

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 |

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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 |

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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)

| Equity attributable to owners of the parent | | | | | | | | | | | | | |
|---|-------|----------------------|---------------------|----------------------|---------------------|---------------------|-------------------------|--|--|--|----------------------|--------------------------|----------------------|
| Share Capital | | | | Retained Earnings | | | | Other Equity Interest | | | | | |
| | | | | | | | | | | | | | |
| | Notes | 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 | Total | Non-controlling interest | Total equity |
| Year ended December 31, 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 | \$ 536,465 | \$ 52,055,438 |
| Effects of retrospective application of new standards | | - | - | - | - | - | (49,737) | - | (6,000) | (129,342) | (185,079) | (298) | (185,377) |
| 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 | 536,167 | 51,870,061 |
| Total consolidated profit | | - | - | - | - | - | 7,462,010 | - | - | - | 7,462,010 | 53,007 | 7,515,017 |
| Net other comprehensive income (loss) | | - | - | - | - | - | (111,361) | 1,657,597 | - | - | 1,546,236 | (10,054) | 1,536,182 |
| Total comprehensive income | | - | - | - | - | - | 7,350,649 | 1,657,597 | - | - | 9,008,246 | 42,953 | 9,051,199 |
| Appropriation and distribution of 2017 retained earnings | 6(23) | | | | | | | | | | | | |
| Legal reserve | | - | - | - | 730,799 | - | (730,799) | - | - | - | - | - | - |
| Special reserve | | - | - | - | - | 4,124,936 | (4,124,936) | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | - | (4,380,148) | - | - | - | (4,380,148) | - | (4,380,148) |
| Capital reduction payments to shareholders | 6(21) | (1,460,050) | - | - | - | - | - | - | - | - | (1,460,050) | - | (1,460,050) |
| Disposal of investments accounted for using equity method | 6(22) | - | - | (112,053) | - | - | - | - | - | - | (112,053) | - | (112,053) |
| Reorganization | | - | - | (2,590) | - | - | - | - | - | - | (2,590) | 2,590 | - |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | | - | - | - | - | - | (28,530) | - | - | - | (28,530) | (18,627) | (47,157) |
| Acquisition of non-controlling interest | | - | - | - | - | - | - | - | - | - | - | (72,714) | (72,714) |
| Changes in non-controlling interests | | - | - | - | - | - | - | - | - | - | - | (25,143) | (25,143) |
| 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> | <u>\$ 465,226</u> | <u>\$ 54,823,995</u> |
| Year ended December 31, 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> | <u>\$ 465,226</u> | <u>\$ 54,823,995</u> |
| Total consolidated profit | | - | - | - | - | - | 6,453,401 | - | - | - | 6,453,401 | 52,558 | 6,505,959 |
| Net other comprehensive income (loss) | | - | - | - | - | - | 10,036 | (2,818,012) | - | - | (2,807,976) | (846) | (2,808,822) |
| Total comprehensive income | | - | - | - | - | - | 6,463,437 | (2,818,012) | - | - | 3,645,425 | 51,712 | 3,697,137 |
| Appropriation and distribution of 2018 retained earnings | 6(23) | | | | | | | | | | | | |
| Legal reserve | | - | - | - | 746,201 | - | (746,201) | - | - | - | - | - | - |
| Reversal of special reserve | | - | - | - | - | (1,522,254) | 1,522,254 | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | - | (4,533,453) | - | - | - | (4,533,453) | - | (4,533,453) |
| Issuance of preference stock | 6(21) | - | 2,000,000 | 7,994,638 | - | - | - | - | - | - | 9,994,638 | - | 9,994,638 |
| Changes in equity of associate and joint ventures accounted for using equity method | 6(22) | - | - | 6,778 | - | - | - | - | - | - | 6,778 | - | 6,778 |
| Changes in non-controlling interests | | - | - | - | - | - | - | - | - | - | - | (22,000) | (22,000) |
| 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> | <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 | <u>(\$ 6,350)</u> | <u>(\$ 10,546)</u> |
| 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 | <u>(517,836)</u> | <u>315,531</u> |
| 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:

| | <u>Year ended December 31</u> | |
|-------------------------|-------------------------------|--------------------|
| | <u>2019</u> | <u>2018</u> |
| 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:

| | <u>Discount rate</u> | | <u>Future salary increases</u> | |
|---|----------------------|--------------------|--------------------------------|---------------------|
| | <u>Increase 1%</u> | <u>Decrease 1%</u> | <u>Increase 1%</u> | <u>Decrease 1%</u> |
| <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 | <u>-</u> | (<u>146,005</u>) |
| 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

| | <u>Individual</u> | |
|------------------|--------------------------|--------------------------|
| | <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% | \$ 11,529 | (\$ 11,529) | \$ 320 | (\$ 320) |
| | | | 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 (in thousands) | Book value | Ownership (%) | Fair value (Note 1) | Footnote |
| 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., | 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 | | | | | | | | | | | |
|--|--|------------------------------------|-------------------|----------------|---------------------------------------|-------------|--------------|-------------|-------------------------------------|---|----------|
| | | | Transaction | | | | transactions | | Notes/accounts receivable (payable) | | |
| Purchaser/seller | Counterparty | Relationship with the counterparty | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | Footnote |
| 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 |

| 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) | 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.