ 503)	\$ -
NT\$:US\$	1%	(6,251)	-
	2019		
	Sensitivity analysis		
	Range of change	Affect the profit and loss	Affect other comprehensive income
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	1%	\$ 6,073	\$ -
NT\$:US\$	1%	6,798	-
<u>Financial liability</u>			
Monetary items			
US\$:NT\$	1%	(\$ 796)	\$ -
NT\$:US\$	1%	(6,220)	-

Cash Flow 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 2020 and 2019, 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. As such, the Group exposes to risk of any interest rate change in the future market.
- C. If the borrowing rate increased or decreased 1% and all other factors remained unchanged, in 2020 and 2019, net profit before tax respectively reduce or increase \$4,305 and \$6,900 respectively, mainly due to changes of interest expenses.

(2) Credit Risk

- A. The Group's 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 manages its credit risk from the perspective of the Group as a whole. Manage and conduct analysis of credit risk prior to determining the terms and conditions for payment and delivery in accordance with the internal credit policy explicitly stated. Internal risk control is conducted in consideration of the financial position, experience in the past and other factors of the customers for assessment of their credit quality. The limits of individual risks are determined on the basis of internal or external rating with routine monitoring of the consumption of credit limit.
- C. According to the risk management procedure of the Group, if a specific counterparty fails to make payment in accordance with the agreed terms and conditions of payment and overdue for a certain period, it shall be construed as an act of breach.
- D. The Group based on the rating of the customers to classify account receivable and contract assets of customers into two categories, and estimate credit loss on the basis of a simplified method of preparation matrix
- E. The Group adopts IFRS 9 in making the following assumption for judgment of possible significant rise of credit risk inherent to the financial instruments after initial recognition:
Suppose specific account is overdue for more than 30 days under the agreed terms and conditions of payment. In that case, it shall be construed as significant risk of credit risk of the financial instrument after initial recognition.
- F. The Group uses the following indicators to judge credit impairment of the investment of debt instruments:
 - (A) High level of insolvency to the issuer, or proceeding to bankruptcy or very likely of financial restructuring:
 - (B) The financial asset lost its active market due to the insolvency of the issuer.
 - (C) The issuer delays or declines to pay interest or the principal.
 - (D) Unfavorable economic change nationwide or in the region that caused the default of the issuer.
- G. The Group mainly provides specific customers with semiconductor wafer packaging and testing services. Therefore, the Group assesses the credit risk of individual customers and adjusts loss rate according to the specific historical and current information, considering future prospects, to estimate the loss allowance on accounts receivable. The preparation matrix of the Group as of December 31, 2020 and December 31, 2019 is shown as follows:

	Not overdue	Overdue within 30 days	Overdue 31-90 days	Overdue 91-180 days	Overdue more than 181 days	Total
<u>December 31, 2020</u>						
Expected loss rate	0.001%	0.001%	30%	50%	50%-100%	
Total book value	\$ 601,256	\$ 46,146	\$ 1,729	\$ 498	\$ -	\$ 649,629
Provision for bad debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>December 31, 2019</u>						
Expected loss rate	0.001%	0.001%	30%	50%	50%-100%	
Total book value	\$ 768,043	\$ 266,790	\$ 142,263	\$ 130	\$ 6	\$ 1,177,232
Provision for bad debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

H. No write-off debts as of December 31, 2020 and December 31, 2019.

(3) Liquidity risk

A. The undrawn loans of the Group is shown below:

	December 31, 2020		December 31, 2019	
Fixed interest rate				
Due within 1 year	\$	1,251,978	\$	795,500
Due for more than 1 year		1,553,000		750,000
	\$	2,804,978	\$	1,545,500

B. The table below shows the non-derivative financial liabilities and net value, or derivative financial liabilities with the full amount in delivery in chronological order of maturity date. Non-derivative financial liabilities are analyzed on the basis of the period between the balance sheet date to the maturity date stated in the contract. Derivative financial liabilities are analyzed on the basis of the period between the balance sheet date to the maturity date stated in the contract. The contract amount in cash flow stated in the table below is the undiscounted amount.

December 31, 2020	Less than 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 82,789	\$ -	\$ -	\$ -
Account payables – related parties	257	-	-	-
Other payables	393,311	-	-	-
Other payables - related parties	-	-	-	-
Leasing obligations	1,015	1,015	2,012	4,589
Deposit Received	-	-	-	228
Long-term loans (including those due within one year or one business circle)	74,664	74,278	283,655	2,804
December 31, 2019	Less than 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 71,808	\$ -	\$ -	\$ -
Account payables – related parties	803	-	-	-
Other payables	563,804	-	-	-

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

(iii) Fair value information:

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

(iv) Effect of COVID-19 on the operation of the Company

As assessed, COVID-19 did not cause significant influence on the continued operation, impairment of assets and financing risk of the Group.

XIII. Additional disclosure

(i) Information on significant transactions

1. Loans to others: None.
2. Endorsements and guarantees: Please refer to Appendix Table 1.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and jointly control identities): None.
4. Accumulated buying or selling of the same marketable securities at NT\$300 million or more or 20% of the paid-in capital: None.
5. Acquisition of property amounting to NT\$300 million or more than 20% of the paid-in capital: None.
6. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
7. The amount in purchase or sale with related-party amounting to NT\$100 million or more than 20% of the paid-in capital: Table II.
8. Receivable from related-parties amounting to NT\$100 million or more than 20% of the paid-in capital: None.

9. Engagement in derivative trade: None.

10. The business relation and material transactions between the parent and the subsidiaries and among the subsidiaries and the amount involved: Table III.

(ii) Information on Direct Investment

Names of the investee companies, the locations, and related information (excluding investee companies in Mainland China): refer to Table IV.

(iii) Information on investment in Mainland China

None.

(iv) Information on dominant shareholders

Refer to Table V.

XIV. Information on operation segments

(i) General information

The Group has 2 segments for reporting: the testing division and the packing division.

(ii) Measurement of information on the segments

The Group has allocated non-routine profit or loss to the segments for reporting. In addition, all the profit and loss of the segments for reporting covered the items of material non-cash items beyond depreciation and amortization. The amount by segment for reporting and the amount used by the corporate decision-maker is relevant. The accounting policies adopted by the operating segments are relevant to the accounting policies of the Group. The profit and loss of the operation segment are based on revenue and pre-tax profit in measurement and used to assess performance.

(iii) Information on profit and loss, assets and liabilities of the segments

Information to be reported to the corporate decision-maker on the segments is specified as follows:

	<u>Testing business segment</u>	<u>Bumping business segment</u>	<u>Adjustment and elimination</u>	<u>Total</u>
<u>2020</u>				
External revenue	\$ 749,533	\$ 2,045,688	(\$ 181,687)	\$ 2,613,534
Depreciation and amortization expenses	\$ 198,321	\$ 472,661	(\$ -)	\$ 670,982
Segment Income	\$ 28,490	\$ 199,782	(\$ 1,241)	\$ 227,031
Segment assets	\$ 146,090	\$ 212,607	\$ -	\$ 358,697
	<u>Testing business segment</u>	<u>Bumping business segment</u>	<u>Adjustment and elimination</u>	<u>Total</u>
<u>2019</u>				
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
	Testing business segment	Bumping business segment	Adjustment and elimination	Total
December 31, 2020	\$ 1,843,885	\$ 3,949,372	(\$ 100,297)	\$ 5,692,960
	Testing business segment	Bumping business segment	Adjustment and elimination	Total
December 31, 2019	\$ 2,266,561	\$ 4,227,786	(\$ 78,302)	\$ 6,416,045

(iv) Information on product and labor service

Refer to Note 6 (15).

(v) Information by region

	2020	2019
	Income	Income
Customer D	\$ 996,767	\$ 2,061,752
Customer A	127,270	341,756
Customer E	500,834	93,710
Customer F	239,860	146,970
Customer G	193,476	203,133
	\$ 2,058,207	\$ 2,847,321

Information of the Group in 2020 and 2019 by region is specified as follows:

	2019		2020	
	Income	Non-current assets	Income	Non-current assets
Singapore	\$ 1,207,421	\$ -	\$ 1,957,210	\$ -
Taiwan	986,981	1,829,153	810,690	2,165,233
USA	294,793	-	166,494	-
China	80,352	-	-	-
Malaysia	-	-	507	-
Other	43,987	-	7,768	-
Total	\$ 2,613,534	\$ 1,829,153	\$ 2,942,669	\$ 2,165,233

(vi) Important information on customers

Important information on customers of the Group in 2020 and 2019 is specified as follows:

Winstek Semiconductors Corporation and Subsidiaries
 Providing Endorsement/guarantee to Others
 From January 1 to December 31, 2020

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 Semiconductors Corporation	Winstek Semiconductor Technology Corporation	2	\$4,729,393	\$ 900,000	\$ 900,000	\$ 427,500	\$ -	19%	\$ 4,729,393	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 Company's external endorsement/guarantee shall not exceed 50% of the Company's most recent net value. The amount of the Company's 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.

Note 7: 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 Corporation and Subsidiaries
The amount in purchase or sale with related-party amounting to NT\$100 million or more than 20% of the paid-in capital
From January 1 to December 31, 2020

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

Table 2

Purchase (Sale) Company	Name of Counterparty	Relationship	Transaction Nature			Proportion of total Purchase (Sales)	Credit period	Nature and reasons for the difference between trade terms and general trade (Note 1)		Bills and accounts receivable (payable)		
			Purchase (Sale)	Balance	Amount			Unit Price	Credit period	Balance	Proportion of total Bills and accounts receivable (payable)	Notes
Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	Subsidiary	Sale	(\$ 173,503)	(23%)		Monthly settlement 30 days	-	-	\$ 55,874	38%	
Winstek Semiconductor Technology Corporation	Winstek Semiconductor Corporation	Parent company	Purchase	173,503	8%		Monthly settlement 30 days	-	-	(55,874)	(41%)	

Note: For the sales transactions between the Company and the interested persons, the transaction prices and the collection conditions have no significant differences from those with others having no interests, and the transaction conditions are determined by both parties concerned through negotiations.

Winstek Semiconductor Corporation and Subsidiaries
Business relation and important transactions between the parent company and subsidiaries, and among the subsidiaries, and the amount
From January 1 to December 31, 2020

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

Table 3

Serial No. (Note 1)	Name of Related Company	Counterparty	Relationship With the Counterparty (Note 2)	Transaction Nature			As a Percentage of Consolidated Revenues or Total Assets (Note 3)
				Account	Amount	Trade Terms	
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Revenue	\$ 173,503	It is to be processed in accordance with the price and conditions agreed by both parties.	6.64%
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Accounts receivable	55,874	"	0.98%
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Other receivable	43,815		0.77%

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-subsiary transaction, no disclosure is made on the subsidiary's end if disclosure has already been made on the parent company's end; in a subsidiary-to-subsiary transaction, no disclosure is made on one subsidiary's 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\$5,000, it needs not be disclosed, and the relative transactions will no longer be disclosed.

Winstek Semiconductor Corporation and Subsidiaries
Name, Location, and Other Relevant Information of the Investee Companies (excluding Investee Companies in Mainland China)
From January 1 to December 31, 2020

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

Table 4

Name of investing company	Name of the investee company (Notes 1, 2)	Location	Main business items	Original investment amount		Holding at the end of period			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
				At the end of this period	At the end of last year	Number of shares	Ratio	Carrying amount			
Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	Taiwan	Wafer bumping and wafer level packaging services	\$ 2,875,740	\$ 2,875,740	310,000,000	100%	\$ 3,113,377	\$ 180,100	\$ 180,100	

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.

Winstek Semiconductor Corporation and Subsidiaries
Information on dominant shareholders
From January 1 to December 31, 2020

Table 5

Name of major shareholders	Quantity of shareholdings	Shares of Stock	The ratio of shareholding
Ge-Shing Corporation	70,726,438		51.90%

Note 1: The information on the major shareholders listed in this Form is about that concerning the ordinary shares and special shares (that are completed but without physical delivery, as calculated by CHEP) (including the treasury stocks) totaling up to 5%. The capital stocks as stated in the financial reports of the Company and the stocks that are factually completed but without physical delivery may be different or varied because of the preparation and calculation basis.

Note 2: If the abovementioned data is about the shares held by the shareholders and delivered to a trust, it will be disclosed by the accounts of the principals (that are opened by the agent by means of trust accounts). As for the declaration of the insiders' equities with the shareholding percentage over 10% as handled by the shareholders according to the securities exchange acts, their equities shall include their own shares plus the shares that are delivered to the trust and have the right to make decisions on how to use them, etc. As for the data about the declaration of the insiders' equities, please refer to the open information observation station.

V. Parent Company Only Financial Statements and Auditors' Report

Auditor's Report

(2021) Cai-Shen-Bao-Zi no.20003967

To Winstek Semiconductor Corporation

Audit Opinion

The Parent Company Only Balance Sheets as of December 31, 2019 and December 31, 2020; Parent Company Only Statements Of Comprehensive Income, Parent Company Only Statements Of Changes In Equity, Parent Company Only Statements Of Cash Flows from January 1, 2019 to December 31, 2019 and December 31, 2020; and the Notes to the Parent Company Only Finance Statements (including the Summary of Significant Accounting Policies) of Winstek Semiconductor Corporation, 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 Parent Company Only Finance 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 Corporation as of December 31, 2019 and December 31, 2020, and individual financial performance and individual cash flows from January 1, 2019 to December 31, 2019 and in 2020

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 Parent Company Only Finance 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 Corporation 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 auditor's opinion.

Key Audit Matters

Key audit key matters refer to those most material key matters for the audit on the Parent Company Only Finance Statements of the year 2020 for Winstek Semiconductor Corporation, based on the professional judgment of the accountant. Such matters have been taken into account in the audit of the overall Parent Company Only Finance 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 Parent Company Only Finance Statements of the year 2020 for

Winstek Semiconductor Corporation are as followings:

Audits of Real Estate, Plant and Equipment Capitalization

Matter description

Winstek Semiconductor Corporation and Subsidiaries increase capital expenditures along with their operations. For further information on the accounting policy of property, plant, and equipment, refer to Note 4 (12) to Parent Company Only Finance Statement. For further information on property, plant, and equipment, refer to Note 6 (5) of the Parent Company Only Finance Statement. The expenditures on property, plant, and equipment in this year are significant. We, therefore, list the capitalization of property, plant, and equipment as key audit matters.

Corresponding auditing procedures

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

Evaluate and examine the effectiveness of the internal control of the time for the addition and recognition for depreciation of property, plant, and equipment with a random selection of the purchase orders and invoices to ascertain the appropriate approval of the transactions and the accuracy of bookkeeping. Acceptance documents have also been examined, on a selective basis, to determine the asset is in working condition and the timing for entry into asset index and starting to recognize for depreciation.

The responsibility of the management and governance units for the Parent Company Only Finance 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 company's financial status and also to maintain necessary internal control with regard to the establishment of Parent Company Only Finance Statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When preparing the Parent Company Only Finance Statements, the management is also responsible for the assessment of Winstek Semiconductor Corporation's ability on going concern, the disclosure of relevant 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 Corporation (including the Audit Committee) had the responsibility to supervise the financial reporting process.

The responsibility of CPAs when auditing Parent Company Only Finance 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 auditor's 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 Parent Company Only Finance 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 also:

1. Identifying and evaluating likely risks from significant false contents in the Parent Company Only Finance 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 auditor's 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 Corporation
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 management's 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 Corporation 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 auditor's report to remind users of the Parent Company Only Finance Statements to look out for related disclosures in the Parent Company Only Finance 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 auditor's report. However, future events or circumstances may result in Winstek Semiconductor Corporation no longer being able for going concern.
5. Evaluating the overall expression, structure and contents of the Parent Company Only Finance Statements (including related notes) and whether the Parent Company Only Finance Statements could appropriately express related transactions and events.
6. We presented our opinions on the Parent Company Only Finance Statement based on sufficient and appropriate financial information on Winstek Semiconductor Corporation We were

responsible for guiding, supervising, and executing the audit work for the Company and also establishing the auditor's 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 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 2020 Parent Company Only Finance Statements of Winstek Semiconductor Corporation We have clearly described the said matters in the auditor's report except for 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 to negative effects that would be greater than public good they might benefit.

PwC Taiwan

Hsieh Chih-Cheng

CPA

Chiang Tsai-Yen

Former Executive Yuan Financial Supervisory Commission
(FSC)

SC Approved Certificate No. 0990042599

Financial Supervisory Commission (FSC)

FSC Approved Certificate No. 1060025097

March 9, 2021

Winstek Semiconductor Corporation
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2020 and December 31, 2019

Unit: NT\$ thousand

Assets	Note	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
Current Assets						
1100	Cash and cash equivalents	6 (1)	\$ 468,568	10	\$ 210,866	4
1136	Financial assets measured at amortized cost - current	6 (2)	385,440	8	879,820	16
1140	Contract assets - current	6 (15)	8,381	-	6,715	-
1170	Net accounts receivable	6 (3)	90,184	2	279,199	5
1180	Accounts receivable from related parties (net)	6 (3) and 7	57,536	1	32,434	1
1200	Other receivables		3,311	-	2,567	-
1210	Other accounts receivable - related parties	7	43,815	1	45,461	1
1220	Income tax assets in the current period		12,523	-	-	-
1410	Prepayments		12,942	-	20,494	-
1470	Other current assets - others		2,849	-	2,016	-
11XX	Total current assets		<u>1,085,549</u>	<u>22</u>	<u>1,479,572</u>	<u>27</u>
Non-current assets						
1535	Financial assets measured at amortized cost - non-current	6 (2) and 8	12,000	-	12,000	-
1550	Investment under equity method	6(4)	3,113,377	63	3,239,569	59
1600	Property, plant, and equipment	6 (5)	687,374	14	708,503	13
1755	Right-of-use assets	6 (6)	2,622	-	30,648	1
1780	Intangible assets	6 (8)	39,747	1	18,450	-
1840	Deferred income tax assets	6(21)	14,884	-	15,665	-
1900	Other non-current assets – others		1,709	-	1,723	-
15XX	Total non-current assets		<u>3,871,713</u>	<u>78</u>	<u>4,026,558</u>	<u>73</u>
1XXX	Total assets		<u>\$ 4,957,262</u>	<u>100</u>	<u>\$ 5,506,130</u>	<u>100</u>

(continue on next page)

Winstek Semiconductor Corporation
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2020 and December 31, 2019

Unit: NT\$ thousand

Liabilities and shareholders' equity	Note	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current liabilities					
2170	Accounts payable	\$ 1,532	-	\$ 1,125	-
2200	Other payables	189,882	4	183,008	3
2220	Other payables - related parties	608	-	525	-
2230	Current income tax liabilities	-	-	134,774	2
2250	Liability reserve - current	160	-	1,278	-
2280	Lease obligations-current	1,159	-	26,290	1
2320	Long-term liabilities due within one year or one operating cycle	-	-	60,000	1
2399	Other current liabilities - others	2,521	-	3,114	-
21XX	Total current liabilities	<u>195,862</u>	<u>4</u>	<u>410,114</u>	<u>7</u>
Non-current liabilities					
2540	Long-term loans	-	-	180,000	3
2570	Deferred income tax liabilities	289	-	744	-
2580	Lease obligations-non-current	1,481	-	1,638	-
2640	Net defined benefit liability - non-current	26,816	1	21,217	1
2670	Other non-current liabilities – others	3,421	-	3,421	-
25XX	Total non-current liabilities	<u>32,007</u>	<u>1</u>	<u>207,020</u>	<u>4</u>
2XXX	Total liabilities	<u>227,869</u>	<u>5</u>	<u>617,134</u>	<u>11</u>
Equity					
Capital					
3110	Capital from ordinary share	1,362,617	27	1,362,617	25
Capital reserve					
3200	Capital surplus	366,243	7	366,243	7
Retained earnings					
3310	Legal reserve	693,278	14	637,091	11
3320	Special reserve	45,854	1	-	-
3350	Undistributed earnings	2,464,874	50	2,568,899	47
Other equity					
3400	Other equity	(203,473)	(4)	(45,854)	(1)
3XXX	Total equity	<u>4,729,393</u>	<u>95</u>	<u>4,888,996</u>	<u>89</u>
Material commitments and contingencies					
Significant subsequent events					
3X2X	Total liabilities and equity	<u>\$ 4,957,262</u>	<u>100</u>	<u>\$ 5,506,130</u>	<u>100</u>

The notes to the Parent Company Only Finance Statements constitute an integral part of this Parent Company Only Finance Statement.

Chairman: Huang Hsing-Yang

Manager: Weng Chih-Li

Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Corporation
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
January 1 to December 31, 2020 and January 1 to December 31, 2019

Unit: NT\$ thousand
(NTD for earnings per share)

Items	Note	2020		2019	
		Amount	%	Amount	%
4000 Revenue	6 (15) and 7	\$ 749,533	100	\$ 1,268,512	100
5000 Operating cost		(609,928)	(81)	(669,589)	(53)
5950 Net gross profit		139,605	19	598,923	47
Operating expenses	6 (19) (20)				
6100 Selling expenses		(11,413)	(2)	(10,433)	(1)
6200 General and administrative expenses		(92,851)	(12)	(102,345)	(8)
6300 Research and development expenses		(6,851)	(1)	(6,741)	-
6000 Total operational expenses		(111,115)	(15)	(119,519)	(9)
6900 Operating profit		28,490	4	479,404	38
Non-operating income and expenses					
7100 Interest income	6 (16)	5,540	1	9,464	1
7010 Other income	6 (16)	463	-	463	-
7020 Other gains and losses	6 (17)	(15,111)	(2)	44,809	3
7050 Financing cost	6 (18)	(2,848)	(1)	(4,857)	-
7070 Shares of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method	6(4)	180,100	24	165,193	13
7000 Total non-operating income and expense		168,144	22	215,072	17
7900 Profit before tax		196,634	26	694,476	55
7950 Income tax expense	6(21)	12,764	2	(126,833)	(10)
8200 Net profit of this period		\$ 209,398	28	\$ 567,643	45
Other comprehensive gain or loss					
Items that will not be reclassified to profit or loss:					
8311 Remeasurements of defined benefit plans	6 (11)	(\$ 6,990)	(1)	(\$ 5,775)	-
8310 Total amount of items that will not be reclassified subsequently to profit or income		(6,990)	(1)	(5,775)	-
Items that may be reclassified to profit or loss					
8361 Foreign currency translation difference of financial statements of overseas business units	6(4)	(157,619)	(21)	(83,769)	(7)
8360 Total amount of items that may be reclassified subsequently to profit of loss		(157,619)	(21)	(83,769)	(7)

The notes to the Parent Company Only Finance Statements constitute an integral part of this Parent Company Only Finance Statement.

Chairman: Huang Hsing-Yang

Manager: Chih-Li Weng

Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Corporation
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
January 1 to December 31, 2020 and January 1 to December 31, 2019

Unit: NT\$ thousand
(NTD for earnings per share)

8500	Total comprehensive income		\$	<u>44,789</u>	<u>6</u>	\$	<u>478,099</u>	<u>38</u>
	Earnings per share	6 (22)						
9750	Basic earnings per share		\$	<u>1.54</u>		\$	<u>4.17</u>	
9850	Diluted earnings per share		\$	<u>1.52</u>		\$	<u>4.11</u>	

The notes to the Parent Company Only Finance Statements constitute an integral part of this Parent Company Only Finance Statement.

Chairman: Huang Hsing-Yang

Manager: Chih-Li Weng

Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Corporation
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2020 and January 1 to December 31, 2019

Unit: NT\$ thousand

	Note	Share	Capital surplus	Retained earnings			Conversion from financial statements of foreign operations Exchange difference	Total equity
				Legal reserve	Special Reserve	Undistributed earnings		
<u>2019</u>								
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
Net income 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								
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
<u>2020</u>								
Balance as of January 1, 2020		1,362,617	366,243	637,091	-	2,568,899	(45,854)	4,888,996
Net profit		-	-	-	-	209,398	-	209,398
Other comprehensive income	6 (11)	-	-	-	-	(6,990)	(157,619)	(164,609)
Total amount of comprehensive income		-	-	-	-	202,408	(157,619)	44,789
2019 surplus distribution and allocation								
Appropriated as Legal reserve		-	-	56,187	-	(56,187)	-	-
Appropriated as special surplus reserve		-	-	-	45,854	(45,854)	-	-
Cash dividend	6 (14)	-	-	-	-	(204,392)	-	(204,392)
Balance as of December 31, 2020		1,362,617	366,243	693,278	45,854	2,464,874	(203,473)	4,729,393

The notes to the Parent Company Only Finance Statements constitute an integral part of this Parent Company Only Finance Statement.

Chairman: Huang Hsing-Yang

Manager: Chih-Li Weng

Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
January 1 to December 31, 2020 and January 1 to December 31, 2019

Unit: NT\$ thousand

	Note	From January 1, 2020 to December 31, 2020	From January 1, 2019 to December 31, 2019
<u>Cash flow from operating activities</u>			
Current net profit before tax		\$ 196,634	\$ 694,476
Adjusted items			
Income expense items			
Depreciation expenses	6 (5) (6) (19)	192,450	285,635
Amortization expenses	6 (8) (19)	5,871	1,942
Interest expense	6 (6) (18)	2,848	4,857
Interest income	6 (16)	(5,540)	(9,464)
Disposition of plant, property, and equipment	6 (17) and 7	(3,008)	(54,492)
The share of gains and losses of subsidiaries recognized by the equity method	6(4)	(180,100)	(165,193)
Changes in assets and liabilities relating to operating activities			
Net change in assets relating to operating activities			
Contract assets		(1,666)	(619)
Accounts receivable		189,015	(40,098)
Accounts receivable - related parties		(25,102)	(32,316)
Other receivables		(2,637)	(55)
Other accounts receivable--related parties		(4,685)	7,400
Prepayments		7,552	21,085
Other current assets – other		(833)	313
Net change in liabilities related to operating activities			
Accounts payable		407	(6)
Other payables		(44,225)	16,091
Other payables - related parties		83	(549)
Provisions		(1,118)	(1,483)
Other current liabilities		(593)	16,326
Net defined benefit liability		(1,391)	(1,388)
Other non-current liabilities		323,962	742,462
Cash flow from operating activities		7,433	7,541
Interest income received	6(4)	148,673	113,224
Dividends received		(2,885)	(4,866)
Interest paid		(127,877)	(85,686)
Income tax paid		349,306	772,675
Net cash inflow from operating activities			
<u>Cash flow from investment activities</u>		(1,224,790)	(1,890,150)
Increase in financial assets measured at amortized cost		1,719,170	1,371,045
Decrease in financial assets measured at amortized cost	6 (23)	(94,841)	(181,416)
Acquisition of property, plant, and equipment		4,840	57,545
Amount from disposal of property, plant and equipment		(27,168)	(15,378)
Intangible assets acquired		14	-
Decrease of refundable deposits		377,225	(658,354)
Net cash flow from investing activities (out)			
<u>Cash from financing activities</u>			
Short-term loans borrowed	6 (24)	-	30,000
Return of long-term borrowing	6 (24)	(240,000)	(90,000)
Amount returned for long-term borrowing	6 (24)	(24,848)	(111,308)
Increase in guarantee deposits	6 (24)	24	8
Decrease in guarantee deposits	6 (24)	(23)	(32)
Cash dividends paid	6 (14)	(204,392)	(163,514)
Net cash (outflow) inflow from financing activities		(469,239)	(334,846)
Impacts of exchange rate on cash and cash equivalents		410	(409)
Decrease in cash and cash equivalents for the current year		257,702	(220,934)
Cash and cash equivalents at beginning of year	6 (1)	210,866	431,800
Cash and cash equivalents at end of year	6 (1)	\$ 468,568	\$ 210,866

The notes to the Parent Company Only Finance Statements constitute an integral part of this Parent Company Only Finance Statement.

Chairman: Huang Hsing-Yang

Manager: Weng Chih-Li

Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Corporation
Notes to Parent Company Only Finance Statement
2020 and 2019

Unit: NT\$ thousand

XV. Company History

Winstek Semiconductor Corporation (hereinafter referred to as "the Company") was established in April 26, 2000 in the ROC. The Company's shares were listed and traded at GreTai Securities Market in August 2005. The principal business engagement of the Company is the testing of IC and related business.

The former ultimate parent of the Company was Temasek Holding Limited. Sigurd Microelectronics Corporation (hereinafter, "Sigurd") acquired control over Bloomeria Limited, our parent company, on October 13, 2017, which in turn indirectly holds 51.88% of the staked of the Company and emerged as the ultimate parent to the Company.

In consideration of the overall operation of the group, our parent company, Bloomeria Limited, transferred all its shares of the Company to the Ge-Shing Corporation, a wholly-owned subsidiary of the ultimate parent on July 6 2020. As such Ge-Shing Corporation becomes the parent of the Company.

XVI. Approval date and procedures of the financial statements

This Parent Company Only Finance Statement was approved and issued by the Board of Directors on March 9, 2021.

XVII. Application of New and Amended Standards and Interpretations

(xxvi) 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 2020:

<u>The Standard, Interpretations and Amendments</u>	<u>Effective date issued by IASB</u>
Amendment to IAS 1 and IAS 8, "Disclosure - definition of materiality"	January 1, 2020
Amendment to IFRS 3, "Definition of Business"	January 1, 2020
Amendment to IFRS 9, IFRS 39, and IFRS 7, "Interest rate indicator change".	January 1, 2020
Amendment to IFRS 16, "Deduction of rent pertinent to the influence of COVID-19".	June 1, 2020 (Note)
Note: the FSC permitted the application of these rules prior to 2020, January 1	

After evaluating the said principles and interpretation, there have been no significant impacts on the Company's financial status and performance.

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

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2021:

The Standard, Interpretations and Amendments	Effective date issued by IASB
Amendment to IFRS4, "temporary exemption of the application of the extended use of IFRS 9".	January 1, 2021
Amendment to amendment to IFRS 9, IFRS 39, IFRS 7, IFRS 4, and IFRS 16 in phase II, "interest indicator change".	January 1, 2021

After evaluating the said principles and interpretation, there have been no significant impacts on the Company's financial status and performance.

(xxviii) 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 Standard, Interpretations and Amendments	Effective date issued by IASB
Amendment to IFRS 3, "guide of conceptual framework".	January 1, 2022
Amendment to IFRS 10 and IAS 28, "the disposal or investment in assets between Investors and its associates or joint ventures".	Pending on the decision of IASB
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17, "Insurance Contracts".	January 1, 2023
Amendment to IAS 1, "Classification of current and noncurrent liabilities".	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policy".	January 1, 2023
Amendment to IAS 8 "Definition of accounting estimate"	January 1, 2023
Amendment to IAS 16, "Property, plant and equipment: price before the expected state of use"	January 1, 2022
Amendment to IAS 37, "Contract of financial liabilities - the cost of the contractual performance".	January 1, 2022
Improvement in the period of 2018-2020	January 1, 2022

After evaluating the said principles and interpretation, there have been no significant impacts on the Company's financial status and performance.

XVIII. 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.

(xxix) Statement of compliance

The Parent Company Only Finance Statement was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, SIC and IFRIC (hereinafter collectively referred to as “IFRSs”) recognized by Financial Supervisory Commission.

(xxx) Basis of preparation

1. This Parent Company Only Finance Statement was compiled on historical cost except the following items of materiality:

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

2. Certain significant accounting estimates will be used in financial reporting in conformity to IFRSs where the management's judgment is necessary when applying to the company's accounting policy. Items that entailed a high level of judgment or complexity, or involved significant assumption and estimate of the Parent Company Only Finance Statement are explained in Note 5.

(xxxi) 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 functional currency presented in this Parent Company Only Finance Statement of the Company is “NTD”.

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.

(xxxii) 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 Company 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) Assets held primarily for trading 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 the balance sheet date. Settlement by the issue of equity instruments based on transaction party's choice does not impact classification.

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

(xxxiii) Cash equivalents

Cash equivalents refer to investments that are short-term, highly liquid, subject to a low risk of changes in value, and readily convertible to a known amount of cash. Time deposits satisfying

the aforementioned definition and for which the objective of holding is to meet the short-term operating cash commitment are classified as the cash equivalent.

(xxxiv) 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 principal and interest on the principal amount outstanding.
2. The Company uses the trade day accounting for financial assets measured at amortized cost and 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 complied 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 immaterial influence of the discounting.

(xxxv) Account receivables

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.

(xxxvi) Impairment of financial assets

The Company 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.

(xxxvii) Derecognition of financial assets

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

(xxxviii) 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.

(xxxix) Investment/subsidiaries accounted for under the Equity Method

1. Subsidiaries are the entities under the control of the Company (including the structural entities). When the Company is exposed to the variable return, the Company participated in or entitled to such variable has the power to influence the return through the capacity of the entity. The Company is in control of the entity.
2. The unrealized gains or losses deriving from the transactions between the Company and the subsidiaries have been removed. Necessary adjustment has been made in the subsidiaries' accounting policies to make them congruent with the company's accounting policy.
3. The share of income acquired by the Company from the subsidiaries shall be recognized as income in the current period. The share of other comprehensive income afterward shall be recognized as other comprehensive incomes. When the share of loss from the subsidiary recognized by the Company is equal to the subsidiary's equity, the Company shall continue to recognize a loss in the proportion of shareholding.
4. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the income presented in the Parent Company Only Finance Statement and other comprehensive income in the current period shall be the same as and the income and other comprehensive income attributable to the parent company in the current period as presented in the consolidated financial statements as allocated. The shareholders' equity as presented in the Parent Company Only Finance Statement shall be equal to the shareholder equity attributable to the parent company as presented in the consolidated financial statement.

(xl) 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 Individual

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 Company 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:

Building	5 ~ 25 years
Machinery equipment	3 ~ 8 years
Office and other equipment	3 ~ 8 years

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

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. Right of Use 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.

(xlii) Intangible assets

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

(xliii) Impairment of non-financial assets

The Company 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.

(xliv) 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.

(xlv) Account payables

1. Refers to the debts incurred for the purchase of raw materials, commodity or services and notes payable 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.

(xlvi) Derecognition of financial liabilities

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

(xlvii) Provision for liabilities

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.

(xlviii) 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 Company has long-term employee benefits in addition to pension plans. Its net

obligation is calculated by projected unit credit method. Discount on the present value of the benefit earned by the employees in the current period or the past for rendering service, and net of the fair value of related assets for measurement. The discounting rate adopts the yield-to-maturity on the reporting date of government bonds, the due date which is close to the Company's 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.

(xlix) 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 these 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 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 Company and it is probable that the temporary difference will not reverse in the foreseeable future. For the temporary difference from the investment in subsidiaries, the Company can control the time for reversing the temporary difference. If the temporary difference is unlikely to be reversed in the foreseeable future, they do not

recognize the difference. 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. Unconsumed deferred income tax deduction generated from the procurement of equipment or technology and spending on R&D development carried forward to subsequent period should be recognized as income tax assets within the scope of possible use as income tax deduction for taxation in the future.

(l) Capital stock

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.

(li) 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.

(lii) Revenue Recognition

1. Income from Labor Service

The Company provides IC testing and related services. If the following conditions are complied with: (a) with the performance of the contract by enterprises, customers acquire and consume the benefits provided by enterprises; (b) the performance of the contract by enterprises creates or strengthens the assets which are controlled by the customer during the performance process; (c) the performance of the 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 customer's payment time has not exceeded one year.

2. Consideration income

The Company reserves its production capacity for the semiconductor customers in testing. 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.

XIX. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When preparing the Parent Company Only Finance Statement, management of the Company 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:

(liii) Major judgments in adopting the accounting policies

None.

(liv) Critical accounting estimates and assumptions

None.

XX. Descriptions of major accounting subjects

(lv) Cash and Cash Equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 100	\$ 100
Checking deposit and demand deposit	468,468	210,766
Total	<u>\$ 468,568</u>	<u>\$ 210,866</u>

1. The service financial institutions of the Company are in good credit standing. The Company also does business with several financial institutions to diversify credit risk. As such, the probability of default risk is

very low.

2. The Company has not pledged cash or cash equivalents under lien.

(lvi) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Time deposits	\$ 385,440	\$ 879,820
Non-current items:		
Time deposits	<u>\$ 12,000</u>	<u>\$ 12,000</u>

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

	<u>2020</u>	<u>2019</u>
Interest income	\$ 4,844	\$ 7,123

2. The time deposits with an amount of \$12,000, with the 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.

(lvii) Account receivables

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	\$ 90,184	\$ 279,199
Accounts receivable - related parties	57,536	32,434
	<u>147,720</u>	<u>311,633</u>
Less: allowance for losses and bad debts	-	-
	<u>\$ 147,720</u>	<u>\$ 11,633</u>

The Company does not have accounts provided as hypothecation security.

1. Aging analysis of accounts receivables is stated below:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not overdue	\$ 146,463	\$ 150,174
≤30 days	364	149,830
31-90 days	395	11,499
91-180 days	498	130
	<u>\$ 147,720</u>	<u>\$ 311,633</u>

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

2. The account receivable balance as of December 31, 2020 and December 31, 2019 were generated from customer contracts, and the account receivable balance from customer contracts as of January 1 2019 amounted to \$239,219.
3. The maximum exposure of credit risk to the Company's account receivable as of December 31, 2020 and December 31, 2019 amounted to \$147,720 and \$311,633, respectively, as other credit enhancement is not taken into account.
4. For credit risk information, please refer to Note 12(2).

(lviii) Investment under equity method

	<u>2020</u>	<u>2019</u>
January 1	\$ 3,239,569	\$ 3,271,369
Increase investments under equity method	180,100	165,193
Share of interests from investments under equity method	148,674	113,224
Surplus allocation of investments under equity method	(157,618)	(83,769)
Changes in other equity	(3,113,377)	3,239,569
December 31	<u>\$ 3,239,569</u>	<u>\$ 3,271,369</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiary	<u>\$ 3,113,377</u>	<u>\$ 3,239,569</u>

For information on the Company's subsidiaries, refer to Note 4 (3) of the Consolidated Financial Statements of the Company in 2020.

(lix) Property, plant and equipment

2020

	Buildings				Machinery equipment	Office equipment and other equipment	Equipment awaiting examination	Total
	Land	For self-use	For leasing	Subtotal				
January 1								
Cost	\$ 194,924	\$ 468,733	\$ 382,560	\$ 851,293	\$ 3,400,675	\$ 465,877	\$ -	\$ 4,912,769
Accumulated depreciation	-	(422,460)	(362,057)	(784,517)	(3,056,405)	(363,344)	-	(4,204,266)
	<u>\$ 194,924</u>	<u>\$ 46,273</u>	<u>\$ 20,503</u>	<u>\$ 66,776</u>	<u>\$ 344,270</u>	<u>\$ 102,533</u>	<u>\$ -</u>	<u>\$ 708,503</u>
January 1	\$ 194,924	\$ 46,273	20,503	66,776	344,270	102,533	-	708,503
Additions	-	1,110	-	1,110	106,109	25,117	13,754	146,090
Disposal	-	-	-	-	(1,832)	-	-	(1,832)
Depreciation expenses	-	(8,104)	(2,655)	(10,759)	(127,330)	(27,298)	-	(165,387)
December 31	<u>\$ 194,924</u>	<u>\$ 39,279</u>	<u>\$ 17,848</u>	<u>\$ 57,127</u>	<u>\$ 321,217</u>	<u>\$ 100,352</u>	<u>\$ 13,754</u>	<u>\$ 687,374</u>
December 31								
Cost	\$ 194,924	\$ 469,843	\$ 382,560	\$ 852,403	\$ 3,462,140	\$ 488,487	\$ 13,754	\$ 5,011,708
Accumulated depreciation	-	(430,564)	(364,712)	(795,276)	(3,140,923)	(388,135)	-	(4,324,334)
	<u>\$ 194,924</u>	<u>\$ 39,279</u>	<u>\$ 17,848</u>	<u>\$ 57,127</u>	<u>\$ 321,217</u>	<u>\$ 100,352</u>	<u>\$ 13,754</u>	<u>\$ 687,374</u>

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	\$ 5,914,791
Accumulated depreciation	-	(414,456)	(337,925)	(725,381)	(3,181,385)	(438,187)	-	(5,124,334)
	<u>\$ 194,924</u>	<u>\$ 51,763</u>	<u>\$ 44,635</u>	<u>\$ 96,398</u>	<u>\$ 328,904</u>	<u>\$ 73,511</u>	<u>\$ 322</u>	<u>\$ 790,457</u>
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	<u>\$ 194,924</u>	<u>\$ 46,273</u>	<u>\$ 20,503</u>	<u>\$ 66,776</u>	<u>\$ 344,270</u>	<u>\$ 102,533</u>	<u>\$ -</u>	<u>\$ 708,503</u>
December 31								
Cost	\$ 194,924	\$ 468,733	\$ 382,560	\$ 851,293	\$ 3,400,675	\$ 465,877	\$ -	\$ 4,912,769
Accumulated depreciation	-	(422,460)	(362,057)	(784,517)	(3,056,405)	(363,344)	-	(4,204,266)
	<u>\$ 194,924</u>	<u>\$ 46,273</u>	<u>\$ 20,503</u>	<u>\$ 66,776</u>	<u>\$ 344,270</u>	<u>\$ 102,533</u>	<u>\$ -</u>	<u>\$ 708,503</u>

The capitalization of the cost of capital for property, plant, and equipment in 2020 and 2019 amounted to \$0 in both years.

(lx) Lease transactions – Lessee

1. The subject matter of lease of the Company is company vehicle. The lease contract usually ranged from 2 to 4 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:

	<u>December 31, 2020</u>	<u>2020</u>
	<u>Book Value</u>	<u>Book Value</u>
Machinery equipment	\$ -	\$ 27,862
Transportation equipment (company vehicles)	2,622	2,786
	<u>\$ 2,622</u>	<u>\$ 30,648</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Machinery equipment	\$ 25,827	\$ 107,047
Transportation equipment (company vehicles)	1,236	983
	<u>\$ 27,063</u>	<u>\$ 108,030</u>

3. The addition of right of use assets for the Company in 2020 and 2019 amounted to \$1,072 and \$2,744, respectively.
4. Information of profit and loss items related to lease contracts is shown below:

	<u>2020</u>	<u>2019</u>
<u>Items impacting current profit and loss</u>		
Interest income of lease obligations	\$ 113	\$ 967
Expenses of short-term lease contracts	30,702	3,173
Expenses of low-value asset lease	4,349	2,655

5. The total cash outflow for lease of the Company in 2020 and 2019 amounted to \$60,012 and \$117,304, respectively.

(lxi) Lease transactions – Lessor

1. The underlying asset of the lease of the Company includes buildings, and the lease contract usually ranged from 1 to 5 years. The lease contracts are entered into through Individual consultation with different terms and conditions.
2. In 2019 and 2020, rental income has been recognized as \$2,655 and \$21,749 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:

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
2021	\$	288	2020	\$ 28,596
2022		219	2021	117
2023		114	Total	<u>\$ 28,713</u>
2024		114		
2025		<u>86</u>		
Total	<u>\$</u>	<u>821</u>		

(Ixi) Intangible assets

	<u>2020</u>		<u>2019</u>	
	<u>Computer software</u>		<u>Computer software</u>	
January 1				
Cost	\$	57,424	\$	42,046
Accumulated amortization	(	38,974)	(	34,032)
	<u>\$</u>	<u>18,450</u>	<u>\$</u>	<u>5,014</u>
January 1	\$	18,450	\$	5,014
Additions		27,168		15,378
Amortization expenses	(	5,871)	(	1,942)
December 31	<u>\$</u>	<u>39,747</u>	<u>\$</u>	<u>18,450</u>
December 31				
Cost	\$	84,592	\$	57,424
Accumulated amortization	(	44,845)	(	38,974)
	<u>\$</u>	<u>39,747</u>	<u>\$</u>	<u>18,450</u>

The amortization details of intangible assets are as follows:

	<u>2020</u>		<u>2019</u>	
Operating cost	\$	4,042	\$	464
Administration expenses		1,829		1,478
	<u>\$</u>	<u>5,871</u>	<u>\$</u>	<u>1,942</u>

(lxiii) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bonus and salaries payable	\$ 45,351	\$ 41,464
Compensation payable to employees and remuneration payable to Directors	21,848	43,761
Payables on equipment	66,873	15,624
Others	55,810	82,159
	<u>\$ 189,882</u>	<u>\$ 183,008</u>

(lxiv) Long-term loans

<u>Loan type</u>	<u>Loan period and repayment method</u>	<u>Interest range</u>	<u>Collateral</u>	<u>December 31, 2019</u>
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				(<u>60,000</u>)
				<u>\$ 180,000</u>

As of December 31, 2020, the aforementioned bank loans have been fully retired.

(lxv) 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.

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

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	52,400	44,297
Fair value of plan assets	(25,584)	(23,080)
Net defined benefit liabilities	<u>\$ 26,826</u>	<u>\$ 21,217</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2020			
Balance as of January 1	\$ 44,297	(\$ 23,080)	\$ 21,217
Interest expense (income)	443	(238)	205
	<u>44,740</u>	<u>(23,318)</u>	<u>21,422</u>
Remeasurement:			
Plan assets return (excluding amounts included in interest income or expenses)	-	(670)	(670)
Impacts of changes in demographic assumptions	805	-	805
Impacts of changes in financial assumptions	3,430	-	3,430
Experience adjustment	3,425	-	3,425
	<u>7,660</u>	<u>(670)</u>	<u>6,990</u>
Provision of pension funds	-	(1,596)	(1,596)
Balance as of December 31	<u>\$ 52,400</u>	<u>(\$ 25,584)</u>	<u>\$ 26,816</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2019			
Balance as of January 1	\$ 37,392	(\$ 20,561)	\$ 16,831
Interest expense (income)	514	(294)	220
	<u>37,906</u>	<u>(20,855)</u>	<u>17,051</u>
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
	<u>6,391</u>	<u>(616)</u>	<u>5,775</u>
Provision of pension funds	-	(1,609)	(1,609)
Balance as of December 31	<u>\$ 44,297</u>	<u>(\$ 23,080)</u>	<u>\$ 21,217</u>

(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, 2020 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:

	<u>2020</u>	<u>2019</u>
Discount rate	<u>0.500%</u>	<u>1.000%</u>
Future increase rate of wage	<u>3.000%</u>	<u>3.000%</u>

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

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

	<u>Discount rate</u>		<u>Future increase rate of wage</u>	
	<u>Increase of 0.25%</u>	<u>Decrease of 0.25%</u>	<u>Increase of 0.25%</u>	<u>Decrease of 0.25%</u>
December 31, 2020				
Impact on the present value of defined benefit obligations	(\$ 1,762)	\$ 1,846	\$ 1,773	(\$ 1,703)
December 31, 2019				
Impact on the present value of defined benefit obligations	(\$ 1,586)	\$ 1,664	\$ 1,607	(\$ 1,541)

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 analyzing sensitivity and

calculating 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 Company's projected allocation to the pension plan for the year 2021 is \$1,629.

(7) As at 31 December 2020, the weighted average duration of the pension plan is 13.7 years. The analysis of the due dates of retirement allowance payment is as follows:

Within 1 year	\$	584
1 - 2 years		981
2 - 5 years		7,881
5-10 years		9,708
	\$	<u>19,154</u>

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 Company under the above retirement allowance method were \$10,056 and \$10,053 respectively in the years of 2020 and 2019.

3. The Company shall provide employees other long-term employee benefit plans (pension for death) and measures other long-term employee benefit liabilities with actuarial technique. As of December 31, 2020 and December 31, 2019, other long-term employee benefit liabilities amounted to \$3,335, respectively.

(lxvi) Share stock

On December 31, 2020, the Company's authorized capital was NT\$4 million, divided into 400,000,000 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.

The reconciliation between the quantity of outstanding shares of the Company at the beginning and the ending of the period is shown below:

	2020	Unit: 1,000 shares 2019
January 1/December 31	<u>136,262</u>	<u>136,262</u>

(lxvii) Capital surplus

According to the Company Act's provisions, over the 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, the company shall issue new shares with existing shares or cash by ratio to shareholders. According to the Securities Exchange Act, allocated capital from additional paid-in capital cannot exceed 10% of the paid-up capital each year. The Company may allocate additional paid-in capital for covering capital deficiency only if the amount of reserve is inadequate for this purpose.

		<u>2020</u>	
		<u>Issue premium</u>	<u>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</u>
January 1/December 31	<u>\$</u>	<u>250,734</u>	<u>\$</u> <u>115,509</u>
		<u>2019</u>	
		<u>Issue premium</u>	<u>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</u>
January 1/December 31	<u>\$</u>	<u>250,734</u>	<u>\$</u> <u>115,509</u>

(lxviii) 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 the contract. The Company's 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 statutory capital reserve shall not be used except to cover the Company's 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.
4. The Shareholders Meeting of the Company resolved on 06.09.2020 and 06.10.2019 to pay out earnings of 2019 and 2018 specified as follows:

	2019		2018	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve	\$ 56,187	\$ -	\$ 32,982	\$ -
Special reserve (reversal)	45,854	-	67,932	-
Cash dividends	204,392	1.50	163,514	1.20
Total	<u>\$ 306,433</u>	<u>\$ 1.50</u>	<u>\$ 128,564</u>	<u>\$ 1.20</u>

5. The proposal for the distribution of earnings of 2020 was passed by the Board on 03.09.2021 and specified as follows pending on the final approval of the Shareholders Meeting:

	2020	
	Amount	Dividend per share (NT\$)
Legal reserve	\$ 20,241	\$ -
Special reserve (reversal)	157,618	-
Cash dividends	167,518	1.23
Total	\$ 345,377	\$ 1.23

Note: Information on dividend payout passed by the Board is available at Market Observation Post Service.

(Ixi) Operating Revenue

	2020	2019
Revenue from customer contracts	\$ 749,533	\$ 1,268,512

1. Disaggregation of revenue from client contract

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

<u>2020</u>	<u>Testing income</u>	<u>Other Service income</u>	<u>Total</u>
Segment Revenue	\$ 694,804	\$ 54,729	\$ 749,533
Revenue from external customer contracts	\$ 694,804	\$ 54,729	\$ 749,533
<u>2019</u>	<u>Testing income</u>	<u>Other Service income</u>	<u>Total</u>
Segment Revenue	\$ 794,335	\$ 474,177	\$ 1,268,512
Revenue from external customer contracts	\$ 794,335	\$ 474,177	\$ 1,268,512

2. Contract assets

The assets and liabilities associated with the client's contract revenue recognized by the Company are as follows:

	December 31, 2020	December 31, 2019	January 31, 2019
Contract assets:			
Contract asset - testing	\$ 8,381	\$ 6,715	\$ 6,096

(lxx) Interest income and other income

	2020	2019
Interest income:		
Interest from bank deposits	\$ 696	\$ 2,341
Interest income from financial assets at amortized cost	4,844	7,123
Total interest income	5,540	9,464
Rental income	463	463
	\$ 6,003	\$ 9,927

(lxxi) Other profits and loss

	2020	2019
Interests from disposal of property, plant, and equipment	\$ 3,008	\$ 54,492
Foreign exchange gains (losses)	(20,172)	(10,933)
Miscellaneous expenses		
Other gains and losses	2,053	1,250
	\$ 15,111	\$ 44,809

(lxxii) Financial cost

	2020	2019
Interest expense	\$ 2,722	\$ 3,890
Other financial expenses	126	967
	\$ 2,848	\$ 4,857

(lxxiii) Additional information on type of expenses

	2020	2019
Employee benefit expenses	\$ 304,760	\$ 328,905
Depreciation expenses of property, plant, and equipment	\$ 192,450	\$ 285,635
Amortization expenses of intangible assets	\$ 5,871	\$ 1,942

(lxxiv) Employee benefit expense

	2020	2019
Wages and salaries expenses	\$ 262,596	\$ 285,909
Labor and health insurance expenses	21,373	21,630
Pension expense	10,261	10,273
Other employment expenses	10,530	11,093
	\$ 304,760	\$ 328,905

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 Company estimated remuneration to employees in 2020 and 2019 amounting to \$21,848 and \$43,761, respectively, and estimated remuneration to Directors at \$0 for both years. The above amount was presented under the account title of salary expense in book. The employees bonus and directors' bonus in resolution of the Board of Directors in 2019 are the same as the amount recognized in the financial report of 2019.
Information about employee compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System.

(lxxv) Income Tax

1. Income tax (benefit) expense

Components of income tax expense

	<u>2020</u>	<u>2019</u>
Current income tax:		
Income tax incurred in current period	\$ 2,748	\$ 108,383
Tax on undistributed surplus earning	-	23,347
Over-estimation of income tax in previous period	(15,838)	(2,378)
Total income tax in the period	<u>13,090</u>	<u>129,352</u>
Deferred income tax:		
Initial recognition and reversal of temporary differences	(326)	(2,519)
Total deferred income tax	(326)	(2,519)
Income tax expense	<u>\$ 12,764</u>	<u>\$ 126,833</u>

2. Relation between income tax expense and accounting profit

	<u>2020</u>	<u>2019</u>
Income tax calculated on net profit before tax by statutory tax rate	\$ 39,094	\$ 138,889
Costs exempted as tax law requirement		
Overestimation amount of prior year's annual income tax	(36,020)	(33,025)
Impacts of tax law amendments on income tax	(-)	(2,378)
Tax on undistributed surplus earnings	15,838	-
Over-estimation of income tax in previous period	<u>12,764</u>	<u>23,347</u>
Income tax expense	<u>\$ 39,094</u>	<u>\$ 126,833</u>

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

	<u>2020</u>		
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>December 31</u>
Deferred income tax assets:			
- Temporary differences:			
Tax differentials in depreciation expenses	\$ 11,007	\$ 595	\$ 11,602
Unrealized exchange loss	4,402	1,152	3,250
Others	256	(224)	32
Subtotal	<u>15,665</u>	<u>781</u>	<u>14,884</u>
Deferred income tax liabilities			
Unrealized exchange gains	(322)	(178)	(144)
Others	(422)	(277)	(145)
Subtotal	(744)	(455)	(289)
Total	<u>\$ 14,921</u>	<u>\$ 326</u>	<u>\$ 14,595</u>

	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	<u>552</u>	<u>(296)</u>	<u>256</u>
Subtotal	<u>12,585</u>	<u>3,080</u>	<u>15,665</u>
Deferred income tax liabilities			
Unrealized exchange gains	(38)	(284)	(322)
Others	<u>(145)</u>	<u>(277)</u>	<u>(422)</u>
Subtotal	<u>(183)</u>	<u>(561)</u>	<u>(744)</u>
Total	<u>\$ 12,402</u>	<u>\$ 2,519</u>	<u>\$ 14,921</u>

4. The corporate income tax of the Company has been approved by the tax collection authorities to 2018.

(lxxvi) Earnings per share

	2020		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	<u>\$ 209,398</u>	<u>136,262</u>	<u>\$ 1.54</u>
<u>Diluted earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	209,398	136,262	
Impacts of dilutive potential ordinary shares			
Employee remuneration	<u>-</u>	<u>1,071</u>	
Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders in the current period	<u>\$ 209,398</u>	<u>137,333</u>	<u>\$ 1.52</u>

	2019		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	\$ 567,643	136,262	\$ 4.17
<u>Diluted earnings per share</u>			
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

(lxxvii) Supplementary information on cash flow

Investment with partial cash payment only:

	2020	2019
Purchase of property, plant, and equipment	\$ 146,090	\$ 195,102
Add: payable on equipment at the beginning of period	15,624	1,938
Less: payable on equipment at the end of the period	(66,73)	(15,624)
Cash paid in the period	\$ 94,841	\$ 181,416

(lxxviii) Changes in liabilities generated from financing activities

	Leasing obligations	Long-term loans (note)	Deposit Received	Total liabilities from financing activities
January 1, 2020	\$ 27,928	\$ 240,000	\$ 85	\$ 268,013
Changes in cash flows from financing activities	(24,848)	(240,000)	(1)	(264,847)
Change of other non-cash items				-
Interest costs	113	-	-	113
Impact of exchange rate	410	-	-	410
Increase of current period	1,072	-	-	1,072
Reversal of leasehold liabilities	(2,035)	-	-	(2,035)
December 31, 2020	\$ 2,640	\$ -	\$ 86	\$ 2,726

	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, 2019	<u>\$ 27,928</u>	<u>\$ 240,000</u>	<u>\$ 85</u>	<u>\$ 268,013</u>

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

XXI. Related-Party Transactions

(lxxix) The parent company and the ultimate controlling party

The Company was previously under the control of Bloomeria Limited (incorporated and registered in Singapore). After the assignment of the shares held by Bloomeria Limited on 07.06.2020, the Company was under the control of Ge-Shing Corporation since then with the holding of 51.09% of the stakes 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).

<u>Name of related party</u>	<u>Relationship with the Company</u>
Sigurd Microelectronics Corporation	Ultimate parent company
Bloomeria Limited	Parent company (before July 06, 2020)
Ge-Shing Corporation	Parent company (after July 06, 2020)
Winstek Semiconductor Technology Corporation	Subsidiary

(lxxx) Major transactions between related parties

1. Operating Revenue

	2020	2019
Ultimate parent company	\$ 9,995	\$ 1,574
Subsidiary	173,503	83,822
Total	<u>\$ 183,498</u>	<u>\$ 85,396</u>

The above income from rendering of labor service is based on the price and condition the same as other transactions. The payment term is open account monthly settlement plus 30 days.

2. Receivable from related-parties

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable:		
Ultimate parent company	\$ 1,662	\$ 117
Subsidiary	55,874	32,317
Subtotal	<u>57,536</u>	<u>32,434</u>
Other receivables - plant leasing:		
Subsidiary	325	325
Other receivables - management services and services support:		
Subsidiary	1,243	1,605
Other receivables - advance money for another:		
Subsidiary	15,436	9,739
Subtotal	<u>17,004</u>	<u>11,669</u>
Total	<u>\$ 74,540</u>	<u>\$ 44,103</u>

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. For information on the Lessor, refer to Note 6 (7).

3. Payable to related-Parties

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other payables - machine leasing:		
Subsidiary	484	10
Other payables - advance money for another:		
Subsidiary	124	515
Total	<u>\$ 608</u>	<u>\$ 525</u>

Payables to related-parties are mostly from the business supports from related-parties. No interest accrued from the account payable

4. Asset trade

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Ultimate parent company	<u>\$ -</u>	<u>\$ 9,888</u>

(2) Disposals of property, plant and equipment:

	<u>2020</u>		<u>2019</u>	
	<u>Disposal price</u>	<u>Disposal interest</u>	<u>Disposal price</u>	<u>Disposal interest</u>
Ultimate parent company	<u>\$ 4,840</u>	<u>\$ 3,008</u>	<u>\$ 57,545</u>	<u>\$ 54,492</u>

5. Other transactions

Subsidiary	Accounting subject	Amount of transaction	
		2020	2019
	Rental income (accounting for operating costs reduction)	\$ 2,655	\$ 21,286
	Manage revenue from services and business support (accounting for operating costs and operating expenses reduction)	\$ 19,534	\$ 20,955
	Business support cost (recorded as operating cost and operating expenses)	\$ 6,563	\$ 6,480
Ultimate parent company	Rental expenses	\$ 131	\$ 2,154

6. Undertaking of endorsement and guaranty by related-parties

Subsidiary	December 31, 2020	December 31, 2019
	\$ 900,000	\$ 900,000

7. connected taxation system

The receivables (payables)- related parties generated from the combined taxation between the Company and subsidiary Winstek Semiconductor Technology Corporation since 2016 with receivable (payable) tax payment from combined taxation is estimated as follows (presented under the titles of other receivables – related parties and other payables – related parties, as of December 31, 2020 and December 31, 2019):

Subsidiary	December 31, 2020	December 31, 2019
	\$ 26,811	\$ 33,792

(lxxxix) Information on remuneration to the top management

	2020	2019
Short-term employee benefits	\$ 22,019	\$ 22,513
Benefits after retirement	405	432
Total	\$ 22,434	\$ 22,945

XXII. Pledged assets

The detail of the pledge of assets by the Company for guarantee:

Assets	Book value		Guarantee use
	December 31, 2020	December 31, 2019	
Hypothecated time deposits (financial assets account measured at amortized cost - non-current)	\$ 12,000	\$ 12,000	Customs security

XXIII. 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. It has retained the capacity of the Company and Winstek Semiconductor Technology Corporation 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 Company and Winstek Semiconductor Technology Corporation must reserve minimum capacity monthly for STATS ChipPAC Ltd. for providing real-time service. If the volume of purchase orders placed by STATS ChipPAC Ltd. Falls within the maximum and the minimum capacity, the Company shall provide service within the range of disposable capacity. If the volume of purchase orders of STATS ChipPAC Ltd. exceeds the capacity, the Company and Winstek Semiconductor Technology Corporation are not obliged to provide service.
2. During the period of the contract, STATS ChipPAC Ltd. shall place an order with the Company and Winstek Semiconductor Technology Corporation at the agreed minimum purchase quantity for each year at the agreed price. That is, the Company and Winstek Semiconductor Technology Corporation 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 Company and Winstek Semiconductor Technology Corporation 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 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 Company and Winstek Semiconductor Technology Corporation for the next coming four years is as follows:

Currency: US\$ 1,000

	<u>The second year</u>	<u>The third year</u>	<u>The fourth year</u>	<u>The fifth year</u>
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
	<u>\$ 81,510</u>	<u>\$ 75,385</u>	<u>\$ 63,795</u>	<u>\$ 54,560</u>

STATS ChipPAC Ltd. did not meet the minimum purchase quantity in year 2 and year 3. The Company and Winstek Semiconductor Technology Corporation have claimed compensation under the agreement and recognized as income. For keeping the long-term cooperative relation, STATS ChipPAC Ltd. suggested reconciliation under the long-term business interest of both sides. The Company and Winstek Semiconductor Technology Corporation planned to reach settlement with STATS ChipPAC Ltd. from a resolution of the Board on 09.20.2018 in consideration of business operation and commercial judgment. The detail is specified 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 Company in accordance with the future agreement shall be as follows:

	<u>The sixth year</u>	<u>The seventh year</u>
Minimum purchase amount	<u>\$ 30,000</u>	<u>\$ 30,000</u>

- (2) The Company and Winstek Semiconductor Technology Corporation 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 Company and Winstek Semiconductor Technology Corporation on a preferential basis during the fourth year of the contract.
- (5) Based on the above commercial interests and the long-term cooperative relationship between the two parties, the Company and Winstek Semiconductor Technology Corporation 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 the contract.

The said settlement after negotiation 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 Company 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 as of December 31, 2019, the compensation was received in full and recognized as compensation income.

4. In the five-year Technology Service Contract entered between the Company and Winstek Semiconductor Technology Corporation 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. According to the said contract, it deferred 5% of the minimum purchase amount in the fourth contract year to the following year. Both parties agreed in a settlement agreement dated 10.16.2019 on the difference to the minimum purchase amount that STATS ChipPAC Ltd. shall pay the Company and Winstek Semiconductor Technology Corporation the amount of USD20,520,000 (USD9,517,000 for the Company) as compensation, which has been collected in full and recognized as consideration income in the book.
5. The consolidated purchase amount made by STATS ChipPAC Ltd. with the Company and Winstek Semiconductor Technology Corporation in year 5 (08.05.2019 to 08.04.2020) amounted to USD54,135,000, which fell below the minimum quantity of purchase as previously agreed. Both parties entered into a settlement agreement on 11.09.2020 that STATS ChipPAC Ltd. agreed to make compensation amounting to USD383,000, collected in full and recognized as consideration income.

(II) Capital expenditures contracted but not yet incurred

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Property, plant, and equipment	<u>\$ 16,771</u>	<u>\$ 23,567</u>

XXIV. Material disaster losses

None.

XXV. Material subsequent events

The Board of the Company passed the proposal for distribution of earnings for the year 2020 on 03.09.2021. Refer to Note 6 (14).

XXVI. Others

(vii) Capital Management

The Company's strategy in the year of 2020 remains the same as that in the year of 2019, with the aim of reducing the debt-to-capital ratio to a reasonable level of risk. As of 2020 and December 31, 2019,

the Company's debt-to-capital ratios were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total borrowing	\$ -	\$ 240,000
Less: cash and cash equivalent	(468,568)	(210,866)
Net debt	(-)	(29,134)
Total equity	4,729,393	4,888,996
Total capital	<u>\$ 4,729,393</u>	<u>\$ 4,918,130</u>
Capital and liabilities ratio	<u>-</u>	<u>0.59%</u>

(viii) Financial instruments

1. Types of Financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 468,568	\$ 210,866
Financial assets measured at amortized cost - current	385,440	879,820
Accounts receivable	90,184	279,199
Accounts receivable - related parties	57,536	32,434
Other receivables	3,311	2,567
Other accounts receivable - related parties	43,815	45,461
Refundable deposits	1,709	1,723
Financial assets measured at amortized cost - non-current	12,000	12,000
	<u>\$ 1,062,563</u>	<u>\$ 1,464,070</u>
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable	\$ 1,532	\$ 1,125
Other payables	134,072	100,849
Other accounts payable - related parties	608	525
Liability reserve	160	1,278

Long-term loans (including whose due within one year or one operating cycle)	-	240,000
Guarantee deposits	86	85
	<u>\$ 136,458</u>	<u>\$ 343,862</u>
Lease obligations-non-current	<u>\$ 2,640</u>	<u>\$ 27,928</u>

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 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 Company's operations. The Company, 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 Company shall supervise the management to monitor the compliance of the Company's risk management policies and procedures, and review the appropriateness of the Company's relevant management framework for the risks encountered. Internal auditors assist the Company's 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:

				December 31, 2020		
				Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT\$)
(Foreign currency: functional currency)						
<u>Financial asset</u>						
<u>Monetary items</u>						
	US\$:NT\$	\$	14,831	28.48	\$	422,387
<u>Long-term equity investments under equity method</u>						
	US\$:NT\$	\$	109,318	28.48	\$	3,113,377
				December 31, 2019		
				Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT\$)
(Foreign currency: functional currency)						
<u>Financial asset</u>						
<u>Monetary items</u>						
	US\$:NT\$	\$	20,257	29.98	\$	607,305
<u>Long-term equity investments under equity method</u>						
	US\$:NT\$	\$	108,058	29.98	\$	3,239,569

- B. Functional currency items of the Company due to foreign exchange with significant impacts were recognized as disclosure of exchanges (losses) in full amount in 2020 and 2019 with the total amount of \$20,172 and \$10,933 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:

		2020		
		Sensitivity analysis		
		Range of change	Affect the profit and loss	Affect other comprehensive income
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
US\$:NT\$		1% \$	4,224 \$	-
<u>Long-term equity investments under equity method</u>				
US\$:NT\$		1% \$	-	31,134
		2019		
		Sensitivity analysis		
		Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT\$)
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
US\$:NT\$	\$	1% \$	6,073 \$	-
<u>Long-term equity investments under equity method</u>				
US\$:NT\$		1% \$	-	32,396

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, the loans raised by the Company at a floating interest rate were mostly denominated in NTD.
- 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 exposes to the risk of any interest rate change in future market.
- C. When the interest rate for loans moves up or down by 1%, the net income in 2019 will increase or decrease by \$2,400 on the condition that other factors remained unchanged. This is the result of the change in interest expense caused by the upward and downward adjustment of the floating interest rate for loans.

(2) Credit Risk

- A. The Company's 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, 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 Company establishes credit risk management from the Company's 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. The Company has made a preliminary assumption under IFRS 9 that any contract amount overdue for more than 90 days under the payment condition shall be construed as default.
- D. The Company's 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 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 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 Company mainly provides testing service for designated customers in IC and wafer testing. It assesses the credit risk of particular customers to estimate the provision for loss from account receivables under the customers' loss rate in forethought with chronological adjustment and information on hand. The provision matrix as of December 31, 2020 and December 31, 2019 is shown below:

	Not overdue	Overdue within 30 days	Overdue 31-90 days	Overdue 91- 180 days	Overdue more than 181 days	Total
<u>December 31, 2020</u>						
Expected loss rate	0.001%	0.001%	0.001%-30%	0.004%-50%	100%	
Total book value	\$ 146,463	\$ 364	\$ 395	\$ 498	\$ -	\$ 147,720
Provision for bad debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>December 31, 2020</u>						
Expected loss rate	0.001%	0.001%	0.001%-30%	0.004%-50%	100%	
Total book value	\$ 150,174	\$ 149,830	\$ 11,499	\$ 130	\$ -	\$ 311,633
Provision for bad debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(3) Liquidity risk

A. The details of the Company's undrawn borrowing facilities are as follows:

	December 31, 2020	December 31, 2019
Fixed interest rate		
Due within 1 year	\$ 616,538	\$ 400,000
Due for more than 1 year	600,000	600,000
	<u>\$ 1,216,538</u>	<u>\$ 1,000,000</u>

B. The following table shows non-derivative financial liabilities and derivative financial liabilities settled in the net amount of total amount and classified by maturity dates. Non-derivative liabilities are subject to analysis based on the residual maturity from the balance sheet day to the maturity date. Derivative liabilities are subject to analysis based on the residual maturity from the balance sheet day to the maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2020	Less than 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 1,532	\$ -	\$ -	\$ -
Other payables	189,882	-	-	-
Other payables - related parties	608	-	-	-
Leasing obligations	602	602	1,205	290
Guarantee deposits	-	-	-	86

December 31, 2020	Less than 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years
<u>Non-derivative financial liabilities:</u>				
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	

(ix) Fair value information

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

The book value of cash and cash equivalents, account receivables (including related-parties), other receivables (including related-parties), financial assets measured at amortized cost, refundable security deposits, payables, other payables (including related-parties), and cash on receipt are the reasonable approximation of fair value.

XXVII. Additional disclosure

(x) Information on significant transactions

1. Loans to others: None.
2. Providing Endorsement/guarantee to Others: 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 property amounting to NT\$300 million or more than 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 in purchase or sale with related-party amounting to NT\$100 million or more than 20% of the paid-in capital: refer to Table 2.
8. Receivable from related-parties amounting to NT\$100 million or more than 20% of the paid-in capital: none.
9. Engagement in derivative trade: none.
10. Business relation and important transactions between the parent company and subsidiaries, and among the subsidiaries, and the amount: Table 3.

(xi) Information on Direct Investment

Names of the investee companies, the locations, and related information (excluding investee companies in Mainland China): refer to Table IV.

(xii) Information on investment in Mainland China

None.

(xiii) Information on dominant shareholders

Refer to Table V.

XXVIII. About Operating Departments

Refer to 2020 Consolidated Financial Statements.

(Blank below)

Winstek Semiconductor Corporation
 Providing Endorsement/guarantee to Others
 From January 1 to December 31, 2020

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
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	\$4,729,393	\$ 900,000	\$ 900,000	\$ 427,500	\$ -	19%	\$ 4,729,393	Y	N	N	

Note 8: 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 9: 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 10: The total amount of the Company's external endorsement/guarantee shall not exceed 50% of the Company's most recent net value. The amount of the Company's 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 11: The maximum balance of endorsement/guarantee for others in the current year.

Note 12: 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 13: The actual amount drawn by the company endorsed/guaranteed within the balance of the endorsement/guarantee shall be filled here.

Note 14: 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 Corporation
The amount in purchase or sale with related-party amounting to NT\$100 million or more than 20% of the paid-in capital
From January 1 to December 31, 2020

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

Table 2

Purchase (Sale) Company	Name of Counterparty	Relationship	Transaction Nature				Nature and reasons for the difference between trade terms and general trade (Note 1)		Bills and accounts receivable (payable)		
			Purchase (Sale)	Amount	Proportion of total Purchase (Sales)	Credit period	Unit Price	Credit period	Balance	Proportion of total Bills and accounts receivable (payable)	Notes
Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	Subsidiary	Sale	(\$173,503)	-23%	Monthly settlement 30 days	-	-	\$ 55,874	38%	
Winstek Semiconductor Technology Corporation	Winstek Semiconductor Corporation	Parent company	Purchase	173,503	8%	Monthly settlement 30 days	-	-	(55,874)	-41%	

Note 1: For the sales transactions between the Company and the interested persons, the transaction prices and the collection conditions have no significant differences from those with others having no interests, and the transaction conditions are determined by both parties concerned through negotiations.

Winstek Semiconductor Corporation
Business relation and important transactions between the parent company and subsidiaries, and among the subsidiaries, and the amount
From January 1 to December 31, 2020

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

Table 3

Serial No. (Note 1)	Name of Related Company	Counterparty	Relationship With the Counterparty (Note 2)	Transaction Nature			As a Percentage of Consolidated Revenues or Total Assets (Note 3)
				Account	Amount	Trade Terms	
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Revenue	\$ 173,503	It is to be processed in accordance with the price and conditions agreed by both parties.	6.64%
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Accounts receivable	\$ 55,874	"	0.98%
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Other receivable	\$ 43,815	"	0.77%

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-subsiary transaction, no disclosure is made on the subsidiary's end if disclosure has already been made on the parent company's end; in a subsidiary-to-subsiary transaction, no disclosure is made on one subsidiary's 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 Corporation
Name, Location, and Other Relevant Information of the Investee Companies (excluding Investee Companies in Mainland China)
From January 1 to December 31, 2020

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

Table 4

Name of investing company	Name of the investee company (Notes 1, 2)	Location	Main business items	Original investment amount		Holding at the end of period			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
				At the end of this period	At the end of last year	Number of shares	Ratio	Carrying amount			
Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	Taiwan	Wafer bumping and wafer level packaging services	\$ 2,875,740	\$ 2,875,740	310,000,000	100%	\$ 3,113,377	\$ 180,100	\$ 180,100	

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 Corporation
Information on dominant shareholders
From January 1 to December 31, 2020

Table 5

Name of major shareholders	Shares of Stock	
	Quantity of shareholdings	The ratio of shareholding
Ge-Shing Corporation	70,726,438	51.90%

Note 1: The information on the major shareholders listed in this Form is about that concerning the ordinary shares and special shares (that are completed but without physical delivery, as calculated by CHEP) (including the treasury stocks) totaling up to 5%. The capital stocks as stated in the financial reports of the Company and the stocks that are factually completed but without physical delivery may be different or varied because of the preparation and calculation basis.

Note 2: If the abovementioned data is about the shares held by the shareholders and delivered to a trust, it will be disclosed by the accounts of the principals (that are opened by the agent by means of trust accounts). As for the declaration of the insiders' equities with the shareholding percentage over 10% as handled by the shareholders according to the securities exchange acts, their equities shall include their own shares plus the shares that are delivered to the trust and have the right to make decisions on how to use them, etc. As for the data about the declaration of the insiders' equities, please refer to the open information observation station.

Winstek Semiconductor Corporation
Statement of Cash and cash equivalents
December 31, 2020

Unit: NT\$ thousand

Statement (I)					Amount
Items	Abstract				Amount
Cash					
Petty cash (fund)					\$ 100
Demand deposits					
- Taiwan Dollar					246,245
- USA Dollar	USD	7,286,000	Rate of exchange	28.48	207,515
- Japanese Yen	JPY	53,231,000	Rate of exchange	0.2763	14,708
					<u>\$ 468,568</u>

Winstek Semiconductor Corporation
Accounts Receivable
December 31, 2020

Statement (II)

Unit: NT\$ thousand

<u>Customer name</u>	<u>Abstract</u>	<u>Amount</u>	<u>Note</u>
General customers:			
Customer C		\$ 36,679	
Customer D		16,521	
Customer B		16,064	
Customer E		11,010	
			The balance of each single customer does not exceed 5% of the amount of this subject
Other		<u>9,910</u>	
		<u>90,184</u>	
Affiliate			
Winstek Semiconductor			
Technology Corporation		55,874	
Sigurd Corporation		1,662	
		<u>\$ 57,536</u>	
		<u>147,720</u>	

Winstek Semiconductor Corporation Changes in Investments under Equity Method
January 1 to December 31 of 2020

Statement (III)

Unit: NT\$ thousand

Name	Opening balance		Increase in the period		Decrease in the period(Note 1)		Ending balance			Market price or net equity value		The situation of offering for pledge or collateral	Note
	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		
Winstek Semiconductor Technology Corporation	310,000	\$ 3,239,569	-	\$ -	-	(\$ 126,192)	310,000	100%	\$ 3,113,377	29.1 (Note 2)	\$ 3,113,377	None	

Note 1: including the acquisition of cash dividend from long-term equity investment and return on investment accounted for under the equity method, and accumulative adjustment of long-term equity investment.

Note 2: Calculated based on the closing price of TPEx on December 31, 2020

Winstek Semiconductor Corporation
Changes in Property, Plant, and Equipment
January 1 to December 31 of 2020

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
Land	\$ 194,924	\$ -	\$ -	\$ 194,924	None
Building	851,293	1,110	-	852,403	None
Machinery equipment	3,400,675	106,109 (	44,644)	3,462,140	None
Office equipment and other equipment	465,877	25,117 (	2,507)	488,487	None
Equipment awaiting examination	-	13,754 (	- )	13,754	None
	<u>\$ 4,912,769</u>	<u>146,090</u>	<u>(\$ 47,151)</u>	<u>5,011,708</u>	

Winstek Semiconductor Corporation
Changes in Accumulated Depreciation of Property, Plant, and Equipment
January 1 to December 31 of 2020

Statement (V)

Unit: NT\$ thousand

Items	Opening balance	Increase in the period	Decrease in the period	Ending balance	Note
Building	\$ 784,517	\$ 10,759	\$ -	\$ 795,276	
Machinery equipment	3,056,405	127,330	(42,812)	3,140,923	
Office equipment and other equipment	363,344	27,298	(2,507)	388,135	
	<u>\$ 4,204,266</u>	<u>\$ 166,387</u>	<u>(\$ 45,319)</u>	<u>\$ 4,324,334</u>	

Winstek Semiconductor Corporation
Statements of revenue
January 1 to December 31 of 2020

Statement (VI)

Unit: NT\$ thousand

<u>Items</u>	<u>Amount</u>	<u>Note</u>
Labor service income:		
Testing income	\$ 694,804	
Other	54,729	
	<u>\$ 749,533</u>	

Winstek Semiconductor Corporation
Statements of Operating Cost
January 1 to December 31 of 2020

Unit: NT\$ thousand

Statement (VII)	Amount	Note
Items	Amount	Note
Depreciation expenses	\$ 187,783	
Pay expenditure	182,228	
Consumption expenses	60,459	
Repairment fee	48,245	
Water, electricity and gas charges	29,718	
Other	101,495	
Total operating cost	\$ 609,928	The amount of each single subject does not exceed 5% of the amount of this subject

Winstek Semiconductor Corporation
Statements of Sales & Marketing Expense
January 1 to December 31 of 2020

Statement (VIII)

Unit: NT\$ thousand

<u>Items</u>	<u>Abstract</u>	<u>Amount</u>	<u>Note</u>
Pay expenditure		\$ 8,573	The amount of each single subject does not exceed 5% of the amount of this subject
Other		2,840	
		<u>\$ 11,413</u>	

Winstek Semiconductor Corporation
Administrative Expenses
January 1 to December 31 of 2020

Statement (IX)

Unit: NT\$ thousand

Items	Abstract	Amount	Note
Pay expenditure		\$ 54,816	
Other		38,035	
		<u>\$ 92,851</u>	The amount of each single subject does not exceed 5% of the amount of this subject

Winstek Semiconductor Corporation Statements of Research and Development Expenses
January 1 to December 31 of 2020

Statement (X)

Unit: NT\$ thousand

<u>Items</u>	<u>Abstract</u>	<u>Amount</u>	<u>Note</u>
Pay expenditure		\$ 5,856	
Insurance expense		460	
Other		535	
		<u>\$ 6,851</u>	

The amount of each single subject does not exceed 5% of the amount of this subject

Winstek Semiconductor Corporation Statements of Research and Development Expenses
January 1 to December 31 of 2020

Statement (XI)

Unit: NT\$ thousand

Nature \ Function	2020			2019		
	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	\$ 182,228	\$ 69,245	\$ 251,473	\$ 95,775	\$ 77,989	\$ 273,764
Labor and health insurance expenses	17,277	4,096	21,373	17,235	4,395	21,630
Pension expense	7,905	2,356	10,261	7,825	2,448	10,273
Remuneration of Directors	-	11,123	11,123	-	12,145	12,145
Other employee benefits expenses	8,473	2,057	10,530	9,118	1,975	11,093
Depreciation expenses	187,783	4,667	192,450	281,172	4,463	285,635
Amortization expenses	4,042	1,829	5,871	464	1,478	1,942

Note:

1. The number of average employees in this year and the previous year is 311 and 318 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 \$969; 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 \$1,022.
 - (2) The amount of average employee salary expense of the current is \$830 (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 \$883 (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 6% (“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.)
 - (4) Remuneration to Supervisors in the current period is \$0. Remuneration to Supervisors in the previous period is \$0. (Note: The Company has established the Auditing Committee and no remuneration to Supervisors).
 - (5) According to the Articles of Incorporation, the remuneration to the Chairman and the Directors shall be determined by the Board under authorization on the basis of the degree of participation in the operation and contribution value to the Company with reference to the industry level. The remuneration to the President and Vice Presidents shall be determined on the basis of the scope of duties and responsibilities of the position and the contribution to the operation goal of the Company.

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 Company's financial condition shall be stated: None.

Chapter 7 Review and Analysis of the Company's Financial Position and Financial Performance, and A Listing of Risk

I. Comparative Analysis of Financial Condition

Unit: NT\$ thousand; %

Item	Year	2020.12.31	2019.12.31	Differences	
				Amount	%
Current asset		3,813,896	4,206,648	(392,752)	(9.34)
Property, Plant and Equipment		1,777,038	2,133,101	(356,063)	(16.69)
intangible asset		52,115	32,132	19,983	62.19
Other assets		49,911	44,164	5,747	13.01
Total Assets		5,692,960	6,416,045	(723,085)	(11.27)
Current liability		639,675	889,134	(249,459)	(28.06)
Non-current liabilities		323,892	637,915	(314,023)	(49.23)
Total liabilities		963,567	1,527,049	(563,482)	(36.90)
Equity attributable to owners of parent Company		4,729,393	4,888,996	(159,603)	(3.26)
Share capital		1,362,617	1,362,617	0	0.00
Capital surplus		366,243	366,243	0	0.00
retained earnings		3,204,006	3,205,990	(1,984)	(0.06)
Other equity		(203,473)	(45,854)	(157,619)	343.74
Treasury Stocks		0	0	0	
Non-controlling Interests		0	0	0	
Total equity		4,729,393	4,888,996	(159,603)	(3.26)

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 liability in this period is lower than that in the previous period mainly because payment was made to equipment purchase and tax payable decreased.

3. Noncurrent liabilities:

Non-current liability in this period is lower than that in the previous period mainly because bank loan was paid back.

4. Other equities:

Other equities in this period are lower than that in the previous period because appreciation of New Taiwan Dollars narrowed down conversion difference of financial statements of the international operating organizations.

II. Analyses of Financial Performance

Unit: NT\$ thousand; %

Item	Year		Differences	
	2020	2019	Amount	%
Net Operating Income	2,613,534	2,942,669	(329,135)	(11.18)
Operating Cost	2,180,206	2,059,476	120,730	5.86
Gross Operating Profit	433,328	883,193	(449,865)	(50.94)
Operating Expense	206,297	227,577	(21,280)	(9.35)
Operating Profit	227,031	655,616	(428,585)	(65.37)
Non-Operating Income and Expenses	715	85,017	(84,302)	(99.16)
Current Net Profit Before Tax	227,746	740,633	(512,887)	(69.25)
Income Tax Expense (Profit)	18,348	172,990	(154,642)	(89.39)
Net Income in Current Period	209,398	567,643	(358,245)	(63.11)
Other Comprehensive Gain or Loss (Net of Tax)	(164,609)	(89,544)	(75,065)	83.83
Total Comprehensive Gain or Loss in Current Period	44,789	478,099	(433,310)	(90.63)

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 Profit Margin, Operating Margin, Net Income for Current Period:

Operating income for current period is lower than that for the previous period because last year's operating income included the recognition of lump sum compensation at the amount of US\$ 25,520,000 and its relative recognized cost was lower to result in lower operating income and higher operating cost for current period than that for the previous period. Hence, gross profit margin, operating, margin, and net income for current period are all lower than those for the previous 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):

Tax payment for the current period is lower than that for the previous period mainly because profit for the current period is lower that contributes to lower tax payment.

(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 according to its operating plan considers industrial planning and past managerial performance as the basis to enact annual sales objectives. The Company expects positive sales and revenue for one year to come.

3. Possible impacts on the Company's future financial business and response plans:

To enable the Company to provide wider services to serve diverse customers and improve its market competitiveness, Sigurd Co., Ltd. purchased the Company's majority owner equity to become the holding company to strength effective resource utilization and: complementarity

within the Group. Financial status of the Company is robust and in the future, according to changes of market demands and product service needs of customers, the Company will continuously strength partnership with existing customers and actively discover potential customers to expand its market share so as to maintain the continuous growth of the Company.

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
431,419	1,197,431	(556,392)	(6,835)	1,065,623	–	–
Cash flow change analysis:						
<ol style="list-style-type: none"> 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
1,065,623	776,600	(1,164,500)	677,723	–	–
Cash flow status analysis:					
<ol style="list-style-type: none"> 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 Technology Corporation 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 2020	Main Reason for Profit or Loss	Improvement Plan
Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	180,100	Winstek's 2020 revenue grew by 16.3% than that of the previous period with stable operations and continuous profit making.	Not applicable.

3. Investment plans for the following year: The Company estimates there will be no major investment plan in the following year.

VI. Analyses and estimation of risk matters during the most recent fiscal year and as they stood on the date of publication of the annual report

1. The impact of interest rate, exchange rate fluctuations and inflation on corporate profits and losses and future countermeasures:

Unit: NT\$ thousand

Item/Year	2019	2020
Net Operating Income	2,942,669	2,613,534
Net Interest Expense	14,102	7,523
Interest Expenses As A Proportion of Net Operating Income (%)	0.48%	0.29%
Net Exchange (Loss) Gain	(4,442)	(28,303)
Exchange (Loss) Gain As A Proportion of Net Operating Income (%)	-0.15%	-1.08%

(1) Changes In Interest Rates

In 2020 and 2019, interest expenses respectively accounted for 0.29% and 0.48% of net sales for the whole year and therefore, changes of interest rate did not significantly impact the Company and its subsidiaries. The Company pays attention to interest rate changes in the market from time to time and maintain good relations with banks for more incentive loan conditions. The Company appropriately adjusts its financing instrument to reduce risks associated with changes of interest rate and therefore, changes of interest rate will not bring significant risks to profit and loss of the Company.

(2) Fluctuation In Exchange

Purchase and sales transaction of the Company and subsidiaries in foreign currencies are based on the principle of natural hedges according to compensation of liability and asset to minimize exposure to fluctuation of exchange rate risks. Meanwhile, the Company maintains good contacts with foreign exchange departments of banks to better understand changes of foreign exchange as the reference for trading of foreign currencies and settlement. When necessary, instrument with hedge nature is used to operate foreign currency trading to avoid impacts of fluctuation on operating costs.

(3) Inflation

There have been no significant impacts of inflation on the Company and its subsidiaries. In the future, close observation of market prices will be conducted and good partnership with customers and suppliers will be maintained to property adjust product prices and ensure stable material supply to reduce impacts of inflation.

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 Company's 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. In the future, input of R&D expense will be controlled within 2% of annual revenue.

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 customer's 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 Company's financial operations and countermeasures:

The Company's 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 Company's 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 Company's operation. However, the Company's 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 Company's 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 since August 5, 2005 signed a five-year technical services contract with STATS ChipPAC Ltd. and starting from the fifth year after signing the contract, the merger shall reserve some capacities to provide STATS ChipPAC Ltd. wafer package and probe services. That contract was terminated on August 4, 2020 and since that day, the Company directly provide package and probe services to the costumer. Meanwhile, based on flexible adjustment of production capacities, the Company actively develop new customer services to overall improve competitive niche and avoid risks related to concentrated 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 Company's manufacturing and financial accounting and enterprise resource 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.

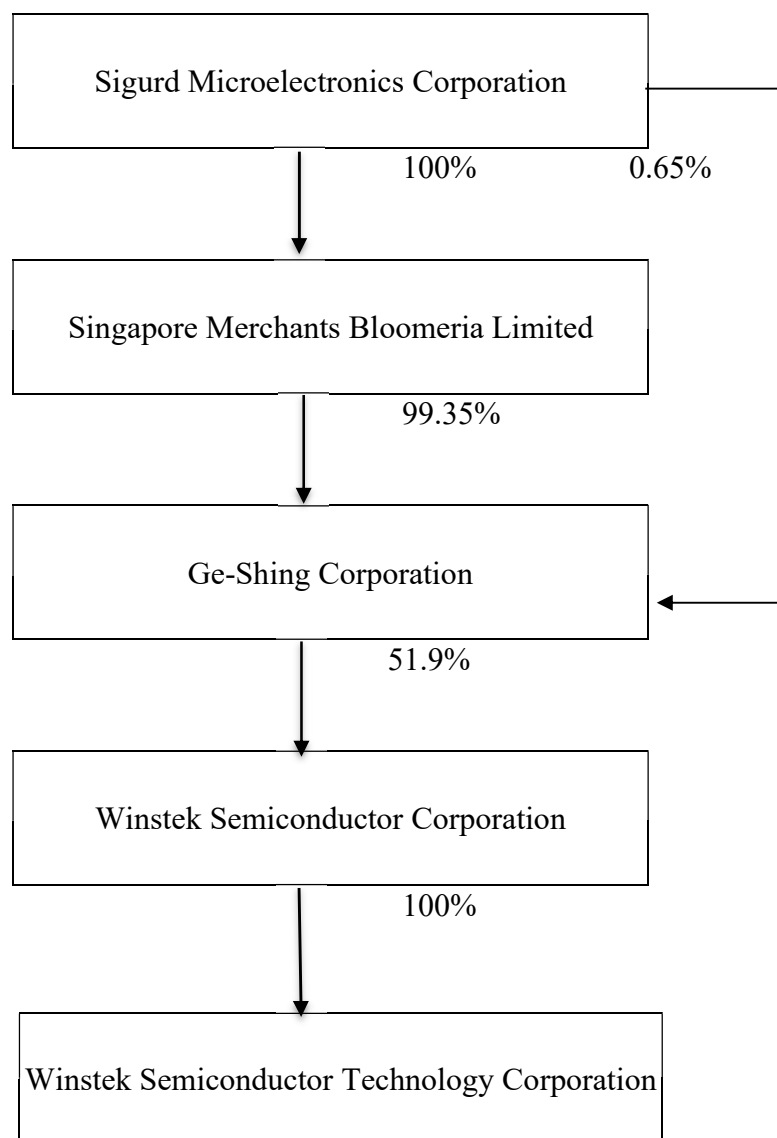
To reduce the risk caused by interruption of information system in the production of the lockout, Winstek continues to eliminate single points system failure, update system security correction program, establish backup assistance architecture with high usability, no tape backup system with rapid recovery, 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 Company's 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 Corporation	2005.09.29	No.176-5, Luliao Pit, 6 Ling, Hualung Chun, Chung 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, 2020; Unit: thousand share

Company Name	Title	Name or Representative	Share holding	
			Number of Shares	Shareholding Percentage
Winstek Semiconductor Technology Corporation	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, 2020; 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 Corporation	3,100,000	3,949,372	935,995	3,113,377	2,045,688	199,782	180,100

7. Consolidated financial statements of related enterprises

In 2020 (from January 1, 2020 to December 31 2020), 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.

8. Affiliation Reports

Winstek Semiconductor Corporation
(Stock Code: 3265)
Affiliation Reports
2020

Winstek Semiconductor Corporation

Affiliation Reports Statements

The Company's affiliation reports for the fiscal year of 2020 (from January 1, 2020 to 31 December 2020) 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 Corporation

Chairman of the board: Huang Hsing Yang

March 9, 2021

Winstek Semiconductor Corporation
CPA Review Report on the Affiliation Reports

ZH Issuance Letter No. 20009568

Winstek Semiconductor Corporation Company seal:

Winstek Semiconductor Corporation 's affiliation reports for the fiscal year of 2020 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 Corporation's affiliation reports for the fiscal year of 2020 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 Taiwa
Hsieh Chin Cheng
CPA
Chiang Tsai Yen
Financial Supervisory Commission (FSC)
Approved Certificate No.:
FSC Approved Certificate No. 0990042599
FSC Approved Certificate No. 1060025097

March 9, 2021

Winstek Semiconductor Corporation

2020 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 51.8% (Note)	-	Chairman Director Director Director	Huang Hsing Yang Yeh Tsan Lien Kuo Hsu Tung Hsieh Chao Hung

Note: Sigurd Corporation took control of the Company's 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. On July 6, 2020, after Bloomeria Limited transferred equity of the Company to the fully funded Ge Xing Co., Ltd. of Sigud Co., Ltd. and obtained other equities from the open market. Sigurd now directly holds 51.90% equity 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	
(Revenue)	(\$9,995)	0.38%	10%	Note 1	Monthly statement 30 days	Note 1	Monthly statement 30 ~ 90 days	Note 1	\$1,662	0.26%	\$ -	-	\$ -	None

Note: 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	March 2020	\$ 4,840	Monthly settlement 30 days	Collected	\$ 3,008	Equipment supplier	None	March 2013	\$ 14,658	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	Other Equipment	The Company	From March 2020 to December 2020	Operating lease	Determined by agreement between both parties	Monthly payment	Normal	\$131	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 Company's 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 Company's securities specified in Article 36, Paragraph 3, 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 Corporation

**Chairman of the board: Huang Hsing
Yang**