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WPG Holdings Limited

2019 Annual Report



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1. Letter to Shareholders

Thanks to accurate product portfolio, growing productivity, and continuous operation expansion, WPG was named second largest semiconductor components distributor in revenue globally, and the largest in Asia Pacific in 2019. We are expanding our operation globally. Currently, our main sales locations are Taiwan, China, Hong Kong, and South Asia, but we are gradually expanding our sales locations to Northeast Asia, ASEAN countries, India, and North America. Looking into 2020 global semiconductor revenue growth, 5G mobile communication, servers, memory, IoT, automobiles, and industrial electronics remain to be the market mainstay. After years of active deployment, WPG sufficiently grasps market growth opportunities by continue growing in market applications, offering supply chain management service with added value, providing components and turnkey solution with competitive advantage, and helping our customers develop and invest in future markets. We aim to create win-win-win situations with our vendors and customers.

(1) 2019 Review

WPG's consolidated revenue in 2019 reached NT\$527.6 billion (US\$17.07 billion), operating income and net income reached NT\$9.71 billion and NT\$6.45 billion, respectively. Basic earnings per share were NT\$3.84. Key performance indicator return on working capital (ROWC) was 8.31%. Parent company's shareholder's return on equity (ROE) was 10.95%.

In 2019, WPG developed diverse product structure. Core 3C products showed stable growth while non-3C fields such as IoT, automobiles, and industrial electronics grew rapidly, accounted for 25% of the total revenue. We have approximately 5,400 employees in total, of which field applications engineers (FAE) account for 16% and offered 240 "online solutions." WPG has approximately 104 operating locations worldwide, including 76 in Asia Pacific and 28 in North America. Our global supply chain supported approximately 469 VMI logistic projects cross-regions, and our Hong Kong smart warehouse construction was completed to realize one-stop service. We believe the added-value service we provided is highly recognized in semiconductor supply chain.

WPG has been ranked top 20% of listed companies in corporate governance evaluation, as well as nominated for the Taiwan Corporate Governance 100 Index for 5 consecutive years. We participated in the TCSA Taiwan Corporate Sustainability Award CSR Competition in 2019 and won the Merit Award in the service and telecommunication group of Taiwan sustainable enterprise and the silver medal in service group of corporate sustainability report.

(2) 2020 Outlook

Having digital transformation as the foundation, WPG actively cooperates with vendors and customers regarding supply chain transfer plan through both online platforms and offline teams, and searches for new product lines based on customer needs in various regions. We face the challenge of important vendor terminating cooperation positively as well. Apart from continue improving sales of new product lines, we fully prepare ourselves for different possible outcomes no matter from product line, customer, or manpower allocation standpoint. When facing dynamic changes in the market, we always aim to seek for maximum company interest.

- **Key Financial Indicators:** Increase net income and effectively control operating costs. Use ROWC as the key financial indicator to continuously optimize product mix. Improve account receivable and collateral management to ensure asset quality and liquidity. Utilize financial leverage discreetly to lower debt ratio. Enhance asset structure and profitability to improve shareholders' return on equity and dividend distribution.
- **Active Deployment and Expansion:** Gather, analyze, and coordinate information actively in regard to target market, as well as utilize various resources such as product line and sales among WPG subsidiaries to strengthen our position in the market. Optimize overall business process through systematization and risk control. Increase global market penetration through improved customer service quality and market influence. Optimize management capability for better productivity regarding target customers. Strictly manage business development strategy schedule and resource allocation to serve customers globally.
- **Product Portfolio Management and Enhancement:** Propose corresponding resource allocation plan and communication strategy considering the advantages/disadvantages of various product lines to improve operating efficiency and operating profit model. Strengthen WPG brand image in service and promote WPGDADAWANT service platform. Conduct internal and external promotions online and offline (O2O) to strengthen brand identification and value-added synergy, as well as utilize forum management techniques and knowledge sharing communities to develop loyal fan base and usage habits, hence increasing interaction with our customers, and creating long-term value.
- **Risk Management:** WPG risk management department is determined to promote and maintain high standards of corporate governance and sustainable development concepts. The department conducts enterprise risk management (ERM) in comply with the operating objectives and risks. Risks are identified through risk item identification as well as both quantitative and qualitative evaluations. Key risk indicators (KRIs) are introduced to prevent risks in early stage. In addition, risk management training and related practices are conducted regularly every year for all employees to strengthen awareness and understanding of such topic.
- **Integration Process and Information Platform:** In response to digital transformation, WPGDADAWANT, Business Process as a Service (BPaaS), and Data Intelligence as a Service

(DIaaS) are emphasized. Operation process optimization and smart warehouse and platform construction for cross-region logistics management are continue implemented in accordance with WPG development strategy. We aim to improve quality and efficiency to meet the needs of company operation and to face the rapidly changing environment.

- **Corporate Governance and CSR:** Continue to increase information transparency and improve in the corporate governance evaluation held by the authorities. We aim to be ranked top 5% of listed companies in the evaluation. Continue the implementation of board meetings, audit committees, remuneration committees, and new business strategy committees, and execute work plans as scheduled. The key emphasis of 2020 WPG Corporate Social Responsibility and Sustainability Report (CSR) includes stakeholder interaction, honest governance and sustainability, talent development and friendly workplace, innovative supply chain and partnerships, green management, and local care.

In the future, WPG shall maintain global leading position, continue expansion, and develop healthy product revenue structure through digital transformation projects, including customer needs integration and analysis, upstream and downstream integration, and supply chain management. We aim to create innovative business model and provide higher added-value services to customers.

We, the management team, as well as all WPG employees thank you for the support and encouragement and look forward to the continuous guidance and advice in the coming year. With our vision “To Become the First Choice of Industry. To Become the Benchmark of Distribution.” in mind, we will remain consistent in our business philosophy and services, and promote the core value of “Teamwork, Integrity, Professionalism and Effectiveness” comprehensively. We will strive to create win-win solutions with our vendors, customers, and shareholders, and wish to share exceptional business results with you.

We sincerely welcome all our peers and shareholders to share their concerns and advice with us.

Chairman: Simon Huang

Chief Executive Officer: Frank Yeh

Chief Financial Officer: Cliff Yuan

2. Company Profile

2.1 Date of Incorporation: November 9, 2005

2.2 Milestones

Nov., 2005	WPG Holdings Limited (hereinafter referred to as WPG or the Company) was incorporated as a holding company of World Peace Industrial Co., Ltd., and Silicon Application Corporation by exchanging shares of common stock. The Company went public on the Taiwan Stock Exchange (TSE) with the stock code of 3702.
May, 2006	Ranked top 10 among the leading 500 service companies in Taiwan by CommonWealth Magazine.
Jun., 2006	Ranked 4th largest electronics component distributor globally and the 1st largest electronics component distributor in APAC by Electronic Supply & Manufacturing (ESM).
Jun., 2006	The Shareholders' Meeting resolved to pay out NT\$ 0.16 for cash dividend per share.
2006	Newly appointed by CREE, ACTIONS, Microchip, and Mstar as distributor in APAC or greater China, underpinning High Power LED, and mobile device, imaging, consumer electronics markets in China.
Jan., 2007	Established WPG Korea Co., Ltd. that dedicated to serve Korean customers
Apr., 2007	Ranked the largest electronic component distributor in APAC by ESM.
May, 2007	Ranked top 10 among the leading 500 service companies in Taiwan by CommonWealth Magazine; ranked top 100 among the leading 1000 companies in the Mainland, Taiwan and Hong Kong by Business Weekly.
May, 2007	Ranked as The Most Preferred Regional Distributor by Electronics Supply and Manufacturing-China (ESMC); special consideration in The Best Supply Capability, The Best Technical Support, and The Best Logistics Service.
Jun., 2007	The Shareholders' Meeting resolved to pay out NT\$ 1.2 for cash dividend per share and NT\$ 0.5 for stock dividend per share.
2007	Newly appointed by LITEON and Renesas as distributor in APAC or greater China.
Jan., 2008	Awarded MII sponsored, CQAE and CEPA co-certified RECS qualifications in China; supply & distribution recognized for being one of the first to qualify.
May, 2008	Awarded as No.1 IC distributor by CommonWealth Magazine and Business Weekly.
May, 2008	Re-elected as the Best and Largest Asian Electronics Distributor and ranked the 3rd worldwide semiconductor distributor by My-ESM!
Jun., 2008	Re-elected as The Best Overseas Distributor by ESMC, the only company with special consideration in The Best Supply Capability, The Best Technical Support, The Best Logistics Service, and The Best E-commerce Capability.
Jun., 2008	The Shareholders' Meeting resolved to pay out NT\$ 2.15 for cash dividend per share, and NT\$ 0.315 for stock dividend per share.
Jun., 2008	Re-elected Board of Directors in advance in the annual Shareholders' Meeting; increased independent director board seats from 2 to 5, accounted for one third of the Board; Audit Committee composed by all independent directors.

Jul., 2008	WPG acquired passive component distributor Pernas Electronics Co., Ltd. (stock code: 3256) through share swap, with Jul. 16 as reference date of the share swap.
Oct., 2008	Moved to a new office at 10F., No. 97, Sec. 2, Dun Hua S. Rd., Taipei 106, Taiwan, R.O.C.
Oct., 2008	Investment and finance committee established.
2008	Newly appointed by SETi, Telechips, Elan, Harvatek, and Volterra as distributor in APAC or greater China distributor.
Feb., 2009	WPG announced to acquire AIT (Code: 6159) 100% share by share swap; effective date for closure was set for February 6th, 2009.
Feb., 2009	Remuneration committee established.
May, 2009	Included by MSCI as the first-ever Taiwan IC distributor constituent.
Jun., 2009	Elected as the Best Overseas Authorized Distributor by ESMC, and rated as having The Best Logistic Capability, The Best Technical Support, and The Best Volume Flexibility.
Jun., 2009	Re-elected as the No. 1 Electronics Distributor in APAC by EETimes, and ranked as the 3rd worldwide distributor.
Jun., 2009	The Shareholders' Meeting resolved to pay out NT\$ 1.40 for cash dividend per share.
Dec., 2009	WPG launched webinars that attracted much attention from China customers.
Dec., 2009	WPG Electronics (HK) awarded Logistics Awards Hong Kong.
2009	Newly appointed by TA-I, TDK, KEMET, Wintek, K.S Terminals Inc., Macro Image Technology, Orister Corp., and SG Micro Corp. (Hong Kong) as distributor in APAC or greater China distributor.
Mar, 2010	WPI Group, the subsidiary of WPG Holdings, acquired AIO Components Company Ltd. (AIO) through overseas dealing.
May, 2010	Elected as the Best Overseas Authorized Distributor by ESMC, and rated as having The Best Supply Capability, The Best Logistic Support, and The Best Volume Flexibility.
Jun., 2010	Re-elected as the No. 1 Electronics Distributor in APAC by EETimes, and ranked as the 3rd worldwide distributor.
Jun., 2010	The Shareholders' Meeting resolved to pay out NT\$2 for cash dividend per share, and NT\$1.8 for stock dividend per share.
Nov., 2010	WPG acquired YOSUN Industrial Corp. (stock code: 2403) through share swap, Nov. 15 set as reference date.
Nov., 2010	Celebrated WPG's 5th anniversary; set company vision "To Become the First Choice of Industry. To Become the Benchmark of Distribution."

2010	Appointed by Raontech, GigaDevice, INSIDE, Advanced Silicon, Redmere, NXP Semiconductors, OSRAM Opto Semiconductors, Synerchip, Sitronix, Epson, Infineon Technologies, Sanyo Semiconductors, Summit Microelectronics Inc., ST Ericsson, AMIC Technology Corporation, Silergy, AMS, Nutune, Trident, AcSip, HuaJie, Evolution, TT Electronics, Leadcore, Rockchip, Synic, Black Sand, ATLAB, SGMICR0, UBIQ, EPICOM, RAYDIUM, TAI-SAW, ALCOR, FUDATONG, PST, Wellypower, ABT, and ZILLTEK as distributor in APAC or greater China distributor.
May, 2011	Re-elected as the No. 1 Electronics Distributor in APAC by EETimes, and ranked as the 3rd worldwide distributor.
Jun., 2011	The Shareholders' Meeting resolved to pay out NT\$2.1 for cash dividend per share, and NT\$0.9 for stock dividend per share
2011	Appointed by Quality, Energyled Corp., Phoenix, TTM, Marvell, SMSC, Mindspeed, TranSwitch, Vitesse, ICP, mCube, ARM, AzureWave, Citruscom, Domintech, ESMT, FuDaTong, InfoTM, JustPower, Kingston, Neotec, Novatek, Powervation, Quintic, and Winbond as distributor in APAC or greater China distributor.
Mar., 2012	WPG acquired AECO Technology Co., Ltd. (stock code: 6119) through share swap, with Mar. 1 as reference date.
Apr., 2012	Longview Technology Inc., subsidiary of WPG Holdings' subgroup WPI Group, acquired Long-Think group's electronics components business in greater China area in cash.
May, 2012	Re-elected as the No. 1 Electronics Distributor in APAC by EETimes, and ranked as the 3rd worldwide distributor.
Jun., 2012	The Shareholders' Meeting resolved to pay out NT\$ 2.6 for cash dividend per share.
2012	Newly or additionally appointed by Bridgelux, ADDA, Prolific, GigaDevice, Action, Hanergy, Sigma Designs, RFM, Eri, Metrodyne, ERP, TUL, PTC, Philips Lumiled, Siano, CHAMPION, CPT, IR, mCube, and Sinopower as a distributor in APAC or greater China distributor.
May, 2013	Elected into 2013 TOP 25 Global Electronics Component Distributors by EDN, and ranked as the 3rd worldwide distributor.
Jun., 2013	The Shareholders' Meeting resolved to pay out NT\$2.4 for cash dividend per share.
Aug., 2013	First took part in the evaluation of 2013 CSR Award by CommonWealth Magazine and ranked 27/50.
2013	Newly or additively appointed by Goodix, Touchstone, LITEON-SILI, T&T, ELAN, Silicon Line, Aptos, CellWise, Next Biometrics, Cyntec, Kingston, Merry, and Wolfson as a distributor in APAC or greater China distributor.
Jan., 2014	BOD of WPG resolved the share swap transactions: World Peace Industrial Co., Ltd. in exchange for Aeco Technology Co., Yosun Industrial Corp. in exchange for RichPower Electronic Devices Co., Ltd., and Silicon Application Corp. in exchange for Pernas Electronics Co., Ltd.; Jan. 1 was set as reference date.
May, 2014	The BOD resolved to issue domestic unsecured convertible bonds for the first time.

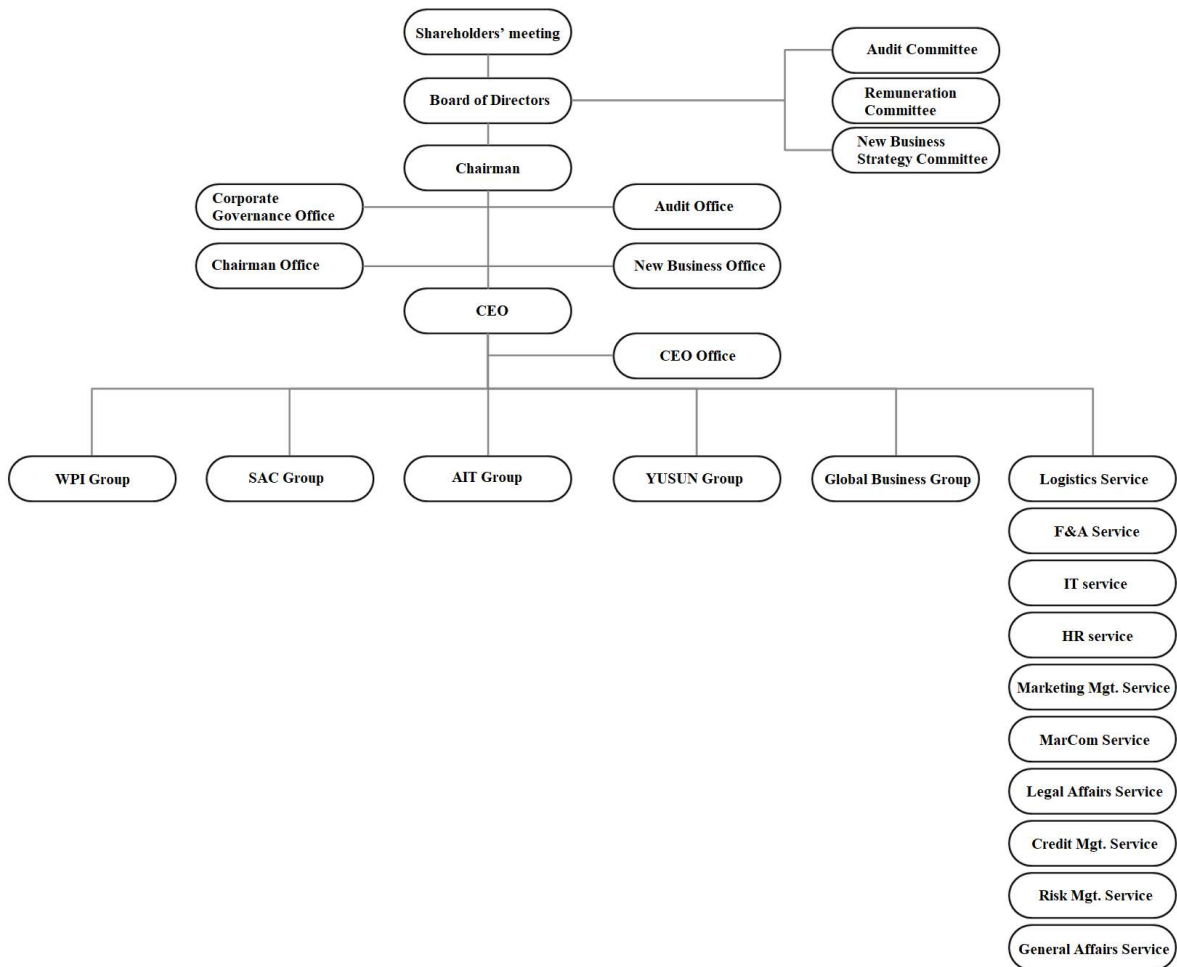
Jul., 2014	Ranked “A++” in the “Transparency and Information Disclosure” evaluation.
Dec., 2014	Elected as The Most Popular Authorized Distributor in the "2014 EEPW Editors’ Choice Award" evaluation
2014	Newly appointed by O2 Micro, ISSC, Huntersun, Solteam, Fibocom, SEQUANS, VANCHIP, and OTUS as distributor.
Mar., 2015	WPG commenced tender offer for shares of Genuine C&C INC.
Apr., 2015	Ranked “A++” in “Transparency and Information Disclosure” evaluation.
Apr., 2015	Ranked among the top 20% of TWSE listed and TPEx listed companies in the 1st Corporate Governance Evaluation.
May, 2015	Ranked the 1814th on the Forbes Global 2000.
May, 2015	Rated as one of the Top 10 Overseas Distributors by ESMC.
2015	Appointed by SANA, ISSC, Thine, TBPC, Akustica Inc., BRIGHTTEK, Panda, VANCHIP, High-Flying, Ambiq Beken, etc.
Feb., 2016	Moved to new office at 8F., No. 489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City.
Apr., 2016	The BOD resolved to purchase the property used for office in the Jingmao Sec., Nangang Dist., Taipei City.
Apr., 2016	Awarded top 20% amongst all listed companies in the 2nd Corporate Governance Evaluation
Apr., 2016	Ranked the 1735th in the Forbes Global 2000, and the 2nd place in the 2000 Survey Service Industry by Commonwealth Magazine
Jul., 2016	Selected in TWSE Corporate Governance 100 Index.
Oct., 2016	Rated as one of the Top 10 Overseas Authorized Distributors by the ESMC.
2016	Added the agent and distribution rights of VATICS, CT Micro, Skywalker, Seoul Semiconductor, BroadLink, UNEO, TELINK, AQUANTIA, Sharp, etc.
Apr., 2017	Ranked top 20% amongst all listed companies in the 3rd Corporate Governance Evaluation.
May, 2017	Listed in the Forbes Global 2000, and ranked 2nd in the 2000 Survey Service Industry by Commonwealth Magazine.
Oct., 2017	Rated as one of the Top 10 Overseas Authorized Distributors by the ESMC.
2017	Added the agent and distribution rights of Western, Acsip, JMicon, Microvision, PI, SILCONGEAR, UBIQ, Lumileds, TDK, Lattice, Nexperia, etc.
Apr., 2018	Ranked between 6% to 20% of the listed companies in the 4th Corporate Governance Evaluation.
May, 2018	Ranked the 2nd in the 2000 Survey Service Industry by Commonwealth Magazine.
Jun., 2018	Ranked the 1717th in the Forbes Global 2000.
Nov., 2018	Rated as one of the Top 10 International Brand Distributors by the ESMC.

2018	Added the agent and distribution rights of Renesas, CPS, China Mobile, AMS, ASINK, TOSHIBA MEMORY, Giantec, Yangjie, tBPC, Intelligo, Fenghua, FingerTech, GOKE, Neoway, Socionext, Chilisin, NJRC, Navitas, etc.
Apr., 2019	Ranked between 6% to 20% of the listed companies in the 5th Corporate Governance Evaluation.
May, 2019	Ranked the 2nd in the 2000 Survey Service Industry by CommonWealth Magazine.
May, 2019	Ranked the 1741st in the Forbes Global 2000.
Nov., 2019	Rated as one of Top 5 Technology Support Distributor, and the Top 10 International Brand Distributors by the ESMC.
2019	Appointed by NeuroMem, Thundercomm, V-Color, Maxeye, XTX, NCE, HPI, Genesys, HiSilicon, Broadcom, VARTA, etc. as distributor
Apr., 2020	Ranked between 6% to 20% of the listed companies in the 6th Corporate Governance Evaluation.

3. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

WPG Holdings is operated in cooperation with WPI Group, SAC Group, AIT Group, and YOSUN Group, and its business is characterized by cross-group, cross-region, and cross-company.

The framework of WPG is organized to meet the needs of the ever-changing markets. In order to fulfill the shared vision of “To Become the First Choice of Industry. To Become the Benchmark of Distribution.”, WPG focuses on: establishing management mechanism and supervision for its affiliated subgroups and subsidiaries; highlighting back-end management effectiveness and front-end coordination through sharing/integral resource platform in order to enhance front-end effectiveness; and specializing in capital market, investor relations, and financing.

(1) Audit Office

Responsible for conducting audits for the effectiveness of internal regulations and institutional implementation for WPG and making recommendations for improvement based on the results.

(2) New Business Office

Responsible for evaluating and planning of new business, as well as post-investment management; established for the purpose of creating long-term competitive advantage or pursuing stable growth for new business.

(3) Logistics Service

Responsible for managing WPG logistics operations and expanding external operational services.

(4) F&A Service

Responsible for matters related to finance and accounting for WPG, as well as managing investor relations; responsible for management, guidance, and supervision of each groups’ corresponding function. CFO also serves as the Company’s Spokesperson.

(5) IT service

Responsible for information management strategy, as well as planning of information management policy, optimization, and integration of information platform; responsible management, guidance, and supervision of each groups’ corresponding function.

(6) HR service

Responsible for matters related to human resources for WPG; responsible for management, guidance, and supervision of each groups’ corresponding function.

(7) Marketing Mgt. Service

Responsible for the consistency of front-end operation, policy, and standard of each group; coordinates with contact window of each group to make recommendations, develop principles for common practice, and track results in order to improve productivity.

(8) MarCom Service

Responsible for maintaining brand image, as well as planning, implementing, and supervising of e-marketing platform for WPG; responsible for management, guidance, and supervision of

each groups's corresponding function.

(9) Legal Affairs Service

Responsible for legal affairs of WPG; responsible for management, guidance, and supervision of each groups's corresponding function.

(10) Credit Mgt. Service

Responsible for credit management affairs of WPG; responsible for management, guidance, and supervision of each groups's corresponding function.

3.2 Directors, Supervisors, President, Vice Presidents, Directors, and Division/Department/Affiliates Heads (including Remuneration paid to Directors, Supervisors, and Management Team)

3.2.1 Information regarding Directors and Supervisors

(1) Information regarding Directors and Supervisors

April 26, 2020

Title	Nationality/ Place of registration	Name	Gender	Date Elected	Term (years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by nominees		Education and Selected Past Positions	Selected Current Positions at the Company and Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other			Remarks
							Common Shares	%	Common Shares	%	Common Shares	%	Common Shares	%			Title	Name	Relation	
							Preferred Shares	%	Preferred Shares	%	Preferred Shares	%	Preferred Shares	%						
Chairman	Republic of China	Simon Huang	Male	06/19/2017	3 years	06/14/2005	46,512,508	2.66	41,411,507	2.47	10,523,167	0.63	—	—	Department of Engineering Science, National Cheng-Kung University Cofounder and Chairman, WPI Group	Chairman & Director, WPG Holdings Affiliated Ventures; Chairman, Trigold Holdings Limited; Director, Phoenix Innovation and Entrepreneurship Investment Inc. Supervisor, SINOCON Industrial Standards Foundation Executive Director, Taipei Electronic Components Suppliers' Association (TECSA)	—	—	—	
							—	—	—	—	—	—	—	—						
Vice Chairman	Republic of China	K.D. Tseng	Male	06/19/2017	3 years	06/22/2011	10,494,000	0.60	9,654,480	0.57	19,053,200	1.13	—	—	Department of Electronics Engineering, National Taiwan Ocean University; Founder and Chairman, Yosun Industrial Corp.	Chairman & Director, WPG Holdings Affiliated Ventures; Director, Trigold Holdings Limited; Director (Corporate Representative), Qleap Accelerators Limited; Director (Corporate Representative), Ability I Venture Capiatl Corporation.; Chairman, Taipei Electronic Components Suppliers' Association (TECSA)	—	—	—	
							—	—	—	—	—	—	—	—						
Director	Republic of China	Mike Chang	Male	06/19/2017	3 years	06/14/2005	27,358,674	1.57	25,112,020	1.50	582,148	0.03	—	—	Department of Electrical Engineering, National Taipei Institute of Technology (Department of Electrical Engineering, National Taipei University of Technology) President (Far East Dist.) TXC Corporation President, WPG Holdings Affiliated Venture	Chairman & Director, WPG Holdings Affiliated Venture; Supervisor, Taipei Electronic Components Suppliers' Association (TECSA)	—	—	—	
							—	—	—	—	—	—	—	—						

Title	Nationality/ Place of registration	Name	Gender	Date Elected	Term (years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by nominees		Education and Selected Past Positions	Selected Current Positions at the Company and Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other			Remarks
							Common Shares	%	Common Shares	%	Common Shares	%	Common Shares	%			Title	Name	Relation	
							Preferred Shares	%	Preferred Shares	%	Preferred Shares	%	Preferred Shares	%						
Director	Republic of China	T.L. Lin	Male	06/19/2017	3 years	06/14/2005	24,951,707	1.43	19,195,570	1.14	17,108,688	1.02	—	—	Department of Electrical Engineering, National Taipei Institute of Technology (Department of Electrical Engineering, National Taipei University of Technology) Cofounder, World Peace Industrial Co., Ltd.	Director, Trigold Holdings Limited; Director, Fantasy Story Inc. Executive Director, Taipei Electronic Components Suppliers' Association (TECSA)	—	—	—	
Director	Republic of China	K.Y. Chen	Male	06/19/2017	3 years	06/14/2005	5,015,933	0.29	4,614,658	0.27	1,474	0.00	—	—	Department of Electronic Pgysics, National Chiao-Tung University Founder and Chairman, Silicon Application Corporation.	Chairman & Director, WPG Holdings Affiliated Ventures; Director, Trigold Holdings Limited; Director, Chiayang Biotech Inc. Director, LeadSun New Star Corp. Director, Taipei Electronic Components Suppliers' Association (TECSA)	—	—	—	
Director	Republic of China	Frank Yeh	Male	06/19/2017	3 years	06/18/2014	1,300,584	0.07	1,196,537	0.07	6,805	0.00	—	—	Department of Electronics Engineering, Feng Chia University President, Arrow Electronics, Inc.;	CEO, WPG Holdings Ltd.; Director, WPG Holdings Affiliated Ventures; Independent Director, BenQ Materials Corp.	—	—	—	

Title	Nationality/ Place of registration	Name	Gender	Date Elected	Term (years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by nominees		Education and Selected Past Positions	Selected Current Positions at the Company and Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other			Remarks
							Common Shares	%	Common Shares	%	Common Shares	%	Common Shares	%			Title	Name	Relation	
							Preferred Shares	%	Preferred Shares	%	Preferred Shares	%	Preferred Shares	%						
Director	Republic of China	Richard Wu, Representative, Fullerton Technology Co., Ltd., Ltd	Male	06/19/2017	3 years	06/14/2005	45,135,951	2.59	34,421,074	2.05	—	—	—	—	Department of Electronics, Feng Chia University Chairman, RichPower Electronic Devices Co., Ltd.	Chairman & President, Fullerton Technology Co., Ltd.; Director (Corporate Representative), Imagemore Co., Ltd.; Chairman (Corporate Representative), Niceday IT Co. Ltd.; Director (Corporate Representative), British Cayman Islands Business CloudMile; Director (Corporate Representative), Udar Digital Inc.; Director (Corporate Representative), Spire Technology Limited; Director (Corporate Representative), D. Cinema Technology Co., Ltd.; Director, Bestek Corp.	—	—	—	
							—	—	2,000,000	1.00	—	—	—	—						
						07/20/2016	132,138	0.01	35,166	0.00	—	—	—	—						
							—	—	—	—	—	—	—	—						
Director	Republic of China	Henry Shaw	Male	06/19/2017	3 years	11/9/2005	406,618	0.02	636,888	0.04	—	—	—	—	Master of Business Administration, National Cheng-Chi University; Vice President, Mosel Vitellic Inc.; Vice President, Transpac Capital Limited. Senior Partner, AsiaVest Partners, TCW/YFY Ltd.	Chairman, Liang Xin Financial Co., Ltd. Director, SYSTEX Corp.; Director, Scientech Corp.	—	—	—	
								—	—	60,690	0.03	—	—	—						
Independent Director	Republic of China	Jack J.T. Huang	Male	06/19/2017	3 years	06/25/2008	—	—	—	—	—	—	—	—	S.J.D., Harvard University; LL.M., Northwestern University; LL.B., National Taiwan University	Founder & Chairman, Taiwan Renaissance Platform; Special Adviser, Yulon Group; Special Adviser, Tai Yuen Textile Co., Ltd.; Independent Director, Taiwan Mobile Co., Ltd. Independent Director, SYSTEX Corporation; Independent Director, CTCI Corporation; Representative Director, Yulon Motor Co., Ltd.; Representative Director, Taiwania Capital	—	—	—	
								—	—	—	—	—	—	—						

Title	Nationality/ Place of registration	Name	Gender	Date Elected	Term (years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by nominees		Education and Selected Past Positions	Selected Current Positions at the Company and Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other			Remarks
							Common Shares	%	Common Shares	%	Common Shares	%	Common Shares	%						
							Preferred Shares	%	Preferred Shares	%	Preferred Shares	%	Preferred Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Rong-Ruey Duh	Male	06/19/2017	3 years	06/25/2008	—	—	—	—	—	—	—	—	PhD in Accounting, University of Minnesota; Chairman, Accounting Research and Development Foundation; President, Taiwan Accounting Association	Professor, Accounting Department, National Taiwan University	—	—	—	
							—	—	—	—	—	—	—	—						
Independent Director	Republic of China	Yung-Hong Yu	Male	06/19/2017	3 years	06/25/2008	—	—	—	—	—	—	—	—	PhD, Sun Yat-sen University; MBA, Colorado State University; Executive Director, Ernst & Young Business Advisory Service; Director, Certified Management Accountant	President, Shenzhen AID Management Consulting Co. Ltd.; Business mentor, Shenzhen Production and Research Center at Wuhan University; Advisor, Accounting Research Monthly; Director and Remuneration Committee Member, Fullerton Technology Co., Ltd., Ltd	—	—	—	
							—	—	—	—	—	—	—	—						

Table 1: Major Shareholder of WPG’s Director or Supervisor that is an Institutional Shareholder

April 26, 2020		
Name of Institutional Shareholder	Major Shareholders of the Corporate Director	Shareholding (%)
Fullerton Technology Co., Ltd., Ltd.	Ru-Kai Lai(3.29%), Mei-Chi Liao (3.28%), Richard Wu (3.1%), CTBC Bank Trustee Account of Richard Wu (1.73%), Yen-Hung Liu (1.67%), Yen-Pei Liu (1.67%), Shu-Ching Ou (1.66%), Chin-Hung Cheng (0.96%), Shi Ren Investment Co. Ltd. (0.90%), Ni-Lien Juan (0.89%)	19.15

Table 2: Major Shareholder of WPG’s Major Shareholder that is an Institutional Shareholder

April 26, 2020		
Name of Institutional Shareholder	Major Shareholders of the Corporate Director	Shareholding (%)
Shi Ren Investment Co. Ltd.	Powerchip Technology Corporation (99.9968%)	99.99

(2) Directors' Professional Qualifications and Independent Analysis

Criteria Name	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note 1)												Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or 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 or 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 Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Simon Huang			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	0
K.D. Tseng			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Mike Chang			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	0
T.L. Lin			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	0
K.Y. Chen			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Frank Yeh			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Richard Wu (Representative, Fullerton Technology Co., Ltd., Ltd.)			✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		0
Henry Shaw			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Jack J.T. Huang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Rong-Ruey Duh	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Yung-Hong Yu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: For any Director or Supervisor who fulfills the relevant condition(s) during the two fiscal years before being elected or during the term of office, please tick the appropriate corresponding boxes:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not serving as a Director or Supervisor of the Company or any of its affiliates (this does not apply to cases where the person is an Independent Director of the Company, its parent or subsidiary established pursuant to this law or local laws).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a Director, Supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a Director or Supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act (this does not apply to cases where the person is an Independent Director of the Company, its parent or subsidiary established pursuant to this law or local laws).
- (6) If a majority of the Company's Director seats or voting shares and those of any other company are controlled by the same person: not a Director, Supervisor, or employee of that other company (this does not apply to cases where the person is an Independent Director of the Company, its parent or subsidiary established pursuant to this law or local laws).
- (7) If the Chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution (This does not apply to cases where the person is an Independent Director of the Company, its parent or subsidiary established pursuant to this law or local laws).
- (8) Not a Director, Supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (this does not apply to cases where the specified company or institution holds more than 20% but less than 50% of the total shares issued and the person is an Independent Director of the Company, its parent or subsidiary established pursuant to this law or local laws)
- (9) Not a professional individual who, or an owner, partner, Director, Supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Does not have a marital relationship with or a relative within the second degree of kinship with, any other Director of the Company.
- (11) No condition defined in Article 30 of the Company Act has appeared.
- (12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.

3.2.2 Information regarding President, Vice Presidents, Directors, and Division/Department/Affiliates Heads

April 26, 2020

Title	Nationality	Name	Gender	On-board Date	Shareholding		Spouse/Minor Shareholding		Shareholding by Nominee Arrangement		Education and Selected Past Positions	Selected Current Positions at the Company and Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other			Remarks
					Common Shares	(%)	Common Shares	(%)	Common Shares	(%)			Title	Name	Relation	
					Preferred Shares	(%)	Preferred Shares	(%)	Preferred Shares	(%)						
President	Republic of China	Frank Yeh	Male	07/01/2013	1,196,537	0.07	6,805	0.00	—	—	Electronics Engineering, Feng Chia University; Chairman, eChannelOpen, Inc. President, Arrow Electronics, Inc.;	CEO, WPG Holdings Ltd.; Director, WPG Holdings Affiliated Venture; Independent Director, BenQ Materials Corp.;	—	—	—	
					113,000	0.06	—	—	—	—						
Vice President	Republic of China	Scott Lin	Male	01/01/2017	591,507	0.04	—	—	—	—	B.S., Electronic Engineering, National Taiwan University of Science and Technology; General Manger, Infineon Technologies Taiwan	None	—	—	—	
					—	—	—	—	—	—						
Chief Financial Officer (Accounting Supervisor) (Financial Supervisor)	Republic of China	Cliff Yuan	Male	11/09/2015	685,584	0.04	13,082	0.00	—	—	Dual Degree in Law & Accounting, Soochow University; Financial Assistant Vice President, WPG Holdings Affiliated Venture	Director & Supervisor, WPG Holdings Affiliated Venture	—	—	—	
					—	—	—	—	—	—						
Chief Information Officer	Republic of China	Jazz Chuang	Male	01/01/2012	166,216	0.01	689	0.00	—	—	E.M.B.A., Information Management, National Taiwan University College of Management; Vice President, WPG Holdings Affiliated Venture	None	—	—	—	
					30,000	0.02	—	—	—	—						
Chief HR Officer	Republic of China	David Li	Male	07/01/2013	73,367	0.00	—	—	—	—	EMBA, Southern California University; Vice President, WPG Holdings Affiliated Venture	None	—	—	—	
					—	—	—	—	—	—						
Chief Legal Officer	Republic of China	Lucia Tai	Female	05/01/2018	238	0.00	920	0.00	—	—	Department of Law, National Taiwan University	Supervisor, WPG Holdings Affiliated Venture	—	—	—	
					—	—	—	—	—	—						
Chief MarCom Officer	Republic of China	Tracy Cheng	Female	05/01/2018	239,701	0.01	—	—	—	—	Dual Degree in German & English, Soochow University;	None	—	—	—	
					—	—	—	—	—	—						

3.2.3 Remuneration Paid in the Most Recent Year to Directors, Supervisors, President, and Vice Presidents

(1) Remuneration paid to Directors and Independent Directors

December 31, 2019; Unit: NT\$ thousands

Title	Name	Director's Remuneration (Note 1)								(A+B+C+D) as a % of Net Income		Compensation Earned by a Director Who is an Employee of WPG or of WPG's Consolidated Entities										Compensation Paid to Directors from Non-consolidated Affiliates
		Base Compensation (A)		Severance pay and Pensions (B)		Compensation to Directors (C)		Allowances (D)				Base Compensation, Bonuses and Allowances (E)		Severance Pay and Pensions (F)		Employee's Profit Sharing Bonus (G)				(A+B+C+D+E+F+G) as a % of Net Income		
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
																Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
Director	Simon Huang	2,820	4,716	—	—	25,000	27,476	—	—	0.43	0.49	74,200	97,121	1,429	2,653	16,600	—	16,600	—	1.86	2.28	—
	K.D. Tseng																					
	Mike Chang																					
	Frank Yeh																					
	T.L. Lin																					
	K.Y. Chen																					
	Fullerton Technology Co., Ltd. Representative: Richard Wu																					
	Henry Shaw																					
Independent Director	Jack J.T. Huang	2,720	2,720	—	—	10,000	10,000	—	—	0.20	0.20	—	—	—	—	—	—	—	—	—	—	
	Rong-Ruey Duh																					
	Yung-Hong Yu																					
Note 1: Resolved by the Company's Board of Directors on April 28, 2020.																						

Range of Remuneration

Range of remuneration paid to Directors	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Less than NT\$ 1,000,000	—	—	—	—
NT\$ 1,000,000 to NT\$1,999,999	—	—	—	—
NT\$ 2,000,000 to NT\$3,499,999	Frank Yeh, Mike Chang, T.L. Lin, K.Y. Chen, K.D. Tseng, Henry Shaw, Richard Wu (Representative, Fullerton Technology Co., Ltd., Ltd.)	Frank Yeh, Mike Chang, T.L. Lin, K.Y. Chen, K.D. Tseng, Jack J. T. Huang, Henry Shaw, Richard Wu (Representative, Fullerton Technology Co., Ltd.)	Mike Chang, Jack J. T. Huang, Henry Shaw, Richard Wu (Representative, Fullerton Technology Co., Ltd.), T.L. Lin	Jack J. T. Huang, Henry Shaw, Richard Wu (Representative, Fullerton Technology Co., Ltd.) T.L. Lin
NT\$ 3,500,000 to NT\$4,999,999	Jack J. T. Huang, Rong-Ruey Duh, Yung-Hong Yu	Jack J. T. Huang, Rong-Ruey Duh, Yung-Hong Yu	Jack J. T. Huang, Rong-Ruey Duh, Yung-Hong Yu	Jack J. T. Huang, Rong-Ruey Duh, Yung-Hong Yu
NT\$5,000,000 to NT\$9,999,999	Simon Huang	Simon Huang	—	—
NT\$10,000,000 to NT\$14,999,999	—	—	K.D. Tseng, K.Y. Chen	—
NT\$15,000,000 to NT\$29,999,999	—	—	Simon Huang	K.D. Tseng, K.Y. Chen
NT\$30,000,000 to 49,999,999	—	—	—	Simon Huang, Mike Chang
NT\$50,000,000 to NT\$99,999,999	—	—	Frank Yeh	Frank Yeh
NT\$100,000,000 or More	—	—	—	—
Total	11	11	11	11

(2) Compensation paid to President and Vice Presidents

December 31, 2019; Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Employee’s Profit Sharing Bonus (D) (Note 1)				(A+B+C+D) as a % of Net Income		Compensation received from Non-consolidated Affiliates
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All companies in the consolidated financial statements		The Company	All Consolidated Entities	
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
President	Frank Yeh	28,358	28,358	887	887	28,769	28,769	29,850	—	29,850	—	1.36	1.35	—
Vice President	Scott Lin													
Chief Financial Officer (Accounting Supervisor, Financial Supervisor)	Cliff Yuan													
Chief Information Officer	Jazz Chuang													
Chief HR Officer	David Li													
Chief Legal Officer	Lucia Tai													
Chief MarCom Officer	Tracy Cheng													
Total of President and Vice Presidents														

Note 1: Resolved by the Company's Board of Directors on April 28, 2020, that the employees' compensation and Directors' remuneration for 2019 was \$29,300, and will be adjusted into the gains and loss in the second quarter of 2020.

Range of Remuneration

Range of remuneration paid to President and Vice Presidents	Name of President and Vice Presidents	
	The Company	All Consolidated Entities
Less than NT\$ 1,000,000	—	—
NT\$ 1,000,000 to NT\$1,999,999	—	—
NT\$ 2,000,000 to NT\$3,499,999	—	—
NT\$3,500,000 to 4,999,999	Lucia Tai, Tracy Cheng, Scott Lin	Lucia Tai, Tracy Cheng, Scott Lin
NT\$5,000,000 to NT\$9,999,999	Cliff Yuan, Jazz Chuang, David Li	Cliff Yuan, Jazz Chuang, David Li
NT\$10,000,000 to NT\$14,999,999	—	—
NT\$15,000,000 to NT\$29,999,999	—	—
NT\$30,000,000 to 49,999,999	—	—
NT\$50,000,000 to NT\$99,999,999	Frank Yeh	Frank Yeh
NT\$100,000,000 or More	—	—
Total	7	7

(3) Employee’s Profit Sharing Bonus Paid to Management Team

December 31, 2019; Unit: NT\$ thousands

	Title	Name	Stock (Fair Market Value)	Cash (Note 1)	Total	Total Amount as a % of Net Income
Management Team	President	Frank Yeh	—	Total of Management Team 29,300	29,300	0.45
	Vice President	Scott Lin				
	Chief Financial Officer (Accounting Supervisor, Financial Supervisor)	Cliff Yuan				
	Chief Information Officer	Jazz Chuang				
	Chief HR Officer	David Li				
	Chief Legal Officer	Lucia Tai				
	Chief MarCom Officer	Tracy Cheng				

Note 1: The BOD of the Company resolved the proposed amount of employee compensation on Apr. 28, 2020.

3.2.4 Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements in the Past Two Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure

(1) Analysis of total compensations paid to the Company's Directors, Supervisors, President and Vice presidents in the 2 most recent years as a % of Net Income After Tax (NIAT)

Unit: NT\$ thousands

Category	The Company		All Consolidated Entities	
	2018	2019	2018	2019
Director's Remuneration	47,680	40,540	51,718	44,912
Ratio of Total Amount to Net Income (%)	0.64	0.63	0.69	0.69
Supervisor's Remuneration	—	—	—	—
Ratio of Total Amount to Net Income (%)	—	—	—	—
President and Vice Presidents' Compensation	86,047	87,864	89,470	87,864
Ratio of Total Amount to Net Income (%)	1.15	1.36	1.19	1.35
NIAT	7,462,010	6,453,401	7,515,017	6,505,959

As shown in above table, the 2019 Directors' remuneration, as well as the compensation paid to President and Vice Presidents decreased alongside the decline of the Company's net income after tax (NIAT). However, the proportion of the remuneration paid to Directors for 2019 to NIAT decreased compared with the previous fiscal year, whereas the proportion of the compensation paid to President and Vice Presidents to NIAT increased compared with the previous fiscal year.

(2) Remuneration policy, standard and package, procedure for determination, and linkage thereof to operating performance and future risk exposure:

- i. The rules governing the remunerations paid to Directors and Supervisors are as follow: In accordance with the regulations stipulated in the Articles of Incorporation of the Company, where the financial results for the fiscal year show a profit, the Company may, by a resolution adopted by the meeting of Board of Directors, have not less than 0.01% and not more than 5% of the profit distributable as employees' compensation and have not more than 3% of the aforesaid profit distributable as remuneration to Directors and Supervisors. Such

distributions shall be submitted to the Shareholders' Meeting. However, in case of accumulated losses, certain profits shall first be reserved to cover them.

- ii. The rules governing the remuneration paid to President and Vice Presidents are as follow: Pursuant to the Company's Articles of Incorporation, the remuneration paid to President and other management team shall be decided by a resolution adopted by a majority vote of the Directors at a Board meeting attended by at least a majority of the entire Directors of the Company. The remuneration paid to Vice Presidents shall be proposed and submitted by the President to the Remuneration Committee for review.
- iii. Pursuant to the Company's Articles of Incorporation, the remuneration of Directors who conduct the business of the Company shall be determined by the Shareholders' Meeting and paid based on the participation in and the value of contributions to the Company and with reference to industry standards no matter whether the Company is in a loss or not. The Board of Directors of the Company has established a Remuneration Committee that assists in the development of remuneration policies for Directors, senior management team, and the Company as a whole. If the Company has surplus earnings at the end of the year, the Board of Directors shall make a distribution proposal, and the remuneration of directors shall be paid after the distribution proposal is approved by Shareholders' Meeting. In accordance with the Company's board resolutions, Directors and committee conveners receive fixed pay every month, and committee members are offered allowance according to attendance of meetings, with no compensation paid. According to the Company's Articles of Incorporation and the operation of the Board of Directors and the Remuneration Committee, the Company timely reviews whether the Directors' and senior management team' participation in and contribution to the Company's operation are aligned with their compensation, and minimizes the possibility of and correlation between business performance and future risks, so as to balance the Company's sustainable development and risk control. The Company has insured the Board and managerial personnel against liability, with insured amounts adding up to US\$ 15,000 thousand; by means of D&O insurance, the Company mitigates the risk exposure, shifting the potential damages arising from the business conduct of Directors, management team and the Company.

3.3 Overview of Corporate Governance

3.3.1 Information on Board Operations

After the reelection on Jun. 19, 2017, the 5th Board of Directors was composed of 11 directors who are professional and experienced in semiconductor, financial, business, and management fields. Of them, attorney Jack J.T. Huang with Jones Day, Professor Rong-Ruey Duh with National Taiwan University College of Management, and Yung-Hong Yu, the President of Shenzhen Aid Management Consulting Ltd., are the Independent Directors of the Company.

The Board has the responsibility to supervise the overall operations and affairs of the Company and make decisions for major investment and M&A matters.

In 2019, the Board had 10 meetings. The following lists the attendance of Directors and Supervisors to these meetings:

Title	Name	In person	By proxy	Actual presence (attendance) (%)	Remarks
Chairman	Simon Huang	9	1	90%	—
Vice Chairman	K.D. Tseng	10	—	100%	—
Director	Mike Chang	10	—	100%	—
Director	T.L. Lin	8	2	80%	—
Director	K.Y. Chen	9	1	90%	—
Director	Frank Yeh	10	—	100%	—
Director	Richard Wu (Representative, Fullerton Technology Co., Ltd.)	9	1	90%	—
Director	Henry Shaw	10	—	100%	—
Independent Director	Jack J.T. Huang	9	1	90%	—
Independent Director	Rong-Ruey Duh	10	—	100%	—
Independent Director	Yung-Hong Yu	10	—	100%	—

Other Matters:

I. Where the proceedings of the Board meeting include one of the following circumstances, then describe the date, session, topic discussed, opinions of every Independent Director, and the handling by the Company:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

(II) Other than the matters mentioned above, other resolutions on which the Independent Directors have dissenting or reserved opinions:

Board of Directors	Content of motion and follow-up Actions	Items listed in Article 14-3 of Securities and Exchange Act	Other resolutions included in records or stated in writing regarding independent directors' dissenting or qualified opinions
Jan. 29, 2019 (1 st Meeting)	Amendments to the payroll and personnel cycle in Internal	V	

in 2019)	Control System.		
Mar. 26, 2019 (2 nd Meeting in 2019)	Amendments to the Procedures for Lending Funds to Other Parties	V	
Apr. 30, 2019 (3 rd Meeting in 2019)	The appointment of CPAs in 2019	V	
Apr. 30, 2019 (3 rd Meeting in 2019)	Amendments to the “Operational Procedures for Acquisition and Disposal of Assets”	V	
Jun. 28, 2019 (5 th Meeting in 2019)	Proposal to issue preferred shares A for capital increase.	V	
Jul. 30, 2019 (6 th Meeting in 2019)	Amendments to the "circle of property, plant and equipment, and intangible assets" in internal control system.	V	
Nov. 12, 2019 (9 th Meeting in 2019)	Proposal to publicly acquire the ordinary shares of WT Microelectronics Co., Ltd.	V	
Opinions of Independent Directors: None.			
The Company's actions in response to the opinions of Independent Directors: None.			
Resolution: Approved by all Directors who raised no objection when the Chairperson put forward the relevant resolutions.			

II. Regarding recusals of Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

III. Implementation of Board of Directors evaluation:

Evaluation Cycle	Period of Evaluation	Scope	Evaluation Method	Evaluation Content
Executed every year	Jun. 1, 2019 ~ Dec. 31, 2019	Board of Directors	Self-evaluation by Directors	<ul style="list-style-type: none"> ● Degree of participation in the Company's operations ● Internal control and risk management ● Management of external and internal relations ● Composition and capabilities of the Board ● Decision-making quality and procedure of the Board ● Whether work goals are achieved
Executed every three years	Sep. 1, 2018 ~ Aug. 31, 2019	Board of Directors	Consigned to an external professional organization	<ul style="list-style-type: none"> ● Board Composition ● Board Guidance ● Delegation by the Board ● Principles of Board supervision ● Board communication ● Internal control and risk management ● Board self-discipline

IV. Measures taken to strengthen the functionality of the Board (including establishing an Audit Committee and enhancing information transparency) and results thereof: In order to perfect the supervising functions of the Board and enhance its managerial mechanism, since 2008, WPG has advanced the establishment and operation of the Audit Committee and the Remuneration Committee, and established New Business Strategy Committee on Oct. 29, 2013. Please refer to 3.3.2 “Audit Committee”, 3.3.3 “Audit Committee”, and 3.3.4 “New Business Strategy Committee” on page 31.

The attendance of Independent Directors at each Board meeting in 2019:

◎ Attendance in person; ☆ Attendance in proxy; ※ Not attend

2019	1st Meeting	2nd meeting	3rd Meeting	4th Meeting	5th Meeting	6th Meeting	7th Meeting	8th Meeting	9th Meeting	10th Meeting
Jack J.T. Huang	◎	◎	◎	◎	☆	◎	◎	◎	◎	◎
Rong-Ruey Duh	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎
Yung-Hong Yu	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎

3.3.2 Audit Committee

The 5th Board of Directors is composed of three Independent Directors. The Audit Committee is composed of all three Independent Directors in order to establish a corporate governance system, perfect audit supervision, and enhance managerial function. The purpose of the Committee is to assist the Board of Directors in performing supervising duties; the matters under review include corporate financial statements, corporate policy and procedures for auditing and accounting, corporate internal control mechanism, major acquisition or disposal of assets, appointment/dismissal/compensation of CPAs, and other material matters of the Company or required by competent authorities.

The Audit Committee convened a total of 10 meetings in 2019, with the attendance of directors listed as follows:

Title	Name	In person	By proxy	Attendance rate (%)	Remarks
Independent Director (Convener)	Rong-Ruey Duh	10	—	100%	—
Independent Director (Member)	Jack J.T. Huang	9	1	90%	—
Independent Director (Member)	Yung-Hong Yu	10	—	100%	—
Other Matters:					
I. With regard to the operation of Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company’s handling of such resolutions shall be specified:					
(I) Matters referred to in Article 14-5 of the Securities and Exchange Act.					
(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.					
Audit Committee	Content of motion and follow-up Actions	Matters referred to in Article 14-5 of the Securities and Exchange Act	Resolutions which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors		
Jan. 29, 2019 (1st Meeting in 2019)	Amendments to the payroll and personnel cycle in “Internal Control System”.	V			
Mar. 26, 2019 (2nd Meeting in 2019)	Internal control system self-inspection and internal control statement in 2018	V			
Mar. 26, 2019 (2nd Meeting in 2019)	The Company's 2018 financial reports (including parent company-only financial statements and consolidated financial statements) and business report	V			

Mar. 26, 2019 (2nd Meeting in 2019)	Amendments to the Procedures for Lending Funds to Other Parties	V	
Apr. 30, 2019 (3rd Meeting in 2019)	The appointment of CPAs in 2019	V	
Apr. 30, 2019 (3rd Meeting in 2019)	Amendments to the "Operational Procedures for Acquisition and Disposal of Assets"	V	
Jun. 28, 2019 (5th Meeting in 2019)	Proposal to issue preferred shares A for capital increase.	V	
Jul. 30, 2019 (6th Meeting in 2019)	Amendments to the "circle of property, plant and equipment, and intangible assets" in internal control system.	V	
Aug. 13, 2019 (7th Meeting in 2019)	The Company's consolidated financial statements for the first half of 2019	V	
Nov. 12, 2019 (9th Meeting in 2019)	Proposal to publicly acquire the ordinary shares of WT Microelectronics Co., Ltd.	V	
Audit Committee resolution: Approved by all members who raised no objection when the Chairperson put forward the relevant resolutions.			
The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.			

II. Ways in which Independent Directors have abstained from motions that pose a conflict of interest, the Independent Director's name, the content of the motion, cause of the conflict of interest, and the circumstances of the vote shall be elaborated: None.

III. Communications between Independent Directors, the Company's Chief Internal Auditor and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.): The Audit Committee is composed of all three Independent Directors and holds meetings at least once per quarter, where the heads of the audit office and accounting and financial office shall make routine business report. In addition, CPAs shall also regularly communicate with the Audit Committee.

3.3.3 Composition, Duties, and Operation of the Remuneration Committee

(1) Profile of Committee Members

Position	Name	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note 1)										Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director	Remarks
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or 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 or 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 Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Yung-Hong Yu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Jack J.T. Huang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent Director	Rong-Ruey Duh	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	

Note 1: For any committee member who fulfills the relevant condition(s) 2 years before being elected or during the term of office, please provide the mark in the field next to the corresponding condition(s).✓

(1) Not an employee of the Company or any of its affiliates.

(2) Not a Director or Supervisor of the Company or any of its affiliates. (This does not apply to cases where the person is an Independent Director of the Company, its parent or subsidiary established pursuant to this law or local laws).

- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship, or a lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a Director, Supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a Director or Supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act (this does not apply to cases where the person is an Independent Director of the Company, its parent or subsidiary established pursuant to this law or local laws).
- (6) If a majority of the Company's Director seats or voting shares and those of any other company are controlled by the same person: not a Director, Supervisor, or employee of that other company (this does not apply to cases where the person is an Independent Director of the Company, its parent or subsidiary established pursuant to this law or local laws).
- (7) If the Chairman, President, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a Director, Supervisor, or employee of that other company or institution (this does not apply to cases where the person is an Independent Director of the Company, its parent or subsidiary established pursuant to this law or local laws).
- (8) Not a Director, Supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (this does not apply to cases where the specified company or institution holds more than 20% but less than 50% of the total shares issued and the person is an Independent Director of the Company, its parent or subsidiary established pursuant to this law or local laws)
- (9) Not a professional individual who, or an owner, partner, Director, Supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. provided, this restriction does not apply to a member of the Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) No condition defined in Article 30 of the Company Act has appeared.

(2) Operational Status of the Remuneration Committee

The purpose of the committee is to assist the Board of Directors in the deliberation and formulation of remuneration of Directors and management team, assessment of Company's remuneration policies, and the transaction of remuneration evaluation affairs. The committee is composed of three members, of whom Yung-Hong Yu acts as the convener and convenes meetings no less than twice a year.

Five meetings were convened in 2019; the status of attendance is as follows:

Title	Name	In person	By proxy	Attendance rate (%)	Remarks
Independent Director (Convener)	Yung-Hong Yu	5	—	100	—
Independent Director (Member)	Jack J.T. Huang	5	—	100	—
Independent Director (Member)	Rong-Ruey Duh	5	—	100	—

Other Matters:

Remuneration Committee	Content of motion and follow-up Actions	Resolution	The Company's actions in response to the opinions of the Remuneration Committee
Jan. 29, 2019 (1st Meeting in 2019)	1. Proposal of the Company's 2018 compensation distribution for Directors 2. Proposal to set KPI of management team and WPG senior managers in 2019	The Chairperson consulted all members present, and they voted in favor of the resolution	All Directors present voted in favor of the resolution
Apr. 30, 2019 (2nd Meeting in 2019)	1. Proposal to establish a corporate governance unit and delegate a head of the unit 2. Evaluation of the performance of management team and employees (senior managers) in 2018 and proposal of compensation distribution for them	The Chairperson consulted all members present, and they voted in favor of the resolution	All Directors present voted in favor of the resolution Matters authorized by the BOD (Note)
Jul. 30, 2019 (3rd Meeting in 2019)	(No discussions)		
Aug. 13, 2019 (4th Meeting in 2019)	Distribution of management team in preferred shares to be subscribed by employees	The Chairperson consulted all members present, and they voted in favor of the resolution	Matters authorized by the BOD (Note)
Oct. 29, 2019 (5th Meeting in 2019)	1. Amendments to the Measures for Evaluation of Board Performance 2. Former CEO of subsidiary YOSUN Group transferred position to counselor	The Chairperson consulted all members present, and they voted in favor of the resolution	All Directors present voted in favor of the resolution Matters authorized by the BOD (Note)

Note: The matters to be determined by the Remuneration Committee under the authorization of the Board of Directors pursuant to Operation Procedures of Remuneration Committee shall be first resolved by the Remuneration Committee and then reported to the Board of Directors.

- I. In the event the Board of Directors does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and number of the Board meeting, the content of the proposals, resolution from the Board of Directors, and the method the opinion from the Remuneration Committee was handled (e.g. if the salaries and compensations approved by the Board was higher than the suggested

levels from the Remuneration Committee, please state the differences and reasons): None.

- II. If a member has a dissenting or qualified opinion, that a member has a record or reservation that is recorded or stated in a written statement, the date and session of the Remuneration Committee, the content of the proposal, all members' opinions, and the handling of the opinions of the member of the Remuneration Committee shall be stated: None.

3.3.4 New Business Strategy Committee

The purpose of the committee is to assist the Company in developing new businesses or the second core business, in an attempt to uplift the decision-making quality and effectiveness of newly invested businesses.

The committee was set up on Oct. 29, 2013 and composed of five members, including four directors and one Independent Director. The committee convenes at least four meetings a year.

Four meetings were convened in 2019; the status of attendance is as follow:

Title	Name	In person	By proxy	Attendance rate (%)	Remarks
Director (convener)	Simon Huang	4	—	100%	—
Director (member)	K.D. Tseng	4	—	100%	—
Director (member)	T.L. Lin	4	—	100%	—
Director (member)	K.Y. Chen	4	—	100%	—
Independent Director (member)	Yung-Hong Yu	4	—	100%	—
Other items that shall be recorded: None.					

3.3.5 Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																																																																																																
	Yes	No	Description																																																																																																	
I. Does the Company establish and disclose its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	Yes		The Company has formulated the Corporate Governance Best Practice Principles on July 27, 2010. Please refer to “Corporate Governance” section on page 32-35 of this Report.	No deviation.																																																																																																
II. Shareholding structure & shareholders’ rights																																																																																																				
(I) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	Yes		(I) WPG designates a spokesperson, deputy spokesperson, and shareholder services agent to handle such matters.	No deviation.																																																																																																
(II) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	Yes		(II) WPG’s shareholder services division retains the register of major shareholders; such records are disclosed, by law, on the designated internet information posting system of Securities and Futures Institute.	No deviation.																																																																																																
(III) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	Yes		(III) WPG’s internal control systems already have relevant systems; clear distinction has been drawn between the responsibilities and duties of involved persons and no abnormal transactions have been identified.	No deviation.																																																																																																
(IV) Does the Company establish internal rules against Insider Trading with undisclosed information?	Yes		(IV) WPG has established the Procedures for the Management and Prevention of Insider Trading in place, prohibiting company insiders from trading securities using information not disclosed to the market.	No deviation.																																																																																																
III. Composition and responsibilities of the Board of Directors																																																																																																				
(I) Does the Board develop and implement a diversified policy for the composition of its members?	Yes		(I) WPG’s Directors are of diversified backgrounds including law, accounting, finance, human resource and management etc., in addition to the electronics component business.	No deviation.																																																																																																
			<table><tr><th>Directors Name</th><th>Gender</th><th>Business Management</th><th>Leadership</th><th>Industrial Knowledge</th><th>Finance and Accounting</th><th>Law</th><th>Human Resource</th></tr><tr><td>Simon Huang</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td><td>✓</td></tr><tr><td>K.D. Tseng</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td><td></td></tr><tr><td>K.Y. Chen</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td><td></td></tr><tr><td>T.L. Lin</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td><td></td></tr><tr><td>Mike Chang</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td><td></td></tr><tr><td>Frank Yeh</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td><td></td></tr><tr><td>Henry Shaw</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td></tr><tr><td>Fullerton Technology Co., Ltd., Representative: Richard Wu</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td><td></td></tr><tr><td>Rong-Ruey Duh</td><td>Male</td><td>✓</td><td>✓</td><td></td><td>✓</td><td></td><td></td></tr><tr><td>Jack J.T. Huang</td><td>Male</td><td>✓</td><td>✓</td><td></td><td>✓</td><td>✓</td><td></td></tr><tr><td>Yung-Hong Yu</td><td>Male</td><td>✓</td><td>✓</td><td></td><td>✓</td><td></td><td>✓</td></tr></table>	Directors Name	Gender	Business Management	Leadership	Industrial Knowledge	Finance and Accounting	Law	Human Resource	Simon Huang	Male	✓	✓	✓			✓	K.D. Tseng	Male	✓	✓	✓				K.Y. Chen	Male	✓	✓	✓				T.L. Lin	Male	✓	✓	✓				Mike Chang	Male	✓	✓	✓				Frank Yeh	Male	✓	✓	✓				Henry Shaw	Male	✓	✓	✓	✓			Fullerton Technology Co., Ltd., Representative: Richard Wu	Male	✓	✓	✓				Rong-Ruey Duh	Male	✓	✓		✓			Jack J.T. Huang	Male	✓	✓		✓	✓		Yung-Hong Yu	Male	✓	✓		✓		✓	
Directors Name	Gender	Business Management	Leadership	Industrial Knowledge	Finance and Accounting	Law	Human Resource																																																																																													
Simon Huang	Male	✓	✓	✓			✓																																																																																													
K.D. Tseng	Male	✓	✓	✓																																																																																																
K.Y. Chen	Male	✓	✓	✓																																																																																																
T.L. Lin	Male	✓	✓	✓																																																																																																
Mike Chang	Male	✓	✓	✓																																																																																																
Frank Yeh	Male	✓	✓	✓																																																																																																
Henry Shaw	Male	✓	✓	✓	✓																																																																																															
Fullerton Technology Co., Ltd., Representative: Richard Wu	Male	✓	✓	✓																																																																																																
Rong-Ruey Duh	Male	✓	✓		✓																																																																																															
Jack J.T. Huang	Male	✓	✓		✓	✓																																																																																														
Yung-Hong Yu	Male	✓	✓		✓		✓																																																																																													
			<p>The proportion of Directors serving concurrently as employees (applicable for Labor Standards Act) is 0; the number of Independent Directors serving concurrently as employees account for 27%, and their terms of office have exceeded three terms. Nine Directors are 61-70 years old, and two Directors are 51-60 years old. The Company is only concerned with talent when it considers persons to fill its positions, and there are no special restrictions on gender. Of course, female Directors will also be considered for the next term.</p>																																																																																																	
(II) Does the company voluntarily establish other functional committees	Yes		(II) Apart from Remuneration Committee and Audit Committee, the Company also established New	No deviation.																																																																																																

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof								
	Yes	No	Description									
in addition to the Remuneration Committee and the Audit Committee which are required by law?			Business Strategy Committee.									
(III) Does the Company formulate rules and procedures for board performance assessments, and each year conduct regularly scheduled performance assessments? Does the Company submit the performance assessment results to the Board and use the results as a standard for the remuneration of directors and the nomination of their re-election?	Yes		(III) WPG formulated rules and procedures for board performance assessment in 2015 that specify at least one internal performance assessment shall be made each year. WPG conducts director self-assessment over their performance in the previous year via closed- and open-ended questionnaires in January or so each year and such assessment results shall be reported to the Board of Directors. Since October 2019, at least one evaluation every three years shall be conducted additionally by an external professional independent institution or an external team of experts and scholars.	No deviation.								
(IV) Does the company regularly evaluate the independence of CPAs?	Yes		(IV) The Company regularly assesses the independence of CPAs and establishes the “Verifying Accountant Review and Evaluation Form” based on the “Verifying Accountant Selection Review Method” adopted by the Audit Committee. The following major items are used as review requirements: (1) CPAs and their spouses, minor children are not the Directors, Supervisors, management team of the Company and its subsidiaries or have significant influence on duties and conflicts of interest. (2) Has not undertook audit service for 7 years. (3) In the past two years, the firm and the CPAs have no major lawsuits or cases corrected by competent authorities. (4) Accounting firm size and reputation. (5) Service quality and effectiveness of audit and taxation The Company’s Chief Financial Officer evaluated the resumes of CPAs, the statement and the Certified Accountant Review and Evaluation Form, then reported to the Audit Committee and the Board of Directors on Apr. 30, 2019. Evalation passed on Apr. 30, 2019. After the assessment over CPA Chou, Chien-Hung and CPA Lin, Chun-Yao with PwC Taiwan, they are considered in line with the Company's independent evaluation standards, and qualified to serve as the Company's CPAs.	No deviation.								
IV. Is the listed company staffed with sufficient and qualified corporate governance personnel? Does it appoint a head of corporate governance who is in charge of various matters related to corporate governance (including but not limited to, providing the data by directors and supervisors to perform their duties, assisting directors and supervisors to conform to applicable laws, handling matters involving meetings of Board of Directors and shareholders in accordance with the law, making minute book for meetings of Board of Directors and shareholders)?	Yes		Upon resolution from the Board meeting on Apr. 30, 2019, the Company has designated Lucia Tai, the Chief Legal Officer, to serve as the Company's head of corporate governance, with the goal of protecting the rights and interests of shareholders and strengthening the functions of the Board. Ms. Tai has had more than 3 years of experience in the legal affairs of the Company. The head of corporate governance is mainly responsible for handling matters related to the Board meetings and Shareholders’ Meetings in accordance with the law, recording minutes of Board meetings and Shareholders’ Meetings, assisting the Directors and the Supervisors in their positions and pursue relevant training courses, furnishing Directors and Supervisors with the information required for business decisions, and assisting them to comply with law and regulations. The scope of operation in 2019 is as follows (including but not limited to): <ul style="list-style-type: none">Operated the Board meetings and various committee meetings in accordance with the lawPlanned and executed door-to-door training courses for DirectorsObtained and maintained liability insurance for DirectorsConducted performance evaluation of the Board of Directors in accordance with the Company's methodology, and by external institution Training courses conducted in 2019: <table><tr><th>Training date</th><th>Organizer</th><th>Course title</th><th>Hours of Courses</th></tr><tr><td>May 14, 2019</td><td>Taiwan Institute of</td><td>How to Avoid Falling into Inside Trading</td><td>3 hours</td></tr></table>	Training date	Organizer	Course title	Hours of Courses	May 14, 2019	Taiwan Institute of	How to Avoid Falling into Inside Trading	3 hours	No deviation.
Training date	Organizer	Course title	Hours of Courses									
May 14, 2019	Taiwan Institute of	How to Avoid Falling into Inside Trading	3 hours									

Evaluation Item	Implementation Status (Note 1)						Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description				
				Directors			
			Aug. 6, 2019	Securities and Futures Institute	Advanced Seminar for Directors and Supervisors (Including Independent Directors) & Corporate Governance Executives: Discussion on Board Functions from the Perspective of Corporate Fraud Prevention	3 hours	
			Aug. 13, 2019	Taiwan Institute of Directors	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours	
			Aug. 14, 2019	Securities and Futures Institute	Advanced Seminar for Directors and Supervisors (Including Independent Directors) & Corporate Governance Executives: Discussion on the Application of Employee Reward strategies and Tools	3 hours	
			Aug. 23, 2019	Taiwan Corporate Governance Association	Analysis of the global top 10 risks in 2019	3 hours	
			Nov. 6, 2019	Securities and Futures Institute	Advanced Seminar for Directors and Supervisors (Including Independent Directors) & Corporate Governance Executives: Discussion on Cases of Corporate Financial Statement Fraud	3 hours	
V. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders’ area been established in the company’s website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?	Yes		Aiming for enhanced corporate governance, WPG has announced the email address of the members of the Audit Committee on its website as a direct and smooth channel of communication with “Stakeholders” of the Company such as employees, shareholders, corresponding banks, consumers, and suppliers in accordance with Measures for Receiving Advices and Handling Complaints from Stakeholders by the Audit Committee. The members of the Audit Committee shall directly respond to issues including but not limited to CSR. The website is: http://www.wpgholdings.com/stakeholder/index/zhtw				No deviation.
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	Yes		The Company has appointed the Share Affair Agency Department of Capital Securities Corporation to handle the affairs of the Shareholders’ Meetings.				No deviation.
VII. Information disclosure							
(I) Does the Company establish a website to disclose information on financial operations and corporate governance?	Yes		(I) WPG has a public website (www.wpgholdings.com) in place, regularly disclosing and updating the information regarding Company’s finance, operation and corporate governance for investors’ reference.				No deviation.
(II) Does the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose Company information, implement a spokesperson system, and disclose the process of investor conferences on the company website)?	Yes		(II) WPG has a public website that contains English webpage and the information thereof is gathered and disclosed by responsible persons. In addition, briefings of investor conference are also available on the website for investors’ reference.				No deviation.
(III) Does the Company publish and report its annual financial report within 2 months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	Yes		(III) The Company publishes and reports its annual financial report within three months after the end of a fiscal year, and publishes and reports its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.				Publishes and reports before the specified deadline.
VIII. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors’ and Supervisors’ training records,	Yes		(I) For employee rights and employee wellness, please refer to “Labor Relation” section of the annual report (See page 99-109 for details); (II) WPG is a holding company, engaging neither manufacturing nor selling, hence causing no pollution to the environment; transactions with suppliers are primarily daily general business operations.				No deviation. No deviation.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?			<p>(III) In order to establish sound corporate governance systems, WPG has already formulated its corporate governance principles with reference to the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies stipulated by TWSE and TPEX on July 27,2010.</p> <p>(IV) The Company’s Directors have faithfully conducted corporate affairs and perform the duty of care of a good administrator in exercising their powers.</p> <p>(V) The Company purchases D&O liability insurance for its Directors and management team.</p> <p>(VI) The Company has already formulated the Policy and Procedure for Risk Management for WPG Group on Apr. 24, 2012 that specifies risk management policy and risk metrics, and the Policy and Procedure were amended on Jan. 26, 2016; please refer to the “Risk Management” section of this Report (See page 355-359 for details).</p> <p>(VII) Continuous education of Directors is governed by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies; please refer to page 36 for details.</p>	<p>No deviation.</p> <p>No deviation.</p> <p>No deviation.</p> <p>No deviation.</p> <p>No deviation.</p>
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange’s Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. (not required if the company is not an assessed company)	Yes		<p>In the evaluation results of 2019, the Company ranked 6% to 20% out of all listed companies.</p> <p>Items for improvements:</p> <ul style="list-style-type: none"> The diversification policy for Directors and the human rights protection policies have not been disclosed on the Company’s website or annual report; related content will be disclosed on the Company’s website or the annual report in 2020. The 6th-term Directors will be elected in the 2020 Annual Shareholders’ Meeting. Three of the candidates nominated by the Board of Directors are new Independent Directors, which means that at least two Independent Directors did not serve consecutive terms of more than 9 years. 	No deviation.

Note 1: Describe briefly in implementation status column no matter the result of operation is "yes" or "no".

Summary of Directors' Training:

Title	Name	Date of Taking Office	Training date		Organizer	Course title	Hours of Courses
			From	To			
Chairman	Simon Huang	June 25, 2008	Feb. 19, 2019	Feb. 19, 2019	Taiwan Corporate Governance Association	2019 Global Trends Analysis: Risks and Opportunities	1 hour
			May 14, 2019	May 14, 2019	Taiwan Institute of Directors	How to Avoid Falling into Inside Trading	3 hours
			Jun. 26, 2019	Jun. 26, 2019	Taiwan Institute of Directors	2019 Annual Meeting of Taiwan Institute of Directors - A+ Companies X Shareholder Value	4 hours
			Aug. 13, 2019	Aug. 13, 2019	Taiwan Institute of Directors	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours
			Aug. 27, 2019	Aug. 27, 2019	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	1 hour
			Sep. 18, 2019	Sep. 18, 2019	Taiwan Listed Companies Association	Urban Governance and Corporate Governance	2 hours
			Oct. 15, 2019	Oct. 15, 2019	Taiwan Listed Companies Association	Industry Trends in the Context of US-China Trade War	2 hours
Vice Chairman	K.D. Tseng	June 22, 2011	May 14, 2019	May 14, 2019	Taiwan Institute of Directors	How to Avoid Falling into Inside Trading	3 hours
			Aug. 13, 2019	Aug. 13, 2019	Taiwan Institute of Directors	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours
Director	T.L. Lin	June 25, 2008	Jan. 10, 2019	Jan. 10, 2019	Corporate Operation Association of the Republic of China	Special Lecture on "Future Development of Taiwan's Capital Market and Opportunities for Industrial Integration and M&A from the Perspective of Domestic and Overseas Political and Economic Situation"	3 hours
			May 14, 2019	May 14, 2019	Taiwan Institute of Directors	How to Avoid Falling into Inside Trading	3 hours
			Aug. 13, 2019	Aug. 13, 2019	Taiwan Institute of Directors	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours
			Nov. 21, 2019	Nov. 21, 2019	Securities and Futures Institute	Discussion on Corporate Governance and Securities Management Law Practice	3 hours
Director	Mike Chang	June 25, 2008	May 14, 2019	May 14, 2019	Taiwan Institute of Directors	How to Avoid Falling into Inside Trading	3 hours
			Aug. 13, 2019	Aug. 13, 2019	Taiwan Institute of Directors	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours
Director	K.Y. Chen	June 25, 2008	May 14, 2019	May 14, 2019	Taiwan Institute of Directors	How to Avoid Falling into Inside Trading	3 hours
			Aug. 13, 2019	Aug. 13, 2019	Taiwan Institute of Directors	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours
Director	Frank Yeh	Jun. 18, 2014	May 14, 2019	May 14, 2019	Taiwan Institute of Directors	How to Avoid Falling into Inside Trading	3 hours
			Aug. 13, 2019	Aug. 13, 2019	Taiwan Institute of Directors	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours
Representative of Corporate Director	Richard Wu	Jul. 20, 2016	Apr. 16, 2019	Apr. 16, 2019	Taiwan Corporate Governance Association	The Advent of the Anti-Tax Avoidance Directive and Taiwanese Version CRS Discussion on the Impact of Overseas Companies and Its Response from the Perspective of Corporate Governance	3 hours
			May 14, 2019	May 14, 2019	Taiwan Institute of Directors	How to Avoid Falling into Inside Trading	3 hours
			Aug. 13, 2019	Aug. 13, 2019	Taiwan Institute of Directors	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours
Director	Henry Shaw	June 25, 2008	May 14, 2019	May 14, 2019	Taiwan Institute of Directors	How to Avoid Falling into Inside Trading	3 hours
			Aug. 13, 2019	Aug. 13, 2019	Taiwan Institute of Directors	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours
Independent Director	Rong-Ruey Duh	June 25, 2008	May 14, 2019	May 14, 2019	Taiwan Institute of Directors	How to Avoid Falling into Inside Trading	3 hours
			Aug. 13, 2019	Aug. 13, 2019	Taiwan Institute of Directors	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours
Independent Director	Jack J.T. Huang	June 25, 2008	Nov. 26, 2019	Nov. 26, 2019	Taiwan Corporate Governance Association	Big Data Analysis and Corporate Fraud Detection and Prevention	3 hours
			Dec. 6, 2019	Dec. 6, 2019	Taiwan Corporate Governance Association	Measures for Information Security of Directors and Supervisors	3 hours
Independent Director	Yung-Hong Yu	June 25, 2008	May 14, 2019	May 14, 2019	Taiwan Institute of Directors	How to Avoid Falling into Inside Trading	3 hours
			Aug. 13, 2019	Aug. 13, 2019	Taiwan Institute of Directors	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours

3.3.6 Implementation of Corporate Social Responsibility (CSR) and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons

Item	Implementation status (Note 1)			Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary (Note 2)	
I. Does the Company conduct risk assessments on environmental, social, and corporate governance issues related to its operations in accordance with the materiality principle, and implement relevant risk management policies or strategies? (Note 3)	Yes		I. The Company conducts assessments on material issues with a systematic method in accordance with the materiality principle and has developed relevant risk management policies or strategies that are regularly reviewed and tracked. In addition, the Company pays close attention to the development of international and domestic risk management systems, based on which the risk management system of the Company is reviewed and improved accordingly.	No deviation.
II. Does the Company establish an exclusively (or part-time) dedicated unit for promoting Corporate Social Responsibility? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?	Yes		II. The Corporate Social Responsibility Committee, composed of high-ranking CEOs of WPG and its subsidiaries, plans and manages matters related to corporate social responsibility, works in a layered and labor-divided manner, and regularly reports to the Chairman of the Board of Directors in accordance with the Company's organizational management responsibilities.	No deviation.
III. Environmental Topic				
(I) Does the Company establish proper environmental management systems based on the characteristics of their industries?	Yes		(I) With regard to environmental health and safety initiatives, WPG and its subsidiaries plan to popularize relevant acts, decrees, and spirits company-wide in order to deepen employees' understanding of health and safety and lessen the generation of risks.	No deviation.
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	Yes		(II) The Company and its subsidiaries are committed to the promotion and improvement of a sustainable environment. Through publicity and implementation, the Company aims to improve the efficiency of resource reuse, achieve its goals in energy conservation and waste reduction, and reduce the impact on the environment.	No deviation.
(III) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures for issues related to climate change?	Yes		(III) The Company attaches great importance to the issues concerning climate change, against which internal publicity and promotion has been continuously carried out. Moreover, operation-related countermeasures are adopted and evaluated.	To be studied and explored continuously.
(IV) Does the Company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumptions, carbon and greenhouse gas emissions, and the production of wastes?	Yes		(IV) Climate change has become an issue that attracts much attention from both investors and the Company. Therefore, the Company actively counts greenhouse gas emissions, water consumption, and total weight of wastes every year, and regularly reviews relevant data to carry out relevant policies for continuous promotion and improvement, with a view to achieving the effectiveness of reducing carbon emissions and water consumption.	No deviation.

Item	Implementation status (Note 1)			Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary (Note 2)	
IV. Social Topic				
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	Yes		(I) The Company and its subsidiary groups/companies comply with local labor laws and regulations and internationally recognized basic labor human rights principles, and has formulated human right policies to protect the basic rights of employees.	No deviation.
(II) Has the company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	Yes		(II) The Company has developed reasonable employee welfare measures and remuneration policies and formulated an overall remuneration structure underpinned by "guaranteed income" and "fluctuant bonus"; "fluctuant bonus" is used to promote employees to pursue good performance and works in line with the Company's annual operating performance as a substantial incentive for employees.	No deviation.
(III) Does the Company provide a healthy and safe work environment and organize training on health and safety for its employees on a regular basis?	Yes		(III) The Company and its subsidiaries have set up dedicated units for education and training on workplace safety, arrangement of events, lectures and regular health exams, in order to uplift the cohesive force among employees and their physical/mental health.	No deviation.
(IV) Does the Company provide its employees with career development and training sessions?	Yes		(IV) The Company and its subsidiary groups organize education and training courses (i.e. orientation training/senior manager training courses) in accordance to position/level of employees, aligning human resource development with business objectives and thereby realizing a win-win-win outcome.	No deviation.
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	Yes		(V) The Company's services of B2B business sale and supply chain are in compliance with internal and external regulations; trade compliance unit for export control is established to ensure circulation of goods obeys domestic and overseas laws and decrees, and the transactions with counterparties are legal and legitimate.	No deviation.
(VI) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such issues?	Yes		(VI) In order to encourage suppliers to recognize and follow the "WPG Supplier Code of Conduct," and to perform self-assessment through this Code of Conduct, the Company has distributed the "Response Announcement to WPG Supplier Code of Conduct" and "WPG Supplier Code of Conduct Self-Assessment Table" to its suppliers in Taiwan, wishing to raise awareness of the following five aspects – labor, health and safety, environment, business ethics, and management system.	No deviation.
V. Has the Company prepared and published reports such as its Corporate Social Responsibility report based on internationally recognized guidelines, to disclose its non-financial information? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution?	Yes		V. The Company has commissioned the British Standards Institute (BSI) for six consecutive years for third-party verification, so as to confirm that this Report is in line with the significance, inclusiveness, and responsiveness of AA1000's Type 1 accountability principles.	No deviation.
VI. If the Company has established corporate social responsibility principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, describe the implementation and any deviations from the Principles: The Company has formulated corporate social responsibility best practice principles, and the Company and its subsidiary groups are actively moving in the direction set by the principles.				
VII. Other important information to facilitate better understanding of the company's Corporate Social Responsibility practices:				

Item	Implementation status (Note 1)			Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary (Note 2)	
WPG is a corporate that is required to release CSR report regularly pursuant to the provisions enacted by financial administrations. Regarding such information, please download the report on website: http://www.wpgholdings.com/csr_area/year_report/zhtw				

Note 1: Describe briefly in implementation status column no matter the result of operation is "yes" or "no".

Note 2: Companies that have compiled CSR reports may specify ways to access the report and indicate the page numbers of the cited pages.

Note 3: The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.

VIII. The Company's Corporate Social Responsibility Practices:

WPG's CSR report is prepared pursuant to the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" and the GRI Standards issued by GRI. The report structure is constructed based on the Company's business development and core competence, thereby fully discloses information to various stakeholders. Through the annual report preparation process, the Company is internally reviewed, which is to be taken as the basis for improvement and planning of next year. Four major subjects "Sustainability Governance, Talent Development, Industry Exchange and Social Involvement" are summarized below.

(1) Sustainable Governance Mechanisms

WPG is a pioneer in Taiwan's industrial holding business, with "industrial holdings" business model in line with the principles of competition and cooperation that contributes to the more flexible use of resources in business; the operating strategy, "divide in the front-end to fight; cooperate in the back-end to win" is adopted. With this business background, WPG pays additional attention to the organizational structure and related management regulations of corporate governance.

a. Optimized Corporate Governance Structure

The Board of Directors of WPG consists of eleven distinguished professional members with rich experience in semiconductor, finance, business, and management fields. All the Directors are male, with an average age of 63 years. Of them, three are independent directors: Mr. Jack J. T. Huang, Chairman of Jones Day's, Professor Rong-Ruey Duh of National Taiwan University, and Mr. Yung-Hong Yu, CEO of Shenzhen Aid Management Consulting Ltd.

The Board of Directors is responsible for supervising the Company's overall operations and affairs and making decisions on major investments, mergers and acquisitions and other matters. The Board of Directors has three functional committees, namely the Audit Committee, the Remuneration Committee, and the New Business Strategy Committee. The Board of Directors and its affiliated Committees shall notify the meeting date and agenda summary before each meeting. In 2019, the Board of Directors convened a total of 10 meetings, and the attendance rate of Directors reached 94.55% (excluding attendance by proxy). During the meetings, the interests of directors were avoided in accordance with regulations.

Item No.	Major Board issues in 2019
1	Resolved to donate to WPG Education Foundation
2	Resolved to convene the 2019 Annual Shareholders' Meeting
3	Approved the 2019 Business Report and Financial Statements
4	Approved the proposal of 2019 earnings distribution
6	Approved the proposal of 2019 remuneration of employees and Directors.
7	Resolved to amend the "remuneration cycle" and "circle of property, plant and equipment, and intangible assets" in the Company's internal control system
8	Approved the amendments to the Company's Articles of Incorporation
9	Approved the amendments to the Company's Procedures for Lending Funds to Other Parties
10	Approved the amendments to the Company's Operational Procedures for Acquisition and Disposal of Assets
11	Resolved to amend the Company's Rules of Procedure for Board Meetings
12	Resolved to issue preferred shares A for capital increase
13	Resolved to publicly acquire the ordinary shares of WT Microelectronics Co., Ltd.

WPG attaches great importance to corporate governance, and the highest responsible person for corporate governance is the Chairman of the Company. In addition to the establishment of Independent Directors, committees are also set up to be in charge of major operational issues of the Company. The responsibilities of the Chairman and the President are clearly defined, and the CEO is assumed by a professional manager, who implements the decision of the Board of Directors and take responsibility for the business performance of the Company within the scope of authorization. In addition, the Board of Directors also supervises the management team and keeps abreast of changes in domestic and international laws and regulations.

b. Establishment of Corporate Social Responsibility Committee

WPG believes that "Meaningful CSR activities are the activities that are based on core competence, internalized within the organizational culture, and can be continuously improved". The Company "highlights the investment in relevant public benefit activities by making use of its unique resources and expertise, with the goal of its contribution to the society." In 2017, apart from the preparation of CSR reports with the help of external consultants in accordance with the regulations of competent authorities, WPG re-examined the relevant management unit and established WPG CSR Committee and work groups, into which the top management team of the Company are included as members. What's more, short and medium-term objectives are established for the Committee, and regular meetings are held to reach management consensus. CSR is not only to participate in social welfare, but the overall practice of business operations. It has a wide range and deep participation, encompassing issues of all departments. Only by linking the organizational resources of each unit does it complete gradually.

(2) Diverse Talent Development Blueprint

WPG and its subsidiary groups aim to provide professional supply chain services. It is deeply convinced that only with good human capital can outstanding professional services be offered. For the cultivation of human capital, we have been long devoting into that without hesitation. To nurture talent is like the rice cultivation; only by non-stop irrigation can it have a fruitful future.

a. Professional Skills Development

Thanks to the unique characteristics in business policies and organizational cultures, WPG and its subsidiary groups are provided with different manpower training and development resources, presenting the variety of learning features. The overall training structure is built on the basis of general and professional training programs that are designed to cultivate employees' competitiveness and uplift organizational performance. Management training programs for employees of all levels are carried out step by step in an attempt to construct leadership teams that are expected to lead our organization to face various challenges and achieve sustainable development and growth.

Course Type	Main Participants	Main Course Content	Course Objective
General Courses	New Recruits	Including a presentation of the Company, introduction to its “core values” and relevant introductory courses for basic skills. General training courses cover courses on information management, training of the use of corporate platform systems (e.g. ERP/WMS/WEBFLOW), and education on trade compliance.	To help new recruits understand the Company and integrate in the team to give play to their professional expertise; to help them get familiar with information tools to enhance work outputs and effectiveness.
Professional Courses	Product Staff, Sales Staff, etc.	Plan and configure appropriate professional courses according to the needs of different positions/functions and conduct irregular education and training on the product technologies and business models used by the upstream and downstream supply chains.	Establish a professionally competitive front-end service team; in other functions, plan and implement corresponding training courses with the development of professional trends and the formulation of relevant laws and regulations, continuously improving employees' professional capabilities.
Managerial Skill Courses	Middle and Junior Supervisors	Planning and arrangement of courses for high, middle and basic-level management, trends and thinking.	Continuously develop the ability of senior, middle and junior supervisors based on organizational development, business competition, manpower layout, and other needs.

b. Exchanges of organizational core competencies

At the beginning, WPG connected professionals of all aspects in the Company to address emergent major issues through virtual team projects, and facilitated team learning and growth by knowledge exchange and experience sharing. Previously, the Company established an “EMBA class” that is designed to promote the learning of middle- and senior-supervisors for talents management, practice of strategies, and leadership and cultivate middle- and senior- supervisors for WPG, so that they are competent to face the eventful and challenging operating environments. In addition, an array of platform seminars are organized to discuss how to adjust specific job functions to respond digital transformation. At present, an “elite class” has been launched, aiming to help senior supervisors prepare for changes necessary in a VUCA environment. The learning teams are required to combine their own experiences with the theoretical framework for mutual inspection and introspection, thereby achieving double-loop learning. In the face of the Internet era, new seminars on platform transformation strategies are held to analyze derived platform effects and response to changes, generating learning effect of emulating those better than oneself and seeking advice from others. Through the establishment of learning organization, issues can be discussed from different perspectives, in an attempt to forge the organizational capabilities that belong to the WPG.

Training courses launched in 2019:

	Number of courses	Person-time
General courses	274	15,851
Managerial skills courses	21	7,444
Professional courses	560	27,216
Sub-total	855	50,510
Number of shareholders	21,947	
Per capita	2.30	
*The above data are all from internal training materials.		

(3) Promotion of Interaction with Industry

"To Become the First Choice of Industry. To Become the Benchmark of Distribution." is the vision of WPG and its subsidiaries. In terms of the Company's core competencies, we continue to provide professional supply chain services, improve internal processes to meet customer needs and optimize operational processes to improve service efficiency. We apply knowledge of the organization's core competencies to the industry chain, public organizations, and even academic institutions. We hope to share the practical cases of supply chain management through a systematic framework, and through continuous knowledge exchange and refinement, we can establish a benchmark example in learning and achieve the sustainable goal of professional enterprise management and industrial value enhancement.

a. Sharing of Industrial Professional Knowledge

The multiple roles of B2B sales, technical services, and central logistics, played by WPG and its subsidiaries aim to provide excellent supply chain management services, and also strive to manage the brand image of WPG and its subsidiaries, whether in the industry chain, academic units or technical forums, which also includes all types of information channels, both physical and digital.

■ Create promotion benefits through inbound marketing

In response to the trends of the online community, WPG created and continued to promote inbound marketing, introduced interactive mobile marketing services, continuously optimized the WPG program and the digitally transformed content marketing, and made good use of KOL influence to engage a full-coverage community interactive marketing mechanism. At the same time, WPG established the "Inbound AD Value" which reflects the marketing promotion benefits with detailed figures. As of the end of 2019, the cumulative value of promotion benefits exceeded 500 million RMB, an increase of 91% compared with the same period of last year through social media resources such as WeChat and Weibo accounts, WeChat Moments, forums, etc. and viral marketing activities to enhance the effectiveness of self-media operations. Through the promotion of the following marketing activities, WPG offered valuable service that included joint marketing of both upstream and downstream, and continued to strengthen customer loyalty.

WPG Weibo account	The number of fans and the number of posts ranked top one of the industry; number of followers reached 601,891. Updates 3-5 tweets daily; content includes monthly popular solution, industry trends, technology news, workplace skills, and WPG updates. Six annual Weibo events are hosted to combine current events and industry content for continued interactions with fans.
WPG WeChat account	The first IC WeChat account, leading WeChat account management among peers in the industry with 131,340 accurate fans, 4 monthly group newsletters, more than 563,000 readings and 24,000 shares in total; promotes public awareness and understanding of trends in the IC industry through easy to understand market trend articles; manages the engineer community and demonstrates technical support capabilities continuously through subscription accounts "DaDaTong" and "Fei-Che-Xia" launched by WPG WeChat account. The accounts are managed by the technical team to provide solutions for engineers with incisive and intuitive arguments; establish HR service account to provide timely recruitment news for those in need.
News exposure	The total number of exposures is nearly 8,600 times, and the number of exposures of our solutions on the news reached more than 2,670 times annually, which ranked first in the industry and 14 times ahead of the second place.

b. Industry and Academic Collaboration

WPG felt the advent changes in times and continued to launch a series of industry and academic collaboration projects to ensure that the students acquire abilities needed by the industry aside from their studies.

■ National Chengchi University (NCCU) "Supply Chain Management" Industry and Academic Collaboration Project

Since 2010, WPG Holdings Ltd. has collaborated with NCCU College of Commerce and sponsored the "Supply Chain Management Industry and Academic Collaboration Project." It has entered its ninth year in 2019. The project aims to integrate theory and practice and systematically organize the know-how of Taiwan's supply chain management; and secondly, to create a complete set of teaching materials and teaching plans for supply chain management, with the ultimate goal of adding supply chain management talents to the Taiwan Industry.

The reason that supply chain management talents are difficult to nurture in an academic setting is that it is a cross-disciplinary management science while relevant courses are scattered in various departments of the College of Commerce. Due to the positioning of the various departments, the individual departments cannot offer more complete, professional, and market-oriented training. Therefore, WPG participated in the NCCU College of Commerce's academic programs. Combining WPG's market experience, the rich teaching experience of NCCU College of Commerce, and existing curriculum resources of various departments, customized and innovative curriculum for supply chain "Supply Chain Management Credit Program" is created to nurture supply chain management talents for Taiwan Industry.

In 2015, WPG arranged a series of lectures in the course "Supply Chain Management Practice," allowing students to study WPG as a case study. Senior management from various units of WPG participated in the lectures and field trips to WPG Linkou warehouse and upstream suppliers were held, to allow the students understand the planning strategies from the multi-perspective of an enterprise.

In 2016, WPG cooperated with NCCU Supply Chain Management Credit Program to assist four senior students from Department of Management Information Systems in obtaining "Excellence in 2016 ERPS Innovative Applications of Digitalized Systems" and "Second Place in the 2016 ORSTW College and University Competition" with a project on the Initial DDS, sharing the glory of the success of the industry and academic collaboration project.

From 2017 to 2019, WPG continued to collaborate with NCCU, participated in a series of lectures at the NCCU College of Commerce and held field trips to WPG Linkou warehouse, to allow students understand the planning in supply chain management and to share practical experience.

■ IT Interns Collaborations

WPG initiated internship programs with IT Departments students in 2017, hoping to assist students to gain in-depth understanding of the work and industrial environment in enterprises, help them establish future career development direction, and at the same time convey the philosophies of WPG: Teamwork, Integrity, Professionalism, and Efficiency, allowing the interns to learn through from work, try different possibilities, accept different challenges, and explore talents at WPG. In 2019, seven students from National Yunlin University of Science & Technology interned at WPG, and two of them directly transferred as full-time employees upon completion of internship.

■ World Café - Intern Collaborations

WPG participated in World Café organized by Seed Talent Program (STP) and attended the meeting where the attending students proposed practical suggestions to the pain points raised by the attending enterprises each quarter so that students can learn how to think independently and use their innovation to solve problems. Students are also allowed to communicate with multiple companies regarding their professional careers, and interact with interested companies and company managers. WPG also used this opportunity to recruit outstanding students and provided two students the opportunity to participate in a three-month internship under our corporate social responsibility internship program.

■ Collaboration with Soochow University Center of Applied Artificial Intelligence Research

" DaDaTong " is the online sharing platform of WPG's knowledge base. In view of the importance of community management, in 2019, WPG collaborated with the team specialized in community management analysis - Soochow University Center for Applied Artificial Intelligence Research. The platform built through " DaDaTong - Data War Platform Development Program" not only laid the foundation for DaDaTong data collection and analysis but also served as a reference for decision-making when optimizing product in the future.

Upon completion of the project, the lectures that participated in the project offered a new elective course "Insight and Analysis of User Experience." In this course, WPG offered the relevant data collected on GA for research usage, hoping to train the students so that they will be able to understand the perspective of the users' experience analysis and have the ability to realize the process when they participate in the process of product and service optimization in the future. WPG also wishes to help students understand how companies position themselves in market and grasp the business opportunities through logical operation methods.

(4) Social Participation and Green Actions

Through information sharing and resource integration, WPG and its subsidiaries utilize various resources within the organization, exert the capabilities of the organization/employees and effectively deliver resources to social/community groups in need of assistance. Regarding green actions, the environmental protection actions of WPG's operation model include carbon emissions reduction, recycling of packaging...etc. in its supply chain management. As for the staff of WPG and its subsidiaries, focus remains on office equipment energy-saving.

a. Humanistic Care

WPG and its subsidiaries share the vision and core expertise of corporate social responsibility - give back what you take from society, and co-founded "WPG Holdings Education Foundation" to promote activities such as elevate knowledge economy, build high-quality educational environment, promote academic and practical researches on corporate management, care for arts and humanities, and environmental education, etc. At the same time, WPG contribute great effort for high-quality educational environment through industry and academic collaboration and collaboration with related educational promotion groups, in the hope of educating more young students and enhance international competitiveness.

Category	Company	Content
Green Environmental Protection	Tse-Xin Organic Agriculture Foundation	2,000 trees planted along the coast
	The Society of Wilderness	"Earth Hour" campaign
	The Society of Wilderness	Support environmental education and promotion beach cleanup activities
Community Charity	Andrew Food Bank	Rice Donation
Disadvantaged Education and Cultivation	House of Dreams	Dream Benchmark School of the House of Dreams - Academic Improvement Program
Art and Cultural Education	Taipei Music Foundation for the Visually Impaired	The 27th Visually Impaired Music Festival "EYE Music without music sheets" charity music festival
	One Song Orchestra	2019 Taiwan New Year Concert – The Voice of Taiwan
	Seed Talent Program	World Café are held once a quarter, 4 times in total

b. Green Actions

■ “Earth Hour” campaign

In response to "Earth Hour" campaign of the World Wildlife Fund for Nature (WWF), The Society of Wilderness, etc., WPG called upon our staff to exert their influence together, turn off lights, reduce carbon and love our earth. According to the survey of the Bureau of Energy, Ministry of Economic Affairs, 0.25 kg of carbon emissions is reduced if one person participates in the one-hour light-off campaign. We hope to promote this type of awareness and attitude and encourage more staff and their families and friends to participate together.

■ Park Adoption

In response to the government's call for citizen participation in grassland adoption, WPG adopted Nangang Hsiang-Yang Park in 2011, and has maintained the park for nearly 10 years. WPG wishes to help maintain the variety of cityscapes, enhance overall life quality of neighboring citizens, and at the same time raise the awareness of environment maintenance and Earth protection.

3.3.7 Ethical Corporate Management and Deviations from “the Ethical Corporate Management Best-Practice Principles”

Item		Yes	No	
I.	Establishment of ethical corporate management policies and programs			
(I)	Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the Board of Directors and management work proactively to implement their commitment to those management policies?	Yes		(I) On January 1, 2018, the Company announced its ethical corporate management policies as a declaration of commitment.
(II)	Does the Company establish appropriate precautions against high-potential unethical conduct or listed activities stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	Yes		(II) The Company has established a Code of Ethics and a Whistleblowing Policy, which are applicable to all employees. The Company has also established a system of internal control to prevent unethical conduct, and has implemented various measures to punish unethical conduct. The Company has also established a system of internal control to prevent unethical conduct, and has implemented various measures to punish unethical conduct.
(III)	Has the Company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company regular review such policies?	Yes		(III) The Company has established a Code of Ethics and a Whistleblowing Policy, which are applicable to all employees. The Company has also established a system of internal control to prevent unethical conduct, and has implemented various measures to punish unethical conduct. The Company has also established a system of internal control to prevent unethical conduct, and has implemented various measures to punish unethical conduct.
II.	Fulfillment of Ethical Corporate Management			
(I)	Does the Company evaluate business counterparty’s ethical records and include ethics-related clauses in business contracts?	Yes		(I) To complete the evaluation, the Company has signed the Ethics Agreement with the counterparty, and has included ethics-related clauses in business contracts or action plans.
(II)	Has the Company established an exclusively dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least once a year)?	Yes		(II) Since February 2018, the Company has established a Professional Ethics Committee for all employees, and has implemented a system of internal control to supervise and implement ethical corporate management. The Company has also established a system of internal control to supervise and implement ethical corporate management. The Company has also established a system of internal control to supervise and implement ethical corporate management.
(III)	Has the Company formulated policies on preventing conflicts of interest, provided adequate channels of declaration, and implemented them?	Yes		(III) The Company has formulated the "Ethical Corporate Management Policy" to avoid conflicts of interest, and has provided adequate channels of declaration for implementation.
(IV)	Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	Yes		(IV) Relevant departments have established effective accounting systems and internal control systems to implement ethical corporate management, and have had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit.

Item	Implementation Status (Note 1)			Reasons for deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(V) Does the Company regularly hold internal and external educational training on ethical corporate management?	Yes		(V) The Company organizes educational training on integrity management from time to time. If it encounters internal and external relevant actual cases, it will take this opportunity to educate its staff through monthly meetings to promote awareness of integrity management among its employees.	No deviation
III. Status of enforcing whistle-blowing systems in the company				
(I) Does the Company have a specific whistle-blowing and reward system, establish convenient whistle-blowing channels, and assign the appropriate personnel to deal with the reported personnel?	Yes		(I) The Company has established employee suggestion mailboxes internally and Audit Committee dedicated mailboxes externally for purpose of internal and external appeals. However, there is no reward system for reporting.	No deviation
(II) Has the Company established standard operating procedures for the reported matters and the relevant confidential mechanism?	Yes		(II) The Audit Committee has set up a dedicated mailbox and formulated Measures for the Audit Committee to handle Complaints and Suggestions by Interested Parties as the basis for the Company's management of matters in this regard.	No deviation
(III) Does the Company take measures to protect the whistle-blowers from improper infringement due to reporting?	Yes		(III) The company will independently handle and respond to complaints in accordance with the provisions of the Measures for the Audit Committee to Handle Complaints and Suggestions by Interested Parties and ensure that the identity of the complainant is not disclosed.	No deviation
IV. Enhanced disclosure of corporate social responsibility information				
(I) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	Yes		(I) The Company's website has a dedicated section for investors. Important regulations related to the corporate governance of the relevant organizations and the Company are thereby disclosed for the inquiry of interested parties. For the management and maintenance of the Company's website, designated persons are responsible for collecting information and accepting inquiries on related matters.	No deviation
V. If the Company has its own ethical corporate management principles formulated according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please explain any departure from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies: The Company has its own Ethical Corporate Management Best Practice Principles and drafts its Ethical Corporate Management Procedures and Code of Conduct in accordance with these Principles.				
VI. Any important information to better understand the Company's implementation of ethical corporate management (for example, any review or amendment to best practices for ethical corporate management of the Company): None.				

Note 1: Describe briefly in implementation status column no matter the result of operation is "yes" or "no."

3.3.8 The Company Shall Disclose How To Search for Its Corporate Governance Best-Practice Principles or Related Regulations.

The company has formulated its Corporate Governance Code of Conduct, for relevant information please refer to the Company's internal regulations (http://www.wpgholdings.com/investors/corporate_governance/zhtw/major-internal-policies). For information on the implementation status of corporate governance, please refer to the description of "Corporate Governance" in this annual report page 32-35.

3.3.9 Other Significant Information that will Provide a Better Understanding of the State of the Company's Implementation of Corporate Governance may also be Disclosed.

- (1) The Company has formulated the Management Procedures for Preventing Insider Trade to manage the Company's material inside information and informed all Directors, managers, and employees. These Procedures and relevant cautions are displayed on the top of the Company's website for all staff to follow and avoid violations or insider trading.
- (2) The latest versions of the Directions Concerning Securities Market Regulatory Matters for TWSE Listed Companies and Their Directors, Supervisors, and Major Shareholders and Guide to Regulations Governing Independent Director prepared by TWSE are distributed to insiders such as Directors and managers of the Company when they take office to assist them to comply with the relevant requirements.
- (3) MOPS Website: <http://mops.twse.com.tw>
- (4) The Company's website: <http://www.wpgholdings.com>

3.3.10 Execution Status of Internal Control Systems

(1) Internal Control Statement

WPG Holdings Limited
Management's Reports on Internal Control

Date: March 24, 2020

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

1. WPG is responsible for establishing, implementing, and maintaining an adequate internal control system. 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 assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, 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 WPG takes immediate remedial actions in response to any identified deficiencies.

3. WPG evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. WPG has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, WPG believes that, on December 31, 2019, it has maintained, in all material respects, 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.
6. This Statement will be an integral part of WPG’s Annual Report for the year 2019 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on March 24, 2020, with none of the eleven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

WPG Holdings Limited

Chairman Simon Huang
General Manager Frank Yeh

- (2) The CPA's Review Report shall be Disclosed if any CPA is Commissioned to Review the ICS:
None.

3.3.11 In the most recent year up to the publication date of this annual report, there has been punishment of the Company or its internal personnel, or punishment of the company to its internal personnel for violating internal control system regulation, and its punishment results might have significant influence on shareholders' equity or securities' price, the punishment, main deficiencies and improvements shall be listed: None.

3.3.12 Major resolutions adopted by the Shareholders’ Meeting and the Board of Directors in the most recent year up to the publication date of this annual report

- (1) The 2019 annual Shareholders’ Meeting of WPG Holdings Ltd. was held on June 28, 2019, in Taipei City, and the resolutions passed by attending shareholders are as follow:
 - i. To accept 2018 Business Report and Financial Statements
Implementation status: Resolved as proposed.
 - ii. To approve 2018 profit distribution proposal

Implementation status: August 26, 2019 was set as the ex-dividend record date and dividends were distributed on September 20, 2019. (Cash dividend per share: NT\$2.7)

iii. To amend the Articles of Incorporation

Implementation status: Passed by resolution, announced on the Company's website on June 28, 2019, where related matters were handled in accordance with the amended regulations

iv. To amend the Procedures for the Loaning of Funds to Others

Implementation status: Passed by resolution, announced on the Company's website on June 28, 2019, where related matters were handled in accordance with the amended regulations.

v. To amend the Procedures for the Acquisition or Disposal of Assets

Implementation status: Passed by resolution, announced on the Company's website on June 28, 2019, where related matters were handled in accordance with the amended regulations.

(2) The Company's Board of Directors held 13 meetings in total in 2019 and up to the publish date of this annual report, summaries of important resolutions are as follow:

- i. Resolved to convene 2019 annual Shareholders' Meeting
- ii. Approved 2018 annual Business Report and Financial Statements
- iii. Approved 2018 profits distribution proposal
- iv. Approved 2018 employees' and directors' remuneration
- v. Approved donations to WPG Holdings Education Foundation
- vi. Approved amendments to Articles of Incorporation
- vii. Approved amendment to Procedures for Acquisition or Disposal of Assets
- viii. Approved amendments to Rules of Procedure for Board Meetings
- ix. Approved the proposal to establish a dedicated corporate governance unit and assigning a corporate governance manager
- x. Approved the proposal for amendments to "payroll and personnel cycle" within the Company's internal control system
- xi. Resolved to convene 2020 annual Shareholders' Meeting
- xii. Approved 2019 Business Report and Financial Statements
- xiii. Approved 2019 profits distribution proposal
- xiv. Approved 2019 employees' and directors' remuneration
- xv. Approved proposal of Preferred Shares A issuance for cash
- xvi. Approved proposal to invest WT Microelectronics through tender offer

3.3.13. Any Dissenting Opinion on the Material Resolutions Passed by the Directors or Supervisors in the Most Recent Year up to the Publication date of this Annual Report. The principal content thereof: None.

3.3.14 Resignation and Dismissal of Personnel involved in the Financial Report including the Company's Chairman, President, Accounting Manager, Financial Manager, Internal Audit Manager, Corporate Governance Manager and R&D Manager in the Most Recent Year up to the Date of this Annual Report: None.

3.4 Information Regarding Audit Fees

3.4.1 Audit Fees

Unit: NT\$ thousands

Accounting Firm	Name of CPA		Audit fee	Non-audit fee					Audit Period	Remarks
				System Design	Company Registration	Human Resource	Other	Sub-total		
PwC	Lin, Chun-Yao	Chou, Chien-Hung	4,490	—	21	—	350	371	January 1, 2019 - December 31, 2019	Mainly the fee for determination of transfer prices

Unit: NT\$ thousands

amount interval		Public expense items	Audit fee	Non-audit fee	Total
1	Under NT\$2,000 thousand		—	371	371
2	NT\$2,000 thousand (inclusive) - NT\$4,000 thousand		—	—	—
3	NT\$4,000 thousand (inclusive) - NT\$6,000 thousand		4,490	—	4,490
4	NT\$6,000 thousand (inclusive) - NT\$8,000 thousand		—	—	—
5	NT\$8,000 thousand (inclusive) ~ NT\$10,000 thousand		—	—	—
6	Over NT\$10,000 thousand		—	—	—

3.4.2 When the Audit Fees Decrease 10% or More than the Last Fiscal Year, the Company must Disclose the Decreased Amount, Ratio, and Reason: Not applicable.

3.5 Information on CPA Replacement: Not applicable.

3.6 The Company's Chairman, President, or Manager in Charge of Finance or Accounting Operations Holding Any Position at the Company's Independent Audit Firm or Its Affiliates in the Most Recent Year: None.

3.7 Stock Trade and/or Stock Pledge by the Company's Directors, Supervisors, Management Team, and Shareholders with 10% Shareholdings or More in the Most Recent Year or as of the Date of this Annual Report:

Unit: Shares

Title	Name	2019				Current year until April 26			
		Common shares		Preferred Shares A		Common shares		Preferred Shares A	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Simon Huang	—	—	—	—	—	—	—	—
Vice Chairman	K.D. Tseng	—	—	—	—	—	—	—	—
Director	Mike Chang	—	—	—	—	—	—	—	—
Director	T.L. Lin	(1,000,000)	—	—	—	—	—	—	—
Director	K.Y. Chen	—	—	561,738	—	—	—	—	—
Director	Richard Wu, Representative, Fullerton Technology Co.	(3,000,000) (45,000)	—	2,000,000 —	—	—	—	—	—
Director	Frank Yeh	—	—	140,000	—	—	—	(27,000)	—
Director	Henry Shaw	—	—	60,690	—	—	—	—	—
Independent Director	Jack J.T. Huang	—	—	—	—	—	—	—	—
Independent Director	Rong-Ruey Duh	—	—	—	—	—	—	—	—
Independent Director	Yung-Hong Yu	—	—	—	—	—	—	—	—
President	Frank Yeh	—	—	140,000	—	—	—	(27,000)	—
Vice President	Scott Lin	—	590,000	—	—	—	—	—	—

Title	Name	2019				Current year until April 26			
		Common shares		Preferred Shares A		Common shares		Preferred Shares A	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chief Financial Officer (head of accounting, head of finance)	Cliff Yuan	—	416,000	—	—	—	—	—	—
Chief Information Officer	Jazz Chuang	—	—	30,000	—	—	—	—	—
Chief HR Officer	David Li	—	—	—	—	—	—	—	—
Chief Legal Officer	Lucia Tai	—	—	—	—	—	—	—	—
Chief Marketing Officer	Tracy Cheng	—	—	—	—	—	—	—	—

Note: Preferred shares A of the Company were issued on September 18, 2019.

3.7.1 Stock Trade with Related Party: None.

3.7.2 Stock Pledge with Related Party: None.

3.8 Top 10 Shareholders Who are Related Parties, Spouses, or within Second Degree of Kinship to Each Other

April 26, 2020/Unit: Share, %

Name	Current Shareholding		Spouse and Minor Shareholding		WPG Shareholding by Nominee Arrangement		Name and Relationship between top 10 shareholders with relationship specified under SFAS No. 6.		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Fubon Insurance Co. Ltd.	126,362,000	7.53	—	—	—	—	—	—	—
CTBC Bank Co., Ltd. as custodian of Yuanta Bank	59,078,085	3.52	—	—	—	—	—	—	—
Shin Kong Life Insurance Co., Ltd.	44,621,000	2.66	—	—	—	—	—	—	—
Simon Huang	41,411,507	2.47	10,523,167	0.63	—	—	—	—	—
Taiwan Life Insurance Co., Ltd.	40,129,000	2.39	—	—	—	—	—	—	—
Fullerton Technology Co.	34,421,074	2.05	—	—	—	—	—	—	—
JP Morgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds.	27,972,420	1.67	—	—	—	—	—	—	—
Mike Chang	25,112,020	1.50	582,148	0.03	—	—	—	—	—
Kaystar International Ltd.	24,557,057	1.46	—	—	—	—	—	—	—
Vanguard Emerging Markets Index Fund, a series of Vanguard International Equity Index Funds.	21,998,720	1.31	—	—	—	—	—	—	—

Note: The ones disclosed in this table are the top 10 shareholders in terms of the ratios of shareholdings of common shares.

3.9 Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Management, and Any Companies Controlled Either Directly or Indirectly by the Company

December 31, 2019/Unit : thousand shares; %

Reinvestment Entities (Note)	Investments by the Company		Investment by Directors/Supervisors/Management Team and by Companies directly or indirectly controlled by the Company		Total Investment	
	Shares	%	Shares	%	Shares	%
World Peace Industrial Co., Ltd.	1,502,700	100	—	—	1,502,700	100
Silicon Application Corp.	555,000	100	—	—	555,000	100
Asian Information Technology Inc.	500,000	100	—	—	500,000	100
WPG Electronics Limited	3,920	100	—	—	3,920	100
WPG Korea Co., Ltd.	1,088	100	—	—	1,088	100
Trigold Holdings Ltd.	48,139	60.50	10	0.01	48,149	60.51
WPG International (CI) Limited	150,283	100	—	—	150,283	100
Yosun Industrial Corp.	362,074	100	—	—	362,074	100
WPG Investment Co., Ltd.	50,000	100	—	—	50,000	100

Note: Long-term equity investments made by the Company using equity method.

4. Capital Overview

4.1 Capital and Shares

4.1.1 Capitalization

(1) Capitalization

April 26, 2020/Unit: NT\$/share

Month/year	Issue price	Authorized Share Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets other than Cash	Others
11/2005	10	2,000,000,000	20,000,000,000	693,202,022	6,932,020,220	Capital MOEA Jing-Shou-Shang No. 09401220210 dated November 9, 2005.	—	—
12/2006	10	2,000,000,000	20,000,000,000	668,202,022	6,682,020,220	Cancellation of treasure stocks MOEA Jing-Shou-Shang No. 09501288500 dated December 26, 2006.	—	—
02/2007	10	2,000,000,000	20,000,000,000	670,301,494	6,703,014,940	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09601035000 dated February 14, 2007.	—	—
04/2007	10	2,000,000,000	20,000,000,000	670,950,744	6,709,507,440	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09601075500 dated April 14, 2007.	—	—
09/2007	10	2,000,000,000	20,000,000,000	712,953,666	7,129,536,660	Recapitalization of retained earnings Capital increase by employee bonus Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09601214570 dated September 3, 2007.	—	—
10/2007	10	2,000,000,000	20,000,000,000	716,357,569	7,163,575,690	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09601263220 dated October 26, 2007.	—	—
01/2008	10	2,000,000,000	20,000,000,000	718,640,319	7,186,403,190	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 0970105780 dated January 21, 2008.	—	—
04/2008	10	2,000,000,000	20,000,000,000	719,922,944	7,199,229,440	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09701089610 dated April 16, 2008.	—	—

Month/year	Issue price	Authorized Share Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets other than Cash	Others
09/2008	10	2,000,000,000	20,000,000,000	743,086,784	7,430,867,840	Conversion of shares MOEA Jing-Shou-Shang No. 09701236790 dated September 16, 2008.	—	—
09/2008	10	2,000,000,000	20,000,000,000	774,306,982	7,743,069,820	Recapitalization of retained earnings Capital increase by employee bonus Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09701240610 dated September 18, 2008.	—	—
10/2008	10	2,000,000,000	20,000,000,000	774,736,482	7,747,364,820	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09701263220 dated October 17, 2008.	—	—
01/2009	10	2,000,000,000	20,000,000,000	774,993,607	7,749,936,070	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09801008180 dated January 15, 2009.	—	—
05/2009	10	2,000,000,000	20,000,000,000	891,751,941	8,917,519,410	Conversion of shares MOEA Jing-Shou-Shang No. 09801095190 dated May 14, 2009.	—	—
06/2009	10	2,000,000,000	20,000,000,000	892,629,941	8,926,299,410	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09801122940 dated June 17, 2009.	—	—
09/2009	10	2,000,000,000	20,000,000,000	893,398,816	8,933,988,160	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09801200400 dated September 3, 2009.	—	—
10/2009	10	2,000,000,000	20,000,000,000	893,772,566	8,937,725,660	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09801238420 dated October 15, 2009.	—	—
01/2010	10	2,000,000,000	20,000,000,000	894,412,316	8,944,123,160	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09901007210 dated January 14, 2011.	—	—
04/2010	10	2,000,000,000	20,000,000,000	894,625,566	8,946,255,660	Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09901076640 dated April 21, 2010.	—	—
09/2010	10	2,000,000,000	20,000,000,000	1,056,048,043	10,560,480,430	Recapitalization of retained earnings Exercising employee stock warrant MOEA Jing-Shou-Shang No. 09901198560 dated September 3, 2010.	—	—
03/2011	10	2,000,000,000	20,000,000,000	1,453,073,506	14,530,735,060	Conversion of shares MOEA Jing-Shou-Shang No. 10001042020 dated March 7, 2011.	—	—

Month/year	Issue price	Authorized Share Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets other than Cash	Others
09/2011	10	2,000,000,000	20,000,000,000	1,583,850,122	15,838,501,220	Surplus transferred to capital MOEA Jing-Shou-Shang No. 10001207100 dated September 15, 2011.	—	—
04/2012	10	2,000,000,000	20,000,000,000	1,655,709,212	16,557,092,120	Conversion of shares MOEA Jing-Shou-Shang No. 10101072410 dated April 24, 2012.	—	—
10/2016	10	2,000,000,000	20,000,000,000	1,692,782,499	16,927,824,990	Shares converted from corporate bonds MOEA Jing-Shou-Shang No. 105011248620 dated October 25, 2016.	—	—
01/2017	10	2,000,000,000	20,000,000,000	1,723,895,350	17,238,953,500	Shares converted from corporate bonds MOEA Jing-Shou-Shang No. 10601006760 dated January 27, 2017.	—	—
04/2017	10	2,000,000,000	20,000,000,000	1,740,963,062	17,409,630,620	Shares converted from corporate bonds MOEA Jing-Shou-Shang No. 10601049450 dated April 20, 2017.	—	—
07/2017	10	2,000,000,000	20,000,000,000	1,745,420,665	17,454,206,650	Shares converted from corporate bonds MOEA Jing-Shou-Shang No. 10601094540 dated July 10, 2017.	—	—
08/2017	10	2,000,000,000	20,000,000,000	1,825,061,775	18,250,617,750	Shares converted from corporate bonds MOEA Jing-Shou-Shang No. 10601122870 dated August 25, 2017.	—	—
08/2018	10	2,000,000,000	20,000,000,000	1,679,056,833	16,790,568,330	Cash capital reduction MOEA Jing-Shou-Shang No. 10701100870 dated August 1, 2018.	—	—
10/2019	10	2,500,000,000	25,000,000,000	1,879,056,833	18,790,568,330	Issue preferred stocks via cash capital increase MOEA Jing-Shou-Shang No. 10801132530 dated October 3, 2019.	—	—

(2) Type of Stock

April 26, 2020/Unit: Shares

Type of Stock	Authorized Share Capital				Unissued Shares	Total	Stock warrants, preferred shares with warrants or corporate bonds with warrants
	Outstanding Shares (Note)						
	Listed (OTC)	Not listed (OTC)	Total				
Common shares	1,679,056,833	—	1,679,056,833	620,943,167	2,500,000,000	50,000,000	
Preferred Shares A	200,000,000	—	200,000,000				

Note: Of the 2,500,000,000 shares, 50,000,000 shares are reserved for the issuance of stock warrants, preferred shares with warrants or corporate bonds with warrants.

4.1.2 Structure

(1) Common Shares

April 26, 2020

Structure QTY	Government Agencies	Financial Institutions	Other Juridical Persons	Individual	Foreign Institutions & Natural Persons	Total
Number of Shareholders	7	32	303	70,630	621	71,593
Shareholding	43,044,106	345,446,200	207,065,686	558,872,135	524,628,706	1,679,056,833
Holding Percentage (%)	2.56	20.57	12.33	33.29	31.25	100.00

(2) Preferred Shares A

April 26, 2020

Structure QTY	Government Agencies	Financial Institutions	Other Juridical Persons	Individual	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	12	108	14,035	10	14,166
Shareholding	20,000,000	41,239,618	90,107,427	47,876,941	776,014	200,000,000
Holding Percentage (%)	10.00	20.62	45.05	23.94	0.39	100.00

4.1.3 Distribution Profile of Share Ownership

(1) Common Shares

April 26, 2020

Shareholding Ownership	Number of Shareholders	Ownership	Ownership Percentage (%)
1~999	27,070	8,373,919	0.50
1,000 ~ 5,000	31,854	69,733,383	4.15
5,001 ~ 10,000	6,461	47,027,559	2.80
10,001 ~ 15,000	2,163	26,139,637	1.56
15,001 ~ 20,000	1,090	19,447,453	1.16
20,001 ~ 30,000	948	23,432,188	1.40
30,001 ~ 40,000	445	15,433,406	0.92
40,001 ~ 50,000	284	12,884,013	0.77
50,001 ~ 100,000	474	33,389,669	1.99
100,001 ~ 200,000	308	43,692,003	2.60
200,001 ~ 400,000	169	47,950,273	2.86
400,001 ~ 600,000	81	40,623,020	2.42
600,001 ~ 800,000	48	33,171,126	1.98
800,001 ~ 1,000,000	20	18,043,414	1.07
1,000,001 or more	178	1,239,715,770	73.82
Total	71,593	1,679,056,833	100.00

(2) Preferred Shares A

April 26, 2020

Shareholding Ownership	Number of Shareholders	Ownership	Ownership Percentage (%)
1~999	4,333	992,483	0.50
1,000 ~ 5,000	8,749	11,529,277	5.76
5,001 ~ 10,000	438	3,599,160	1.80
10,001 ~ 15,000	110	1,387,548	0.69
15,001 ~ 20,000	134	2,565,174	1.28
20,001 ~ 30,000	90	2,267,720	1.13
30,001 ~ 40,000	58	2,133,120	1.07
40,001 ~ 50,000	32	1,494,954	0.75
50,001 ~ 100,000	101	7,442,153	3.72
100,001 ~ 200,000	46	7,224,380	3.61
200,001 ~ 400,000	23	6,754,675	3.38
400,001 ~ 600,000	14	7,648,569	3.82
600,001 ~ 800,000	4	2,756,000	1.38
800,001 ~ 1,000,000	6	5,818,246	2.91
1,000,001 or more	28	136,386,541	68.20
Total	14,166	200,000,000	100.00

4.1.4 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 26, 2020/Unit: Shares

Shareholders	Shareholding	Total Shares Owned	Ownership Percentage (%)
Fubon Insurance Co. Ltd.		126,362,000	7.53
CTBC Bank Co., Ltd. as custodian of Yuanta Bank		59,078,085	3.52
Shin Kong Life Insurance Co., Ltd.		44,621,000	2.66
Simon Huang		41,411,507	2.47
Taiwan Life Insurance Co., Ltd.		40,129,000	2.39
Fullerton Technology Co.		34,421,074	2.05
JP Morgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds.		27,972,420	1.67
Mike Chang		25,112,020	1.50
Kaystar International Ltd.		24,557,057	1.46
Vanguard Emerging Markets Index Fund, a series of Vanguard International Equity Index Funds.		21,998,720	1.31

Note: The ones disclosed in this table are the top 10 shareholders in terms of the ratios of shareholdings of common shares.

4.1.5 Market Price, Net Worth, Earnings, and Dividends Per Common Share For the Last Two Years

Item \ Year		2018	2019	Current fiscal year up to March 31
Market Price Per Share	Highest Market Value	44.50	41.80	39.40
	Lowest Market Value	34.65	36.70	31.45
	Average Market Value	39.37	39.28	37.67
Net Worth Per Share	Before Distribution	32.37	33.78	34.78
	After Distribution	29.67	Note 1	Note 1
Earnings Per Share	Weighted Average Shares (thousand shares)		1,766,260	1,679,057
	Earnings Per Share	Before Retrospective Adjustment	4.22	3.84
		After Retrospective Adjustment	4.22	Note 1
Dividends Per Share	Cash Dividend		2.7	Note 1
	Stock Grants	Dividends from Retained Earnings	—	—
		Dividends from Capital Surplus	—	—
	Accumulated Undistributed Dividend		—	—
Return on Investment	Price/Earnings Ratio (Note 2)		9.33	10.23
	Price/Dividend Ratio (Note 3)		14.58	Note 1
	Cash Dividend Yield (%) (Note 4)		6.86	Note 1

Note 1: Filled in accordance with the situation of the distribution of the resolution of the Shareholders' Meeting next year; however, the surplus of 2019 has not been distributed by resolution of the Shareholders' Meeting.

Note 2: Price/Earnings Ratio = Average Closing Price per share of the year/Earnings per share.

Note 3: Price/Dividend Ratio = Average Closing Price per share of the year/Cash Dividend per share.

Note 4: Cash Dividend Yield = Cash Dividend per share/Average Closing Price per share of the year.

4.1.6 Dividend Policy and Implementation Status

(1) Dividend policy stipulated in the Company's Articles of Incorporation:

In accordance with the provisions of the Company's Articles of Incorporation, where if the Company has surplus earnings at the end of the year, after tax payment and recovery of losses over the years, 10% of the amount shall be appropriated as legal capital reserve; if there is any balance after setting aside or reversion to special capital reserve in accordance with laws and regulations, the dividends for special shares in the current year shall be paid in priority. The remaining balance (hereinafter referred to as "surplus earnings of the year") plus the retained earnings at the beginning of the year is deemed as the surplus earnings available for distribution that are to be distributed as the dividends and bonuses to shareholders. The distribution plan shall be proposed by the Board of Directors and subject to the resolution of the Shareholders' Meeting.

This Company's dividend policy and dividend distribution shall consider the Company's profitability, future operation funding needs, and changes in industry environment, as well as shareholders' rights and the Company's long-term financial plans. This Company's yearly total dividend distribution

amount shall not be less than 50% of the year's earnings. The distributed cash dividend shall not be less than 20% of the total dividend distribution amount.

(2) Distribution of dividend proposed for approval at the Shareholders' Meeting:

The Company's surplus distribution plan for 2019 was approved by the Board of Directors on April 28, 2020. Among which, NT\$4,029,736,399 was accrued from the cumulative distributable surplus, distributed as cash dividend for Common Shares in the form of cash, NT\$2.4 was distributed per share. The distribution of dividends for Preferred Shares A is based on the number of days issued in 2019.

4.1.7 Effect of Stock Dividends to Operating Performance and EPS: Not applicable. There is no stock dividend this year.

4.1.8 Information regarding Employee Bonus and Remuneration paid to Directors and Supervisors:

(1) Information regarding Compensation paid to Employees, Directors and Supervisors in the Articles of Incorporation:

Based on the Articles of Incorporation, if the financial results for the fiscal year show profit, the Company shall set aside, resolved by Board of Directors, not more than 5% and not less than 0.01% of its annual profit to employees as compensation and not more than 3% of the foresaid profit distributable to Directors and Supervisors as remuneration. Reports of such distribution as employees' compensation and remuneration of Directors and Supervisors shall be submitted to the Shareholders' Meeting. However, the Company shall reserve a portion of the losses in advance. The employees' compensation can be paid by stock or cash, and the target person may include the employees of the subordinate company that meet certain conditions.

(2) The estimation basis of the compensation amount to Employees, Directors, and Supervisors for the current period; the estimation basis of the number of shares distributed as compensation; and the accounting treatment of the discrepancy, if any, between the actual distributed amount and estimated figure, for the current period:

The compensation payable to Employees and the remuneration of Directors in 2019 are estimates based on past experiences. Action will be taken pursuant to relevant provisions once the proposal is resolved in the annual Shareholders' Meeting on June 24, 2020. If the actual amounts subsequently paid differ from the above estimated amounts, the difference will be recorded in the year resolved as a change in accounting estimate.

(3) The Board of Directors has approved the proposal to distribute Employees' compensation: The Employees' compensation and remuneration of Directors to be distributed in 2019 were approved by the Board of Directors on April 28, 2020. The remuneration of Directors in 2019 was NT\$35,000,000; the Employees' compensation in 2019 was NT\$29,300,000. All of the above are distributed in cash. The Employees' compensation and remuneration of Directors in 2019 was expensed, which had no impact on earnings per share.

(4) The actual distribution of compensation for Employees, Directors, and Supervisors (including the number, sum, and price of shares distributed), and where there were discrepancies with the recognized compensation for Employees, Directors, and Supervisors in the prior year, the difference, cause, and treatment of the discrepancy be described:

The employees' compensation and remuneration of Directors in 2019 approved by the 2020 Shareholders' Meeting were NT\$29,300,000 and NT\$35,000,000 respectively, which have been distributed. The difference between the values recognized in the 2019 Financial Statements is only that employees' compensation was reduced by NT\$550,000 and will be adjusted into the gains and loss of the second quarter of 2020.

4.1.9 Repurchase of Shares by the Company: None.

4.2 Issuance of Corporate Bonds: None.

4.3 Preferred Shares

Date of issuance		September 18, 2019
Item		Preferred Shares A of WPG Holdings Ltd.
Par value		NT\$10
Issue price		NT\$50 per share
Number of Shares Issued		Total 200,000,000 shares
Total Amount		NT\$10,000,000,000
Rights and Obligations	Distribution of Dividends and Bonuses	<p>1. Dividends: The annual rate of Preferred Shares A is 4% (5-year IRS interest rate 0.605% + 3.395%), calculated at the issue price per share, the 5-year IRS interest rate will be reset on the next business day every five years after the issuing date. The record date for reset is two business days prior to the interest rate reset date. The IRS rate is the arithmetic mean of 5-year IRS rates appearing on Reuters pages "TAIFXIRS" and "COSMOS3" at 11:00 a.m. (Taipei time) on the record date for reset. If the offered price cannot be obtained on the record date for reset, the company will determine the rate based on reasonable market price with good faith.</p> <p>2. Distribution of Dividend: Distributed in cash in a lump sum and on an annual basis. The Company's annual earnings at the end of the accounting year shall be first subject to taxation, reimbursement of previous losses, the remainder shall be provided for legal reserve in accordance with the provisions of the Articles of Incorporation and special capital reserve by law or reversal. The remainder may be first made available for distribution of Preferred Shares A dividends. The Company has the right to decide dividend distribution on Preferred Shares A, if any, at its sole discretion. If there are no surplus earnings, the surplus earnings are not enough for distributing dividends of the Preferred Shares A in whole or in part after the final account or due to any other consideration, the Company may by the approval of the Shareholders' Meeting decide not to distribute dividend for Preferred Shares A. The former shall not constitute a breach of contract. The undistributed or insufficiently distributed dividend shall not be accumulated for make-up in the future.</p> <p>3. Excess dividend distribution: In addition to aforementioned dividend distributed, shareholders of Preferred Shares A are not entitled to the cash and capital allocation with regard to earnings and capital reserves as dividend distribution of Common Shares.</p>
	Distribution of Remaining Assets	The order of claim for distribution of property of shareholders of Preferred Shares A is prior to Common Shares. The repayment shall be capped at the respective issue amount of Preferred Shares upon liquidation.
	Execute Rights of Voting	Shareholders of the Preferred Shares A shall have no right to vote or elect in the Company's Shareholders' Meeting, provided that they have right to vote or elect at the Preferred Shares A Shareholders' Meetings and any Shareholders' Meetings related to interest and right of the shareholders of Preferred Shares A.
	Other	For cash offering of new shares, stockholders of Preferred Shares A have the same preemptive rights as the Common Shareholders.

Date of issuance		September 18, 2019	
Item		Preferred Shares A of WPG Holdings Ltd.	
Outstanding Preferred Shares	Number of Preferred Shares Recovered or Converted	NT\$0	
	Number of Preferred Shares Not Recovered or Converted	NT\$10,000,000,000	
	Recovery or conversion terms	1. Conversion into Common Shares: Preferred Shares A may not be converted to Common Shares. Shareholders of Preferred Shares A have no right to request the Company to redeem the Preferred Shares they hold. 2. Preferred Shares A of the Company have no maturity, the Company may redeem all or partial Preferred Shares any time on the next day after five years of issuance with the original issuance price.	
Market Price per Share	2019	Highest	52.30
		Lowest	51.40
		Average	51.89
	Current fiscal year up to April 30, 2020	Highest	52.30
		Lowest	43.40
		Average	50.20
Other Rights	Amount converted into Common Shares or Stock Warrant as of the publish date of the Annual Report	Shareholders of Preferred Shares A can not be converted into Common Shares	
	Issuance and Conversion or Subscription Methods	None	
Impact of conditions of issuance on the rights and interests of preferred shareholders and possible dilution of shareholders' equity and impact on existing shareholders' equity		None	

4.4 Issuance of Global Depositary Receipts: None.

4.5 Status of Employee Stock Option Plan: None.

4.6 Status of Employee Restricted Stock: None.

4.7 Status of New Share Issuance in Connection with Mergers and Acquisitions

4.7.1 Issue of New Shares in connection with any Acquisition of Shares of Another Company in the Most Recent Year and up to the Date of This Annual Report:

- (1) The Lead Securities Underwriters' opinion on the issuance of new shares for acquisition of shares of another company in the most recent quarter: None.
- (2) The status of implementation in the most recent quarter - if the implementation has not achieved the expected target, a statement on the impact on shareholders' equity and improvement plan shall be provided: None.

4.7.2 Any Issuance of New Shares in connection with Acquisition of Shares of Another Company approved by the Board of Directors in the Most Recent Year and up to the Date of This Annual Report:

- (1) Basic information of the company being acquired or transferred: None.
- (2) Implementation of undergoing merger or acquisition of other companies through the issuance of Common Shares shall be disclosed, so is the impact on shareholders' equity: None.

4.8 Financing Plans and Implementation: None.

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) WPG Holdings: Investment industry.

(2) WPG Group

a. Main Business Activities

Headquartered in Taipei, Taiwan (TSE: 3702), WPG is the world's second largest and Asia-Pacific's No. 1 semiconductor components distributor. WPG operates through four leading semiconductor components distributors: WPI, SAC, AIT, and YOSUN. With more than 5,400 employees working at approximately 104 operating locations worldwide (76 in Asia-Pacific and 28 in North America), WPG serves as a franchise partner for about 250 worldwide suppliers.

WPG is Taiwan's first investment holding company that is composed of semiconductor components distributors. WPG operates under the management team composed of executives from each subsidiary and builds an integrated logistics support platform to reduce operating costs. We have continuously improved our performance since incorporation to advance our leading position in the industry. We will continue to outperform competitors as a holding company and become the pioneer of semiconductor components distribution industry.

b. Business Breakdown in 2019

Product name	Sales percentage
Core components	29.60%
Analog IC and mixed-signal IC	21.58%
Discrete logic IC	14.19%
Memory Component	19.57%
Optical components and sensors	7.86%
Passive components, electromagnetic components, and connectors	5.22%
Other components	1.98%
Total	100.00%

c. Current Products/Services

i. Franchised Semiconductor Brands

WPG Group is the authorized distributor of more than 250 semiconductor brands, including ALI, AOS, CREE, Infineon, Intel, MediaTek, Micron, MPS, Novatek, OmniVision, ON semi, Qualcomm, Realtek, Richtek, Samsung Electronics, Samsung SDI, SEMCO, ST Micro, SEMTECH, TI, Toshiba, Unisoc, Vishay and Winbond.

ii. Category/Name of Franchised Semiconductor Products

Main Product Category	Product Name
Core Components	Chipset, graphics/audio/video controller, smartphone chip, network/modem chipset, CPU/MPU, RISC CPU, etc.
Analog IC and Mixed-Signal IC	Bipolar, CMOS operational amplifier, comparator, digital/analog converter, power supply controller, audio and video amplifier or controller, etc.
Discrete Logic IC	Diode, rectifier, transistor, thyristor, insulated-gate bipolar transistor, optical transistor, logic IC, etc.
Memory Component	DRAM, SRAM, EPROM, EEPROM, Flash, MCP, etc.
Optical Components and Sensors	LCD, sensor, LED, etc.
Passive Components, Electromagnetic Components, and Connectors	Resistor, capacitor, inductor, magnetic component, cable, connector, mechanics, electromechanics, circuit protection, material, battery, filter, oscillator, etc.
Other Components	Non-electronic component

iii. New Products/Services in the Planning

Product Application Category	New Component Planned to Franchise
Computer & Peripheral	Network storage server and cloud computing solution
Communication	Wireless communication solution, wearable device, e-wallet, and 5G-related solution
Consumer	Smart home security system, smart lighting, smart health management system, outdoor lighting, robot solution, and aircraft solution
Industrial	Monitoring solution, motor control solution, power management solution, and wireless charging solution
Automotive Electronics	Automotive audio/video entertainment system solution, Internet of Vehicle (IoV) solution, and advanced driver-assistance system (ADAS) solution
Other Purposes	Internet of Things (IoT) solutions and artificial intelligence (AI) solution

5.1.2 Industry Overview

(1) Current State and Future Development of the Industry

In 2019, the China-US trade war upended the global semiconductor industry, resulting in record low sales in nearly two decades. According to Gartner statistics, the sales of the global semiconductor industry plummeted by 12.0% to only US\$419.1 billion in 2019, the largest decline since 2001.

Among all semiconductor components, memory chips reported the worst performance. In 2019, revenue in the memory market dropped by 31.5%, and analog products decreased by 5.4%; only optoelectronics products benefited from the increased number of smartphone lenses showed an increase of 2.4% in revenue, performed the best among all semiconductor components.

As to the revenue of the global semiconductor industry in 2020, the COVID-19 pandemic has spread worldwide, taking an even more overwhelming toll on every country around the world than that of the China-US trade war. Many countries and cities have been in partially or completely lockdowns, coupled with an increased risk of personal unemployment and business closure, resulting in a heavy slump in demand for non-essential consumer electronics.

While the pandemic affects people's work and lifestyle and consumer behavior, as well as electronics-related industries and component companies, it also creates new demands such as:

- ✓ Anti-epidemic medical devices: respirators, forehead thermometers, ear thermometers, and pulse oximeters.
- ✓ Government expenditures: 5G infrastructure (e.g., base stations, small base stations, and fiber optic networks).
- ✓ Expenditures on stay-at-home economy: Ultra-large data centers, servers, solid state drives, game consoles, head-mounted display devices, smart watches, and true wireless earbuds.
- ✓ Online office/education hardware: NB, Chromebook, and Surface.

Regardless of the COVID-19 pandemic, global uncertainties such as Brexit, China-US trade war, and Russia-Saudi Arabia oil price war subsisted. Given these unfavorable factors, Gartner predicted that global semiconductor revenues would decrease by 3.2% to approximately US\$405.7 billion in 2020. As shown in Table 1, it is not likely for global semiconductor revenue to reach US\$500 billion before 2023.

Table 1. Estimated Revenue of the Global Semiconductor Industry from 2018 to 2024

Year	2018	2019(F)	2020(F)	2021(F)	2022(F)	2023(F)	2024(F)
Revenue (Unit: US\$ billion)	476.2	419.1	405.7	459.5	498.0	517.2	572.8
Increase/Decrease (%)	12.9%	-12.0%	-3.2%	13.2%	4.7%	3.8%	10.8%

Source: Gartner Q1/2020

The semiconductor industry in 2020 face uncertainties such as the outbreak of COVID-19, the ripples of the China-US trade war, and the emerging oil price war. Yet, we believe that all adverse conditions will accelerate the development of AI in countries around the world, and the long-term semiconductor market outlook remains bright. AI requires big data to learn or simulate human wisdom and experience. On the following important grounds, it is growing mature and becomes a trend that cannot be halted:

a. Internet

The emergence of online platforms such as Amazon, Google, Facebook, YouTube, and Alibaba has

created substantial information flows, the fundamentals of AI development. To understand consumer needs, these online platform service providers have developed all kinds of data mining technologies in hopes of tapping into potential business opportunities. This has enticed countries around the world to dive into the development of various types of AI software.

b. IoT

In addition to the Internet, IoT is what makes AI possible. The concept of connecting everything to the Internet is paramount in the development of AI. As IoT has emerged in recent years, many end devices are able to provide big data required for AI development. This new trend that combines AI and IoT is called AIoT. The following are the most promising prospects of AIoT currently:

- i. Autonomous Vehicles: ADAS and 3D Visual Sub-System for Autonomous Vehicles
As traditional cars evolve into semi-autonomous vehicles and unmanned vehicles, major automobile manufacturers around the world are using a large number of sensors to collect drivers' behavior and environmental data. According to the plan of the US Department of Transportation, installing an IoV device will be compulsory for all new vehicles five years from now, so as to prevent accidents. It is estimated that unmanned vehicles will hit the road in the near future.
- ii. Drone/Robot: 3D Visual for Independent Movements
Drones and robots have been applied to agricultural production and industrial production to solve labor shortages. They also make precise manufacturing possible, creating unlimited business opportunities.
- iii. VR/AR/MR Devices
Entertainment and media devices with 3D environment scanning and 2D/3D object positioning functions are changing people's lives and have great potential for growth in education, healthcare, and other industries.
- iv. Intelligent Surveillance Equipment
Video surveillance has been ubiquitous in and around public places, businesses, and houses for a long time. A huge amount of data from surveillance equipment, together with the development of AIoT, will be applied to various scenarios in the future. The potential business opportunities are unlimited.

c. High-Speed Wireless Network (5G)

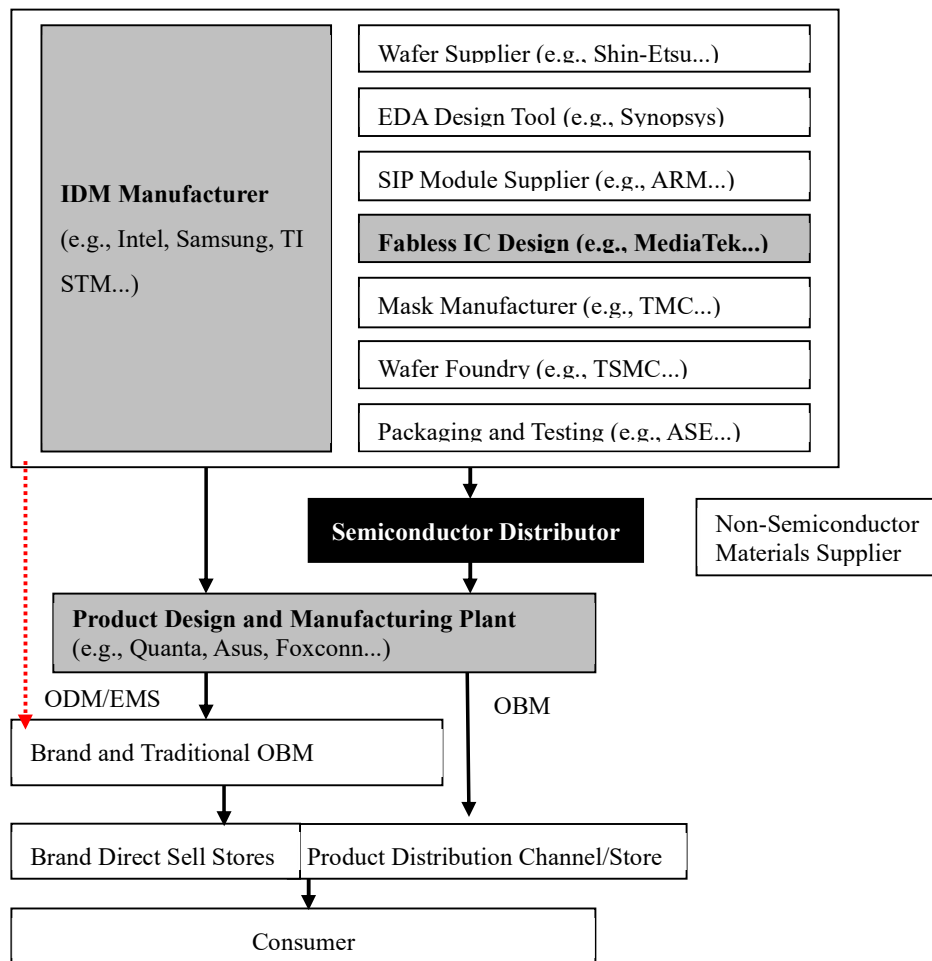
AIoT is built on the concept of IoT, but the implementation of AI will be impossible without high-speed networks. Every IoT device relies on high-speed wireless network to upload data to the cloud for computing and to receive the calculations. Without high-speed Internet connection, data transmission will be slow and operational efficiency is compromised; therefore, the development of 5G is imperative and is expected to become a major reason for semiconductor industry's growth in the short run.

PwC estimated that AI would contribute US\$15.7 trillion to global GDP in 2030, more than the sum of China's GDP and India's GDP currently, of which US\$6.6 trillion would come from an increase in productivity and US\$9.1 trillion would come from consumers. The development of AI will be semiconductor industry's key growth momentum for the next decade, when semiconductors become the necessities in lives, entertainment, and work.

(2) The Relevance of Upstream, Midstream and Downstream Companies in the Industry:

The relevance of upstream, midstream, and downstream companies in the semiconductor industry is summarized in Figure 2 below.

Figure 2. Semiconductor Supply Chain Analysis



a. Basic Structure of Semiconductor Supply Chain

i. Semiconductor Components Suppliers

Upstream semiconductor components suppliers can be broadly divided into two categories. The first category is integrated design manufacture (IDM), which has the strong capability of vertical integration and has relatively complete portfolios. The

barriers to entry for IDM are extremely high. Companies of this category include Intel, Samsung Semiconductor, and Texas Instruments.

The second category is semiconductor components supplier, with high degree of industry specialization. Of which, fabless IC design houses are directly related to semiconductor components distributors. Although their portfolios are not as complete as IDM, the barriers to entry are lower. Fabless IC design houses focus on specific applications of semiconductor components. Companies of this category include Qualcomm and MediaTek.

These two categories of semiconductor component suppliers are the upstream suppliers in the semiconductor distribution industry. Semiconductor components distributors mostly secure the franchises through a distribution or agency model.

ii. Semiconductor Distributors

Semiconductor distributors have no manufacturing plants themselves. They mainly distribute or act as agent for the semiconductor components of IDM or Fabless IC design houses. With their own value-added services, semiconductor distributors sell franchised semiconductor components to downstream electronics manufacturers including EMS, ODM and OBM. According to the scale and scope of business, semiconductor distributors can be divided into three categories.

The first category is international agents and distributors. Taking Arrow and Avnet from the United States for example, their franchised products and sales locations span the five continents. They have actively acquired the agents and distributors in Asia over the years to consolidate markets share

The second category is regional agents and distributors such as WPG, WT Microelectronics, and Supreme Electronics in Asia. In recent years, agents and distributors in Asia have actively invested in the Chinese market through independent operation, M&A, holding companies, as well as strategic alliances.

The third category is territorial distributors and traders. Such distributors are concentrated in China, the factory of the world. As they are familiar with local laws and customers, they are popular among the distributors of the first and second category.

iii. Downstream Product Manufacturers

Downstream product manufacturers can be divided into three categories.

The first category is original equipment manufacturers (OEM) or electronics manufacturing services provider (EMS). Such manufacturers mainly focus on production and manufacturing, supported by the capabilities of global logistics management, information system transparency, and product diversification. Companies of this category

include Flextronics and more.

The second category is original design manufacturer (ODM). In addition to manufacturing capability, such manufacturers also accept design orders. Compared with EMSs, ODMs pay more attention to R&D investments and have relatively higher degree of control over electronics specifications and components used. Companies of this category include Quanta, Compal, Wistron, Pegatron, etc.

The third category is own brand manufacturer (OBM). In addition to design and manufacturing capability, such manufacturers are able to market their own brands. Compared with the first two categories of manufacturers, OBMs pay more attention to the product marketing strategies and market segmentation. Companies of this category include Sony, Lenovo, etc.

These three categories of product manufacturers are the most important customers in the semiconductor distribution industry. In recent years, due to fierce competition in the industry and end customers' increased demand for Just In Time, Vendor Managed Inventory, and Build to Order, IDMs and Fabless IC design houses have been forced to zero in on their core competencies (e.g., formulation of industrial specifications, product design, and manufacturing) and gradually release direct orders of electronic components from the aforesaid three categories of product manufacturers to semiconductor components distributors. Such a move has created tremendous business opportunities for the semiconductor distribution industry, along with tremendous stress on working capital and management knowledge and has indirectly contributed to the business consolidation trend within semiconductor distribution industry in recent years.

iv. Brand and Direct Sell Stores

The representatives of this category include global leading electronics brands such as Apple, Dell, HPQ, Acer, etc. The common ground of such vendors lies in most of them outsource product manufacturing and design operations to EMSs or ODMs, and focus on high value-added work such as brand management, product specifications design, marketing strategy planning, global logistics management, and online/offline sales channel management. These brands are the top tier of the industry supply chain; they are the predators in the supply chain.

v. Product Distributors

In Asia, for example, the representatives of this category include Synnex Technology International and Trigold Holdings. In addition to acting as agents or distributors of internationally renowned brands such as Lenovo, Dell, Sony, and Toshiba, such companies also distribute products of emerging OBMs such as Asus, Acer, MSI, etc. In recent years, they have also partnered with ODMs to sell their own information products to various display channels, corporate users, or direct sell stores. In the overall supply

chain, they are the closest to consumers.

b. The Role and Relevance of Semiconductor Distributors:



For upstream semiconductor suppliers, the role of semiconductor distributors is to support suppliers' sales of semiconductor components; for downstream product manufacturers, the main function of semiconductor distributors is to assist customers in purchasing semiconductor components that are indispensable to manufacturing. In addition to dealing with various semiconductor components with complex specifications that are irreplaceable, the supplementary value added services provided cover an even more extensive range that includes financial services, material management, logistics, and technical support, etc. The analysis of the seven major aspects is as follows:

i. Product Promotion

To deliver semiconductor components to a large number of customers in the shortest possible time, upstream suppliers must cooperate with professional regional distributors. As the transactions involve specialized semiconductors products and professional buyers, distributors often have to recruit sales representatives and technicians who are familiar with the suppliers' products in order to provide suitable products and technical support and respond to customer needs instantly.

ii. Inventory Management

Due to requirement of semiconductor manufacturing, the standard delivery time for upstream semiconductor suppliers or manufacturers averages around 12 weeks. Yet, for

most of the customers, it is difficult to predict the exact demand 12 weeks beforehand. In recent years, due to fierce competition in the electronic information industry, customers have predicted shorter and more varied demand. The reason lies in brands have been making greater changes in demand forecast for products manufacturers (EMSs and ODMs) as well. Usually, demand is only confirmed for one to two weeks. Amidst the 10-week demand gap, distributors play a pivot role in coordinating and preparing appropriate safety stock to narrow the huge difference, thus maintaining the normal operation of the overall supply chain.

As a result, the more intense the competition of information industry is and the more uncertain future demand is, the more important semiconductor distributors' roles play.

iii. Order Management

Due to the limited resources, upstream suppliers usually only provide direct services to a few large customers. Orders from many other small and medium customers thus need to be handled through distributors for efficient and instant services. After collecting the actual demand and demand forecast from many small and medium customers, distributors place orders collectively to suppliers for batch production. This greatly relieves the suppliers' stress on order management, and also helps suppliers maintain the stability and efficiency of their semiconductor manufacturers, ensuring that customers receive the agreed semiconductor components on the specified delivery dates in a predetermined quantity.

iv. Sales Management

Except for few large-scale product manufacturers, most small and medium customers do not have enough orders to negotiate prices with semiconductor suppliers. This is where distributors weigh in. Through centralized orders, distributors can manage to lower the prices for small and medium scale customers; for suppliers, price is maintained through distributors, thus achieving the purpose of sales management.

v. Logistic Management

Suppliers only have to deliver products to distributors' designated warehouses in batches according to distributors' orders, which reduces the complexity of batch delivery operations, while distributors, are responsible to deliver the products in packaging (including labeling operations) requested, along with documents requested to locations specified by each small and medium scale customer in order to complete the logistic operation of semiconductor components. Distributors significantly save suppliers' time and costs on logistics management as well as downstream customers' human resources and space needs.

vi. Financial Management

In order to purchase semiconductor components directly from semiconductor suppliers,

besides meeting considerable purchase quantities, buyers must have a certain level of credit rating and collateral, and also the ability to bear shorter payment terms. However, not all customers have the ability or willingness to pay such a price to complete the purchase of semiconductor components.

As a result, distributors play critical role as financiers. Distributors usually grant a certain line of credit to customers according to many objective conditions such as customers' history of bank transactions, credibility, business operations, person in charge's character, and usual transaction records, and payment terms better than those granted by suppliers to help customers obtain suppliers' products and services at a lower financing cost.

Through distributors, suppliers also familiarize themselves with the financing operations in the local market, so as to avoid financial risks and secure market share and business opportunities at the same time. The role the distributors play in financial and risk management is especially important in Asia market.

vii. Information Management

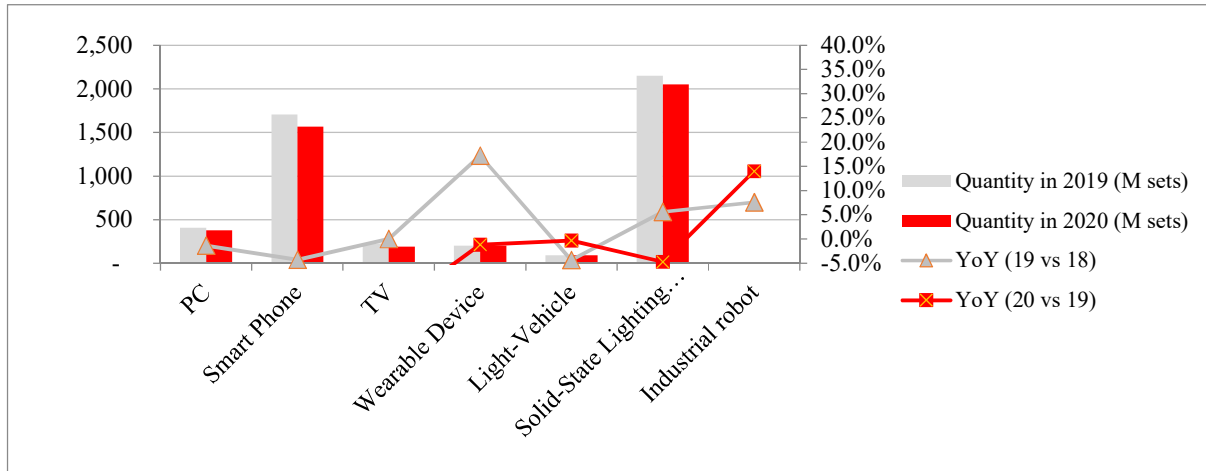
Semiconductor suppliers' core competencies lie in semiconductor component research and development, manufacturing, and industry standard specification. Professional sales representatives and technicians are required to help collect market information and integrate customer needs to assist them in maintaining the core competencies. In this regard, distributors play an indispensable role in consolidating suppliers' specialties with sufficient local professionals. For customers, they can voice their needs collectively through distributors so that suppliers can provide more suitable products to help customers design and manufacture next-generation electronics.

The underlying role of semiconductor distributors is to serve as a bridge between suppliers and customers. In addition to standing on the front-line for suppliers, distributors serve as suppliers for customer to jointly tackle the challenges in the ever-changing markets. In addition to these two roles, distributors have to stay cautious with their own operations and profits, so as to maintain long-term viability in the ever-changing electronics industry.

c. The Main Semiconductor Applications and Development Trends:

Semiconductors are mainly used in following five fields: computer, communication, consumer, automotive, and industrial. The market scale of the main semiconductor applications is estimated in Figure 3 below.

Figure 3. Estimated Production of Global Semiconductor Applications from 2019 to 2020



Sources: Gartner, Trend Force, International Federation of Robotics (IFR), LMC Automotive, IDC, etc. (compiled by WPG, Q1 2020)

Mobile Phone

According to Gartner's report, the global mobile phone market declined by 4.3% in 2019, with the sales volume of 1.707 billion units, of which more than 90% were smartphones. Bottleneck of 4G mobile phones development is believed to be the major reason; manufacturers can no longer stimulate consumer demand. Meanwhile, South Korea and China are sprinting to roll out 5G mobile phones. After infrastructure such as base stations and related applications are established, mobile phone market will grow again.

In 2020, as COVID-19 pandemic continues to rage across the globe, it is expected that governments all over the world will make an all-out effort to develop 5G. Considering possible supply chain disruptions, the impact of China-US trade war, and the potential second wave pandemic in European and American countries which may decrease demand sharply, Gartner predicted the sales volume of mobile phones worldwide continues to decline by 8.1% to 1.568 billion units in 2020. The prospects of 5G mobile phones remain brightening.

Personal Computer (including Desktop, Notebook, Ultra Mobile, and Server)

According to Gartner's report, global PC shipments in 2019 reached 406 million units, representing a 1.4% decrease from 2018. Desktop and notebook shipments remained weak and totaled 188 million units combined, showing a 1.1% decrease; ultra mobile and tablet shipments totaled 206 million units combined, down 1.6% from 2018; server shipments reached 13 million units, down 2.8%.

Regardless of the Windows 10 rollout and the China-US trade war that stimulated sales in the second and third quarters of 2019, the PC market throughout 2019 declined as the cryptocurrency mining craze subsided, along with the continued shortage of Intel CPU.

In 2020, the COVID-19 pandemic and China-US trade war are expected to accelerate the migration of production centers, yet at the same time, curb demand in European and American countries.

Gartner estimated that the global PC shipments might drop by 7.2% to 380 million units in 2020. Of the global PC shipments, desktop and notebook shipments are estimated at 167 million units combined, a 10.8% decrease. Ultra mobile shipments are estimated at 196 million units, a 4.5% decrease. Work and study from home demand raised sharply due to pandemic, resulting in an increase demand in servers; estimated shipment is at 13 million units, up 2.6%. Although the overall PC market is affected, product portfolios and applications are gradually diversifying, which is conducive to the long-term development of the overall PC industry.

TV

As smart home becomes a trend, manufacturers rushing to roll out a variety of products in hopes of securing dominance in the smart home market. Yet, living room and TV still play dominant roles in daily lives due to family lifestyle. Although smart speakers have emerged in recent years in an attempt to dominate the smart home setting, TV's dominant position remains.

According to Gartner, global TV shipments in 2019 was estimated at around 225 million units, a slight decrease of 0.02%. As the Tokyo 2020 Olympics have officially been postponed to 2021, it is highly possible that UEFA Euro 2020 also be pushed back, which will distinctly take a toll on the TV market in 2020. Gartner estimated the global TV shipments in 2020 would decline by 14.9% to 192 million units.

Automotive Electronics

According to the report released by LMC Automotive in Q1 2020, the global sales volume of light vehicles dropped by 4.3% to 90 million units in 2019, and is estimated to drop further by 16.1% to 75 million due to COVID-19 pandemic.

However, the pandemic will eventually pass. After the COVID-19 pandemic gradually subsides, the demand for autonomous cars and electric vehicles will definitely skyrocket. The prospects of semiconductors in automotive industry are brightening. In the design of traditional cars, the average cost of semiconductors per car is only about US\$320. As for hybrid electric vehicles (HEV), the cost of semiconductors per car raised to about US\$690. As for electric vehicles (EV), the cost of semiconductors per car raises to at least US\$700. In the future, the cost of semiconductors per autonomous car is expected to exceed US\$1,000.

With the increased awareness of energy conservation, carbon reduction and relevant environmental protection issues, along with governments' promotion of environmental regulations, development of HEVs, EVs, and autonomous vehicles will accelerate. Automotive semiconductors are expected to be one of the important driving forces for the semiconductor industry in the next decade.

Wearable Device

Driven by health and fitness trends, a variety of wearable devices have emerged, including watches, wristband trackers, headwear, and earwear; the development of apparel, modules, and all kinds of wearable electronics are also on the way. According to Gartner's and IDC's respective reports, the

shipments of watches, wristband trackers, headwear devices, and earwear devices in 2019 totaled 203 million units, showing a 17.2% increase. Of the total shipments, watches accounted for about 43% (88 million), a 21.6% increase, wristband trackers accounted for about 19.8% (40 million), a 3.2% increase, headwear devices accounted for about 14% (29 million), a 1.1% increase, and earwear devices accounted for about 23% (46 million), an astonishing rise of 37.9%.

As a result of the COVID-19 pandemic, the shipments of watches, wristband trackers, headwear devices, and earwear devices in 2020 are estimated at 200 million units, down 1.2%. Of the estimated shipments, watches accounted for about 38% (77 million), a 12.5% decrease, wristband trackers accounted for about 18% (37 million), a 8.4% decrease, headwear devices accounted for about 13% (25 million), a 11.2% decrease, and earwear devices accounted for about 31% (76 million), a 9% increase. Amid the COVID-19 pandemic, earwear devices show relatively better growth.

Earwear devices are mainly used in sports and fitness, health guidance, communication and entertainment, hearing aids, and medical devices. In the future, virtual personal assistants may be developed to perform various tasks such as answering questions, issuing voice commands, and even handling many tasks currently completed by smartphones. Earwear devices are likely to become the next trend in wearable devices. Wearable electronic devices are expected to be independent of the mobile phone market and become the rising star in the electronic device market.

Solid State Lighting (major in LED Lighting)

With the increasing demand for energy worldwide, along with the increased awareness of environmental protection, LED's power saving and eco-friendliness features have made LED one of the important solutions in the lighting market. The LED market has shown astonishing growth in recent years due to the energy saving needs in the metropolitan areas, power needs in remote areas, and the establishment of plant factories for food production.

According to Garner's estimates, the overall LED lightings grew by 5.6% in 2019, reaching 2.151 billion units. In 2020, the sales volume of LED lamps is estimated to slightly decrease by 4.7% to 2.050 billion units as a result of the COVID-19 pandemic. The penetration rate of LED lighting in the overall lighting market is expected to reach nearly 50%, setting a successful example for energy saving and carbon reduction.

Industrial Robot

The demographic dividend in China has decreased progressively year by year; labor costs have increased by an average of 15% per year over the past decade. It is estimated that the annual labor cost in China will increase by 12% in the next five years, leaving global brands with production centers in China at high pressure. Considering the China-US trade war, regardless of the outcome, global enterprises are bound to accelerate the establishment of production centers outside of China such as Southeast Asia and India to diversify risks. However, the establishment of the supply chain does not happen overnight. How to reduce labor costs in production costs and deploy global production centers flexibly to avoid the risk of the China-US trade war has become an issue

demanding immediate attention for global enterprises. Smart production is a solution to this issue and also an important option for the survival of international companies in the future.

According to the International Robot Association (IFR) report, the sales volume of industrial robots, a key component of smart manufacturing, only grew by 7.6% to 413,000 units in 2019. China was mainly responsible for this one-digit growth. At present, the main growth momentum of industrial robots comes from the automotive industry, electronic manufacturing, and metal parts. Demand in China remains the largest. As a result of the China-US trade war, demand in the automotive industry plummeted, causing the global industrial robot sales in 2019 to fall below expectations.

With the rapid development of AI, a layered man-machine interaction model has taken shape. In the future, robots will not only complete step-by-step instructions for programming, but also have the ability to learn by themselves and cooperate with people. In this case, the application of robots will become more and more extensive, whether in the industrial field or in the service field. Due to the COVID-19 pandemic, the acceleration of automated production is inevitable. The global industrial robot shipments are estimated to reach 471,000 units, up 14% in 2020, with astonishing potential to be unleashed in the future.

Brief Summary

As the COVID-19 pandemic rages around the world, WPG is doing everything possible to remain connected with suppliers online while maintaining our employees' health and safety, so as to maintain sufficient inventory, smooth away all obstacles to logistics and transportation, and support the resumption of customers' production lines. As the pandemic will eventually subside, related parties remain optimistic about the semiconductor growth momentum based on the possible directions of semiconductor applications. Owing to a diversity of applications, more and more business opportunities of semiconductor components have been created such as micro electro mechanical system (MEMS), non-optical sensor, microcontroller unit (MCU), Bluetooth low energy (BLE) and IoT modules. WPG will continuously expand our market presence in order to take full advantage of opportunities for growth together with our business partners.

d. Sales and Competition in the Global Semiconductor Industry:

There is a clear substitute relationship between electronic component manufacturers and electronic component distributors (distributors) in terms of sales of electronic components. When electronic component manufacturers think it is more advantageous to sell products through their own marketing department, they are likely to withdraw the franchises. If electronic component manufacturers think it is more advantageous to sell products through electronic component distributors, they will transfer the original territories or customers to the distributors. As a result, these two channels (direct sales and franchises) mutually substitute.

According to Gartner's analysis, as shown in Table 4, of the global sales of semiconductor components, approximately 65.6% were directly supplied by upstream semiconductor manufacturers (e.g., Intel, Samsung, MediaTek, etc.) to downstream product manufacturers or brands (e.g., Foxconn, Quanta,

etc.), and remaining 34.4% were supplied through distributors.

Table 4. Sales of Global Semiconductor Components Distributors

Ranking	W/W Semiconductor Distributor	2019 Revenue (US\$ million)	Share (%)	W/W Semiconductor Industry Share (%)
1	Arrow Electronics	16,209	11.2%	3.9%
2	WPG Holdings	16,175	11.2%	3.9%
3	Avnet	14,193	9.8%	3.4%
4	WT Microelectronics	10,807	7.5%	2.6%
5	Macnica Fuji Electronics Holdings	3,928	2.7%	0.9%
6	Toyota Tsusho	3,859	2.7%	0.9%
7	Future Electronics	3,859	2.7%	0.9%
8	Edom Technology	3,119	2.2%	0.7%
9	Supreme Electronics	3,033	2.1%	0.7%
10	S.A.S. Dragon	2,495	1.7%	0.6%
	Other Distributors/Traders	66,668	46.2%	15.9%
W/W Semiconductor Industry - Distributors - Total		144,345		34.40%
W/W Semiconductor Industry - Non-Distributors - Total		274,755		65.6%
W/W Semiconductor Revenue - Total		419,100		100%

Source: Gartner (compiled by WPG)

In terms of electronic components sales or from the perspective of suppliers and customers, the two channels (direct sales and franchises) mutually substitute; in addition, competition among international, regional, and territorial distributors in the semiconductor component market continues to exist. In this regard, WPG has contributed to the sales of semiconductor components and provided additional product value to some extent through the following services and solutions: (1) warehouse management, (2) design introduction, (3) response to customer needs, (4) immediate supply of materials, (5) comply with various supply models, and (6) supply chain management. In fact, professional distributors and manufacturers will continue to operate under this model in the future in order to enhance the adhesion between distributors and manufacturers, and thus reflect distributors' contribution to sales. According to the above Gartner data, WPG accounted for 3.9% of the global semiconductor sales. There is still much room for future development.

5.1.3 Technology and R&D Overview

(1) WPG Holdings Ltd.:

The Company is an investment holding company. Technology and R&D is conducted by each member of WPG Holdings.

(2) WPG Group:

a. As a semiconductor components distributor, WPG supports product design and provides value-added services for customers. The R&D expenses in the most recent two years and as of the most recent quarter of the date of this annual report are shown in the following table.

Units: NT\$ thousands; %

Item / Year	2018	2019	Current year up to March 31
R&D expenses	24,766	24,648	11,613
Percentage of revenue (%)	0.005	0.005	0.009

b. Proportion of Expected Future R&D Expenses to Revenue (%):

WPG will continue to support product design and provide value-added services for customers in 2020. The proportion of expected future R&D expenses to revenue is estimated at 0.001%~0.01%.

c. R&D Accomplishments in the Most Recent Year and as of the Date of this Annual Report:

WPG continues to provide solutions for different applications. An online digital platform, WPG DADAWANT, was launched in February 2009 to provide solutions for different applications in the following fields: consumer electronics, mobile phone and communication, computer & peripheral (including tablets), automotive electronics, and industrial electronics. The solutions are updated from time to time, with the latest hotspot solutions demonstrated online. The solutions proposed in 2019 are summarized below:

Category	Application	Solutions
Mobile phone and communication	Smart phones	NFC mobile device payment, wearable devices, and binocular face recognition
	Wireless communication	High integrated wireless communication modules, Zigbee, and MPOS
Computer & peripheral	Notebook, tablet, etc.	Notebook and tablet power adapters, 6-in-1 Bluetooth mouse, micro controller series, and Type-C to Display port converter
Consumer electronics	Lighting, smart home, smart city, etc.	LoRa smart street lamps, atmosphere lamp application, SPS intelligent agricultural moisture sensing technology solution, LED lighting, smart pen solution for correct writing posture, smart storyteller, Bluetooth electronic cigarette, and neural compute stick for skin cancer identification
Automotive electronics	Car headlights, Digital dashboard, etc.	Automotive digital dashboard, Bluetooth PEPS keyless modules, LED car headlight driver, analog standard definition four-way driving recorder, AVM 360° monitoring system, ADAS domain controller, and ADAS
Industrial electronics	Security monitoring, instruments, etc.	Industrial remote testing and control terminal, industrial IoT cloud platform connected to Big Tree Cloud (BTC), industrial automated communication control of EtherCAT Slave Digital I/O module, and 10 kW, three-level, three-phase grid-tie inverter for solar string inverter

d. Technologies or Products Planned to Develop in the Future

Category	Application
Mobile phone and communication	Smart phones, wearable devices, wireless modules, fingerprint identification, 3D identification, etc.
Computer & peripheral	Industrial computers, cloud computing and storage, etc.
Consumer electronics	Smart home, LED lighting, smart city, drone, service robots, etc.
Automotive electronics	Audio/Video entertainment, vehicle condition monitoring, IoV, etc.
Industrial electronics	Industrial meters, wireless security control, machine control, motor control, etc.

5.1.4 Long-Term and Short-Term Business Development Plans

(1) WPG Holdings

a. Short-Term Plans

We will strive to retain excellent talent during business consolidations through M&As and the holding company business model. Each subsidiary of WPG Group keeps its characteristics, while WPG Holdings assist in communication, coordination, and resource integration among subsidiaries. This competitive and cooperative model reduces the operating costs of WPG Group and increases overall competitiveness, allowing us to offer more complete services to our clients and increase return on equity.

b. Long-Term Plans

We plan to expand our overall deployment in the semiconductor component market in Asia-Pacific by integrating industries related to 3C, automotive, industrial electronics, and IoT, so as to build the most comprehensive production lines; we will continue to provide high valued-added services and consolidate our position as an e-commerce distributor to reach economics of scale and stay ahead in the industry. Our goal is to become the pioneer and leader in the distribution of semiconductor components in Asia-Pacific and ultimately become the “First Choice of Industry and Benchmark of Distribution.

(2) WPG Group

a. Short-Term Plans

i. Expand all Components Product Lines and Enhance Portfolio Management

According to the 2019 Top 25 Semiconductor Supplier Report published by Gartner in 2020, WPG franchises more than 50% of the brands, including Intel, Samsung Electronics, Qualcomm, Micron, TI, ST Micro, KIOXIA, NXP, Infineon, MediaTek, HiSilicon, Renesas, AMD, ON Semi, Microchip, Skyworks, etc. While we grow our market share, we continue to integrate our production lines to increase the contribution of technology, communications, consumer electronics, automotive electronics, industrial electronics, and passive components (PEMCO) to revenue.

Moreover, the global electronics industry continues to promote BTO (built-to-order) and

other related measures to effectively reduce costs. With the increasing demands for design, logistics, and warehousing, distributors may continuously expand business following the BOT trend, achieving a win-win-win situation.

ii. Develop Sales Footprint

Managing sales footprint is key to our distribution strategy. In the midst of semiconductor components distribution transformation, WPG is gradually expanding our sales footprints to Japan, South Korea, India, Vietnam, and North America in addition to existing footprints in Taiwan, Singapore, Hong Kong, and Mainland China, so as to meet customer needs for expanding overseas presence, hence building a global distribution network of semiconductor components. Also, we optimize our product portfolios and long-term viability through merging and acquiring other companies, establishing subsidiaries, and forging an alliance with local suppliers.

iii. Seek to Expand Licensed Distribution Areas

By utilizing our managing result and experience in Taiwan, we seek to expand licensed distribution areas to Hong Kong, Mainland China, South Korea, Southeast Asia, and North America.

iv. Expand the Franchises and Sales of New Products to Increase Market Share

WPG proactively expands the franchises and sales of new products and focus on key features such as energy saving and high-level integration. In addition, WPG continues to explore new product lines and clients in the field of passive components through strategic alliances or M&As.

v. Enhance FAE and Design-in Service

Currently, our application engineers provide the following services:

- Support customers' R&D project design
- Present technical briefings and demonstrate design results to customers from time to time.

Based on our professionalism and technical capabilities built on long-term customer services, WPG also continues to cooperate with system design houses to provide product solutions to clients, assist those with limited R&D resources, and even obtain patents, reinforcing close partnership with our clients.

vi. Enhance Customer Relationship Management (CRM) and Supply Chain Management (SCM); Strengthen Horizontal Communication within Organization through Enterprise Resource Planning (ERP) to Accelerate Response Time

In addition to amplifying the sales and marketing engineers' knowledge of all production lines and new products, we build the tight cooperation between sales representatives and technical application professionals to offer value-added products with strong technical

support, which is expected to create a better corporate image and increase the overall sales.

vii. Improve Financial Structure and Soundness

Utilize financial leverage to improve the financial structure; diversify ways to raise funds; and reduce operating costs and business risks.

b. Long-Term Plans

i. Become An International Semiconductor Components Distributor

We will persist in expanding our footprint in Asia-Pacific while merging and acquiring other companies or forging an strategic alliance with large-scale semiconductor components distributors worldwide, to become an international semiconductor components distributor.

ii. Expand Distribution Foundation

Focusing its business on the distribution of semiconductor components, WPG has maintained good relationships with both suppliers and clients over the past three decades. With our logistics centers set up in Taiwan, Hong Kong, Singapore, and Shanghai, we expect to tap into the business opportunities created by a wider range of electronic applications, as well as grasp market trends and key franchises, in hopes of becoming a one-stop distributor of semiconductor components.

iii. WPGDADAWANT Project and Logistics As A Service Plan

In the midst of new manufacturing trend, WPG is committed to transform into a data-driven enterprise, and utilize supply chain management expertise. To achieve this goal, we built an online digital platform, WPG DADAWANT, to digitalize complicated offline sales operation and to provide personalized services for customer in different scales with different needs. With customer-oriented (C2B) service in mind, we wish to continually optimize digital platform service and transform from “responding customer needs” to “creating customer needs.” We are also promoting LaaS (Logistics as a Service) model in order to assist our customers when facing the challenges of smart manufacturing.

iv. Implement Knowledge Management

To develop shared corporate cultures and values and continuously strengthen our management team for future growth. Build shared corporate cultures and values for domestic/overseas employees and systems to create lasting competitiveness and strong management team.

v. Raise International Capital and Reduce Operating Costs

To raise funds from the international capital market, stabilize the capital sources, and strengthen strategic alliances to share risks. Obtain funds at a lower cost through the diversification of capital markets and wealth management tools to expand the scale of operation and maximize shareholders' value.

- vi. Invest in Electronics Distribution-Related Business to Expand the Scope of Business
Distribution of semiconductor components will remain the core business of WPG in the long run. With core business as foundation, WPG will extend the investment to related business of electronics distribution, in order to expand services provided to customers within the industry.

5.2 Market and Sales Overview

5.2.1 WPG Holdings: N/A

5.2.2 WPG Group:

(1) Market Analysis

a. Sales Region of Main Products (services)

Units: NT\$ thousands; %

Region \ Year	2018		2019	
	Net Sales	Percentage	Net Sales	Percentage
Taiwan	71,241,069	13.07	79,802,035	15.13
Mainland China	422,474,061	77.50	398,259,303	75.48
Others	51,412,674	9.43	49,540,015	9.39
Total	545,127,804	100.00	527,601,353	100.00

b. Market Share

According to Gartner statistics in 2019, WPG was the world's second largest and Asia's No. 1 semiconductor components distributor, accounting for 3.9% of the global semiconductor market sales.

c. Future Market Supply/Demand and Growth

i. Supply

The increased dependence on various electronics in daily lives has enticed semiconductor suppliers to expand investments. Traditional IDMs such as Intel and STMicro, Fabless IC Design Houses like Qualcomm and MTK, and Foundries such as TSMC all continue to invest in advanced semiconductor equipment, technologies, and processes to meet market needs.

ii. Demand

As a result of increased demand in local emerging markets and the continued migration of European and American manufacturers' production centers, demand in the Asia-Pacific market continues to grow, with Mainland China showing the strongest momentum.

In terms of products, the KPMG survey indicated that the key application markets that are estimated to grow rapidly in the next few years include mobile technologies, consumer products, computing applications, alternative/renewable energy products, industrial

applications, automotive solutions, medical devices, wireless communications, and IoT, etc. Growing demand in these markets would be sufficient to boom the semiconductor-related industries.

iii. Growth

In recent years, approximately 80% of WPG Group's sales revenue come from shipments to Mainland China. The growth of sales revenue in Mainland China was mainly driven by continuous urbanization, increased income of the population born after 1990s, and relatively low popularization of 4C products, as well as the promotion of government policies.

Since the implementation of the Five-year Plan, the Chinese government has constantly emphasized the expansion of domestic demand and adjustment of industrial structure; many policies have then been introduced to facilitate industrial upgrade and transformation. If the information industry in China and Taiwan can join forces to cooperate on affordable products and brands industry, and strengthen supply chain integration, they surely will play decisive roles in the global market in the future.

As Taiwanese companies accelerate the transfer of production sites to South Asia, WPG is now poised to assist Taiwanese and Chinese companies expand their global presence seamlessly with well-established footprints in India and other South Asian countries.

d. Competitive Niche

i. Professional Image

WPG has managed the distribution of semiconductor components for over three decades, with its professional image highly recognized in the industry. For a fifth consecutive year, the Company was in the top 20% of the listed companies in the corporate governance evaluation. In 2019, the Company was selected as a constituent of the Taiwan Corporate Governance 100 Index and participated in the Taiwan Corporate Sustainability Award (TCSA) evaluation for the first time. The Company won a silver medal in the Corporate Sustainability Report - Service Category. Our value-added services have been well recognized in the semiconductor supply chain.

The results of these evaluations indicate that the technology industry is moving toward a new era of software and applied services. The value-added services WPG provides in the semiconductor supply chain are not only recognized by our customers and suppliers, the reflected business performance is also highly recognized by professional investors.

ii. Complete Product Lines

WPG has evolved into a professional semiconductor components distributor with years of marketing experience and accumulated acute judgement on market trends. Our franchised products include central processing unit (CPU), chipset, logic IC, linear IC,

memory, distributed-element circuit, and application-specific IC, covering all segments of semiconductor components. The Company also add PEMCO to our portfolio in order to offer the convenience of one-stop-shopping to our customers.

(a) Expansion of Applications Scopes

In addition to the well-known 3C (Computer & Peripheral, Communications, and Consumer), WPG emphasized car (automotive electronics), energy saving lighting, industrial electronics, and IoT related applications as well.

(b) Asia-wide Operating Locations

WPG has approximately 104 operating locations around the world (76 in Asia-Pacific and 28 in Northern American). The advantages of expanding operating locations lie in the ability to meet customers' component needs in response to downstream clients moving overseas and the flexibility in inventory managing. Having various operating locations also gives us more bargaining power when securing new product line franchises with overseas suppliers.

(c) Competent Management Team

Our management team consists of a group of people with shared ambition to achieve success in business. They share the same business philosophy and their minds are in sync. Along with years of industry knowledge, our management team consistently deliberate business strategies for semiconductor components distributors and sought to create market value through teamwork. The significant increase in revenue and profit in recent years has proved the competency of the management team.

(d) Complete Information Management Systems

WPG actively develops and uses information technology such as ERP, EDI, and Internet Services to improve the sales and management efficiency. Coupled with the advantages of our franchised products and various footprints, we have also introduced digital processes (WMS+WCS), automated equipment (e.g. AS/RS, Mini-load, and Robot), and application programming interfaces (API) to support third-party warehousing management, to create a highly efficient smart warehouse. With the highly efficient logistics management system, we are able to transact in the most rapid and accurate way. Our clients can place orders in any Asia-Pacific footprint and have products delivered to any location they designate to save time and transportation costs. This has laid a solid foundation for e-commerce of semiconductor components distributors in the future.

(e) Value-Added Services

We provide the following value-added services for our customers as a supplier, consultant, and business partner:

1. Special Delivery
 - Provide special delivery per customers' special requirements
 - Provide prompt delivery, cross-border transactions, and other international services for overseas customers
2. Market Information
 - Analyze and exchange industrial information.
 - Issue "WPG E-paper" biweekly to provide the latest market information, trends, and suggestions
 - Established website to satisfy purchase needs of small and medium scale businesses (SMB) and limited quantity purchase
 - Provide the latest product specifications in a timely manner
3. Technical Support
 - Field application engineers (FAE) support customers in product testing and design
4. Technology Tools
 - Established online portal to enable the exchange of information globally
 - Established EDI system that connects with upstream and downstream partners and RosettaNet that connects with suppliers to transmit sales data instantly and accurately
5. Financial Support
 - Allow cross-border transactions and payment, and support customer migration
 - Provide credit lines for customers to promote mutual prosperity
 - Enable the BTO model.

(f) Distributor Value Well Recognized by Suppliers

WPG has gained an excellent reputation with 30 years of experience in the semiconductor components distribution industry. While some suppliers approach WPG proactively for franchise, WPG selects suitable products to franchise among suppliers as well. Being highly recognized by suppliers, WPG owns certain level of bargaining power for favorable deals while continues to increase number of franchised products by offering professional marketing and well-established footprints. This has shown that WPG is competent in franchising and has successfully created semiconductor components distributors' value.

e. Advantages and Disadvantages of the Development Prospects and Countermeasures

i. Advantages

(a) Complete Franchised Brands and Components

Our suppliers, including Intel, TI, Qualcomm, Mediatek, Infineon, SAMSUNG, Micron, Toshiba, and ST Micro, are continuously developing new products to create new demand and stay competitive. WPG is positioned as a one-stop-shopping distributor with franchised products ranging over distributed-element circuit, linear IC, logic IC, basic memory, central processing unit/microprocessor, application-specific IC, and application-specific controller.

(b) Enhanced Portfolio Management

Our portfolio centers on manufacturers of various types of popular consumer products such as Apple and Amazon, and traditional 3C products. Other key potential markets include industrial applications such as smart manufacturing, smart Healthcare, smart home, smart car, and smart transportation derived from big data and IoT, as well as IoT-related applications, renewable energy-based vehicle applications, video surveillance, machine tools, industrial control and instruments, etc. Besides coping with customer strategy development and enhance our technical support capabilities among new applications to expand demand creation business, we aim to optimize self-management ability, such as inventory control, accounts receivable, etc., to increase overall output value.

In addition, WPG Overseas Business Group continues to develop overseas operations. Facing the possibility of customer supply chain migration, we believe we are capable of responding quickly and provide satisfying services based on our solid foundations.

(c) Industry Profession-oriented Marketing Department

WPG's marketing department specializes in specific industry or area, including NB, communications/network, and consumer electronics, etc., provides professional service, and develop long-term customer relationships. Our operating footprints span across Asia-Pacific including Taiwan, Hong Kong, Singapore, Mainland China, South Korea, Japan, and Southeast Asia.

(d) Wide Range of Technological Applications and Design Services

Currently, WPG has hundreds of technology related engineers who assist clients complete design faster in order to grasp business opportunities early and secure higher profits and market share.

(e) High Value-Added Supply Chain Management

We serve high-tech product manufacturers in Asia-Pacific using the connected purchase, sales, and inventory system built on the Oracle ERP system and e-commerce, coupled with the existing support, logistics and warehouse systems.

Aiming to become a data-driven enterprise, WPG adopts a customer-oriented (C2B) approach to meet customers' needs in a flexible and efficient way, address customers'

pain points, and provide fast and accurate services. With instant, transparent information, we build a reliable collaborative ecosystem together with our customers. Launched in 2018, WPGDADAWANT currently consists of five sub-platforms that operate under an online-to-offline (O2O) model, strengthening WPG New Distribution philosophy through internal and external promotion, as well as optimization of Inbound Marketing platform.

ii. Disadvantages and Countermeasures

(a) Foreign companies' acquiring local competitors/Countermeasures:

1. Strengthen and develop better relationship with suppliers and customers through emphasizing local partner's flexible services and long term partnership
2. Enhance employee training to increase familiarity of franchise products to provide customers the convenience of one-stop shopping, fully showing value of semiconductor components distributors
3. Strengthen employees' sales management digital skills to improve personal output; introduce incentive policy to motivate sales and to increase competitiveness
4. Establish resource sharing platform to integrate local companies

(b) Short Product Life Cycle/Countermeasures

1. Hold sales meetings weekly/monthly to review the purchases/sales of components clients use for production and product development; enhance computer data management system to access accurate inventory aging analysis and develop countermeasures
2. Strengthen product/market development; closely observe new trends in products and markets to set directions for WPG and to introduce new franchises and new clients accordingly
3. Provide integrated product design based on the needs of the market and clients to assist clients complete design in a timely manner and thus grasping market opportunities
4. Continue investing and expanding franchised product region to provide better services and grasp potential business opportunities of those who migrate for a lower production cost or longer product life cycle.

(2) Important Applications and Manufacturing Process of Main Products

a. Applications of Main Products

Main Product Category	Product Name and Applications
Core components	Chipset, graphics/audio/video controller, smartphone chip, network/modem chipset, CPU/MPU, RISC CPU, etc.
Analog IC and mixed-signal Component	Bipolar, CMOS operational amplifier, comparator, digital/analog converter, power supply controller, audio and video amplifier or controller, etc.
Discrete logic IC	Diode, rectifier, transistor, thyristor, insulated-gate bipolar transistor, optical transistor, logic IC, etc.
Memory	DRAM, SRAM, EPROM, EEPROM, Flash, MCP, etc.
Optical components	LCD, sensor, LED, etc.
Passive components, connector, and magnetic component	Resistor, capacitor, inductor, magnetic component, cable, connector, mechanics, electromechanics, circuit protection, material, battery, filter, oscillator, etc.
Others	Non-electronic component

b. Manufacturing Process of Main Products: Omitted. (WPG Group is not a manufacturing company.)

(3) Supply of Raw Materials: Omitted. (WPG Group is not a manufacturing company.)

(4) Major Suppliers and Customers in the Last Two Years

a. Suppliers that Accounted for at Least 10% of Annual Consolidated Net Purchases in Either of the Most Recent Two Years

Unit: NT\$ thousands; %

Item	2018				2019				As of 2020 Q1			
	Name	Amount	As % of 2018 Total Net Purchases	Relation with WPG	Name	Amount	As % of 2019 Total Net Purchases	Relation with WPG	Name	Amount	As % of 2020 Q1 Total Net Purchases	Relation with WPG
1	INTEL	102,350,774	19.35	None	INTEL	108,300,713	21.31	None	INTEL	27,548,730	19.74	None
2	TI	59,624,050	11.28	None	TI	57,718,739	11.36	None	TI	13,488,494	9.66	None
3	Micron	69,194,602	13.09	None	Micron	66,865,081	13.16	None	Micron	24,131,750	17.29	None
4	Others	297,627,271	56.28	—	Others	275,237,394	54.17	—	Others	74,417,250	53.31	—
	Net Purchases	528,796,697	100.00	—	Net Purchases	508,121,927	100.00	—	Net Purchases	139,586,224	100.00	—

WPG maintains long-term partnership with main suppliers; the source of purchase is stable.

b. Customers that Accounted for at Least 10% of Annual Consolidated Net Revenue in Either of the Most Recent Two Years

WPG has a wide range of product lines and various customers. No customer was accounted for more than 10% of the net revenue in either of the most recent two years.

(5) Production in the Most Recent Two Years: Omitted. (WPG Group is not a manufacturing company.)

(6) Sales in the Most Recent Two Years

Units: NT thousands; %

Product category \ Year	2018		2019	
	Net Sales	Percentage	Net Sales	Percentage
Core components	156,985,255	28.80%	156,144,782	29.60%
Analog IC and mixed-signal Component	100,350,385	18.41%	113,860,827	21.58%
Discrete logic IC	79,615,473	14.60%	74,881,379	14.19%
Memory	134,632,732	24.70%	103,263,510	19.57%
Passive components, connector and magnetic component	25,842,925	4.74%	27,531,480	5.22%
Optical components	35,557,666	6.52%	41,465,436	7.86%
Others	12,143,368	2.23%	10,453,939	1.98%
Total	545,127,804	100%	527,601,353	100%

Note: WPG has a wide range of product lines in different unit that cannot be calculated by the same unit; therefore, only the sales value is displayed by product category.

5.3 Employees

5.3.1 WPG Holdings

Year		2018	2019	Current Year up to March, 31
Number of employees	Sales and marketing	0	0	0
	Administration	191	223	228
	Total	191	223	228
Average age		37.2	37.5	37.8
Average year of services		7.8	8.5	8.4
Educational background	Ph.D.	1.0%	0.9%	0.9%
	Master's degree	27.8%	27.4%	27.6%
	Bachelor's degree	70.7%	70.8%	70.6%
	(Vocational) Senior high school	0.5%	0.9%	0.9%
	Below Senior high school	0%	0%	0%

5.3.2 WPG Group

Year		2018	2019	Current Year up to March, 31
Number of employees	Product sales technology	4,101	4,105	4,084
	Administration support	1,403	1,328	1,334
	Total	5,504	5,433	5,418
Average age		37.2	38.0	38.2
Average year of services		7.6	8.1	8.2
Educational Background	Ph.D.	0.1%	0.1%	0.1%
	Master's Degree	6.6%	6.8%	7.4%
	Bachelor's Degree	84.3%	84.8%	83.9%
	(Vocational) Senior High School	4.6%	4.2%	4.4%
	Below Senior High School	4.4%	4.1%	4.2%

5.3.3 The Personnel related to Financial Transparency Who Obtain Related License Required by the Competent Authorities: Six employees of the Auditing Office hold an international internal audit certificate.

5.4 Environmental Protection Expenses

The Company shall disclose losses caused by environmental pollution in the most recent year up to the date of this annual report (including environmental violations identified in the audit and punishments thereof, the date of punishment, Letter No. of punishment, provisions of laws and regulations violated, contents of laws and regulations violated, and the content of the punishment), and the estimated amount and countermeasures that may occur at present and in the future; where the amount cannot be reasonably estimated, the fact that the amount cannot be reasonably estimated shall be stated:

WPG Holdings and WPG Group purchase, distribute, and develop electronic components, which involves no environmental pollution; therefore, no environmental protection expenditures are applicable to be disclosed.

5.5 Labor Relations

5.5.1 Employee Benefits, Continuing Education, Training, Retirement System and implementations thereof, and Labor Agreements as well as Measures for Preserving Employees' Rights and Interests

Employees are our most valuable asset. When employees devote wholeheartedly to work and create profits for the Company, the Company has the responsibility to take care of them in return. WPG Holdings and WPG Group offer generous employee benefits, including wedding, birth, and funeral

subsidies, emergency relief, and club activities. WPG Holdings and WPG Group establish different units to plan recreational activities for employees such as family days, domestic incentive tours, dining events, as well as artistic and cultural activities, in accordance with the employee welfare regulations, so as to build cohesion among employees and increase employees' identification with the organization.

(1) In Accordance with the Corporate Culture of Each Member, WPG Holdings and WPG Group Offer Generous Employee Benefits as follows:

a. Generous Employee Benefits:

Employee benefits include the Moon Festival bonus, Dragon Boat Festival bonus, year-end bonus, defined contribution pension plan, domestic incentive tours, interest-free auto loans and maintenance allowances, parking allowances, mobile phone bill allowances, and computer subsidies, as well as various club activities such as the bicycle club, study group, golf club, and wine tasting.

b. Comprehensive Insurance and Protection:

We enroll employees in labor insurance in compliance with the government regulations, enroll employees and their dependents and retirees in National Health Insurance, and provide employees and their dependents with comprehensive group medical insurance (hospitalization allowances), life insurance, and accident insurance.

c. Additional Leaves:

Employees' leaves and days-off are offered in line with the Labor Standards Act, coupled with one-day birthday leave.

d. Wedding and Funeral Subsidies and Emergency Relief:

Wedding and funeral subsidies, and emergency relief for employees cover wedding, childbirth, retirement, and death of employees or their dependents.

(2) Continuing Education and Training:

We attach great importance to employees' learning and development. Our employee training is divided into internal training, external training, and knowledge management.

a. Internal Training

Internal training in 2019:

Number of trainees	Number of training hours	Training expenses
22,482	50,617	NT\$14,784,000

Internal training includes orientation, management training, professional training, and others:

i. Orientation:

Orientation covers WPG company overview, business philosophy, HR rules and systems, corporate website, instructions on common system operations, occupational health and

safety, and legal affairs.

ii. Management Training:

The Company holds executive meetings every month and management seminars every half a year (semi-annual meetings) to communicate and discuss business strategies and directions.

iii. Professional Training:

According to the job requirements and specialties, each department conducts professional training from time to time.

iv. Other Training:

Monthly meetings are held every month to promote important affairs; Legal Affairs Service also holds monthly meetings to share “Knowledge of the Month” regarding legal affairs and labor rights; for new recruits and all employees, quarterly meetings are organized to introduce laws and regulations in relation to international trade.

b. External Training

Employees may apply for external training according to the job requirements and personal development plans or per supervisors' requests. External training in 2019:

Number of trainees	Number of training hours	Training expenses
1,409	7,049.5	NT\$521,000

The details of external professional training courses in 2019:

2019 Global Human Capital Forum
Analysis of Global Top 10 Risks in 2019
2019 Seminar on New Trends in Digital Transformation Auditing
2019 Accounting Training
2019 Topic-specific Lecture for Accounting Officers
2019 23 rd National Legal Tech Conference
2019 Media Tech Conference
2019 Taxation Updates and Industry-wide Audit under Three-dimensional Supervision
2019 Refresher Course on Accounting Qualifications
2019 Seminar on Response and Management of Trade Secret Litigation
Tax Policy Updates in the Second Half of 2019
5G mm Wave Terminal Key Technology and Business Prospects
Agile Summit 2019
DataCon.TW 2019
ATP Headphone Workshop

CIA Exam Review Package Part 1 on 5/4, 5/11, and 5/18
EPSON Product Training
Excel Functions and Pivot Table for Account Processing and Financial Reporting
Advanced Excel Course - Function Application
Advanced Excel Course - Pivot Table
Google Analytics (GA) Certification Course
Google Charts for Presentation
IFRS 16: Lease & IFRS 9: Financial Instruments Introduction and Audit
Workshop on International Material Data System (IMDS) & China Automotive Material Data System (CAMDS)
ISO 14001:2015 Environmental Management Systems
ISO 26262 Functional Safety of Electrical and/or Electronic Systems in Production Automobiles
ISO 9001:2015 Quality Management Systems Foundation
ISO 9001:2015 Quality Management Systems International
M365 Online Learning
MarTech (Marketing Technology Application) | Digital Marketing Trends
Multicharts - Program Trading of Taiwan Stock/Offshore Futures
Myths and Patterns of Organizational Change
NXP i.MX8M Mini Hands-on Training
Advanced Course on Power BI Desktop Big Data Analysis
Hands-on Training on Power BI Desktop Big Data Analysis
Term Sheet for Investment Terms
Workshop on TTQS Enterprise Edition - Case Study and Implementation
VBA Code Tool Training
webMethods Training
Mastering M&As
General Employee Safety and Health Training
Forklift Operator Re-qualification Training
Trademark Squatting in Mainland China and Countermeasures
Exploring the Principle of Recognizing Income Sourced from the Republic of China
COSO Enterprise Risk Management (ERM) for Internal Auditors
Internal Auditors' Guide to Securities and Exchange Act
Corporate Governance and Compliance
Amendment to the Company Act and Its Impact on Internal Audit and Enterprise-wide Money Laundering Prevention
Continuing Training for Newcome Internal Auditors at Public Companies

Three Lines of Defense and Board Operations and Systems
iTalent 2020 Campus Recruitment Salon
Program Trading of Offshore Futures Global Layout
Foreign Exchange Operations and Risk Management
Corporate Board Game Workshop
Type A Occupational Safety and Health Manager Training
Instructions on Business M&As or Organizational Restructuring
Pre-job Training for Newcome Internal Auditors
Laws and Concepts for Corporate Financial Personnel
Financial Risk Management Equity Structure and Taxation
Labor Relations: Labor Contracts and Work Rules
Corporate Fraud Detection and Prevention and Artificial Intelligence
Understanding the Foreign Exchange Market and Risk Control
Key Points on Preparation of Consolidated Financial Statements and Common Deficiencies
Improving Business Audit Performance with Big Data Analysis
Design and Technology of Vehicle Power System
Fire Prevention Personnel Retraining
Two-day Pallet Jack (Forklift) Training
Two-day Pallet Jack (Forklift) Training
Two-day Counterbalanced (Forklift) Training
Two-day Counterbalanced Forklift Training
Two-day Extended Reach (Forklift) Training
IoT Embedded Platform Hands-on Training
Community Business Model Training for CEOs
E-commerce Profitability Model in the FinTech Era
Nanshan District Talent Settlement Policy and Training
Construction Industry Safety
American Management Association Classic Course
Willis Towers Watson 2019 Research and Development Conference on High-tech Industry Compensation
Discussion on Employee Compensation Strategies and Tools
Seminar on Time Series and Quantitative Trading
Overseas Product Distribution Workshop
Tips for Preparing Business Presentations
Anti-money Laundering and Countering the Financing of Terrorism Laws at Home and Abroad
Domestic Labor and Personnel Management Certification Training

Board Functions on Corporate Fraud Prevention
"Quality, Quantity, and Price" of Raw Materials from the Accounting Perspective
Key to Business Operations from the Tax Perspective
Workshop on Emotion and Interpersonal Relationship Management
Agile: Practice of Proven Software Development
Agile Project Management | Build Agility with Flexibility
In-depth Analysis of mm Wave Technology and Application
Professional Presentation and Communication of Industrial Analysis
Logical Thinking of Industrial Analysis
Transfer Pricing Seminar Development and Response of Transfer Pricing against Anti-tax Avoidance
Summary of Legal Documents and Investment Terms of Venture Capital
Labor Insurance, Health Insurance and Labor Standards Act Specialist Certification Training
Workshop on Enhanced HR's Role as Strategic Partner
Updates on "Accounting Standards for Enterprises No. 16 - Government Subsidies"
Strategic Goal Execution Project
North China Supervisor Summer Camp
From Professional to Management - North China
South China & Hong Kong Leadership Training
Continuing Professional Development (CPD) Program for Registered Electrical Engineering Personnel
Quality Discrepancy in Sales and Purchase Contracts
Yun Xue Tang - Micro Course
Audit Management of "Corporate Governance Roadmap (2018-2020)"
Amendment to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"
Nuvoton MCU Training Forum
Labor Incident Act and Its Impact on Enterprises and Compliance Audit Practices
Foreign Trade Single Window 3.0+2.1 Training
Business & Finance Integration and Value Creation
Distributor Development Strategy and Management
Application of Data Access in Auditing and Behavior Analysis
Information Technology and E-commerce (8) Automotive Industry
Cross-generation Talent Echelon Building
Cross-border M&As
Battery Pack and Battery Management System Design for Electric Vehicles

Electric Vehicles' Motor Drive and Mobile Storage
Art of Visual Communication
Social Media Marketing Planning and Methodology
Audit Committee Operations
New Audit Trends in Digital Transformation
Data Audit & ERP Risk Control Internal Audit/Internal Control in the Era of Digital Economy
Knowledge of Labor Laws Required for Audit Personnel - From Recruitment to Dismissal
Audit Practices in Response to Cloud Information Security and Personal Data Protection
Auditing Practices on Collection and Payment Cycle
Consolidated Tax Return on Sales Tax and Profit-seeking Enterprise Income Tax
Occupational Safety and Health Manager Training
Disclosure of Material Information on Corporate Finance Management under Securities Regulations
Display Equipment Evaluation Certification Training

The details of management team attending corporate governance-related continuing education and training in 2019:

Management team	Course name	Training hours
Simon Huang (Chairman)	2019 Global Trends Analysis - Risks and Opportunities	1 hour
	How to Avoid Falling into Inside Trading	3 hours
	2019 Annual Meeting of Taiwan Institute of Directors - A+ Companies X Shareholder Value	4 hours
	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about by Industrial Transformation	3 hours
	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about Industrial Transformation	1 hour
	Urban Governance and Corporate Governance	2 hours
	Industrial Trends in the Context China-US Trade War	2 hours
Frank Yeh (CEO)	How to Avoid Falling into Inside Trading	3 hours
	Artificial Intelligence in Taiwan: Opportunities and Challenges Brought about Industrial Transformation	3 hours
Cliff Yuan (Chief Finance Officer)	Program Trading of Offshore Futures Global Layout	16 hours
	Laws and Concepts for Corporate Financial Personnel	6 hours
	"Quality, Quantity, and Price" of Raw Materials from the Accounting Perspective	6 hours

Management team	Course name	Training hours
	Foresight Workshop and Value Proposition Design	21 hours
Shu-hui Chen (Internal Audit Officer)	Three Lines of Defense and Board Operations and Systems	6 hours
	Internal Auditors' Guide to Securities and Exchange Act	6 hours
	Audit Trends in the Digital Technology Environment	6 hours
	Audit Practices in Response to Cloud Information Security and Personal Data Protection	6 hours
David Li (Chief Human Resources Officer)	OKR Management Strategy	7 hours
	Foresight Workshop and Value Proposition Design	21 hours

c. Knowledge Management

The Company established a knowledge management platform in which learning resources and standard operating procedures of every department are properly categorized, managed, and shared for employees to use at work.

(3) Retirement System:

a. Monthly Contribution to Pension:

The Company appropriates pension reserves each month in accordance with the Labor Standards Act. The Labor Pension Preparation Supervisory Committee is responsible for supervision and depositing the fund in its name in the Bank of Taiwan, which is in charge of receiving and disbursing, keeping, and using the fund.

b. Personal Labor Pension Account:

The Company makes monthly contributions at a rate no less than 6% of the employees' salaries to employees' pension accounts at the Labor Insurance Bureau in accordance with the Labor Pension Act. The amount deposited follows the Table of Monthly Contribution Wage Classification approved by Executive Yuan.

(4) The Company does not have a Union. The rights and benefits of the employees follow Labor Standards Act.

(5) Protective Measures for the Work Environment and Employees' Personal Safety:

WPG Holdings and WPG Group establish dedicated safety and health management units to continuously improve safety and health measures in order to build a quality workplace. We also organize safety awareness training and healthy promotion activities to effectively strengthen our employees' ability to protect their safety and health at work.

To fulfill corporate social responsibility and protect employees' safety, we view building a safe,

healthy, and comfortable work environment as our top priority and promote health and safety management to develop accurate health concepts and mindsets. We take the following health and safety measures:

- a. Maintain and clean central air-conditioning in the office twice a year and disinfect the office from time to time.
- b. Inspect office environment such as water quality on a regular basis.
- c. Sanitize meeting entrance/exits daily and provide hand sanitizers at sinks to prevent epidemic diseases and maintain employee healthiness
- d. Require new recruits to participate orientation to familiarize work environment and work safety.
- e. Organize health education from time to time to reduce the occurrence of accidents.
- f. Conduct regular health examinations for employees and follow up their health conditions.
- g. Organize health promotion activities such as mountain climbing, ball games, and hiking to encourage exercise habits
- h. Prohibit smoking in the office to ensure a non-smoking work environment.
- i. Promote energy saving and environmental protection initiatives in the office.
- j. Purchase liability insurance for employees on their way to work/home to ensure safe work environment.
- k. Install and regularly maintain firefighting facilities and equipment in line with firefighting regulations.
- l. Implement the Act of Gender Equality in Employment and regulations regarding prevention of sexual harassment in the office.

(6) Evaluation on Employee Code of Conduct:

The Company places great importance on the Employee Code of Conduct. We appointed three independent directors and established the Audit Committee, composed of all independent directors, to supervise our management team and executives to set good examples with their own conduct. We also take the following measures:

a. Promote and Carry Out the Core Values of WPG:

Our vision is to become the first choice of industry and to become the benchmark of distribution. Upholding the shared values of teamwork, integrity, professionalism and effectiveness, we have the Employee Code of Conduct in place to guide employees' conduct in business activities and build cohesion among employees. Annual activities are also organized to promote the shared values of WPG, allowing employees to experience their true meanings in daily life and work. WPG's shared values are described as follows:

i. Teamwork:

The interests of WPG are always the first to consider. Should there be a conflict of interests, groups' benefits take priority over personal bias, prejudice and motivation. We accelerate integration of same function teams among companies and regions. No

prejudices in nationalities or regions but balanced interests and fairness shall prevail.

ii. Integrity:

We take an attitude toward upright and law-abiding operation, along with enthusiastic services. We make no light promises and always walk the talk. Our employees are committed to transparent operation and have the courage to admit mistakes and make corrections in time.

iii. Professionalism:

We aim to become the first choice of stakeholders, including clients, vendors and shareholders, to construct a learning environment where individuals and groups continually enhance skill, and to focus on core operation and implement the assigned tasks strictly.

iv. Effectiveness:

Our highlights are output, the quantity of capacity, and balance of both. Our employees set quantifiable objectives, are strict on details, and accurately execute and fulfill key tasks. We also set standard operating procedures to avoid the same mistakes.

WPG Holdings and WPG Group post posters about the shared values on the walls of executive offices, meeting rooms, and other important junctures to demonstrate the shared values to employees; in addition, the shared values are also disclosed on the company website through announcements and special columns. We also upload information on the promotion activities held by every member in relation to the shared values on K-Space for employees' reference, and organize core-value-oriented activities on a quarterly basis to increase employees' awareness and expect them to follow.

The work rules for the employees of WPG Holdings and WPG Group also specify the regulations regarding attendance, performance evaluation, rewards and punishments, and promotion that are handled in line with WPG's shared values.

b. Strictly Implement the Audit System:

Auditing Office is set up under the Board of Directors to conduct comprehensive audits on every department and every group member and region according to our policies and regulations. By doing this, we are able to keep track of how every department follows and implements the policies and regulations while preventing and curbing potential malpractice.

5.5.2 Any Losses Suffered by the Company in the Most Recent Year and up to the Date of this Annual Report due to Labor-Management Disputes (including any violations of the Labor Standards Act indicated in the labor inspection, with the date of punishment, punishment reference numbers, the articles of laws violated, and the content of punishment specified), the Estimated Expenses At Present and in the future, and Countermeasures (where a reasonable estimate cannot be provided, the fact that it cannot be provided should be disclosed):

(1) There was neither dispute nor agreement between the employees and the employers in the most recent year and up to the date of this annual report.

(2) Current and future countermeasures for strengthening the labor-management relations:

a. Reinforce the corporate philosophy of treating every WPG employee as a family member to enable mutual growth and success.

b. Build interactive communication and complaint channels for supervisors to take care of employees more proactively.

c. Fully comply with the labor laws and make supervisors and employees understand their respective rights and obligations.

d. Increase employee benefits where the Company's operations permit.

(3) Possible losses at present and in the future: None.

5.6 Material Contracts

Nature of Contract	Counterparty	Commencement/Expiration Date	Major Content	Restriction
Insurance contract	AIG Asia Pacific Insurance Pte. Ltd., Taiwan Branch	Period: January 1, 2020 ~ January 1, 2021	Corporate Liability Insurance	The cumulative liability for all indemnifications within the coverage is limited to US\$15,000,000.

6. Financial Highlights

6.1 Condensed Balance Sheets and Comprehensive Income Statements in the Most Recent Five Years

6.1.1 Condensed Consolidated Balance Sheets – IFRS

Unit: NT\$ thousands

Year (Note 1) Item		Financial information in the most recent five years					Current year up to March 31
		2015	2016	2017	2018	2019	
Current assets		165,487,412	165,270,734	163,854,548	180,974,906	205,966,261	219,773,056
Property, plant and equipment (Note 3)		5,797,929	5,495,789	6,227,191	6,808,682	7,924,611	12,685,201
Intangible assets		5,671,154	5,599,944	5,571,769	5,567,934	5,568,851	5,683,599
Other assets		2,095,370	2,648,479	3,014,118	2,709,342	10,887,097	10,779,831
Total assets		179,051,865	179,014,946	178,667,626	196,060,864	230,346,820	248,921,687
Current liabilities	Before distribution	111,585,855	122,287,418	118,162,495	126,464,265	156,959,067	164,477,105
	After distribution	115,559,557	126,465,729	122,542,643	130,997,718	Note 2	Note 2
Non-current liabilities		19,148,252	6,410,079	8,449,693	14,772,604	9,420,658	18,587,529
Total liabilities	Before distribution	130,734,107	128,697,497	126,612,188	141,236,869	166,379,725	183,064,634
	After distribution	134,707,809	132,875,808	130,992,336	145,770,322	Note 2	Note 2
Equity attributable to owners of parent		47,770,420	49,797,881	51,518,973	54,358,769	63,472,157	65,355,120
Share capital		16,557,092	17,241,892	18,250,618	16,790,568	18,790,568	18,790,568
Capital surplus		15,187,178	16,901,053	19,569,525	19,454,882	27,456,298	27,456,298
Retained earnings	Before distribution	13,473,616	14,746,873	17,823,767	20,716,001	22,645,985	24,304,681
	After distribution	9,499,914	10,568,562	13,443,619	16,182,548	Note 2	Note 2
Other equity		2,553,776	908,063	(4,124,937)	(2,602,682)	(5,420,694)	(5,196,427)
Treasury stock		(1,242)	—	—	—	—	—
Non-controlling interest		547,338	519,568	536,465	465,226	494,938	501,933
Total equity	Before distribution	48,317,758	50,317,449	52,055,438	54,823,995	63,967,095	65,857,053
	After distribution	44,344,056	46,139,138	47,675,290	50,290,542	Note 2	Note 2

Note 1: The consolidated financial statements for 2015~2019 have been duly audited by independent auditor, and the consolidated financial statements as of March 31, 2020 have been duly reviewed by independent auditors.

Note 2: The figures after distribution listed above are filled out per resolution of the annual Shareholders' Meeting, but the distribution of profits for 2019 has not been resolved in the Shareholders' Meeting.

Note 3: Including right-of-use assets and investment properties.

6.1.2 Condensed Consolidated Statements of Comprehensive Income - IFRS

Unit: NT\$ thousands

Item \ Year (Note 1)	Financial information in the most recent five years					Current year up to March 31
	2015	2016	2017	2018	2019	
Operating revenue	515,536,489	536,918,813	532,509,958	545,127,804	527,601,353	131,044,575
Gross profit	21,450,249	22,595,819	22,151,094	23,630,421	22,428,096	5,272,878
Operating profit	8,474,115	7,975,893	9,953,198	10,576,538	9,712,564	2,191,354
Non-operating income and expenses	(1,320,672)	(1,287,669)	(1,073,077)	(1,375,358)	(1,524,962)	(185,591)
Income before income tax	7,153,443	6,688,224	8,880,121	9,201,180	8,187,602	2,005,763
Net income	5,435,932	5,350,598	7,366,435	7,515,017	6,505,959	1,666,187
Other comprehensive income	1,472,670	(1,723,004)	(5,115,123)	1,536,182	(2,808,822)	223,771
Total comprehensive income	6,908,602	3,627,594	2,251,312	9,051,199	3,697,137	1,889,958
Net income attributable to owners of parent	5,420,469	5,312,875	7,307,987	7,462,010	6,453,401	1,658,696
Net income attributable to non-controlling interest	15,463	37,723	58,448	53,007	52,558	7,491
Comprehensive income attributable to owners of parent	6,853,829	3,601,246	2,222,421	9,008,246	3,645,425	1,882,963
Comprehensive income attributable to non-controlling interest	54,773	26,348	28,891	42,953	51,712	6,995
Basic earnings per share (Note 2)	3.27	3.18	4.10	4.22	3.84	0.99

Note 1: The consolidated financial statements for 2015~2019 have been duly audited by independent auditor, and the consolidated financial statements as of March 31, 2020 have been duly reviewed by independent auditors.

Note 2: Based on weighted average outstanding shares in each year.

6.1.3 Condensed Parent Company Only Balance Sheets - IFRS

WPG has adopted the IFRS to prepare financial statements since 2013. According to the IFRS, WPG does not have to prepare the parent company only financial statements as of March 31, 2020.

Unit: NT\$ thousands

Year (Note 1) Item		Financial information in the most recent five years				
		2015	2016	2017	2018	2019
Current assets		442,543	351,182	263,321	502,179	2,915,590
Property, plant and equipment (Note 3)		758,662	751,186	1,659,346	1,897,144	2,153,158
Intangible assets		11,858	18,969	16,273	7,691	15,419
Other assets		56,635,862	55,171,407	53,214,744	55,800,593	67,586,140
Total assets		57,848,925	56,292,744	55,153,684	58,207,607	72,670,307
Current liabilities	Before distribution	3,603,513	5,960,198	3,146,902	3,380,288	9,065,088
	After distribution	7,577,215	10,138,509	7,527,050	7,913,741	Note 2
Non-current liabilities		6,474,992	534,665	487,809	468,550	133,062
Total liabilities	Before distribution	10,078,505	6,494,863	3,634,711	3,848,838	9,198,150
	After distribution	14,052,207	10,673,174	8,014,859	8,382,291	Note 2
Equity		47,770,420	49,797,881	51,518,973	54,358,769	63,472,157
Share capital		16,557,092	17,241,892	18,250,618	16,790,568	18,790,568
Capital reserve		15,187,178	16,901,053	19,569,525	19,454,882	27,456,298
Retained earnings	Before distribution	13,473,616	14,746,873	17,823,767	20,716,001	22,645,985
	After distribution	9,499,914	10,568,562	13,443,619	16,182,548	Note 2
Other equity interest		2,553,776	908,063	(4,124,937)	(2,602,682)	(5,420,694)
Treasury stock		(1,242)	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	47,770,420	49,797,881	51,518,973	54,358,769	63,472,157
	After distribution	43,796,718	45,619,570	47,138,825	49,825,316	Note 2

Note 1: The financial statements for 2015~2019 have been duly audited by independent auditors.

Note 2: The figures after distribution listed above are filled out per resolution of the annual Shareholders' Meeting, but the distribution of earnings for 2019 has not been resolved in the Shareholders' Meeting.

Note 3: Based on weighted average outstanding shares in each year.

6.1.4 Condensed Parent Company Only Comprehensive Income Statements - IFRS

WPG has adopted the IFRS to prepare financial statements since 2013. According to the IFRS, WPG does not have to prepare the parent company only financial statements as of March 31, 2020.

Unit: NT\$ thousands

Item \ Year (Note 1)	Financial information in the most recent five years				
	2015	2016	2017	2018	2019
Operating revenues	6,383,519	6,062,201	7,983,324	8,212,827	7,384,531
Gross profit	5,826,067	5,519,815	7,398,699	7,514,872	6,652,117
Operating income	5,826,067	5,519,815	7,398,699	7,514,872	6,652,117
Non-operating income and expenses	(93,817)	(103,408)	(43,290)	(3,736)	2,845
Income before income tax	5,732,250	5,416,407	7,355,409	7,511,136	6,654,962
Profit for the year	5,420,469	5,312,875	7,307,987	7,462,010	6,453,401
Other comprehensive income (loss) after tax	1,433,360	(1,711,629)	(5,085,566)	1,546,236	(2,807,976)
Total comprehensive income	6,853,829	3,601,246	2,222,421	9,008,246	3,645,425
Net income attributable to owners of parent	5,420,469	5,312,875	7,307,987	7,462,010	6,453,401
Total comprehensive income attributable to owners of parent	6,853,829	3,601,246	2,222,421	9,008,246	3,645,425
Basic earnings per share (Note)	3.27	3.18	4.10	4.22	3.84

Note: Based on weighted average outstanding shares in each year.

6.1.5 The Names of CPAs and Their Opinions in the Most Recent Five Years.

Year	Accounting firm	Name of CPA	Audit opinions
2015	PricewaterhouseCoopers, Taiwan	Hui-chin Tseng and Chien-hung Chou	Unqualified opinion
2016	PricewaterhouseCoopers, Taiwan	Hui-chin Tseng and Chun-yao Lin	Unqualified opinion
2017	PricewaterhouseCoopers, Taiwan	Hui-chin Tseng and Chun-yao Lin	Unqualified opinion
2018	PricewaterhouseCoopers, Taiwan	Chun-yao Lin and Chien-hung Chou	Unqualified opinion
2019	PricewaterhouseCoopers, Taiwan	Chun-yao Lin and Chien-hung Chou	Unqualified opinion

6.2 Financial Analysis in the Most Recent Five Years

6.2.1 WPG Group Consolidated Financial Analysis – IFRS

Item \ Year (Note 1)		Financial analysis in the most recent five years					Current year up to March 31
		2015	2016	2017	2018	2019	
Capital structure analysis	Debts ratio (%)	73.01	71.89	70.86	72.04	72.23	73.54
	Long-term fund to property, plant and equipment (%)	1,163.62	1,032.20	971.63	1,015.34	919.83	661.74
Liquidity analysis	Current ratio (%)	148.31	135.15	138.67	143.10	131.22	133.62
	Quick ratio (%)	100.72	93.29	88.77	90.69	86.65	81.80
	Times interest earned	6.94	6.25	6.43	5.01	4.80	4.78
Operating performance analysis	Accounts receivable turnover (times)	5.86	5.68	5.66	5.69	4.95	4.69
	Average collection days	62	64	65	64	74	78
	Inventory turnover (times)	9.97	10.26	9.50	8.41	7.51	6.63
	Accounts payable turnover	11.44	11.00	10.48	10.19	8.65	7.45
	Average inventory turnover days	37	36	39	43	49	55
	Property, plant and equipment turnover (times)	88.74	95.08	90.85	83.64	71.62	50.87
	Total assets turnover (times)	3.04	3.00	2.98	2.91	2.47	2.19
Profitability analysis	Return on total assets (%)	3.78	3.56	4.85	4.96	3.84	3.48
	Return on equity (%)	11.60	10.77	14.28	14.10	10.95	10.30
	Ratio of income before tax to paid-in capital (%)	43.20	38.80	48.66	54.80	43.57	42.70
	Net profit ratio (%)	1.05	0.99	1.37	1.37	1.22	1.27
	Basic earnings per share (NT\$) (Note 2)	3.27	3.18	4.10	4.22	3.84	0.99
	Diluted earnings per share (NT\$) (Note 2)	3.04	2.96	4.01	4.22	3.84	0.99
Cash flow	Cash flow ratio (%)	-8.31	6.22	6.81	-0.96	-0.90	-0.19
	Cash flow adequacy ratio (%)	-77.85	-47.11	-24.63	-15.51	5.72	19.40
	Cash flow reinvestment ratio (%)	-19.47	6.24	6.24	-7.86	-7.87	-1.42
Leverage	Operating leverage	1.57	1.80	1.35	1.37	1.38	1.48
	Financial leverage	1.17	1.19	1.20	1.28	1.29	1.32
Industry specific key performance indicator	Return on working capital (%) (ROWC)	8.71	8.44	9.98	9.63	8.31	7.38
	Ratio of net working capital to sales (NWC/Sales)	0.19	0.18	0.19	0.20	0.22	0.23
Reasons for significant changes in the most recent two years: Please refer to Note 3. (not required if the difference does not exceed 20%)							

Note 1: The consolidated financial statements for 2015~2019 have been duly audited by independent auditor, and the consolidated financial statements as of March 31, 2020 have been duly reviewed by independent auditors.

Note 2: Based on weighted average outstanding shares in each year.

Note 3: Reasons for changes in financial ratios in the most recent two years:

1. Return on total assets: The decrease was mainly due to an increase in accounts receivable and prepayments for investments in 2019.
2. Return on equity: The decrease was mainly due to the issuance of preferred shares in 2019, causing equity to increase.
3. Ratio of income before tax to paid-in capital: The decrease was mainly due to the issuance of preferred shares in 2019, causing paid-in capital to increase.
4. Cash flow adequacy ratio: The increase was mainly due to an increase in net cash flows generated from operating activities in 2019.

Note 4: Formulas used for calculating the financial ratios are as follows:

1. Capital structure analysis
 - (1) Debts ratio = Total liabilities / Total assets.
 - (2) Long-term fund to property, plant and equipment = (Total equity + Non-current liabilities) / Net property, plant, and equipment.
2. Liquidity analysis
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current assets - Inventory – prepaid expense) / Current liabilities.
 - (3) Times interest earned = Net profit before tax and interest expenses / Interest expenses.
3. Operating performance ability
 - (1) Accounts receivable (including accounts receivable and notes receivable from business activities) turnover = Net sales / Balance of average accounts receivable in each period (including accounts receivable and notes receivable from business activities).
 - (2) Average collection days = 365 / Accounts receivable turnover.
 - (3) Inventory turnover = Cost of goods sold / Average inventory.
 - (4) Accounts payable (including accounts payable and notes payable from business activities) turnover = Cost of goods sold / Balance of average accounts payable in each period (including accounts payable and notes payable from business activities).
 - (5) Average inventory turnover days = 365 / Inventory turnover.
 - (6) Property, plant and equipment turnover = Net sales / Average net property, plant and equipment.
 - (7) Total assets turnover = Net sales / Average total assets.
4. Profitability analysis
 - (1) Return on assets = (Net income + Interest expenses × (1 - Tax rate)) / Average total assets.
 - (2) Return on equity = Net income / Average total equity.
 - (3) Net profit ratio = Net income / Net sales.
 - (4) Earnings per share = (Income attributable to owners of parent - Preferred stock dividend) / Weighted average number of shares outstanding. (Note 2)
5. Cash flow
 - (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend.

- (3) Cash flow reinvestment ratio = $(\text{Cash provided by operating activities} - \text{cash dividends}) / (\text{gross property, plant and equipment} + \text{long-term investments} + \text{other noncurrent assets} + \text{working capital})$.
6. Leverage
 - (1) Operating leverage = $(\text{Net sales} - \text{variable cost}) / \text{operating income}$.
 - (2) Financial leverage = $\text{Income from operations} / (\text{income from operations} - \text{interest expenses})$.
7. Industry specific key performance indicator
 - (1) ROWC = $\text{Operating income} / (\text{Accounts receivable, end of period} + \text{Inventory, end of period} - \text{Accounts payable, end of period})$.
 - (2) NWC/Sales = $(\text{Accounts receivable, end of period} + \text{Inventory, end of period} - \text{Accounts payable, end of period}) / \text{Net sales}$.

6.2.2 WPG Holdings Financial Analysis - IFRS

Item \ Year (Note 1)		Financial Analysis in the Most Recent Five Years				
		2015	2016	2017	2018	2019
Capital Structure Analysis	Debts ratio (%)	17.42	11.54	6.59	6.61	12.66
	Long-term fund to property, plant and equipment (%)	7,150.14	6,700.41	3,134.17	2,889.99	2,954.04
Liquidity Analysis	Current ratio (%)	12.28	5.89	8.37	14.86	32.16
	Quick ratio (%)	11.87	5.68	7.94	14.34	31.91
	Times interest earned	172.43	183.04	249.70	246.06	204.64
Operating Performance Analysis	Accounts receivable turnover (times)	9.26	15.69	28.75	12.69	8.62
	Average collection days	39	23	13	29	42
	Inventory turnover (times)	—	—	—	—	—
	Accounts payable turnover	—	—	—	—	—
	Average inventory turnover days	—	—	—	—	—
	Property, plant and equipment turnover (times)	8.31	8.03	6.62	4.62	3.65
	Total assets turnover (times)	0.11	0.11	0.14	0.14	0.11
Profitability Analysis	Return on total assets (%)	9.78	9.35	13.16	13.21	9.90
	Return on equity (%)	11.68	10.89	14.43	14.10	10.95
	Ratio of income before tax to paid-in capital (%)	35.19	32.02	40.30	44.73	35.42
	Net profit ratio (%)	84.91	87.64	91.54	90.86	87.39
	Basic earnings per share (NT\$) (Note 2)	3.27	3.18	4.10	4.22	3.84
	Diluted earnings per share (NT\$) (Note 2)	3.04	2.96	4.01	4.22	3.84
Cash flow	Cash flow ratio (%)	113.62	87.61	146.36	138.99	51.88
	Cash flow adequacy ratio (%)	72.99	78.06	78.37	81.88	62.01
	Cash flow reinvestment ratio (%)	-0.08	2.47	0.82	0.58	0.27
Leverage	Operating leverage	1.01	1.01	1.00	1.00	1.01
	Financial leverage	1.01	1.01	1.00	1.00	1.00
Reasons for significant changes in the most recent two years: Please refer to Note 4. (not required if the difference does not exceed 20%)						

Note 1: The above financial statements have been duly audited by independent auditors.

Note 2: WPG Holdings is a holding company; operating revenue includes investment revenue and service revenue.

Note 3: Based on weighted average outstanding shares in each year

Note 4: Reasons for changes in financial ratios in the most recent two years:

1. Debts ratio: The increase was mainly due to an increase in short-term loans in 2019.
2. Current ratio: The increase was mainly due to an increase in cash and accounts receivable in 2019.

3. Quick ratio: The increase was mainly due to an increase in cash and accounts receivable in 2019.
4. Accounts receivable turnover: The decrease was mainly due to an increase in accounts receivable in 2019.
5. Average collection days: The increase was mainly due to an increase in accounts receivable in 2019.
6. Property, plant and equipment turnover: The decrease was mainly due to an increase in property, plant and equipment in 2019.
7. Total assets turnover: The decrease was mainly due to an increase in prepayments for investments in 2019, causing total assets to increase.
8. Return on total assets: The decrease was mainly due to an increase in prepayments for investments in 2019, causing total assets to increase.
9. Return on equity: The decrease was mainly due to the issuance of preferred shares in 2019, causing equity to increase.
10. Ratio of income before tax to paid-in capital: The decrease was mainly due to the issuance of preferred shares in 2019, causing paid-in capital to increase.
11. Cash flow ratio: The decrease was mainly due to an increase in short-term loans in 2019, causing current liabilities to increase.
12. Cash flow adequacy ratio: The decrease was mainly due to an increase in prepayments for investments in 2019, causing capital expenditures on long-term investments to increase.
13. Cash flow reinvestment ratio: Mainly due to an increase in investment using equity method in 2019.

Note 5: For formulas used for calculating the financial ratios, please refer to Note 4 on Page 115.

6.3 Audit Committee's Review Report

AUDIT COMMITTEE'S REVIEW REPORT

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and proposal for allocation of profits. The aforementioned 2019 Business Report, Financial Statements, and proposal for allocation of profits have been reviewed and determined to be correct and accurate by the Audit Committee members of WPG HOLDINGS LIMITED. According to Article 14-4, 14-5 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

AUDIT COMMITTEE OF WPG HOLDINGS LIMITED

Independent Director Rong-Ruey Duh

Independent Director Jack J. T. Huang

Independent Director Yung-Hong Yu

April 28, 2020

6.4 Consolidated Financial Statements and Independent Auditors' Report in the Most Recent Year

For "WPG Holdings Limited and Subsidiaries Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report" please refer to Pages 121~253.

6.5 Parent Company Only Financial Statements and Independent Auditors' Report in the Most Recent Year

For "WPG Holdings Limited Parent Company Only Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report" please refer to Pages 254~348.

6.6 Financial Difficulties

The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in the most recent year and as of the date of this Annual Report: None

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2019 AND 2018

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of WPG Holdings Limited

Opinion

We have audited the accompanying consolidated balance sheets of WPG Holdings Limited and its subsidiaries (the “Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2019 are outlined as follows:

Impairment assessment of goodwill

Description

Refer to Note 4(20) for accounting policy on goodwill impairment, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to goodwill impairment, and Note 6(13) for details of intangible assets.

The Group acquired shares of stock of target companies by cash or through exchange of shares of stock. The purchase price is allocated to the net identifiable assets acquired at fair value in accordance with the accounting policies on business combinations. The Group uses the estimated future cash flows of each cash-generating unit and proper discount rate to determine recoverable amount of goodwill, and assesses whether goodwill may be impaired. Given that the assumptions used in the calculation of recoverable amount requires significant management judgement with respect to the discount rate and the underlying cash flows, we consider impairment assessment of goodwill a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Assessing the process in which management evaluates the estimated future cash flows of each cash generating unit, and reconciling the input data used in the valuation model to the approved operational plan by management.
2. Evaluating the reasonableness of the estimated growth rate, gross rate, discount rate and other significant assumptions used in the valuation model, by:
 - (1) Comparing estimated growth rate and gross rate with historical data and our knowledge of the business and industry;
 - (2) Comparing discount rate assumptions with respect to cash generating units' capital cost and similar return on assets; and
 - (3) Checking the setting of valuation model's calculation formula.
3. Comparing the recoverable value and book value of each cash-generating unit.

Valuation of allowance for uncollectible accounts receivable

Description

Refer to Note 4(10) for accounting policy on accounts receivable, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to provision for uncollectible accounts receivable, and Notes 6(5)(15) for details of accounts receivable and overdue receivables.

The Group assesses the collectability of accounts receivable based on historical experience with its customers. As the estimation of allowance for uncollectible accounts is subject to management's judgment in estimating future recovery, such as management's assessment of customer's credit risk, we consider the valuation of allowance for uncollectible accounts receivable a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Obtaining an understanding of, and evaluating the formal approval process for the customer's credit limit application.
2. Checking the provision policy on allowance for uncollectible accounts, and assessing the reasonableness of provision policy.
3. Checking the adequacy of the loss rate calculation by sampling the historical accounts receivable aging data and verifying the formula for the calculation of expected credit loss rate.
4. Comparing the classification of accounts receivable aging with current year and prior year, and checking subsequent collections after balance sheet date to confirm recovery of outstanding receivables.
5. For those accounts receivable specifically identified by management to have been impaired, evaluating propriety of impairment assessment against related supporting documents.

Recognition of purchase discounts and allowances

Description

Refer to Note 4(13) for accounting policy on recognition of purchase discounts and allowances.

The Group is engaged in operating sales channel for various electronic components. In line with industry practice, the Group has entered into purchase discounts and allowances agreements with suppliers for various kinds and quantities of inventories. The Group calculates and recognizes the amount of purchase discounts and allowances in accordance with the agreement. The Group negotiates

the amount with the supplier, and after receiving credit note from supplier, the Group pays the net amount.

The discounts and allowances from supplier are calculated either automatically by the system or manually. The Group has to gather a lot of information to input in the system, such as the items subject to discount and corresponding discount rate, etc. Given that the Group has a large volume of purchases, and has entered into various purchase discounts and allowances agreements with terms and conditions that vary with each argument, we consider the recognition of purchase discounts and allowances a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Understanding the process in recognizing purchase discounts and allowances, evaluating related internal control procedures and testing its effectiveness, checking the basic information set up in the computer system with respect to discount and allowance calculation randomly, and selecting samples to determine whether purchase discounts and allowances recognized were reviewed by an authorized supervisor.
2. Selecting samples of purchase discounts and allowances, obtaining confirmed documents and approved credit note from supplier for selected commodity's part number, and checking whether the part number and discount and allowance amount in obtained vouchers were consistent with the amounts recognized.
3. Performing confirmation of selected material accounts payable, checking whether there is a difference between the amount of purchase discounts and allowances recognized based on credit note from supplier with the amount confirmed by the supplier, and investigating differences, if any. Selecting samples of outstanding accounts payable and checking whether subsequent payments were made after the balance sheet date.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of WPG Holdings Limited as at and for the years ended December 31, 2019 and 2018.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the 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, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 financial statements.

As part of an audit in accordance with ROC GAAS, 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 Group's internal control.
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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 consolidated 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 the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether 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 or business activities 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Lin, Chun-Yao

Chou, Chien-hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and audit report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	6(1)	\$ 9,992,582	4	\$ 7,116,888	4
Financial assets at fair value through profit or loss - current	6(2)	339,649	-	28,469	-
Current financial assets at amortized cost	6(4) and 8	84,055	-	197,942	-
Notes receivable, net	6(5)	1,977,097	1	2,884,889	1
Accounts receivable, net	6(5)	110,656,082	48	95,258,035	49
Accounts receivable - related parties, net	7(3)	98,292	-	82,590	-
Other receivables	6(7)	11,428,975	5	8,531,684	4
Other receivables - related parties	7(3)	1,208	-	1,610	-
Current income tax assets		27,980	-	77,016	-
Inventory	6(8)	67,721,637	29	64,772,967	33
Prepayments		2,242,687	1	1,507,232	1
Other current assets		1,396,017	1	515,584	-
		205,966,261	89	180,974,906	92
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6(2) and 8	1,315,509	1	1,276,064	1
Financial assets at fair value through other comprehensive income - non-current	6(3)	32,035	-	32,035	-
Investments accounted for under equity method	6(9)	586,142	-	617,491	-
Property, plant and equipment	6(10) and 8	5,735,417	3	5,701,436	3
Right-of-use assets	6(11)	1,129,079	1	-	-
Investment property - net	6(12) and 8	1,060,115	-	1,107,246	1
Intangible assets	6(13)	5,568,851	2	5,567,934	3
Deferred income tax assets	6(31)	506,897	-	482,037	-
Prepayments for investments	6(14)	8,142,688	4	-	-
Other non-current assets	6(15)	303,826	-	301,715	-
		24,380,559	11	15,085,958	8
TOTAL ASSETS		\$ 230,346,820	100	\$ 196,060,864	100

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
Current liabilities					
Short-term borrowings	6(16)	\$ 68,891,614	30	\$ 57,221,436	29
Short-term notes and bills payable	6(17)	5,555,424	2	4,957,027	3
Financial liabilities at fair value through profit or loss - current	6(2)	16,051	-	5,660	-
Notes payable		34,642	-	35,497	-
Accounts payable		63,588,170	28	53,161,904	27
Accounts payable - related parties	7(3)	653	-	401	-
Other payables		5,697,289	2	5,333,973	3
Current income tax liabilities		1,310,711	1	803,225	-
Current lease liabilities		416,902	-	-	-
Other current liabilities	6(18)(19)	11,447,611	5	4,945,142	2
		<u>156,959,067</u>	<u>68</u>	<u>126,464,265</u>	<u>64</u>
Non-current liabilities					
Long-term borrowings	6(18)	7,330,788	3	13,366,171	7
Deferred income tax liabilities	6(31)	499,268	-	496,996	-
Non-current lease liabilities		740,641	-	-	-
Other non-current liabilities	6(20)	849,961	1	909,437	1
		<u>9,420,658</u>	<u>4</u>	<u>14,772,604</u>	<u>8</u>
Total liabilities		<u>166,379,725</u>	<u>72</u>	<u>141,236,869</u>	<u>72</u>
Equity attributable to owners of parent					
Capital	1 and 6(21)				
Common stock		16,790,568	7	16,790,568	8
Preference stock		2,000,000	1	-	-
Capital reserve	6(22)				
Capital reserve		27,456,298	12	19,454,882	10
Retained earnings	6(23)				
Legal reserve		6,021,073	3	5,274,872	3
Special reserve		2,602,682	1	4,124,936	2
Unappropriated earnings		14,022,230	6	11,316,193	6
Other equity interest					
Other equity interest	6(24)	(5,420,694)	(2)	(2,602,682)	(1)
Total equity attributable to owners of parent		63,472,157	28	54,358,769	28
Non-controlling interest		494,938	-	465,226	-
Total equity		<u>63,967,095</u>	<u>28</u>	<u>54,823,995</u>	<u>28</u>
Significant contingent liabilities and unrecognized contract commitments	7(3) and 9				
Significant events after the balance sheet date	11				
TOTAL LIABILITIES AND EQUITY		<u>\$ 230,346,820</u>	<u>100</u>	<u>\$ 196,060,864</u>	<u>100</u>

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	Year ended December 31			
		2019		2018	
		Amount	%	Amount	%
Operating revenue	6(25) and 7(3)	\$ 527,601,353	100	\$ 545,127,804	100
Operating costs	6(8) and 7(3)	(505,173,257)	(96)	(521,497,383)	(96)
Gross profit		22,428,096	4	23,630,421	4
Operating expenses	6(29)(30) and 7(3)				
Selling and marketing expenses		(9,030,334)	(1)	(9,183,915)	(1)
General and administrative expenses		(3,777,517)	(1)	(3,687,165)	(1)
Expected credit impairment gain (loss)		92,319	-	(182,803)	-
Total operating expenses		(12,715,532)	(2)	(13,053,883)	(2)
Operating profit		9,712,564	2	10,576,538	2
Non-operating income and expenses					
Other income	6(26)	283,658	-	336,343	-
Other gains and losses	6(27)	516,634	-	731,477	-
Finance costs	6(28)	(2,347,372)	(1)	(2,489,578)	-
Share of profit of associates and joint ventures accounted for under equity method		22,118	-	46,400	-
Total non-operating income and expenses		(1,524,962)	(1)	(1,375,358)	-
Income before income tax		8,187,602	1	9,201,180	2
Income tax expense	6(31)	(1,681,643)	-	(1,686,163)	-
Consolidated net income		\$ 6,505,959	1	\$ 7,515,017	2

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	Year ended December 31			
		2019		2018	
		Amount	%	Amount	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Other comprehensive income before tax, actuarial gain (loss) on defined benefit plans	6(20)	\$ 8,849	-	(\$ 150,756)	-
Share of other comprehensive loss of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		(72)	-	(16)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	(1,771)	-	37,295	-
Other comprehensive income (loss) that will not be reclassified to profit or loss		7,006	-	(113,477)	-
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements		(2,814,019)	-	1,624,228	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		(5,027)	-	24,929	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(31)	3,218	-	502	-
Other comprehensive (loss) income that will be reclassified to profit or loss		(2,815,828)	-	1,649,659	-
Total other comprehensive (loss) income		(\$ 2,808,822)	-	\$ 1,536,182	-
Total comprehensive income		\$ 3,697,137	1	\$ 9,051,199	2
Consolidated net income attributable to:					
Owners of the parent		\$ 6,453,401	1	\$ 7,462,010	2
Non-controlling interest		52,558	-	53,007	-
		\$ 6,505,959	1	\$ 7,515,017	2
Comprehensive income attributable to:					
Owners of the parent		\$ 3,645,425	1	\$ 9,008,246	2
Non-controlling interest		51,712	-	42,953	-
		\$ 3,697,137	1	\$ 9,051,199	2
Earnings per share	6(32)				
Basic earnings per share		\$ 3.84		\$ 4.22	
Diluted earnings per share		\$ 3.84		\$ 4.22	

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Notes	Equity attributable to owners of the parent											Non-controlling interest	Total equity
	Share Capital			Retained Earnings				Other Equity Interest			Total		
	Common stock	Preference stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences of foreign financial statements	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets				
	\$ 18,250,618	\$ -	\$ 19,569,525	\$ 4,544,073	\$ -	\$ 13,279,694	(\$ 4,254,279)	\$ -	\$ 129,342	\$ 51,518,973	\$ 536,465	\$ 52,055,438	
	-	-	-	-	-	(49,737)	-	(6,000)	(129,342)	(185,079)	(298)	(185,377)	
	18,250,618	-	19,569,525	4,544,073	-	13,229,957	(4,254,279)	(6,000)	-	51,333,894	536,167	51,870,061	
	-	-	-	-	-	7,462,010	-	-	-	7,462,010	53,007	7,515,017	
	-	-	-	-	-	(111,361)	1,657,597	-	-	1,546,236	(10,054)	1,536,182	
	-	-	-	-	-	7,350,649	1,657,597	-	-	9,008,246	42,953	9,051,199	
6(23)													
	-	-	-	730,799	-	(730,799)	-	-	-	-	-	-	
	-	-	-	-	4,124,936	(4,124,936)	-	-	-	-	-	-	
	-	-	-	-	-	(4,380,148)	-	-	-	(4,380,148)	-	(4,380,148)	
6(21)	(1,460,050)	-	-	-	-	-	-	-	-	(1,460,050)	-	(1,460,050)	
6(22)	-	-	(112,053)	-	-	-	-	-	-	(112,053)	-	(112,053)	
	-	-	(2,590)	-	-	-	-	-	-	(2,590)	2,590	-	
	-	-	-	-	-	(28,530)	-	-	-	(28,530)	(18,627)	(47,157)	
	-	-	-	-	-	-	-	-	-	-	(72,714)	(72,714)	
	-	-	-	-	-	-	-	-	-	-	(25,143)	(25,143)	
	<u>\$ 16,790,568</u>	<u>\$ -</u>	<u>\$ 19,454,882</u>	<u>\$ 5,274,872</u>	<u>\$ 4,124,936</u>	<u>\$ 11,316,193</u>	<u>(\$ 2,596,682)</u>	<u>(\$ 6,000)</u>	<u>\$ -</u>	<u>\$ 54,358,769</u>	<u>\$ 465,226</u>	<u>\$ 54,823,995</u>	
	<u>\$ 16,790,568</u>	<u>\$ -</u>	<u>\$ 19,454,882</u>	<u>\$ 5,274,872</u>	<u>\$ 4,124,936</u>	<u>\$ 11,316,193</u>	<u>(\$ 2,596,682)</u>	<u>(\$ 6,000)</u>	<u>\$ -</u>	<u>\$ 54,358,769</u>	<u>\$ 465,226</u>	<u>\$ 54,823,995</u>	
	-	-	-	-	-	6,453,401	-	-	-	6,453,401	52,558	6,505,959	
	-	-	-	-	-	10,036	(2,818,012)	-	-	(2,807,976)	(846)	(2,808,822)	
	-	-	-	-	-	6,463,437	(2,818,012)	-	-	3,645,425	51,712	3,697,137	
6(23)													
	-	-	-	746,201	-	(746,201)	-	-	-	-	-	-	
	-	-	-	-	(1,522,254)	1,522,254	-	-	-	-	-	-	
	-	-	-	-	-	(4,533,453)	-	-	-	(4,533,453)	-	(4,533,453)	
6(21)	-	2,000,000	7,994,638	-	-	-	-	-	-	9,994,638	-	9,994,638	
6(22)													
	-	-	6,778	-	-	-	-	-	-	6,778	-	6,778	
	-	-	-	-	-	-	-	-	-	-	(22,000)	(22,000)	
	<u>\$ 16,790,568</u>	<u>\$ 2,000,000</u>	<u>\$ 27,456,298</u>	<u>\$ 6,021,073</u>	<u>\$ 2,602,682</u>	<u>\$ 14,022,230</u>	<u>(\$ 5,414,694)</u>	<u>(\$ 6,000)</u>	<u>\$ -</u>	<u>\$ 63,472,157</u>	<u>\$ 494,938</u>	<u>\$ 63,967,095</u>	

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31	
		2019	2018
Cash flows from operating activities			
Income before income tax		\$ 8,187,602	\$ 9,201,180
Adjustments			
Income and expenses			
Depreciation	6(29)	724,256	216,436
Amortization	6(13)(29)	16,303	19,364
Expected credit impairment (gain) loss	(	92,319)	182,803
Interest expense	6(28)	2,145,552	2,286,498
Net gain on financial assets or liabilities at fair value	6(27)		
through profit or loss	(	83,921)	(499,433)
Interest income	6(26)	(55,365)	(41,585)
Dividend income	6(26)	(17,285)	(24,724)
Share of profit of associates and joint ventures			
accounted for under equity method	(	22,118)	(46,400)
Loss on disposal of property, plant and equipment	6(27)	1,939	10,297
Loss (gain) on disposal of investments	6(27)	8	(57,613)
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets (liabilities) at fair value through			
profit or loss - current	(	300,736)	7,551
Notes receivable		907,790	1,293,315
Accounts receivable	(	15,305,726)	(6,010,219)
Accounts receivable - related parties, net	(	15,702)	192,138
Other receivables	(	2,896,080)	(2,821,645)
Other receivables - related parties		402	436
Inventories	(	2,950,244)	(7,300,703)
Prepayments	(	735,455)	(14,534)
Other current assets		15,541	137,213
Changes in liabilities relating to operating activities			
Notes payable	(	855)	(178,850)
Accounts payable		10,426,266	4,252,282
Accounts payable - related parties		252	(911)
Other payables		412,201	244,656
Other current liabilities		1,491,128	1,281,210
Other non-current liabilities	(	48,588)	119,466
Cash inflow generated from operations		1,804,846	2,448,228
Interest paid	(	2,193,406)	(2,241,241)
Income tax paid	(	1,173,322)	(1,542,453)
Interest received		54,154	42,959
Income tax refund		21,779	2,681
Dividends received		72,431	75,131
Net cash used in operating activities	(	1,413,518)	(1,214,695)

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Year ended December 31	
	Notes	2019	2018
Cash flows from investing activities			
Acquisition of investments accounted for under equity method		\$ -	(\$ 86,663)
Increase in prepayments for investments	6((14)	(8,142,688)	-
Proceeds from disposal of investments accounted for under equity method		-	183,453
Acquisition of property, plant and equipment and intangible assets	6(34)	(358,755)	(837,503)
Proceeds from disposal of property, plant and equipment and intangible assets		4,097	3,102
Increase in guarantee deposits paid		(30,566)	(207,923)
Decrease in guarantee deposits paid		32,765	275,841
Increase in other financial assets - current		(895,975)	(59,240)
Increase in other financial assets - non-current		-	(12,567)
Decrease in other financial assets - non-current		-	11,375
Increase in other non-current assets		(5,394)	(71,970)
Acquisition of financial assets at fair value through profit or loss - non-current		(102,096)	(83,175)
Proceeds from disposal of financial assets at fair value through profit or loss - non-current		14,971	791,259
Proceeds from capital reduction of financial assets at fair value through profit or loss		38,203	-
Increase in current financial assets at amortized cost		(11,583)	(160,853)
Decrease in current financial assets at amortized cost		124,325	15,674
Acquisition of subsidiaries	6(33)	-	(119,871)
Net cash used in investing activities		(9,332,696)	(359,061)
Cash flows from financing activities			
Principal repayment of lease liability	6(35)	(432,770)	-
Increase in short-term borrowings	6(35)	745,217,964	716,529,261
Decrease in short-term borrowings		(733,547,786)	(713,081,432)
Increase in long-term borrowings (including current portion of long-term liabilities)	6(35)	2,415,923	8,755,065
Decrease in long-term borrowings (including current portion of long-term liabilities)		(3,439,965)	(7,223,686)
Increase in short-term notes and bills payable	6(35)	39,514,147	31,336,877
Decrease in short-term notes and bills payable		(38,915,715)	(30,267,455)
Increase in guarantee deposit received		9,118	82,580
Decrease in guarantee deposit received		(8,571)	(26,797)
Issuance of preference stock	6(21)	9,994,638	-
Cash dividends paid	6(23)	(4,533,453)	(4,380,148)
Capital reduction	6(21)	-	(1,460,050)
Change in non-controlling interest		(22,000)	(25,143)
Net cash provided by financing activities		16,251,495	239,072
Effect of exchange rate changes on cash and cash equivalents		(2,629,587)	1,353,658
Net increase in cash and cash equivalents		2,875,694	18,974
Cash and cash equivalents at beginning of year		7,116,888	7,097,914
Cash and cash equivalents at end of year		\$ 9,992,582	\$ 7,116,888

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

- (1) WPG Holdings Limited (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China, and as a holding company of World Peace Industrial Co., Ltd. and Silicon Application Corporation by exchanging shares of common stock on November 9, 2005. The Company's shares were listed on the Taiwan Stock Exchange (TSE) and approved by the Financial Supervisory Commission, Executive Yuan, Securities and Futures Bureau on the same date. After restructuring, Richpower Electronic Devices Co., Ltd. became the Company's subsidiary on January 1, 2008. The Company acquired Pernas Electronics Co., Ltd., Asian Information Technology Inc., Yosun Industrial Corp. and AECO Technology Co., Ltd. by exchanging shares of common stock on July 16, 2008, February 6, 2009, November 15, 2010 and March 1, 2012, respectively. After the Company's organization restructuring on January 1, 2014, World Peace Industrial Co., Ltd., Silicon Application Corp. and Yosun Industrial Corp. acquired 100% shares in AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. through share exchange, and consequently, AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. became indirectly owned subsidiaries. The Company originally evaluated Genuine C&C, Inc. using equity method. The Company acquired partial stocks of Genuine C&C, Inc. on April 8, 2015 and completed the purchase on April 15, 2015. After the purchase, the Company held 60.5% shares of Genuine C&C, Inc. which became the Company's directly owned subsidiary. On September 1, 2017, the stock swap between Trigold Holdings Limited (Trigold) and the shareholders who previously owned Genuine C&C, Inc. was conducted at a stock swap ratio of 1:1. On the same day, Trigold was established and began OTC trading whereas Genuine C&C, Inc. was unlisted at OTC. The Company and subsidiaries owned a total of 60.51% equity of Trigold after the stock swap. The Company and the subsidiaries included in these consolidated financial statements are collectively referred as the "Group".
- (2) The Company was organized to create the management mechanism of the group, supervise the subsidiaries, integrate the whole group and improve operational efficiency. The Company's subsidiaries are mainly engaged in the distribution and sales of electronic / electrical components, sales of computer software and electrical products and sales of electronic / electrical components.
- (3) As of December 31, 2019, the Company's authorized capital was \$25,000,000 (certain shares

can be issued as preference shares, and including \$500,000 reserved for employee stock option certificate, restricted stocks to employees, preferred stocks with warrants and corporate bonds with warrants), and the paid-in capital was \$18,790,568 with a par value of \$10 (in dollars) per share.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 24, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 16, ‘Leases’

- A. IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognize a ‘right-of-use asset’ and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased ‘right-of-use asset’ by \$1,435,802, increased ‘lease liability’ by \$1,453,612 and decreased other payables by \$17,810 with respect to the lease contracts of lessees on January 1, 2019.

- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$13,798 was recognized for the year ended December 31, 2019.
 - (d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
 - (e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
 - (f) The adjustment of the 'right-of-use asset' by the amount of any provision for onerous leases.
- D. The Group calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate ranging from 1.355% to 4%.
- E. The Group recognized lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognized as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at	
December 31, 2018	\$ 1,448,331
Less: Short-term leases	(10,790)
Less: Low-value assets	(692)
Less: Contracts reassessed as service agreements	(768)
Add/Less: Adjustments as a result of a different treatment of extension and termination options	6,131
Add/Less: Adjustments as a result of a different discounted interest rate of borrowings	11,400
Lease liabilities recognized as at January 1, 2019 by applying IFRS 16	<u>\$ 1,453,612</u>

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers". International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs")

(2) Basis of preparation

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

- a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- b) Financial assets at fair value through other comprehensive income measured at fair

value.

- c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously

recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31, 2019</u>	<u>December 31, 2018</u>	
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	Silicon Application Corporation	Sales of computer software and electronic products	100.00	100.00	
WPG Holdings Limited	WPG Korea Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	WPG Electronic Ltd.	"	100.00	100.00	
WPG Holdings Limited	WPG International (CI) Limited	Holding company	100.00	100.00	
WPG Holdings Limited	Asian Information Technology Inc.	Sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	Yosun Industrial Corp.	"	100.00	100.00	
WPG Holdings Limited	WPG Investment Co., Ltd.	Investment company	100.00	100.00	
WPG Holdings Limited	Trigold Holdings Limited	Holding company	60.50	60.50	
WPG Investment Co., Ltd.	Trigold Holdings Limited	"	0.01	0.01	Note 2
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	"	100.00	100.00	
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	"	100.00	100.00	
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Agent and sales of electronic / electrical components	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
AECO Technology Co., Ltd.	Teco Enterprise Holding (B.V.I.) Co., Ltd.	Investment company	100.00	100.00	
Teco Enterprise Holding (B.V.I.) Co., Ltd.	AECO Electronic Co., Ltd.	Trading of electronic / electrical products	100.00	100.00	
World Peace International (BVI) Ltd.	Prime Future Technology Limited	Holding company	100.00	100.00	
Prime Future Technology Limited	World Peace International Pte. Ltd.	"	100.00	100.00	
World Peace International Pte. Ltd.	Genuine C&C (IndoChina) Pte., Ltd.	Agent and sales of electronic / electrical components	80.00	80.00	
World Peace International Pte. Ltd.	WPG Americas Inc.	"	4.31	4.31	Note 3
World Peace International Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	100.00	100.00	
World Peace International (South Asia) Pte Ltd.	World Peace International (India) Pvt., Ltd.	"	100.00	100.00	
World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn. Bhd	"	100.00	100.00	
World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	Agent and sales of information products	100.00	100.00	Note 4
World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Agent and sales of electronic / electrical components	100.00	100.00	
WPI Investment Holding (BVI) Company Ltd.	WPI International (Hong Kong) Limited	"	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
WPI Investment Holding (BVI) Company Ltd.	World Peace International (Asia) Limited	Agent and sales of electronic / electrical components	100.00	100.00	
WPI International (Hong Kong) Limited	WPG C&C Shanghai Co., Ltd.	Sales of electronic/ electrical products	0.00	0.00	Note 10
WPI International (Hong Kong) Limited	WPG C&C Limited	Agent and sales of information products	100.00	100.00	
WPI International (Hong Kong) Limited	AIO Components Company Limited	Agent and sales of electronic / electrical components	100.00	100.00	
AIO Components Company Limited	AIO (Shanghai) Components Company Limited	"	0.00	0.00	Note 13
Longview Technology Inc.	Longview Technology GC Limited	Holding company	100.00	100.00	
Longview Technology Inc.	Long-Think International Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
Longview Technology GC Limited	Long-Think International (Hong Kong) Limited	"	100.00	100.00	
Long-Think International (Hong Kong) Limited	Long-Think International (Shanghai) Limited	"	100.00	100.00	
Silicon Application Corporation	Silicon Application (BVI) Corp.	Holding company	100.00	100.00	
Silicon Application Corporation	Win-Win Systems Ltd.	"	100.00	100.00	
Silicon Application Corporation	SAC Components (South Asia) Pte. Ltd.	Sales of computer software and electronic products	100.00	100.00	
Silicon Application Corporation	Pernas Electronic Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	"	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
Silicon Application (BVI) Corp.	Silicon Application Company Limited	Sales of computer software and electronic products	100.00	100.00	
Silicon Application Company Limited	Dstar Electronic Company Limited	Sales of computer software and electronic products	100.00	100.00	
WPG Korea Co., Ltd.	Apache Communication Inc. (B.V.I.)	Investment company	100.00	100.00	
Apache Communication Inc. (B.V.I.)	Apache Korea Corp.	Sales of electronic / electrical products	100.00	100.00	
WPG International (CI) Limited	WPG International (Hong Kong) Limited	Holding company	100.00	100.00	
WPG International (CI) Limited	WPG Americas Inc.	Agent and sales of electronic / electrical components	95.69	95.69	Note 3
WPG International (CI) Limited	WPG South Asia Pte. Ltd.	Sales of electronic / electrical products	100.00	100.00	
WPG International (CI) Limited	WPG Cloud Service Limited	General trading	100.00	100.00	
WPG International (CI) Limited	WPG Gain Tune Ltd.	Agent for selling electronic / electrical components	100.00	100.00	
WPG International (Hong Kong) Limited	WPG Electronics (Hong Kong) Limited	"	100.00	100.00	
WPG International (Hong Kong) Limited	WPG China Inc.	"	100.00	100.00	
WPG International (Hong Kong) Limited	WPG China (SZ) Inc.	Sales of computer software and electronic products	100.00	100.00	
WPG South Asia Pte. Ltd.	WPG Malaysia Sdn. Bhd	Agent and sales of electronic / electrical components	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
WPG South Asia Pte. Ltd.	WPG (Thailand) Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	Note 6
WPG South Asia Pte. Ltd.	WPG India Electronics Pvt. Ltd.	"	99.99	99.99	Note 9
WPG South Asia Pte. Ltd.	WPG Electronics (Philippines) Inc.	"	100.00	100.00	Note 5
WPG South Asia Pte. Ltd.	WPG SCM Limited	"	100.00	100.00	
WPG Malaysia Sdn. Bhd	WPG India Electronics Pvt. Ltd.	"	0.01	0.01	Note 9
Asian Information Technology Inc.	Apache Communication Inc.	Sales of electronic / electrical products	100.00	100.00	
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	"	100.00	100.00	
Asian Information Technology Inc.	Frontek Technology Corporation	"	100.00	100.00	
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	Investment company	100.00	100.00	
Frontek Technology Corporation	Frontek International Limited	"	100.00	100.00	
Fame Hall International Co., Ltd.	AIT Japan Inc.	Sales of electronic / electrical products	100.00	100.00	
Frontek International Limited	Gather Technology Incorporation Limited	Sales of electronic / electrical components	100.00	100.00	Note 15
Yosun Industrial Corp.	Sertek Incorporated	"	100.00	100.00	
Yosun Industrial Corp.	Suntop Investments Limited	Investment company	100.00	100.00	
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd.	Sales of electronic / electrical components	100.00	100.00	
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Ltd.	Sales of electronic / electrical products	0.00	0.00	Note 8

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Sales of electronic / electrical products	100.00	100.00	
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Limited	"	0.00	0.00	Notes 8 and 12
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Pte., Ltd.	"	100.00	100.00	Note 8
Sertek Incorporated	Sertek Limited	Sales of electronic / electrical components	100.00	100.00	
Suntop Investments Limited	Yosun Hong Kong Corp. Ltd.	"	100.00	100.00	
Suntop Investments Limited	Yosun Singapore Pte Ltd.	"	100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Giatek Corp. Ltd.	"	0.00	100.00	Note 7
Yosun Hong Kong Corp. Ltd.	Yosun South China Corp. Ltd.	"	100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Yosun Shanghai Corp. Ltd.	Warehouse business and sales of electronic components	100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Yosun Industrial (Malaysia) Sdn. Bhd.	Sales of electronic / electrical components	0.00	0.00	Note 12
Yosun Singapore Pte Ltd.	Yosun India Private Ltd.	"	0.00	0.00	Note 12
Trigold Holdings Limited	Genuine C&C Inc.	Sales of computer and its peripherals	100.00	100.00	
Trigold Holding Limited	Trigold (Hong Kong) Company Limited	Holding company	100.00	100.00	
Trigold (Hong Kong) Company Limited	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Sales of electronic/ electrical products	100.00	100.00	Note 11
Trigold (Hong Kong) Company Limited	WPG C&C Shanghai Co., Ltd.	"	100.00	100.00	Note 10
Trigold (Hong Kong) Company Limited	Trigolduo (Shanghai) Industrial Development Ltd.	Children's theme park	70.00	0.00	Note 14

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
Trigolduo (Shanghai) Industrial Development Ltd.	Trigold Tongle (Shanghai) Industrial Development Ltd.	Children's theme park	100.00	0.00	Note 14
Genuine C&C, Inc.	Hoban Inc.	An E-commerce company which operates B2C and O2O businesses	100.00	100.00	
Genuine C&C, Inc.	Taibao Creation Co., Ltd.	Retail of groceries	0.00	0.00	Note 13
Genuine C&C, Inc.	Genuine C&C Holding Inc. (Seychelles)	Holding company	100.00	100.00	
Genuine C&C Holding Inc. (Seychelles)	Genuine Trading (Hong Kong) Company Limited	"	0.00	100.00	Note 16
Peng Yu (Shanghai) Digital Technology Co., Ltd.	Peng Yu International Limited	Sales of electronic/electrical products	100.00	100.00	

Note 1: The combined ownership percentage of common shares held by the Company and its subsidiaries is more than 50% or has control power.

Note 2: The subsidiary acquired a 0.01% equity interest in Triglod in May 2018.

Note 3: World Peace Industrial Co., Ltd. totally held 4.31% of shares of WPG Americas Inc. through World Peace International Pte Ltd. and WPI International (Hong Kong) Limited. Along with shares of WPG Americas Inc. held by WPG International (CI) Limited, the total shareholding ratio is 100%.

Note 4: Due to restriction of local regulations, the Company holds 51% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.

Note 5: Due to restriction of local regulations, the Company holds 62% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.

Note 6: Due to restriction of local regulations, the Company holds 61% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.

Note 7: It was liquidated in February 2019.

Note 8: Richpower Electronic Devices Co., Ltd. conducted a simple merger with Mec Technology Co., Ltd. on the effective date of June 2018. Richpower Electronic Devices Co., Ltd. was the surviving company while Mec Technology Co., Ltd. was dissolved after the simple merger which was completed in July 2018. The equity interests of Mec Technology Co., Limited and Richpower Electronic Devices Pte., Ltd. which were held by Mec Technology Co., Ltd. were

transferred to Richpower Electronic Devices Co., Ltd.

Note 9: WPG South Asia Pte. Ltd. and WPG Malaysia Sdn. Bhd. separately hold 99.99% and 0.01% of shares of the subsidiary, respectively, and both companies together hold 100% of shares of the subsidiary.

Note 10: Trigold (Hong Kong) Company Limited acquired 100% equity of WPG C&C Shanghai Co., Ltd. from WPI International (Hong Kong) Limited in October 2018.

Note 11: Trigold (Hong Kong) Company Limited acquired 45% equity of Peng Yu (Shanghai) Digital Technology Co., Ltd. from non-controlling interests in October 2018.

Note 12: It was liquidated in November 2018.

Note 13: It was liquidated in October 2018.

Note 14: On January 31, 2019, Trigold (Hong Kong) Company Limited and Haomao (Shanghai) Enterprise Development Co., Ltd. jointly established a new company, Trigolduo (Shanghai) Industrial Development Ltd. (Trigolduo_SH), and the shareholding ratio is 70%. In addition, Trigolduo_SH established a wholly-owned subsidiary, Trigold Tongle (Shanghai) Industrial Development Ltd. on March 25, 2019.

Note 15: Frontek International Limited was renamed in May 2019.

Note 16: It was liquidated in May 2019.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2019 and 2018, the non-controlling interest amounted to \$494,938 and \$465,226, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2019		December 31, 2018	
		Amount	Ownership	Amount	Ownership
Trigold Holdings Limited and its subsidiaries (Note)	Taiwan	\$ 448,520	39.49%	\$ 426,726	39.49%

Note: Details of equity interest of Trigold Holdings Limited held by the Company are provided in Note 1(1).

Summarized financial information of the subsidiaries:

(a) Balance sheets

	<u>Trigold Holdings Limited and its subsidiaries</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current assets	\$ 6,471,223	\$ 5,379,093
Non-current assets	351,812	127,670
Current liabilities	(5,420,391)	(4,351,486)
Non-current liabilities	(260,583)	(74,566)
Total net assets	1,142,061	1,080,711
Less: Non-controlling interest	(7,126)	-
Equity attributable to owners of the parent company	<u>\$ 1,134,935</u>	<u>\$ 1,080,711</u>

(b) Statements of comprehensive income

	<u>Trigold Holdings Limited and its subsidiaries</u>	
	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue	\$ 18,141,116	\$ 11,720,214
Profit before tax	189,360	145,674
Income tax expense	(51,699)	(34,618)
Profit for the year	137,661	111,056
Other comprehensive loss, net of tax	(34,018)	(7,119)
Total comprehensive income	<u>\$ 103,643</u>	<u>\$ 103,937</u>
Total comprehensive loss attributable to non-controlling interest	(\$ 6,350)	(\$ 10,546)
Dividends paid to non-controlling interests	<u>\$ 22,000</u>	<u>\$ 25,143</u>

(c) Statements of cash flows

	<u>Trigold Holdings Limited and its subsidiaries</u>	
	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Net cash used in operating activities	(\$ 2,300,265)	(\$ 489,369)
Net cash (used in) provided by investing activities	(47,275)	7,405
Net cash provided by financing activities	1,840,658	802,127
Effect of exchange rates on cash and cash equivalents	(10,954)	(4,632)
(Decrease) increase in cash and cash equivalents	(517,836)	315,531
Cash and cash equivalents, beginning of year	<u>911,837</u>	<u>596,306</u>
Cash and cash equivalents, end of year	<u>\$ 394,001</u>	<u>\$ 911,837</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains or losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) The operating results and financial position of all the overseas branches that have a

functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
 - iii. Accounts with head office and working capital are translated using the historical exchange rates; and
 - iv. Exchange differences denominated in NTD arising from translation of overseas branches' financial statements are recorded as 'other equity – exchange differences on translation of foreign financial statements' under shareholders' equity,
- (c) When a foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (d) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (e) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those

that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in

fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets measured at amortized cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortized cost, including notes and accounts receivable that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has not retained control of the financial asset.

(13) Inventories

- A. Cost of inventory purchase includes purchase price, import taxes and all the related costs involved in the process of obtaining inventory. Discounts, allowances, etc. shall be deducted from the cost of inventory purchases.
- B. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the

lower of cost and net realizable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated selling expenses.

(14) Investments accounted for using the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds the Group's interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence

over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. 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 Group 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.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' 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 the change.
- E. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 55 years
Transportation equipment	2 ~ 10 years
Office equipment	2 ~ 10 years
Leasehold improvements	2 ~ 15 years
Other property, plant and equipment	3 ~ 10 years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

Effective 2019

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable;
 - (b) Amounts expected to be payable by the lessee under residual value guarantees;
 - (c) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
 - (d) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(17) Leases

Applicable for 2018

If substantially all the significant risks and rewards of rental object remain to lessor, the Group accounts for this kind of leases as operating lease. Rental revenues and expenses made under an operating lease are recognized in profit or loss on a straight-line basis over the lease term.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost

model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 5~55 years.

(19) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Intangible assets, other than goodwill, are software and business right which are amortized on a straight-line basis over their estimated useful lives of 1~5 years.

(20) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which 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. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. 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. To the extent there is no evidence

that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(22) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(26) Non-hedging derivative instruments

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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 the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans 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 calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation 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. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred 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 tax asset is realized or the deferred tax liability is settled.
- D. 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.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(29) Share capital

Ordinary shares are classified as equity. The classification of preference shares is determined according to the special rights attached to preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preference shares are classified as liabilities when they have the basic characteristics of financial liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(31) Revenue recognition

A. The Group sells electronic components and other related products. Revenue from the sale

of goods is recognized when the Group delivers a product to the customer and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- B. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts or sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts or sales discounts and allowances, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected volume discounts or sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.
- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(32) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities

assumed, the difference is recognized directly in profit or loss on the acquisition date.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognizes revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognizes revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the good or service before it is provided to a customer include the following:

- A. The Group is primarily responsible for the provision of goods or services.
- B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of

related cash-generating units. Please refer to Note 6(13) for the information on goodwill impairment.

B. Valuation of provision for allowance for accounts receivable

In the process of assessing uncollectible accounts, the Group must use judgements and assumptions to determine the collectability of accounts receivable. The collectability is affected by various factors: customers' financial conditions, the Company's internal credit ratings, historical experience, current economic conditions, etc. When sales are not expected to be collected, the Group recognizes a specific allowance for doubtful receivables after the assessment. The assumptions and estimates of allowance for uncollectible accounts are based on concerning future events as that on the balance sheet date. Assumptions and estimates may differ from the actual results which may result in a material adjustment. Please refer to Note 12(2) for the information on assessing uncollectible accounts for doubtful receivables.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand and petty cash	\$ 4,444	\$ 3,851
Checking accounts deposits	806,634	2,178,616
Demand deposits	8,745,631	4,672,007
Time deposits	435,873	262,414
	<u>\$ 9,992,582</u>	<u>\$ 7,116,888</u>

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. There were no cash and cash equivalents pledged to others.

(2) Financial assets / liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 22,547	\$ 22,547
Beneficiary certificates	300,000	-
Derivatives	2,513	2,630
	<u>325,060</u>	<u>25,177</u>
Valuation adjustment	14,589	3,292
	<u>\$ 339,649</u>	<u>\$ 28,469</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivatives	\$ 16,051	\$ 5,660

Items	December 31, 2019	December 31, 2018
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 110,307	\$ 116,311
Emerging stocks	49,605	54,011
Unlisted stocks	<u>1,461,216</u>	<u>1,366,555</u>
	1,621,128	1,536,877
Valuation adjustment	(<u>305,619</u>)	(<u>260,813</u>)
	<u>\$ 1,315,509</u>	<u>\$ 1,276,064</u>

A. Amounts recognized in profit (loss) in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2019	2018
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 22,553	\$ 458,720
Derivatives	<u>61,368</u>	<u>40,713</u>
	<u>\$ 83,921</u>	<u>\$ 499,433</u>

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2019	
	Contract amount (notional principal)	Contract period
Derivative instruments	(Note)	
Current items:		
Forward foreign exchange contracts		
- Sell	USD 9,823	2019.09.20~ 2020.04.29
	RMB 30,000	2019.10.29~2020.02.03
	EUR 1,000	2019.10.18~2020.02.26
- Sell-SWAP	USD 19,500	2019.11.22~2020.02.04
- Buy	USD 21,640	2019.08.08~2020.04.15
Futures	\$ 4,819	2019.12.30~2020.01.15

Derivative instruments	December 31, 2018		
	Contract amount (notional principal) (Note)		Contract period
Current items:			
Forward foreign exchange contracts			
- Sell	USD	4,500	2018.10.23~ 2019.04.05
- Sell-SWAP	USD	4,400	2018.12.06~ 2019.01.17
- Buy	USD	26,960	2018.03.13~ 2019.04.05
Futures	\$	1,536	2018.12.27~ 2019.01.16

Note: Expressed in thousands.

(a) Forward foreign exchange contracts

The Group entered into forward exchange contracts to manage exposures to foreign exchange rate fluctuations of import or export sales. However, the forward exchange contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting.

(b) Futures

The futures which are owned by the Group are stock index futures aiming to earn the spread. As of December 31, 2019 and 2018, the balance of margin in the account were \$12,970 and \$2,373, and the amount of excess margin were \$2,075 and \$2,284, respectively.

C. Details of the Group's financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2019	December 31, 2018
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 38,035	\$ 38,035
Valuation adjustment	(6,000)	(6,000)
	<u>\$ 32,035</u>	<u>\$ 32,035</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$32,035 as at December 31, 2019 and 2018.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income amounted to \$0 for the years ended December 31, 2019 and 2018.

- C. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group amounted to \$38,035.
- D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortized cost

<u>Items</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current items:		
Time deposits	\$ <u>84,055</u>	\$ <u>197,942</u>

- A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	<u>Year ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Interest income	\$ <u>5,313</u>	\$ <u>169</u>

- B. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
- C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2).

(5) Notes and accounts receivable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Notes receivable	\$ 1,977,099	\$ 2,887,235
Less: Allowance for uncollectible accounts	(<u>2</u>)	(<u>2,346</u>)
	\$ <u>1,977,097</u>	\$ <u>2,884,889</u>
Accounts receivable	\$ 111,578,591	\$ 96,447,741
Less: Allowance for uncollectible accounts	(<u>922,509</u>)	(<u>1,189,706</u>)
	\$ <u>110,656,082</u>	\$ <u>95,258,035</u>

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$105,293,370	\$ 1,954,402	\$ 88,960,278	\$ 2,837,799
One month	4,822,076	22,629	5,103,344	49,436
Two months	472,117	68	1,052,512	-
Three months	193,956	-	285,439	-
Four months	68,853	-	110,261	-
Over four months	728,219	-	935,907	-
	<u>\$111,578,591</u>	<u>\$ 1,977,099</u>	<u>\$ 96,447,741</u>	<u>\$ 2,887,235</u>

The above ageing analysis was based on past month.

- B. As of December 31, 2019, December 31, 2018 and January 1, 2018, the Group's receivables (including notes receivable) arising from contracts with customers amounted to \$113,555,690, \$99,334,976 and \$91,997,102, respectively.
- C. The Group has no notes and accounts receivable pledged to others as collateral.
- D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$1,977,097 and \$2,884,889, and accounts receivable was \$110,656,082 and \$95,258,035, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Transfer of financial assets

Transferred financial assets that are derecognized in their entirety

The Group entered into factoring of accounts receivable with banks. In accordance with the contract requirements, the Group shall only be liable for the losses incurred on any commercial dispute and did not assume the risk of uncollectible accounts receivable. The Group does not have any continuing involvement in the transferred accounts receivable. The derecognized amounts had already deducted the estimated commercial disputes. The commercial papers and time deposits pledged to the banks are for losses incurred only on commercial disputes or for the banks' practice of accounts receivable factoring. The pledged commercial papers and time deposits do not cover losses other than those arising from commercial disputes. As of December 31, 2019 and 2018, outstanding accounts receivable were as follows:

December 31, 2019						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognized	Facilities (In thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Cathay United Bank	\$ 1,060,966	\$ 1,060,966	USD 50,000	\$ 1,060,966	2.72%~3.45%	Note 1
Mega International	3,885,859	3,885,859	USD 133,000	3,583,671	2.60%~3.70%	Note 2
Commercial Bank			\$ 540,000			

December 31, 2019

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognized	Facilities (In thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
CTBC Bank	\$ 1,944,442	\$ 1,944,442	USD 43,300	\$ 1,166,525	2.05%~3.49%	Note 3
			\$ 3,202,000			
E. SUN Commercial Bank	2,943,332	2,943,332	USD 173,000	1,683,767	2.54%~3.39%	Note 4
			\$ 20,000			
Taipei Fubon Commercial Bank	782,948	782,948	USD 21,000	500,377	1.11%~3.35%	Note 5
			\$ 1,474,300			
Yuanta Commercial Bank	478,727	478,727	USD 39,000	374	2.95%	Note 6
The Hong Kong and Shanghai Banking Corporation Limited	2,830,538	2,830,538	USD 140,500	1,625,824	2.10%~3.71%	Note 7
Standard Chartered Bank	35,042	35,042	USD 4,520	28,749	2.59%~2.80%	None
Taishin International Bank	3,763,294	3,763,294	\$ 9,800,000	204,760	3.02%	Note 8
Bank SinoPac	302,078	302,078	USD 44,900	-	-	Note 9
Far Eastern International Bank	100,811	100,811	USD 19,000	15,615	2.92%	Note 10
			\$ 400,000			
Chang Hwa Bank	264,749	264,749	USD 25,600	205,263	2.57%~3.03%	Note 11
DBS Bank	4,958,326	4,958,326	USD 294,000	2,965,357	2.45%~3.67%	Note 12
Taiwan Cooperative Bank	27,094	27,094	USD 3,000	20,100	2.75%~2.77%	Note 13
Hang Seng Bank	96,565	96,565	USD 130,000	-	-	Note 14
KGI Bank	434,446	434,446	\$ 1,350,000	-	-	Note 15
Bank of Taiwan	23,408	23,408	USD 14,000	\$ 23,408	2.78%~2.86%	Note 16

Note 1: The Group has signed commercial papers amounting to USD 50,000 thousand that were pledged to others as collateral.

Note 2: The Group has signed commercial papers amounting to USD 133,000 thousand and \$540,000 that were pledged to others as collateral.

Note 3: The Group has signed commercial papers amounting to USD 29,269 thousand and \$320,200 that were pledged to others as collateral.

Note 4: The Group has signed commercial papers amounting to USD 176,000 thousand and \$20,000 that were pledged to others as collateral.

Note 5: The Group has signed commercial papers amounting to \$37,000 that were pledged to others as collateral.

Note 6: The Group has signed commercial papers amounting to USD 36,700 thousand that were pledged to others as collateral.

Note 7: The Group has signed commercial papers amounting to USD 122,850 thousand that were pledged to others as collateral.

Note 8: The Group has signed commercial papers amounting to \$9,800,000 that were pledged to others as collateral.

- Note 9: The Group has signed commercial papers amounting to USD 44,900 thousand that were pledged to others as collateral.
- Note 10: The Group has signed commercial papers amounting to USD 19,000 thousand and \$400,000 that were pledged to others as collateral.
- Note 11: The Group has signed commercial papers amounting to USD 25,600 thousand that were pledged to others as collateral.
- Note 12: The Group has signed commercial papers amounting to USD 277,500 thousand that were pledged to others as collateral.
- Note 13: The Group has signed commercial papers amounting to USD 3,000 thousand that were pledged to others as collateral.
- Note 14: The Group has provided demand deposits amounting to USD 140 thousand that were pledged to others as collateral.
- Note 15: The Group has signed commercial papers amounting to \$850,000 that were pledged to others as collateral.
- Note 16: The Group has signed commercial papers amounting to USD 14,000 thousand that were pledged to others as collateral.

December 31, 2018						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognized	Facilities (In thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Cathay United Bank	\$ 670,332	\$ 670,332	USD 50,000	\$ 670,332	2.63%~3.75%	Note 1
Mega International Commercial Bank	4,350,553	4,350,553	USD 159,000	3,841,432	2.36%~3.79%	Note 2
CTBC Bank	3,368,259	3,368,259	USD 69,800	2,505,229	2.44%~3.94%	Note 3
			\$ 2,827,000			
E. SUN Commercial Bank	3,302,123	3,302,123	USD 181,000	2,583,291	2.39%~3.72%	Note 4
			\$ 20,000			
Taipei Fubon Commercial Bank	826,178	826,178	\$ 1,474,300	566,492	2.42%~3.87%	Note 5
Yuanta Commercial Bank	625,102	625,102	USD 45,000	264,585	3.40%~4.07%	Note 6
The Hong Kong and Shanghai Banking Corporation Limited	1,646,552	1,646,552	USD 72,500	1,364,012	2.87%~4.11%	Note 7
Standard Chartered Bank	54,956	54,956	USD 6,000	-	-	None
Taishin International Bank	5,599,491	5,599,491	\$ 9,800,000	1,851,157	3.29%~4.01%	Note 8
Bank SinoPac	963,276	963,276	USD 119,900	824,266	2.65%~3.71%	Note 9
Far Eastern International Bank	116,939	116,939	USD 19,000	29,432	3.10%~3.57%	Note 10
			\$ 400,000			
Chang Hwa Bank	907,668	907,668	USD 92,200	677,201	2.42%~3.90%	Note 11
DBS Bank	6,481,531	6,481,531	USD 249,500	6,186,924	1.97%~3.89%	Note 12

December 31, 2018

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognized	Facilities (In thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Taiwan Cooperative Bank	\$ 42,257	\$ 42,257	USD 3,000	\$ 40,144	3.39%~3.48%	Note 13
Hang Seng Bank	1,496,235	1,496,235	USD 128,000	1,326,698	2.51%~3.52%	Note 14
KGI Bank	901,974	901,974	\$ 2,150,000	871,158	2.80%~3.58%	Note 15
ANZ Bank	1,080,523	1,080,523	USD 49,000	1,080,523	3.11%~3.16%	None
Bank of Taiwan	132,820	132,820	USD 14,000	132,820	3.10%~3.70%	Note 16

Note 1: The Group has signed commercial papers amounting to USD 50,000 thousand that were pledged to others as collateral.

Note 2: The Group has signed commercial papers amounting to USD 159,900 thousand and \$690,000 that were pledged to others as collateral.

Note 3: The Group has signed commercial papers amounting to USD 44,793 thousand and \$252,700 that were pledged to others as collateral.

Note 4: The Group has signed commercial papers amounting to USD 181,000 thousand and \$20,000 that were pledged to others as collateral.

Note 5: The Group has signed commercial papers amounting to \$37,000 that were pledged to others as collateral.

Note 6: The Group has signed commercial papers amounting to USD 45,000 thousand that were pledged to others as collateral.

Note 7: The Group has signed commercial papers amounting to USD 73,350 thousand that were pledged to others as collateral.

Note 8: The Group has signed commercial papers amounting to \$9,800,000 that were pledged to others as collateral.

Note 9: The Group has signed commercial papers amounting to USD 71,500 thousand and \$550,000 that were pledged to others as collateral.

Note 10: The Group has signed commercial papers amounting to USD 19,000 thousand and \$400,000 that were pledged to others as collateral.

Note 11: The Group has signed commercial papers amounting to USD 80,200 thousand that were pledged to others as collateral.

Note 12: The Group has signed commercial papers amounting to USD 259,500 thousand that were pledged to others as collateral.

Note 13: The Group has signed commercial papers amounting to USD 3,000 thousand that were pledged to others as collateral.

Note 14: The Group has provided demand deposits amounting to USD 140 thousand that were pledged to others as collateral.

Note 15: The Group has signed commercial papers amounting to \$890,000 that were pledged to others as collateral.

Note 16: The Group has signed commercial papers amounting to USD 14,000 thousand that were pledged to others as collateral.

(7) Other receivables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Retention amount of factoring accounts receivable	\$ 10,938,791	\$ 7,761,074
VAT refund	251,634	551,727
Others	238,550	218,883
	<u>\$ 11,428,975</u>	<u>\$ 8,531,684</u>

(8) Inventories

<u>December 31, 2019</u>			
	<u>Cost</u>	<u>Allowance for valuation</u>	<u>Book value</u>
Inventories	\$ 63,931,568	(\$ 1,078,439)	\$ 62,853,129
Inventories in transit	4,868,508	-	4,868,508
	<u>\$ 68,800,076</u>	<u>(\$ 1,078,439)</u>	<u>\$ 67,721,637</u>
<u>December 31, 2018</u>			
	<u>Cost</u>	<u>Allowance for valuation</u>	<u>Book value</u>
Inventories	\$ 60,863,536	(\$ 886,416)	\$ 59,977,120
Inventories in transit	4,795,847	-	4,795,847
	<u>\$ 65,659,383</u>	<u>(\$ 886,416)</u>	<u>\$ 64,772,967</u>

The cost of inventories recognized as expense for the year:

<u>Year ended December 31</u>		
	<u>2019</u>	<u>2018</u>
Cost of goods sold	\$ 504,812,224	\$ 521,013,712
Loss on price decline in inventory	359,712	483,074
Loss on physical inventory	1,321	597
Cost of goods sold	<u>\$ 505,173,257</u>	<u>\$ 521,497,383</u>

(9) Investments accounted for under the equity method

A. Details of investments accounted for under the equity method:

<u>Investee company</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
ChainPower Technology Corp.	\$ 161,169	\$ 168,871
Sunrise Technology Co., Ltd.	57,680	60,054
Eesource Corp.	65,785	70,656
Suzhou Xinning Bonded Warehouse Co., Ltd.	77,270	83,011
Adivic Technology Co., Ltd.	31,975	35,212
Suzhou Xinning Logistics Co., Ltd.	40,299	37,941
Gain Tune Logistics (Shanghai) Co., Ltd.	26,370	29,159
VITEC WPG Limtied	42,104	46,364
AutoSys Co., Ltd.	71,090	72,558
Beauteek Global Wellness Corporation Limited	12,400	13,665
	<u>\$ 586,142</u>	<u>\$ 617,491</u>

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of December 31, 2019 and 2018, the carrying amount of the Group's individually immaterial associates amounted to \$586,142 and \$617,491, respectively.

	<u>Year ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Profit for the year from continuing operations	\$ 22,118	\$ 46,400
Other comprehensive (loss) income - net of tax	(5,099)	24,913
Total comprehensive income	<u>\$ 17,019</u>	<u>\$ 71,313</u>

C. There was no impairment on investments accounted for using equity method for the years ended December 31, 2019 and 2018.

(10) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Construction in progress and equipment to be tested</u>	<u>Total</u>
<u>At January 1, 2019</u>								
Cost	\$ 2,296,752	\$2,122,448	\$ 19,043	\$ 449,661	\$ 633,249	\$ 438,681	\$ 1,152,522	\$7,112,356
Accumulated depreciation	-	(590,873)	(15,215)	(348,475)	(274,296)	(169,714)	-	(1,398,573)
Accumulated impairment	(1,582)	(10,765)	-	-	-	-	-	(12,347)
	<u>\$ 2,295,170</u>	<u>\$1,520,810</u>	<u>\$ 3,828</u>	<u>\$ 101,186</u>	<u>\$ 358,953</u>	<u>\$ 268,967</u>	<u>\$ 1,152,522</u>	<u>\$5,701,436</u>
<u>Year ended December 31, 2019</u>								
Opening net book amount	\$ 2,295,170	\$1,520,810	\$ 3,828	\$ 101,186	\$ 358,953	\$ 268,967	\$ 1,152,522	\$5,701,436
Additions	-	315	642	17,034	23,267	34,696	258,158	334,112
Disposals	-	(177)	(798)	(2,511)	(379)	(923)	-	(4,788)
Transfer (Note)	-	-	-	1,574	-	-	-	1,574
Depreciation charge	-	(52,473)	(2,081)	(37,260)	(120,758)	(41,218)	-	(253,790)
Effect due to changes in exchange rates	(2,040)	(28,038)	(27)	(1,156)	(5,424)	(6,442)	-	(43,127)
Closing net book amount	<u>\$ 2,293,130</u>	<u>\$1,440,437</u>	<u>\$ 1,564</u>	<u>\$ 78,867</u>	<u>\$ 255,659</u>	<u>\$ 255,080</u>	<u>\$ 1,410,680</u>	<u>\$5,735,417</u>
<u>At December 31, 2019</u>								
Cost	\$ 2,294,712	\$2,080,861	\$ 12,499	\$ 433,590	\$ 640,775	\$ 443,395	\$ 1,410,680	\$7,316,512
Accumulated depreciation	-	(629,659)	(10,935)	(354,723)	(385,116)	(188,315)	-	(1,568,748)
Accumulated impairment	(1,582)	(10,765)	-	-	-	-	-	(12,347)
	<u>\$ 2,293,130</u>	<u>\$1,440,437</u>	<u>\$ 1,564</u>	<u>\$ 78,867</u>	<u>\$ 255,659</u>	<u>\$ 255,080</u>	<u>\$ 1,410,680</u>	<u>\$5,735,417</u>

Note: Inventories amounting to \$1,574 were transferred to property, plant and equipment.

	Land	Buildings and structures	Transportation equipment	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be tested	Total
<u>At January 1, 2018</u>								
Cost	\$ 2,279,063	\$2,095,661	\$ 19,487	\$ 472,432	\$ 443,549	\$ 208,089	\$ 898,731	\$6,417,012
Accumulated depreciation	-	(516,938)	(12,983)	(371,453)	(288,418)	(172,050)	-	(1,361,842)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$ 2,277,481</u>	<u>\$1,567,959</u>	<u>\$ 6,504</u>	<u>\$ 100,979</u>	<u>\$ 155,131</u>	<u>\$ 36,039</u>	<u>\$ 898,731</u>	<u>\$5,042,824</u>
<u>Year ended December 31, 2018</u>								
Opening net book amount	\$ 2,277,481	\$1,567,959	\$ 6,504	\$ 100,979	\$ 155,131	\$ 36,039	\$ 898,731	\$5,042,824
Additions	-	3,904	-	40,142	277,057	248,032	255,406	824,541
Disposals	(70)	(618)	(407)	(1,034)	(8,444)	(1,211)	(1,615)	(13,399)
Transfer (Note)	15,344	23,011	-	1,389	-	-	-	39,744
Depreciation charge	-	(62,685)	(2,291)	(40,646)	(68,478)	(18,057)	-	(192,157)
Effect due to changes in exchange rates	2,415	(10,761)	22	356	3,687	4,164	-	(117)
Closing net book amount	<u>\$ 2,295,170</u>	<u>\$1,520,810</u>	<u>\$ 3,828</u>	<u>\$ 101,186</u>	<u>\$ 358,953</u>	<u>\$ 268,967</u>	<u>\$ 1,152,522</u>	<u>\$5,701,436</u>
<u>At December 31, 2018</u>								
Cost	\$ 2,296,752	\$2,122,448	\$ 19,043	\$ 449,661	\$ 633,249	\$ 438,681	\$ 1,152,522	\$7,112,356
Accumulated depreciation	-	(590,873)	(15,215)	(348,475)	(274,296)	(169,714)	-	(1,398,573)
Accumulated impairment	(1,582)	(10,765)	-	-	-	-	-	(12,347)
	<u>\$ 2,295,170</u>	<u>\$1,520,810</u>	<u>\$ 3,828</u>	<u>\$ 101,186</u>	<u>\$ 358,953</u>	<u>\$ 268,967</u>	<u>\$ 1,152,522</u>	<u>\$5,701,436</u>

Note: Inventories amounting to \$1,389 were transferred to property, plant and equipment, property, plant and equipment amounting to \$23,070 were transferred to investment property and investment property amounting to \$61,425 were transferred to property, plant and equipment.

- A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Year ended December 31	
	2019	2018
Amount capitalized	\$ 9,401	\$ 10,543
Range of the interest rates for capitalization	0.99%~1.03%	1.03%~1.04%

- B. Information on property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(11) Leasing arrangements-lessee

Effective 2019

- A. The Group leases various assets including buildings, business vehicles and multifunction printers. Rental contracts are made for periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

- B. The carrying amount of right-of-use assets are as follows:

	Buildings and structures	Transportation equipment (Business vehicles)	Office equipment (Photocopiers)	Other equipment	Total
<u>At January 1, 2019</u>					
Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated depreciation	-	-	-	-	-
Accumulated impairment	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Year ended December 31, 2019</u>					
Opening net book amount	\$ -	\$ -	\$ -	\$ -	\$ -
Modified retrospective adjustments under IFRS 16	1,325,773	62,751	26,570	20,708	1,435,802
Additions	192,715	25,756	907	497	219,875
Disposals	(4,498)	-	-	(141)	(4,639)
Depreciation charge	(397,852)	(29,698)	(8,515)	(11,589)	(447,654)
Effect due to changes in exchange rates	(75,900)	(310)	208	1,697	(74,305)
Closing net book amount	<u>\$ 1,040,238</u>	<u>\$ 58,499</u>	<u>\$ 19,170</u>	<u>\$ 11,172</u>	<u>\$1,129,079</u>
<u>At December 31, 2019</u>					
Cost	\$ 1,424,648	\$ 88,054	\$ 27,594	\$ 22,580	\$1,562,876
Accumulated depreciation	(384,410)	(29,555)	(8,424)	(11,408)	(433,797)
Accumulated impairment	-	-	-	-	-
	<u>\$ 1,040,238</u>	<u>\$ 58,499</u>	<u>\$ 19,170</u>	<u>\$ 11,172</u>	<u>\$1,129,079</u>

C. For the year ended December 31, 2019, the additions to right-of-use assets was \$219,875.

D. Information on profit or loss in relation to lease contracts is as follows:

	Year ended <u>December 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 49,719
Expense on short-term lease contracts	32,165
Expense on leases of low-value assets	2,525

E. For the year ended December 31, 2019, the Group's total cash outflow for leases was \$517,179.

(12) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2019</u>			
Cost	\$ 338,690	\$ 960,770	\$ 1,299,460
Accumulated depreciation	-	(192,214)	(192,214)
	<u>\$ 338,690</u>	<u>\$ 768,556</u>	<u>\$ 1,107,246</u>
<u>Year ended December 31, 2019</u>			
Opening net book amount	\$ 338,690	\$ 768,556	\$ 1,107,246
Additions	-	126	126
Depreciation charge	-	(22,812)	(22,812)
Effect due to changes in exchange rates	-	(24,445)	(24,445)
Closing net book amount	<u>\$ 338,690</u>	<u>\$ 721,425</u>	<u>\$ 1,060,115</u>
<u>At December 31, 2019</u>			
Cost	\$ 338,690	\$ 929,231	\$ 1,267,921
Accumulated depreciation	-	(207,806)	(207,806)
	<u>\$ 338,690</u>	<u>\$ 721,425</u>	<u>\$ 1,060,115</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2018</u>			
Cost	\$ 354,034	\$ 1,013,552	\$ 1,367,586
Accumulated depreciation	<u>-</u>	<u>(183,219)</u>	<u>(183,219)</u>
	<u>\$ 354,034</u>	<u>\$ 830,333</u>	<u>\$ 1,184,367</u>

Year ended December 31, 2018

Opening net book amount	\$ 354,034	\$ 830,333	\$ 1,184,367
Transfer (Note)	(15,344)	(23,011)	(38,355)
Depreciation charge	-	(24,279)	(24,279)
Effect due to changes in exchange rates	<u>-</u>	<u>(14,487)</u>	<u>(14,487)</u>
Closing net book amount	<u>\$ 338,690</u>	<u>\$ 768,556</u>	<u>\$ 1,107,246</u>

At December 31, 2018

Cost	\$ 338,690	\$ 960,770	\$ 1,299,460
Accumulated depreciation	<u>-</u>	<u>(192,214)</u>	<u>(192,214)</u>
	<u>\$ 338,690</u>	<u>\$ 768,556</u>	<u>\$ 1,107,246</u>

Note: Property, plant and equipment amounting to \$23,070 were transferred to investment property and investment property amounting to \$61,425 were transferred to property, plant and equipment.

- A. Rental income from investment property and direct operating expenses arising from the investment property are shown below:

	<u>Year ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Rental revenue from investment property	<u>\$ 62,184</u>	<u>\$ 62,706</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 18,198</u>	<u>\$ 17,759</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	<u>\$ 5,752</u>	<u>\$ 6,520</u>

- B. The fair value of the investment property held by the Group as of December 31, 2019 and 2018 was \$1,532,640 and \$1,566,519, respectively. The fair value as of December 31, 2019 and 2018 was based on independent appraisers' valuation, which was made using comparative method and income approach. Comparison method is to compare the valuation target with similar property which is traded around the valuation period. Comparsion method is categorized within Level 3 in the fair value hierarchy. Valuations were made using the income approach with key assumptions as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Discount rate	2.35%~2.75%	2.35%~2.75%
Growth rate	0%~1%	0%~1%
Gross margin	1.2%~3.2%	1.2%~3.2%

C. There is no impairment loss on investment property.

D. For investment property pledged for guarantee, please refer to Note 8.

(13) Intangible assets

	<u>Operating right</u>	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2019</u>					
Cost	\$ 294,234	\$ 235,175	\$ 5,666,777	\$ 66,299	\$6,262,485
Accumulated amortization and impairment	(294,234)	(208,732)	(125,345)	(66,240)	(694,551)
	<u>\$ -</u>	<u>\$ 26,443</u>	<u>\$ 5,541,432</u>	<u>\$ 59</u>	<u>\$5,567,934</u>
<u>Year ended December 31, 2019</u>					
Opening net book amount	\$ -	\$ 26,443	\$ 5,541,432	\$ 59	\$5,567,934
Additions - acquired separately	-	23,861	-	-	23,861
Disposals	-	(1,248)	-	-	(1,248)
Amortization charge	-	(16,303)	-	-	(16,303)
Effect due to changes in exchange rates	-	(495)	(4,897)	(1)	(5,393)
Closing net book amount	<u>\$ -</u>	<u>\$ 32,258</u>	<u>\$ 5,536,535</u>	<u>\$ 58</u>	<u>\$5,568,851</u>
<u>At December 31, 2019</u>					
Cost	\$ 287,532	\$ 250,053	\$ 5,658,880	\$ 64,820	\$6,261,285
Accumulated amortization and impairment	(287,532)	(217,795)	(122,345)	(64,762)	(692,434)
	<u>\$ -</u>	<u>\$ 32,258</u>	<u>\$ 5,536,535</u>	<u>\$ 58</u>	<u>\$5,568,851</u>
<u>At January 1, 2018</u>					
Cost	\$ 285,526	\$ 228,039	\$ 5,656,517	\$ 61,668	\$6,231,750
Accumulated amortization and impairment	(285,526)	(191,396)	(121,448)	(61,611)	(659,981)
	<u>\$ -</u>	<u>\$ 36,643</u>	<u>\$ 5,535,069</u>	<u>\$ 57</u>	<u>\$5,571,769</u>
<u>Year ended December 31, 2018</u>					
Opening net book amount	\$ -	\$ 36,643	\$ 5,535,069	\$ 57	\$5,571,769
Additions - acquired separately	-	9,659	-	-	9,569
Disposals	-	(262)	-	-	(262)
Amortization charge	-	(19,364)	-	-	(19,364)
Effect due to changes in exchange rates	-	(233)	6,363	2	6,132
Closing net book amount	<u>\$ -</u>	<u>\$ 26,443</u>	<u>\$ 5,541,432</u>	<u>\$ 59</u>	<u>\$5,567,934</u>
<u>At December 31, 2018</u>					
Cost	\$ 294,234	\$ 235,175	\$ 5,666,777	\$ 66,299	\$6,262,485
Accumulated amortization and impairment	(294,234)	(208,732)	(125,345)	(66,240)	(694,551)
	<u>\$ -</u>	<u>\$ 26,443</u>	<u>\$ 5,541,432</u>	<u>\$ 59</u>	<u>\$5,567,934</u>

The details of amortization charge are as follows:

	Year ended December 31	
	2019	2018
Selling and marketing expenses	\$ 3,942	\$ 3,884
General and administrative expenses	12,361	15,480
	<u>\$ 16,303</u>	<u>\$ 19,364</u>

A. Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	December 31, 2019	December 31, 2018
Yosun subgroup	\$ 3,644,792	\$ 3,648,818
World Peace subgroup	1,647,459	1,648,330
Others	244,284	244,284
	<u>\$ 5,536,535</u>	<u>\$ 5,541,432</u>

B. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management.

Management determined budgeted gross margin based on past performance and its expectations of market development. The assumptions used for weighted average growth rates are based on past historical experience and expectations of industry; the assumption used for discount rate is the weighted average capital cost of the Group. As of December 31, 2019 and 2018, the key valuations used for pre-tax discount rate were 6.06%~7.13% and 6.28%, respectively.

C. There is no impairment loss on intangible assets.

(14) Prepayments for investments

	December 31, 2019	December 31, 2018
Prepayments for investments (Note)	<u>\$ 8,142,688</u>	<u>\$ -</u>

Note: On November 12, 2019, the Board of Directors of the Group resolved to publicly acquire the common stocks of WT Microelectronics Co., Ltd. (WT). The public acquisition period was terminated on January 30, 2020, the Group acquired 177,110,000 shares at a price of NT\$45.8 (in dollars) per share for a total consideration of \$8,111,638. As of February 6, 2020, the Group held 29.9% equity interest in WT after the public acquisition.

(15) Overdue receivables (shown as 'other non-current assets')

	December 31, 2019	December 31, 2018
Overdue receivables	\$ 1,026,348	\$ 1,004,468
Less: Allowance for doubtful accounts	(946,395)	(927,792)
	<u>\$ 79,953</u>	<u>\$ 76,676</u>

Movement analysis of financial assets that were impaired is as follows:

	<u>2019</u>	<u>2018</u>
	<u>Individual provision</u>	<u>Individual provision</u>
At January 1	\$ 927,792	\$ 1,004,043
Reversal of provision for impairment	(8,187)	(125,417)
Write-off of bad debts	(35,357)	(193,501)
Transferred from accounts receivable	86,488	178,533
Other (Note)	-	45,926
Effect due to changes in exchange rates	(24,341)	18,208
At December 31	<u>\$ 946,395</u>	<u>\$ 927,792</u>

Note: It pertains to adjustments relative to overdue receivables due to bad debts recovery.

(16) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Loans for overseas purchases	\$ 20,737,137	\$ 20,559,876
Short-term loans	48,154,477	36,661,560
	<u>\$ 68,891,614</u>	<u>\$ 57,221,436</u>
Annual interest rates	<u>0.96%~9.75%</u>	<u>0.94%~9.25%</u>

For information on pledged assets, please refer to Note 8.

(17) Short-term notes and bills payable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Commercial papers payable	\$ 5,560,000	\$ 4,960,000
Less: Unamortized discount	(4,576)	(2,973)
	<u>\$ 5,555,424</u>	<u>\$ 4,957,027</u>
Annual interest rates	<u>0.50%~1.16%</u>	<u>0.49%~1.88%</u>

The abovementioned short-term notes and bills payable are guaranteed by financial institutions.

(18) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period / repayment term</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Secured bank borrowings (Note 1 and Note 2)	2012.01.02~ 2027.01.02	\$ 16,341	\$ 432,992
Unsecured bank borrowings (Note 3~Note 5 and Note 7~Note 9)	2016.10.03~ 2020.12.18	5,542,428	7,150,150
Commercial paper payable (Note 6)	2018.11.09~ 2021.11.09	<u>7,300,000</u>	<u>6,300,000</u>
		12,858,769	13,883,142
Less: Discount on long-term borrowings		(25,396)	(25,727)
Less: Current portion of long-term borrowings (shown as 'other current liabilities')		(5,502,585)	(491,244)
		<u>\$ 7,330,788</u>	<u>\$ 13,366,171</u>
Interest rate range		<u>0.68%~3.16%</u>	<u>1.25%~3.80%</u>

For information on pledged assets, please refer to Note 8.

- Note 1: (a) The Company had entered into a long-term agreement for fifteen years with a financial institution. The pledged assets are the land and building of Linkou warehouse. The principal should be repaid in equal monthly installments starting from January 2015.
- (b) In November 2014, the lending financial institution agreed to grant a grace period of one year, therefore the start of the repayment of the principal has been moved to January 2016, which will be in equal monthly installments.
- (c) The interest rate is the index interest rate plus 0.21% from the borrowing day to January 2, 2013, plus 0.25% from January 2, 2013, plus 0.25% from January 2, 2014, plus 0.35% from January 2, 2015, plus 0.42% from January 2, 2016, plus 0.44% from January 2, 2017, plus 0.45% from January 2, 2018 and plus 1.5% from January 2, 2019. The Company has settled all payments on September 24, 2019.

Note 2: AIT Japan Inc., the Company's indirect subsidiary, had entered into a long-term loan agreement for a period of ten years with the Daiwa Bank, Limited on March 28, 2012, and the facility is JPY 250,000,000. The pledged assets are land, and office in Tokyo, which amount to \$69,494 and \$68,447, respectively. The principal should be repaid in equal monthly installments (totaling 114 months) of JPY 2,193,000 from October 31, 2012 and the last monthly installment will be JPY 2,191,000.

Note 3: Asian Information Technology Inc., the Company's subsidiary, and Frontek Technology Corporation, an indirect subsidiary, entered into a two-year borrowing contract with Yuanta Commercial Bank in December 2018 in the amount of \$300,000. The interest is repayable monthly, the principal is payable in full at maturity and the borrowings could be used and repaid any time during the valid period.

Asian Information Technology Inc. has settled all payments on June 10, 2019.

Note 4: Silicon Application Corporation, had entered into a syndicated borrowing agreement with Bank of Taiwan and other financial institutions on May 16, 2017. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility is \$2,600,000, could be multiple drawdowns or revolving, however the total amount at any time cannot exceed the facility amount.
- (c) Repayment: For each drawdown, the principal and the interest payable must be repaid in full at the end of that specific drawdown's term. At the end of the contract term, the principal, interest payable and any related expense of each drawdown must be repaid in full.

- (d) Loan covenant: During the contract term, Silicon Application Corporation is required to maintain financial ratios as follows: the liquidity ratio should not be less than 100%, debt ratio should not be higher than 220%, time interest earned ratio should not be less than 3 and net value (intangible assets deducting from net assets) should be maintained at or above \$3,000,000.

Silicon Application Corporation met all the financial commitments stated in the contract.

Note 5: World Peace Industrial Co., Ltd. (WPI), the Company's subsidiary, had entered into a syndicated borrowing agreement with Hua Nan Commercial Bank, Mizuho Corporate Bank, E. SUN Commercial Bank, Taiwan Cooperative Bank, Chang Hwa Commercial Bank, Far Eastern International Bank and other financial institutions on August 31, 2017. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility must be less than \$7,200,000. Each drawdown amount must be no less than \$100,000 or USD 3 million. The repayment period of NTD borrowing could be 30 at the least and 180 days at the most; the repayment period of USD borrowing could be one month at the least and six months at the most.
- (c) Repayment: For each drawdown, the principal and interest must be repaid in full at the end of each drawdown's term. For re-utilization of the revolving loan after maturity date, application should be submitted to the lead bank five days before the maturity date. Based on the credit term in the contract, all or part of the loan will be re-utilized. If the amount of drawdown is the same as the last time, the syndicate of banks would not make an additional procedure of remittance and loan, as if the borrower has actually received the loan, and uses the loan contract as proof of receipt.
- (d) Loan covenant: World Peace Industrial Co., Ltd. is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 250%, time interest earned ratio should not be less than 2.5 and net value (intangible assets deducting from net assets) should not be less than \$10,000,000.

World Peace Industrial Co., Ltd. met all the financial commitments stated in the contract.

Note 6: World Peace Industrial Co., Ltd. (WPI), the Company's subsidiary, had entered into a financing agreement with E. SUN Commercial Bank, Mizuho Corporate Bank and Cathay United Bank on October 16, 2018. WPI has to roll over commercial papers during the contract period, up to 2021, with the maximum maturity period of 6 months for each issue as stipulated in the agreement. The terms and conditions of the

contract are as follows:

- (a) Contract term: Within three years from the first drawdown.
- (b) Facility and drawdown: During the term of agreement, WPI can roll over each credit facility within the total revolving credit facility of \$8,000,000 at 60, 90, 120, 180 days maturity or the days agreed by the lead bank and WPI with a limit of 180 days and each maturity date shall be within the contract term.
- (c) Repayment: When the commercial papers mature, the borrower shall deposit available funds at face value on the maturity date to an account designated by clearing and settlement institutions immediately in line with Regulations Governing Centralized Securities Depository Enterprises.
- (d) Loan covenant: WPI is required to maintain certain financial ratios based on annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 250%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$10,000,000. If the covenants are not met, right to drawdown is immediately terminated, and the lead bank can decide to take the following actions:
 - i. Rescind part or all of the undrawn facility;
 - ii. Request WPI to immediately repay all drawn principals, interest payable and other related payables as specified in the contract;
 - iii. Demand the borrower to deposit the amounts that are equivalent to undischarged guaranteed obligations for drawdown facility of issued commercial papers under the agreement and (or) outstanding guarantees as reserve into the account designated by the bank consortium immediately;
 - iv. Demand all rights of the promissory note obtained from signing of the contract.

World Peace Industrial Co., Ltd. met all the financial commitments stated in the contract.

Note 7: World Peace Industrial Co., Ltd. (WPI), the Company's subsidiary, had entered into a long-term loan agreement with The Bank of Tokyo-Mitsubishi UFJ on September 23, 2016. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown.
- (b) Facility and drawdown: The facility must be less than \$700,000. This pertains to a revolving loan facility of WPI, the Company's subsidiary, wherein the principal amount can be renewed after the corresponding interest is paid, and payment of the existing loan can be repaid by the new loan. If the amounts equal, then the banks would not make a procedure of remittance and loan.
- (c) Repayment: For each drawdown, the principal must be repaid in full at the end of each drawdown's term. Interests shall be paid quarterly.

- (d) Loan covenant: The subsidiary - WPI is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5, net value (intangible assets deducting from net assets) should not be less than \$10,000,000 and the ratio of liability divided by earnings before interest, taxes, depreciation and amortization (EBITDA) should not be higher than 10. If the covenants are not met, right to drawdown is immediately terminated, and the lead bank can decide to take the following actions:
- i. Rescind part or all of the undrawn facility;
 - ii. Demand WPI to immediately repay all drawn principals, interest payable and other related payables as specified in the contract;
 - iii. Demand all rights of the promissory note obtained from signing of the contract.

World Peace Industrial Co., Ltd. met all the financial commitments stated in the contract.

Note 8: On June 12, 2017, WPG Korea Co., Ltd. entered into a long-term loan agreement with Kookmin Bank for a loan of KRW 2 billion until March 15, 2020. The principal is payable in 10 quarterly installments of KRW 200 million each starting from December 15, 2017. The interest is payable quarterly.

Note 9: On June 12, 2017, WPG Korea Co., Ltd. entered into a long-term loan agreement with Kookmin Bank for a loan of KRW 1 billion until June 15, 2020. The principal is payable in 10 quarterly installments of KRW 100 million each starting from March 15, 2018. The interest is payable quarterly.

(19) Other current liabilities

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Long-term borrowings-current portion	\$ 5,502,585	\$ 491,244
Refund liabilities	4,463,062	3,987,130
Contract liabilities	1,027,069	70,798
Others	454,895	395,970
	<u>\$ 11,447,611</u>	<u>\$ 4,945,142</u>

- A. Refund liabilities were generated from sales discounts which is shown as 'other current liabilities'.
- B. Contract liabilities were generated from advance sales receipts which is shown as 'other current liabilities'.

(20) Pensions

A. Defined benefit plans

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

Effective January 1, 2010, the Company and certain subsidiaries have funded defined benefit pension plans in accordance with the "Regulations on pensions of managers", covering all managers appointed by the Company. Under the defined benefit pension plan, one unit is accrued for each year of service, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the remuneration per unit ratified during the appointed period.

- (b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligations	\$ 1,175,451	\$ 1,172,837
Fair value of plan assets	(498,848)	(424,129)
Net defined benefit liability (shown as 'other non-current liabilities')	<u>\$ 676,603</u>	<u>\$ 748,708</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit <u>obligations</u>	Fair value of <u>plan assets</u>	Net defined benefit liability
<u>Year ended December 31, 2019</u>			
Balance at January 1	\$ 1,172,837	(\$ 424,129)	\$ 748,708
Current service cost	14,162	-	14,162
Interest expense (income)	<u>10,902</u>	<u>(4,091)</u>	<u>6,811</u>
	<u>1,197,901</u>	<u>(428,220)</u>	<u>769,681</u>
Remeasurements:			
Return on plan assets	-	(9,124)	(9,124)
Change in financial assumptions	27,077	(1,431)	25,646
Experience adjustments	<u>(21,180)</u>	<u>(4,191)</u>	<u>(25,371)</u>
	<u>5,897</u>	<u>(14,746)</u>	<u>(8,849)</u>
Paid pension	(8,480)	8,480	-
Direct payments charged to Company's account	(19,867)	1,550	(18,317)
Pension fund contribution	<u>-</u>	<u>(65,912)</u>	<u>(65,912)</u>
	<u>(28,347)</u>	<u>(55,882)</u>	<u>(84,229)</u>
Balance at December 31	<u>\$ 1,175,451</u>	<u>(\$ 498,848)</u>	<u>\$ 676,603</u>

	Present value of defined benefit <u>obligations</u>	Fair value of <u>plan assets</u>	Net defined benefit liability
<u>Year ended December 31, 2018</u>			
Balance at January 1	\$ 1,024,641	(\$ 371,161)	\$ 653,480
Current service cost	5,336	-	5,336
Interest expense (income)	<u>11,240</u>	<u>(4,302)</u>	<u>6,938</u>
	<u>1,041,217</u>	<u>(375,463)</u>	<u>665,754</u>
Remeasurements:			
Return on plan assets	-	(5,748)	(5,748)
Change in financial assumptions	20,050	-	20,050
Experience adjustments	<u>139,084</u>	<u>(2,630)</u>	<u>136,454</u>
	<u>159,134</u>	<u>(8,378)</u>	<u>150,756</u>
Paid pension	(17,087)	17,087	-
Direct payments charged to Company's account	(10,427)	-	(10,427)
Pension fund contribution	<u>-</u>	<u>(57,375)</u>	<u>(57,375)</u>
	<u>(27,514)</u>	<u>(40,288)</u>	<u>(67,802)</u>
Balance at December 31	<u>\$ 1,172,837</u>	<u>(\$ 424,129)</u>	<u>\$ 748,708</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's

annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2019	2018
Discount rate	<u>0.6%~0.8%</u>	<u>0.8%~1.1%</u>
Future salary increases	<u>2.00%~4.00%</u>	<u>2.00%~4.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience by 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ <u>109,775</u>)	\$ <u>113,650</u>	\$ <u>92,969</u>	(\$ <u>90,440</u>)

<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	(\$ <u>114,331</u>)	\$ <u>118,505</u>	\$ <u>97,914</u>	(\$ <u>95,137</u>)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may

change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 are \$17,264.
- (g) As of December 31, 2019, the weighted average duration of that retirement plan is 9~14 years.

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on not less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Other overseas companies have defined contribution plans. Contributions for pensions and retirement allowance to independent fund administered by the government in accordance with the local pension regulations are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the companies have no further obligations.
- (c) The pension costs of the Group under the defined contribution pension plans for the years ended December 31, 2019 and 2018 were \$368,106 and \$352,509, respectively.

(21) Share capital

- A. The Company’s authorized capital was \$25,000,000, of which certain shares can be issued as preference shares. The above authorized capital include \$500,000 reserved for employee stock option certificate, restricted stocks to employees, convertible preferred stock and convertible bonds. As of December 31, 2019, the paid-in capital was \$18,790,568 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. On June 21, 2018, the stockholders during their meeting resolved to reduce its capital by returning cash in the amount of \$1,460,050, and the record date for capital reduction was August 6, 2018.
- C. Movements in the number of the Company’s ordinary shares outstanding (in thousands of shares) for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
At January 1	1,679,057	1,825,062
Cash capital decrease	-	(146,005)
At December 31	<u>1,679,057</u>	<u>1,679,057</u>

D. On June 28, 2019, the Board of Directors resolved to increase its capital by issuing 200 million shares of Class A preferred stocks at the price of \$50 (in dollars) per share with the effective date set on September 18, 2019 for repayment of borrowings to financial institutions and strengthening the Company's working capital. The registration of issuance has been completed on October 3, 2019. The rights and obligations of the issuance are as follows:

- (a) Expiration date: The Company's Class A preferred stocks are perpetual but all or certain parts are callable at any time from the next day of five years after issuance at the actual issue price.
- (b) Dividends: Dividends are calculated at 4% (five-year IRS rate: 0.605%+3.395%) per annum based on the issue price per share. The five-year IRS rate will be reset on the next business day of five years since issuance and every subsequent five years and the pricing effective date for rate reset is two Taipei financial industry business days prior to the IRS rate reset date. The rate index, five-year IRS rate, is the arithmetic mean of five-year IRS rates appearing on Reuters pages "TAIFXIRS" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing effective date of rate reset. If such rate cannot be obtained, the Company will determine the rate based on the reasonable market price with good faith.
- (c) Dividend distribution: Dividends are distributed once per year in the form of cash. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then shall be set aside as legal reserve in accordance with the Articles of Incorporation and set aside as or reversed special reserve in accordance with the Articles of Incorporation or regulations of regulatory authority. The remaining amount, if any, shall be preferentially distributed as dividends of Class A preferred stocks.

The Company has discretion in dividend distribution of Class A preferred stocks. The Company could choose not to distribute dividends of preferred stocks when resolved by the stockholders, which would not be able to lead to default if the Company has no or has insufficient current year's earnings for distribution or has other necessary considerations. In addition, the amounts of undistributed dividends or insufficient distributed dividends will not become deferred payments in future years when the Company has earnings.

- (d) Excess dividend distribution: Besides the aforementioned dividends, the stockholders of Class A preferred stocks could not participate in the distribution of cash and capitalized assets for common stocks derived from earnings and capital surplus.

- (e) Residual property distribution: The stockholders of Class A preferred stocks have priority over stockholders of common stocks in distributing the Company's residual property but the limit is the amount calculated by shares of outstanding preferred stocks issued and the issue price when distributing.
- (f) Right to vote and be elected: The stockholders of Class A preferred stocks have no right to vote and be elected in the stockholders' meeting of the Company but have right to vote in the stockholders' meeting for stockholders of Class A preferred stocks only and stockholders' meeting regarding unfavourable matters to rights and obligations of stockholders of Class A preferred stocks.
- (g) Conversion to common stocks: Class A preferred stocks could not be converted to common stocks and the stockholders of Class A preferred stocks could not request the Company to retire the preferred stocks they held.
- (h) The preemptive rights for stockholders of Class A preferred stocks are the same as of common stocks when the Company increases its capital by issuing new shares.

(22) Capital surplus

A. Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized as mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Details of capital surplus - stock options are as follows:

	2019					
	Common stock share premium	Preferred stock share premium	Treasury share transaction	Recognized changes in subsidiaries' equity	Changes in associates' net equity	Total
January 1	\$19,387,285	\$ -	\$ 45,177	\$ 431	\$ 21,989	\$ 19,454,882
Preferred stock share premium	-	7,994,638	-	-	-	7,994,638
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	6,778	6,778
December 31	<u>\$19,387,285</u>	<u>\$ 7,994,638</u>	<u>\$ 45,177</u>	<u>\$ 431</u>	<u>\$ 28,767</u>	<u>\$ 27,456,298</u>

	2018				
	<u>Share premium</u>	<u>Treasury share transaction</u>	<u>Recognized changes in subsidiaries' equity</u>	<u>Changes in associates' net equity</u>	<u>Total</u>
January 1	\$ 19,389,875	\$ 45,177	\$ 431	\$ 134,042	\$ 19,569,525
Proceeds from disposal of investments accounted for using equity method	-	-	-	(112,053)	(112,053)
Reorganization	(2,590)	-	-	-	(2,590)
December 31	<u>\$ 19,387,285</u>	<u>\$ 45,177</u>	<u>\$ 431</u>	<u>\$ 21,989</u>	<u>\$ 19,454,882</u>

(23) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be used to set aside as legal reserve, and set aside as special reserve in accordance with Article 41 of Securities and Exchange Act. The remainder, if any, to be appropriated shall be proposed by the Board of Directors. If cash dividends are distributed, they shall account for at least 20% of the total dividends distributed.
- Employees of the Company's subsidiaries are entitled to receive the distribution of earnings. The terms shall be defined by the Board of Directors.
- B. Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2018 and 2017 had been resolved at the stockholders' meeting on June 28, 2019 and June 21, 2018, respectively, Details are summarized below:

	Year ended December 31			
	2018		2017	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal reserve	\$ 746,201	\$ -	\$ 730,799	\$ -
(Reversal for)				
special reserve	(1,522,254)	-	4,124,936	-
Cash dividends	<u>4,533,453</u>	<u>2.70</u>	<u>4,380,148</u>	<u>2.40</u>
	<u>\$ 3,757,400</u>	<u>\$ 2.70</u>	<u>\$ 9,235,883</u>	<u>\$ 2.40</u>

The above appropriations of earnings for 2018 and 2017 as resolved by the shareholders are the same with the amounts resolved by the Board of Directors.

E. As of March 24, 2020, the appropriation of earnings for the year ended December 31, 2019 has not yet been proposed by the Board of Directors and resolved by the shareholders.

F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(30).

(24) Other equity items

	2019		
	Investments at fair value through comprehensive income	Currency translation	Total
At January 1	(\$ 6,000)	(\$ 2,596,682)	(\$ 2,602,682)
Cumulative translation differences:			
- Group	-	(2,816,203)	(2,816,203)
- Tax on Group	-	3,218	3,218
- Associates	-	(5,027)	(5,027)
At December 31	(\$ 6,000)	(\$ 5,414,694)	(\$ 5,420,694)

	2018			
	Investments at fair value through comprehensive income	Available-for- sale investments	Currency translation	Total
At January 1	\$ -	\$ 129,342	(\$ 4,254,279)	(\$ 4,124,937)
Adjustments under new standards	(6,000)	(129,342)	-	(135,342)
At January 1_IFRS 9	(6,000)	-	(4,254,279)	(4,260,279)
Cumulative translation differences:				
- Group	-	-	1,632,166	1,632,166
- Tax on Group	-	-	502	502
- Associates	-	-	24,929	24,929
At December 31	(\$ 6,000)	\$ -	(\$ 2,596,682)	(\$ 2,602,682)

(25) Operating revenue

	Year ended December 31	
	2019	2018
Revenue from contracts with customers	\$ 527,601,353	\$ 545,127,804

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

	Year ended December 31	
	2019	2018
Core components	\$ 156,144,782	\$ 156,985,255
Analog IC and mixed signal components	113,860,827	100,350,385
Discrete IC, logic IC	74,881,379	79,615,473
Memory	103,263,510	134,632,732
Optical components	41,465,436	35,557,666
Passive connector and magnetic components	27,531,480	25,842,925
Others	10,453,939	12,143,368
	<u>\$ 527,601,353</u>	<u>\$ 545,127,804</u>

(26) Other income

	Year ended December 31	
	2019	2018
Interest income:		
Interest income from bank deposits	\$ 50,052	\$ 41,416
Interest income from financial assets measured at amortized cost	5,313	169
Total interest income	55,365	41,585
Rental revenue	60,992	67,878
Dividend income	17,285	24,724
Other income	150,016	202,156
	<u>\$ 283,658</u>	<u>\$ 336,343</u>

(27) Other gains and losses

	Year ended December 31	
	2019	2018
Loss on disposal of property, plant and equipment	(\$ 1,939)	(\$ 10,297)
(Loss) gain on disposal of investments	(8)	57,613
Currency exchange gain	492,573	291,322
Gain on financial assets and liabilities at fair value through profit or loss	83,921	499,433
Other losses	(57,913)	(106,594)
	<u>\$ 516,634</u>	<u>\$ 731,477</u>

(28) Finance costs

	Year ended December 31	
	2019	2018
Interest expense:		
Bank borrowings	\$ 2,154,953	\$ 2,297,041
Less: Capitalization of qualifying assets	(9,401)	(10,543)
Others	201,820	203,080
	<u>\$ 2,347,372</u>	<u>\$ 2,489,578</u>

(29) Additional information of expenses by nature

	Year ended December 31	
	2019	2018
Employee benefit expense	<u>\$ 7,908,516</u>	<u>\$ 7,895,815</u>
Depreciation charges on property and equipment (including investment property and right-of-use assets)	<u>\$ 724,256</u>	<u>\$ 216,436</u>
Amortization charges on intangible assets	<u>\$ 16,303</u>	<u>\$ 19,364</u>

(30) Employee benefit expense

	Year ended December 31	
	2019	2018
Wages and salaries	\$ 6,827,566	\$ 6,860,901
Directors' remuneration	38,978	44,322
Labor and health insurance fees	363,207	352,087
Pension costs	389,079	364,783
Other personnel expenses	<u>289,686</u>	<u>273,722</u>
	<u>\$ 7,908,516</u>	<u>\$ 7,895,815</u>

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be between 0.01% ~5% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$29,850 and \$18,108, respectively; while directors' remuneration was accrued at \$35,000 and \$42,000, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on the profit of current year distributable for the year ended December 31, 2019, and the percentage as prescribed by the Company's Articles of Incorporation. As of March 24, 2020, the amount has not yet been resolved by the Board of Directors. Abovementioned employees' compensation will be distributed in the form of cash.

Employees' compensation of \$18,108 and directors' remuneration of \$42,000 as resolved by the Board of Directors on April 30, 2019 were in agreement with those amounts recognized in the 2018 financial statements. The employees' compensation was distributed in the form of cash.

- C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

		Year ended December 31	
		2019	2018
Current tax			
Current tax on profits for the year	\$	1,508,376	\$ 1,655,895
Prior year income tax underestimation		16,984	23,902
Tax on undistributed surplus earnings		177,424	6
Total current tax		<u>1,702,784</u>	<u>1,679,803</u>
Deferred tax			
Origination and reversal of temporary differences	(	21,141)	(23,456)
Impact of change in tax rate		-	29,816
Total deferred tax	(	<u>21,141</u>)	<u>6,360</u>
Income tax expense	\$	<u>1,681,643</u>	\$ <u>1,686,163</u>

- (b) The income tax (charge)/credit relating to components of other comprehensive loss (income) is as follows:

		Year ended December 31	
		2019	2018
Currency translation differences	(\$	3,218)	\$ 727
Remeasurement of defined benefit obligations		1,771	(31,092)
Impact of change in tax rate		-	(7,432)
	(\$	<u>1,447</u>)	(\$ <u>37,797</u>)

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 3,652,288	\$ 3,743,951
Effects from items disallowed by tax regulation	(2,182,534)	(2,305,495)
Prior year income tax underestimation	16,984	23,902
Tax on distributed surplus earnings	177,424	6
Others	17,481	223,799
Tax expense	<u>\$ 1,681,643</u>	<u>\$ 1,686,163</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2019				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	December 31
- Deferred tax assets:					
Temporary differences					
Unrealized allowance for inventory obsolescence	\$ 46,755	(\$ 7,199)	\$ -	\$ -	\$ 39,556
Unrealized sales discount	57,494	(943)	-	-	56,551
Unrealized foreign exchange loss	1,161	16,277	-	-	17,438
Bad debts expense	20,387	42,760	-	-	63,147
Unrealized expense	76,504	(37,410)	-	-	39,094
Investment loss	13,227	(769)	-	-	12,458
Pensions	127,993	(7,031)	(953)	-	120,009
Cumulative translation adjustments	11,275	-	3,433	-	14,708
Others	39,826	10,941	-	-	50,767
Tax losses	<u>87,415</u>	<u>5,754</u>	<u>-</u>	<u>-</u>	<u>93,169</u>
	<u>482,037</u>	<u>22,380</u>	<u>2,480</u>	<u>-</u>	<u>506,897</u>
- Deferred tax liabilities:					
Temporary differences					
Investment income	(427,256)	2,905	-	-	(424,351)
Reserve for building increment	(23,905)	-	-	-	(23,905)
Land revaluation increment tax	(30,156)	-	-	-	(30,156)
Pensions	(1,930)	(10)	(818)	-	(2,758)
Cumulative translation adjustments	(307)	-	(215)	-	(522)
Others	(13,442)	(4,134)	-	-	(17,576)
	<u>(496,996)</u>	<u>(1,239)</u>	<u>(1,033)</u>	<u>-</u>	<u>(499,268)</u>
	<u>(\$ 14,959)</u>	<u>\$ 21,141</u>	<u>\$ 1,447</u>	<u>\$ -</u>	<u>\$ 7,629</u>

2018					
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
- Deferred tax assets:					
Temporary differences					
Unrealized allowance for inventory obsolescence	\$ 38,084	\$ 8,671	\$ -	\$ -	\$ 46,755
Unrealized sales discount	48,892	8,602	-	-	57,494
Bad debts expense	31,915	(28,289)	-	16,761	20,387
Unrealized expense	37,072	39,432	-	-	76,504
Investment loss	11,432	1,795	-	-	13,227
Pensions	91,280	(749)	37,462	-	127,993
Cumulative translation adjustments	10,149	562	564	-	11,275
Others	48,753	(7,766)	-	-	40,987
Tax losses	33,466	53,949	-	-	87,415
	<u>351,043</u>	<u>76,207</u>	<u>38,026</u>	<u>16,761</u>	<u>482,037</u>
- Deferred tax liabilities:					
Temporary differences					
Investment income	(349,977)	(77,279)	-	-	(427,256)
Reserve for building increment	(23,905)	-	-	-	(23,905)
Land revaluation increment tax	(30,156)	-	-	-	(30,156)
Pensions	(2,795)	1,032	(167)	-	(1,930)
Cumulative translation adjustments	(245)	-	(62)	-	(307)
Others	(7,122)	(6,320)	-	-	(13,442)
	<u>(414,200)</u>	<u>(82,567)</u>	<u>(229)</u>	<u>-</u>	<u>(496,996)</u>
	<u>(\$ 63,157)</u>	<u>(\$ 6,360)</u>	<u>\$ 37,797</u>	<u>\$ 16,761</u>	<u>(\$ 14,959)</u>

D. The amounts of deductible temporary differences and tax losses that were not recognized as deferred tax assets are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deductible temporary differences	<u>\$ 47,570</u>	<u>\$ 50,803</u>
Tax losses	<u>\$ 1,598,772</u>	<u>\$ 1,680,597</u>

The deductible temporary differences belong to overseas subsidiaries that cannot be realized as deferred tax assets in the near future.

E. As of March 24, 2020, the Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

F. Under the amendments to the Income Tax Act promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(32) Earnings per share

<u>Year ended December 31, 2019</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 6,453,401</u>	<u>1,979,057</u>	<u>\$ 3.84</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 6,453,401	1,679,057	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>908</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 6,453,401</u>	<u>1,679,965</u>	<u>\$ 3.84</u>

<u>Year ended December 31, 2018</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 7,462,010</u>	<u>1,766,260</u>	<u>\$ 4.22</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 7,462,010	1,766,260	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>671</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 7,462,010</u>	<u>1,766,931</u>	<u>\$ 4.22</u>

(33) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

On October 1, 2018, the Company's indirect subsidiary-Trigold (Hong Kong) Company Limited (Trigold Hong Kong) acquired 45% of shares of Peng Yu (Shanghai) Digital Technology Co., Ltd. (Peng Yu Shanghai) for RMB 27 million from the non-controlling

interests. The carrying amount of non-controlling interest in Peng Yu Shanghai was \$72,714 at the acquisition date. This transaction resulted in decreases in the non-controlling interest and in the equity attributable to owners of the parent Trigold Hong Kong by \$72,714 and \$47,157, respectively. The effect of changes in interests on the equity attributable to owners of the parent Trigold Hong Kong for the year ended December 31, 2018 is shown below:

	Year ended December 31, 2018
Carrying amount of non-controlling interest acquired	\$ 72,714
Consideration paid to non-controlling interest	(119,871)
	(\$ 47,157)

The Company held only 60.5% ownership of Trigold Hong Kong's parent company-Trigold Holdings Limited and the transaction resulted in a decrease in shareholders' interest by \$28,530 which was presented as retained earnings as the Company did not have the account, 'Capital surplus-difference between consideration and carrying amount of subsidiaries acquired or disposed' in the Company's accounts.

(34) Supplemental cash flow information

Partial payment of cash from investing activities

	Year ended December 31	
	2019	2018
Acquisition of property, plant and equipment, investment property and intangible assets	\$ 358,099	\$ 834,200
Add: Accounts payable at the beginning of year	-	3,303
Ending balance of prepayments for business facilities	1,687	-
Less: Accounts payable at the end of year	(1,031)	-
Cash paid during the year	<u>\$ 358,755</u>	<u>\$ 837,503</u>

(35) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (Note)	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2019	\$57,221,436	\$4,957,027	\$13,857,415	\$ -	\$ 76,035,878
Modified retrospective adjustments under IFRS 16	-	-	-	1,435,802	1,435,802
Changes in cash flow from financing activities	11,670,178	598,397	(1,024,042)	(432,770)	10,811,763
Others	-	-	-	154,511	154,511
At December 31, 2019	<u>\$68,891,614</u>	<u>\$5,555,424</u>	<u>\$12,833,373</u>	<u>\$1,157,543</u>	<u>\$ 88,437,954</u>

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (Note)	Liabilities from financing activities-gross
At January 1, 2018	\$ 53,773,607	\$ 3,887,605	\$ 12,326,036	\$ 69,987,248
Changes in cash flow from financing activities	3,447,829	1,069,422	1,531,379	6,048,630
At December 31, 2018	<u>\$ 57,221,436</u>	<u>\$ 4,957,027</u>	<u>\$ 13,857,415</u>	<u>\$ 76,035,878</u>

Note: Including long-term borrowings-current portion less unamortized discounts.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Group's shares are widely held so the Company has no ultimate parent and ultimate controlling party.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Chain Power Technology Corp.	Investee accounted for under equity method
Adivic Technology Co., Ltd.	"
Yosun Japan Corp. (Note 1)	"
VITEC WPG Limited	"
CECI Technology Co. Ltd. (Note 2)	"
Gain Tune Logistics (Shanghai) Co., Ltd.	"
Suzhou Xinning Logistics Co., Ltd.	"
Suzhou Xinning Bonded Warehouse Co., Ltd.	"
Eesource Corp.	"
Haomao (Shanghai) Enterprise Development Co., Ltd.	Other related party
CEAC Technology HK Limited (Note 2)	Subsidiary of investee accounted for under equity method
CEAC International Limited (Note 2)	"
Autosys Co., Ltd.	"
WPG P.T. Electrindo Jaya	Stockholder of a Group's subsidiary accounted for using equity method
WPG Holdings Education Foundation	One third of paid-in-capital was granted by the Group

Note 1: The Group lost its significant influence over Yosun Japan Corp. due to disposal of all the shares of Yosun Japan Corp. held by the Group in May 2018.

Note 2: In June 2018, the Group lost significant influence on CECI Technology Co. Ltd., thus the 'investment accounted for under equity method' was reclassified as 'financial assets at fair value through profit or loss - non-current'.

(3) Significant transactions and balances with related parties

A. Operating revenues

	<u>Year ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Sales of goods		
Others	\$ 650,047	\$ 505,284
Associates	<u>154,957</u>	<u>253,019</u>
	<u>\$ 805,004</u>	<u>\$ 758,303</u>

The terms and sales prices with other related parties were negotiated in consideration of different factors including product, cost, market, competition and other conditions. The collection period was 90 days. Terms and sales prices with associates are in accordance with normal selling prices and terms of collection.

B. Purchases

	<u>Year ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Purchases of goods		
Associates	<u>\$ 1,056</u>	<u>\$ 13,613</u>

The purchase prices and terms of payment for associates including products, market competition and other conditions are the same as those for general suppliers.

C. Receivables from related parties

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts receivable		
Others	\$ 81,751	\$ 53,079
Associates	<u>16,541</u>	<u>29,511</u>
	<u>\$ 98,292</u>	<u>\$ 82,590</u>

The receivables from related parties arise mainly from sales of goods. The receivables are due 30 to 90 days after the date of sale. The receivables are unsecured in nature and bear no interest. There is no allowance for doubtful accounts held against receivables from related parties.

D. Other receivables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other receivables		
Associates	<u>\$ 1,208</u>	<u>\$ 1,610</u>

The above represents receivables from payments on behalf of others.

E. Payables to related parties

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts payable		
Associates	<u>\$ 653</u>	<u>\$ 401</u>

The payables to related parties arise mainly from purchases of goods. The payables are due 30 to 90 days after the date of purchase. The payables are unsecured in nature and bear no

interest.

F. Endorsements and guarantees provided to related parties

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates		
VITEC WPG Limited	<u>\$ 67,455</u>	<u>\$ 138,217</u>

G. Others

The Group's donations to WPG Holding Education Foundation were \$7,100 and \$6,250 for the years ended December 31, 2019 and 2018, respectively.

(4) Key management compensation

	<u>Year ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Salaries and other short-term employee benefits	\$ 218,646	\$ 214,797
Post-employment benefits	2,653	2,698
	<u>\$ 221,299</u>	<u>\$ 217,495</u>

8. PLEDGED ASSETS

<u>Pledged assets (Note 1)</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>Purpose of Collateral</u>
Other current assets (Note 3)			
-Time deposits	\$ 41,773	\$ 44,776	Security for purchases and deposits for litigation
Financial assets at fair value though profit or loss - non-current (Note 2)	7,503	7,503	Security for purchases
Property, plant and equipment (including investment property)			
-Land	1,109,543	1,110,099	Long-term and short-term borrowings guarantee and security for purchases
-Buildings and structures	558,234	577,146	"
	<u>\$ 1,717,053</u>	<u>\$ 1,739,524</u>	

Note 1: The Company held 100% of shares of WPG Investment Co., Ltd., in which 8,999 thousand shares have been pledged for purchases as of December 31, 2019 and 2018.

Note 2: As of December 31, 2019 and 2018, the subsidiary - Silicon Application Corporation held 566 thousand shares of Kingmax Technology Inc., which have been pledged for purchases.

Note 3: Includes "financial assets at amortized cost - current".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

In addition to Note 6(6), other commitments were as follows:

(1) Contingencies

None.

(2) Commitments

A. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Property, plant and equipment and intangible assets	<u>\$ 5,081,991</u>	<u>\$ 5,317,803</u>

B. Operating lease

The future aggregate minimum payments under operating leases are as follows:

	<u>December 31, 2018</u>
Not later than one year	\$ 479,813
Later than one year but not later than five years	966,724
Later than five years	<u>1,794</u>
	<u>\$ 1,448,331</u>

C. The Group's letters of credit issued but not negotiated are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	\$ 767,624	\$ 951,889
USD 106,583,000		USD 99,001,000

D. As of December 31, 2019, the remaining payments for the contract of non-fixed car park the Group entered into amounted to \$30,400.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Except for the details described in Note 6(14), the Company established the subsidiary, WPG VIETNAM COMPANY LIMITED, in January 2020 with shareholding ratio of 100% for the purpose of market layout.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or manage operating capital effectively to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 1,655,158</u>	<u>\$ 1,304,533</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 32,035</u>	<u>\$ 32,035</u>
Financial assets at amortized cost		
Cash and cash equivalents	\$ 9,992,582	\$ 7,116,888
Financial assets at amortized cost	84,055	197,942
Notes receivable	1,977,097	2,884,889
Accounts receivable (including related parties)	110,754,374	95,340,625
Other receivables (including related parties)	12,168,174	8,533,294
Guarantee deposits paid	180,123	185,697
Other financial assets	<u>1,399,588</u>	<u>503,612</u>
	<u>\$ 136,555,993</u>	<u>\$ 114,762,947</u>
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Financial liabilities held for trading	<u>\$ 16,051</u>	<u>\$ 5,660</u>
Financial liabilities at amortized cost		
Short-term borrowings	\$ 68,891,614	\$ 57,221,436
Short-term notes and bills payable	5,555,424	4,957,027
Notes payable	34,642	35,497
Accounts payable (including related parties)	63,588,823	53,162,305
Other payables	5,697,289	5,333,973
Long-term borrowings (including current portion)	12,833,373	13,857,415
Guarantee deposits received	<u>88,946</u>	<u>90,986</u>
	<u>\$ 156,690,111</u>	<u>\$ 134,658,639</u>
Lease liabilities	<u>\$ 1,157,543</u>	<u>\$ -</u>

B. Risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge

certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchase.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain foreign subsidiaries' functional currency: local currency). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2019			
(Foreign currency: functional currency)	Foreign currency amount		Book value
	(in thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : TWD	\$ 502,074	29.98	\$ 15,052,173
USD : RMB	18,601	6.96	557,652
USD : KRW	31,137	1,145.59	933,487
HKD : USD	62,326	0.13	239,894
<u>Non-monetary items</u>			
RMB : USD	33,435	0.14	143,939
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : TWD	479,534	29.98	14,376,435
USD : RMB	73,672	6.96	2,208,672
USD : KRW	24,789	1,145.59	743,176
HKD : USD	39,948	0.13	153,761

December 31, 2018			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : TWD	\$ 560,384	30.715	\$ 17,212,202
USD : RMB	10,850	6.87	333,247
USD : KRW	17,977	1,106.85	552,166
USD : JPY	7,082	110.41	217,537
HKD : USD	64,100	0.13	251,335
EUR : USD	3,108	1.15	107,968
<u>Non-monetary items</u>			
RMB : USD	33,567	0.15	150,112
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : TWD	529,618	30.715	16,267,214
USD : RMB	156,810	6.87	4,816,407
USD : KRW	31,557	1,106.85	969,260
USD : JPY	4,673	110.41	143,527
HKD : USD	42,398	0.13	166,244
v. The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018, amounted to \$492,573 and \$291,322, respectively.			

- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2019					
Sensitivity Analysis					
	Degree of Variation		Effect on Profit or Loss		Effect on Other Comprehensive Income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : TWD	1%	\$	150,522	\$	-
USD : RMB	1%		5,577		-
USD : KRW	1%		9,335		-
HKD : USD	1%		2,399		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : TWD	1%		143,764		-
USD : RMB	1%		22,087		-
USD : KRW	1%		7,432		-
HKD : USD	1%		1,538		-
Year ended December 31, 2018					
Sensitivity Analysis					
	Degree of Variation		Effect on Profit or Loss		Effect on Other Comprehensive Income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : TWD	1%	\$	172,122	\$	-
USD : RMB	1%		3,332		-
USD : KRW	1%		5,522		-
USD : JPY	1%		2,175		-
HKD : USD	1%		2,513		-
EUR : USD	1%		1,080		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : TWD	1%		162,672		-
USD : RMB	1%		48,164		-
USD : KRW	1%		9,693		-
USD : JPY	1%		1,435		-
HKD : USD	1%		1,662		-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. Shares and open-end funds which the Group invested are issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$13,526 and \$13,019, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$320 and \$320, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. For the years ended December 31, 2019 and 2018, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars, US Dollars and KRW dollars.
- ii. If the borrowing interest rate had increased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2019 and 2018 would have decreased by \$302,641 and \$181,101, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of notes receivable.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with good rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly

monitored.

- iii. Under IFRS 9, if the contract payments are past due over one month based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due more than five months.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2019 and 2018, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable from general customers:

	Not past due	One month past due	Two months past due	Three months past due	Four months past due	Over four months past due	Total
<u>December 31, 2019</u>							
Expected loss rate	0%~ 14.847%	0.12%~ 85.804%	1.363%~ 100%	6.516%~ 100%	30.147%~ 100%	100%	
Total book value	<u>\$ 49,651,277</u>	<u>\$ 3,458,793</u>	<u>\$ 338,028</u>	<u>\$ 89,300</u>	<u>\$ 61,643</u>	<u>\$470,899</u>	<u>\$ 54,069,940</u>
Loss allowance	<u>\$ 89,954</u>	<u>\$ 60,060</u>	<u>\$ 47,054</u>	<u>\$ 53,877</u>	<u>\$ 26,675</u>	<u>\$470,899</u>	<u>\$ 748,519</u>

	Not past due	One month past due	Two months past due	Three months past due	Four months past due	Over four months past due	Total
<u>December 31, 2018</u>							
Expected loss rate	0%~ 6.17%	0.025%~ 58.33%	6.72%~ 91.67%	13.66%~ 91.67%	40.90%~ 99.97%	100%	
Total book value	<u>\$ 44,273,241</u>	<u>\$ 3,050,859</u>	<u>\$ 641,811</u>	<u>\$ 194,923</u>	<u>\$ 100,803</u>	<u>\$345,072</u>	<u>\$ 48,606,709</u>
Loss allowance	<u>\$ 80,244</u>	<u>\$ 59,269</u>	<u>\$ 97,004</u>	<u>\$ 78,601</u>	<u>\$ 65,017</u>	<u>\$345,072</u>	<u>\$ 725,207</u>

(ii) Individually impaired and provisioned allowance for loss

	Individual	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total book value	<u>\$ 179,647</u>	<u>\$ 464,499</u>
Loss allowance	<u>\$ 173,990</u>	<u>\$ 464,499</u>

(iii) For customers whose current ratio, debt ratio, earnings, etc. are within a certain range:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Expected loss rate	0%	0%
Total book value	<u>\$ 57,329,004</u>	<u>\$ 47,376,533</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable are as follows:

	<u>2019</u>				
	<u>Notes receivable</u>	<u>Accounts receivable</u>			
	<u>Individual provision</u>	<u>Individual provision</u>	<u>Group provision</u>	<u>Subtotal</u>	<u>Total</u>
At January 1	\$ 2,346	\$ 464,499	\$ 725,207	\$ 1,189,706	\$ 1,192,052
(Reversal of) provision for impairment	(497)	(205,142)	121,507	(83,635)	(84,132)
Write-offs during the year	-	(415)	(65,925)	(66,340)	(66,340)
Effect of foreign exchange	(1,847)	(4,256)	(26,478)	(30,734)	(32,581)
Transfers into overdue receivables	-	(80,696)	(5,792)	(86,488)	(86,488)
At December 31	<u>\$ 2</u>	<u>\$ 173,990</u>	<u>\$ 748,519</u>	<u>\$ 922,509</u>	<u>\$ 922,511</u>

	<u>2018</u>				
	<u>Notes receivable</u>	<u>Accounts receivable</u>			
	<u>Individual provision</u>	<u>Individual provision</u>	<u>Group provision</u>	<u>Subtotal</u>	<u>Total</u>
At January 1_IAS 39	\$ 91,984	\$ 537,280	\$ 259,129	\$ 796,409	\$ 888,393
Adjustments under new standards	-	-	201,396	201,396	201,396
At January 1_IFRS 9	91,984	537,280	460,525	997,805	1,089,789
(Reversal of) provision for impairment	(30,454)	15,203	323,471	338,674	308,220
Write-offs during the year	-	(39,997)	(21,439)	(61,436)	(61,436)
Effect of foreign exchange	(1,576)	17,477	16,023	33,500	31,924
Others (Note)	(57,608)	(65,464)	(53,373)	(118,837)	(176,445)
At December 31	<u>\$ 2,346</u>	<u>\$ 464,499</u>	<u>\$ 725,207</u>	<u>\$ 1,189,706</u>	<u>\$ 1,192,052</u>

Note: Others included decrease of recovery of write-offs of provision for impairment of accounts receivable and transfer of overdue receivables in prior year amounting to \$2,088 and \$178,533, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group. Each treasury department monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient

headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

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

Non-derivative financial liabilities:

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 69,231,969	\$ -	\$ -	\$ -
Short-term notes and bills payable	5,560,000	-	-	-
Financial liabilities measured at fair value through profit or loss	16,051	-	-	-
Notes payable	34,642	-	-	-
Accounts payable	63,588,170	-	-	-
Accounts payable - related parties	653	-	-	-
Other payables	5,697,289	-	-	-
Lease liabilities	476,832	459,436	293,421	43,714
Long-term borrowings (including current portion)	5,631,937	7,381,807	88,615	-

Non-derivative financial liabilities:

<u>December 31, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 57,335,886	\$ -	\$ -	\$ -
Short-term notes and bills payable	4,960,000	-	-	-
Financial liabilities measured at fair value through profit or loss	5,660	-	-	-
Notes payable	35,497	-	-	-
Accounts payable	53,161,904	-	-	-
Accounts payable - related parties	401	-	-	-
Other payables	5,333,973	-	-	-
Long-term borrowings (including current portion)	723,758	6,992,468	6,559,304	160,287

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair value of the Group's investment in emerging stocks, publicly traded equity investment, forward exchange, beneficiary certificates and swap contracts is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(12).

C. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other financial assets, guarantee deposits paid,

financial assets at amortized cost, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables, lease liabilities (including current and non-current) long-term borrowings-current portion, long-term borrowings and guarantee deposits received are approximate to their fair values.

- D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of the nature of the assets and liabilities is as follows:

December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 2,513	\$ -	\$ 2,513
Beneficiary certificates	-	300,054	-	300,054
Equity securities	166,625	33,103	1,152,863	1,352,591
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	32,035	32,035
	<u>\$ 166,625</u>	<u>\$ 335,670</u>	<u>\$1,184,898</u>	<u>\$1,687,193</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 16,051</u>	<u>\$ -</u>	<u>\$ 16,051</u>
December 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 2,630	\$ -	\$ 2,630
Equity securities	157,336	33,675	1,110,892	1,301,903
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	32,035	32,035
	<u>\$ 157,336</u>	<u>\$ 36,305</u>	<u>\$1,142,927</u>	<u>\$1,336,568</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 5,660</u>	<u>\$ -</u>	<u>\$ 5,660</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques widely accepted in financial management.
- iii. When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. Forward exchange contracts are usually valued based on the current forward exchange rate.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
At January 1_IAS 39	\$ -	\$ 11,191
Adjustments under new standards	-	585,095
At January 1_IFRS 9	1,142,927	596,286
Additions	102,096	83,175
Capital reduction	(36,777)	-
Disposals	-	(8,500)
Transfers out from level 3	(10,000)	-
Transfers into level 3	10,000	490,038
Losses on valuation	(1,188)	(4,233)
Effect of foreign exchange	(22,160)	(13,839)
At December 31	<u>\$ 1,184,898</u>	<u>\$ 1,142,927</u>

F. In the third quarter of 2019, transfers out from Level 3 refer to the reclassification in relation to the investee company becoming a public company. However, the investee company was transferred back into Level 3 as it ceased to be a public company in the fourth quarter of 2019. For the year ended December 31, 2018, transfers into Level 3 refer to the adjustments arising from the application of new standard and the transfers from investments accounted for using equity method.

G. Finance and accounting department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and frequently reviewed.

Finance and accounting department sets up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS. The related valuation results are reported to management monthly. Management is responsible for managing and reviewing valuation processes.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2019</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Equity investment without active market	\$ 1,184,898	Net asset value method	Net asset value		- The higher the net asset value, the higher the fair value

	<u>Fair value at December 31, 2018</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Equity investment without active market	\$ 1,142,927	Net asset value method	Net asset value		- The higher the net asset value, the higher the fair value

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the

effect on profit or loss or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2019			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Net asset value	± 1%	<u>\$ 11,529</u>	<u>(\$ 11,529)</u>	<u>\$ 320</u>	<u>(\$ 320)</u>

			December 31, 2018			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Net asset value	± 1%	\$ 11,109	(\$ 11,109)	\$ 320	(\$ 320)

13. SUPPLEMENTARY DISCLOSURES

(The transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. The following disclosures are for reference only.)

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Aggregate purchases or sales of the same securities reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Derivative financial instruments undertaken during the reporting periods: Please see Notes 6(2)B. and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investee companies

Names, locations and other information of investee companies (excluding investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area.

Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Information on significant transactions of the Company and subsidiary and investee company in Mainland China as of and for the year ended December 31, 2019 is provided in Note (1)J.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Group is mainly engaged in the import and export of electronic components. The products include CPU, analog IC, discrete IC, logic IC, DRAM, Flash, optical component, etc. The chief operating decision-maker evaluates performance based on the separate net income of sub-groups.

(2) Measurement of segment information

The Group's chief operating decision-maker uses the net income as basis for assessing the performance of the Group's operating segments.

(3) Reconciliation for segment income (loss)

A. The net income reported to the chief operating decision-maker is measured in a manner consistent with revenues, costs and expenses in the statement of comprehensive income. As the amounts in the statement provided to the chief operating decision-maker for managing segment are in agreement with the amounts in the statements of segment income, reconciliation is not needed.

B. The segment information of the reportable segments provided to the chief operating decision-maker for the years ended December 30, 2019 and 2018 is as follows:

Year ended December 31, 2019:

	World Peace Industrial Co., Ltd. and its subsidiaries	Silicon Application Corp. and its subsidiaries	Asian Information Technology Inc. and its subsidiaries	Yosun Industrial Corp. and its subsidiaries	Trigold Holdings Limited	Others	Eliminations	Total
Revenue from external customers	\$ 263,803,916	\$ 66,686,583	\$ 67,898,982	\$ 64,230,951	\$ 15,242,430	\$ 49,738,491	\$ -	\$ 527,601,353
Revenue from internal customers	13,934,066	4,506,594	1,599,977	5,941,121	2,898,687	3,809,393	(32,689,838)	-
Total revenue	<u>\$ 277,737,982</u>	<u>\$ 71,193,177</u>	<u>\$ 69,498,959</u>	<u>\$ 70,172,072</u>	<u>\$ 18,141,117</u>	<u>\$ 53,547,884</u>	<u>(\$ 32,689,838)</u>	<u>\$ 527,601,353</u>
Segment profit	<u>\$ 6,031,661</u>	<u>\$ 1,812,656</u>	<u>\$ 1,618,266</u>	<u>\$ 1,561,325</u>	<u>\$ 404,058</u>	<u>\$ 704,467</u>	<u>\$ 1,265,329</u>	<u>\$ 13,397,762</u>
Net income	<u>\$ 3,337,651</u>	<u>\$ 920,534</u>	<u>\$ 1,012,977</u>	<u>\$ 1,034,444</u>	<u>\$ 137,181</u>	<u>\$ 6,627,795</u>	<u>(\$ 6,564,623)</u>	<u>\$ 6,505,959</u>

Year ended December 31, 2018:

	World Peace Industrial Co., Ltd. <u>and its subsidiaries</u>	Silicon Application Corp. and its <u>subsidiaries</u>	Asian Information Technology Inc. and its <u>subsidiaries</u>	Yosun Industrial Corp. and <u>its subsidiaries</u>	Trigold Holdings Limited	<u>Others</u>	<u>Eliminations</u>	<u>Total</u>
Revenue from external customers	\$ 258,457,904	\$ 73,724,514	\$ 70,265,885	\$ 74,666,277	\$ 10,416,351	\$ 57,596,873	\$ -	\$ 545,127,804
Revenue from internal customers	<u>15,718,019</u>	<u>4,979,630</u>	<u>1,322,826</u>	<u>7,269,712</u>	<u>1,303,863</u>	<u>2,840,215</u>	<u>(33,434,265)</u>	<u>-</u>
Total revenue	<u>\$ 274,175,923</u>	<u>\$ 78,704,144</u>	<u>\$ 71,588,711</u>	<u>\$ 81,935,989</u>	<u>\$ 11,720,214</u>	<u>\$ 60,437,088</u>	<u>(\$ 33,434,265)</u>	<u>\$ 545,127,804</u>
Segment profit	<u>\$ 9,277,453</u>	<u>\$ 2,172,491</u>	<u>\$ 1,702,409</u>	<u>\$ 1,866,781</u>	<u>\$ 260,399</u>	<u>\$ 875,550</u>	<u>\$ 1,291,423</u>	<u>\$ 14,446,506</u>
Net income	<u>\$ 3,509,152</u>	<u>\$ 1,059,303</u>	<u>\$ 1,004,782</u>	<u>\$ 1,503,950</u>	<u>\$ 105,543</u>	<u>\$ 7,743,072</u>	<u>(\$ 7,410,785)</u>	<u>\$ 7,515,017</u>

(4) Information on product and service

The Group is mainly engaged in the import and export of electronic components. Revenues consist as follows:

	<u>Year ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Core components	\$ 156,144,782	\$ 156,985,255
Analog IC and mixed signal component	113,860,827	100,350,385
Discrete, logic IC	74,881,379	79,615,473
Memory	103,263,510	134,632,732
Optical components	41,465,436	35,557,666
Passive component, connector and magnetic component	27,531,480	25,842,925
Others	10,453,939	12,143,368
	<u>\$ 527,601,353</u>	<u>\$ 545,127,804</u>

(5) Geographical information

Information about geographic areas for the years ended December 31, 2019 and 2018 were as follows:

	<u>Year ended December 31</u>			
	<u>2019</u>		<u>2018</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 79,802,035	\$ 18,787,922	\$ 71,241,069	\$ 10,152,035
Mainland China	398,259,303	2,268,854	422,474,061	1,388,951
Others	49,540,015	609,150	51,412,674	861,000
	<u>\$527,601,353</u>	<u>\$ 21,665,926</u>	<u>\$545,127,804</u>	<u>\$ 12,401,986</u>

(6) Major customer information

No single customer contributed more than 10% of the Group's total consolidated operating revenues for the years ended December 31, 2019 and 2018.

WPG Holdings Limited and Subsidiaries

Loans to others

Year ended December 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019											
					Item	Value											
1	Apache Korea Corp.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	\$ 57,574	\$ 52,340	\$ 52,340	3.50	2	\$ -	Operations	\$ -	None	-	\$ 75,559	\$ 75,559	Note 1
2	Genuine C&C (Indocina) Pte, Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	59,960	59,960	59,960	2.95	2	-	Operations	-	None	-	78,583	78,583	Note 3
3	Geniune C&C Holding Inc. (Seychelles)	Peng Yu International Limited	Other receivables - related parties	Y	179,880	119,920	119,920	3.90	2	-	Operations	-	None	-	131,478	131,478	Note 7
4	Richpower Electronic Devices Pte., Ltd.	Yosun Singapore Pte Ltd.	Other receivables - related parties	Y	284,810	224,850	215,856	2.95~3.12	2	-	Operations	-	None	-	446,171	446,171	Note 4
5	World Peace International (South Asia) Pte Ltd.	WPG China Inc.	Other receivables - related parties	Y	299,800	-	-	0.00	2	-	Operations	-	None	-	6,687,125	6,687,125	Note 3
5	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	Other receivables - related parties	Y	1,199,200	-	-	0.00	2	-	Operations	-	None	-	6,687,125	6,687,125	Note 3
5	World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	989,340	-	-	0.00	2	-	Operations	-	None	-	6,687,125	6,687,125	Note 3
5	World Peace International (South Asia) Pte Ltd	WPG South Asia Pte. Ltd.	Other receivables - related parties	Y	149,900	-	-	0.00	2	-	Operations	-	None	-	6,687,125	6,687,125	Note 3
6	World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	119,920	119,920	119,920	2.95	2	-	Operations	-	None	-	2,275,026	2,275,026	Note 3
7	WPG C&C Computers And Peripheral (India) Private Limited	World Peace International (India) Pvt., Ltd.	Other receivables - related parties	Y	88,337	88,337	-	0.00	2	-	Operations	-	None	-	353,255	353,255	Note 3

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019							Item	Value			
8	WPG C&C Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	\$ 239,840	\$ 239,840	\$ 239,840	2.02	2	\$ -	Operations	\$ -	None	-	\$ 269,641	\$ 269,641	Note 7
9	WPG India Electronics Pvt Ltd.	World Peace International (India) Pvt., Ltd.	Other receivables - related parties	Y	42,065	42,065	37,859	9.25	2	-	Operations	-	None	-	168,239	168,239	Note 3
10	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	149,900	-	-	0.00	2	-	Operations	-	None	-	1,337,754	1,337,754	Note 3
10	WPG South Asia Pte. Ltd.	Yosun Singapore Pte Ltd.	Other receivables - related parties	Y	299,800	-	-	0.00	2	-	Operations	-	None	-	1,337,754	1,337,754	Note 3
10	WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	749,500	599,600	284,810	4.53	2	-	Operations	-	None	-	1,337,754	1,337,754	Note 3
11	Yosun Hong Kong Corp. Ltd.	WPG Electronics (HK) Limited	Other receivables - related parties	Y	1,379,080	-	-	0.00	2	-	Operations	-	None	-	4,715,054	4,715,054	Note 7
11	Yosun Hong Kong Corp. Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	599,600	-	-	0.00	2	-	Operations	-	None	-	4,715,054	4,715,054	Note 7
11	Yosun Hong Kong Corp. Ltd.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	149,900	-	-	0.00	2	-	Operations	-	None	-	4,715,054	4,715,054	Note 7
11	Yosun Hong Kong Corp. Ltd.	Peng Yu International Limited	Other receivables - related parties	Y	1,199,200	749,500	749,500	3.27~3.30	2	-	Operations	-	None	-	4,715,054	4,715,054	Note 7
12	Yosun Singapore Pte Ltd	WPG Korea Co., Ltd.	Other receivables - related parties	Y	149,900	-	-	0.00	2	-	Operations	-	None	-	674,107	674,107	Note 4
13	AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	Other receivables - related parties	Y	400,000	200,000	121,800	1.55	2	-	Operations	-	None	-	422,878	422,878	Note 2
14	AECO Electronics Co., Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	719,520	719,520	719,520	2.90	2	-	Operations	-	None	-	786,552	786,552	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019							Item	Value			
14	AECO Electronics Co., Ltd.	Silicon Application Corp.	Other receivables - related parties	Y	\$ 299,800	\$ -	\$ -	0.00	2	\$ -	Operations	\$ -	None	-	\$ 314,621	\$ 786,552	Note 7
15	WPG SCM Limited	Peng Yu International Limited	Other receivables - related parties	Y	599,600	599,600	300,231	2.95	2	-	Operations	-	None	-	1,054,305	1,054,305	Note 3
15	WPG SCM Limited	WPG Holdings Limited	Other receivables - related parties	Y	239,840	239,840	-	0.00	2	-	Operations	-	None	-	1,054,305	1,054,305	Note 3
16	WPG Cloud Service Limited	WPG International (CI) Limited	Other receivables - related parties	Y	12,292	-	-	0.00	2	-	Operations	-	None	-	44,149	44,149	Note 7
17	Yosun Industrial Corp.	Trigold Holdings Limited	Other receivables - related parties	Y	150,000	-	-	0.00	2	-	Operations	-	None	-	1,764,658	3,529,317	Note 6
18	Yosun South China Corp. Ltd.	WPG China Inc.	Other receivables - related parties	Y	64,575	64,575	64,575	2.80	2	-	Operations	-	None	-	202,774	202,774	Note 7
18	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	120,540	120,540	120,540	2.80	2	-	Operations	-	None	-	202,774	202,774	Note 7
19	Yosun Shanghai Corp. Ltd.	WPG China Inc.	Other receivables - related parties	Y	150,675	150,675	150,675	2.80	2	-	Operations	-	None	-	358,495	358,495	Note 7
19	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	176,505	176,505	176,505	2.80	2	-	Operations	-	None	-	358,495	358,495	Note 7
20	WPG Investment Co., Ltd.	WPG Holdings Limited	Other receivables - related parties	Y	125,000	125,000	125,000	1.15	2	-	Operations	-	None	-	173,883	173,883	Note 2
21	WPG C&C Shanghai Co., Ltd.	Trigolduo (Shanghai) Industrial Development Ltd.	Other receivables - related parties	Y	12,915	12,915	-	0.00	2	-	Operations	-	None	-	115,885	289,713	Note 7
22	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	Other receivables - related parties	Y	899,400	-	-	0.00	2	-	Operations	-	None	-	7,350,603	18,376,508	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019							Item	Value			
22	WPI International (Hong Kong) Limited	WPG C&C Limited	Other receivables - related parties	Y	\$ 749,500	\$ -	\$ -	0.00	2	\$ -	Operations	\$ -	None	-	\$ 18,376,508	\$ 18,376,508	Note 7
22	WPI International (Hong Kong) Limited	WPG America Inc.	Other receivables - related parties	Y	899,400	-	-	0.00	2	-	Operations	-	None	-	18,376,508	18,376,508	Note 7
22	WPI International (Hong Kong) Limited	WPG Korea Co., Ltd.	Other receivables - related parties	Y	599,600	599,600	239,840	4.53	2	-	Operations	-	None	-	18,376,508	18,376,508	Note 7
22	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	Other receivables - related parties	Y	599,600	599,600	599,600	3.27	2	-	Operations	-	None	-	18,376,508	18,376,508	Note 7
22	WPI International (Hong Kong) Limited	Peng Yu International Limited	Other receivables - related parties	Y	419,720	419,720	-	0.00	2	-	Operations	-	None	-	18,376,508	18,376,508	Note 7
23	World Peace Industrial Co., Ltd.	Longview Technology Inc.	Other receivables - related parties	Y	1,149,400	849,600	92,126	1.95~3.20	2	-	Operations	-	None	-	5,206,031	10,412,062	Note 6
23	World Peace Industrial Co., Ltd.	Long-Think International Co., Ltd.	Other receivables - related parties	Y	89,940	44,970	-	0.00	2	-	Operations	-	None	-	5,206,031	10,412,062	Note 6
23	World Peace Industrial Co., Ltd.	Trigold Holdings Limited	Other receivables - related parties	Y	300,000	-	-	0.00	2	-	Operations	-	None	-	5,206,031	10,412,062	Note 6
24	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	Other receivables - related parties	Y	200,000	200,000	200,000	1.37	2	-	Operations	-	None	-	281,799	281,799	Note 2
25	AIO Components Company Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	134,910	-	-	0.00	2	-	Operations	-	None	-	14,949	14,949	Note 7
26	Silicon Application (BVI) Corporation	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	119,920	-	-	0.00	2	-	Operations	-	None	-	3,196,168	3,196,168	Note 7
26	Silicon Application (BVI) Corporation	Silicon Application Corp.	Other receivables - related parties	Y	1,199,200	1,199,200	1,199,200	1.70	2	-	Operations	-	None	-	1,278,467	3,196,168	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019							Item	Value			
26	Silicon Application (BVI) Corporation	Peng Yu International Limited	Other receivables - related parties	Y	\$ 119,920	\$ 119,920	\$ 119,920	3.20	2	\$ -	Operation	\$ -	None	-	\$ 3,196,168	\$ 3,196,168	Note 7
27	Silicon Application Company Limited	WPG C&C Limited	Other receivables - related parties	Y	419,720	-	-	0.00	2	-	Operations	-	None	-	1,796,937	1,796,937	Note 7
27	Silicon Application Company Limited	Silicon Application Corp.	Other receivables - related parties	Y	689,540	689,540	689,540	1.70	2	-	Operations	-	None	-	718,775	1,796,937	Note 7
27	Silicon Application Company Limited	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	599,600	599,600	599,600	3.91	2	-	Operations	-	None	-	1,796,937	1,796,937	Note 7
27	Silicon Application Company Limited	WPG China Inc.	Other receivables - related parties	Y	299,800	299,800	299,800	4.37	2	-	Operations	-	None	-	1,796,937	1,796,937	Note 7
27	Silicon Application Company Limited	Peng Yu International Limited	Other receivables - related parties	Y	119,920	119,920	119,920	3.70	2	-	Operations	-	None	-	1,796,937	1,796,937	Note 7
28	Sertek Limited	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	437,708	437,708	437,708	2.20	2	-	Operations	-	None	-	443,843	443,843	Note 7
29	Sertek Incorporated	Richpower Electronic Devices Co., Ltd	Other receivables - related parties	Y	299,800	299,800	299,800	3.25	2	-	Operations	-	None	-	631,210	631,210	Note 2
30	Apache Communication Inc.	Asian Information Technology Inc.	Other receivables - related parties	Y	389,740	-	-	0.00	2	-	Operations	-	None	-	289,969	463,950	Note 5
31	Genuine C&C Inc.	Hoban Inc.	Other receivables - related parties	Y	50,000	50,000	-	0.00	2	-	Operations	-	None	-	441,780	441,780	Note 2
31	Genuine C&C Inc.	Peng Yu International Limited	Other receivables - related parties	Y	300,000	300,000	-	0.00	2	-	Operations	-	None	-	441,780	441,780	Note 2
32	Richpower Electronic Devices Co., Limited	Silicon Application Corp.	Other receivables - related parties	Y	599,600	599,600	599,600	3.91	2	-	Operations	-	None	-	924,811	2,312,027	Note 7
32	Richpower Electronic Devices Co., Limited	WPG Americas Inc.	Other receivables - related parties	Y	599,600	-	-	0.00	2	-	Operations	-	None	-	2,312,027	2,312,027	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019							Item	Value			
32	Richpower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	\$ 839,440	\$ 599,600	\$ -	0.00	2	\$ -	Operations	\$ -	None	-	\$ 2,312,027	\$ 2,312,027	Note 7
33	Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	449,700	449,700	374,750	2.02~2.90	2	-	Operations	-	None	-	520,663	520,663	Note 7
34	Long-Think International Co., Ltd.	World Peace Industrial Co., Ltd.	Other receivables - related parties	Y	18,000	18,000	18,000	1.52	2	-	Operations	-	None	-	19,636	19,636	Note 2
35	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Trigolduo (Shanghai) Industrial Development Ltd.	Other receivables - related parties	Y	34,440	34,440	34,440	4.60	2	-	Operations	-	None	-	101,414	253,535	Note 7
35	Peng Yu (Shanghai) Digital Technology Co., Ltd.	WPG C&C Shanghai Co., Ltd.	Other receivables - related parties	Y	25,830	25,830	25,830	4.60	2	-	Operations	-	None	-	253,535	253,535	Note 7
36	Trigolduo (Shanghai) Industrial Development Ltd.	Trigold Tongle (Shanghai) Industrial Development Ltd.	Other receivables - related parties	Y	6,027	6,027	4,736	4.85	2	-	Operations	-	None	-	9,501	9,501	Note 2

Note 1: Accumulated financing activities and the individual limit to any company or person should not be in excess of 100% of creditors' net assets.

Note 2: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 40% of creditor's net assets.

Note 3: (1) For those borrowers which are not 100% held investee company, the individual limit amount and the accumulated financing activities to those borrowers should not be in excess of 40% of the creditor's net assets.

(2) For those borrowers which are 100% held investee company, the individual limit amount and the accumulated financing activities to those borrowers should not be in excess of 200% of the creditor's net assets.

(3) The total limit of (1) and (2) should not exceed 200% of the creditor's net assets.

Note 4: Accumulated financing activities to any company or person should not be in excess of 200% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 200% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 40% of the creditor's net assets.

Note 5: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 25% of creditor's assets.

Note 6: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 20% of creditor's assets.

Note 7: Accumulated financing activities to any company or person should not be in excess of 100% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 40% of the creditor's net assets.

Note 8: The column of 'Nature of loan' shall fill in 1. 'Business transaction or 2. 'Short-term financing'.

WPG Holdings Limited and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019	Outstanding endorsement/ guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	Note 1	\$ 31,736,078	\$ 154,142	\$ 78,239	\$ 78,239	\$ 78,239	0.12	\$ 31,736,078	Y	N	N	Notes 4 and 5
1	World Peace International (South Asia) Pte Ltd	WPG C&C Computers And Peripheral (India) Private Limited	Note 1	6,686,902	74,950	-	-	-	0.00	6,686,902	N	N	N	Note 7
2	World Peace International Pte. Ltd.	WPG Americas Inc.	Note 3	7,316,545	164,890	164,890	5,133	-	4.51	7,316,545	N	N	N	Note 7
2	World Peace International Pte. Ltd.	WPG C&C Computers and Peripheral (India) Private Ltd.	Note 1	7,316,545	493,171	131,912	75,718	-	3.61	7,316,545	N	N	N	Note 7
2	World Peace International Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	7,316,545	1,019,320	299,800	66,137	-	8.20	7,316,545	N	N	N	Note 7
3	WPG South Asia Pte. Ltd.	WPG India Electronics Private Limited	Note 1	1,337,754	14,990	-	-	-	0.00	1,337,754	N	N	N	Note 11
4	Yosun Industrial Corp.	Yosun Singapore Pte. Ltd.	Note 1	8,823,292	1,481,012	1,118,254	515,673	-	12.67	17,646,583	N	N	N	Note 9
4	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	Note 1	8,823,292	1,364,090	539,640	114,253	-	6.12	17,646,583	N	N	N	Note 9
4	Yosun Industrial Corp.	Sertek Incorporated	Note 1	8,823,292	2,398,400	2,398,400	1,172,043	-	27.18	17,646,583	N	N	N	Note 9
4	Yosun Industrial Corp.	Richpower Electronic Devices Co., Limited	Note 1	8,823,292	1,200,000	600,000	445,088	-	6.80	17,646,583	N	N	N	Note 9
5	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Note 1	13,015,078	2,965,022	1,154,230	517,696	-	4.43	20,824,124	N	N	N	Note 6
5	World Peace Industrial Co., Ltd.	VITEC WPG Limited	Note 3	13,015,078	67,455	67,455	44,970	-	0.26	20,824,124	N	N	N	Note 6
5	World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	13,015,078	659,560	659,560	659,560	-	2.53	20,824,124	N	N	N	Note 6

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019	Outstanding endorsement/ guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
6	Frontek Technology Corporation	Asian Information Technology Inc.	Note 2	\$ 947,143	\$ 769,700	\$ 769,700	\$ 559,087	-	32.51	\$ 1,183,929	N	N	N	Note 8
7	Asian Information Technology Inc.	WPG China Inc.	Note 3	2,471,582	14,990	14,990	-	-	0.24	3,089,477	N	N	Y	Note 8
7	Asian Information Technology Inc.	Frontek Technology Corporation	Note 1	2,471,582	847,560	847,560	74,225	-	13.72	3,089,477	N	N	N	Note 8
7	Asian Information Technology Inc.	AIT Japan Inc.	Note 1	2,471,582	179,880	-	-	-	0.00	3,089,477	N	N	N	Note 8
8	Trigold Holding Limited	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Note 1	577,603	43,050	43,050	43,050	-	3.73	577,603	N	N	Y	Note 10
8	Trigold Holdings Limited	Peng Yu International Limited	Note 1	577,603	59,960	59,960	59,960	-	5.20	577,603	N	N	N	Note 10
8	Trigold Holdings Limited	WPG C&C Shanghai Co., Ltd.	Note 1	577,603	258,300	129,150	129,150	-	11.18	577,603	N	N	Y	Note 10

Note 1: The company and its subsidiary hold more than 50% of the investee company.

Note 2: The parent company directly owns more than 50% of the company.

Note 3: An affiliate.

Note 4: The guarantee amount should not exceed 50% of guarantor's net assets; the limit to a single company should not exceed 50% of the Company's stockholder's equity. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The limit on the Company and its subsidiaries' total loan to other companies is 60% of the Company's net assets. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets, which is based on the latest audited or reviewed financial statements.

Note 5: There are 8,999 thousand shares of WPG Investment Co., Ltd. which have been pledged for purchases for World Peace Industrial Co., Ltd. The book value of those pledged investments is \$78,239.

Note 6: The cumulative guarantee amount to others should not be in excess of 80% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 50% of guarantor's net assets. For business transaction with the guarantor, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The net asset value is based on the latest audited or reviewed financial statements.

Note 7: The cumulative guarantee amount to others should not be in excess of 200% of the Company's net assets. The guarantee amount to a single company should not be in excess of 200% of Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets.

Note 8: The cumulative guarantee amount to others should not be in excess of 50% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 40% of guarantor's net assets. However, guarantee amount to a single overseas affiliate should not be in excess of 40% of guarantor's net assets.

Note 9: The cumulative guarantee amount to others should not be in excess of 200% of guarantor and its subsidiaries' total net assets. The guarantee amount to a single company should not be in excess of 100% of guarantor and its subsidiaries' total net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The Company's guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the ultimate parent company should not exceed 10% of the ultimate parent company's net assets. The net asset value is based on the latest audited or reviewed financial statements.

Note 10: The cumulative guarantee amount to others should not be in excess of 50% of the Company's net assets. The guarantee amount to a single company should not be in excess of 50% of Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The Company's and its subsidiaries' cumulative guarantee amount to others should not be in excess 50% (not including 50%) of the Company's net assets. The guarantee amount to a single company should not be in excess of 50% (not including 50%) of the Company's net assets. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets. The guarantee amount to a subsidiary which is 100%directly or indirectly held by the Company should not exceed 50% (not including 50%) of the Company's net assets. The net assets value is based on the latest audit or reviewed financial statements.

Note 11: The cumulative guarantee amount to others should not be in excess of 200% of the Company's net assets. The guarantee amount to a single company should not be in excess of 200% of Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets.

WPG Holdings Limited and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2019				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value (Note 1)	Footnote
				(in thousands)				
WPG Holdings Limited	Restar Holdings Corporation	None	Financial assets at at fair value through profit or loss- non-current	230	\$ 128,864	1.46	\$ 128,864	Note 2
WPG Holdings Limited	Tyche Partners L.P. - Funds	None	Financial assets at at fair value through profit or loss- non-current	-	304,820	-	304,820	
WPG Holdings Limited	CDIB CME Fund Ltd., etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	160,931	-	160,931	
Silicon Application Corp.	Kingmax Technology Inc., etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	312,432	-	312,432	Note 3
World Peace Industrial Co., Ltd.	Silicon Line GmbH, Munich etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	24,068	-	24,068	
AECO Technology Co., Ltd.	Hua-Jie (Taiwan) Corp. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	668	6,684	3.32	6,684	
Yosun Industrial Corp.	Fortend Taiwan Scientific Corp., etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	4,214	-	4,214	
Genuine C&C Inc.	Systemweb Technology - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	700	8,705	9.52	8,705	
Richpower Electronic Devices Co., Ltd.	Promaster Technology Co., Ltd., etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	37,906	-	37,906	
WPG Investment Co., Ltd.	DIGITIMES Inc. etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current, etc.	-	123,567	-	123,567	
Silicon Application (BVI) Corp.	Actiontec Electronics Inc. etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	6,540	-	6,540	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value (Note 1)	
Asian Information Technology Inc.	MCUBE, Inc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	\$ -	-	\$ -	
Win-Win Systems Ltd.	Silicon Electronics Company(s) Pte. Ltd. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	180	-	-	-	
WPG South Asia Pte. Ltd.	ViMOS Technologies GmbH - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	20	648	9	648	
WPG China Inc.	CECI Technology Co. Ltd. etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	565,301	-	565,301	

Note 1: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 2: The original investee company, Vitec Holdings Co., Ltd., was delisted on March 27, 2019. Vitec Holdings Co., Ltd was merged with UKC Holdings whereby a new company, Restar Holdings Corporation, was established. The effective date for this merger was April 1, 2019, and the name of the held marketable securities would be changed.

Note 3: There are 566 thousand shares of Kingmax Technology Inc. which have been pledged for purchases as of December 31, 2019.

WPG Holdings Limited and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the counterparty	Balance as at January 1, 2019		Addition		Disposal				Balance as at December 31, 2019	
					No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	No. of shares (in thousands)	Amount
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Note 1	World Peace Industrial Co., Ltd.	Same parent company	1,160,000	\$ 15,971,669	342,700 (Note 2)	\$ 2,500,000	-	\$ -	\$ -	\$ -	1,502,700	\$ 18,471,669
"	Silicon Application Corp.	Note 1	Silicon Application Corp.	"	428,000	4,717,962	127,000 (Note 3)	1,000,000	-	-	-	-	555,000	5,717,962
"	Asian Information Technology Inc.	Note 1	Asian Information Technology Inc.	"	380,000	4,063,464	120,000 (Note 4)	800,000	-	-	-	-	500,000	4,863,464
"	WPG International (CI) Limited	Note 1	WPG International (CI) Limited	"	124,443	3,783,583	25,840	800,000	-	-	-	-	150,283	4,583,583
"	WT Microelectronics Co., Ltd.	Note 5	Not applicable	Not applicable	-	-	177,110	8,111,638	-	-	-	-	177,110	8,111,638

Note 1: It is recorded as investments accounted for under equity method.

Note 2: Stock dividends of 92,700 thousand shares distributed by World Peace Industrial Co., Ltd. are included.

Note 3: Stock dividends of 27,000 thousand shares distributed by Silicon Application Corp. are included.

Note 4: Stock dividends of 40,000 thousand shares distributed by Asian Information Technology Inc. are included.

Note 5: It is recorded as prepayments for investments.

WPG Holdings Limited and Subsidiaries
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
Year ended December 31, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment (Note 2)	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
The Company	Office building A in Taipei City Nangang Dist. Jingmao section No.70, No. 70-1	2016.12 (Note 1)	\$ 4,533,954	\$ 963,465	Ji Tai Development Co., Ltd.	Non-related party	-	-	-	\$ -	It was appraised by Honda real estate appraising firm and China real estate appraising firm	Operation needs	None
The Company	Taipei City Nangang Dist. Jingmao section No.70, No. 70-1	2016.12 (Note 1)	1,063,114	225,912	Lee	Non-related party	-	-	-	-	It was appraised by Honda real estate appraising firm and China real estate appraising firm	Operation needs	None
The Company	Taipei City Nangang Dist. Jingmao section No.70, No. 70-1	2016.12 (Note 1)	843,765	179,300	Wang	Non-related party	-	-	-	-	It was appraised by Honda real estate appraising firm and China real estate appraising firm	Operation needs	None

Note 1: It was the date of contract.

Note 2: For the years ended December 31, 2017 and 2018, the total amount was \$885,615 and \$241,531, respectively, and for the year ended December 31, 2019, the amount was \$241,531.

WPG Holdings Limited and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Differences in transaction terms compared to third party											
		Relationship with the counterparty	Transaction				transactions		Notes/accounts receivable (payable)		Footnote
Purchaser/seller	Counterparty		Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Same parent company	Sales	(\$ 445,048) (	55.36)	Note 5	Note 5	Note 5	\$ 67,345	64.12	
"	Silicon Application Corp.	"	"	(117,708) (	14.64)	"	"	"	14,083	13.41	
"	Asian Information Technology Inc.	"	"	(113,533) (	14.12)	"	"	"	12,566	11.96	
"	Yosun Industrial Corp.	"	"	(116,519) (	14.50)	"	"	"	9,531	9.08	
World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte Ltd.	"	"	(564,768) (	0.52)	Note 3	Note 3	Note 3	612	-	
"	WPI International (Hong Kong) Limited	"	"	(4,163,661) (	3.81)	"	"	"	409,687	1.70	
"	WPG Electronics (HK) Limited	"	"	(658,270) (	0.60)	"	"	"	199,462	0.83	
"	WPG China (SZ) Inc.	"	"	(1,475,604) (	1.35)	"	"	"	184,219	0.76	
"	WPG China Inc.	"	"	(527,549) (	0.48)	"	"	"	127,238	0.53	
"	WPG SCM Limited	"	"	(1,611,232) (	1.48)	"	"	"	99,427	0.41	
"	WPG Korea Co., Ltd.	"	"	(1,803,214) (	1.65)	"	"	"	130,590	0.54	
"	Genuine C&C Inc.	"	"	(129,652) (	0.12)	"	"	"	6,206	0.03	
Genuine C&C (IndoChina) Pte Ltd.	WPG PT Electrindo Jaya	Investment under equity method	"	(172,812) (	82.56)	"	"	"	24,890	83.93	
World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	Same parent company	"	(148,064) (	0.52)	"	"	"	22,962	0.56	
"	WPG C&C (Malaysia) Sdn. Bhd	"	"	(113,642) (	0.40)	"	"	"	-	-	
"	WPG C&C Computers And Peripheral (India) Private Limited	"	"	(1,071,637) (	3.77)	"	"	"	129,145	3.14	
"	WPG SCM Limited	"	"	(3,427,063) (	12.05)	"	"	"	510,668	12.40	
"	WPG PT Electrindo Jaya	Investment under equity method	"	(476,985) (	1.68)	"	"	"	56,861	1.38	
"	WPG C&C (Thailand) Co., Ltd.	Same parent company	"	(117,387) (	0.41)	"	"	"	29,439	0.72	

Differences in transaction terms compared to third party											
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	Same parent company	Sales	(\$ 5,052,414) (	3.35)	Note 3	Note 3	Note 3	\$ 354,723	0.96	
"	World Peace International (South Asia) Pte Ltd.	"	"	(2,327,856) (	1.55)	"	"	"	97,547	0.27	
"	WPG Electronics (HK) Limited	"	"	(116,078) (	0.08)	"	"	"	15,404	0.04	
"	WPG China (SZ) Inc.	"	"	(2,000,615) (	1.33)	"	"	"	228,380	0.62	
"	WPG China Inc.	"	"	(912,013) (	0.61)	"	"	"	260,698	0.71	
"	WPG SCM Limited	"	"	(1,018,391) (	0.68)	"	"	"	81,315	0.22	
"	WPG Korea Co., Ltd.	"	"	(112,120) (	0.07)	"	"	"	9,068	0.02	
Longview Technology Inc.	World Peace Industrial Co., Ltd.	"	"	(395,231) (	24.94)	"	"	"	24,495	80.86	
"	WPI International (Hong Kong) Limited	"	"	(972,188) (	61.35)	"	"	"	2,200	7.26	
Long-Think International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	"	(812,450) (	48.56)	"	"	"	38,785	35.91	
"	WPI International (Hong Kong) Limited	"	"	(607,122) (	36.29)	"	"	"	38,380	35.54	
Silicon Application Corp.	Pernas Electronics Co., Ltd.	"	"	(1,691,803) (	2.60)	30 days after monthly billings	Note 4	Note 4	42,956	0.31	
"	WPG Electronics (HK) Limited	"	"	(3,283,423) (	5.05)	90 days after monthly billings	"	"	1,122,287	7.98	
"	WPG China (SZ) Inc.	"	"	(832,313) (	1.28)	"	"	"	154,228	1.10	
"	WPG China Inc.	"	"	(159,045) (	0.24)	"	"	"	33,890	0.24	
Pernas Electronics Co., Ltd.	Silicon Application Corp.	"	"	(415,999) (	6.21)	30 days after monthly billings	"	"	32,434	2.94	
"	Everwiner Enterprise Co., Ltd.	"	"	(358,840) (	5.35)	Note 2	"	"	30,536	2.77	
Everwiner Enterprise Co., Ltd.	Silicon Application Corp.	"	"	(135,070) (	3.38)	30 days after monthly billings	"	"	20,018	2.65	
"	Pernas Electronics Co., Ltd.	"	"	(1,959,524) (	49.06)	Note 2	"	"	261,024	34.59	
Asian Information Technology Inc.	World Peace International (South Asia) Pte Ltd.	"	"	(148,363) (	0.43)	"	Note 2	Note 2	15,936	0.26	
"	WPI International (Hong Kong) Limited	"	"	(299,904) (	0.86)	"	"	"	33,513	0.55	
"	Frontek Technology Corporation	"	"	(3,702,796) (	10.67)	"	"	"	674,675	11.15	
"	Apache Communication Inc.	"	"	(1,256,164) (	3.62)	"	"	"	80,862	1.34	
"	WPG Electronics (HK) Limited	"	"	(164,610) (	0.47)	"	"	"	59,993	0.99	

Differences in transaction terms compared to third party											
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Asian Information Technology Inc.	WPG China (SZ) Inc.	Same parent company	Sales	(\$ 163,204)	(0.47)	Note 2	Note 2	Note 2	\$ 30,332	0.50	
Henshen Electric Trading Co., Ltd.	Asian Information Technology Inc.	"	"	(217,196)	(18.94)	"	"	"	742	0.65	
"	Frontek Technology Corporation	"	"	(291,762)	(25.45)	"	"	"	3,906	3.40	
Frontek Technology Corporation	Asian Information Technology Inc.	"	"	(2,165,009)	(10.30)	"	"	"	197,755	3.89	
"	WPG Electronics (HK) Limited	"	"	(369,194)	(1.76)	"	"	"	153,361	3.02	
"	WPG China Inc.	"	"	(218,910)	(1.04)	"	"	"	63,776	1.25	
Apache Communication Inc.	Asian Information Technology Inc.	"	"	(658,868)	(3.21)	"	"	"	15,341	0.43	
AIT Japan Inc.	Asian Information Technology Inc.	"	"	(167,425)	(26.33)	"	"	"	16	0.14	
WPG Electronics (HK) Limited	World Peace Industrial Co., Ltd.	"	"	(258,275)	(3.79)	Notes 3 and 5	Notes 3 and 5	Notes 3 and 5	1,979	0.14	
"	WPI International (Hong Kong) Limited	"	"	(361,530)	(5.31)	"	"	"	69,645	4.84	
"	Silicon Application Corp.	"	"	(144,474)	(2.12)	Note 5	Note 5	Note 5	-	-	
WPG China Inc.	WPG China (SZ) Inc.	"	"	(379,459)	(3.59)	90 days after monthly billings	Note 4	Note 4	754	0.03	
WPG China (SZ) Inc.	WPG China Inc.	"	"	(217,940)	(2.55)	Note 3	Note 3	Note 3	-	-	
WPG Americas Inc.	World Peace Industrial Co., Ltd.	"	"	(332,046)	(2.51)	"	"	"	35,564	2.32	
WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	"	(505,151)	(60.48)	Note 5	Note 5	Note 5	-	-	
"	Yosun Singapore Pte Ltd.	"	"	(109,791)	(13.14)	"	"	"	-	-	
WPG SCM Limited	World Peace International (South Asia) Pte Ltd.	"	"	(167,789)	(2.46)	Note 3	Note 3	Note 3	47,087	2.61	
WPG Korea Co., Ltd.	WPI International (Hong Kong) Limited	"	"	(220,122)	(3.41)	"	"	"	215	0.02	
"	WPG South Asia Pte. Ltd.	"	"	(204,146)	(3.16)	30 days at the end of the month	"	"	196,716	21.38	
Yosun Industrial Corp.	WPG China (SZ) Inc.	"	"	(694,744)	(3.77)	Note 6	Note 6	Note 6	114,362	4.15	
"	WPG China Inc.	"	"	(598,911)	(3.25)	"	"	"	116,607	4.23	
"	Yosun Hong Kong Corp. Ltd.	"	"	(3,229,367)	(17.53)	Note 3	Note 3	Note 3	182,914	6.64	
"	Richpower Electronic Devices Co., Ltd	"	"	(158,144)	(0.86)	"	"	"	107,426	3.90	
"	Richpower Electronic Devices Co., Limited	"	"	(124,448)	(0.68)	"	"	"	3,232	0.12	

Table 6, Page 3

		Differences in transaction terms compared to third party									
		Relationship with the counterparty	Transaction				transactions		Notes/accounts receivable (payable)		Footnote
Purchaser/seller	Counterparty		Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	Same parent company	Sales	(\$ 740,233) (	2.98)	Note 6	Note 6	Note 6	\$ 103,592	2.76	
"	WPG China Inc.	"	"	(2,021,480) (	8.14)	"	"	"	248,244	6.62	
"	Yosun Industrial Corp.	"	"	(503,775) (	2.03)	Note 3	Note 3	Note 3	4,772	0.13	
"	Richpower Electronic Devices Co., Limited	"	"	(1,388,360) (	5.59)	"	"	"	9,811	0.26	
Yosun Singapore Pte Ltd.	WPG SCM Limited	"	"	(387,302) (	7.74)	"	"	"	29,537	2.69	
Sertek Incorporated	Yosun Industrial Corp.	"	"	(447,643) (	3.08)	"	"	"	29,338	6.14	
"	Yosun Hong Kong Corp. Ltd.	"	"	(701,659) (	4.82)	"	"	"	16,091	3.37	
Richpower Electronic Devices Co., Limited	WPG Electronics (HK) Limited	"	"	(941,114) (	14.40)	Note 6	Note 6	Note 6	310,078	21.01	
"	Yosun Industrial Corp.	"	"	(162,618) (	2.49)	Note 3	Note 3	Note 3	3,482	0.24	
"	WPG China (SZ) Inc.	"	"	(332,544) (	2.87)	Note 6	Note 6	Note 6	111,485	5.47	
"	Yosun Industrial Corp.	"	"	(716,511) (	6.17)	Note 3	Note 3	Note 3	-	-	
"	Yosun Hong Kong Corp. Ltd.	"	"	(2,750,911) (	23.71)	"	"	"	81,213	3.98	
"	Richpower Electronic Devices Co., Ltd	"	"	(236,162) (	2.04)	"	"	"	7,637	0.37	
Peng Yu (Shanghai) Digital Technology Co., Ltd.	Peng Yu International Limited	"	"	(175,864) (	49.84)	"	"	"	19,853	20.63	
Peng Yu International Limited	World Peace Industrial Co., Ltd.	"	"	(1,024,444) (	17.51)	"	"	"	-	-	
"	WPI International (Hong Kong) Limited	"	"	(1,105,741) (	18.90)	"	"	"	-	-	
"	WPG Electronics (HK) Limited	"	"	(742,533) (	12.69)	"	"	"	120,568	11.10	
"	WPG C&C Shanghai Co., Ltd.	"	"	(894,490) (	15.29)	"	"	"	115,978	10.68	

Note 1: As the related party transactions of consolidated subsidiaries exceeding \$100 million are voluminous, the related information disclosed here is from the sales aspect.

Note 2: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~120 days from the end of the month of sales.

Note 3: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~90 days from the end of the month of sales.

Note 4: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition.

Note 5: The income arose from the provision of administrative resources and management services, and the sales price and terms were determined by the parties.

Note 6: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 60~120 days from the end of the month of sales.

WPG Holdings Limited and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2019

Table 7

Expressed in thousands of NT\$
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
					Amount	Action taken		
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Same parent company	\$ 409,687	8.90	\$ -	-	\$ 409,687	\$ -
World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	"	199,462	3.19	2,474	-	114,205	-
World Peace Industrial Co., Ltd.	WPG China (SZ) Inc.	"	184,219	4.27	-	-	178,725	-
World Peace Industrial Co., Ltd.	WPG China Inc.	"	127,238	6.49	-	-	71,840	-
World Peace Industrial Co., Ltd.	WPG Korea Co., Ltd.	"	130,590	10.57	-	-	130,590	-
World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	"	129,144	7.67	-	-	129,144	-
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	"	510,668	4.24	-	-	510,668	-
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	354,723	16.13	-	-	354,723	-
WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	"	228,380	4.95	-	-	203,441	-
WPI International (Hong Kong) Limited	WPG China Inc.	"	260,698	5.93	-	-	154,893	-
Silicon Application Corp.	WPG Electronics (HK) Limited	"	1,122,287	3.06	-	-	642,832	-
Silicon Application Corp.	WPG China (SZ) Inc.	"	154,228	4.47	-	-	97,506	-
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	261,024	3.07	-	-	261,024	-
Asian Information Technology Inc.	Frontek Technology Corporation	"	674,675	8.64	-	-	674,675	-
Frontek Technology Corporation	Asian Information Technology Inc.	"	197,755	5.78	-	-	197,755	-
Frontek Technology Corporation	WPG Electronics (HK) Limited	"	153,361	2.54	-	-	43,037	-
WPG Korea Co., Ltd.	WPG South asia Pte. Ltd.	"	196,716	2.08	-	-	-	-
Yosun Industrial Corp.	WPG China (SZ) Inc.	"	114,362	4.19	-	-	57,714	-
Yosun Industrial Corp.	WPG China Inc.	"	116,607	7.29	-	-	112,244	-
Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	"	182,914	16.14	-	-	182,914	-
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd	"	107,426	2.56	-	-	93,955	-
Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	"	103,592	2.97	-	-	92,738	-
Yosun Hong Kong Corp. Ltd.	WPG China Inc.	"	248,244	4.99	-	-	159,507	-
Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	"	310,078	2.91	-	-	270,836	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
					Amount	Action taken		
Richpower Electronic Devices Co., Limited	WPG China (SZ) Inc.	Same parent company	\$ 111,485	5.55	\$ -	-	\$ 110,757	\$ -
Peng Yu International Limited	WPG Electronics (HK) Limited	"	120,568	12.32	-	-	120,568	-
Peng Yu International Limited	WPG C&C Shanghai Co., Ltd.	"	115,978	3.83	-	-	115,099	-
WPG Holdings Limited	Silicon Application Corp.	"	658,296	0.00	-	-	380	-
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	"	396,360	0.00	-	-	396,360	-
World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	"	120,155	0.00	-	-	-	-
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	"	234,773	0.00	-	-	209,517	-
WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	"	127,529	0.00	-	-	105	-
WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	"	600,497	0.00	-	-	-	-
WPI International (Hong Kong) Limited	WPG Korea Co., Ltd.	"	242,560	0.00	-	-	1	-
WPG C&C Limited	WPI International (Hong Kong) Limited	"	240,311	0.00	-	-	-	-
Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	"	378,536	0.00	-	-	-	-
AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	"	122,208	0.00	-	-	3,457	-
AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	"	731,475	0.00	-	-	306,852	-
Silicon Application (BVI) Corp.	Silicon Application Corp.	"	1,211,998	0.00	-	-	-	-
Silicon Application (BVI) Corp.	Peng Yu International Limited	"	120,048	0.00	-	-	-	-
Silicon Application Company Limited	Silicon Application Corp.	"	691,357	0.00	-	-	-	-
Silicon Application Company Limited	WPG China Inc.	"	310,208	0.00	-	-	-	-
Silicon Application Company Limited	Yosun Hong Kong Corp. Ltd.	"	622,328	0.00	-	-	622,328	-
Silicon Application Company Limited	Peng Yu International Limited	"	123,445	0.00	-	-	123,445	-
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	202,094	0.00	-	-	-	-
WPG South Aisa Pte. Ltd.	WPG Korea Co., Ltd.	"	286,295	0.00	-	-	62,200	-
WPG SCM Limited	Peng Yu International Limited	"	300,231	0.00	-	-	431	-
Yosun Hong Kong Corp. Ltd.	Peng Yu International Limited	"	752,176	0.00	-	-	752,176	-
Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	"	177,875	0.00	-	-	-	-
Yosun Shanghai Corp. Ltd.	WPG China Inc.	"	151,911	0.00	-	-	12,915	-

Table 7, Page 2

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
					Amount	Action taken		
Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	Same parent company	\$ 121,109	0.00	\$ -	-	\$ 6,889	\$ -
Sertek Incorporated	Richpower Electronic Devices Co., Ltd	"	302,074	0.00	-	-	1	-
Sertek Limited	Yosun Hong Kong Corp. Ltd.	"	439,233	0.00	-	-	-	-
Richpower Electronic Devices Co., Limited	Silicon Application Corp.	"	622,263	0.00	-	-	-	-
Richpower Electronic Devices Pte Ltd.	Yosun Singapore Pte Ltd.	"	216,405	0.00	-	-	549	-
WPG Investment Co., Ltd.	WPG Holdings Limited	"	125,164	0.00	-	-	-	-
Genuine C&C Holding Inc. (Seychelles)	Peng Yu International Limited	"	121,375	0.00	-	-	-	-
Peng Yu International Limited	WPG Electronics (HK) Limited	"	322,844	0.00	-	-	322,844	-

Note 1: Balance as at December 31, 2019 includes other receivables that exceed \$100,000.

Note 2: Turnover rate of 0.00 was caused by the receivables amount recorded as other receivables, and thus the turnover rate is not applicable.

Note 3: The subsequent collections are amounts collected as of March 24, 2020.

WPG Holdings Limited and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2019

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	1	Sales	\$ 445,048	Note 11	0.08
0	WPG Holdings Limited	Silicon Application Corp.	1	"	117,708	Note 11	0.02
0	WPG Holdings Limited	Asian Information Technology Inc.	1	"	113,533	Note 11	0.02
0	WPG Holdings Limited	Yosun Industrial Corp.	1	"	116,519	Note 11	0.02
1	World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	564,768	Note 5	0.11
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	"	4,163,661	Note 5	0.79
1	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	"	658,270	Note 5	0.12
1	World Peace Industrial Co., Ltd.	WPG China (SZ) Inc.	3	"	1,475,604	Note 5	0.28
1	World Peace Industrial Co., Ltd.	WPG China Inc.	3	"	527,549	Note 5	0.10
1	World Peace Industrial Co., Ltd.	WPG SCM Limited	3	"	1,611,232	Note 5	0.31
1	World Peace Industrial Co., Ltd.	WPG Korea Co., Ltd.	3	"	1,803,214	Note 5	0.34
1	World Peace Industrial Co., Ltd.	Genuine C&C Inc.	3	"	129,652	Note 5	0.02
2	World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	3	"	148,064	Note 5	0.03
2	World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn. Bhd	3	"	113,642	Note 5	0.02
2	World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	3	"	1,071,637	Note 5	0.20
2	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	3,427,063	Note 5	0.65
2	World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	3	"	117,387	Note 5	0.02
3	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	5,052,414	Note 5	0.96
3	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	3	"	2,327,856	Note 5	0.44
3	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	"	116,078	Note 5	0.02
3	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	"	2,000,615	Note 5	0.38

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	WPI International (Hong Kong) Limited	WPG China Inc.	3	Sales	\$ 912,013	Note 5	0.17
3	WPI International (Hong Kong) Limited	WPG SCM Limited	3	"	1,018,391	Note 5	0.19
3	WPI International (Hong Kong) Limited	WPG Korea Co., Ltd.	3	"	112,120	Note 5	0.02
5	Longview Technology Inc.	World Peace Industrial Co., Ltd.	3	"	395,231	Note 5	0.07
5	Longview Technology Inc.	WPI International (Hong Kong) Limited	3	"	972,188	Note 5	0.18
6	Long-Think International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	812,450	Note 5	0.15
6	Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	3	"	607,122	Note 5	0.12
7	Silicon Application Corp.	Pernas Electronics Co., Ltd.	3	"	1,691,803	Notes 9 and 11	0.32
7	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	3,283,423	Notes 9 and 12	0.62
7	Silicon Application Corp.	WPG China (SZ) Inc.	3	"	832,313	Notes 9 and 12	0.16
7	Silicon Application Corp.	WPG China Inc.	3	"	159,045	Notes 9 and 12	0.03
8	Pernas Electronics Co., Ltd.	Silicon Application Corp.	3	"	415,999	Notes 9 and 11	0.08
8	Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	3	"	358,840	Note 4	0.07
9	Everwiner Enterprise Co., Ltd.	Silicon Application Corp.	3	"	135,070	Notes 9 and 11	0.03
9	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	1,959,524	Notes 9 and 12	0.37
10	Asian Information Technology Inc.	World Peace International (South Asia) Pte Ltd.	3	"	148,363	Note 4	0.03
10	Asian Information Technology Inc.	WPI International (Hong Kong) Limited	3	"	299,904	Note 4	0.06
10	Asian Information Technology Inc.	Frontek Technology Corporation	3	"	3,702,796	Note 4	0.70
10	Asian Information Technology Inc.	Apache Communication Inc.	3	"	1,256,164	Note 4	0.24
10	Asian Information Technology Inc.	WPG Electronics (HK) Limited	3	"	164,610	Note 4	0.03
10	Asian Information Technology Inc.	WPG China (SZ) Inc.	3	"	163,204	Note 4	0.03
11	Henshen Electric Trading Co., Ltd.	Asian Information Technology Inc.	3	"	217,196	Note 4	0.04
11	Henshen Electric Trading Co., Ltd.	Frontek Technology Corporation	3	"	291,762	Note 4	0.06
12	Frontek Technology Corporation	Asian Information Technology Inc.	3	"	2,165,009	Note 4	0.41
12	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	369,194	Note 4	0.07
12	Frontek Technology Corporation	WPG China Inc.	3	"	218,910	Note 4	0.04
13	Apache Communication Inc.	Asian Information Technology Inc.	3	"	658,868	Note 4	0.12

Table 8, Page 2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
14	AIT Japan Inc.	Asian Information Technology Inc.	3	Sales	\$ 167,425	Note 4	0.03
15	WPG Electronics (HK) Limited	World Peace Industrial Co., Ltd.	3	"	258,275	Note 11	0.05
15	WPG Electronics (HK) Limited	WPI International (Hong Kong) Limited	3	"	361,530	Note 11	0.07
15	WPG Electronics (HK) Limited	Silicon Application Corp.	3	"	144,474	Note 11	0.03
17	WPG China Inc.	WPG China (SZ) Inc.	3	"	379,459	Note 9	0.07
18	WPG Americas Inc.	World Peace Industrial Co., Ltd.	3	"	332,046	Note 5	0.06
19	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	505,151	Note 10	0.10
19	WPG South Asia Pte. Ltd.	Yosun Singapore Pte Ltd.	3	"	109,791	Note 11	0.02
39	WPG SCM Limited	World Peace International (South Asia) Pte Ltd.	3	"	167,789	Note 5	0.03
20	WPG Korea Co., Ltd.	WPI International (Hong Kong) Limited	3	"	220,122	Note 5	0.04
20	WPG Korea Co., Ltd.	WPG South Asia Pte. Ltd.	3	"	204,146	30 days at the end of the month	0.04
21	Yosun Industrial Corp.	WPG China (SZ) Inc.	3	"	694,744	Note 8	0.13
21	Yosun Industrial Corp.	WPG China Inc.	3	"	598,911	Note 8	0.11
21	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	3,229,367	Note 5	0.61
21	Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd	3	"	158,144	Note 5	0.03
21	Yosun Industrial Corp.	Richpower Electronic Devices Co., Limited	3	"	124,448	Note 5	0.02
22	Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	3	"	740,233	Note 8	0.14
22	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	2,021,480	Note 8	0.38
22	Yosun Hong Kong Corp. Ltd.	Yosun Industrial Corp.	3	"	503,775	Note 5	0.10
22	Yosun Hong Kong Corp. Ltd.	Richpower Electronic Devices Co., Limited	3	"	1,388,360	Note 5	0.26
23	Yosun Singapore Pte Ltd.	WPG SCM Limited	3	"	387,302	Note 5	0.07
24	Sertek Incorporated	Yosun Industrial Corp.	3	"	447,643	Note 5	0.08
24	Sertek Incorporated	Yosun Hong Kong Corp. Ltd.	3	"	701,659	Note 5	0.13
25	Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	3	"	941,114	Note 8	0.18
25	Richpower Electronic Devices Co., Ltd.	Yosun Industrial Corp.	3	"	162,618	Note 5	0.03
26	Richpower Electronic Devices Co., Limited	WPG China (SZ) Inc.	3	"	332,544	Note 8	0.06
26	Richpower Electronic Devices Co., Limited	Yosun Industrial Corp.	3	"	716,511	Note 5	0.14

Table 8, Page 3

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
26	Richpower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	3	Sales	\$ 2,750,911	Note 5	0.52
26	Richpower Electronic Devices Co., Limited	Richpower Electronic Devices Co., Ltd	3	"	236,162	Note 5	0.04
40	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Peng Yu International Limited	3	"	175,864	Note 12	0.03
27	Peng Yu International Limited	World Peace Industrial Co., Ltd.	3	"	1,024,445	Note 5	0.19
27	Peng Yu International Limited	WPI International (Hong Kong) Limited	3	"	1,105,742	Note 5	0.21
27	Peng Yu International Limited	WPG Electronics (HK) Limited	3	"	742,534	Note 5	0.14
27	Peng Yu International Limited	WPG C&C Shanghai Co., Ltd.	3	"	894,491	Note 5	0.17
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	Accounts receivable	409,687	Note 5	0.18
1	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	"	199,462	Note 5	0.09
1	World Peace Industrial Co., Ltd.	WPG China (SZ) Inc.	3	"	184,219	Note 5	0.08
1	World Peace Industrial Co., Ltd.	WPG China Inc.	3	"	127,238	Note 5	0.06
1	World Peace Industrial Co., Ltd.	WPG Korea Co., Ltd.	3	"	130,590	Note 5	0.06
2	World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	3	"	129,144	Note 5	0.06
2	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	510,668	Note 5	0.22
3	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	354,723	Note 5	0.15
3	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	"	228,380	Note 5	0.10
3	WPI International (Hong Kong) Limited	WPG China Inc.	3	"	260,698	Note 5	0.11
7	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	1,122,287	Notes 9 and 12	0.49
7	Silicon Application Corp.	WPG China (SZ) Inc.	3	"	154,228	Notes 9 and 12	0.07
9	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	261,024	Notes 9 and 12	0.11
10	Asian Information Technology Inc.	Frontek Technology Corporation	3	"	674,675	Note 4	0.29
12	Frontek Technology Corporation	Asian Information Technology Inc.	3	"	197,755	Note 4	0.09
12	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	153,361	Note 4	0.07
20	WPG Korea Co., Ltd.	WPG South Asia Pte. Ltd.	3	"	196,716	30 days at the end of the month	0.09
21	Yosun Industrial Corp.	WPG China (SZ) Inc.	3	"	114,362	Note 8	0.05
21	Yosun Industrial Corp.	WPG China Inc.	3	"	116,607	Note 8	0.05

Table 8, Page 4

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
21	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	Accounts receivable	\$ 182,914	Note 5	0.08
21	Yosun Industrial Corp.	Richpower Electronic Devices Co., Limited	3	"	107,426	Note 5	0.05
22	Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	3	"	103,592	Note 8	0.04
22	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	248,244	Note 8	0.11
25	Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	3	"	310,078	Note 8	0.13
26	Richpower Electronic Devices Co., Limited	WPG China (SZ) Inc.	3	"	111,485	Note 8	0.05
27	Peng Yu International Limited	WPG Electronics (HK) Limited	3	"	120,568	Note 5	0.05
27	Peng Yu International Limited	WPG C&C Shanghai Co., Ltd.	3	"	115,978	Note 5	0.05
0	WPG Holdings Limited	Silicon Application Corp.	1	Other receivables	658,296	Note 13	0.29
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	"	396,360	Note 14	0.17
28	World Peace International Pte Ltd	World Peace International (South Asia) Pte Ltd.	3	"	120,155	Note 7	0.05
2	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	234,773	Note 6	0.10
3	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	3	"	127,529	Note 6	0.06
3	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	"	600,497	Note 7	0.26
3	WPI International (Hong Kong) Limited	WPG Korea Co., Ltd.	3	"	242,560	Note 7	0.11
29	WPG C&C Limited	WPI International (Hong Kong) Limited	3	"	240,311	Note 7	0.10
6	Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	3	"	378,536	Note 7	0.16
31	AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	3	"	122,208	Note 7	0.05
32	AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	3	"	731,475	Note 7	0.32
33	Silicon Application (BVI) Corp.	Silicon Application Corp.	3	"	1,211,998	Note 7	0.53
33	Silicon Application (BVI) Corp.	Peng Yu International Limited	3	"	120,048	Note 7	0.05
34	Silicon Application Company Limited	Silicon Application Corp.	3	"	691,357	Note 7	0.30
34	Silicon Application Company Limited	WPG China Inc.	3	"	310,208	Note 7	0.13
34	Silicon Application Company Limited	Yosun Hong Kong Corp. Ltd.	3	"	622,328	Note 7	0.27
34	Silicon Application Company Limited	Peng Yu International Limited	3	"	123,445	Note 7	0.05
9	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	202,094	Note 7	0.09

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
19	WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	3	Other receivables	\$ 286,295	Note 7	0.12
39	WPG SCM Limited	Peng Yu International Limited	3	"	300,231	Note 7	0.13
22	Yosun Hong Kong Corp. Ltd.	Peng Yu International Limited	3	"	752,176	Note 7	0.33
35	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	3	"	177,875	Note 7	0.08
35	Yosun Shanghai Corp. Ltd.	WPG China Inc.	3	"	151,911	Note 7	0.07
36	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	3	"	121,109	Note 7	0.05
24	Sertek Incorporated	Richpower Electronic Devices Co., Ltd	3	"	302,074	Note 7	0.13
41	Sertek Limited	Yosun Hong Kong Corp. Ltd.	3	"	439,233	Note 7	0.19
26	Richpower Electornic Devices Co., Limited	Silicon Application Corp.	3	"	622,263	Note 7	0.27
38	Richpower Electronic Devices Pte Ltd	Yosun Singapore Pte Ltd.	3	"	216,405	Note 7	0.09
4	WPG Investment Co., Ltd.	WPG Holdings Limited	2	"	125,164	Note 7	0.05
37	Genuine C&C Holding Inc. (Seychelles)	Peng Yu International Limited	3	"	121,375	Note 7	0.05
27	Peng Yu International Limited	WPG Electronics (HK) Limited	3	"	322,844	Note 14	0.14

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~120 days from the end of the month of sales.

Note 5: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~90 days from the end of the month of sales.

Note 6: The amount receivable pertains to receipts under custody.

Note 7: Mainly accrued financing charges.

Note 8: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 60~120 days from the end of the month of sales.

Note 9: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition.

Note 10: The collection period is 60 days from the end of the month of sales.

Note 11: The collection period is 30 days from the end of the month of sales.

Note 12: The collection period is 90 days from the end of the month of sales.

Note 13: Mainly dividends receivable.

Note 14: The amount receivable arose from payments to suppliers made on behalf of the associate.

Table 9

WPG Holdings Limited and Subsidiaries
Information on investees
Year ended December 31, 2019

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Taiwan	Sales of electronic components	\$ 18,471,669	\$ 15,971,669	1,502,700,000	100.00	\$ 26,017,736	\$ 3,335,885	\$ 3,335,885	Note 4
WPG Holdings Limited	Asian Information Technology Inc.	Taiwan	Sales of electronic /electrical components	4,863,464	4,063,464	500,000,000	100.00	6,178,954	1,012,977	1,012,977	Note 4
WPG Holdings Limited	Silicon Application Corp.	Taiwan	Sales of computer software, hardware and electronic components	5,717,962	4,717,962	555,000,000	100.00	7,074,395	920,534	920,534	Note 4
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	14,735	14,735	3,920,000	100.00	50,370	7,436	7,721	Note 4
WPG Holdings Limited	WPG Korea Co., Ltd.	South Korea	Sales of electronic components	169,071	169,071	1,087,794	100.00	491,955	13,852	13,852	Note 4
WPG Holdings Limited	WPG International (CI) Limited	Cayman Islands	Holding company	4,583,583	3,783,583	150,282,520	100.00	5,286,291	163,583	163,583	Note 4
WPG Holdings Limited	Yosun Industrial Corp.	Taiwan	Sales of electronic /electrical components	12,144,406	12,144,406	362,074,400	100.00	12,581,042	1,034,444	1,030,929	Note 4
WPG Holdings Limited	WPG Investment Co., Ltd.	Taiwan	Investment company	502,997	502,997	50,000,000	100.00	434,708	7,956	7,956	Note 4
WPG Holdings Limited	Trigold Holdings Limited	Taiwan	Investment company	707,968	707,968	48,139,319	60.50	738,954	143,191	87,245	Note 4
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	British Virgin Islands	Holding company	1,132,162	1,132,162	34,196,393	100.00	3,740,609	256,662	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	British Virgin Islands	Holding company	2,774,146	2,774,146	83,179,435	100.00	18,428,121	2,227,277	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Taiwan	Sales of electronic components	364,290	364,290	33,900,000	100.00	590,815	80,295	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	Chainpower Technology Corp.	Taiwan	Sales of electronic components	66,261	66,261	9,781,452	39.00	159,752	73,223	-	Notes 2 and 3
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	Taiwan	Sales of electronic components	1,468,555	1,468,555	94,600,000	100.00	1,661,860	33,422	-	Notes 2 and 5
Longview Technology Inc.	Longview Technology GC Limited	British Virgin Islands	Holding company	335,328	335,328	11,300,000	100.00	520,980	81,919	-	Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019 (Note 1)	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Longview Technology Inc.	Long-Think International Co., Ltd.	Taiwan	Sales of electronic components	\$ 37,302	\$ 37,302	4,000,000	100.00	\$ 49,863	\$ 2,363	\$ -	Notes 2 and 5
AECO Technology Co., Ltd.	Teco Enterprise Holding (BVI) Co., Ltd.	British Virgin Islands	Investment company	436,280	436,280	12,610,000	100.00	786,675	17,025	-	Notes 2 and 5
Silicon Application Corp.	Silicon Application (BVI) Corp.	British Virgin Islands	Holding company	706,402	706,402	22,000,000	100.00	3,196,168	73,145	-	Notes 2 and 5
Silicon Application Corp.	Win-Win Systems Ltd.	British Virgin Islands	Holding company	24,015	24,015	765,000	100.00	25,710	585	-	Notes 2 and 5
Silicon Application Corp.	SAC Components (South Asia) Pte. Ltd.	Singapore	Sales of computer software, hardware and electronic components	104,510	104,510	3,500,000	100.00	112,728	1,986	-	Notes 2 and 5
Silicon Application Corp.	Pernas Electronics Co., Ltd.	Taiwan	Sales of electronic components	959,504	959,504	73,500,000	100.00	1,241,657	245,950	-	Notes 2 and 5
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Taiwan	Sales of electronic components	343,959	343,959	28,000,000	100.00	896,760	216,674	-	Notes 2 and 5
Asian Information Technology Inc.	Frontek Technology Corporation Inc.	Taiwan	Wholesale of electronic components	1,515,256	1,515,256	214,563,352	100.00	2,367,858	296,593	-	Notes 2 and 5
Asian Information Technology Inc.	Apache Communication Inc.	Taiwan	Wholesale of electronic components	180,313	680,313	107,000,000	100.00	1,159,875	184,434	-	Notes 2 and 5
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	Taiwan	Wholesale of electronic components	124,521	124,521	10,000,000	100.00	123,017	10,830	-	Notes 2 and 5
Asian Information Technology Inc.	Adivic Technology Co., Ltd.	Taiwan	Import and export business for electronic components	206,200	206,200	4,410,000	25.94	31,975	(28,441)	-	Notes 2 and 3
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	British Virgin Islands	Investment company	155,558	155,558	4,703,107	100.00	299,381	(19,839)	-	Notes 2 and 5
Frontek Technology Corporation	Frontek International Limited	British Virgin Islands	Investment company	101,862	101,862	2,970,000	100.00	124,728	3,738	-	Notes 2 and 5
Yosun Industrial Corp.	Suntop Investments Limited	Cayman Islands	Investment company	1,812,188	1,812,188	50,700,000	100.00	5,139,814	73,856	-	Notes 2 and 5
Yosun Industrial Corp.	Sertek Incorporated	Taiwan	Sales of electronic /electrical components	1,616,722	1,616,722	94,828,100	100.00	1,873,445	296,677	-	Notes 2 and 5
Yosun Industrial Corp.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	19,920	19,920	1,660,000	24.24	-	-	-	Notes 2 and 3

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019 (Note 1)	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Yosun Industrial Corp.	Eesource Corp.	Taiwan	Sales of electronic /electrical components, office machinery and equipment	\$ 11,520	\$ 11,520	1,080,000	20.00	\$ 32,484	\$ 4,203	\$ -	Notes 2 and 3
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd.	Taiwan	Sales of electronic /electrical components	2,092,631	2,092,631	85,000,000	100.00	2,234,559	305,102	-	Notes 2 and 5
Sertek Incorporated	Sertek Limited	Hong Kong	Sales of electronic /electrical components	83,494	83,494	19,500,000	100.00	443,843	10,051	-	Notes 2 and 5
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Hong Kong	Sales of electronic components	284,898	284,898	63,000,000	100.00	2,312,027	175,686	-	Notes 2 and 5
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Pte., Ltd.	Singapore	Sales of electronic components	1,988	1,988	10,000	100.00	223,086	6,200	-	Notes 2 and 5
WPG Investment Co., Ltd.	Eesource Corp.	Taiwan	Sales of electronic /electrical components, office machinery and equipment	11,520	11,520	1,080,000	20.00	33,302	24,174	-	Notes 2 and 3
WPG Investment Co., Ltd.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	50,000	50,000	3,279,800	10.67	46,255	11,279	-	Notes 2 and 3
WPG Investment Co., Ltd.	Trigold Holdings Limited	Taiwan	Investment company	230	230	10,000	0.01	234	143,183	-	Notes 2 and 3
WPG Investment Co., Ltd.	AutoSys Co., Ltd.	Cayman Islands	Holding company	73,000	73,000	5,000,000	19.40	71,090	(7,576)	-	Notes 2 and 3
WPG Investment Co., Ltd.	Beauteek Global Wellness Corporation Limited	Hong Kong	Community e-commerce trading platform and related services	13,665	13,665	354,400	23.08	12,400	(5,476)	-	Notes 2 and 3
WPG Investment Co., Ltd.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	17,800	17,800	1,565,218	22.86	-	-	-	Notes 2 and 3
Trigold Holdings Limited	Genuine C&C Inc.	Taiwan	Sales of electronic products and its peripheral equipment	1,093,697	1,093,697	79,569,450	100.00	1,102,988	81,923	-	Notes 2 and 5
Trigold Holdings Limited	Trigold (Hong Kong) Company Limited	Hong Kong	Holding company	510,981	78,594	130,200,000	100.00	566,385	101,337	-	Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019 (Note 1)	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Genuine C&C Inc.	Hoban Inc.	Taiwan	An E-commerce company which operates B2C and O2O businesses	\$ 79,999	\$ 79,999	8,000,000	100.00	\$ 10,274	(\$ 3,125)	\$ -	Notes 2 and 5
Genuine C&C Inc.	Genuine C&C Holding Inc. (Seychelles)	Seychelles	Holding company	193,870	193,870	6,500,000	100.00	131,478	3,847	-	Notes 2 and 5
Genuine C&C Inc.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	12,636	12,636	1,682,151	5.47	11,425	11,279	-	Notes 2 and 3

Note 1: Investment income (loss) recognised by the company including realized (unrealized) gain or loss from upstream intercompany transactions and amortization of investment discount (premium).

Note 2: Investment income (loss) recognised by each subsidiary.

Note 3: An investee company accounted for under the equity method by subsidiary.

Note 4: A subsidiary.

Note 5: An indirect subsidiary.

WPG Holdings Limited and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2019

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2019 (Note 3)	Book value of investments in Mainland China as of December 31, 2019 (Note 6)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
WPG China Inc.	Sales of electronic /electrical components	\$ 1,629,214	1	\$ 1,748,971	\$ -	\$ -	\$ 1,748,971	\$ 66,330	100.00	\$ 66,330	\$ 2,315,808	\$ -	
WPG China (SZ) Inc.	Sales of computer software and electronic components	144,580	1	104,346	-	-	104,346	47,827	100.00	47,827	730,958	-	Note 4
Suzhou Xinning Bonded Warehouse Co., Ltd.	Warehousing services	35,602	1	28,130	-	-	28,130	(6,267)	49.00	(3,071)	77,270	-	
Gain Tune Logistics (Shanghai) Co., Ltd.	Warehousing services / extra work	43,050	1	14,857	-	-	14,857	(5,029)	40.00	(2,011)	26,370	-	
Suzhou Xinning Logistics Co., Ltd.	Warehousing services	64,575	1	18,430	-	-	18,430	13,192	29.40	3,878	40,299	-	
WPG C&C Shanghai Co., Ltd.	Sales of electronic products	228,754	1	260,826	-	-	260,826	43,262	100.00	26,178	174,427	-	Note 7
Long-Think International (Shanghai) Limited	Sales of electronic components	14,255	1	143,490	-	-	143,490	331	100.00	331	26,751	-	Note 2
Yosun Shanghai Corp. Ltd.	Sales of electronic components and warehousing services	270,422	1	230,846	-	-	230,846	6,700	100.00	6,700	358,495	-	
Yosun South China Corp. Ltd.	Sales of electronic /electrical components	138,056	1	-	-	-	-	4,730	100.00	4,730	202,774	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2019 (Note 3)	Book value of investments in Mainland China as of December 31, 2019 (Note 6)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Qegoo Technology Co., Ltd.	Business e-commerce platform	\$ 55,463	1	\$ 4,807	\$ -	\$ -	\$ 4,807	\$ -	15.00	-	\$ -	\$ -	
Peng Yu (Shanghai) Digital Technology Co., Ltd	Sales of electronic products	96,863	1	182,856	-	-	182,856	78,322	100.00	47,393	152,678	-	
Trigolduo (Shanghai) Industrial Development Ltd.	Children's theme park	43,050	1	-	30,135	-	30,135	(20,031)	70.00	(8,484)	10,061	-	
Trigold Tongle (Shanghai) Industrial Development Ltd.	Children's theme park	6,458	1	-	-	-	-	(6,222)	70.00	(2,635)	196	-	Note 8

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China, is '1'.

Note 2: Long View Technology Inc. held investments in Mainland China 100% ownership of Long-Think International Trading (Shanghai) Limited through third district transfer investment of British Virgin Islands-Long Think International (HK) Limited as of August 31, 2012. The investment had been permitted by Investment Commission.

Note 3: The investment income/loss for the year ended December 31, 2019 that was recognized by the Company was based on the financial statements audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

Note 4: WPG International (Hong Kong) Limited invested in WPG (Shenzhen) Inc. in the amount of HKD 10 million, which is part of the distribution of earnings from WPG China Inc. The investment had been permitted by Investment Commission, and was excluded from the ceiling of investment amount in Mainland China.

Note 5: For paid-in capital, amount remitted from Taiwan to Mainland China/ amount remitted back to Taiwan for the year ended December 31, 2019, accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019, book value of investments in Mainland China as of December 31, 2019, accumulated amount of investment income remitted back to Taiwan as of December 31, 2019, etc., the exchange rates used were USD 1: NTD 29.98, HKD 1: NTD 3.849 and RMB 1: NTD 4.305.

Note 6: The ending balance of investment was calculated based on combined ownership percentage held by the Company.

Note 7: The retirement of World Peace Industrial Co., Ltd.'s indirect investment in Mainland China, WPI International Trading (Shanghai) Ltd., has been approved by Investment Commission, Ministry of Economic Affairs on May 22, 2019 amounting to USD 11,650 thousand. World Peace Industrial Co., Ltd. will submit an application to Investment Commission, Ministry of Economic Affairs for deducting the accumulated amount of remittance from Taiwan to Mainland China when the consideration arising from transfer of equity interests is remitted back from the investment in the third area, WPI International (HK) Limited.

Note 8: Trigold Tongle (Shanghai) Industrial Development Ltd. is a wholly-owned subsidiary of Trigolduo (Shanghai) Industrial Development Ltd.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
WPG Holdings Limited	\$ 1,986,318	\$ 2,087,754	\$ 38,380,257
World Peace Industrial Co., Ltd. and its subsidiaries	376,434	360,433	15,641,668
Silicon Application Corp. and its subsidiaries	12,914	18,765	4,244,637
Yosun Industrial Corp. and its subsidiaries	251,382	532,565	5,293,975
WPG Investment Co., Ltd.	4,807	14,642	260,825
Trigold Holdings Limited and its subsidiaries	567,406	567,406	697,398

(1) Exchange rates as of December 31, 2019 were USD 1: NTD 29.98, HKD 1 : NTD 3.849 and RMB 1 : NTD 4.305.

(2) The ceiling of investment amount of the company is calculated based on the investor's net assets.

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND
AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2019 AND 2018

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of WPG Holdings Limited

Opinion

We have audited the accompanying parent company only balance sheets of WPG Holdings Limited (the “Company”) as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2019 are outlined as follows:

Impairment assessment of investments accounted for under equity method

Description

Refer to Note 4(10) for accounting policy on investments accounted for under equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for under equity method, and Note 6(3) for details of investments accounted for under equity method.

In 2010, the Company acquired 100% shareholding of Yosun Industrial Corp. (referred herein as “Yosun Industrial”) amounting to \$12,939,060 thousand, and was recognized as investments accounted for under equity method. The Company uses the estimated future cash flows of each cash-generating unit and proper discount rate to assess whether the investment may be impaired. Given that the assumptions used in the calculation of recoverable amount requires significant management judgement with respect to the discount rate and the underlying cash flows, we consider impairment assessment of the investment a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Assessing the process in which management evaluates the estimated future cash flows of each cash generating unit, and reconciling the input data used in the valuation model to the approved operational plan by management.
2. Evaluating the reasonableness of the estimated growth rate, gross rate, discount rate and other significant assumptions used in the valuation model, by:
 - (1) Comparing estimated growth rate and gross rate with historical data and our knowledge of the business and industry;
 - (2) Comparing discount rate assumptions with respect to cash generating units’ capital cost and similar return on assets; and
 - (3) Checking the setting of valuation model’s calculation formula.
3. Comparing the recoverable value and book value of each cash-generating unit.

Valuation of investments accounted for under equity method

Description

Refer to Note 4(10) for accounting policy on investments accounted for under equity method, and Note 6(3) for details of investments accounted for under equity method.

As at December 31, 2019, the balance of the Company's investments in its subsidiaries, World Peace Industrial Co., Ltd. (referred herein as "World Peace Industrial"), Yosun Industrial, Silicon Application Corp. (referred herein as "Silicon Application") and Asian Information Technology Inc. (referred herein as "Asian Information Technology") amounted to \$26,017,736 thousand, \$12,581,042 thousand, \$7,074,395 thousand and \$6,178,954 thousand, respectively, and the investment income amounted to \$3,335,885 thousand, \$1,030,929 thousand, \$920,534 thousand and \$1,012,977 thousand, respectively for the year then ended. As the balance of investments accounted for under equity method constituted 71% of the Company's total assets, and investment income constituted 95% of the Company's profit before tax, we consider the assessment of investments accounted for under equity method, valuation of allowance for uncollectible accounts receivable, and recognition of purchase discounts and allowances of these subsidiaries as key audit matters as summarised below:

Valuation of allowance for uncollectible accounts receivable - World Peace Industrial, Yosun Industrial, Silicon Application and Asian Information Technology (collectively referred herein as the "Subsidiaries")

Description

Refer to Note 4(10) of consolidated financial statements for accounting policy on accounts receivable, Note 5(2) of consolidated financial statements for uncertainty of accounting estimates and assumptions in relation to provision for uncollectible accounts receivable, and Note 6(5) of consolidated financial statements for details of accounts receivable and overdue receivables.

The Subsidiaries assess the collectibility of accounts receivable based on historical experience with its customers. As the estimation of allowance for uncollectible accounts is subject to management's judgment in estimating future recovery, such as management's assessment of customer's credit risk, we consider the valuation of allowance for uncollectible accounts receivable a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Obtaining an understanding of, and evaluating the formal approval process for the customer's

credit limit application.

2. Checking the provision policy on allowance for uncollectible accounts, and assessing the reasonableness of provision policy.
3. Checking the adequacy of the loss rate calculation by sampling the historical accounts receivable aging data and verifying the formula for the calculation of expected credit loss rate.
4. Comparing the classification of accounts receivable aging with current year and prior year, and checking subsequent collections after balance sheet date to confirm recovery of outstanding receivables.
5. For those accounts receivable specifically identified by management to have been impaired, evaluating propriety of impairment assessment against related supporting documents.

Recognition of purchase discounts and allowances - subsidiaries

Description

Refer to Note 4(13) of the consolidated financial statements for accounting policy on recognition of purchase discounts and allowances.

The Subsidiaries are engaged in operating sales channel for various electronic components. In line with industry practice, the Subsidiaries have entered into purchase discounts and allowances agreements with suppliers for various kinds and quantities of inventories. The Subsidiaries calculate and recognize the amount of purchase discounts and allowances in accordance with the agreement. The Subsidiaries negotiate the amount with the supplier, and after receiving credit note from supplier, the Subsidiaries pay the net amount.

The discounts and allowances from supplier are calculated either automatically by the system or manually. The Subsidiaries have to gather a lot of information to input in the system, such as the items subject to discount and corresponding discount rate, etc. Given that the Subsidiaries have a large volume of purchases, and have entered into various purchase discounts and allowances agreements with terms and conditions that vary with each agreement, we consider the recognition of purchase discounts and allowances a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Understanding the process in recognizing purchase discounts and allowances, evaluating related

internal control procedures and testing its effectiveness, checking the basic information set up in the computer system with respect to discount and allowance calculation randomly, and selecting samples to determine whether purchase discounts and allowances recognized were reviewed by an authorised supervisor.

2. Selecting samples of purchase discounts and allowances, obtaining confirmed documents and approved credit note from supplier for selected commodity's part number, and checking whether the part number and discount and allowance amount in obtained vouchers were consistent with the amounts recognized.
3. Performing confirmation of selected material accounts payable, checking whether there is a difference between the amount of purchase discounts and allowances recognized based on credit note from supplier with the amount confirmed by the supplier, and investigating differences, if any. Selecting samples of outstanding accounts payable and checking whether subsequent payments were made after the balance sheet date.

Responsibilities of management and those charged with governance for financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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, but is not a guarantee that an

audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 Company's internal control.
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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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 the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 or business activities within the financial statements to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Lin, Chun-Yao

Chou, Chien-hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2020

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets			December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,983,588	3	\$ 52,637	-
1180	Accounts receivable - related parties, net	7(3)	105,022	-	81,425	-
1200	Other receivables		56	-	56	-
1210	Other receivables - related parties	7(3)	803,118	1	350,349	1
1410	Prepayments		23,269	-	17,416	-
1470	Other current assets		537	-	296	-
11XX	Total current assets		2,915,590	4	502,179	1
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	594,615	1	547,357	1
1550	Investments accounted for under equity method	6(3) and 8	58,854,405	81	55,235,857	95
1600	Property, plant and equipment	6(4)	1,427,534	2	1,181,993	2
1755	Right-of-use assets	6(5) and 7(3)	15,819	-	-	-
1760	Investment property, net	6(6) and 8	709,805	1	715,151	1
1780	Intangible assets	6(7)	15,419	-	7,691	-
1840	Deferred income tax assets	6(23)	15,437	-	12,134	-
1960	Prepayment for investments	6(8)	8,111,638	11	-	-
1990	Other non-current assets		10,045	-	5,245	-
15XX	Total non-current assets		69,754,717	96	57,705,428	99
1XXX	Total assets		\$ 72,670,307	100	\$ 58,207,607	100

(Continued)

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity			December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 7,200,000	10	\$ 1,995,000	3
2110	Short-term notes and bills payable	6(10)	998,987	1	619,593	1
2150	Notes payable		1,603	-	1,018	-
2200	Other payables		288,929	1	281,344	1
2220	Other payables - related parties	7(3)	133,802	-	14,685	-
2230	Current income tax liabilities		430,090	1	413,503	1
2280	Current lease liabilities		7,013	-	-	-
2300	Other current liabilities	6(11)	4,664	-	55,145	-
21XX	Total current liabilities		9,065,088	13	3,380,288	6
Non-current liabilities						
2540	Long-term borrowings	6(11) and 8	-	-	358,577	1
2570	Deferred income tax liabilities	6(23)	78,413	-	73,873	-
2580	Non-current lease liabilities		8,890	-	-	-
2600	Other non-current liabilities	6(12)	45,759	-	36,100	-
25XX	Total non-current liabilities		133,062	-	468,550	1
2XXX	Total liabilities		9,198,150	13	3,848,838	7
Equity						
Capital						
3110	Common stock	6(13)	16,790,568	23	16,790,568	29
3120	Preference stock	6(13)	2,000,000	3	-	-
Capital reserve						
3200	Capital reserve		27,456,298	38	19,454,882	33
Retained earnings						
3310	Legal reserve		6,021,073	8	5,274,872	9
3320	Special reserve		2,602,682	4	4,124,936	7
3350	Unappropriated earnings		14,022,230	19	11,316,193	19
Other equity interest						
3400	Other equity interest		(5,420,694)	(8)	(2,602,682)	(4)
3XXX	Total equity		63,472,157	87	54,358,769	93
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		\$ 72,670,307	100	\$ 58,207,607	100

The accompanying notes are an integral part of these parent company only financial statements.

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	Items	Notes	2019		2018	
			Amount	%	Amount	%
4000	Operating revenues	6(17) and 7(3)	\$ 7,384,531	100	\$ 8,212,827	100
5000	Operating costs	6(21)(22)and 7(3)	(732,414)	(10)	(697,955)	(8)
5900	Gross profit		<u>6,652,117</u>	<u>90</u>	<u>7,514,872</u>	<u>92</u>
	Non-operating income and expenses					
7010	Other income	6(18)	26,127	-	27,248	-
7020	Other gains or losses	6(19)	2,884	-	(7,282)	-
7050	Financial costs	6(20)	(26,166)	-	(23,702)	-
7000	Total non-operating income and expenses		<u>2,845</u>	<u>-</u>	<u>(3,736)</u>	<u>-</u>
7900	Income before income tax		6,654,962	90	7,511,136	92
7950	Income tax expense	6(23)	(201,561)	(3)	(49,126)	(1)
8200	Profit for the year		<u>\$ 6,453,401</u>	<u>87</u>	<u>\$ 7,462,010</u>	<u>91</u>
	Other comprehensive income / (loss), net					
	Components of other comprehensive income					
	(loss) that will not be reclassified to profit or loss					
8311	Loss on remeasurement of defined benefit plan	6(12)	(\$ 1,702)	-	(\$ 5,479)	-
8330	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method		11,399	-	(107,723)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	<u>339</u>	<u>-</u>	<u>1,841</u>	<u>-</u>
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>10,036</u>	<u>-</u>	<u>(111,361)</u>	<u>(1)</u>
	Components of other comprehensive income					
	(loss) that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(200,675)	(3)	(26,739)	-
8380	Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for under equity method		(2,620,770)	(35)	1,683,772	20
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(23)	<u>3,433</u>	<u>-</u>	<u>564</u>	<u>-</u>
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		<u>(2,818,012)</u>	<u>(38)</u>	<u>1,657,597</u>	<u>20</u>
8300	Other comprehensive income (loss), net		<u>(\$ 2,807,976)</u>	<u>(38)</u>	<u>\$ 1,546,236</u>	<u>19</u>
8500	Total comprehensive income		<u>\$ 3,645,425</u>	<u>49</u>	<u>\$ 9,008,246</u>	<u>110</u>
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(24)	<u>\$ 3.84</u>		<u>\$ 4.22</u>	
9850	Diluted earnings per share	6(24)	<u>\$ 3.84</u>		<u>\$ 4.22</u>	

The accompanying notes are an integral part of these parent company only financial statements.

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Share capital		Retained earnings				Other equity interest			Total equity
		Common stock	Preference stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss or available-for-sale financial assets	
2018											
Balance at January 1, 2018		\$ 18,250,618	\$ -	\$ 19,569,525	\$ 4,544,073	\$ -	\$ 13,279,694	(\$ 4,254,279)	\$ -	\$ 129,342	\$ 51,518,973
Effect of retrospective application of new standards		-	-	-	-	-	(49,737)	-	(6,000)	(129,342)	(185,079)
Balance after restatement on January 1, 2018		18,250,618	-	19,569,525	4,544,073	-	13,229,957	(4,254,279)	(6,000)	-	51,333,894
Net income		-	-	-	-	-	7,462,010	-	-	-	7,462,010
Other comprehensive income (loss)		-	-	-	-	-	(111,361)	1,657,597	-	-	1,546,236
Total comprehensive income		-	-	-	-	-	7,350,649	1,657,597	-	-	9,008,246
Appropriation and distribution of 2017 retained earnings	6(15)										
Legal reserve		-	-	-	730,799	-	(730,799)	-	-	-	-
Special reserve		-	-	-	-	4,124,936	(4,124,936)	-	-	-	-
Cash dividends		-	-	-	-	-	(4,380,148)	-	-	-	(4,380,148)
Capital reduction payments to shareholders	6(13)	(1,460,050)	-	-	-	-	-	-	-	-	(1,460,050)
Disposal of investments accounted for under equity method	6(14)	-	-	(112,053)	-	-	-	-	-	-	(112,053)
Reorganisation	6(14)	-	-	(2,590)	-	-	-	-	-	-	(2,590)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(25)	-	-	-	-	-	(28,530)	-	-	-	(28,530)
Balance at December 31, 2018		<u>\$ 16,790,568</u>	<u>\$ -</u>	<u>\$ 19,454,882</u>	<u>\$ 5,274,872</u>	<u>\$ 4,124,936</u>	<u>\$ 11,316,193</u>	<u>(\$ 2,596,682)</u>	<u>(\$ 6,000)</u>	<u>\$ -</u>	<u>\$ 54,358,769</u>
2019											
Balance at January 1, 2019		<u>\$ 16,790,568</u>	<u>\$ -</u>	<u>\$ 19,454,882</u>	<u>\$ 5,274,872</u>	<u>\$ 4,124,936</u>	<u>\$ 11,316,193</u>	<u>(\$ 2,596,682)</u>	<u>(\$ 6,000)</u>	<u>\$ -</u>	<u>\$ 54,358,769</u>
Net income		-	-	-	-	-	6,453,401	-	-	-	6,453,401
Other comprehensive income (loss)		-	-	-	-	-	10,036	(2,818,012)	-	-	(2,807,976)
Total comprehensive income (loss)		-	-	-	-	-	6,463,437	(2,818,012)	-	-	3,645,425
Appropriation and distribution of 2018 retained earnings	6(15)										
Legal reserve		-	-	-	746,201	-	(746,201)	-	-	-	-
Reversal of special reserve		-	-	-	-	(1,522,254)	1,522,254	-	-	-	-
Cash dividends		-	-	-	-	-	(4,533,453)	-	-	-	(4,533,453)
Issuance of preference stock	6(13)	-	2,000,000	7,994,638	-	-	-	-	-	-	9,994,638
Changes in equity of associates and joint ventures accounted for under equity method	6(14)	-	-	6,778	-	-	-	-	-	-	6,778
Balance at December 31, 2019		<u>\$ 16,790,568</u>	<u>\$ 2,000,000</u>	<u>\$ 27,456,298</u>	<u>\$ 6,021,073</u>	<u>\$ 2,602,682</u>	<u>\$ 14,022,230</u>	<u>(\$ 5,414,694)</u>	<u>(\$ 6,000)</u>	<u>\$ -</u>	<u>\$ 63,472,157</u>

The accompanying notes are an integral part of these parent company only financial statements.

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2019	2018
<u>Cash flows from operating activities</u>			
Income before income tax		\$ 6,654,962	\$ 7,511,136
Adjustments			
Income and expenses			
Depreciation	6(21)	25,133	18,611
Amortization	6(21)	8,174	8,827
Interest expense	6(20)	23,279	30,650
Interest income	6(18)	(1,263)	(127)
Dividend income	6(18)	(4,128)	(3,900)
Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(17)	(6,580,682)	(7,486,801)
Gains on financial assets at fair value through profit or loss	6(19)	(12,602)	(2,935)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable - related parties, net		(23,597)	(48,467)
Other receivables		8,584	(8)
Other receivables - related parties		640,097	451,045
Prepayments		(5,853)	(3,888)
Other current assets		(241)	193
Changes in operating liabilities			
Notes payable		585	-
Other payables		7,990	20,947
Other payables - related parties		(5,883)	480
Other current liabilities		141	666
Other non-current liabilities		7,957	(152)
Cash inflow generated from operations		742,653	496,277
Interest paid		(22,133)	(20,123)
Income tax paid		(681,415)	(469,496)
Interest received		1,263	127
Dividends received		4,662,994	4,691,336
Net cash provided by operating activities		4,703,362	4,698,121

(Continued)

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2019	2018
<u>Cash flows from investing activities</u>			
Increase in prepayments for investments	6(8)	(\$ 8,111,638)	\$ -
Acquisition of property, plant and equipment	6(26)	(259,836)	(257,524)
Acquisition of intangible assets	6(26)	(15,902)	(245)
Increase in guarantee deposits paid		(4,800)	(5,235)
Proceeds from capital reduction of financial assets at fair value through profit or loss		22,666	-
Acquisition of financial assets at fair value through profit or loss - non-current		(57,322)	(55,254)
Capital increase in investees	7(3)	(5,100,000)	-
Proceeds from capital reduction of investments accounted for under equity method	7(3)	-	1,500,000
Net cash (used in) provided by investing activities		(13,526,832)	1,181,742
<u>Cash flows from financing activities</u>			
Principal repayment of lease liability		(6,959)	-
Increase in short-term borrowings	6(27)	35,270,000	16,165,000
Decrease in short-term borrowings	6(27)	(30,065,000)	(15,915,000)
Increase in short-term notes and bills payables	6(27)	4,391,097	4,457,772
Decrease in short-term notes and bills payables	6(27)	(4,011,703)	(4,567,783)
Decrease in long-term borrowings (including current portion of long-term borrowings)	6(27)	(409,199)	(47,242)
Increase (decrease) in other payables - related parties		125,000	(110,000)
Distribution of cash dividends	6(15)	(4,533,453)	(4,380,148)
Issuance of preference stock	6(13)	9,994,638	-
Capital reduction payments to shareholders	6(13)	-	(1,460,050)
Net cash provided by (used in) financing activities		10,754,421	(5,857,451)
Net increase in cash and cash equivalents		1,930,951	22,412
Cash and cash equivalents at beginning of year		52,637	30,225
Cash and cash equivalents at end of year		<u>\$ 1,983,588</u>	<u>\$ 52,637</u>

The accompanying notes are an integral part of these parent company only financial statements.

WPG HOLDINGS LIMITED
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

- (1) WPG Holdings Limited (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China, and as a holding company of World Peace Industrial Co., Ltd. and Silicon Application Corporation by exchanging shares of common stock on November 9, 2005. The Company's shares were listed on the Taiwan Stock Exchange (TSE) and approved by the Financial Supervisory Commission, Executive Yuan, Securities and Futures Bureau on the same date. After restructuring, Richpower Electronic Devices Co., Ltd. became the Company on January 1, 2008. The Company acquired Pernas Electronics Co., Ltd., Asian Information Technology Inc., Yosun Industrial Corp. and AECO Technology Inc. by exchanging shares of common stock on July 16, 2008, February 6, 2009, November 15, 2010 and March 1, 2012, respectively. After the Company's organisation restructuring on January 1, 2014, World Peace Industrial Co., Ltd., Silicon Application Corp. and Yosun Industrial Corp. acquired 100% shares in AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. through share exchange, and consequently, AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. became indirectly owned subsidiaries. The Company originally evaluated Genuine C&C, Inc. using equity method through its subsidiary, World Peace Industrial Co., Ltd. The Company acquired partial stocks of Genuine C&C, Inc. on April 8, 2015 and completed the purchase on April 15, 2015. After the purchase, the Company and World Peace Industrial Co., Ltd. collectively held 60.5% shares of Genuine C&C, Inc. which became the Company's directly owned subsidiary. On September 1, 2017, the stock swap between Trigold Holdings Limited (Trigold) and the shareholders who previously owned Genuine C&C, Inc. was conducted at a stock swap ratio of 1:1. On the same day, Trigold was established and began OTC trading whereas Genuine C&C, Inc. was unlisted at OTC. The Company owned 60.5% equity of Trigold after the stock swap.
- (2) The Company was organized to create the management mechanism of the group, supervise the subsidiaries, integrate the whole group and improve operational efficiency. As of December 31, 2019, the Company's authorized capital was \$25,000,000 (certain shares can be issued as preference shares, and including \$500,000 reserved for employee stock option certificate, restricted stocks to employees, preferred stocks with warrants and corporate bonds with warrants), and the paid-in capital was \$18,790,568 with a par value of \$10 (in dollars) per share.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 24, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

IFRS 16, ‘Leases’

- A. IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognize a ‘right-of-use asset’ and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased both ‘right-of-use asset’ and ‘lease liability’ by \$21,955 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead,

the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

- (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$88 was recognized for the year ended December 31, 2019.
 - (d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
 - (e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
 - (f) The adjustment of the 'right-of-use asset' by the amount of any provision for onerous leases.
- D. The Company calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate of 1.595%.
- E. The Company recognized lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognized as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 22,043
Less: Short-term leases	(88)
Lease liabilities recognized as at January 1, 2019 by applying IFRS 16	<u>\$ 21,955</u>

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These parent company only financial statements are prepared by the Company in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

(2) Basis of preparation

A. Except for the following item, these parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through profit or loss.
- (b) Defined benefit liabilities is recognized based on the net amount of pension fund assets, less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains or losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the Company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When a foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(5) Cash and cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortized cost including accounts and notes receivable that have a significant financing component, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has not retained control of the financial asset.

(10) Investments accounted for under the equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealized profit (loss) arising from the transactions between the Company and subsidiaries have been offset.
- C. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income

is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

- D. Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(11) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. 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.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' 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 the change.

The estimated useful lives of property, plant and equipment are as follows:

Office equipment	2 ~ 8 years
Leasehold improvements	3 years

(12) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities
Effective 2019

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line

basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable;
 - (b) Amounts expected to be payable by the lessee under residual value guarantees;
 - (c) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
 - (d) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(13) Operating leases

Effective 2018

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 37~50 years.

(15) Intangible assets

Intangible assets are software which are amortized on a straight-line basis over the estimated

useful life of 3 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which 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. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. 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 draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

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

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(21) Employee benefits

- A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits

expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, 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 the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan 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 calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds at the balance sheet date of a currency and term consistent with currency and term of the employment benefit obligation.
- ii. Remeasurement arising on defined benefit plan is recognized in other comprehensive income in the period in which they arise and is recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation 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. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated 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 with respect to situations in accordance with applicable tax regulations. It

establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, 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. Deferred 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 tax asset is realized or the deferred tax liability is settled.
- D. Deferred income 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 utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Share capital

Ordinary shares are classified as equity. The classification of preference shares is determined according to the special rights attached to preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preference shares are classified as liabilities when they have the basic characteristics of financial liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock

dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

- A. The Company's main business is to manage investees. When services rendered can be reasonably estimated, revenue is recognized by reference to the stage of completion at the balance sheet date.
- B. When services rendered cannot be reasonably estimated, possibility of cost recovery is considered when recognizing revenue. If it is possible to recover the cost incurred, the Company shall recognize revenue to the extent of the estimated recoverable cost that has been incurred; if it is not possible to recover the cost incurred, the Company shall not recognize revenue and shall recognize costs incurred as expense during the period.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The above information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for under the equity method

The Company assesses the impairment of an investment accounted for under the equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of expected cash dividends receivable from the investee and expected future cash flows from the disposal of the investee, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Checking accounts deposits	\$ 43	\$ 43
Demand deposits	1,973,274	46,623
Foreign currency deposits	10,271	5,971
	<u>\$ 1,983,588</u>	<u>\$ 52,637</u>

A. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. No cash and cash equivalents were pledged to others.

(2) Financial assets at fair value through profit or loss

<u>Items</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 85,347	\$ 85,347
Unlisted stocks	492,153	457,497
	<u>577,500</u>	<u>542,844</u>
Valuation adjustment	17,115	4,513
	<u>\$ 594,615</u>	<u>\$ 547,357</u>

A. Amounts recognized in profit (loss) in relation to financial assets at fair value through profit or loss for the years ended December 31, 2019 and 2018 was \$12,602 and \$2,935, respectively.

B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Investments accounted for under the equity method

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
World Peace Industrial Co., Ltd.	\$ 26,017,736	\$ 23,538,074
Yosun Industrial Corp.	12,581,042	13,290,333
Silicon Application Corp.	7,074,395	6,836,794
Asian Information Technology Inc.	6,178,954	5,388,595
WPG International (CI) Limited	5,286,291	4,503,636
WPG Investment Co., Ltd.	434,708	427,098
Trigold Holdings Ltd.	738,954	705,606
WPG Korea Co., Ltd.	491,955	497,850
WPG Electronics Ltd.	50,370	47,871
	<u>\$ 58,854,405</u>	<u>\$ 55,235,857</u>

Details of the Company's subsidiaries are provided in Note 4(3) in the Company's 2019 consolidated financial statements.

(4) Property, plant and equipment

	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Unfinished construction and under acceptance</u>	<u>Total</u>
<u>At January 1, 2019</u>				
Cost	\$ 104,365	\$ 15,506	\$ 1,152,522	\$ 1,272,393
Accumulated depreciation	(79,062)	(11,338)	-	(90,400)
	<u>\$ 25,303</u>	<u>\$ 4,168</u>	<u>\$ 1,152,522</u>	<u>\$ 1,181,993</u>
<u>2019</u>				
Opening net book amount	\$ 25,303	\$ 4,168	\$ 1,152,522	\$ 1,181,993
Additions	-	-	258,158	258,158
Depreciation charge	(8,972)	(3,645)	-	(12,617)
Closing net book amount	<u>\$ 16,331</u>	<u>\$ 523</u>	<u>\$ 1,410,680</u>	<u>\$ 1,427,534</u>
<u>At December 31, 2019</u>				
Cost	\$ 104,365	\$ 15,506	\$ 1,410,680	\$ 1,530,551
Accumulated depreciation	(88,034)	(14,983)	-	(103,017)
	<u>\$ 16,331</u>	<u>\$ 523</u>	<u>\$ 1,410,680</u>	<u>\$ 1,427,534</u>
	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Unfinished construction and under acceptance</u>	<u>Total</u>
<u>At January 1, 2018</u>				
Cost	\$ 143,578	\$ 20,742	\$ 898,730	\$ 1,063,050
Accumulated depreciation	(111,432)	(12,892)	-	(124,324)
	<u>\$ 32,146</u>	<u>\$ 7,850</u>	<u>\$ 898,730</u>	<u>\$ 938,726</u>
<u>2018</u>				
Opening net book amount	\$ 32,146	\$ 7,850	\$ 898,730	\$ 938,726
Additions	2,617	-	253,792	256,409
Depreciation charge	(9,460)	(3,682)	-	(13,142)
Closing net book amount	<u>\$ 25,303</u>	<u>\$ 4,168</u>	<u>\$ 1,152,522</u>	<u>\$ 1,181,993</u>
<u>At December 31, 2018</u>				
Cost	\$ 104,365	\$ 15,506	\$ 1,152,522	\$ 1,272,393
Accumulated depreciation	(79,062)	(11,338)	-	(90,400)
	<u>\$ 25,303</u>	<u>\$ 4,168</u>	<u>\$ 1,152,522</u>	<u>\$ 1,181,993</u>

A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Amount capitalized	<u>\$ 9,401</u>	<u>\$ 10,540</u>
Range of the interest rates for capitalization	<u>0.99%~1.03%</u>	<u>1.03%~1.04%</u>

B. No property, plant and equipment was pledged to others as collateral.

(5) Leasing arrangements-lessee

Effective 2019

A. The Company leases various assets including business vehicles, multifunction printers and engine room. Rental contracts are made for periods of 2 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets are as follows:

	Transportation equipment (Business vehicles)	Office equipment (multifunction printers and engine room)	Total
<u>At January 1, 2019</u>			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation	-	-	-
Accumulated impairment	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Year ended December 31, 2019</u>			
Opening net book amount	\$ -	\$ -	\$ -
Modified retrospective adjustments under IFRS 16	6,206	15,749	21,955
Additions	-	907	907
Depreciation charge	(2,031)	(5,012)	(7,043)
Closing net book amount	<u>\$ 4,175</u>	<u>\$ 11,644</u>	<u>\$ 15,819</u>
<u>At December 31, 2019</u>			
Cost	\$ 6,206	\$ 16,656	\$ 22,862
Accumulated depreciation	(2,031)	(5,012)	(7,043)
Accumulated impairment	-	-	-
	<u>\$ 4,175</u>	<u>\$ 11,644</u>	<u>\$ 15,819</u>

C. For the year ended December 31, 2019, the additions to right-of-use assets was \$907.

D. Information on profit or loss in relation to lease contracts is as follows:

	Year ended <u>December 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 365
Expense on short-term lease contracts	288

E. For the year ended December 31, 2019, the Company's total cash outflow for leases was

\$7,612.

(6) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2019</u>			
Cost	\$ 541,428	\$ 213,384	\$ 754,812
Accumulated depreciation	-	(39,661)	(39,661)
	<u>\$ 541,428</u>	<u>\$ 173,723</u>	<u>\$ 715,151</u>
<u>2019</u>			
Opening net book amount	\$ 541,428	\$ 173,723	\$ 715,151
Additions	-	127	127
Depreciation charge	-	(5,473)	(5,473)
Closing net book amount	<u>\$ 541,428</u>	<u>\$ 168,377</u>	<u>\$ 709,805</u>
<u>At December 31, 2019</u>			
Cost	\$ 541,428	\$ 213,511	\$ 754,939
Accumulated depreciation	-	(45,134)	(45,134)
	<u>\$ 541,428</u>	<u>\$ 168,377</u>	<u>\$ 709,805</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2018</u>			
Cost	\$ 541,428	\$ 213,384	\$ 754,812
Accumulated depreciation	-	(34,192)	(34,192)
	<u>\$ 541,428</u>	<u>\$ 179,192</u>	<u>\$ 720,620</u>
<u>2018</u>			
Opening net book amount	\$ 541,428	\$ 179,192	\$ 720,620
Depreciation charge	-	(5,469)	(5,469)
Closing net book amount	<u>\$ 541,428</u>	<u>\$ 173,723</u>	<u>\$ 715,151</u>
<u>At December 31, 2018</u>			
Cost	\$ 541,428	\$ 213,384	\$ 754,812
Accumulated depreciation	-	(39,661)	(39,661)
	<u>\$ 541,428</u>	<u>\$ 173,723</u>	<u>\$ 715,151</u>

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Rental income from the investment property (shown as “other income”)	<u>\$ 19,171</u>	<u>\$ 19,135</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 10,137</u>	<u>\$ 9,904</u>

B. The fair value of the investment property held by the Company as at December 31, 2019 and 2018 was \$833,500 and \$833,500, respectively. The fair value as of December 31, 2019 and 2018 was based on independent appraisers' valuation. Valuations were made using the income approach falling under Level 3 fair value. The key assumptions are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Discount rate	2.35%~2.5%	2.35%~2.5%
Growth rate	-	-

C. There is no impairment loss on investment property.

D. For investment property pledged for guarantee, please refer to Note 8.

E. All of the Company's investment property are leased to subsidiaries. The leasing period is from March 2012 to March 2022. Except for the aforementioned leasing transactions, there was no similar transactions to compare with. The prices and terms are determined in accordance with mutual agreement. Rent is collected monthly.

(7) Intangible assets

	<u>Software</u>	
	<u>2019</u>	<u>2018</u>
<u>At January 1</u>		
Cost	\$ 125,067	\$ 124,908
Accumulated amortization	(117,376)	(108,635)
	<u>\$ 7,691</u>	<u>\$ 16,273</u>
<u>Year ended December 31</u>		
Opening net book amount	\$ 7,691	\$ 16,273
Additions	15,902	245
Amortization charge	(8,174)	(8,827)
Closing net book amount	<u>\$ 15,419</u>	<u>\$ 7,691</u>
<u>At December 31</u>		
Cost	\$ 140,969	\$ 125,067
Accumulated amortization	(125,550)	(117,376)
	<u>\$ 15,419</u>	<u>\$ 7,691</u>

The details of amortization charge are as follows:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Operating costs	<u>\$ 8,174</u>	<u>\$ 8,827</u>

(8) Prepayments for investments

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Prepayments for investments	<u>\$ 8,111,638</u>	<u>\$ -</u>

On November 12, 2019, the Board of Directors of the Company resolved to publicly acquire the common stocks of WT Microelectronics Co., Ltd. (WT). The public acquisition period was

terminated on January 30, 2020, the numbers of stock acquired were 177,110,000 at price of NT\$45.8 (in dollars) per share for a total consideration of \$8,111,638. As of February 6, 2020, the shareholding ratio of WT held by the Company constituted 29.9% of its total issued common stocks after the public acquisition.

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Unsecured borrowings	\$ 7,200,000	\$ 1,995,000
Interest rate range	0.98%~1.31%	0.94%~1.12%

There was no collateral pledged for all types of short-term borrowings for all periods.

(10) Short-term notes and bills payable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Commercial papers payable	\$ 1,000,000	\$ 620,000
Less: Unamortized discount	(1,013)	(407)
	<u>\$ 998,987</u>	<u>\$ 619,593</u>
Annual interest rates	0.5%~1.04%	0.49%~0.77%

The abovementioned notes and bills payable are guaranteed by financial institutions.

(11) Long-term borrowings

<u>Type</u>	<u>Facility</u>	<u>December 31, 2018</u>	<u>Period</u>	<u>Annual interest rate</u>
Medium to long-term loan (Chang Hwa Bank)	\$ 576,000 (Note 1)	\$ 409,199	2012/01/02~ 2027/01/02	Note 2
Less: Current portion of long-term loan (Shown as other 'current liabilities')		(50,622)		
		<u>\$ 358,577</u>		

The Company has no long-term borrowing as of December 31, 2019.

Note 1: The Company had entered into a long-term agreement for fifteen years with a financial institution. The pledged assets are the land and building of Linkou warehouse. Details of collateral for the long-term borrowings are provided in Note 8. Furthermore, the principal will be paid monthly starting from January 2016.

Note 2: The interest rate is the index interest rate plus 0.21% from the borrowing day to January 2, 2013, plus 0.25% from January 2, 2013, plus 0.25% from January 2, 2014, plus 0.35% from January 2, 2015, plus 0.42% from January 2, 2016, plus 0.44% from January 2, 2017, plus 0.45% from January 2, 2018 and plus 1.5% from January 2, 2019.

The Company has settled all payments on September 24, 2019.

(12) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

Effective January 1, 2010, the Company has funded defined benefit pension plan in accordance with the "Regulations on pensions of managers", covering all managers appointed by the Company. Under the defined benefit pension plan, one unit is accrued for each year of service, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the remuneration per unit ratified during the appointed period.

(b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligation	\$ 52,269	\$ 48,389
Fair value of plan assets	(15,247)	(12,289)
Net defined benefit liability (shown as 'other non-current liabilities')	<u>\$ 37,022</u>	<u>\$ 36,100</u>

(c) Movements in net defined benefit liability are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31,</u> <u>2019</u>			
Balance at January 1	\$ 48,389	(\$ 12,289)	\$ 36,100
Current service cost	1,420	-	1,420
Interest expense (income)	484	(123)	361
	<u>50,293</u>	<u>(12,412)</u>	<u>37,881</u>
Remeasurements:			
Return on plan assets	-	(410)	(410)
Change in financial assumptions	2,583	-	2,583
Experience adjustments	(471)	-	(471)
	<u>2,112</u>	<u>(410)</u>	<u>1,702</u>
Direct payments charged to Company's account	(136)	-	(136)
Pension fund contribution	-	(2,425)	(2,425)
	<u>(136)</u>	<u>(2,425)</u>	<u>(2,561)</u>
Balance at December 31	<u>\$ 52,269</u>	<u>(\$ 15,247)</u>	<u>\$ 37,022</u>
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31,</u> <u>2018</u>			
Balance at January 1	\$ 41,177	(\$ 10,403)	\$ 30,774
Current service cost	984	-	984
Interest expense (income)	453	(115)	338
	<u>42,614</u>	<u>(10,518)</u>	<u>32,096</u>
Remeasurements:			
Return on plan assets	-	(296)	(296)
Change in financial assumptions	882	-	882
Experience adjustments	4,893	-	4,893
	<u>5,775</u>	<u>(296)</u>	<u>5,479</u>
Pension fund contribution	-	(1,475)	(1,475)
Balance at December 31	<u>\$ 48,389</u>	<u>(\$ 12,289)</u>	<u>\$ 36,100</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic

or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund, hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2019	2018
Discount rate	0.70%	1.00%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience by 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 8,640)	\$ 8,960	\$ 6,184	(\$ 6,008)
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	(\$ 8,728)	\$ 9,060	\$ 6,372	(\$ 6,184)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year

ending December 31, 2020 are \$950.

- (g) As of December 31, 2019, the weighted average duration of that retirement plan is 11 years.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on not less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs of the Company under the defined contribution pension plan for the years ended December 31, 2019 and 2018 were \$8,659 and \$7,861, respectively.

(13) Share capital

- A. The Company’s authorized capital was \$25,000,000, of which certain shares can be issued as preference shares. The above authorized capital include \$500,000 reserved for employee stock option certificate, restricted stocks to employees, convertible preferred stock and convertible bonds. As of December 31, 2019, the paid-in capital was \$18,790,568 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. On June 21, 2018, the stockholders during their meeting resolved to reduce its capital by returning cash in the amount of \$1,460,050, and the record date for capital reduction was August 6, 2018.
- C. Movements in the number of the Company’s ordinary shares outstanding (in thousands of shares) for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
At January 1	1,679,057	1,825,062
Cash capital decrease	-	(146,005)
At December 31	<u>1,679,057</u>	<u>1,679,057</u>

- D. On June 28, 2019, the Board of Directors resolved to increase its capital by issuing 200 million shares of Class A preferred stocks at the price of \$50 (in dollars) per share with the effective date set on September 18, 2019 for repayment of borrowings to financial institutions and strengthening the Company’s working capital. The registration of issuance has been completed on October 3, 2019. The rights and obligations of the issuance are as follows:
- (a) Expiration date: The Company’s Class A preferred stocks are perpetual but all or certain parts are callable at any time from the next day of five years after issuance at the actual issue price.

(b) Dividends: Dividends are calculated at 4% (five-year IRS rate: 0.605%+3.395%) per annum based on the issue price per share. The five-year IRS rate will be reset on the next business day of five years since issuance and every subsequent five years and the pricing effective date for rate reset is two Taipei financial industry business days prior to the IRS rate reset date. The rate index, five-year IRS rate, is the arithmetic mean of five-year IRS rates appearing on Reuters pages “TAIFXIRS” and “COSMOS3” at 11:00 a.m. (Taipei time) on the relevant pricing effective date of rate reset. If such rate cannot be obtained, the Company will determine the rate based on the reasonable market price with good faith.

(c) Dividend distribution: Dividends are distributed once per year in the form of cash. The current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then shall be set aside as legal reserve in accordance with the Articles of Incorporation and set aside as or reversed special reserve in accordance with the Articles of Incorporation or regulations of regulatory authority. The remaining amount, if any, shall be preferentially distributed as dividends of Class A preferred stocks.

The Company has discretion in dividend distribution of Class A preferred stocks. The Company could choose not to distribute dividends of preferred stocks when resolved by the stockholders, which would not be able to lead to default if the Company has no or has insufficient current year’s earnings for distribution or has other necessary considerations. In addition, the amounts of undistributed dividends or insufficient distributed dividends will not become deferred payments in future years when the Company has earnings.

(d) Excess dividend distribution: Besides the aforementioned dividends, the stockholders of Class A preferred stocks could not participate in the distribution of cash and capitalized assets for common stocks derived from earnings and capital surplus.

(e) Residual property distribution: The stockholders of Class A preferred stocks have priority over stockholders of common stocks in distributing the Company’s residual property but the limit is the amount calculated by shares of outstanding preferred stocks issued and the issue price when distributing.

(f) Right to vote and be elected: The stockholders of Class A preferred stocks have no right to vote and be elected in the stockholders’ meeting of the Company but have right to vote in the stockholders’ meeting for stockholders of Class A preferred stocks only and stockholders’ meeting regarding unfavourable matters to rights and obligations of stockholders of Class A preferred stocks.

(g) Conversion to common stocks: Class A preferred stocks could not be converted to common stocks and the stockholders of Class A preferred stocks could not request the

Company to retire the preferred stocks they held.

(h) The preemptive rights for stockholders of Class A preferred stocks are the same as of common stocks when the Company increases its capital by issuing new shares.

(14) Capital surplus

A. Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Details of capital surplus - stock options are as follows:

	2019					
	<u>Common stock share premium</u>	<u>Preferred stock share premium</u>	<u>Treasury share transaction</u>	<u>Recognized changes in subsidiaries' equity</u>	<u>Changes in associates' net equity</u>	<u>Total</u>
January 1	\$ 19,387,285	\$ -	\$ 45,177	\$ 431	\$ 21,989	\$19,454,882
Preferred stock share premium	-	7,994,638	-	-	-	7,994,638
Changes in equity of associates and joint ventures accounted for under equity method	-	-	-	-	6,778	6,778
December 31	\$ 19,387,285	\$7,994,638	\$ 45,177	\$ 431	\$ 28,767	\$27,456,298

	2018				
	Common stock share premium	Treasury share transaction	Recognized changes in subsidiaries' equity	Changes in associates' net equity	Total
January 1	\$ 19,389,875	\$ 45,177	\$ 431	\$ 134,042	\$19,569,525
Proceeds from disposal of investments accounted for under equity method	-	-	-	(112,053)	(112,053)
Effect of reorganisation	(2,590)	-	-	-	(2,590)
December 31	<u>\$ 19,387,285</u>	<u>\$ 45,177</u>	<u>\$ 431</u>	<u>\$ 21,989</u>	<u>\$19,454,882</u>

(15) Retained earnings

A. Under the Company's amended Articles of Incorporation, the current year's earnings, if any, shall be used to set aside as legal reserve, and set aside as special reserve in accordance with Article 41 of Securities and Exchange Act. The remainder, if any, to be appropriated shall be proposed by the Board of Directors. If cash dividends are distributed, they shall account for at least 20% of the total dividends distributed.

Employees of the Company's subsidiaries are entitled to receive the distribution of earnings. The terms shall be defined by the Board of Directors.

- B. Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2018 and 2017 had been resolved at the stockholders' meeting on June 28, 2019 and June 21, 2018, respectively. Details are summarized below:

	<u>Year ended December 31, 2018</u>		<u>Year ended December 31, 2017</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal reserve	\$ 746,201	\$ -	\$ 730,799	\$ -
(Reversal of)				
appropriation for				
special reserve	(1,522,254)	-	4,124,936	-
Cash dividends	<u>4,533,453</u>	<u>2.70</u>	<u>4,380,148</u>	<u>2.40</u>
	<u>\$ 3,757,400</u>	<u>\$ 2.70</u>	<u>\$ 9,235,883</u>	<u>\$ 2.40</u>

The above appropriations of earnings for 2018 and 2017 as resolved by the shareholders are the same as resolved by the Board of Directors.

- E. As of March 24, 2020, the appropriation of earnings for the year ended December 31, 2019 has not yet been proposed by the Board of Directors and resolved by the shareholders.
- F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(22).

(16) Other equity items

	<u>2019</u>		
	<u>Investment measured at fair value through other comprehensive income</u>	<u>Currency translation</u>	<u>Total</u>
At January 1	(\$ 6,000)	(\$ 2,596,682)	(\$ 2,602,682)
Currency translation differences:			
- Group	-	(2,821,445)	(2,821,445)
- Tax on Group	-	3,433	3,433
At December 31	<u>(\$ 6,000)</u>	<u>(\$ 5,414,694)</u>	<u>(\$ 5,420,694)</u>

2018

	Investment measured at fair value through other comprehensive income	Available- for-sale investments	Currency translation	Total
At January 1	\$ -	(\$ 129,342)	(\$4,254,279)	(\$ 4,124,937)
Adjustments under new standards	(6,000)	(129,342)	-	(135,342)
At January 1_IFRS 9	(6,000)	-	(4,254,279)	(4,260,279)
Currency translation differences:				
- Group	-	-	1,657,033	1,657,033
- Tax on Group	-	-	564	564
At December 31	<u>(\$ 6,000)</u>	<u>\$ -</u>	<u>(\$2,596,682)</u>	<u>(\$ 2,602,682)</u>

(17) Operating revenue

	Years ended December 31,	
	2019	2018
Investment revenues	\$ 6,580,682	\$ 7,486,801
Service revenue	803,849	726,026
	<u>\$ 7,384,531</u>	<u>\$ 8,212,827</u>

(18) Other income

	Years ended December 31,	
	2019	2018
Rental revenue	\$ 19,171	\$ 19,162
Interest income from bank deposits	1,263	127
Dividend income	4,128	3,900
Other income	1,565	4,059
	<u>\$ 26,127</u>	<u>\$ 27,248</u>

(19) Other gains and losses

	Years ended December 31,	
	2019	2018
Currency exchange gain (loss)	\$ 429	(\$ 313)
Direct operating expenses arising from the investment property	(10,137)	(9,904)
Gains on financial assets at fair value through profit or loss	12,602	2,935
Other losses	(10)	-
	<u>\$ 2,884</u>	<u>(\$ 7,282)</u>

(20) Finance costs

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest expense:		
Bank borrowings	\$ 32,680	\$ 30,650
Less: Capitalization of qualifying assets	(9,401)	(10,540)
Others	<u>2,887</u>	<u>3,592</u>
	<u>\$ 26,166</u>	<u>\$ 23,702</u>

(21) Additional information on expenses by nature

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Employee benefit expense	<u>\$ 442,817</u>	<u>\$ 433,938</u>
Depreciation charges on property and equipment (including investment property and right-of-use assets)	<u>\$ 25,133</u>	<u>\$ 18,611</u>
Amortization charges on intangible assets	<u>\$ 8,174</u>	<u>\$ 8,827</u>

(22) Employee benefit expense

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Wages and salaries	\$ 357,550	\$ 350,565
Labor and health insurance fees	20,640	18,863
Pension costs	10,440	9,183
Directors' remuneration	35,000	42,000
Other personnel expenses	<u>19,187</u>	<u>13,327</u>
	<u>\$ 442,817</u>	<u>\$ 433,938</u>

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be between 0.01% ~5% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$29,850 and \$18,108, respectively; while directors' remuneration was accrued at \$35,000 and \$42,000, respectively. The aforementioned amounts were recognized in salary expenses

The employees' compensation and directors' remuneration were accrued based on the profit of current year distributable for the year ended December 31, 2019 and the percentage as prescribed by the Company's amended Articles of Incorporation. As of March 24, 2020, the amount has not yet been resolved by the Board of Directors. Abovementioed employees' compensation will be distributed in the form of cash.

Employees' compensation of \$18,108 and directors' remuneration of \$42,000 as resolved by the Board of Directors on April 30, 2019 were in agreement with those amounts

recognized in the 2018 financial statements. The employees' compensation was distributed in the form of cash.

- C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Current tax:		
Current tax on profits for the year	\$ 14,187	\$ 6,884
Tax on undistributed surplus earnings	177,176	-
Prior year income tax underestimation	5,189	20,097
Total current tax	<u>196,552</u>	<u>26,981</u>
Deferred tax		
Origination and reversal of temporary differences	5,009	12,759
Impact of change in tax rate	-	9,386
Total deferred tax	<u>5,009</u>	<u>22,145</u>
Income tax expense	<u>\$ 201,561</u>	<u>\$ 49,126</u>

- (b) The income tax (charge)/credit relating to components of other comprehensive loss (income) is as follows:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Currency translation differences	(\$ 3,433)	\$ 665
Remeasurement of defined benefit obligation	(339)	(1,096)
Impact of change in tax rate	-	(1,974)
	<u>(\$ 3,772)</u>	<u>(\$ 2,405)</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 1,330,993	\$ 1,502,227
Effects from items disallowed by tax regulation	(1,311,797)	(1,482,584)
Prior year income tax underestimation	5,189	20,097
Effect from changes in tax regulation	-	9,386
Tax on undistributed surplus earnings	<u>177,176</u>	<u>-</u>
Tax expense	<u>\$ 201,561</u>	<u>\$ 49,126</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

Year ended December 31, 2019				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Pension	\$ 4,603	(\$ 469)	\$ 339	\$ 4,473
Currency translation adjustments	7,531	-	3,433	10,964
	<u>12,134</u>	<u>(469)</u>	<u>3,772</u>	<u>15,437</u>
-Deferred tax liabilities:				
Investment income	(73,286)	(2,020)	-	(75,306)
Unrealized gains on valuation of foreign listed stocks	(587)	(2,520)	-	(3,107)
	<u>(73,873)</u>	<u>(4,540)</u>	<u>-</u>	<u>(78,413)</u>
	<u>(\$ 61,739)</u>	<u>(\$ 5,009)</u>	<u>\$ 3,772</u>	<u>(\$ 62,976)</u>

Year ended December 31, 2018				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Pension	\$ 3,166	(\$ 404)	\$ 1,841	\$ 4,603
Currency translation adjustments	6,967	-	564	7,531
	<u>10,133</u>	<u>(404)</u>	<u>2,405</u>	<u>12,134</u>
-Deferred tax liabilities:				
Investment income	(52,132)	(21,154)	-	(73,286)
Unrealized gains on valuation of foreign listed stocks	-	(587)	-	(587)
	<u>(52,132)</u>	<u>(21,741)</u>	<u>-</u>	<u>(73,873)</u>
	<u>(\$ 41,999)</u>	<u>(\$ 22,145)</u>	<u>\$ 2,405</u>	<u>(\$ 61,739)</u>

D. As of March 24, 2020, the Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

E. Under the amendments to the Income Tax Act promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(24) Earnings per share

	Year ended December 31, 2019		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	<u>\$ 6,453,401</u>	<u>1,679,057</u>	<u>\$ 3.84</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 6,453,401	1,679,057	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>908</u>	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 6,453,401</u>	<u>1,679,965</u>	<u>\$ 3.84</u>

	Year ended December 31, 2018		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	<u>\$ 7,462,010</u>	<u>1,766,260</u>	<u>\$ 4.22</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 7,462,010	1,766,260	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>671</u>	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 7,462,010</u>	<u>1,766,931</u>	<u>\$ 4.22</u>

(25) Transactions with non-controlling interest

On October 1, 2018, the Company's indirect subsidiary-Trigold (Hong Kong) Company Limited (Trigold Hong Kong) acquired 45% of shares of Peng Yu (Shanghai) Digital Technology Co., Ltd. (Peng Yu Shanghai) for RMB 27 million from the non-controlling interests. The carrying amount of non-controlling interest in Peng Yu Shanghai was \$72,714 at the acquisition date. This transaction resulted in decreases in the non-controlling interest and in

the equity attributable to owners of the parent Trigold Hong Kong by \$72,714 and \$47,157, respectively. The effect of changes in interests on the equity attributable to owners of the parent Trigold Hong Kong for the year ended December 31, 2018 is shown below:

	Year ended December 31, 2018
Carrying amount of non-controlling interest acquired	\$ 72,714
Consideration paid to non-controlling interest	(119,871)
	(\$ 47,157)

The Company held only 60.5% ownership of Trigold Hong Kong's parent company-Trigold Holdings Limited and the transaction resulted in a decrease in shareholders' interest by \$28,530 which was presented as retained earnings as the Company did not have the account, 'Capital surplus-difference between consideration and carrying amount of subsidiaries acquired or disposed' in the Company's accounts.

(26) Supplemental cash flow information

Partial payment of cash from investing activities:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Acquisition of property, plant and equipment, investment property, and intangible assets	\$ 274,187	\$ 256,654
Less: Accounts payable at the end of year	-	(1,551)
Add: Accounts payable at the beginning of year	<u>1,551</u>	<u>2,666</u>
Cash paid during the year for property, plant and equipment, investment property and intangible assets	<u>\$ 275,738</u>	<u>\$ 257,769</u>

(27) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Long-term borrowings (Note)</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2019	\$ 1,995,000	\$ 619,593	\$ 409,199	\$ -	\$ 3,023,792
Modified retrospective adjustments under IFRS 16	-	-	-	21,955	21,955
Changes in cash flow from financing activities	5,205,000	379,394	(409,199)	(6,959)	5,168,236
Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>907</u>	<u>907</u>
At December 31, 2019	<u>\$ 7,200,000</u>	<u>\$ 998,987</u>	<u>\$ -</u>	<u>\$ 15,903</u>	<u>\$ 8,214,890</u>

	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Long-term borrowings (Note)</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2018	\$ 1,745,000	\$ 729,604	\$ 456,442	\$ 2,931,046
Changes in cash flow from financing activities	250,000	(110,011)	(47,243)	92,746
At December 31, 2018	<u>\$ 1,995,000</u>	<u>\$ 619,593</u>	<u>\$ 409,199</u>	<u>\$ 3,023,792</u>

Note: Including long-term borrowings-current portion less unamortized discounts.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are widely held so the Company has no ultimate parent and ultimate controlling party.

(2) Name of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
World Peace Industrial Co., Ltd. (World Peace Industrial)	Subsidiary
Silicon Application Corporation (Silicon Application)	"
Asian Information Technology Inc. (Asian Information Technology)	"
WPG International (CI) Limited	"
WPG Electronic Ltd.	"
WPG Electronics (Hong Kong) Limited	"
WPG China (SZ) Inc.	"
WPG China Inc.	"
WPG Korea Co., Ltd.	"
Yosun Industrial Corp. (Yosun Industrial)	"
Trigold Holdings Limited (Trigold)	"
WPG Investment Co., Ltd. (WPG Investment)	"
WPG South Asia Pte. Ltd.	"
AutoSys Co., Ltd.	Subsidiary accounted for under equity method of the Company's subsidiary
WPG Holdings Education Foundation	One third of paid-in-capital was granted by the Company

(3) Significant transactions and balances with related parties

A. Service revenue

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Subsidiaries		
World Peace Industrial	\$ 445,048	\$ 385,396
Yosun Industrial	116,519	117,712
Silicon Application	117,708	113,762
Asian Information Technology	113,533	101,084
Others	11,041	8,072
	<u>\$ 803,849</u>	<u>\$ 726,026</u>

Service revenue arose from providing administrative resources and managing services to subsidiaries. Prices and terms are determined in accordance with mutual agreement.

B. Service cost

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Subsidiaries	\$ 75,183	\$ 71,139

Service cost pertains to payments paid to subsidiaries for administrative resources and management services for engine room use. Prices and terms are determined in accordance with mutual agreement, and cost is paid at the end of the following month.

C. Accounts receivable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiaries		
World Peace Industrial	\$ 67,345	\$ 45,028
Silicon Application	14,083	12,735
Yosun Industrial	9,531	11,948
Asian Information Technology	12,566	10,830
Others	1,497	884
	<u>\$ 105,022</u>	<u>\$ 81,425</u>

D. Other receivables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiaries		
World Peace Industrial	\$ 45,513	\$ 186,477
Asian Information Technology	46,315	79,445
Silicon Application	658,296	8,024
Yosun Industrial	50,907	74,533
Others	2,087	1,870
	<u>\$ 803,118</u>	<u>\$ 350,349</u>

Other receivables represent receipts under custody, payment on behalf of others and collections from subsidiaries for filing consolidated tax returns.

E. Other payables

(a) Financing:

Year ended December 31, 2019					
	Maximum balance	Ending balance	Interest rate	Amount of interest	Ending balance of interest payable
Subsidiaries					
WPG					
Investment Co., Ltd.	\$ 125,000	\$ 125,000	1.15%	\$ 164	\$ 164
Year ended December 31, 2018					
	Maximum balance	Ending balance	Interest rate	Amount of interest	Ending balance of interest payable
Subsidiaries					
WPG					
Investment Co., Ltd.	\$ 150,000	\$ -	1.16%	\$ 526	\$ -

(b) Other payables:

	December 31, 2019	December 31, 2018
Subsidiaries		
World Peace Industrial	\$ 1,952	\$ 8,939
Others	6,686	5,746
	<u>\$ 8,638</u>	<u>\$ 14,685</u>

The above represents payables to subsidiaries arising from payments on behalf of others and management service.

F. Lease transactions - lessor

Please refer to Note 6(6) for details.

G. Endorsements and guarantees provided to related parties

	December 31, 2019	December 31, 2018
Subsidiaries		
World Peace Industrial	<u>\$ 78,239</u>	<u>\$ 76,869</u>

H. Others

- For the years ended December 31, 2019 and 2018, the amount of the Company's donations to other related parties was \$7,100 and \$6,250, respectively.
- To meet subsidiaries' operating requirements, the Company increased its capital in the subsidiaries, World Peace Industrial, Silicon Application, Asian Information Technology and WPG International (CI) Limited amounting to \$2,500,000, \$1,000,000, \$800,000 and \$800,000, respectively.
- The subsidiary-Yosun Industrial returned investment shares from capital reduction in the amount of \$1,500,000 in September, 2018.

(4) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	\$ 164,773	\$ 169,868
Post-employment benefits	1,429	1,412
	<u>\$ 166,202</u>	<u>\$ 171,280</u>

8. PLEDGED ASSETS

<u>Pledged asset</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>Purpose</u>
Investments accounted for under the equity method	\$ 78,239	\$ 76,869	Subsidiary's guarantee for payment on purchases
Investment property			
— Land	533,666	533,666	Collateral for long-term borrowings
— Buildings	151,934	156,888	"
	<u>\$ 763,839</u>	<u>\$ 767,423</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Information on endorsement/guarantee is provided in Note 7(3).

B. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Property, plant and equipment	<u>\$ 5,069,191</u>	<u>\$ 5,317,803</u>

C. Operating lease

Effective 2018

The future aggregate minimum lease payments under operating leases are as follows:

	<u>December 31, 2018</u>
Not later than one year	\$ 7,032
Later than one year but not later than five years	15,011
	<u>\$ 22,043</u>

D. As of December 31, 2019, the remaining payments for the contract of non-fixed car park the Company entered into amounted to \$30,400.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In addition to the details described in Note 6(8), the Company established the subsidiary, WPG VIETNAM COMPANY LIMITED, in January 2020 with shareholding ratio of 100% for the purpose of market layout.

12. OTHERS

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or manage operating capital effectively to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 594,615	\$ 547,357
Financial assets at amortized cost		
Cash and cash equivalents	1,983,588	52,637
Accounts receivable - related parties	105,022	81,425
Other receivables (including related parties)	803,174	350,405
Guarantee deposits paid	10,045	5,245
	<u>\$ 3,496,444</u>	<u>\$ 1,037,069</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 7,200,000	\$ 1,995,000
Short-term notes and bills payable	998,987	619,593
Notes payable	1,603	1,018
Accounts payable (including related parties)	422,731	296,029
Long-term borrowings (including current portion)	-	409,199
	<u>\$ 8,623,321</u>	<u>\$ 3,320,839</u>
Lease liabilities	<u>\$ 15,903</u>	<u>\$ -</u>

B. Risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

- (b) Risk management is carried out by the central treasury department (Company treasury) under policies approved by the Board of Directors. The Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and KRW. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
- ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2019			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Non-monetary items</u>			
USD: NTD	\$ 176,327	29.98	\$ 5,286,291
KRW: NTD	18,798,449	0.026	491,955

	December 31, 2018		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Non-monetary items</u>			
USD: NTD	\$ 146,627	30.715	\$ 4,503,636
KRW: NTD	17,780,357	0.028	497,850

As of December 31, 2019 and 2018, there was no significant monetary financial assets and liabilities.

There was no foreign currency market risk arising from significant foreign exchange variation.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares in the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$5,946 and \$5,474, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest risk

The Company's interest rate risk arises from short-term and long-term borrowings (including long-term liabilities due within a year) and short-term notes and bills payable. Borrowings and short-term notes payable issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings were mainly in fixed rate. During the years ended December 31, 2019 and 2018, the Company's borrowings and commercial papers payable were mainly denominated in the NTD.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire

company's concern. For banks and financial institutions, only independently rated parties with good credit quality are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

- iii. Under IFRS 9, if the contract payments are past due over one month based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 5 months.
- v. For the year ended December 31, 2019, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company. The treasury department monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans and covenant compliance.
- ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 7,220,121	\$ -	\$ -	\$ -
Short-term notes and bills payable	1,000,000	-	-	-
Notes payable	1,603	-	-	-
Other payables	288,929	-	-	-
Other payables - related parties	133,802	-	-	-
Lease liabilities	7,267	7,198	1,863	-

Non-derivative financial liabilities:

<u>December 31, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,996,940	\$ -	\$ -	\$ -
Short-term notes and bills payable	620,000	-	-	-
Notes payable	1,018	-	-	-
Other payables	281,344	-	-	-
Other payables - related parties	14,685	-	-	-
Long-term borrowings (including current portion)	56,390	55,640	162,290	159,636

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial instruments have been defined as follows:

Level 1: Input that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following condition: the item traded in market are homogeneous; willing buyers and sellers can normally be found at any time; and price are available to the public. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than public quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset and liability that are not based on observable market data. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(6).

- C. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, accounts receivable - related parties, other receivables (including related parties), other financial assets, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, other payables (including related parties), long-term borrowings - current portion and long-term borrowings are approximate to their fair values.
- D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of the nature of the assets and liabilities is as follows:

<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 128,864</u>	<u>\$ -</u>	<u>\$ 465,751</u>	<u>\$ 594,615</u>

<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 116,263</u>	<u>\$ -</u>	<u>\$ 431,094</u>	<u>\$ 547,357</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques widely accepted in financial management.
- iii. When assessing non-standard and low-complexity financial instruments, for example foreign exchange swap contracts, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and

non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- v. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- E. For the years ended December 31, 2019 and 2018, there was no transfer from Level 1 to Level 2.
- F. Movements in Level 3 for the years ended December 31, 2019 and 2018 are as follows:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
At January 1_IAS 39	\$ -	\$ -
Adjustments under new standards	-	380,458
At January 1_IFRS 9	431,094	380,458
Acquired	57,323	50,636
Decrease in the period (Note)	(22,666)	-
At December 31	<u>\$ 465,751</u>	<u>\$ 431,094</u>

Note: It refers to the investee reducing its capital in 2019.

- G. For the year ended December 31, 2018, transfers into Level 3 refer to the adjustments arising from the application of new standard.
- H. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and frequently reviewed.

Treasury segment set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS. The related valuation results are reported to management authority monthly. Management is responsible for managing and reviewing valuation processes.
- I. The following is the qualitative information of significant unobservable inputs and

sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2019</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Equity without active market	\$ 465,751	Net asset value	Net asset value	-	The higher the net assets, the higher the fair value

	<u>Fair value at December 31, 2018</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Equity without active market	\$ 431,094	Net asset value	Net asset value	-	The higher the net assets, the higher the fair value

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2019			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instruments	Net asset value	± 1%	\$ 4,658	\$ 4,658	\$ -	\$ -
			December 31, 2018			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instruments	Net asset value	± 1%	\$ 4,311	\$ 4,311	\$ -	\$ -

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Aggregate purchases or sale of the same security with reaching \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Derivative financial instruments undertaken during the reporting periods: Please see Notes 6(2) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information of investee companies

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area.

Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Information on significant transactions of the Company and subsidiary and investee company in Mainland China as of and for the year ended December 31, 2019 is provided in Note (1) J.

14. OPERATING SEGMENT INFORMATION

In accordance with IFRS 8, operating segment information is disclosed in the consolidated financial statements.

WPG Holdings Limited and Subsidiaries

Loans to others

Year ended December 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019											
					Item	Value											
1	Apache Korea Corp.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	\$ 57,574	\$ 52,340	\$ 52,340	3.50	2	\$ -	Operations	\$ -	None	-	\$ 75,559	\$ 75,559	Note 1
2	Genuine C&C (Indocina) Pte, Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	59,960	59,960	59,960	2.95	2	-	Operations	-	None	-	78,583	78,583	Note 3
3	Geniune C&C Holding Inc. (Seychelles)	Peng Yu International Limited	Other receivables - related parties	Y	179,880	119,920	119,920	3.90	2	-	Operations	-	None	-	131,478	131,478	Note 7
4	Richpower Electronic Devices Pte., Ltd.	Yosun Singapore Pte Ltd.	Other receivables - related parties	Y	284,810	224,850	215,856	2.95~3.12	2	-	Operations	-	None	-	446,171	446,171	Note 4
5	World Peace International (South Asia) Pte Ltd.	WPG China Inc.	Other receivables - related parties	Y	299,800	-	-	0.00	2	-	Operations	-	None	-	6,687,125	6,687,125	Note 3
5	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	Other receivables - related parties	Y	1,199,200	-	-	0.00	2	-	Operations	-	None	-	6,687,125	6,687,125	Note 3
5	World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	989,340	-	-	0.00	2	-	Operations	-	None	-	6,687,125	6,687,125	Note 3
5	World Peace International (South Asia) Pte Ltd	WPG South Asia Pte. Ltd.	Other receivables - related parties	Y	149,900	-	-	0.00	2	-	Operations	-	None	-	6,687,125	6,687,125	Note 3
6	World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	119,920	119,920	119,920	2.95	2	-	Operations	-	None	-	2,275,026	2,275,026	Note 3
7	WPG C&C Computers And Peripheral (India) Private Limited	World Peace International (India) Pvt., Ltd.	Other receivables - related parties	Y	88,337	88,337	-	0.00	2	-	Operations	-	None	-	353,255	353,255	Note 3

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019							Item	Value			
8	WPG C&C Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	\$ 239,840	\$ 239,840	\$ 239,840	2.02	2	\$ -	Operations	\$ -	None	-	\$ 269,641	\$ 269,641	Note 7
9	WPG India Electronics Pvt Ltd.	World Peace International (India) Pvt., Ltd.	Other receivables - related parties	Y	42,065	42,065	37,859	9.25	2	-	Operations	-	None	-	168,239	168,239	Note 3
10	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	149,900	-	-	0.00	2	-	Operations	-	None	-	1,337,754	1,337,754	Note 3
10	WPG South Asia Pte. Ltd.	Yosun Singapore Pte Ltd.	Other receivables - related parties	Y	299,800	-	-	0.00	2	-	Operations	-	None	-	1,337,754	1,337,754	Note 3
10	WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	749,500	599,600	284,810	4.53	2	-	Operations	-	None	-	1,337,754	1,337,754	Note 3
11	Yosun Hong Kong Corp. Ltd.	WPG Electronics (HK) Limited	Other receivables - related parties	Y	1,379,080	-	-	0.00	2	-	Operations	-	None	-	4,715,054	4,715,054	Note 7
11	Yosun Hong Kong Corp. Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	599,600	-	-	0.00	2	-	Operations	-	None	-	4,715,054	4,715,054	Note 7
11	Yosun Hong Kong Corp. Ltd.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	149,900	-	-	0.00	2	-	Operations	-	None	-	4,715,054	4,715,054	Note 7
11	Yosun Hong Kong Corp. Ltd.	Peng Yu International Limited	Other receivables - related parties	Y	1,199,200	749,500	749,500	3.27~3.30	2	-	Operations	-	None	-	4,715,054	4,715,054	Note 7
12	Yosun Singapore Pte Ltd	WPG Korea Co., Ltd.	Other receivables - related parties	Y	149,900	-	-	0.00	2	-	Operations	-	None	-	674,107	674,107	Note 4
13	AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	Other receivables - related parties	Y	400,000	200,000	121,800	1.55	2	-	Operations	-	None	-	422,878	422,878	Note 2
14	AECO Electronics Co., Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	719,520	719,520	719,520	2.90	2	-	Operations	-	None	-	786,552	786,552	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019							Item	Value			
14	AECO Electronics Co., Ltd.	Silicon Application Corp.	Other receivables - related parties	Y	\$ 299,800	\$ -	\$ -	0.00	2	\$ -	Operations	\$ -	None	-	\$ 314,621	\$ 786,552	Note 7
15	WPG SCM Limited	Peng Yu International Limited	Other receivables - related parties	Y	599,600	599,600	300,231	2.95	2	-	Operations	-	None	-	1,054,305	1,054,305	Note 3
15	WPG SCM Limited	WPG Holdings Limited	Other receivables - related parties	Y	239,840	239,840	-	0.00	2	-	Operations	-	None	-	1,054,305	1,054,305	Note 3
16	WPG Cloud Service Limited	WPG International (CI) Limited	Other receivables - related parties	Y	12,292	-	-	0.00	2	-	Operations	-	None	-	44,149	44,149	Note 7
17	Yosun Industrial Corp.	Trigold Holdings Limited	Other receivables - related parties	Y	150,000	-	-	0.00	2	-	Operations	-	None	-	1,764,658	3,529,317	Note 6
18	Yosun South China Corp. Ltd.	WPG China Inc.	Other receivables - related parties	Y	64,575	64,575	64,575	2.80	2	-	Operations	-	None	-	202,774	202,774	Note 7
18	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	120,540	120,540	120,540	2.80	2	-	Operations	-	None	-	202,774	202,774	Note 7
19	Yosun Shanghai Corp. Ltd.	WPG China Inc.	Other receivables - related parties	Y	150,675	150,675	150,675	2.80	2	-	Operations	-	None	-	358,495	358,495	Note 7
19	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	176,505	176,505	176,505	2.80	2	-	Operations	-	None	-	358,495	358,495	Note 7
20	WPG Investment Co., Ltd.	WPG Holdings Limited	Other receivables - related parties	Y	125,000	125,000	125,000	1.15	2	-	Operations	-	None	-	173,883	173,883	Note 2
21	WPG C&C Shanghai Co., Ltd.	Trigolduo (Shanghai) Industrial Development Ltd.	Other receivables - related parties	Y	12,915	12,915	-	0.00	2	-	Operations	-	None	-	115,885	289,713	Note 7
22	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	Other receivables - related parties	Y	899,400	-	-	0.00	2	-	Operations	-	None	-	7,350,603	18,376,508	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019							Item	Value			
22	WPI International (Hong Kong) Limited	WPG C&C Limited	Other receivables - related parties	Y	\$ 749,500	\$ -	\$ -	0.00	2	\$ -	Operations	\$ -	None	-	\$ 18,376,508	\$ 18,376,508	Note 7
22	WPI International (Hong Kong) Limited	WPG America Inc.	Other receivables - related parties	Y	899,400	-	-	0.00	2	-	Operations	-	None	-	18,376,508	18,376,508	Note 7
22	WPI International (Hong Kong) Limited	WPG Korea Co., Ltd.	Other receivables - related parties	Y	599,600	599,600	239,840	4.53	2	-	Operations	-	None	-	18,376,508	18,376,508	Note 7
22	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	Other receivables - related parties	Y	599,600	599,600	599,600	3.27	2	-	Operations	-	None	-	18,376,508	18,376,508	Note 7
22	WPI International (Hong Kong) Limited	Peng Yu International Limited	Other receivables - related parties	Y	419,720	419,720	-	0.00	2	-	Operations	-	None	-	18,376,508	18,376,508	Note 7
23	World Peace Industrial Co., Ltd.	Longview Technology Inc.	Other receivables - related parties	Y	1,149,400	849,600	92,126	1.95~3.20	2	-	Operations	-	None	-	5,206,031	10,412,062	Note 6
23	World Peace Industrial Co., Ltd.	Long-Think International Co., Ltd.	Other receivables - related parties	Y	89,940	44,970	-	0.00	2	-	Operations	-	None	-	5,206,031	10,412,062	Note 6
23	World Peace Industrial Co., Ltd.	Trigold Holdings Limited	Other receivables - related parties	Y	300,000	-	-	0.00	2	-	Operations	-	None	-	5,206,031	10,412,062	Note 6
24	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	Other receivables - related parties	Y	200,000	200,000	200,000	1.37	2	-	Operations	-	None	-	281,799	281,799	Note 2
25	AIO Components Company Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	134,910	-	-	0.00	2	-	Operations	-	None	-	14,949	14,949	Note 7
26	Silicon Application (BVI) Corporation	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	119,920	-	-	0.00	2	-	Operations	-	None	-	3,196,168	3,196,168	Note 7
26	Silicon Application (BVI) Corporation	Silicon Application Corp.	Other receivables - related parties	Y	1,199,200	1,199,200	1,199,200	1.70	2	-	Operations	-	None	-	1,278,467	3,196,168	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019							Item	Value			
26	Silicon Application (BVI) Corporation	Peng Yu International Limited	Other receivables - related parties	Y	\$ 119,920	\$ 119,920	\$ 119,920	3.20	2	\$ -	Operation	\$ -	None	-	\$ 3,196,168	\$ 3,196,168	Note 7
27	Silicon Application Company Limited	WPG C&C Limited	Other receivables - related parties	Y	419,720	-	-	0.00	2	-	Operations	-	None	-	1,796,937	1,796,937	Note 7
27	Silicon Application Company Limited	Silicon Application Corp.	Other receivables - related parties	Y	689,540	689,540	689,540	1.70	2	-	Operations	-	None	-	718,775	1,796,937	Note 7
27	Silicon Application Company Limited	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	599,600	599,600	599,600	3.91	2	-	Operations	-	None	-	1,796,937	1,796,937	Note 7
27	Silicon Application Company Limited	WPG China Inc.	Other receivables - related parties	Y	299,800	299,800	299,800	4.37	2	-	Operations	-	None	-	1,796,937	1,796,937	Note 7
27	Silicon Application Company Limited	Peng Yu International Limited	Other receivables - related parties	Y	119,920	119,920	119,920	3.70	2	-	Operations	-	None	-	1,796,937	1,796,937	Note 7
28	Sertek Limited	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	437,708	437,708	437,708	2.20	2	-	Operations	-	None	-	443,843	443,843	Note 7
29	Sertek Incorporated	Richpower Electronic Devices Co., Ltd	Other receivables - related parties	Y	299,800	299,800	299,800	3.25	2	-	Operations	-	None	-	631,210	631,210	Note 2
30	Apache Communication Inc.	Asian Information Technology Inc.	Other receivables - related parties	Y	389,740	-	-	0.00	2	-	Operations	-	None	-	289,969	463,950	Note 5
31	Genuine C&C Inc.	Hoban Inc.	Other receivables - related parties	Y	50,000	50,000	-	0.00	2	-	Operations	-	None	-	441,780	441,780	Note 2
31	Genuine C&C Inc.	Peng Yu International Limited	Other receivables - related parties	Y	300,000	300,000	-	0.00	2	-	Operations	-	None	-	441,780	441,780	Note 2
32	Richpower Electronic Devices Co., Limited	Silicon Application Corp.	Other receivables - related parties	Y	599,600	599,600	599,600	3.91	2	-	Operations	-	None	-	924,811	2,312,027	Note 7
32	Richpower Electronic Devices Co., Limited	WPG Americas Inc.	Other receivables - related parties	Y	599,600	-	-	0.00	2	-	Operations	-	None	-	2,312,027	2,312,027	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 8)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2019	December 31, 2019							Item	Value			
32	Richpower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	\$ 839,440	\$ 599,600	\$ -	0.00	2	\$ -	Operations	\$ -	None	-	\$ 2,312,027	\$ 2,312,027	Note 7
33	Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	449,700	449,700	374,750	2.02~2.90	2	-	Operations	-	None	-	520,663	520,663	Note 7
34	Long-Think International Co., Ltd.	World Peace Industrial Co., Ltd.	Other receivables - related parties	Y	18,000	18,000	18,000	1.52	2	-	Operations	-	None	-	19,636	19,636	Note 2
35	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Trigolduo (Shanghai) Industrial Development Ltd.	Other receivables - related parties	Y	34,440	34,440	34,440	4.60	2	-	Operations	-	None	-	101,414	253,535	Note 7
35	Peng Yu (Shanghai) Digital Technology Co., Ltd.	WPG C&C Shanghai Co., Ltd.	Other receivables - related parties	Y	25,830	25,830	25,830	4.60	2	-	Operations	-	None	-	253,535	253,535	Note 7
36	Trigolduo (Shanghai) Industrial Development Ltd.	Trigold Tongle (Shanghai) Industrial Development Ltd.	Other receivables - related parties	Y	6,027	6,027	4,736	4.85	2	-	Operations	-	None	-	9,501	9,501	Note 2

Note 1: Accumulated financing activities and the individual limit to any company or person should not be in excess of 100% of creditors' net assets.

Note 2: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 40% of creditor's net assets.

Note 3: (1) For those borrowers which are not 100% held investee company, the individual limit amount and the accumulated financing activities to those borrowers should not be in excess of 40% of the creditor's net assets.

(2) For those borrowers which are 100% held investee company, the individual limit amount and the accumulated financing activities to those borrowers should not be in excess of 200% of the creditor's net assets.

(3) The total limit of (1) and (2) should not exceed 200% of the creditor's net assets.

Note 4: Accumulated financing activities to any company or person should not be in excess of 200% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 200% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 40% of the creditor's net assets.

Note 5: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 25% of creditor's assets.

Note 6: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 20% of creditor's assets.

Note 7: Accumulated financing activities to any company or person should not be in excess of 100% of creditor's net assets. Limit on loans to a single company is as follows:

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 40% of the creditor's net assets.

Note 8: The column of 'Nature of loan' shall fill in 1. 'Business transaction or 2. 'Short-term financing'.

WPG Holdings Limited and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019	Outstanding endorsement/ guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	Note 1	\$ 31,736,078	\$ 154,142	\$ 78,239	\$ 78,239	\$ 78,239	0.12	\$ 31,736,078	Y	N	N	Notes 4 and 5
1	World Peace International (South Asia) Pte Ltd	WPG C&C Computers And Peripheral (India) Private Limited	Note 1	6,686,902	74,950	-	-	-	0.00	6,686,902	N	N	N	Note 7
2	World Peace International Pte. Ltd.	WPG Americas Inc.	Note 3	7,316,545	164,890	164,890	5,133	-	4.51	7,316,545	N	N	N	Note 7
2	World Peace International Pte. Ltd.	WPG C&C Computers and Peripheral (India) Private Ltd.	Note 1	7,316,545	493,171	131,912	75,718	-	3.61	7,316,545	N	N	N	Note 7
2	World Peace International Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	7,316,545	1,019,320	299,800	66,137	-	8.20	7,316,545	N	N	N	Note 7
3	WPG South Asia Pte. Ltd.	WPG India Electronics Private Limited	Note 1	1,337,754	14,990	-	-	-	0.00	1,337,754	N	N	N	Note 11
4	Yosun Industrial Corp.	Yosun Singapore Pte. Ltd.	Note 1	8,823,292	1,481,012	1,118,254	515,673	-	12.67	17,646,583	N	N	N	Note 9
4	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	Note 1	8,823,292	1,364,090	539,640	114,253	-	6.12	17,646,583	N	N	N	Note 9
4	Yosun Industrial Corp.	Sertek Incorporated	Note 1	8,823,292	2,398,400	2,398,400	1,172,043	-	27.18	17,646,583	N	N	N	Note 9
4	Yosun Industrial Corp.	Richpower Electronic Devices Co., Limited	Note 1	8,823,292	1,200,000	600,000	445,088	-	6.80	17,646,583	N	N	N	Note 9
5	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Note 1	13,015,078	2,965,022	1,154,230	517,696	-	4.43	20,824,124	N	N	N	Note 6
5	World Peace Industrial Co., Ltd.	VITEC WPG Limited	Note 3	13,015,078	67,455	67,455	44,970	-	0.26	20,824,124	N	N	N	Note 6
5	World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	13,015,078	659,560	659,560	659,560	-	2.53	20,824,124	N	N	N	Note 6

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019	Outstanding endorsement/ guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
6	Frontek Technology Corporation	Asian Information Technology Inc.	Note 2	\$ 947,143	\$ 769,700	\$ 769,700	\$ 559,087	-	32.51	\$ 1,183,929	N	N	N	Note 8
7	Asian Information Technology Inc.	WPG China Inc.	Note 3	2,471,582	14,990	14,990	-	-	0.24	3,089,477	N	N	Y	Note 8
7	Asian Information Technology Inc.	Frontek Technology Corporation	Note 1	2,471,582	847,560	847,560	74,225	-	13.72	3,089,477	N	N	N	Note 8
7	Asian Information Technology Inc.	AIT Japan Inc.	Note 1	2,471,582	179,880	-	-	-	0.00	3,089,477	N	N	N	Note 8
8	Trigold Holding Limited	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Note 1	577,603	43,050	43,050	43,050	-	3.73	577,603	N	N	Y	Note 10
8	Trigold Holdings Limited	Peng Yu International Limited	Note 1	577,603	59,960	59,960	59,960	-	5.20	577,603	N	N	N	Note 10
8	Trigold Holdings Limited	WPG C&C Shanghai Co., Ltd.	Note 1	577,603	258,300	129,150	129,150	-	11.18	577,603	N	N	Y	Note 10

Note 1: The company and its subsidiary hold more than 50% of the investee company.

Note 2: The parent company directly owns more than 50% of the company.

Note 3: An affiliate.

Note 4: The guarantee amount should not exceed 50% of guarantor's net assets; the limit to a single company should not exceed 50% of the Company's stockholder's equity. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The limit on the Company and its subsidiaries' total loan to other companies is 60% of the Company's net assets. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets, which is based on the latest audited or reviewed financial statements.

Note 5: There are 8,999 thousand shares of WPG Investment Co., Ltd. which have been pledged for purchases for World Peace Industrial Co., Ltd. The book value of those pledged investments is \$78,239.

Note 6: The cumulative guarantee amount to others should not be in excess of 80% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 50% of guarantor's net assets. For business transaction with the guarantor, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The net asset value is based on the latest audited or reviewed financial statements.

Note 7: The cumulative guarantee amount to others should not be in excess of 200% of the Company's net assets. The guarantee amount to a single company should not be in excess of 200% of Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets.

Note 8: The cumulative guarantee amount to others should not be in excess of 50% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 40% of guarantor's net assets. However, guarantee amount to a single overseas affiliate should not be in excess of 40% of guarantor's net assets.

Note 9: The cumulative guarantee amount to others should not be in excess of 200% of guarantor and its subsidiaries' total net assets. The guarantee amount to a single company should not be in excess of 100% of guarantor and its subsidiaries' total net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The Company's guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the ultimate parent company should not exceed 10% of the ultimate parent company's net assets. The net asset value is based on the latest audited or reviewed financial statements.

Note 10: The cumulative guarantee amount to others should not be in excess of 50% of the Company's net assets. The guarantee amount to a single company should not be in excess of 50% of Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The Company's and its subsidiaries' cumulative guarantee amount to others should not be in excess 50% (not including 50%) of the Company's net assets. The guarantee amount to a single company should not be in excess of 50% (not including 50%) of the Company's net assets. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets. The guarantee amount to a subsidiary which is 100%directly or indirectly held by the Company should not exceed 50% (not including 50%) of the Company's net assets. The net assets value is based on the latest audit or reviewed financial statements.

Note 11: The cumulative guarantee amount to others should not be in excess of 200% of the Company's net assets. The guarantee amount to a single company should not be in excess of 200% of Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets.

WPG Holdings Limited and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2019				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value (Note 1)	Footnote
				(in thousands)				
WPG Holdings Limited	Restar Holdings Corporation	None	Financial assets at at fair value through profit or loss- non-current	230	\$ 128,864	1.46	\$ 128,864	Note 2
WPG Holdings Limited	Tyche Partners L.P. - Funds	None	Financial assets at at fair value through profit or loss- non-current	-	304,820	-	304,820	
WPG Holdings Limited	CDIB CME Fund Ltd., etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	160,931	-	160,931	
Silicon Application Corp.	Kingmax Technology Inc., etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	312,432	-	312,432	Note 3
World Peace Industrial Co., Ltd.	Silicon Line GmbH, Munich etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	24,068	-	24,068	
AECO Technology Co., Ltd.	Hua-Jie (Taiwan) Corp. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	668	6,684	3.32	6,684	
Yosun Industrial Corp.	Fortend Taiwan Scientific Corp., etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	4,214	-	4,214	
Genuine C&C Inc.	Systemweb Technology - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	700	8,705	9.52	8,705	
Richpower Electronic Devices Co., Ltd.	Promaster Technology Co., Ltd., etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	37,906	-	37,906	
WPG Investment Co., Ltd.	DIGITIMES Inc. etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current, etc.	-	123,567	-	123,567	
Silicon Application (BVI) Corp.	Actiontec Electronics Inc. etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	6,540	-	6,540	

				As of December 31, 2019				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousands)	Book value	Ownership (%)	Fair value (Note 1)	Footnote
Asian Information Technology Inc.	MCUBE, Inc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	\$ -	-	\$ -	
Win-Win Systems Ltd.	Silicon Electronics Company(s) Pte. Ltd. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	180	-	-	-	
WPG South Asia Pte. Ltd.	ViMOS Technologies GmbH - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	20	648	9	648	
WPG China Inc.	CECI Technology Co. Ltd. etc. - Equity securities	None	Financial assets at at fair value through profit or loss- non-current	-	565,301	-	565,301	

Note 1: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 2: The original investee company, Vitec Holdings Co., Ltd., was delisted on March 27, 2019. Vitec Holdings Co., Ltd was merged with UKC Holdings whereby a new company, Restar Holdings Corporation, was established. The effective date for this merger was April 1, 2019, and the name of the held marketable securities would be changed.

Note 3: There are 566 thousand shares of Kingmax Technology Inc. which have been pledged for purchases as of December 31, 2019.

WPG Holdings Limited and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the counterparty	Balance as at January 1, 2019		Addition		Disposal				Balance as at December 31, 2019	
					No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	No. of shares (in thousands)	Amount
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Note 1	World Peace Industrial Co.,	Same parent company	1,160,000	\$ 15,971,669	342,700 (Note 2)	\$ 2,500,000	-	\$ -	\$ -	\$ -	1,502,700	\$ 18,471,669
"	Silicon Application Corp.	Note 1	Silicon Application Corp.	"	428,000	4,717,962	127,000 (Note 3)	1,000,000	-	-	-	-	555,000	5,717,962
"	Asian Information Technology Inc.	Note 1	Asian Information Technology Inc.	"	380,000	4,063,464	120,000 (Note 4)	800,000	-	-	-	-	500,000	4,863,464
"	WPG International (CI) Limited	Note 1	WPG International (CI) Limited	"	124,443	3,783,583	25,840	800,000	-	-	-	-	150,283	4,583,583
"	WT Microelectronics Co., Ltd.	Note 5	Not applicable	Not applicable	-	-	177,110	8,111,638	-	-	-	-	177,110	8,111,638

Note 1: It is recorded as investments accounted for under equity method.

Note 2: Stock dividends of 92,700 thousand shares distributed by World Peace Industrial Co., Ltd. are included.

Note 3: Stock dividends of 27,000 thousand shares distributed by Silicon Application Corp. are included.

Note 4: Stock dividends of 40,000 thousand shares distributed by Asian Information Technology Inc. are included.

Note 5: It is recorded as prepayments for investments.

WPG Holdings Limited and Subsidiaries
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
Year ended December 31, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment (Note 2)	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
The Company	Office building A in Taipei City Nangang Dist. Jingmao section No.70, No. 70-1	2016.12 (Note 1)	\$ 4,533,954	\$ 963,465	Ji Tai Development Co., Ltd.	Non-related party	-	-	-	\$ -	It was appraised by Honda real estate appraising firm and China real estate appraising firm	Operation needs	None
The Company	Taipei City Nangang Dist. Jingmao section No.70, No. 70-1	2016.12 (Note 1)	1,063,114	225,912	Lee	Non-related party	-	-	-	-	It was appraised by Honda real estate appraising firm and China real estate appraising firm	Operation needs	None
The Company	Taipei City Nangang Dist. Jingmao section No.70, No. 70-1	2016.12 (Note 1)	843,765	179,300	Wang	Non-related party	-	-	-	-	It was appraised by Honda real estate appraising firm and China real estate appraising firm	Operation needs	None

Note 1: It was the date of contract.

Note 2: For the years ended December 31, 2017 and 2018, the total amount was \$885,615 and \$241,531, respectively, and for the year ended December 31, 2019, the amount was \$241,531.

WPG Holdings Limited and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Differences in transaction terms compared to third party											
		Relationship with the counterparty	Transaction				transactions		Notes/accounts receivable (payable)		Footnote
Purchaser/seller	Counterparty		Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Same parent company	Sales	(\$ 445,048) (	55.36)	Note 5	Note 5	Note 5	\$ 67,345	64.12	
"	Silicon Application Corp.	"	"	(117,708) (	14.64)	"	"	"	14,083	13.41	
"	Asian Information Technology Inc.	"	"	(113,533) (	14.12)	"	"	"	12,566	11.96	
"	Yosun Industrial Corp.	"	"	(116,519) (	14.50)	"	"	"	9,531	9.08	
World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte Ltd.	"	"	(564,768) (	0.52)	Note 3	Note 3	Note 3	612	-	
"	WPI International (Hong Kong) Limited	"	"	(4,163,661) (	3.81)	"	"	"	409,687	1.70	
"	WPG Electronics (HK) Limited	"	"	(658,270) (	0.60)	"	"	"	199,462	0.83	
"	WPG China (SZ) Inc.	"	"	(1,475,604) (	1.35)	"	"	"	184,219	0.76	
"	WPG China Inc.	"	"	(527,549) (	0.48)	"	"	"	127,238	0.53	
"	WPG SCM Limited	"	"	(1,611,232) (	1.48)	"	"	"	99,427	0.41	
"	WPG Korea Co., Ltd.	"	"	(1,803,214) (	1.65)	"	"	"	130,590	0.54	
"	Genuine C&C Inc.	"	"	(129,652) (	0.12)	"	"	"	6,206	0.03	
Genuine C&C (IndoChina) Pte Ltd.	WPG PT Electrindo Jaya	Investment under equity method	"	(172,812) (	82.56)	"	"	"	24,890	83.93	
World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	Same parent company	"	(148,064) (	0.52)	"	"	"	22,962	0.56	
"	WPG C&C (Malaysia) Sdn. Bhd	"	"	(113,642) (	0.40)	"	"	"	-	-	
"	WPG C&C Computers And Peripheral (India) Private Limited	"	"	(1,071,637) (	3.77)	"	"	"	129,145	3.14	
"	WPG SCM Limited	"	"	(3,427,063) (	12.05)	"	"	"	510,668	12.40	
"	WPG PT Electrindo Jaya	Investment under equity method	"	(476,985) (	1.68)	"	"	"	56,861	1.38	
"	WPG C&C (Thailand) Co., Ltd.	Same parent company	"	(117,387) (	0.41)	"	"	"	29,439	0.72	

Differences in transaction terms compared to third party											
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	Same parent company	Sales	(\$ 5,052,414) (	3.35)	Note 3	Note 3	Note 3	\$ 354,723	0.96	
"	World Peace International (South Asia) Pte Ltd.	"	"	(2,327,856) (	1.55)	"	"	"	97,547	0.27	
"	WPG Electronics (HK) Limited	"	"	(116,078) (	0.08)	"	"	"	15,404	0.04	
"	WPG China (SZ) Inc.	"	"	(2,000,615) (	1.33)	"	"	"	228,380	0.62	
"	WPG China Inc.	"	"	(912,013) (	0.61)	"	"	"	260,698	0.71	
"	WPG SCM Limited	"	"	(1,018,391) (	0.68)	"	"	"	81,315	0.22	
"	WPG Korea Co., Ltd.	"	"	(112,120) (	0.07)	"	"	"	9,068	0.02	
Longview Technology Inc.	World Peace Industrial Co., Ltd.	"	"	(395,231) (	24.94)	"	"	"	24,495	80.86	
"	WPI International (Hong Kong) Limited	"	"	(972,188) (	61.35)	"	"	"	2,200	7.26	
Long-Think International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	"	(812,450) (	48.56)	"	"	"	38,785	35.91	
"	WPI International (Hong Kong) Limited	"	"	(607,122) (	36.29)	"	"	"	38,380	35.54	
Silicon Application Corp.	Pernas Electronics Co., Ltd.	"	"	(1,691,803) (	2.60)	30 days after monthly billings	Note 4	Note 4	42,956	0.31	
"	WPG Electronics (HK) Limited	"	"	(3,283,423) (	5.05)	90 days after monthly billings	"	"	1,122,287	7.98	
"	WPG China (SZ) Inc.	"	"	(832,313) (	1.28)	"	"	"	154,228	1.10	
"	WPG China Inc.	"	"	(159,045) (	0.24)	"	"	"	33,890	0.24	
Pernas Electronics Co., Ltd.	Silicon Application Corp.	"	"	(415,999) (	6.21)	30 days after monthly billings	"	"	32,434	2.94	
"	Everwiner Enterprise Co., Ltd.	"	"	(358,840) (	5.35)	Note 2	"	"	30,536	2.77	
Everwiner Enterprise Co., Ltd.	Silicon Application Corp.	"	"	(135,070) (	3.38)	30 days after monthly billings	"	"	20,018	2.65	
"	Pernas Electronics Co., Ltd.	"	"	(1,959,524) (	49.06)	Note 2	"	"	261,024	34.59	
Asian Information Technology Inc.	World Peace International (South Asia) Pte Ltd.	"	"	(148,363) (	0.43)	"	Note 2	Note 2	15,936	0.26	
"	WPI International (Hong Kong) Limited	"	"	(299,904) (	0.86)	"	"	"	33,513	0.55	
"	Frontek Technology Corporation	"	"	(3,702,796) (	10.67)	"	"	"	674,675	11.15	
"	Apache Communication Inc.	"	"	(1,256,164) (	3.62)	"	"	"	80,862	1.34	
"	WPG Electronics (HK) Limited	"	"	(164,610) (	0.47)	"	"	"	59,993	0.99	

Differences in transaction terms compared to third party											
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Asian Information Technology Inc.	WPG China (SZ) Inc.	Same parent company	Sales	(\$ 163,204)	(0.47)	Note 2	Note 2	Note 2	\$ 30,332	0.50	
Henshen Electric Trading Co., Ltd.	Asian Information Technology Inc.	"	"	(217,196)	(18.94)	"	"	"	742	0.65	
"	Frontek Technology Corporation	"	"	(291,762)	(25.45)	"	"	"	3,906	3.40	
Frontek Technology Corporation	Asian Information Technology Inc.	"	"	(2,165,009)	(10.30)	"	"	"	197,755	3.89	
"	WPG Electronics (HK) Limited	"	"	(369,194)	(1.76)	"	"	"	153,361	3.02	
"	WPG China Inc.	"	"	(218,910)	(1.04)	"	"	"	63,776	1.25	
Apache Communication Inc.	Asian Information Technology Inc.	"	"	(658,868)	(3.21)	"	"	"	15,341	0.43	
AIT Japan Inc.	Asian Information Technology Inc.	"	"	(167,425)	(26.33)	"	"	"	16	0.14	
WPG Electronics (HK) Limited	World Peace Industrial Co., Ltd.	"	"	(258,275)	(3.79)	Notes 3 and 5	Notes 3 and 5	Notes 3 and 5	1,979	0.14	
"	WPI International (Hong Kong) Limited	"	"	(361,530)	(5.31)	"	"	"	69,645	4.84	
"	Silicon Application Corp.	"	"	(144,474)	(2.12)	Note 5	Note 5	Note 5	-	-	
WPG China Inc.	WPG China (SZ) Inc.	"	"	(379,459)	(3.59)	90 days after monthly billings	Note 4	Note 4	754	0.03	
WPG China (SZ) Inc.	WPG China Inc.	"	"	(217,940)	(2.55)	Note 3	Note 3	Note 3	-	-	
WPG Americas Inc.	World Peace Industrial Co., Ltd.	"	"	(332,046)	(2.51)	"	"	"	35,564	2.32	
WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	"	(505,151)	(60.48)	Note 5	Note 5	Note 5	-	-	
"	Yosun Singapore Pte Ltd.	"	"	(109,791)	(13.14)	"	"	"	-	-	
WPG SCM Limited	World Peace International (South Asia) Pte Ltd.	"	"	(167,789)	(2.46)	Note 3	Note 3	Note 3	47,087	2.61	
WPG Korea Co., Ltd.	WPI International (Hong Kong) Limited	"	"	(220,122)	(3.41)	"	"	"	215	0.02	
"	WPG South Asia Pte. Ltd.	"	"	(204,146)	(3.16)	30 days at the end of the month	"	"	196,716	21.38	
Yosun Industrial Corp.	WPG China (SZ) Inc.	"	"	(694,744)	(3.77)	Note 6	Note 6	Note 6	114,362	4.15	
"	WPG China Inc.	"	"	(598,911)	(3.25)	"	"	"	116,607	4.23	
"	Yosun Hong Kong Corp. Ltd.	"	"	(3,229,367)	(17.53)	Note 3	Note 3	Note 3	182,914	6.64	
"	Richpower Electronic Devices Co., Ltd	"	"	(158,144)	(0.86)	"	"	"	107,426	3.90	
"	Richpower Electronic Devices Co., Limited	"	"	(124,448)	(0.68)	"	"	"	3,232	0.12	

Table 6, Page 3

		Differences in transaction terms compared to third party									
		Relationship with the counterparty	Transaction				transactions		Notes/accounts receivable (payable)		Footnote
Purchaser/seller	Counterparty		Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	Same parent company	Sales	(\$ 740,233) (	2.98)	Note 6	Note 6	Note 6	\$ 103,592	2.76	
"	WPG China Inc.	"	"	(2,021,480) (	8.14)	"	"	"	248,244	6.62	
"	Yosun Industrial Corp.	"	"	(503,775) (	2.03)	Note 3	Note 3	Note 3	4,772	0.13	
"	Richpower Electronic Devices Co., Limited	"	"	(1,388,360) (	5.59)	"	"	"	9,811	0.26	
Yosun Singapore Pte Ltd.	WPG SCM Limited	"	"	(387,302) (	7.74)	"	"	"	29,537	2.69	
Sertek Incorporated	Yosun Industrial Corp.	"	"	(447,643) (	3.08)	"	"	"	29,338	6.14	
"	Yosun Hong Kong Corp. Ltd.	"	"	(701,659) (	4.82)	"	"	"	16,091	3.37	
Richpower Electronic Devices Co., Limited	WPG Electronics (HK) Limited	"	"	(941,114) (	14.40)	Note 6	Note 6	Note 6	310,078	21.01	
"	Yosun Industrial Corp.	"	"	(162,618) (	2.49)	Note 3	Note 3	Note 3	3,482	0.24	
"	WPG China (SZ) Inc.	"	"	(332,544) (	2.87)	Note 6	Note 6	Note 6	111,485	5.47	
"	Yosun Industrial Corp.	"	"	(716,511) (	6.17)	Note 3	Note 3	Note 3	-	-	
"	Yosun Hong Kong Corp. Ltd.	"	"	(2,750,911) (	23.71)	"	"	"	81,213	3.98	
"	Richpower Electronic Devices Co., Ltd	"	"	(236,162) (	2.04)	"	"	"	7,637	0.37	
Peng Yu (Shanghai) Digital Technology Co., Ltd.	Peng Yu International Limited	"	"	(175,864) (	49.84)	"	"	"	19,853	20.63	
Peng Yu International Limited	World Peace Industrial Co., Ltd.	"	"	(1,024,444) (	17.51)	"	"	"	-	-	
"	WPI International (Hong Kong) Limited	"	"	(1,105,741) (	18.90)	"	"	"	-	-	
"	WPG Electronics (HK) Limited	"	"	(742,533) (	12.69)	"	"	"	120,568	11.10	
"	WPG C&C Shanghai Co., Ltd.	"	"	(894,490) (	15.29)	"	"	"	115,978	10.68	

Note 1: As the related party transactions of consolidated subsidiaries exceeding \$100 million are voluminous, the related information disclosed here is from the sales aspect.

Note 2: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~120 days from the end of the month of sales.

Note 3: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~90 days from the end of the month of sales.

Note 4: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition.

Note 5: The income arose from the provision of administrative resources and management services, and the sales price and terms were determined by the parties.

Note 6: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 60~120 days from the end of the month of sales.

WPG Holdings Limited and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2019

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
					Amount	Action taken		
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Same parent company	\$ 409,687	8.90	\$ -	-	\$ 409,687	\$ -
World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	"	199,462	3.19	2,474	-	114,205	-
World Peace Industrial Co., Ltd.	WPG China (SZ) Inc.	"	184,219	4.27	-	-	178,725	-
World Peace Industrial Co., Ltd.	WPG China Inc.	"	127,238	6.49	-	-	71,840	-
World Peace Industrial Co., Ltd.	WPG Korea Co., Ltd.	"	130,590	10.57	-	-	130,590	-
World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	"	129,144	7.67	-	-	129,144	-
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	"	510,668	4.24	-	-	510,668	-
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	354,723	16.13	-	-	354,723	-
WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	"	228,380	4.95	-	-	203,441	-
WPI International (Hong Kong) Limited	WPG China Inc.	"	260,698	5.93	-	-	154,893	-
Silicon Application Corp.	WPG Electronics (HK) Limited	"	1,122,287	3.06	-	-	642,832	-
Silicon Application Corp.	WPG China (SZ) Inc.	"	154,228	4.47	-	-	97,506	-
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	261,024	3.07	-	-	261,024	-
Asian Information Technology Inc.	Frontek Technology Corporation	"	674,675	8.64	-	-	674,675	-
Frontek Technology Corporation	Asian Information Technology Inc.	"	197,755	5.78	-	-	197,755	-
Frontek Technology Corporation	WPG Electronics (HK) Limited	"	153,361	2.54	-	-	43,037	-
WPG Korea Co., Ltd.	WPG South asia Pte. Ltd.	"	196,716	2.08	-	-	-	-
Yosun Industrial Corp.	WPG China (SZ) Inc.	"	114,362	4.19	-	-	57,714	-
Yosun Industrial Corp.	WPG China Inc.	"	116,607	7.29	-	-	112,244	-
Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	"	182,914	16.14	-	-	182,914	-
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd	"	107,426	2.56	-	-	93,955	-
Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	"	103,592	2.97	-	-	92,738	-
Yosun Hong Kong Corp. Ltd.	WPG China Inc.	"	248,244	4.99	-	-	159,507	-
Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	"	310,078	2.91	-	-	270,836	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
					Amount	Action taken		
Richpower Electronic Devices Co., Limited	WPG China (SZ) Inc.	Same parent company	\$ 111,485	5.55	\$ -	-	\$ 110,757	\$ -
Peng Yu International Limited	WPG Electronics (HK) Limited	"	120,568	12.32	-	-	120,568	-
Peng Yu International Limited	WPG C&C Shanghai Co., Ltd.	"	115,978	3.83	-	-	115,099	-
WPG Holdings Limited	Silicon Application Corp.	"	658,296	0.00	-	-	380	-
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	"	396,360	0.00	-	-	396,360	-
World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	"	120,155	0.00	-	-	-	-
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	"	234,773	0.00	-	-	209,517	-
WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	"	127,529	0.00	-	-	105	-
WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	"	600,497	0.00	-	-	-	-
WPI International (Hong Kong) Limited	WPG Korea Co., Ltd.	"	242,560	0.00	-	-	1	-
WPG C&C Limited	WPI International (Hong Kong) Limited	"	240,311	0.00	-	-	-	-
Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	"	378,536	0.00	-	-	-	-
AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	"	122,208	0.00	-	-	3,457	-
AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	"	731,475	0.00	-	-	306,852	-
Silicon Application (BVI) Corp.	Silicon Application Corp.	"	1,211,998	0.00	-	-	-	-
Silicon Application (BVI) Corp.	Peng Yu International Limited	"	120,048	0.00	-	-	-	-
Silicon Application Company Limited	Silicon Application Corp.	"	691,357	0.00	-	-	-	-
Silicon Application Company Limited	WPG China Inc.	"	310,208	0.00	-	-	-	-
Silicon Application Company Limited	Yosun Hong Kong Corp. Ltd.	"	622,328	0.00	-	-	622,328	-
Silicon Application Company Limited	Peng Yu International Limited	"	123,445	0.00	-	-	123,445	-
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	202,094	0.00	-	-	-	-
WPG South Aisa Pte. Ltd.	WPG Korea Co., Ltd.	"	286,295	0.00	-	-	62,200	-
WPG SCM Limited	Peng Yu International Limited	"	300,231	0.00	-	-	431	-
Yosun Hong Kong Corp. Ltd.	Peng Yu International Limited	"	752,176	0.00	-	-	752,176	-
Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	"	177,875	0.00	-	-	-	-
Yosun Shanghai Corp. Ltd.	WPG China Inc.	"	151,911	0.00	-	-	12,915	-

Table 7, Page 2

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
					Amount	Action taken		
Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	Same parent company	\$ 121,109	0.00	\$ -	-	\$ 6,889	\$ -
Sertek Incorporated	Richpower Electronic Devices Co., Ltd	"	302,074	0.00	-	-	1	-
Sertek Limited	Yosun Hong Kong Corp. Ltd.	"	439,233	0.00	-	-	-	-
Richpower Electronic Devices Co., Limited	Silicon Application Corp.	"	622,263	0.00	-	-	-	-
Richpower Electronic Devices Pte Ltd.	Yosun Singapore Pte Ltd.	"	216,405	0.00	-	-	549	-
WPG Investment Co., Ltd.	WPG Holdings Limited	"	125,164	0.00	-	-	-	-
Genuine C&C Holding Inc. (Seychelles)	Peng Yu International Limited	"	121,375	0.00	-	-	-	-
Peng Yu International Limited	WPG Electronics (HK) Limited	"	322,844	0.00	-	-	322,844	-

Note 1: Balance as at December 31, 2019 includes other receivables that exceed \$100,000.

Note 2: Turnover rate of 0.00 was caused by the receivables amount recorded as other receivables, and thus the turnover rate is not applicable.

Note 3: The subsequent collections are amounts collected as of March 24, 2020.

WPG Holdings Limited and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2019

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	1	Sales	\$ 445,048	Note 11	0.08
0	WPG Holdings Limited	Silicon Application Corp.	1	"	117,708	Note 11	0.02
0	WPG Holdings Limited	Asian Information Technology Inc.	1	"	113,533	Note 11	0.02
0	WPG Holdings Limited	Yosun Industrial Corp.	1	"	116,519	Note 11	0.02
1	World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	564,768	Note 5	0.11
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	"	4,163,661	Note 5	0.79
1	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	"	658,270	Note 5	0.12
1	World Peace Industrial Co., Ltd.	WPG China (SZ) Inc.	3	"	1,475,604	Note 5	0.28
1	World Peace Industrial Co., Ltd.	WPG China Inc.	3	"	527,549	Note 5	0.10
1	World Peace Industrial Co., Ltd.	WPG SCM Limited	3	"	1,611,232	Note 5	0.31
1	World Peace Industrial Co., Ltd.	WPG Korea Co., Ltd.	3	"	1,803,214	Note 5	0.34
1	World Peace Industrial Co., Ltd.	Genuine C&C Inc.	3	"	129,652	Note 5	0.02
2	World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	3	"	148,064	Note 5	0.03
2	World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn. Bhd	3	"	113,642	Note 5	0.02
2	World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	3	"	1,071,637	Note 5	0.20
2	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	3,427,063	Note 5	0.65
2	World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	3	"	117,387	Note 5	0.02
3	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	5,052,414	Note 5	0.96
3	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	3	"	2,327,856	Note 5	0.44
3	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	"	116,078	Note 5	0.02
3	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	"	2,000,615	Note 5	0.38

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	WPI International (Hong Kong) Limited	WPG China Inc.	3	Sales	\$ 912,013	Note 5	0.17
3	WPI International (Hong Kong) Limited	WPG SCM Limited	3	"	1,018,391	Note 5	0.19
3	WPI International (Hong Kong) Limited	WPG Korea Co., Ltd.	3	"	112,120	Note 5	0.02
5	Longview Technology Inc.	World Peace Industrial Co., Ltd.	3	"	395,231	Note 5	0.07
5	Longview Technology Inc.	WPI International (Hong Kong) Limited	3	"	972,188	Note 5	0.18
6	Long-Think International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	812,450	Note 5	0.15
6	Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	3	"	607,122	Note 5	0.12
7	Silicon Application Corp.	Pernas Electronics Co., Ltd.	3	"	1,691,803	Notes 9 and 11	0.32
7	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	3,283,423	Notes 9 and 12	0.62
7	Silicon Application Corp.	WPG China (SZ) Inc.	3	"	832,313	Notes 9 and 12	0.16
7	Silicon Application Corp.	WPG China Inc.	3	"	159,045	Notes 9 and 12	0.03
8	Pernas Electronics Co., Ltd.	Silicon Application Corp.	3	"	415,999	Notes 9 and 11	0.08
8	Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	3	"	358,840	Note 4	0.07
9	Everwiner Enterprise Co., Ltd.	Silicon Application Corp.	3	"	135,070	Notes 9 and 11	0.03
9	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	1,959,524	Notes 9 and 12	0.37
10	Asian Information Technology Inc.	World Peace International (South Asia) Pte Ltd.	3	"	148,363	Note 4	0.03
10	Asian Information Technology Inc.	WPI International (Hong Kong) Limited	3	"	299,904	Note 4	0.06
10	Asian Information Technology Inc.	Frontek Technology Corporation	3	"	3,702,796	Note 4	0.70
10	Asian Information Technology Inc.	Apache Communication Inc.	3	"	1,256,164	Note 4	0.24
10	Asian Information Technology Inc.	WPG Electronics (HK) Limited	3	"	164,610	Note 4	0.03
10	Asian Information Technology Inc.	WPG China (SZ) Inc.	3	"	163,204	Note 4	0.03
11	Henshen Electric Trading Co., Ltd.	Asian Information Technology Inc.	3	"	217,196	Note 4	0.04
11	Henshen Electric Trading Co., Ltd.	Frontek Technology Corporation	3	"	291,762	Note 4	0.06
12	Frontek Technology Corporation	Asian Information Technology Inc.	3	"	2,165,009	Note 4	0.41
12	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	369,194	Note 4	0.07
12	Frontek Technology Corporation	WPG China Inc.	3	"	218,910	Note 4	0.04
13	Apache Communication Inc.	Asian Information Technology Inc.	3	"	658,868	Note 4	0.12

Table 8, Page 2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
14	AIT Japan Inc.	Asian Information Technology Inc.	3	Sales	\$ 167,425	Note 4	0.03
15	WPG Electronics (HK) Limited	World Peace Industrial Co., Ltd.	3	"	258,275	Note 11	0.05
15	WPG Electronics (HK) Limited	WPI International (Hong Kong) Limited	3	"	361,530	Note 11	0.07
15	WPG Electronics (HK) Limited	Silicon Application Corp.	3	"	144,474	Note 11	0.03
17	WPG China Inc.	WPG China (SZ) Inc.	3	"	379,459	Note 9	0.07
18	WPG Americas Inc.	World Peace Industrial Co., Ltd.	3	"	332,046	Note 5	0.06
19	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	505,151	Note 10	0.10
19	WPG South Asia Pte. Ltd.	Yosun Singapore Pte Ltd.	3	"	109,791	Note 11	0.02
39	WPG SCM Limited	World Peace International (South Asia) Pte Ltd.	3	"	167,789	Note 5	0.03
20	WPG Korea Co., Ltd.	WPI International (Hong Kong) Limited	3	"	220,122	Note 5	0.04
20	WPG Korea Co., Ltd.	WPG South Asia Pte. Ltd.	3	"	204,146	30 days at the end of the month	0.04
21	Yosun Industrial Corp.	WPG China (SZ) Inc.	3	"	694,744	Note 8	0.13
21	Yosun Industrial Corp.	WPG China Inc.	3	"	598,911	Note 8	0.11
21	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	3,229,367	Note 5	0.61
21	Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd	3	"	158,144	Note 5	0.03
21	Yosun Industrial Corp.	Richpower Electronic Devices Co., Limited	3	"	124,448	Note 5	0.02
22	Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	3	"	740,233	Note 8	0.14
22	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	2,021,480	Note 8	0.38
22	Yosun Hong Kong Corp. Ltd.	Yosun Industrial Corp.	3	"	503,775	Note 5	0.10
22	Yosun Hong Kong Corp. Ltd.	Richpower Electronic Devices Co., Limited	3	"	1,388,360	Note 5	0.26
23	Yosun Singapore Pte Ltd.	WPG SCM Limited	3	"	387,302	Note 5	0.07
24	Sertek Incorporated	Yosun Industrial Corp.	3	"	447,643	Note 5	0.08
24	Sertek Incorporated	Yosun Hong Kong Corp. Ltd.	3	"	701,659	Note 5	0.13
25	Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	3	"	941,114	Note 8	0.18
25	Richpower Electronic Devices Co., Ltd.	Yosun Industrial Corp.	3	"	162,618	Note 5	0.03
26	Richpower Electronic Devices Co., Limited	WPG China (SZ) Inc.	3	"	332,544	Note 8	0.06
26	Richpower Electronic Devices Co., Limited	Yosun Industrial Corp.	3	"	716,511	Note 5	0.14

Table 8, Page 3

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
26	Richpower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	3	Sales	\$ 2,750,911	Note 5	0.52
26	Richpower Electronic Devices Co., Limited	Richpower Electronic Devices Co., Ltd	3	"	236,162	Note 5	0.04
40	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Peng Yu International Limited	3	"	175,864	Note 12	0.03
27	Peng Yu International Limited	World Peace Industrial Co., Ltd.	3	"	1,024,445	Note 5	0.19
27	Peng Yu International Limited	WPI International (Hong Kong) Limited	3	"	1,105,742	Note 5	0.21
27	Peng Yu International Limited	WPG Electronics (HK) Limited	3	"	742,534	Note 5	0.14
27	Peng Yu International Limited	WPG C&C Shanghai Co., Ltd.	3	"	894,491	Note 5	0.17
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	Accounts receivable	409,687	Note 5	0.18
1	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	"	199,462	Note 5	0.09
1	World Peace Industrial Co., Ltd.	WPG China (SZ) Inc.	3	"	184,219	Note 5	0.08
1	World Peace Industrial Co., Ltd.	WPG China Inc.	3	"	127,238	Note 5	0.06
1	World Peace Industrial Co., Ltd.	WPG Korea Co., Ltd.	3	"	130,590	Note 5	0.06
2	World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	3	"	129,144	Note 5	0.06
2	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	510,668	Note 5	0.22
3	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	354,723	Note 5	0.15
3	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	"	228,380	Note 5	0.10
3	WPI International (Hong Kong) Limited	WPG China Inc.	3	"	260,698	Note 5	0.11
7	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	1,122,287	Notes 9 and 12	0.49
7	Silicon Application Corp.	WPG China (SZ) Inc.	3	"	154,228	Notes 9 and 12	0.07
9	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	261,024	Notes 9 and 12	0.11
10	Asian Information Technology Inc.	Frontek Technology Corporation	3	"	674,675	Note 4	0.29
12	Frontek Technology Corporation	Asian Information Technology Inc.	3	"	197,755	Note 4	0.09
12	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	153,361	Note 4	0.07
20	WPG Korea Co., Ltd.	WPG South Asia Pte. Ltd.	3	"	196,716	30 days at the end of the month	0.09
21	Yosun Industrial Corp.	WPG China (SZ) Inc.	3	"	114,362	Note 8	0.05
21	Yosun Industrial Corp.	WPG China Inc.	3	"	116,607	Note 8	0.05

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Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
21	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	Accounts receivable	\$ 182,914	Note 5	0.08
21	Yosun Industrial Corp.	Richpower Electronic Devices Co., Limited	3	"	107,426	Note 5	0.05
22	Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	3	"	103,592	Note 8	0.04
22	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	248,244	Note 8	0.11
25	Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	3	"	310,078	Note 8	0.13
26	Richpower Electronic Devices Co., Limited	WPG China (SZ) Inc.	3	"	111,485	Note 8	0.05
27	Peng Yu International Limited	WPG Electronics (HK) Limited	3	"	120,568	Note 5	0.05
27	Peng Yu International Limited	WPG C&C Shanghai Co., Ltd.	3	"	115,978	Note 5	0.05
0	WPG Holdings Limited	Silicon Application Corp.	1	Other receivables	658,296	Note 13	0.29
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	"	396,360	Note 14	0.17
28	World Peace International Pte Ltd	World Peace International (South Asia) Pte Ltd.	3	"	120,155	Note 7	0.05
2	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	234,773	Note 6	0.10
3	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	3	"	127,529	Note 6	0.06
3	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	"	600,497	Note 7	0.26
3	WPI International (Hong Kong) Limited	WPG Korea Co., Ltd.	3	"	242,560	Note 7	0.11
29	WPG C&C Limited	WPI International (Hong Kong) Limited	3	"	240,311	Note 7	0.10
6	Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	3	"	378,536	Note 7	0.16
31	AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	3	"	122,208	Note 7	0.05
32	AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	3	"	731,475	Note 7	0.32
33	Silicon Application (BVI) Corp.	Silicon Application Corp.	3	"	1,211,998	Note 7	0.53
33	Silicon Application (BVI) Corp.	Peng Yu International Limited	3	"	120,048	Note 7	0.05
34	Silicon Application Company Limited	Silicon Application Corp.	3	"	691,357	Note 7	0.30
34	Silicon Application Company Limited	WPG China Inc.	3	"	310,208	Note 7	0.13
34	Silicon Application Company Limited	Yosun Hong Kong Corp. Ltd.	3	"	622,328	Note 7	0.27
34	Silicon Application Company Limited	Peng Yu International Limited	3	"	123,445	Note 7	0.05
9	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	202,094	Note 7	0.09

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
19	WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	3	Other receivables	\$ 286,295	Note 7	0.12
39	WPG SCM Limited	Peng Yu International Limited	3	"	300,231	Note 7	0.13
22	Yosun Hong Kong Corp. Ltd.	Peng Yu International Limited	3	"	752,176	Note 7	0.33
35	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	3	"	177,875	Note 7	0.08
35	Yosun Shanghai Corp. Ltd.	WPG China Inc.	3	"	151,911	Note 7	0.07
36	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	3	"	121,109	Note 7	0.05
24	Sertek Incorporated	Richpower Electronic Devices Co., Ltd	3	"	302,074	Note 7	0.13
41	Sertek Limited	Yosun Hong Kong Corp. Ltd.	3	"	439,233	Note 7	0.19
26	Richpower Electornic Devices Co., Limited	Silicon Application Corp.	3	"	622,263	Note 7	0.27
38	Richpower Electronic Devices Pte Ltd	Yosun Singapore Pte Ltd.	3	"	216,405	Note 7	0.09
4	WPG Investment Co., Ltd.	WPG Holdings Limited	2	"	125,164	Note 7	0.05
37	Genuine C&C Holding Inc. (Seychelles)	Peng Yu International Limited	3	"	121,375	Note 7	0.05
27	Peng Yu International Limited	WPG Electronics (HK) Limited	3	"	322,844	Note 14	0.14

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~120 days from the end of the month of sales.

Note 5: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~90 days from the end of the month of sales.

Note 6: The amount receivable pertains to receipts under custody.

Note 7: Mainly accrued financing charges.

Note 8: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 60~120 days from the end of the month of sales.

Note 9: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition.

Note 10: The collection period is 60 days from the end of the month of sales.

Note 11: The collection period is 30 days from the end of the month of sales.

Note 12: The collection period is 90 days from the end of the month of sales.

Note 13: Mainly dividends receivable.

Note 14: The amount receivable arose from payments to suppliers made on behalf of the associate.

Table 9

WPG Holdings Limited and Subsidiaries
Information on investees
Year ended December 31, 2019

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Taiwan	Sales of electronic components	\$ 18,471,669	\$ 15,971,669	1,502,700,000	100.00	\$ 26,017,736	\$ 3,335,885	\$ 3,335,885	Note 4
WPG Holdings Limited	Asian Information Technology Inc.	Taiwan	Sales of electronic /electrical components	4,863,464	4,063,464	500,000,000	100.00	6,178,954	1,012,977	1,012,977	Note 4
WPG Holdings Limited	Silicon Application Corp.	Taiwan	Sales of computer software, hardware and electronic components	5,717,962	4,717,962	555,000,000	100.00	7,074,395	920,534	920,534	Note 4
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	14,735	14,735	3,920,000	100.00	50,370	7,436	7,721	Note 4
WPG Holdings Limited	WPG Korea Co., Ltd.	South Korea	Sales of electronic components	169,071	169,071	1,087,794	100.00	491,955	13,852	13,852	Note 4
WPG Holdings Limited	WPG International (CI) Limited	Cayman Islands	Holding company	4,583,583	3,783,583	150,282,520	100.00	5,286,291	163,583	163,583	Note 4
WPG Holdings Limited	Yosun Industrial Corp.	Taiwan	Sales of electronic /electrical components	12,144,406	12,144,406	362,074,400	100.00	12,581,042	1,034,444	1,030,929	Note 4
WPG Holdings Limited	WPG Investment Co., Ltd.	Taiwan	Investment company	502,997	502,997	50,000,000	100.00	434,708	7,956	7,956	Note 4
WPG Holdings Limited	Trigold Holdings Limited	Taiwan	Investment company	707,968	707,968	48,139,319	60.50	738,954	143,191	87,245	Note 4
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	British Virgin Islands	Holding company	1,132,162	1,132,162	34,196,393	100.00	3,740,609	256,662	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	British Virgin Islands	Holding company	2,774,146	2,774,146	83,179,435	100.00	18,428,121	2,227,277	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Taiwan	Sales of electronic components	364,290	364,290	33,900,000	100.00	590,815	80,295	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	Chainpower Technology Corp.	Taiwan	Sales of electronic components	66,261	66,261	9,781,452	39.00	159,752	73,223	-	Notes 2 and 3
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	Taiwan	Sales of electronic components	1,468,555	1,468,555	94,600,000	100.00	1,661,860	33,422	-	Notes 2 and 5
Longview Technology Inc.	Longview Technology GC Limited	British Virgin Islands	Holding company	335,328	335,328	11,300,000	100.00	520,980	81,919	-	Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019 (Note 1)	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Longview Technology Inc.	Long-Think International Co., Ltd.	Taiwan	Sales of electronic components	\$ 37,302	\$ 37,302	4,000,000	100.00	\$ 49,863	\$ 2,363	\$ -	Notes 2 and 5
AECO Technology Co., Ltd.	Teco Enterprise Holding (BVI) Co., Ltd.	British Virgin Islands	Investment company	436,280	436,280	12,610,000	100.00	786,675	17,025	-	Notes 2 and 5
Silicon Application Corp.	Silicon Application (BVI) Corp.	British Virgin Islands	Holding company	706,402	706,402	22,000,000	100.00	3,196,168	73,145	-	Notes 2 and 5
Silicon Application Corp.	Win-Win Systems Ltd.	British Virgin Islands	Holding company	24,015	24,015	765,000	100.00	25,710	585	-	Notes 2 and 5
Silicon Application Corp.	SAC Components (South Asia) Pte. Ltd.	Singapore	Sales of computer software, hardware and electronic components	104,510	104,510	3,500,000	100.00	112,728	1,986	-	Notes 2 and 5
Silicon Application Corp.	Pernas Electronics Co., Ltd.	Taiwan	Sales of electronic components	959,504	959,504	73,500,000	100.00	1,241,657	245,950	-	Notes 2 and 5
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Taiwan	Sales of electronic components	343,959	343,959	28,000,000	100.00	896,760	216,674	-	Notes 2 and 5
Asian Information Technology Inc.	Frontek Technology Corporation Inc.	Taiwan	Wholesale of electronic components	1,515,256	1,515,256	214,563,352	100.00	2,367,858	296,593	-	Notes 2 and 5
Asian Information Technology Inc.	Apache Communication Inc.	Taiwan	Wholesale of electronic components	180,313	680,313	107,000,000	100.00	1,159,875	184,434	-	Notes 2 and 5
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	Taiwan	Wholesale of electronic components	124,521	124,521	10,000,000	100.00	123,017	10,830	-	Notes 2 and 5
Asian Information Technology Inc.	Adivic Technology Co., Ltd.	Taiwan	Import and export business for electronic components	206,200	206,200	4,410,000	25.94	31,975	(28,441)	-	Notes 2 and 3
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	British Virgin Islands	Investment company	155,558	155,558	4,703,107	100.00	299,381	(19,839)	-	Notes 2 and 5
Frontek Technology Corporation	Frontek International Limited	British Virgin Islands	Investment company	101,862	101,862	2,970,000	100.00	124,728	3,738	-	Notes 2 and 5
Yosun Industrial Corp.	Suntop Investments Limited	Cayman Islands	Investment company	1,812,188	1,812,188	50,700,000	100.00	5,139,814	73,856	-	Notes 2 and 5
Yosun Industrial Corp.	Sertek Incorporated	Taiwan	Sales of electronic /electrical components	1,616,722	1,616,722	94,828,100	100.00	1,873,445	296,677	-	Notes 2 and 5
Yosun Industrial Corp.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	19,920	19,920	1,660,000	24.24	-	-	-	Notes 2 and 3

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019 (Note 1)	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Yosun Industrial Corp.	Eesource Corp.	Taiwan	Sales of electronic /electrical components, office machinery and equipment	\$ 11,520	\$ 11,520	1,080,000	20.00	\$ 32,484	\$ 4,203	\$ -	Notes 2 and 3
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd.	Taiwan	Sales of electronic /electrical components	2,092,631	2,092,631	85,000,000	100.00	2,234,559	305,102	-	Notes 2 and 5
Sertek Incorporated	Sertek Limited	Hong Kong	Sales of electronic /electrical components	83,494	83,494	19,500,000	100.00	443,843	10,051	-	Notes 2 and 5
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Hong Kong	Sales of electronic components	284,898	284,898	63,000,000	100.00	2,312,027	175,686	-	Notes 2 and 5
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Pte., Ltd.	Singapore	Sales of electronic components	1,988	1,988	10,000	100.00	223,086	6,200	-	Notes 2 and 5
WPG Investment Co., Ltd.	Eesource Corp.	Taiwan	Sales of electronic /electrical components, office machinery and equipment	11,520	11,520	1,080,000	20.00	33,302	24,174	-	Notes 2 and 3
WPG Investment Co., Ltd.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	50,000	50,000	3,279,800	10.67	46,255	11,279	-	Notes 2 and 3
WPG Investment Co., Ltd.	Trigold Holdings Limited	Taiwan	Investment company	230	230	10,000	0.01	234	143,183	-	Notes 2 and 3
WPG Investment Co., Ltd.	AutoSys Co., Ltd.	Cayman Islands	Holding company	73,000	73,000	5,000,000	19.40	71,090	(7,576)	-	Notes 2 and 3
WPG Investment Co., Ltd.	Beauteek Global Wellness Corporation Limited	Hong Kong	Community e-commerce trading platform and related services	13,665	13,665	354,400	23.08	12,400	(5,476)	-	Notes 2 and 3
WPG Investment Co., Ltd.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	17,800	17,800	1,565,218	22.86	-	-	-	Notes 2 and 3
Trigold Holdings Limited	Genuine C&C Inc.	Taiwan	Sales of electronic products and its peripheral equipment	1,093,697	1,093,697	79,569,450	100.00	1,102,988	81,923	-	Notes 2 and 5
Trigold Holdings Limited	Trigold (Hong Kong) Company Limited	Hong Kong	Holding company	510,981	78,594	130,200,000	100.00	566,385	101,337	-	Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized by the Company for the year ended December 31, 2019 (Note 1)	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Genuine C&C Inc.	Hoban Inc.	Taiwan	An E-commerce company which operates B2C and O2O businesses	\$ 79,999	\$ 79,999	8,000,000	100.00	\$ 10,274	(\$ 3,125)	\$ -	Notes 2 and 5
Genuine C&C Inc.	Genuine C&C Holding Inc. (Seychelles)	Seychelles	Holding company	193,870	193,870	6,500,000	100.00	131,478	3,847	-	Notes 2 and 5
Genuine C&C Inc.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	12,636	12,636	1,682,151	5.47	11,425	11,279	-	Notes 2 and 3

Note 1: Investment income (loss) recognised by the company including realized (unrealized) gain or loss from upstream intercompany transactions and amortization of investment discount (premium).

Note 2: Investment income (loss) recognised by each subsidiary.

Note 3: An investee company accounted for under the equity method by subsidiary.

Note 4: A subsidiary.

Note 5: An indirect subsidiary.

WPG Holdings Limited and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2019

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2019 (Note 3)	Book value of investments in Mainland China as of December 31, 2019 (Note 6)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
WPG China Inc.	Sales of electronic /electrical components	\$ 1,629,214	1	\$ 1,748,971	\$ -	\$ -	\$ 1,748,971	\$ 66,330	100.00	\$ 66,330	\$ 2,315,808	\$ -	
WPG China (SZ) Inc.	Sales of computer software and electronic components	144,580	1	104,346	-	-	104,346	47,827	100.00	47,827	730,958	-	Note 4
Suzhou Xinning Bonded Warehouse Co., Ltd.	Warehousing services	35,602	1	28,130	-	-	28,130	(6,267)	49.00	(3,071)	77,270	-	
Gain Tune Logistics (Shanghai) Co., Ltd.	Warehousing services / extra work	43,050	1	14,857	-	-	14,857	(5,029)	40.00	(2,011)	26,370	-	
Suzhou Xinning Logistics Co., Ltd.	Warehousing services	64,575	1	18,430	-	-	18,430	13,192	29.40	3,878	40,299	-	
WPG C&C Shanghai Co., Ltd.	Sales of electronic products	228,754	1	260,826	-	-	260,826	43,262	100.00	26,178	174,427	-	Note 7
Long-Think International (Shanghai) Limited	Sales of electronic components	14,255	1	143,490	-	-	143,490	331	100.00	331	26,751	-	Note 2
Yosun Shanghai Corp. Ltd.	Sales of electronic components and warehousing services	270,422	1	230,846	-	-	230,846	6,700	100.00	6,700	358,495	-	
Yosun South China Corp. Ltd.	Sales of electronic /electrical components	138,056	1	-	-	-	-	4,730	100.00	4,730	202,774	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2019 (Note 3)	Book value of investments in Mainland China as of December 31, 2019 (Note 6)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Qegoo Technology Co., Ltd.	Business e-commerce platform	\$ 55,463	1	\$ 4,807	\$ -	\$ -	\$ 4,807	\$ -	15.00	-	\$ -	\$ -	
Peng Yu (Shanghai) Digital Technology Co., Ltd	Sales of electronic products	96,863	1	182,856	-	-	182,856	78,322	100.00	47,393	152,678	-	
Trigolduo (Shanghai) Industrial Development Ltd.	Children's theme park	43,050	1	-	30,135	-	30,135	(20,031)	70.00	(8,484)	10,061	-	
Trigold Tongle (Shanghai) Industrial Development Ltd.	Children's theme park	6,458	1	-	-	-	-	(6,222)	70.00	(2,635)	196	-	Note 8

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China, is '1'.

Note 2: Long View Technology Inc. held investments in Mainland China 100% ownership of Long-Think International Trading (Shanghai) Limited through third district transfer investment of British Virgin Islands-Long Think International (HK) Limited as of August 31, 2012. The investment had been permitted by Investment Commission.

Note 3: The investment income/loss for the year ended December 31, 2019 that was recognized by the Company was based on the financial statements audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

Note 4: WPG International (Hong Kong) Limited invested in WPG (Shenzhen) Inc. in the amount of HKD 10 million, which is part of the distribution of earnings from WPG China Inc. The investment had been permitted by Investment Commission, and was excluded from the ceiling of investment amount in Mainland China.

Note 5: For paid-in capital, amount remitted from Taiwan to Mainland China/ amount remitted back to Taiwan for the year ended December 31, 2019, accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019, book value of investments in Mainland China as of December 31, 2019, accumulated amount of investment income remitted back to Taiwan as of December 31, 2019, etc., the exchange rates used were USD 1: NTD 29.98, HKD 1: NTD 3.849 and RMB 1: NTD 4.305.

Note 6: The ending balance of investment was calculated based on combined ownership percentage held by the Company.

Note 7: The retirement of World Peace Industrial Co., Ltd.'s indirect investment in Mainland China, WPI International Trading (Shanghai) Ltd., has been approved by Investment Commission, Ministry of Economic Affairs on May 22, 2019 amounting to USD 11,650 thousand. World Peace Industrial Co., Ltd. will submit an application to Investment Commission, Ministry of Economic Affairs for deducting the accumulated amount of remittance from Taiwan to Mainland China when the consideration arising from transfer of equity interests is remitted back from the investment in the third area, WPI International (HK) Limited.

Note 8: Trigold Tongle (Shanghai) Industrial Development Ltd. is a wholly-owned subsidiary of Trigolduo (Shanghai) Industrial Development Ltd.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
WPG Holdings Limited	\$ 1,986,318	\$ 2,087,754	\$ 38,380,257
World Peace Industrial Co., Ltd. and its subsidiaries	376,434	360,433	15,641,668
Silicon Application Corp. and its subsidiaries	12,914	18,765	4,244,637
Yosun Industrial Corp. and its subsidiaries	251,382	532,565	5,293,975
WPG Investment Co., Ltd.	4,807	14,642	260,825
Trigold Holdings Limited and its subsidiaries	567,406	567,406	697,398

(1) Exchange rates as of December 31, 2019 were USD 1: NTD 29.98, HKD 1 : NTD 3.849 and RMB 1 : NTD 4.305.

(2) The ceiling of investment amount of the company is calculated based on the investor's net assets.

WPG HOLDINGS LIMITED
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 1

Investee	Type of investments	As of January 1, 2019		Additions (Note 2)		Deductions (Note 4)		As of December 31, 2019		Ownership as of December 31, 2019	Market value or net equity	
		No. of shares (Note 1)	Amount	No. of shares (Note 1)	Amount	No. of shares (Note 1)	Amount	No. of shares (Note 1)	Amount		Unit price (Note 3)	Net equity
World Peace Industrial Co., Ltd.	Common stock	1,160,000	\$ 23,538,074	342,700	\$ 5,835,885	- (\$ 3,356,223)		1,502,700	\$ 26,017,736	100%	\$ 17.32	\$ 26,030,155
Silicon Application Corp.	Common stock	428,000	6,836,794	127,000	1,936,583	- (1,698,982)		555,000	7,074,395	100%	12.75	7,074,395
Trigold Holdings Limited	Common stock	48,139	705,606	-	87,247	- (53,899)		48,139	738,954	60.5%	14.50	698,014
WPG Electronic Ltd.	Common stock	3,920	47,871	-	7,720	- (5,221)		3,920	50,370	100%	12.78	50,086
WPG Korea Co., Ltd.	Common stock	1,088	497,850	-	13,852	- (19,747)		1,088	491,955	100%	452.16	491,955
WPG International (CI) Limited	Common stock	124,443	4,503,636	25,840	963,582	- (180,927)		150,283	5,286,291	100%	35.18	5,286,291
Asian Information Technology Inc.	Common stock	380,000	5,388,595	120,000	1,849,999	- (1,059,640)		500,000	6,178,954	100%	12.36	6,178,954
WPG Investment Co., Ltd.	Common stock	50,000	427,098	-	7,956	- (346)		50,000	434,708	100%	8.69	434,708
Yosun Industrial Corp.	Common stock	362,074	<u>13,290,333</u>	-	<u>1,030,929</u>	- (<u>1,740,220</u>)		362,074	<u>12,581,042</u>	100%	24.37	8,823,292
			<u>\$ 55,235,857</u>		<u>\$ 11,733,753</u>	<u>(\$ 8,115,205)</u>			<u>\$ 58,854,405</u>			

Note 1: In thousands of shares.

Note 2: It mainly arose from loss (gain) on investments accounted for under equity method, cumulative translation adjustment, capital increase of subsidiary, increase in the number of shares from capital increase out of the subsidiary's earnings and accounts changes under the stockholders' equity of the subsidiary.

Note 3: Currency: NTD.

Note 4: It arose from cash dividends paid by the subsidiaries, cumulative translation adjustment, returned shares from the subsidiary due to capital reduction and accounts changes under the stockholders' equity of the subsidiary.

WPG HOLDINGS LIMITED
SUMMARY OF SHORT-TERM LOANS
DECEMBER 31, 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 2

<u>Type of loans</u>	<u>Ending balance</u>	<u>Loan period</u>	<u>Interest rate range</u>	<u>Pledge /collateral</u>	<u>Remark</u>
Short-term unsecured loans	<u>\$ 7,200,000</u>	November 25, 2019 ~ September 17, 2020	0.98%~1.31%	None	

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WPG HOLDINGS LIMITED
SUMMARY OF OPERATING COST
YEAR ENDED DECEMBER 31, 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 3

<u>Items</u>	<u>Amount</u>	<u>Remark</u>
Salaries expense	\$ 357,550	
Management service fee	75,088	
Service fees	63,121	
Other expenses	<u>236,655</u>	Balance of individual accounts is under 5% of this account's balance.
	<u>\$ 732,414</u>	

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WPG HOLDINGS LIMITED
SUMMARY OF EMPLOYEE BENEFIT EXPENSE,
DEPRECIATION AND AMORTISATION
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 4

	Operating cost	
	Years ended December 31,	
	2019	2018
Employee benefit expense		
Wages and salaries	\$ 357,550	\$ 350,565
Labor and health insurance fees	20,640	18,863
Pension costs	10,440	9,183
Directors' remuneration	35,000	42,000
Other personnel expenses	19,187	13,327
	<u>\$ 442,817</u>	<u>\$ 433,938</u>
Depreciation (including investment property and right-of-use assets)	<u>\$ 25,133</u>	<u>\$ 18,611</u>
Amortization	<u>\$ 8,174</u>	<u>\$ 8,827</u>

Note:

1. As at December 31, 2019 and 2018, the Company had 232 and 200 employees, respectively. There were 9 non-employee directors for both years.
2. Average employee benefit expense in current year was \$1,829; average employee benefit expense in previous year was \$2,052.
3. Average employees salaries in current year was \$1,603; average employees salaries in previous year was \$1,835.
4. Adjustments of average employees salaries was (13%).

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7. Analysis and Risk Items of Financial Status and Financial Performance

7.1 Financial Status

7.1.1 Consolidated Financial Status Comparison and Analysis

Unit: NT\$ thousands

Item \ Year	2019	2018	Difference	
			Amount	%
Current Assets	205,966,261	180,974,906	24,991,355	13.81
Cash and Cash Equivalents	9,992,582	7,116,888	2,875,694	40.41
Notes and Accounts Receivable	112,731,471	98,225,514	14,505,957	14.77
Other Receivables	11,430,183	8,533,294	2,896,889	33.95
Inventory	67,721,637	64,772,967	2,948,670	4.55
Non-Current Assets	24,380,559	15,085,958	9,294,601	61.61
Financial Assets at Fair Value through Profit or Loss - Non-Current	1,315,509	1,276,064	39,445	3.09
Financial Assets at Fair Value through Other Comprehensive Income - Non-Current	32,035	32,035	0	0
Investments accounted for under Equity Method	586,142	617,491	(31,349)	(5.08)
Property, Plant and Equipment	5,735,417	5,701,436	33,981	0.60
Total Assets Value	230,346,820	196,060,864	34,285,956	17.49
Current Liabilities	156,959,067	126,464,265	30,494,802	24.11
Bank Loan (including short-term notes and bills payable and corporate bonds)	74,447,038	62,178,463	12,268,575	19.73
Notes Payables and Accounts Payables	63,623,465	53,197,802	10,425,663	19.60
Long-term Liabilities - Current Portion	5,502,585	491,244	5,011,341	1,020.13
Other Current Liabilities	13,385,979	10,596,756	2,789,223	26.32
Non-Current Liabilities	9,420,658	14,772,604	(5,351,946)	(36.23)
Long-term Borrowings	7,330,788	13,366,171	(6,035,383)	(45.15)
Total Liabilities	166,379,725	141,236,869	25,142,856	17.80
Capital	18,790,568	16,790,568	2,000,000	11.91
Total Equity	63,967,095	54,823,995	9,143,100	16.68

7.1.2 Major Reasons, Impacts and Future Plans about Significant Changes in Consolidated Assets, Liabilities and Equity in the Last Two Years

(1) Cash and Cash Equivalents: Cash and Cash Equivalents in 2019 increased compared with 2018, mainly due to new loans and the issuance of Preferred Shares, and the reservation of cash required for operations.

(2) Other Receivables: Other Receivables in 2019 increased compared with 2018. The main reason is increased retention of accounts receivable factoring to be collected from the bank in the current year.

(3) Other Non-Current Assets: Other Non-Current Assets increased in 2019 compared with 2018, the main reason is that the application of IFRS 16 started from January 1, 2019, right-of-use assets were added, and the prepaid investment funds increased.

(4) Short-term Borrowings, Short-term Notes Payable and Long-term Borrowings (including Long-term Loans due within 1 year): Increased in 2019 compared with 2018, mainly due to the increased capital requirements for preparing inventory for customers in advance.

(5) Other Current Liabilities: Increased in 2019 compared with 2018, the main reason is that the application of IFRS 16 started from January 1, 2019, lease liabilities were added, and the additional tax payable for undistributed retained earnings.

7.1.3 Parent Company-Only Financial Status Comparison and Analysis

Unit: NT\$ thousands

Item \ Year	2019	2018	Difference	
			Amount	%
Current Assets	2,915,590	502,179	2,413,411	480.59
Investment accounted for under Equity Method	58,854,405	55,235,857	3,618,548	6.55
Property, Plant and Equipment	1,427,534	1,181,993	245,541	20.77
Total Assets	72,670,307	58,207,607	14,462,700	24.85
Bank Loan (including short-term notes and bills payable)	8,198,987	2,614,593	5,584,394	213.59
Total Liabilities	9,198,150	3,848,838	5,349,312	138.99
Capital	18,790,568	16,790,568	2,000,000	11.91
Total Equity	63,472,157	54,358,769	9,113,388	16.77

7.1.4 Major Reasons, Impacts and Future Plans about Significant Changes in Parent Company-Only Assets, Liabilities, and Equity in the Last Two Years

(1) Current Assets: Increased in 2019 compared with 2018, mainly due to the increase in cash prepared in advance for expenditures due to capital requirements for investment, purchase of real estate, plant and equipment requirements, and group capital requirements.

(2) Property, Plant, and Equipment: Increased in 2019 compared with 2018, mainly due to the increase in the prepayment of construction fee of the building.

(3) Bank Loan (including short-term notes and bills payable): Increased in 2019 compared

with 2018, mainly due to the increases in cash prepared in advance for expenditures due to capital requirements for investment, purchase of real estate, plant and equipment requirements, and group capital requirements.

7.2 Financial Performance

7.2.1 Consolidated Statement - Financial Performance Comparison and Analysis

Unit: NT\$ thousands

Item \ Year	2019	2018	Difference	
			Amount	%
Operating Revenue	527,601,353	545,127,804	(17,526,451)	(3.22)
Operating Costs	(505,173,257)	(521,497,383)	16,324,126	(3.13)
Gross Profit	22,428,096	23,630,421	(1,202,325)	(5.09)
Operating Expenses	(12,715,532)	(13,053,883)	338,351	(2.59)
Operating Profit	9,712,564	10,576,538	(863,974)	(8.17)
Non-operating Incomes and Expenses	(1,524,962)	(1,375,358)	(149,604)	10.88
Income before Income Tax	8,187,602	9,201,180	(1,013,578)	(11.02)
Income Tax Expense	(1,681,643)	(1,686,163)	4,520	(0.27)
Profit for the year	6,505,959	7,515,017	(1,009,058)	(13.43)

7.2.2 Major Reasons and Impacts for Significant Changes in Consolidated Operating Income, Operating Profit, and Income Before Income Tax in the Last Two Years: No significant changes and impacts.

7.2.3 Parent Company-Only Statements - Financial Performance Comparison and Analysis

Unit: NT\$ thousands

Item \ Year	2019	2018	Difference	
			Amount	%
Operating Revenue	7,384,531	8,212,827	(828,296)	(10.09)
Operating Costs	(732,414)	(697,955)	(34,459)	4.94
Gross Profit	6,652,117	7,514,872	(862,755)	(11.48)
Non-operating Incomes and Expenses	2,845	(3,736)	6,581	176.15
Income before Income Tax	6,654,962	7,511,136	(856,174)	(11.40)
Income Tax Expense	(201,561)	(49,126)	(152,435)	310.29
Profit for the year	6,453,401	7,462,010	(1,008,609)	(13.52)

7.2.4 Major Reasons and Impacts for Significant Changes in Parent Company-Only Operating Income, Operating Profit, and Income Before Income Tax in the Last Two Years

- (1) Non-operating Income and Expenses: Increased in 2019 compared with 2018, mainly due to the increase in net gain on financial assets measured at fair value through profit and loss.
- (2) Income Tax (expense) benefits: Increased in 2019 compared with 2018, mainly due to the increase in tax payable for undistributed retained earnings.

7.2.5 The Expected Sales and its basis, and the Possible Impact on the Company's Future Financial Operations and Response Plans for the Coming Year

WPG carries wide variety of product lines with different quantity units so there is no consistent quantity statistics. Facing the increasing uncertainties in the global economy, the top priority of the management team is to focus on management fundamentals, review individual product lines in the group using return on working capital (ROWC) measures in order to continuously adjust product portfolio and the organization, and strengthen working capital management with focus on account receivables and inventory management. In addition to strengthening fundamental operation management, WPG continues to implement digital transformation. Following the trend of industrial AI, WPG's ultimate goal is to first understand customer needs, react to customer needs, then ultimately creating customer needs.

7.3 Cash Flow

7.3.1 Analysis of Consolidated Cash Flow Changes in the Most Recent Year

Unit: NT\$ thousands

Cash and Cash Equivalents at Beginning of Year	Net Cash Inflow (Outflow) from Operating Activities in the Year	Cash Inflow (Outflow) in the Year	Cash Balance, End of Year	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
7,116,888	(1,413,518)	2,875,694	9,992,582	-	-

The net cash used in operating activities in the 2019 consolidated statements is mainly due to the increase in the demand for working capital; the net cash used in investment activities for 2019 is mainly due to increase in prepaid investment funds and construction fees for buildings; the net cash provided by financing activities is mainly due to the increase in capital to issue preferred shares and increased loans. The net cash inflow for the entire year of 2019 resulted in an increase in the closing cash balance compared with the beginning cash balance.

7.3.2 Analysis of Parent Company-Only Cash Flow Changes in the Most Recent Year

Unit: NT\$ thousands

Cash and Cash Equivalents at Beginning of Year	Net Cash Inflow (Outflow) from Operating Activities in the Year	Cash Inflow (Outflow) in the Year	Cash Balance, End of Year	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
52,637	4,703,362	1,930,951	1,983,588	-	-

The Company's net cash flow mainly consists of funds required for daily operations, cash dividends obtained from subsidiaries, and paying dividends. The net cash used in investment activities in 2019 added prepaid investment funds and capital increase for subsidiaries; the net cash provided by the financing activities in 2019 was mainly the increase in capital via issuance of preferred shares and increased loans. The net cash inflow for the entire year of 2019 resulted in an increase in the closing cash balance compared with the beginning cash balance.

7.3.3 Improvement Plan for Lack of Liquidity: There is no lack of liquidity for WPG Holdings Limited and WPG Group.

7.3.4 Analysis of the Consolidated Cash Liquidity for the Upcoming Year

Unit: NT\$ thousands

Cash and Cash Equivalents at Beginning of Year	Net Cash Inflow (Outflow) from Operating Activities in the Year	Cash Inflow (Outflow) in the Year	Cash Balance, End of Year	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
9,992,582	(1,744,383)	(3,460,312)	6,532,270	-	-

It is estimated that the net cash used in operating activities in the consolidated statements for the upcoming year will continue to increase mainly due to expectations of increase in the revenue in 2020 and the increase working capital requirements. The net cash outflow in investment activities in 2020 is due to the payment of the final construction fee. The net cash outflow for the entire year of 2020 is estimated to result in a decrease in the closing cash balance compared with the beginning cash balance.

7.3.5 Analysis of the Parent Company-Only Cash Liquidity for the Upcoming Year

Unit: NT\$ thousands

Cash and Cash Equivalents at Beginning of Year	Net Cash Inflow (Outflow) from Operating Activities in the Year	Cash Inflow (Outflow) in the Year	Cash Balance, End of Year	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
1,983,588	3,989,828	(1,958,588)	25,000	-	-

The Company's net cash flow mainly consists of funds required for daily operations, cash dividends obtained from subsidiaries, and dividends payout. The net cash outflow in investment activities in 2020 is due to the payment of the final construction fee. The net cash outflow for the entire year of 2020 is estimated to result in a decrease in the closing cash balance compared with the beginning cash balance.

7.4 Major Capital Expenditures and Impact on Financial and Business in the Most Recent Year

There has been no major capital expenditure in recent years for WPG Holdings Limited; for major capital expenditure of WPG Group, please refer to "5. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more" on page 233 of the annual report.

7.5 Reinvestment Policy, Main Reasons for Profit or Loss, and Improvement Plans in the Most Recent Year, and Investment Plan for the Upcoming Year

7.5.1 Reinvestment Analysis

December 31, 2019 / Unit: NT\$ thousands

Item \ Description	Closing Balance of Long-term Investment	Business Activities	Profit (loss) for 2019 Amount	Reason for Profits or Losses	Improvement plan	Other Future Investment Plans
World Peace Industrial Co., Ltd.	26,017,736	Agent and sales of electronic / electrical components	3,335,885	Increased investment income due to investees' continued profitability	—	—
Silicon Application Corporation	7,074,395	Sales of computer software and electronic products	920,534	"	—	—

Item \ Description	Closing Balance of Long-term Investment	Business Activities	Profit (loss) for 2019 Amount	Reason for Profits or Losses	Improvement plan	Other Future Investment Plans
Asian Information Technology Inc.	6,178,954	Sales of electronic / electrical components	1,012,977	"	—	—
Yosun Industrial Corp.	12,581,042	Sales of electronic / electrical components	1,034,444	"	—	—
WPG Electronics Ltd.	50,370	Agent and sales of electronic / electrical components	7,436	"	—	—
WPG Korea Co., Limited	491,955	Agent and sales of electronic / electrical components	13,852	"	—	—
WPG Investment Co., Ltd.	434,708	Investment Company	7,956	"	—	—
WPG Int'l (CI) Limited	5,286,291	Holding Company	163,583	"	—	—
Trigold Holdings Limited	738,954	Investment Company	143,191	"	—	—

7.5.2 Reinvestment Policy in the Most Recent Year

The Company's reinvestment policy focuses on reinvesting in professional distributors of electronic components, in consideration of the integration of the markets and distributed product line, and enhancement of added value of the services to achieve economy of scale in order to maintain and expand market share and profit continuously.

7.5.3 Investment Plan for the Upcoming Year

As of the date of the annual report, the Company has no material investment plan.

7.6 Risks Assessment in the Most Recent Year and up to the Date of this Annual Report

Regarding risk management, WPG aims to focus on integrated risk management. Considering the enterprise as a whole, all levels of risk management units shall integrate risk management into regular operation management procedures through systematic risk identification, risk assessment, and risk response and monitoring to achieve organizational goals. All risk management units should also actively engage in various businesses, improve the quality and quantity of revenue,

achieve resource allocation optimization, and ensure that appropriate risk awareness and culture are established and maintained throughout the organization at an acceptable level of risk.

7.6.1 Impact of Interest Rate, Exchange Rate, and Inflation on the Company's Profit and Loss and Countermeasures

■ Interest Rate Changes

The Company's financial cost in 2019 was NT\$2,347,372 thousand, a decrease of NT\$142,206 thousand from 2018. The Company's bank loans are mainly due to the capital demand arising from the operations, and the -5.71% growth rate of interest expenses showed a downward trend in 2019. Through continuous evaluation of interest rate trends, long-term and short-term financing instruments and working capital management, the Company aims to continue reduce the impact of interest expenses.

■ Exchange Rate Changes

The Company operates internationally, and the main exchange rate risks come from USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. WPG policies require companies in the Group to manage the exchange rate risks of their corresponding functional currencies. The companies in the Group are required to hedge their entire foreign exchange risk exposure via the finance department. In order to manage the exchange rate risk from future commercial transactions and the recognized assets and liabilities, the companies in the Group use forward foreign exchange contracts through the finance department to reduce the impact of exchange rate changes on the Company's gain and loss. The profit on exchange for 2019 was NT\$492,573 thousand, accounting for 7.6% of the net profit for the period, which was a significant benefit.

■ Inflation

The main products distributed by the Company are semiconductor components, and the sales territory is mainly in the Asia-Pacific region. The characteristics and prices of the products sold by the Company mostly reflect the market supply and demand status and technological progress, which are updated quickly. Inflation or deflation in the various countries of the Asia-Pacific region has no significant impact on the annual operating results.

7.6.2 Policy and Impact of High-Risk, High-Leveraged Investments, Loans to others, Endorsement and Guarantee and Financial Derivative Transactions on the Company's Profit and Loss, and Countermeasures

The Company is not engaged in high-risk and high-leveraged investment; and the Company's related procedures for loans to others, endorsement and guarantee and financial derivative

transactions are based on the policies and countermeasures specified in the Company's Operational Procedures for Acquisition and Disposal of Assets, Procedures for Lending Funds to Other Parties and Procedures for Endorsements and Guarantees.

■ Credit Risk

At present, in order to improve the performance of credit risk monitoring, the Company and its subsidiaries will continue to optimize the management process of credit risk control to achieve the purpose of reducing risk and protecting creditors' rights. The main focuses of credit management are 1. Customer management 2. Credit management 3. Accounts receivable management 4. Risk management. Early warnings of customer risks, oversight of customer operation status, account receivable reconciliation, requesting payment, and write-offs are all management priorities in order to achieve fraud prevention.

■ Quality Risks of Financial Statement Expression

Establish financial statistics analysis and inspection mechanisms, regularly educate and train accounting personnel to strengthen their understanding of the laws, accounting and taxation, and regularly review internal control mechanisms and operating procedures.

■ Risks of Capital Structure and Capital Acquisition Restrictions

Set goals for ratios of capital utilization and strengthen working capital management, etc.

7.6.3 Future Plans and Expected Investments for R&D

The Company's subsidiaries establish FAE roles to support customers in product testing and design and provide or update optimal solutions for different categories of product applications from time to time to help customers reduce manufacturing costs and improve product efficiency. The research and development expenses as of the first quarter of the current year were NT\$11,613 thousand.

7.6.4 Impact of Important Domestic and Foreign Policies and Laws Changes on the Company's Financial and Business, and Countermeasures

In response to the amendments of corporate governance, the Company Act and related policies by the competent authority, the Company will pay attention to the changes of the relevant laws and regulations continuously and comply with them.

7.6.5 Impact of Technological and Market Changes on the Company's Financial and Business, and Countermeasures

The Company is located in the midstream of the semiconductor component supply chain. The Company responds to the changes in the supply and demand of semiconductor components caused by rapid technological changes via expansion of product lines and customers coverage.

Competition is fierce in the industry, and to ensure market competitiveness, domestic and foreign peers continuously conduct mergers and acquisitions. In order to maintain the leading position in the Asia-Pacific regions, the Company will continue to seek strategic alliances, increase the number of product lines and customers coverage, maintain, and continue to expand market share through investment holdings.

7.6.6 Impact of the Company's Corporate Image Change on Corporate Crisis Management and Countermeasures

The company adheres to the principle of professionalism, integrity, and sustainable management, and attaches great importance to corporate image and risk control. There is no major foreseeable crisis.

7.6.7 Expected Benefits, Possible Risks, and Countermeasures for Mergers and Acquisitions

The Company has no plans for mergers and acquisitions in the most recent year and the most recent quarter.

7.6.8 Expected Benefits, Possible Risks, and Countermeasures for Plants Expansion

The Company and its subsidiaries are not manufacturers; not applicable.

7.6.9 Risks associated with any Consolidation of Sales or Purchasing Operations and Countermeasures taken:

The Company's customers are extremely dispersed and distributed throughout the Asia-Pacific region. The products produced covered the computer peripherals, communications, consumer electronics, and automotive electronics markets. In the most recent year and the first quarter of this year, the sales amount of a single customer did not exceed 10% of the consolidated revenue; there is no risk of concentrated sales. The Company maintains good long-term relationships with suppliers; sources of supply are stable and normal.

7.6.10 Impact and Risk to the Company in the event a Major Quantity of Shares belonging to a Director, Supervisor, or Shareholder Holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and Countermeasures to be taken: None.

7.6.11 Impact of Change in Management on the Company, the Associated Risks and Countermeasures: None.

7.6.12 For Litigious or Non-Litigious Incidents, please specify the Material Litigations that have been ruled or are in the process, Non-Litigious or Administrative Disputes for the Company and its Directors, Supervisors, President, Substantial Person in Charge, Major Shareholders holding 10% or more of Shares and Affiliates, and possible Material Impacts on the Shareholders' Rights

or Prices of Securities: None.

7.6.13 Other Important Risks and Countermeasures: There is no other important risk for WPG Holdings Ltd. in 2019 and as of the date of the annual report.

7.7 Other Material Matters

Measurement and Assumption for Asset and Liability valuation

7.7.1 Policy for Allowance for Bad Debts - Account Receivable:

For the Group's accounts and bills receivables, after considering all reasonable and supportive information (including forecasts), if the credit risk has not increased significantly since the original recognition, the allowance is measured by the amount of 12-month expected credit losses; if the credit risk has increased significantly since the original recognition, the allowance loss is measured by the expected credit loss amount during the duration; for accounts receivable that do not contain significant financing components, the allowance is measured by the expected credit loss amount during the duration.

For accounts receivable of individual customers, assess whether there is objective evidence that impairment has occurred:

- (1) The customer has major financial difficulties
- (2) The customer has overdue payments
- (3) The customers are likely to declare bankruptcy or undergo financial reorganization.

7.7.2 Policy for Provision for Loss on Inventory Devaluation:

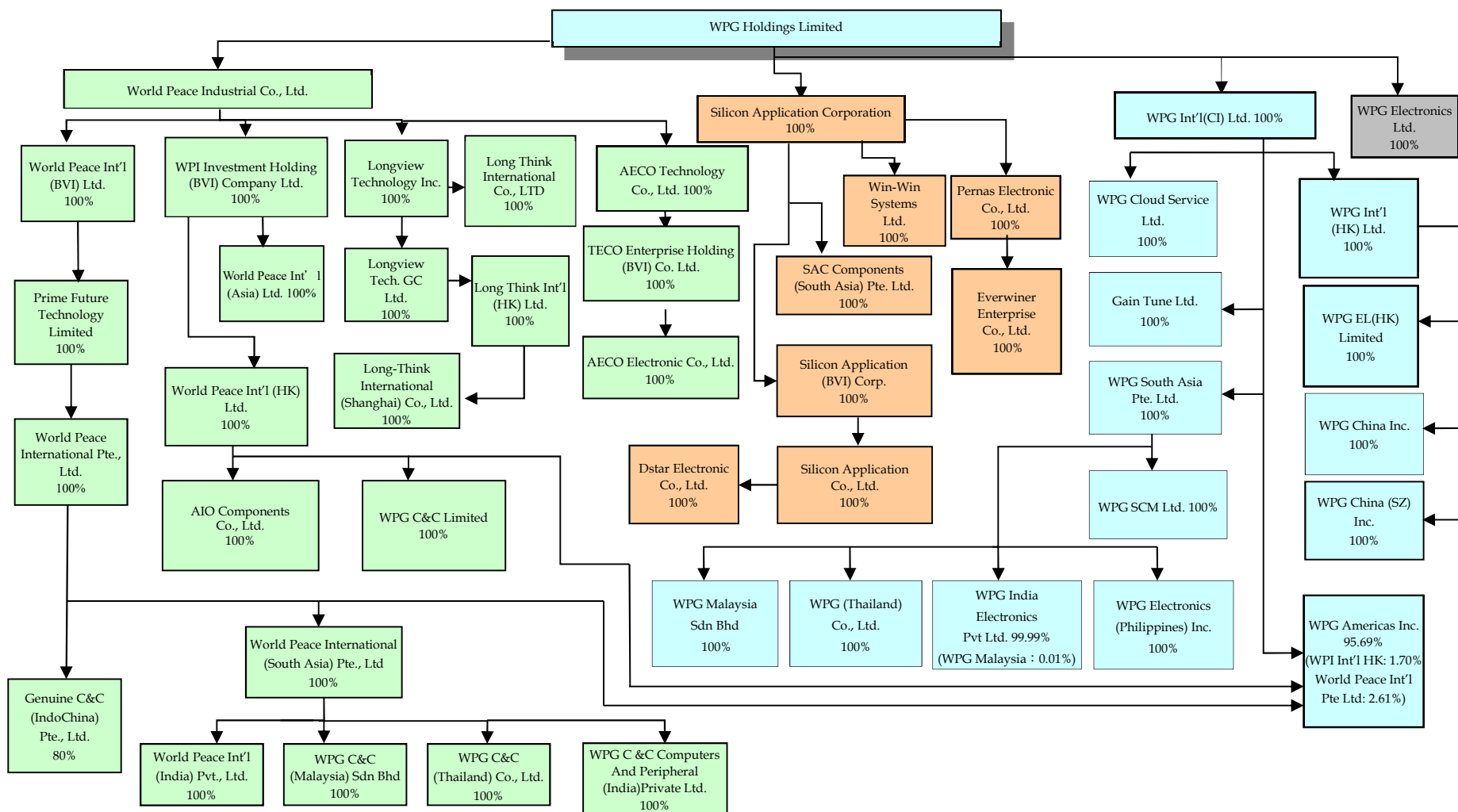
Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. When comparing the comparative cost and the net realizable price to determine which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the normal course of business less the selling expenses.

8. Special Disclosure

8.1 Subsidiaries Information

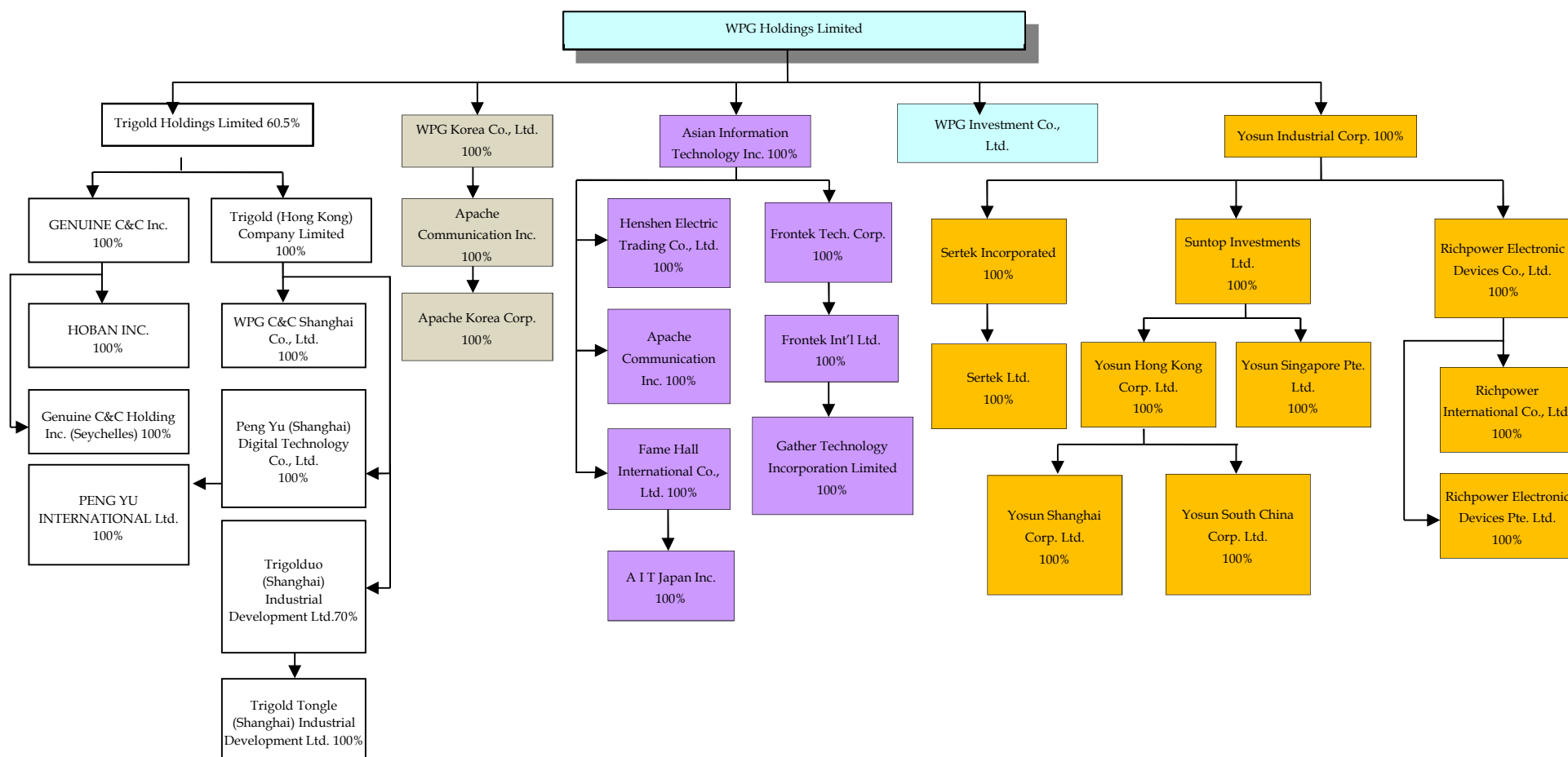
8.1.1 Subsidiaries Chart

December 31, 2019



8.1.1 Subsidiaries Chart (Continued)

December 31, 2019



8.1.2 WPG Subsidiaries

December 31, 2019 Unit: NT\$ thousands unless otherwise specified

Name	Date of Incorporation	Address	Capital Stock	Business Activities
World Peace Industrial Co., Ltd.	1981/06/03	8F., No. 74 and No.76, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	15,027,000	Agent and sales of electronic/electrical components
Silicon Application Corporation	1987/01/21	18F., No. 2, Jian 8th Rd., Zhonghe Dist., New Taipei City	5,550,000	Sales of computer software and electronic products
Asian Information Technology Inc.	1993/07/29	7F., No. 439, Ruiguang Rd., Neihu Dist., Taipei City	5,000,000	Sales of electronic/ Electrical components
Yosun Industrial Corp.	1980/05/30	9F., No. 489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City	3,620,744	Sales of electronic/ Electrical components
WPG Electronics Ltd.	2002/04/22	8F., No. 489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City	39,200	Agent and sales of electronic/electrical components
WPG Korea Co., Ltd.	2005/11/08	(Pangyo Innovalley) B-301, 253, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, 13486, Korea	KRW 5,438,970 thousand	Agent and sales of electronic/electrical components
WPG International (CI) Limited	2007/03/01	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.	USD 150,283 thousand	Holding Company
WPG Investment Co., Ltd.	1998/07/09	8F., No. 489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City	500,000	Investment Company
Trigold Holdings Limited	2017/09/01	No. 36, Ln. 66, Ruiguang Rd., Neihu Dist., Taipei City	795,695	Holding Company
AECO Technology Co., Ltd.	1975/08/08	6F., No. 74, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	946,000	Agent and sales of electronic/electrical components
WPI Investment Holding (BVI) Company Ltd.	1996/03/15	Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 83,179 thousand	Holding Company

Name	Date of Incorporation	Address	Capital Stock	Business Activities
World Peace International (BVI) Ltd.	1995/05/04	Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 34,196 thousand	Holding Company
Longview Technology Inc.	1992/01/24	3F., No. 73, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	339,000	Agent and sales of electronic/electrical components
World Peace Int'l (Asia) Ltd.	2011/08/05	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	HK 10 thousand	Agent and sales of electronic/electrical components
World Peace Int'l (HK) Ltd.	1996/04/16	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	USD 33,520 thousand HKD 564,304 thousand	Agent and sales of electronic/electrical components
Prime Future Technology Limited	2000/09/15	Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 36,448 thousand	Holding company
World Peace International Pte Ltd	2000/06/29	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 30,390 thousand	Holding Company
Genuine C&C (IndoChina) Pte. Ltd.	2002/05/23	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 5,000 thousand	Agent and sales of electronic/electrical components
World Peace International (South Asia) Pte Ltd	1995/05/17	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 21,774 thousand	Agent and sales of electronic/electrical components
World Peace International (India) Pvt., Ltd.	1997/10/03	Unit No. 2144, 2nd Floor, Oberoi Garden Estate Off, Sakivihar Road, Chandivali Mumbai, Maharashtra India - 400072	INR 3,575 thousand	Agent and sales of electronic/electrical components
WPG C&C Computers and Peripheral (India) Private Limited	2008/06/04	No.26, 2nd Floor, Okhla Industrial Estate, Phase-III, New Delhi-110020, India	INR 484,200 thousand	Agent and sales of electronic/electrical components
WPG C&C (Malaysia) Sdn Bhd	2001/01/26	25-4 & 27-4 (Ground Floor) Block D1, Dataran Prima, Jalan PJU 1/4, 47301 P.J., Selangor	MYR 11,250 thousand	Agent and sales of electronic/electrical components
WPG C&C (Thailand) Co., Ltd.	2006/02/23	No. 9/302-4 UM Tower, 30th Floor, Suanluang District, Ramkhamhaeng Road, Suanlung Sub-district Bangkok,	BAHT 25,750 thousand	Agent and sales of Information products

Name	Date of Incorporation	Address	Capital Stock	Business Activities
		Thailand		
WPG C&C Limited	2002/07/19	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	USD 6,500 thousand	Agent and sales of Information products
WPG C&C Shanghai Co., Ltd.	2005/01/13	3688 Jindu Rd, Minhang District, Shanghai Xinzhuang Industrial Zone, Shanghai, China	USD 7,700 thousand	Sales of electronic/electrical products
AIO Shanghai Components Co., Ltd.	1992/10/15	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	HKD 1,362 thousand	Agent and sales of electronic/electrical components
Long-Think International Co., Ltd.	2010/03/19	5F., No. 76, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	40,000	Agent and sales of electronic/electrical components
Longview Technology GC Limited	2012/05/10	Commence Chambers, P.O , Tortola, Box 2208, Road Town British Virgin Islands	USD 11,300 thousand	Holding Company
Long Think Int'l (Hong Kong) Ltd.	1991/05/14	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	USD 10,000 thousand	Agent and sales of electronic/electrical components
Long-Think International (Shanghai) Limited	2002/10/21	H2, 5F., No. 2, No. 115, Fute West 1st Rd, China (Shanghai) Pilot Free Trade Zone	USD 400 thousand	Agent and sales of electronic/electrical components
Silicon Application (BVI) Corp.	1997/06/17	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands	USD 22,000 thousand	Holding Company
Silicon Application Co., Ltd.	2000/02/14	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	HKD 100,000 thousand	Sales of computer software and electronic products
Dstar Electronic Company Limited	2000/09/04	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	HKD 6,000 thousand	Sales of computer software and electronic products

Name	Date of Incorporation	Address	Capital Stock	Business Activities
Win-Win Systems Ltd.	2000/06/20	Intershore Chambers, P.O. Box 4342, Road Town, Tortola, British Virgin Islands	USD 765 thousand	Holding Company
SAC Components (South Asia) Pte. Ltd.	2012/04/25	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 3,500 thousand	Sales of computer software and electronic products
Pernas Electronic Co., Ltd.	1984/02/14	11F., No. 258, Liancheng Rd., Zhonghe Dist., New Taipei City	735,000	Agent and sales of electronic/electrical components
Everwiner Enterprise Co., Ltd.	1998/03/31	11F., No. 258, Liancheng Rd., Zhonghe Dist., New Taipei City	280,000	Agent and sales of electronic/electrical components
Apache Communication Inc.	1998/03/09	7F., No. 431, Ruiguang Rd., Neihu Dist., Taipei City	1,070,000	Sales of electronic/electrical products
Henshen Electric Trading Co., Ltd.	1978/07/07	2F., No. 441, Ruiguang Rd., Neihu Dist., Taipei City	100,000	Sales of electronic/electrical products
Frontek Technology Corporation	1985/12/10	7F., No. 435, Ruiguang Rd., Neihu Dist., Taipei City	2,145,634	Sales of electronic/electrical products
Fame Hall International Co., Ltd.	1998/12/07	P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 4,703 thousand	Investment Company
Frontek International Limited	2002/06/04	P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 2,970 thousand	Investment Company
Gather Technology Incorporation Limited	2002/08/09	Rm C, 21 F., No.169, Electric Road, North Point, Lee & Man Commercial Center	HKD 22,800 thousand	Sales of electronic/electrical components
AIT Japan Inc.	2005/03/07	〒140-0001 Tōkyō-to, Shinagawa City, Kitashinagawa, 3-chōme-6-6, 7F3-6-6	JPY 300,050 thousand	Sales of electronic/electrical products
Richpower Electronic Devices Co., Ltd.	2005/01/13	4F., No. 489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City	850,000	Sales of electronic/electrical components

Name	Date of Incorporation	Address	Capital Stock	Business Activities
Sertek Incorporated.	1983/03/23	2F., No. 489, Sec. 2, Tiding Blvd., Neihs Dist., Taipei City	948,281	Sales of electronic/electrical components
Sertek Limited	1988/12/02	Room 901, Central, YipFung Building 2-12 D'Aguilar Street, Hong Kong	HKD19,500 thousand	Sales of electronic/electrical components
Suntop Investments Limited	1997/07/18	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman, KY1-1208, Cayman Islands	USD 50,700 thousand	Investment Company
Richpower Electronic Devices Co., Limited	1998/05/27	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	USD 8,125 thousand	Sales of electronic/electrical products
Richpower Electronic Devices Pte., Ltd.	2004/08/06	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 61 thousand	Sales of electronic/electrical products
Yosun Hong Kong Corp. Ltd.	1995/04/13	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	HKD 303,220 thousand	Sales of electronic/electrical components
Yosun Singapore Pte Ltd.	1991/02/14	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 12,475 thousand	Sales of electronic/electrical components
Yosun India Private Ltd.	2008/12/19	No.26, 2nd Floor, Okhla Industrial Estate, Phase-III, NEW Delhi-110020, .India	INR 2,248 thousand	Sales of electronic/electrical components (Note 1)
Giatek Corp. Ltd.	2004/10/05	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	HKD 39,000 thousand	Sales of electronic/electrical components (Note 2)
Yosun Shanghai Corp. Ltd.	2002/04/24	Rm 626, 6F., No. 38, Yinglun Rd, Pudong, Shanghai, China	USD 7,700 thousand	Warehouse business and sales of electronic components
Yosun South China Corp. Ltd.	1999/10/12	Room 903 & 904, 9F., No.2, Cadre Group Center, No.168, Tongsha Road, Xili Town, Nanshan District, Shenzhen	USD 4,300 thousand	Sales of electronic/electrical components
Apache Communication Inc.(B.V.I.)	2000/01/04	2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands	USD 2,795 thousand	Investment Company

Name	Date of Incorporation	Address	Capital Stock	Business Activities
Apache Korea Corp.	2003/08/08	(Pangyo Innovalley)B-301,253, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, 13486, Korea	KRW 1,054,910 thousand	Sales of electronic/electrical products
WPG International (Hong Kong) Limited	2007/06/05	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	USD 92,173 thousand	Holding Company
WPG Americas Inc.	2006/05/16	5285 Hellyer Ave Suite 150, San Jose, CA 95138	USD66,100 thousand	Agent and sales of electronic/electrical components
WPG Cloud Service Ltd.	2012/09/04	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	USD 2,157 thousand	General trading
WPG Gain Tune Ltd.	1986/02/18	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	USD1,000 thousand	Agent for selling electronic/electrical components
WPG Electronics (HK) Limited	1997/06/06	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	HKD234,082 thousand	Agent for selling electronic/electrical components
WPG China Inc.	1995/03/16	B part, 6F., Jialisl Building, No.191, Rijing Rd, Pudong, Shanghai Pilot Free Trade Zone, Shanghai, China	USD 58,280 thousand	Sales of electronic/electrical components
WPG China (SZ) Inc.	2000/07/07	3-5 F. & 8F. & 12-14 F., No.2, Kai Da Er Building, No.168, TongSha Road, XiLi Street, Nanshan, Shenzhen, P.R.C	HKD 37,000 thousand	Sales of computer software and electronic components
WPG South Asia Pte. Ltd.	2006/09/20	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 15,650 thousand	Sales of electronic/electrical products
WPG Malaysia Sdn Bhd	1995/10/18	25-4 & 27-4, Block D1, Dataran Prima, Jalan PJU 1/41, 47301 Petaling Jaya, Selangor, Malaysia	MYR 1,011 thousand	Agent and sales of electronic/electrical components
WPG (Thailand) Co., Ltd.	1995/11/28	No. 9/302-4 UM Tower, 30th Floor, , Suanluang District,Ramkhamhaeng RoadSuanlungSub-districtBangkok, Thailand	BAHT 10,372 thousand	Agent and sales of electronic/electrical components
WPG India Electronics Pvt Ltd	2011/03/04	No.26, 2nd Floor, Okhla Industrial Estate, Phase-III, New Delhi-110020, .India	INR 159,100 thousand	Agent and sales of electronic/electrical components

Name	Date of Incorporation	Address	Capital Stock	Business Activities
WPG Electronics (Philippines) Inc.	1999/09/02	Unit 501 Richville Corporate Centre, #1314 Commerce Ave. Ext., Madrigal Business Park, Ayala Alabang, Muntinlupa, 1780 Philippines	PHP 1,000 thousand	Agent and sales of electronic/electrical components
WPG SCM Limited	2001/12/12	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	USD 1,641 thousand	Agent and sales of electronic/electrical components
Teco Enterprise Holding (BVI) Co., Ltd.	2002/04/19	Commence Chambers P.O.Box 2208 Road	USD 12,610 thousand	Investment Company
AECO Electronic Co., Ltd.	2002/05/02	Units 07-11, 15/F, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	USD 12,600 thousand	Trading of electronic/electrical products
Hoban Inc.	1999/04/10	3F., No. 36, Ln. 66, Ruiguang Rd., Neihu Dist., Taipei City	80,000	E-commerce company operating B2C and O2O businesses
Genuine C&C Holding Inc. (Seychelles)	2011/06/22	No.4, Franky Building, Providence Industrial Estate, Mahe, Seychelles	USD 6,500 thousand	Holding Company
Genuine Trading (Hong Kong) Company Limited	2012/08/01	12 F., Jin Sheng Building, No. 255-257, Des Voeux Rd., Hong Kong	HKD 38,000 thousand	Holding Company (Note 3)
Peng Yu (Shanghai) Digital Technology Co., Ltd.	2014/05/30	Rm 517, 5F., No. 88, Taigu Rd, China (Shanghai) Pilot Free Trade Zone	RMB 22,500 thousand	Sales of electronics products
Trigold Holdings (Hong Kong) Co., Ltd.	2017/11/06	UNITS 07-11, 15/F CDW BLDG 388 CASTLE PEAK RD TSUEN WAN HONG KONG	HKD 130,200 thousand	Holding Company
GENUINE C&C Inc.	1988/11/30	No. 36, Ln. 66, Ruiguang Rd., Neihu Dist., Taipei City	795,695	Sales of computer and its peripherals
Peng Yu International Ltd.	2017/03/28	UNITS 07-11, 15/F CDW BLDG 388 CASTLE PEAK RD TSUEN WAN HONG KONG	USD 10 thousand	Sales of electronic/electrical products
Trigolduo (Shanghai) Industrial Development Ltd.	2019/01/31	Rm 701, No. 37, Aly. 1555, Jin Sha Jiang West Rd, Jiading Dist., Shanghai, China	RMB 10,000 thousand	Children's indoor theme park

Name	Date of Incorporation	Address	Capital Stock	Business Activities
Trigold Tongle (Shanghai) Industrial Development Ltd.	2019/03/25	F302, No. 1569, Mu Dan Jiang Lu, Baoshan Dist., Shanghai, China	RMB 1,500 thousand	Children's indoor theme park

Note 1: Yosun India Private Ltd. was dissolved and liquidated in November 2019.

Note 2: Giatek Corp. Ltd. was dissolved and liquidated in February 2019.

Note 3: Genuine Trading (Hong Kong) Company Limited announced revocation and dissolution in No. 3217 of Hong Kong Government Gazette on May 17, 2019.

8.1.3 Shareholders in Common of WPG and Its Subsidiaries with Deemed Control and Subordination: None.

8.1.4 Business Scope of WPG and Its Subsidiaries: The businesses scope of WPG and its Subsidiaries includes electronic component distribution, holding companies, general investment business, and information software service business, etc.

8.1.5 Rosters of Directors, Supervisors, and Presidents of WPG's Subsidiaries

December 31, 2019

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
World Peace Industrial Co., Ltd.	Chairman Chairman/President Director Director Director Supervisor	Mike Chang (Representative of WPG Holdings Limited) Hsu Chu Hung (Representative of WPG Holdings Limited) Simon Huang (Representative of WPG Holdings Limited) Hsu Ying Che (Representative of WPG Holdings Limited) Frank Yeh (Representative of WPG Holdings Limited) Cliff Yuan (Representative of WPG Holdings Limited)	WPG holds 1,502,700,000 shares	100.00%
Silicon Application Corporation	Chairman Director Chairman/CEO Director Director Supervisor	K.Y. Chen (Representative of WPG Holdings Limited) Simon Huang (Representative of WPG Holdings Limited) Chen Ming-Chi (Representative of WPG Holdings Limited)a Frank Yeh (Representative of WPG Holdings Limited) Lin Yu-Sheng (Representative of WPG Holdings Limited) Cliff Yuan (Representative of WPG Holdings Limited)	WPG holds 555,000,000 shares	100.00%
Asian Information Technology Inc.	Chairman Director	Hsu Ming-Jen (Representative of WPG Holdings Limited) Frank Yeh (Representative of WPG Holdings Limited)	WPG holds 500,000,000 shares	100.00%

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
	Director Director Director Supervisor	Hsu Yu-Kun (Representative of WPG Holdings Limited) Simon Huang (Representative of WPG Holdings Limited) Huang Kuo-Chen (Representative of WPG Holdings Limited) Cliff Yuan (Representative of WPG Holdings Limited)		
Yosun Industrial Corporation	Chairman Director Director Director Director Supervisor	K.D. Tsung (Representative of WPG Holdings Limited) Simon Huang (Representative of WPG Holdings Limited) Frank Yeh (Representative of WPG Holdings Limited) Lin Ta-Sen (Representative of WPG Holdings Limited) Chang Chih-Wen (Representative of WPG Holdings Limited) Cliff Yuan (Representative of WPG Holdings Limited)	WPG holds 362,074,400 shares	100.00%
WPG Electronics Ltd.	Chairman Director Director Supervisor	Simon Huang (Representative of WPG Holdings Limited) Yang Tsung-Po (Representative of WPG Holdings Limited) Frank Yeh (Representative of WPG Holdings Limited) Cliff Yuan (Representative of WPG Holdings Limited)	WPG holds 3,920,000 shares	100.00%
WPG Korea Co., Ltd.	Representative Director Director Director Supervisor	Kwak, Choong-Pyo Simon Huang Chai Kim Yin Cliff Yuan	WPG holds 1,087,794 shares	100.00%
WPG International (CI) Limited	Director Director	Simon Huang Cliff Yuan	WPG holds 150,282,520 shares	100.00%
WPG Investment Co., Ltd.	Chairman Director Director Supervisor	Simon Huang (Representative of WPG Holdings Limited) Cliff Yuan (Representative of WPG Holdings Limited) Lucia Tai (Representative of WPG Holdings Limited) Chiu Chin-Chuan (Representative of WPG Holdings Limited)	WPG holds 50,000,000 shares	100.00%
Trigold Holdings Limited	Chairman/President Director Director Director Director Independent Director	Simon Huang (WPG Holdings Limited) Yeh Chi-Tung K.D. Tsung (WPG Holdings Limited) T.L. Lin (WPG Holdings Limited) K.Y. Chen (WPG Holdings Limited) Chen, Shih-Chieh	WPG holds 48,139,319 shares	60.50%

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
	Independent Director Supervisor Supervisor	Chen Wei-Shen Cliff Yuan Lucia Tai (Hsu-Wei Investment Limited)		
AECO Technology Co., Ltd.	Chairman Director Director Supervisor	Hsu Chu Hung (Representative of World Peace Industrial Co., Ltd.) Mike Chang (Representative of World Peace Industrial Co., Ltd.) Hsu Ying Che (Representative of World Peace Industrial Co., Ltd.) Yao Su-Mei (Representative of World Peace Industrial Co., Ltd.)	World Peace holds 94,600,000 shares	100.00%
WPI Investment Holding (BVI) Company Ltd.	Director Director	World Peace Industrial Co., Ltd. Mike Chang	World Peace holds 83,179,435 shares	100.00%
World Peace International (BVI) Ltd.	Director	Mike Chang	World Peace holds 34,196,393 shares	100.00%
Longview Technology Inc.	Chairman/President Director Director Supervisor	Hsu Chu Hung (Representative of World Peace Industrial Co., Ltd.) Hsu Ying Che (Representative of World Peace Industrial Co., Ltd.) Yu Chen-Chang (Representative of World Peace Industrial Co., Ltd.) Yao Su-Mei (Representative of World Peace Industrial Co., Ltd.)	World Peace holds 33,900,000 shares	100.00%
World Peace International (Asia) Limited	Director Director Director	Mike Chang Hsu Chu Hung Hsu Ying Che	WPI Investment holds 100,000 shares	100.00%
WPI International (Hong Kong) Limited	Director Director Director	Mike Chang Hsu Chu Hung Hsu Ying Che	WPI Investment holds 4,087,084,000 shares	100.00%
Prime Future Technology Limited	Director	Mike Chang	World Peace Int'l (BVI) holds 36,448,096 shares	100.00%
World Peace International Pte Ltd	Director	Chai Kim Yin	Prime Future Tech. holds	100.00%

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
	Director	Mike Chang	248,632,599 shares	
Genuine C&C (Indochina) Pte. Ltd.	Director Director Director	Tan Yew Teck Tan Sze Chuarn Chai Kim Yin	World Peace Int'l holds 5,359,370 shares	80.00%
World Peace International (South Asia) Pte Ltd.	Director Director Director	Tan Yew Teck Chai Kim Yin Mike Chang	World Peace Int'l holds 34,314,692 shares	100.00%
World Peace International (India) Pvt., Ltd.	Director Director Director Director	Chai Kim Yin Rick Tan Jason Saw Kashinath Karekar	World Peace Int'l (SA) holds 3,575,058 shares	100.00%
WPG C&C Computers and Peripheral (India) Private Limited	Director Director Director	Tan Sze Chuarn Rajeev Bajpai Chai Kim Yin	World Peace Int'l SA holds 48,415,000 shares World Peace Int'l holds 5,000 shares	99.00% 1.00%
WPG C&C (Malaysia) Sdn Bhd	Director Director Director Director	Tan Sze Chuarn Chai Kim Yin Wendy Tiong Siew Ling Hia Bun Ching	World Peace Int'l SA holds 11,250,000 shares	100%
WPG C&C (Thailand) Co., Ltd.	Director Director Director	Chai Kim Yin Tan Sze Chuarn Sopanarat Sintavanon	1,000 shares 1,000 shares 360,000 shares Lumphuan Srisurat(staff) 150,000 shares World Peace Intl SA holds 488,000 shares	0.10% 0.10% 36.00% 15.00% 48.80%
WPG C&C Limited	Director Director Director	Mike Chang Hsu Chu Hung Hsu Ying Che	World Peace Int'l (HK) Ltd. holds 6,500,000 shares	100.00%
WPG C&C Shanghai Co., Ltd.	Chairman/Legal Representative Director Director Supervisor	Tsao Tai-Sun Simon Huang Chung Pei-Yuan Tsao Chun-Chieh	—(Note 1)	WPG TRIGOLD (HK) Ltd. holds 100.00%

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
AIO Components Co., Ltd.	Director Director Director	Yao Su-Mei HSU Chu Hung Yu Cheng Chang	World Peace Int'l (HK) Ltd. holds 1,361,688 shares	100.00%
Long-Think International Co., Ltd.	Chairman Director Director Supervisor	Hsu Chu Hung (Representative of Longview Technology Inc.) Yu Cheng Chang (Representative of Longview Technology Inc.) Hsu Ying Che (Representative of Longview Technology Inc.) Yao Su-Mei (Representative of Longview Technology Inc.)	Longview Technology Inc. holds 4,000,000 shares	100.00%
Longview Technology GC Limited	Director	Hsu Chu Hung	Longview Technology Inc. holds 11,300,000 shares	100.00%
Long-Think International (Hong Kong) Limited	Director Director Director	Hsu Chu Hung Hsu Ying Che Yu Cheng Chang	Longview Technology GC holds 780,000,000 shares	100.00%
Long-Think International (Shanghai) Co., Ltd.	Director/Legal Representative Director Director Supervisor	Shen Wei-Chung Yu Cheng Chang Chen Chun-Hung Chung Pei-Yuan	— (Note 1)	Long Think Int'l (HK) Ltd. holds 100.00%
Silicon Application (BVI) Corporation	Chairman	K.Y. Chen	Silicon Application Corporation holds 22,000,000 shares	100.00%
Silicon Application Co., Ltd.	Director Director Director	K.Y. Chen Su Tein Jye Chen Ming-Chih	Silicon Application (BVI) Corporation holds 100,000,000 shares	100.00%
Dstar Electronic Company Limited	Director Director Director	K.Y. Chen Su Tein Jye Chen Ming-Chih	Silicon Application Corporation holds 6,000,000 shares	100.00%

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
Win-Win Systems Ltd.	Chairman	K.Y. Chen	Silicon Application Corporation holds 765,000 shares	100.00%
SAC Components (South Asia) Pte. Ltd.	Director Director Director Director	K.Y. Chen Chen Ming Chih Tan Yew Teck Chai Kim Yin	Silicon Application Corporation holds 3,500,000 shares	100.00%
Pernas Electronics Co., Ltd.	Chairman Director Director Supervisor	K.Y. Chen (Representative of Silicon Application Corporation) Chen Ming-Chi (Representative of Silicon Application Corporation) Wu Yung-Chang (Representative of Silicon Application Corporation) Lin Yu-Sheng (Representative of Silicon Application Corporation)	Silicon Application Corporation holds 73,500,000 shares	100.00%
Everwiner Enterprise Co., Ltd.	Chairman Director Director Supervisor	K.Y. Chen (Representative of Pernas Electronics Co., Ltd) Chen Ming-Chi (Representative of Pernas Electronics Co., Ltd) Wu Yung-Chang (Representative of Pernas Electronics Co., Ltd) Lin Yu-Sheng (Representative of Pernas Electronics Co., Ltd)	Pernas Electronics Co., Ltd. holds 28,000,000 shares	100.00%
Apache Communication Inc.	Chairman Director Director Supervisor	Hsu Ming-Jen (Representative of Asian Information Technology Inc.) Huang Kuo-Chen (Representative of Asian Information Technology Inc.) Hsu Yu-Kun (Representative of Asian Information Technology Inc.) Huang Shu-Pin (Representative of Asian Information Technology Inc.)	Asian Information Technology Inc. holds 107,000,000 shares	100.00%
Henshen Electric Trading Co., Ltd.	Chairman Director Director Supervisor	Hsu Ming-Jen (Representative of Asian Information Technology Inc.) Huang Kuo-Chen (Representative of Asian Information Technology Inc.) Hsu Yu-Kun (Representative of Asian Information	Asian Information Technology Inc. holds 10,000,000 shares	100.00%

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
		Technology Inc.) Huang Shu-Pin (Representative of Asian Information Technology Inc.)		
Frontek Technology Corporation	Chairman Director Director Supervisor	Hsu Ming-Jen (Representative of Asian Information Technology Inc.) Huang Kuo-Chen (Representative of Asian Information Technology Inc.) Hsu Yu-Kun (Representative of Asian Information Technology Inc.) Huang Shu-Pin (Representative of Asian Information Technology Inc.)	Asian Information Technology Inc. holds 214,563,352 shares	100.00%
Fame Hall International Co., Ltd	Director Director	Hsu Yu-Kun Huang Shu-Pin	Asian Information Technology Inc. holds 4,703,107 shares	100.00%
Frontek International Limited	Director Director	Hsu Yu-Kun Huang Shu-Pin	Frontek Technology Corporation holds 2,970,000 shares	100.00%
Gather Technology Incorporation Limited	Director Director Director	Hsu Yu-Kun Hsu Ming-Jen Huang Kuo-Chen	1 share Frontek International Limited holds 22,799,999 shares	— 100.00%
AIT Japan Inc.	Chairman Chairman Director Director Supervisor	Huang Kuo-Chen Chung Yeh Ya Wen Hsu Yu-Kun Hsu Ming-Jen Huang Shu-Pin	Fame Hall International Co., Ltd holds 6,001 shares	100.00%
Richpower Electronic Devices Co., Ltd.	Chairman/President Director Director Supervisor	K.D. Tsung (Representative of YS) Wu Sheng-Ming (Representative of YS) Chang Chih-Wen (Representative of YS) Liu Hung-An (Representative of YS)	Yosun Industrial Corporation holds 85,000,000 shares	100.00%
Sertek Incorporated	Chairman/President Director Director Supervisor	K.D. Tsung (Representative of YS) Chang Chih-Wen (Representative of YS) Chiang Chun-Hui (Representative of YS) Liu Hung-An (Representative of YS)	Yosun Industrial Corporation holds 94,828,100 shares	100.00%
Sertek Limited	Director Director	K.D. Tsung Chang Chih-Wen	Sertek Ltd. holds 19,500,000 shares	100.00%

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
Suntop Investments Limited	Director	K.D. Tsung (Representative of Yosun Industrial Corporation)	Yosun Industrial Corporation holds 50,700,000 shares	100.00%
Richpower Electronic Devices Co., Limited	Director Director	K.D. Tsung Ho, Peng-Hsiung	Richpower Electronic Devices Co., Ltd. holds 63,000,000 shares	100.00%
Richpower Electronic Devices Pte., Ltd.	Director Director	Ho, Peng-Hsiung Chai Kim Yin	Richpower Electronic Devices Co., Ltd holds 10,000 shares	100.00%
Yosun Hong Kong Corp. Ltd.	Director Director	K.D. Tsung Chang Chih-Wen	Suntop Investments holds 295,270,000 shares	100.00%
Yosun Singapore Pte Ltd.	Director Director Director	K.D. Tsung Chai Kim Yin Tan Yew Teck	Suntop Investments holds 20,600,000 shares	100.00%
Yosun Shanghai Corp. Ltd.	Chairman/Legal Representative Director Director	Cheng Kun-Mao Chen Chien-Chung Cheng Hung-Chi	— (Note 1)	Yosun HK holds 100.00%
Yosun South China Corp. Ltd.	Chairman/Legal Representative Director Director	Ou Tung-Kuan Liang Kuo-Chen Li Tao-Jui	— (Note 1)	Yosun HK holds 100.00%
Apache Communication Inc.(B.V.I.)	Director	WPG Korea Co., Ltd.	WPG Korea holds 2,795,000 shares	100.00%
Apache Korea Corp.	Representative Director Director Director Supervisor	CP Kwak Peter Chang James Park Olivia Ko	Apache Communication Inc. holds 210,982 share	100.00%
WPG International (Hong Kong) Limited	Director Director	Simon Huang Cliff Yuan	WPG International (CI) holds 717,238,341 shares	100.00%
WPG Americas Inc.	Director Director	Yao Su-Mei Mike Chang	World Peace Int'l holds 6,100,000 shares	2.60% 1.71%

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
	Director Director Director	Simon Huang Hsu Ying-Che Richard J. Davis	World Peace Int'l (HK) Ltd. holds 4,000,000 shares WPG International (CI) holds 224,000,000 shares	95.69%
WPG Cloud Service Ltd.	Director Director Director	Simon Huang Mike Chang Frank Yeh	WPG International (CI) holds 2,157,130 shares	100.00%
WPG Gain Tune Ltd.	Director Director Director	Mike Chang Frank Yeh Cliff Yuan	WPG International (CI) Ltd holds 77,500,000 shares	100.00%
WPG Electronics (Hong Kong) Ltd.	Director Director Director	Simon Huang Jao Shih-Wei Frank Yeh	WPG International (HK) holds 234,081,858 shares	100.00%
WPG China Inc.	Director/Legal Representative Director Director Supervisor	Jao Shih-Wei Simon Huang Frank Yeh Cliff Yuan	— (Note 1)	WPG International (HK) holds 100%
WPG China (SZ) Inc.	Director/Legal Representative Director Director Supervisor	Jao Shih-Wei Simon Huang Frank Yeh Cliff Yuan	— (Note 1)	WPG International (HK) holds 100%
WPG South Asia Pte. Ltd.	Director Director Director	Tan Say Chong Chai Kim Yin Simon Huang	WPG International (CI) holds 21,133,600 shares	100.00%
WPG Malaysia Sdn Bhd	Director Director Director Director	Chai Kim Yin Hia Bun Ching Tan Say Chong Wong Boon Hee	WPG South Asia holds 1,010,800 shares	100.00%
WPG (Thailand) Co., Ltd.	Director Director	Chai Kim Yin Sopanarat Sintavanon	WPG South Asia holds 40,451 shares	100.00%

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
			Chai Kim Yin 5,186 shares Soponarat Sintavanon (staff) 31,116 shares Lumphuan Srisurat (staff) 21,781 shares Tan Say Chong 5,186 shares	
WPG India Electronics Pvt Ltd	Director Director Director	Chai Kim Yin Tan Say Chong Karekar Kashinath Arvind	WPG South Asia holds 15,909,990 shares WPG Malaysia Sdn. Bhd. holds 10 shares	99.99% 0.01%
WPG Electronics (Philippines) Inc.	Director Director Director Director Director	Tan Say Chong Nelissa Senido Eulalio R. Villanueva Aquino, Eduardo Jr. Chai Kim Yin	100 shares 2,000 shares 2,000 shares 2,000 shares 100 shares WPG South Asia holds 3,800 shares	1.00% 20.00% 20.00% 20.00% 1.00% 38.00%
WPG SCM Ltd.	Director Director	Chai Kim Yin Mike Chang	WPG South Asia Pte. Ltd holds 12,800,000 shares	100.00%
Teco Enterprise Holding (BVI) Co., Ltd.	Director	Hsu Chu Hung	TECO holds 12,610,000 shares	100.00%
AECO Electronic Co., Ltd.	Director Director	Hsu Chu Hung Chung Pei-Yuan	Teco Enterprise Holding(BVI) holds 98,280,000 shares	100.00%
Hoban Inc.	Chairman Director Director Supervisor	Yeh Chi-Tung (Representative of GENUINE C&C Inc.) Chuang Chung-Lin (Representative of GENUINE C&C Inc.) Hsieh Ming-Shan (Representative of GENUINE C&C Inc.) Tsao Chun-Chieh (Representative of GENUINE C&C Inc.)	GENUINE C&C Inc. holds 8,000,000 shares	100.00%
Genuine C&C Holding Inc. (Seychelles)	Director Director	Simon Huang Yeh Chi-Tung	GENUINE C&C Inc. holds 6,500,000 shares	100.00%
Peng Yu (Shanghai) Digital Technology Co., Ltd.	Chairman/Legal Representative	Tsao Tai-Sun (Representative of Triglod (Hong Kong) Company Limited)	—(Note 1)	Triglod (Hong Kong) Company

Name of Company	Title	Name or Representative	Shareholding	
			Shares	%
	Director Director Supervisor	Simon Huang (Representative of Triglod (Hong Kong) Company Limited) Chung Pei-Yuan (Representative of Triglod (Hong Kong) Company Limited) Tsao Chun-Chieh (Representative of Triglod (Hong Kong) Company Limited)		Limited holds 100%
Trigold (Hong Kong) Company Limited	Director Director	Simon Huang Tsao Chun-Chieh	Trigold Holdings Limited holds 130,200,000 shares	100.00%
GENUINE C&C Inc.	Chairman/President Director Director Director Supervisor	Representative of Trigold Holdings Limited: Yeh Chi-Tung Representative of Trigold Holdings Limited: Simon Huang Representative of Trigold Holdings Limited: Li Chun-Ying Representative of Trigold Holdings Limited: Yeh Kung Tung Representative of Trigold Holdings Limited: Kuo Shih-Tsun Representative of Trigold Holdings Limited: Peng Fan-Ling	Trigold Holdings Limited holds 79,569,450 shares	100.00%
Peng Yu International Ltd.	Director Director	Yeh Chih-Shu Tsao Tai-Sun	Peng Yu (Shanghai) Digital Technology Co., Ltd. holds 10,000 shares	100.00%
Trigold (Shanghai) Industrial Development Ltd.	Chairman Director Director Supervisor	Chung Pei-Yuan Simon Huang Wang Jung-Mao Tsao Chun-Chieh	— (Note 1)	Triglod (Hong Kong) Company Limited holds 70%
Trigold Tongle (Shanghai) Industrial Development Ltd.	Chairman Director Director Supervisor	Li Hsiang Chung Pei-Yuan Liu Ching Ku Han-Wen	— (Note 1)	Trigolduo (Shanghai) Industrial Development Ltd. holds 100%

Note 1: The limited company has not issued shares and is not applicable.

8.1.6 Operational Highlights of WPG Subsidiaries

December 31, 2019 Unit: NT\$ thousands

Name	Currency	Capital Stock	Asset	Liabilities	Net Worth	Net Revenues	Operating Profit (Loss)	Net Income	Earnings per Share after Tax (NT\$)
World Peace Industrial Co., Ltd.	NTD	15,027,000	62,588,800	36,558,646	26,030,154	109,189,924	1,184,711	3,335,885	2.22
Silicon Application Corp.	NTD	5,550,000	31,044,839	23,970,444	7,074,395	65,027,071	1,039,926	920,534	1.91
Asian Information Technology Inc.	NTD	5,000,000	15,703,800	9,524,846	6,178,954	34,707,538	542,248	1,012,977	2.29
Yosun Industrial Corp.	NTD	3,620,744	17,348,870	8,525,578	8,823,292	18,418,572	227,499	1,034,444	2.86
WPG Electronics Ltd.	NTD	39,200	134,125	84,039	50,086	153,128	10,572	7,436	1.90
WPG Korea Co., Ltd	NTD	142,338	1,673,563	1,181,608	491,955	6,450,641	74,337	13,852	12.73
WPG International (CI) Limited	NTD	4,505,470	5,319,730	33,439	5,286,291	—	(213)	163,583	1.09
WPG Investment Co., Ltd.	NTD	500,000	434,842	134	434,708	—	(526)	11,282	0.23
Trigold Holdings Limited	NTD	795,695	1,673,272	518,068	1,155,204	184,723	153,148	144,653	1.82
AECO Technology Co., Ltd.	NTD	946,000	1,113,003	55,807	1,057,196	17,508	19,354	33,436	0.35
TECO Enterprise Holding (BVI) CO., Ltd.	NTD	378,048	786,675	—	786,675	—	—	17,025	1.35
AECO Electronic Co., Ltd.	NTD	377,748	789,219	2,667	786,552	—	(868)	17,025	0.17
WPI Investment Holding (BVI) Company Ltd.	NTD	2,493,719	18,433,096	588	18,432,508	—	(236)	2,226,024	26.76
World Peace International (BVI) Ltd.	NTD	1,025,208	10,128,218	4,329,947	5,798,271	29,775,881	302,629	258,172	7.55
Longview Technology Inc.	NTD	339,000	735,031	145,565	589,466	1,584,698	(4,011)	79,253	2.34
World Peace International (Asia) Limited	NTD	78	—	—	—	—	(1)	104	1.04
WPI International (HK) Ltd.	NTD	2,564,650	57,672,442	39,217,957	18,454,485	150,616,457	3,037,328	2,355,895	0.58
Prime Future Technology Limited	NTD	1,092,714	9,127,479	4,329,947	4,797,532	29,775,881	302,629	258,279	7.09
World Peace International Pte Ltd	NTD	911,084	8,027,511	4,329,947	3,697,564	28,298,955	284,733	244,675	0.98
Genuine C&C (IndoChina) Pte. Ltd.	NTD	149,900	209,029	12,572	196,457	209,325	5,564	8,830	1.77
World Peace International (South Asia) Pte Ltd	NTD	652,782	7,845,312	4,501,862	3,343,450	29,627,078	296,696	244,472	7.17

Name	Currency	Capital Stock	Asset	Liabilities	Net Worth	Net Revenues	Operating Profit (Loss)	Net Income	Earnings per Share after Tax (NT\$)
World Peace International (India) Pvt., Ltd.	NTD	1,504	114,673	95,212	19,461	174,047	(55,673)	11,117	3.14
WPG C&C Computers and Peripheral (India) Private Limited	NTD	203,681	708,509	531,882	176,627	2,137,478	(3,058)	(39,452)	(0.81)
WPG C&C (Malaysia) Sdn Bhd	NTD	82,343	45,587	(2,979)	48,566	132,640	168	1,544	0.14
WPG C&C (Thailand) Co., Ltd.	NTD	25,629	50,469	30,897	19,572	143,949	(5,153)	(4,390)	(4.39)
WPG C&C Limited	NTD	194,870	270,117	476	269,641	(5,308)	4,985	9,184	1.41
WPG C&C Shanghai Co., Ltd.	NTD	230,846	1,624,957	1,335,244	289,713	3,893,404	58,374	43,262	Note 1
AIO Components Co., Ltd.	NTD	5,244	14,949	—	14,949	—	6,202	9,812	7.21
Long-Think International Co., Ltd.	NTD	40,000	59,771	10,682	49,089	176,922	3,053	2,363	0.59
Longview Technology GC Limited	NTD	338,774	520,980	—	520,980	—	(118)	81,919	7.25
Long-Think International (Hong Kong) Ltd.	NTD	299,800	702,430	179,534	522,896	1,673,024	94,501	83,946	0.11
Long-Think International (Shanghai) Ltd.	NTD	11,992	26,751	—	26,751	—	(26)	331	Note 1
Silicon Application (BVI) Co., Ltd.	NTD	659,560	3,196,168	—	3,196,168	—	—	73,145	3.32
Silicon Application Co., Ltd.	NTD	384,900	1,886,464	89,527	1,796,937	70,169	(53,390)	46,186	0.46
Dstar Electronic Company Limited	NTD	23,094	45,216	149	45,067	—	(207)	731	0.12
Win-Win Systems Ltd.	NTD	22,935	25,710	—	25,710	—	—	585	0.76
SAC Components (South Asia) Pte. Ltd.	NTD	104,930	114,501	1,773	112,728	55,475	955	1,986	0.57
Pernas Electronics Co., Ltd.	NTD	735,000	2,893,769	1,664,061	1,229,708	6,702,203	82,135	245,950	3.35
Everwiner Enterprise Co., Ltd.	NTD	280,000	1,686,738	982,241	704,497	3,994,285	288,918	216,674	7.74
Apache Communication Inc.	NTD	1,070,000	4,886,017	3,726,142	1,159,875	20,502,896	183,356	184,434	1.72
Henshen Electric Trading Co., Ltd.	NTD	100,000	312,092	189,076	123,016	1,146,637	13,707	10,830	1.08
Frontek Technology Corporation	NTD	2,145,634	9,651,822	7,283,964	2,367,858	21,011,380	387,576	296,593	1.38

Name	Currency	Capital Stock	Asset	Liabilities	Net Worth	Net Revenues	Operating Profit (Loss)	Net Income	Earnings per Share after Tax (NT\$)
Fame Hall International Co., Ltd.	NTD	140,999	299,381	—	299,381	—	(120)	(19,839)	(4.22)
Frontek International Limited	NTD	89,041	124,728	—	124,728	—	(120)	3,738	0.04
Gather Technology Incorporation Limited	NTD	87,757	114,620	67	114,553	—	(120)	3,585	0.01
AIT Japan Inc.	NTD	82,814	330,983	67,660	263,323	635,788	(24,404)	(20,676)	(12,140.06)
Richpower Electronic Devices Co., Ltd.	NTD	850,000	6,393,851	4,159,292	2,234,559	6,533,620	176,793	305,102	3.59
Sertek Inc.	NTD	948,281	4,449,841	2,871,816	1,578,025	14,547,741	367,967	296,677	3.13
Sertek Ltd.	NTD	75,056	446,843	3,000	443,843	—	(66)	10,051	0.52
Suntop Investments Limited	NTD	1,519,986	5,139,817	—	5,139,817	—	(126)	73,856	1.47
Richpower Electronic Devices Co., Limited	NTD	243,586	5,122,615	2,810,588	2,312,027	11,603,669	184,957	175,686	2.79
Richpower Electronic Devices Pte Ltd	NTD	1,835	223,920	834	223,086	—	(282)	6,200	620.00
Yosun Hong Kong Corp. Ltd.	NTD	1,165,454	8,778,192	4,352,677	4,425,515	24,822,296	67,185	40,982	0.14
Yosun Singapore Pte Ltd.	NTD	374,001	1,720,628	1,383,574	337,054	5,001,851	59,363	21,899	1.06
Yosun India Private Ltd.	NTD	—	—	—	—	—	(556)	(588)	—
Giatek Corp. Ltd.	NTD	—	—	—	—	—	—	—	0.1
Yosun Shanghai Corp. Ltd.	NTD	230,846	359,262	767	358,495	—	(105)	6,700	Note 1
Yosun South China Corp. Ltd.	NTD	128,914	207,220	4,446	202,774	—	(149)	4,730	Note 1
Apache Communication Inc.(B.V.I.)	NTD	83,794	87,198	—	87,198	—	—	2,059	0.74
Apache Korea Corp.	NTD	27,607	79,027	3,468	75,559	23,972	(49)	1,989	9.42
WPG International (Hong Kong) Limited	NTD	2,763,347	3,705,775	12,010	3,693,765	—	(85)	(567)	—
WPG Americas Inc.	NTD	1,981,678	3,262,445	2,575,940	686,505	13,203,672	636,988	103,658	0.44
WPG Cloud Service Ltd.	NTD	64,671	44,424	275	44,149	—	(693)	(474)	(0.22)
WPG Gain Tune Ltd.	NTD	29,980	34,967	1,051	33,916	—	7,422	6,647	0.09

Name	Currency	Capital Stock	Asset	Liabilities	Net Worth	Net Revenues	Operating Profit (Loss)	Net Income	Earnings per Share after Tax (NT\$)
WPG Electronics (Hong Kong) Ltd.	NTD	896,308	7,300,329	6,810,806	489,523	6,806,171	(122,487)	(113,680)	(0.49)
WPG China Inc.	NTD	1,747,234	6,262,618	3,947,924	2,314,694	10,510,135	(1,073,116)	66,330	Note 1
WPG China (SZ) Inc.	NTD	142,413	3,871,790	3,146,834	730,956	8,553,892	(1,322,371)	47,826	Note 1
WPG South Asia Pte. Ltd.	NTD	469,194	1,504,871	835,994	668,877	835,265	48	23,119	1.09
WPG Malaysia Sdn Bhd	NTD	7,398	34,732	16,093	18,639	57,006	3,776	2,605	2.58
WPG (Thailand) Co., Ltd.	NTD	10,323	33,723	11,340	22,383	32,189	1,232	970	9.35
WPG India Electronics Pvt Ltd	NTD	66,926	100,108	15,989	84,119	29,873	8,069	9,864	0.62
WPG Electronics (Philippines) Inc.	NTD	596	3,666	1,061	2,605	5,817	1,864	1,247	124.7
WPG SCM Ltd.	NTD	49,195	2,399,732	1,872,580	527,152	6,834,705	50,736	24,403	1.91
Hoban Inc.	NTD	80,000	17,899	7,625	10,274	63,789	(3,195)	(3,125)	(0.39)
Genuine C&C Holding Inc. (Seychelles)	NTD	194,870	133,373	1,895	131,478	—	(27)	3,847	0.59
Genuine Trading (Hong Kong) Company Limited	NTD	—	—	—	—	—	—	—	Note 1
Peng Yu (Shanghai) Digital Technology Co., Ltd.	NTD	96,863	274,041	20,506	253,535	352,872	4,240	78,322	Note 1
WPG TRIGOLD (HONG KONG) LIMITED	NTD	501,140	573,703	7,318	566,385	—	(986)	101,337	0.78
GENUINE C&C Inc.	NTD	795,695	3,105,063	2,000,612	1,104,451	9,318,143	98,317	83,386	1.05
Peng Yu International Ltd.	NTD	300	2,129,656	2,036,751	92,905	5,850,551	132,018	74,514	7,451.36
Trigolduo (Shanghai) Industrial Development Ltd.	NTD	43,050	142,937	119,185	23,752	8,685	(11,402)	(20,031)	Note 1
Trigold Tongle (Shanghai) Industrial Development Ltd.	NTD	6,458	37,343	36,880	463	11,377	(4,833)	(6,222)	Note 1

Note 1: The limited company has not issued shares and is not applicable.

Note 2: Filled in accordance with the financial information of the individual statements audited by the appointed accountant.

Note 3: The exchange rates of various foreign currencies to Taiwanese currency are the exchange rates of the Bank of Taiwan at the end of the year on December 31, 2019: USD

exchange rate 29.98, HKD exchange rate 3.849, KRW exchange rate 0.02617; exchange rate of USD to RMB at the end of year, on December 31, 2019, is 6.963995, and the average exchange rate in 2018 are: USD exchange rate 30.175, HKD exchange rate 3.849, and KRW exchange rate,0.027615; the average exchange rate of USD to RMB in 2019 is 6.917454.

- 8.1.7 Consolidated Financial Statements of Subsidiaries: Please refer to pages 121 to 253 for details.
- 8.1.8 Relationship with the Controlling Company: The Company is not an affiliate and thus not applicable.
- 8.2 Private Placement Securities in the Most Recent Year and as of the Date of this Annual Report:** None.
- 8.3 Status of the Company's Common Shares Acquired, Disposed of, and Held by Subsidiaries in the Most Recent Year and as of the Date of this Annual Report:** None.
- 8.4 Other Necessary Supplement:** None.
- 8.5 Any Events in the Most Recent Year and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan:** Please refer to the important resolutions of the Shareholders' Meeting and the Board of Directors for the most recent year and up to the date of this annual report: Please refer to page 53 for details.