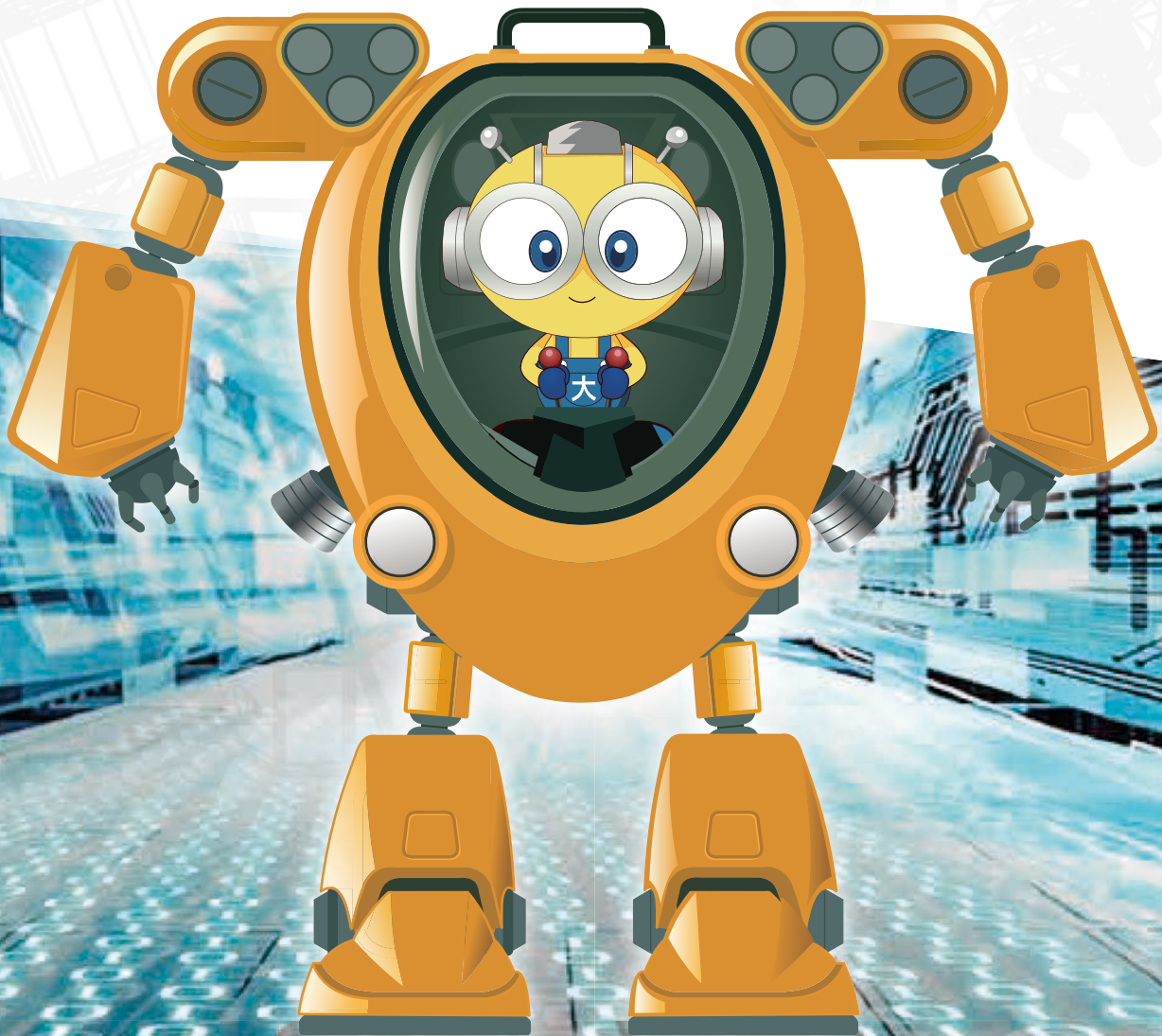




Stock Code:3702

WPG Holdings Limited

2018 Annual Report



Annual Report website
Market Observation Post System
<http://mops.twse.com.tw>
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1. Letter to Shareholders

We have remained number one in semiconductor component channel revenue in the world in 2018 because of our correct product layout, growing productivity, and continuous operation expansion. This Company's operating scale is becoming globalized. Currently, our main sales locations are in Taiwan, China, Hong Kong, and South Asia, but we are gradually expanding our sales locations in Northeast Asia, ASEAN countries, India, and North America. Among these locations, sales in Central and North America grew the fastest. Last year, the revenue broke through NT\$20 billion and the net profit after tax grew by 25% to reach NT\$3.3 million. In 2019, 5G mobile communication, IoT, automobiles, and industrial electronics will be the market mainstay for the global semiconductor revenue and growth in 2019. Through active deployment and cultivation, this Company has sufficiently grasped market growth opportunities. In market application and growth this Company will continue to provide added-value supply chain management service, competitive parts, and turnkey solutions. Our objective is to help our clients develop and invest in future markets and obtain benefits for our suppliers and clients.

1.Review of 2018

Our consolidated revenue was NT\$545.13 billion (US\$18.1 billion). A record high in operating income, net income were reached at NT\$10.6 billion and NT\$7.5 billion. Basic EPS was NT\$4.22. Return on Working Capital (ROWC), the key performance indicator, was 9.63%, and the parent company's shareholder's return on equity (ROE) was 14.10%.

Last year the product structure moved towards diversified development. Core 3C products such as cloud servers and wireless broadband showed stable growth. Non-3C fields such as IoT, automobiles, and industrial use electronics grew rapidly and accounted for 25% of total revenue. We have has approximately 5,400 employees, of which field applications engineers (FAE) account for 16% and provide 223 "solutions online." WPG has approximately 105 operating locations worldwide, 77 in Asia Pacific and 28 in North America, respectively. Our global supply chain crosses regions and support approximately 464 VMI logistic cases to realize one-stop service, which provide customers with higher added-value services.

For four consecutive years, WPG was in the top 20% of listed companies in the corporate governance evaluation, and has been nominated for the Taiwan Corporate Governance 100 Index. This Company participated in the TCSA Taiwan Corporate Sustainability Award CSR award competition for the first time and won the silver medal

in the corporate sustainability report-service group. This indicates that the added-value services in the semiconductor supply chain provided by this Company have been recognized.

2.Outlook for 2019

Facing increasing dynamic changes in global economy, WPG Holdings' management team has to return to management basics. The management is inspecting the individual production lines in the group based on the return on working capital (ROWC). The team is also continuing to adjust production line combinations, organization, and strengthening operating fund management, in which the priority will be accounts receivable and inventory management. In addition to strengthening basic operation management, WPG Holdings is also continuing to transform in the digital area. In the industry AI introduction trend, customer need, response to customer needs, and creating customer needs, are the direction that WPG Holdings is continuing to work towards.

- “WPGDADAWANT” service platform: WPGDADAWANT was initiated in the 2018 digital transformation year and will continue to be promoted in 2019. Different platform information will be linked in real-time. WPG Holdings is also focusing on smart warehouse and logistics service, which is an important digital transformation goal in 2019. After the Hong Kong warehouse has been upgraded and went online at the end of 2018, Shenzhen warehouse will be the next in 2019. .
- Key financial indicators: Increase net income and effectively control operating costs. The ROWC is used as the financial indicator for the group to continuously optimize product mix, improve account receivable and collection, ensure asset quality and liquidity, enhance asset structure and profitability, and improve shareholders' return and dividend.
- Actively deploy and expand the market: In response to integration of upstream factories and to expand market impact, we will actively review related product lines and customer makeup. We will improve information gathering, analysis, and coordination of target markets, as well as integrate the Group's advantages. Various resource applications and production line/business cooperation will be developed. Systemization and well-organized risk control can optimize the entire business processes. WPG will improve our customer service quality, expand our influence, and increase our global market penetration. We will optimize our management capability for our target customer groups and increase our production value. Business development strategy and schedule and resource allocation for overseas business groups will be strictly controlled to serve global customers.

- Enhance portfolio management: This Company will discuss the advantages/disadvantages of various product lines and propose corresponding resource allocation and supplier communication strategy. WPG will actively improve production line management efficiency and identify profitable operating models under different gross margin. WPG's service brand image will be developed and the WPGDADAWANT service platform will be promoted. Internal and external promotions will be conducted online and off line (O2O) to increase brand identification and value-added synergy. Forum management techniques and knowledge sharing groups will be supplemented to cultivate fan loyalty and habitual use. Brands will continuously be promoted to increase perceived quality service, develop market brand and image, increase exchange, and create long-term value for customers.
- Risk management: in 2017 this Company established the Risk management Service Department to continue corporate governance and sustainable development concepts. The department is conducting WPG Holdings' enterprise risk management (ERM) according to company operating objectives and risks. By identifying risk items, the Company use quantitative and qualitative evaluation to assess and control risks. In 2018 the following risk management mechanisms has been implemented: automatic abnormal trading alert mechanism, introduction and management of key risk indicators (KRI), emergency response mechanism for main operating locations and self-managed warehouses, promotion of WPG risk management policy/procedure/concept to various groups and related units, and operation risk management mechanism. These are efforts to further improve risk management effectiveness. Important items include the building of human resource risk management indicators and mechanism, optimizing legal procedures and improving awareness of legal risks, integration and improvement of credit management function, and trade compliance management.
- Integration process and information platform: in response to digitization transformation service, this Company is focusing on the WPGDADAWANT, third-party smart warehousing, mobility upgrading and big data analysis and application. For cross-region transportation and logistics management, the Company will follow strategic objectives and continue to promote work procedure improvements and the building of smart warehouses and smart platforms. This is so that the Company can rapidly respond to a changing environment, achieve improvements in quality and efficiency, and satisfy the Company's operating needs.
- Corporate governance and CSR: continue to increase information transparency. This Company was ranked in the top 20% in the 2018 Corporate Governance Evaluation. In 2019, the objective is to be in the top 5% of listed companies. Board meetings, audit committees, remuneration committees, and new business

strategy committees will continue to be implemented. The annual work plan will also be executed. Important work in WPG Holdings' 2019 Corporate Social Responsibility and Sustainability Report (CSR) include interaction with stakeholders, honest governance, sustainability, talent development and friendly workplace, innovative supply chain partnerships, green management and local care.

In the future, WPG will continue to hold its global leadership position. By using digital transformation, WPG Holdings will continue to expand the healthy development of the product revenue structure, integrate and analyze customer needs, link upstream and downstream, promote supply chain management, create innovative commercial models, and provide customers with higher added-value services.

The management team and colleagues express our deep gratitude for the support and encouragement of our shareholders. We look forward to your guidance and advice in the coming year. WPG will always be consistent in our business philosophy and services. The vision of WPG is "industry first, channel benchmark." By comprehensively promoting the core value of "team, integrity, professionalism and effectiveness," we aim to create win-win outcomes for our suppliers, customers and shareholders, and share with you our exceptional business results.

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

Chairman Huang, Wei-Siang

2. Company Profile

2.1 **Date of Incorporation:** Nov. 9, 2005

2.2 **Milestones**

| | |
|------------|--|
| Nov., 2005 | WPG Holdings Limited 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 with security code of 3702. |
| May, 2006 | Ranked top 10 among top 500 service companies in Taiwan by Common Wealth Magazine. |
| Jun., 2006 | Ranked 4 th for worldwide and 1 st for APAC electronics component distributor by ESM. |
| Jun., 2006 | BOD resolves to pay out 0.16 for cash dividend per share. |
| 2006 | Newly appointed by CREE, ACTIONS, Microchip, and Mstar as APAC or greater China distributor, underpinning High Power LED, and mobile device, imaging, consumer electronics markets in China as well. |
| Jan., 2007 | Established WPG Korea Co., Ltd. and dedicated for Korean customers |
| Apr., 2007 | Ranked no.1 APAC electronic component distributor by ESM. |
| May, 2007 | Ranked top 10 among top 500 service companies in Taiwan by Common Wealth Magazine; Awarded cross-strait industry top 100 by Business Weekly.03+ |
| May, 2007 | Ranked most preferred regional distributor by ESMC; specially awarded best supply capability, best technical support, and best logistics service. |
| Jun., 2007 | BOD resolves to pay out NT\$1.2 for cash dividend per share and NT\$0.5 for stock dividend per share. |
| 2007 | Newly appointed by LITEON and Renesas as APAC or greater China distributor. |
| Jan., 2008 | Awarded MII sponsored, CQAE and CEPA co-certified RECS qualifications in China, supply & distribution recognized for being one of the first to qualify. |
| May, 2008 | WPG Holdings awarded no.1 IC distributor by Common Wealth Magazine and Business Weekly. |
| May, 2008 | Re-elected best and largest Asian electronics distributor and ranked the 3 rd worldwide semiconductor distributor by My-ESM! |

| | |
|------------|--|
| Jun., 2008 | Re-elected best overseas distributor by ESMC, a single to sweep best supply capability, best technical support, best logistics service, and best E-commerce capability. |
| Jun., 2008 | BOD resolves to pay out NT\$2.15 dividend per share for cash, and 0.315 for stock dividend per share. |
| Jun., 2008 | BOD early reelection, re-staffing independent directors with 5 seats instead of 2, accounting for one third of BOD and making up –audit committee exclusively. |
| Jul., 2008 | WPG acquires passive component distributor Pernas Electronics Co., Ltd. (security code: 3256) through share swap, Jul. 16 set for reference day. |
| Oct., 2008 | WPG Holdings Limited has moved to a new office at "10F, No.97, Tun Hua S. Rd., Sec.2, Taipei 106, Taiwan, R.O.C." |
| Oct., 2008 | WPG Holdings forms investment and finance committee. |
| 2008 | Newly appointed by SETi, Telechips, Elan, Harvatek, and Volterra as APAC or greater China distributor. |
| Feb., 2009 | WPG announced to acquire AIT (Code: 6159) 100% share by share swap, and the effective date for closure was set for February 6th, 2009 |
| Feb., 2009 | WPG Holdings forms remuneration committee. |
| May, 2009 | Included by MSCI as the first-ever Taiwan IC distributor constituent. |
| Jun., 2009 | Elected best overseas authorized distributor by ESMC, and awarded best supply capability, best logistics service, and best volume flexibility. |
| Jun., 2009 | Re-elected APAC no. 1 electronics distributor by EETimes, ranked –the 3 rd worldwide distributor. |
| Jun., 2009 | BOD resolves to pay out 1.40 for cash dividend per share. |
| Dec., 2009 | WPG-launched webinars attract much attention from China customers. |
| Dec., 2009 | WPG Electronics (HK) awarded Logistics Awards Hong Kong. |
| 2009 | Newly appointed by TA-I, TDK, KEMET, Wintek, K.S Terminals Inc., Macro Image Technology, Orister Corp., and SG Micro Corp. (Hong Kong) as APAC or greater China distributor. |
| Mar., 2010 | WPI Group the subsidiary of WPG Holdings acquires AIO Components Company Ltd. (AIO) for overseas dealing. |
| May, 2010 | Elected best overseas authorized distributor by ESMC, and awarded best supply capability, best logistics service, and best volume flexibility. |
| Jun., 2010 | Re-elected APAC no. 1 electronics distributor by EETimes, ranked –the 3 rd worldwide distributor. |

| | |
|------------|---|
| Jun., 2010 | BOD resolves to pay out NT\$2.0 for cash per share, and 1.8 for stock dividend per share. |
| Nov., 2010 | WPG acquires YOSUN Industrial Corp. (security code: 2403) through share swap, Nov. 15 set for reference day. |
| Nov., 2010 | Celebrate 5 th anniversary; set forth “the First Choice of Industry; the Benchmark of Distribution” for the new group vision |
| 2010 | Newly or additively appointed or by Raontech, GigaDevice, INSIDE, Advanced Silicon, Redmere, NXP Semiconductors, OSRAM Opto Semiconductors, Synerchip, Sitronix, Epson, Infineon Technologies, Sanyo Semiconductors, Summit Microelectronics Inc., ST Ericsson, AMIC Technology Corporation, Silergy, AMS, Nutune, Trident, AcSip, HuaJie, Evolution, TT Electronics, Leadcore, Rockchip, Synic, Black Sand, ATLAB, SGMICR0, UBIQ, EPICOM, RAYDIUM, TAI-SAW, ALCOR, FUDATONG, PST, Wellypower, ABT, and ZILLTEK as APAC or greater China distributor. |
| May., 2011 | Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3 rd worldwide distributor. |
| Jun., 2011 | BOD resolves to pay out NT\$2.1 for cash, and 0.9 for stock dividend |
| 2011 | Newly or additively appointed by Quality, Energylid Corp., Phoenix, TTM, Marvell, SMSC, Mindspeed, TranSwitch, Vitesse, ICP, mCube, ARM, AzureWave, Citruscom, Domintech, ESMT, FuDaTong, InfoTM, JustPower, Kingston, Neotec, Novatek, Powervation, Quintic, and Winbond as APAC or greater China distributor. |
| Mar., 2012 | WPG acquires AECO Technology Co., Ltd. (security code: 6119) through share swap, Mar. 1 set for reference day. |
| Apr., 2012 | Longview Technology Inc., subsidiary of WPG Holdings' subgroup WPI Group, acquires Long-Think group's electronics components business in greater China area in cash. |
| May, 2012 | Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3 rd worldwide distributor. |
| Jun., 2012 | BOD resolves to pay out NT\$2.6 for cash dividend per share. |
| 2012 | Newly or additively appointed by Bridgelux, ADDA, Prolific, GigaDevice, Action, Hanergy, Sigma Designs, RFM, Eri, Metrodyne, ERP, TUL, PTC, Philips Lumiled, Siano, CHAMPION, CPT, IR, mCube, and Sinopower as APAC or greater China distributor. |
| May., 2013 | Elected 2013 top 25 global electronics component distributors by EDN, ranked the 3 rd worldwide distributor. |
| Jun., 2013 | BOD resolves to pay out NT\$2.4 for cash dividend per share. |
| Aug., 2013 | Made debut and ranked 27 th for Excellence in CSR from |

Common Wealth Magazine.

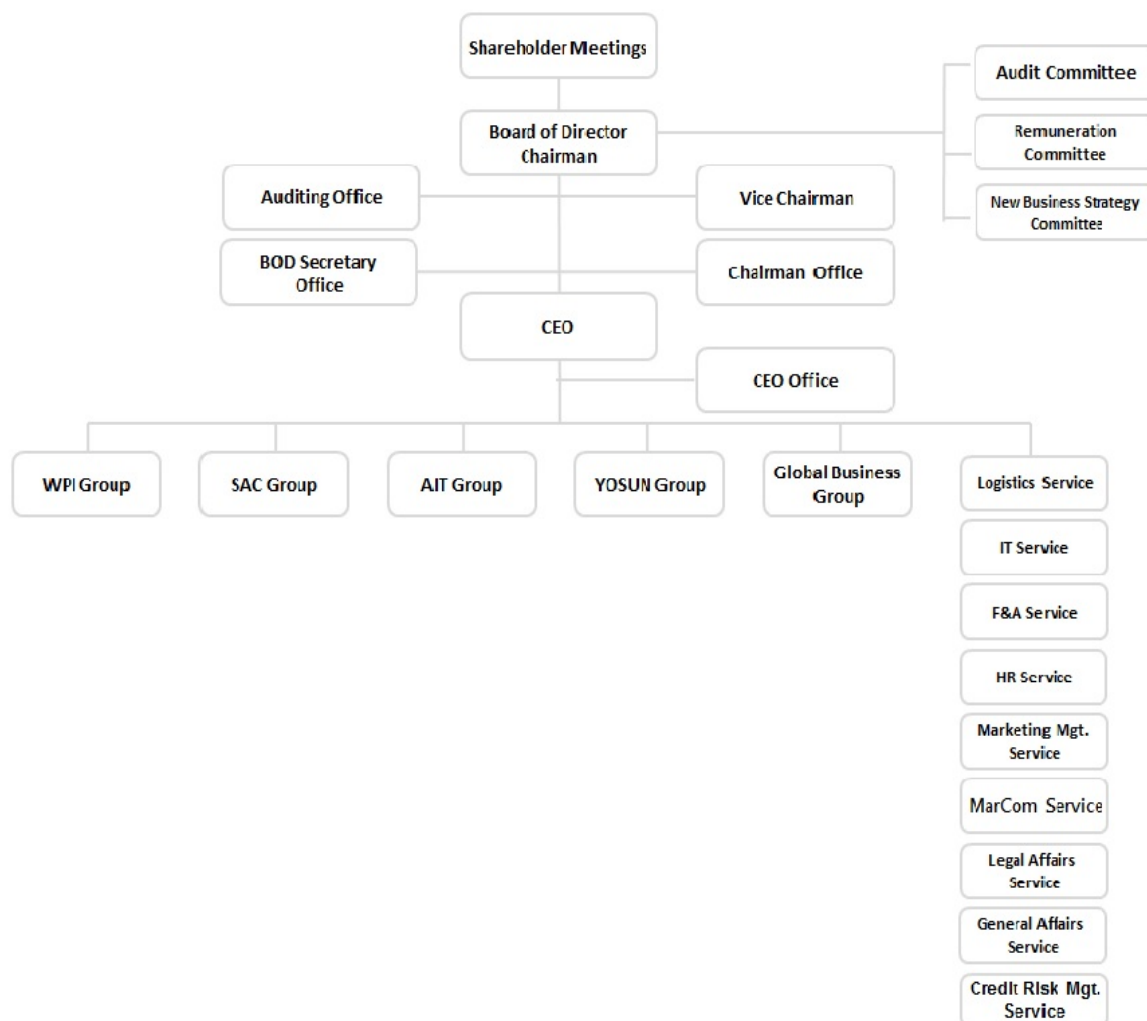
| | |
|------------|--|
| 2013 | Newly or additively appointed by Goodix, Touchstone, LITEON-SILI, T&T, ELAN, Silicon Line, Aptos, CellWise, Next Biometrics, Cyntec, Kingston, Merry, and Wolfson as APAC or greater China distributor. |
| Jan., 2014 | BOD resolves the share swap transactions: World Peace Industrial Co., Ltd. in exchange for Aeco Technology Co., Yosun Industrial Corp. in exchange for RichPower Electronic Devices Co., Ltd., and –Silicon Application Corp. in exchange for Pernas Electronics Co., Ltd.; Jan. 1 set for reference days. |
| May, 2014 | BOD resolution to the first issue of domestic unsecured convertible bonds. |
| Jul., 2014 | WPG Holdings top-graded A++ in Information Disclosure and Transparency Ranking. |
| Dec., 2014 | Awarded the best choice of authorized semiconductor distributor of 2014 EEPW editors' choice |
| 2014 | Newly appointed by O2 Micro, ISSC, Huntersun, Solteam, Fibocom, SEQUANS, VANCHIP, and OTUS as distributor. |
| Mar., 2015 | Distributor of Semiconductor Components - WPG Holdings Limited (TWSE:3702) Commences a Cash Tender Offer for Genuine C&C INC. (OTC:5384). |
| Apr., 2015 | Received an "A++" ranking in "Transparency and Information Disclosure" from Taiwan's Securities and Futures Institute. |
| Apr., 2015 | Ranked among the top 20% of TWSE listed and TPEX listed companies in the –1st ranking of Corporate Governance Evaluation Ranked 1814 place on the Forbes Global 2000. |
| May .,2015 | Received the 2015 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Distributor' from Electronics Supply and Manufacturing China (ESM China). |
| May .,2015 | Added agent and distribution rights increasingly from SANA 、ISSC 、Thine 、TBPC 、Akustica Inc. 、BRIGHTTEK, |
| 2015 | Panda, VANCHIP 、High-Flying 、Ambiq Beken etc. |
| Feb., 2016 | WPG Holdings Limited has moved to a new office at "8F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)". |
| Apr., 2016 | The board of WPG Holdings resolved to sign MOU of buying the real estate for offices on the Jingmao road in Nangang District. |
| Apr., 2016 | Ranked among the top 20% of TWSE listed and TPEX listed companies in the –2 st ranking of Corporate Governance Evaluation result. |
| Apr., 2016 | Ranked 1735 place on the Forbes Global 2000. |
| Jul., 2016 | Selected as stock of "–TWSE Corporate Governance 100 Index |

| | |
|------------|---|
| Oct., 2016 | Received the 2016 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Distributor' from Electronics Supply and Manufacturing China (ESM China). |
| 2016 | Added agent and distribution rights increasingly from VATICS 、 CT Micro 、 Skywalker 、 Seoul Semiconductor 、 BroadLink 、 UNEO 、 TELINK 、 AQUANTIA 、 Sharp etc. |
| Apr., 2017 | Awarded top 20% amongst all listed companies in the 3 rd Corporate Governance Review |
| May, 2017 | Ranked as one of the Forbes Global 2000, and No. 2 in the 2000 survey service industry by CommonWealth Magazine |
| Oct., 2017 | Received Award of Excellence for Electronic Component Distributors: Top 10 Overseas Distributor' from Electronics Supply and Manufacturing China (ESM China). |
| 2017 | Added agent and distribution rights increasingly from Western, Acsip, JMicron, Microvision, PI, SILICONGEAR, UBIQ, Lumileds, TDK, Lattice, Nexperia, etc. |
| Apr., 2018 | The results of the fourth annual review of the company's corporate governance evaluation were listed as 6% to 20%. |
| May., 2018 | Number 2 in the [World Magazine] Selection of 2,000 companies in the Service Industry |
| Jun., 2018 | Ranked 1717 place on the Forbes Global 2000. ° |
| Nov., 2018 | Won the Best International Brand Distributor of the Year in International Electronic Business. |
| 2018 | The group adds Renesas 、 CPS 、 China Mobile 、 AMS 、 ASINK 、 TOSHIBA MEMORY 、 Giantec 、 Yangjie 、 tBPC 、 Intelligo 、 Fenghua 、 FingerTech 、 GOKE 、 Neoway 、 Socionext 、 Chilisin 、 NJRC 、 Navitas and other distribution rights. |
| Apr., 2019 | The results of the fifth annual review of the company's corporate governance evaluation were listed as 6% to 20%. |

3. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

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

WPG Holdings is organized in alignment with the need for ever-changing marketplace. In order to fulfill the shared vision of “the First Choice of Industry; the Benchmark of Distribution”, WPG Holdings positions its functions on: establish management mechanism and supervision for its affiliated subgroups and subsidiaries; highlight backend management effectiveness and frontend coordination through sharing/integral resource platform in order for enhanced frontend effectiveness; specialize in capital market, investor relations, and sourcing of funds.

- i. Auditing Office
Responsible for conducting the design of internal regulations and institutional and evaluating the efficiency for WPG holdings. Also make recommendations for improvement base on evaluation result.
- ii. New Business Desk
Responsible for controlling the evaluation, planning, and post-investment management of new business development; for the purpose of establishing new business long-term competitive advantage or pursuing stable growth.
- iii. Corporate Logistics Service Unit
Responsible for matters related to finance and accounting for WPG Holdings, as well as maintaining relationship with investors.
- iv. Corporate Finance & Accounting Unit
Responsible for the company's financial accounting related matters and investor relations, responsible for the management, policy guidance and supervision of the functions of each group; the chief financial officer serves as the spokesperson of the company.
- v. Corporate HR Service Unit
Responsible for formulating a holding information management strategy and planning an information management system, continually optimizing and integrating the holding information platform, and having responsibility for the control, policy guidance and supervision of the functions of each group.
- vi. Corporate Marketing Management Service Unit
Responsible for the coordination of front-end operation, systems, and standard consistency. Also make recommendations, develop principles for common practice, and track results, in order to improve productivity, through collaboration with each group's contact window.
- vii. Corporate MarCom Service Unit
Responsible for the consistency of front-end business, systems and standards, the holding MMS cooperates with the front-end window of each group to make recommendations, formulate principles, follow and track results, and improve productivity, under the separate operations of the Group.
- viii. Corporate Legal Affairs Service Unit
Responsible for supervising the planning and execution of the holdings brand image and the holdings electronic marketing platform, and is responsible for the control, policy guidance and supervision of the functions of each group.
- ix. Corporate General Affairs Service Unit
Responsible for the legal affairs of the holding company, responsible for the control, policy guidance and supervision of the legal functions of each group.

- x. Corporate Credit Management Service Unit
Responsible for the credit management related affairs of the holding company, and responsible for the management, policy guidance and supervision of the credit management functions of each group.
- xi. Risk management Service Unit
Responsible for assisting the management of the WPG group's risk and crisis management mechanisms and various risk management operations, and assisting in the promotion of risk and crisis management awareness; while continuing to manage product and customer attributes to comply with international trade controls for the project.
- xii. General affairs administration Service Unit
Responsible for the general affairs and administrative affairs of the holding company, and is responsible for the control and policy guidance of the general affairs functions of each group.

3.2 Director, Supervisor, General Manager, Vice President, Assistant Vice President, and Division/Affiliate Head

3.2.1 Director/Supervisors Profile

3.2.1.1 Director/Supervisors Datasheet

Apr. 30, 2019

| Title | Nation ality/ domici le | Name | Gende r | Date Elected | Term | Date First Elected | Initial Shareholding | | Current Shareholding | | Current Spouse & Minor Shareholding | | Shareholding held under Others' names | | Selected Education & Post Positions Shares | Concurrent Positions at WPG and Other Companies | Other Managerial Personnel/Director/ Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship | | |
|----------|----------------------------------|----------------|------------|------------------|---------|-----------------------|----------------------|------|-------------------------|------|--|------|---|---|--|--|--|------|--------------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relat ion |
| Chairman | R.O.C. | Simon Huang | Male | Jun. 19, 2017 | 3 years | Jun. 14, 2005 | 46,512,508 | 2.66 | 41,411,507 | 2.47 | 10,523,167 | 0.63 | - | - | Bachelor, Engineering Science, National Cheng-Kung University; Director, Representative of Taiwan Aries Co. Ltd. | Chairman & Director, WPG Holdings affiliated venture; Chair, Trigold Holdings Limited; General Supervisor, Sinocon Industrial Standards Foundation; Executive Governor, Taipei Electronic Components Suppliers' Association (TECSA) | - | - | - |

| Title | Nationality/ domicile | Name | Gender | Date Elected | Term | Date First Elected | Initial Shareholding | | Current Shareholding | | Current Spouse & Minor Shareholding | | Shareholding held under Others' names | | Selected Education & Post Positions Shares | Concurrent Positions at WPG and Other Companies | Other Managerial Personnel/Director/ Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship | | |
|---------------|--------------------------|------------|--------|---------------|---------|--------------------|----------------------|------|----------------------|------|-------------------------------------|------|---------------------------------------|---|---|--|--|------|----------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation |
| Vice Chairman | R.O.C. | K.D. Tseng | Male | Jun. 19, 2017 | 3 years | Jun. 22, 2011 | 10,494,000 | 0.60 | 9,654,480 | 0.57 | 19,053,200 | 1.13 | - | - | Electronics Engineering, National Taiwan Ocean University; Founder and Chairman of Yosun Co., Ltd. | Chairman & Director, WPG Holdings affiliated venture; Director, Trigold Holdings Limited; Director, Qleap Accelerators Limited Ability Venture Management Co., Ltd. (corporate representative); Ability I Venture Capital Corporation (corporate representative); Chair, Taipei Electronic Components Suppliers' Association (TECSA) | - | - | - |
| Director | R.O.C. | Mike Chang | Male | Jun. 19, 2017 | 3 years | Jun. 14, 2005 | 27,358,674 | 1.57 | 25,112,020 | 1.50 | 582,148 | 0.03 | - | - | Electronics Engineering, National Taipei University of Technology; General Manager, Far Eastern, Chips & Technologies; General Manager, WPG Holdings affiliated venture | Chairman & Director, WPG Holdings affiliated venture; Governor, Taipei Electronic Components Suppliers' Association (TECSA); | - | - | - |

| Title | Nation ality/ domici le | Name | Gende r | Date Elected | Term | Date First Elected | Initial Shareholding | | Current Shareholding | | Current Spouse & Minor Shareholding | | Shareholding held under Others' names | | Selected Education & Post Positions Shares | Concurrent Positions at WPG and Other Companies | Other Managerial Personnel/Director/ Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship | | |
|----------|----------------------------------|-----------|------------|------------------|---------|-----------------------|----------------------|------|-------------------------|------|--|------|---|---|--|--|--|------|--------------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relat ion |
| Director | R.O.C. | T.L. Lin | Male | Jun. 19, 2017 | 3 years | Jun. 14, 2005 | 24,951,707 | 1.43 | 20,195,570 | 1.20 | 17,108,688 | 1.02 | - | - | Electronics Engineering, National Taipei University of Technology; Co-founder, World Peace Industrial Co. Ltd. | Director, Trigold Holdings Limited; FANTASY STORY INC. Director. Taipei Electronic Components Suppliers' Association (TECSA) | - | - | - |
| Director | R.O.C. | K.Y. Chen | Male | Jun. 19, 2017 | 3 years | Jun. 14, 2005 | 5,015,933 | 0.29 | 4,614,658 | 0.27 | 1,474 | 0.00 | - | - | Bachelor, Electro physics, National Chiao-Tung University; Founder and Chairman, Silicon Application Corp. | Chairman & Director, WPG Holdings affiliated venture; Director, Trigold Holdings Limited, Chiayang Biotech Inc.; Director, LeadSun New Star Corp.; Governor, Taipei Electronic Components Suppliers' Association (TECSA) | - | - | - |
| Director | R.O.C. | Frank Yeh | Male | Jun. 19, 2017 | 3 years | Jun. 18, 2014 | 1,300,584 | 0.07 | 1,196,537 | 0.07 | 6,805 | 0.00 | - | - | Electronics Engineering, Feng Chia University; Chairman, eChannelOpen, Inc. General Manager, Arrow Electronics, Inc. | CEO, WPG Holdings Ltd.; Director, WPG Holdings affiliated venture; Independent Director, BenQ Materials Corp. | - | - | - |

| Title | Nation ality/ domici le | Name | Gende r | Date Elected | Term | Date First Elected | Initial Shareholding | | Current Shareholding | | Current Spouse & Minor Shareholding | | Shareholding held under Others' names | | Selected Education & Post Positions Shares | Concurrent Positions at WPG and Other Companies | Other Managerial Personnel/Director/ Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship | | |
|----------|----------------------------------|--|------------|------------------|---------|------------------------------------|----------------------|------|-------------------------|------|--|---|---|---|---|--|--|------|--------------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relat ion |
| Director | R.O.C. | Fullerton Technolo gy Co. (Represe ntative : Wu, Chang-Qi ng) | Male | Jun. 19, 2017 | 3 years | Jun. 14, 2005 Jul. 20, 2016 | 45,135,951 | 2.59 | 43,935,951 | 2.41 | - | - | - | - | Department of Electronics, Feng ChiaUniversity General Manager, RP | Chairman, Fullerton Technology Co.; Chairman/Director (corporate representative), Niceday IT Co. Ltd., Spire Technology Limited; Director (legal corporate representative), Fullerton Digital Co. Ltd., Udar Digital Inc., D. Cinema Technology Co., Ltd.; Director, NTUST Innovations Co. Ltd.; Independent Director, Userjoy Technology Co. Ltd. Supervisor, Kooidea | - | - | - |
| Director | R.O.C. | Henry Shaw | Male | Jun. 19, 2017 | 3 years | Nov. 9, 2005 | 406,618 | 0.02 | 636,888 | 0.04 | - | - | - | - | Master, Business Administration, National Cheng-Chi University; Vice President, Mosel Vitelic Inc., Vice President, Transpac Capital Pte Ltd. | Director, SYSTEX Corp.; Chairman, LIANG XIN Finance Co. Ltd.; Director, Scientech Corp. | - | - | - |

| Title | Nation ality/ domici le | Name | Gende r | Date Elected | Term | Date First Elected | Initial Shareholding | | Current Shareholding | | Current Spouse & Minor Shareholding | | Shareholding held under Others' names | | Selected Education & Post Positions Shares | Concurrent Positions at WPG and Other Companies | Other Managerial Personnel/Director/ Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship | | |
|--------------------------|----------------------------------|---------------------|------------|------------------|---------|-----------------------|----------------------|---|-------------------------|---|--|---|---|---|---|---|--|------|--------------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relat ion |
| Independe nt Director | R.O.C. | Jack J. T. Huang | Male | Jun. 19, 2017 | 3 years | Jun. 25, 2008 | | - | - | - | - | - | - | - | S.J.D., Harvard University; LL.M., Northwestern University; LL.B., National Taiwan University | Partner-in-Charge, Jones Day Taipei. Independent Director, Taiwan Mobile Co., Ltd., SYSTEX Corp., and CTCI Corp.; Director, Taiwan Buffalo Investment Company, Taiwan Investment Management Ltd., Taiwan Biotech Ltd. | - | - | - |
| Independe nt Director | R.O.C. | Rong-Ru ey Duh | Male | Jun. 19, 2017 | 3 years | Jun. 25, 2008 | | - | - | - | - | - | - | - | PH.D. (accounting major), University of Minnesota; Chairman, Accounting Research and Development Foundation; Chair, Taiwan Accounting Association | Professor, Accounting, National Taiwan University College of Management | - | - | - |

| Title | Nation ality/ domici le | Name | Gende r | Date Elected | Term | Date First Elected | Initial Shareholding | | Current Shareholding | | Current Spouse & Minor Shareholding | | Shareholding held under Others' names | | Selected Education & Post Positions Shares | Concurrent Positions at WPG and Other Companies | Other Managerial Personnel/Director/ Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship | | |
|--------------------------|----------------------------------|------------------|------------|------------------|---------|-----------------------|----------------------|---|-------------------------|---|--|---|---|---|--|---|--|------|--------------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relat ion |
| Independe nt Director | R.O.C. | Yung– Hong Yu | Male | Jun. 19, 2017 | 3 years | Jun. 25, 2008 | - | - | - | - | - | - | - | - | PH.D., Sun Yat-sen University; MBA, Colorado State University; Managing director, Ernst & Young business advisory service; Governor, Chinese Strategic Management Accounting Institute | President, Shenzhen AID Management Consulting Co. Ltd.; Business mentor, Shenzhen Production and Research Center at Wuhan University; Advisor, Accounting Research Monthly; Remuneration Committee Member, Fullerton Technology Co. Independent director, Fullerton Technology Co., Ltd. | - | - | - |

List 1: Corporate Director/Supervisor of WPG

Apr. 21, 2019

| Corporate Director/Supervisor | Major Shareholders | Shareholding % |
|-------------------------------|---|----------------|
| Fullerton Technology Co. | Lai, Ru-Kai (3.29%), Liao, Mei-Qi (3.28%), Wu, Chang-Qing (3.1%), Shi Ren Investment Co. Ltd. (1.77%), CTBC Bank Trustee Account For Trust Property (1.73%), Liu, Yan-Hong (1.67%), Liu, Yan-Pei (1.67%), Ou, Shu-Qing (1.64%), Dimensional Emerging Markets Value Fund Inc. Account in Citibank Custody (1.16%), Ruan NI Lian (0.89%), | 20.2 |

List 2: Major Shareholders of the Corporate Shareholder of the Corporate Director/Supervisor

Apr. 21, 2019

| Corporate Name | Major Shareholders | Shareholding % |
|-----------------------------|---|----------------|
| Shi Ren Investment Co. Ltd. | Powerchip Technology Corporation (99.9968%) | 99.99 |

3.2.1.2 Director/Supervisors Datasheet

| Name | Qualification | With At Least Five Years Work Experience and Following Professional Qualification Requirement | | | Independence (Note 1) | | | | | | | | | | Concurrent Service as An Independent Director of Other Public Companies |
|--|---------------|---|---|--|-----------------------|---|---|---|---|---|---|---|---|----|---|
| | | Instructorship or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university | Judgeship, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company | work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Simon Huang | | | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| K.D. Tseng | | | ✓ | | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| Mike Chang | | | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| T.L. Lin | | | ✓ | | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| K.Y. Chen | | | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| Frank Yeh | | | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 |
| Fullerton Technology Co. (Representative : Wu, Chang-Qing) | | | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | 0 |
| Henry Shaw | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| Jack J. T. Huang | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 3 |
| Rong-Ruey Duh | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| Yung-Hong Yu | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 |

Note 1: Tick if during the two years before being elected or during the term of office, the director or supervisory did not and does not meet any of the following.

- An employee of the company or any of its affiliates;
- A director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in accordance with local regulations.
- A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings;
- A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs
- A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company or that holds shares ranking in the top five in holdings
- A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company
- A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, provided that this restriction does not apply to any member of the remuneration committee

who exercises powers pursuant to Article 7 of the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the TWSE or Traded on the GTSM;

- viii. A spouse or relative within the second degree of kinship of any other directors;
- ix. Any of the circumstances in the subparagraphs of Article 30 of the Company Act;
- x. Elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.

3.2.2 General Manager, Vice Presidents, Assistant Vice Presidents, and Division/Affiliate Heads Profile

Apr. 30, 2019

| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Spouse & Minor Shareholding | | Shareholding held under Others' names | | Selected Education & Post Positions | Concurrent Positions at Other Companies | Other Managerial Personnel Whose Relation is Spouse or Relative within the Second Degree of Kinship | | |
|--|-------------|--------------------|--------|--------------|--------------|------|-----------------------------|------|---------------------------------------|---|---|---|---|------|----------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation |
| General Manager | R.O.C. | Frank Yeh | Male | Jul. 1, 2013 | 1,196,537 | 0.07 | 6,805 | 0.00 | — | — | Electronics Engineering, Feng Chia University; Chairman, eChannelOpen, Inc. General Manager, Arrow Electronics, Inc. | CEO, WPG Holdings Ltd.; Director, WPG Holdings affiliated venture; Independent Director, BenQ Materials Corp. | — | — | — |
| Vice President | R.O.C. | Scott Lin | Male | Jan. 1, 2007 | 591,507 | 0.04 | — | — | — | — | B.S., Electronic Engineering, National Taiwan University of Science and Technology; General Manager, Infineon Technologies Taiwan | None | — | — | — |
| Chief Financial Officer (Accounting, Financial Head) | R.O.C. | Cliff Yuan | Male | Nov. 9, 2005 | 685,584 | 0.04 | 13,082 | 0.00 | — | — | Dual Degree, Law & Accounting, Soochow University; Financial Assistant Vice President, WPG Holdings affiliated venture | Director & Supervisor, WPG Holdings affiliated venture; | — | — | — |
| Chief Information Officer | R.O.C. | Jazz Chuang | Male | Jan. 1, 2012 | 166,216 | 0.01 | 689 | 0.00 | — | — | E.M.B.A., Information Management, National Taiwan University College of Management; Vice President, WPG Holdings affiliated venture | None | — | — | — |
| Chief Human Resource Officer | R.O.C. | David Li | Male | Jul. 1, 2013 | 73,367 | 0.00 | — | — | — | — | E.M.B.A., Southern California University; Vice President, WPG Holdings affiliated venture | None | — | — | — |
| General Counsel | R.O.C. | Lucia Tai (note) | Female | May. 1, 2018 | 238 | 0.00 | 920 | 0.00 | — | — | National Taiwan University Law Department | Supervisor, WPG Holdings affiliated venture; | — | — | — |
| Chief MarCom Officer | R.O.C. | Tracy Cheng (note) | Female | May. 1, 2018 | 239,701 | 0.01 | — | — | — | — | Soochow University German, English dual degree | None | — | — | — |

Note: Lucia Tai, General Counsel and Tracy Cheng, Chief MarCom Officer, were appointed on May 1, 2018

3.2.3 Remuneration Paid to Director, Supervisor, General Manager and Vice President in Previous Year

3.2.3.1 Remuneration Paid to Directors

Dec. 31, 2018/Unit: NT\$ thousand

| Title | Name | Remuneration (Note 1) | | | | | | | | The Proportion of A+B+C+D to Net Income (%) | | The Proportion of A+B+C+D+E+F+G to Net Income (%) | | | | | | | | | | Compensation Paid by Non-Consolidated Affiliate | |
|----------------------|---|-----------------------|---|------------------------------|---|--------------------------------|---|----------------------------------|---|---|---|---|---|--------------------------------|-------|---|-------|----------|---|---|------|---|------|
| | | Salary(A) | | Severance Pay and Pension(B) | | Pay of Profit Distribution (C) | | Pay of Professional Practice (D) | | | | Salary, rewards, special disbursement etc. (E) | | Severance Pay and Pensions (F) | | Profit Distribution Allotted to Employee(G) | | | | A、B、C、D、E、F and G The ratio of the total amount of seven items to the net profit after tax(%) | | | |
| | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | |
| From WPG | From Entities of Consolidated Financial Reporting | From WPG | From Entities of Consolidated Financial Reporting | From WPG | From Entities of Consolidated Financial Reporting | From WPG | From Entities of Consolidated Financial Reporting | From WPG | From Entities of Consolidated Financial Reporting | From WPG | From Entities of Consolidated Financial Reporting | From WPG | From Entities of Consolidated Financial Reporting | From WPG | | From Entities of Consolidated Financial Reporting | | From WPG | From Entities of Consolidated Financial Reporting | | | | |
| Cash | Shares | Cash | Shares | | | | | | | | | | | | | | | | | | | | |
| Chairman | Simon Huang | Aggregate | 5,680 | 7,396 | — | — | 42,000 | 44,322 | — | — | 0.64 | 0.69 | 90,742 | 114,624 | 1,412 | 2,698 | 7,557 | — | 7,557 | — | 1.98 | 2.35 | None |
| Vice Chairman | K.D. Tseng | | | | | | | | | | | | | | | | | | | | | | |
| Director | Zhang Ronggang | | | | | | | | | | | | | | | | | | | | | | |
| Director | Ye Fuhai | | | | | | | | | | | | | | | | | | | | | | |
| Director | Lin Zailin | | | | | | | | | | | | | | | | | | | | | | |
| Director | Chen Guoyuan | | | | | | | | | | | | | | | | | | | | | | |
| Director | Fullerton Co., Ltd. Representative: Wu Changqing | | | | | | | | | | | | | | | | | | | | | | |
| Director | Xiao Chonghe | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Huang Rican | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | | |
|----------------------|-------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Independent Director | Du Rongrui | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Yu Yongying | | | | | | | | | | | | | | | | | | | | | |

Note 1: BOD resolved on Apr. 30, 2019.

| Remuneration Scales | Name | | | |
|------------------------------|--|--|--|--|
| | A+B+C+D | | A+B+C+D+E+F+G | |
| | From WPG | From Entities of Consolidated Financial Reporting | From WPG | From Entities of Consolidated Financial Reporting |
| Under NT\$ 2,000,000 | - | - | | - |
| NT\$ 2,000,000 – 4,999,999 | Frank Yeh, Mike Chang, T.L. Lin, K.Y. Chen, K.D. Tseng, Jack J. T. Huang, Henry Shaw, Fullerton Technology Co. (Representative : Wu, Chang-Qing) | Frank Yeh, Mike Chang, T.L. Lin, K.Y. Chen, K.D. Tseng, Jack J. T. Huang, Henry Shaw, Fullerton Technology Co. (Representative : Wu, Chang-Qing) | Mike Chang, Jack J. T. Huang, Henry Shaw, Fullerton Technology Co. (Representative : Wu, Chang-Qing), T.L. Lin | Jack J. T. Huang, Henry Shaw, Fullerton Technology Co. (Representative : Wu, Chang-Qing), T.L. Lin |
| NT\$ 5,000,000 – 9,999,999 | Simon Huang, Rong-Ruey Duh, Yung– Hong Yu | Simon Huang, Rong-Ruey Duh, Yung– Hong Yu | Rong-Ruey Duh, Yung– Hong Yu | Rong-Ruey Duh, Yung– Hong Yu |
| NT\$ 10,000,000 – 14,999,999 | - | - | - | - |
| NT\$ 15,000,000 – 29,999,999 | - | - | Simon Huang, K.D. Tseng, K.Y. Chen | Simon Huang, K.D. Tseng, K.Y. Chen |
| NT\$ 30,000,000 – 49,999,999 | - | - | - | Mike Chang |
| NT\$ 50,000,000 – 99,999,999 | - | - | Frank Yeh | Frank Yeh |
| Above NT\$ 100,000,000 | - | - | - | - |
| Total | 11 | 11 | 11 | 11 |

3.2.3.2 Remuneration Paid to General Manager and Vice Presidents

Dec 31, 2018/Unit : NT\$ thousands

| Title | Name | Salary(A) | | Severance Pay and Pensions(B) | | Rewards, Special Disbursement etc.(C) | | Employee's compensation (D)(Note1) | | | | The Proportion of A+B+C+D to Net Income (%) | | Compensation Paid by Non-Consolidated Affiliate |
|--|-------------|-----------|---|-------------------------------|---|---------------------------------------|---|------------------------------------|-------|---|-------|---|---|---|
| | | From WPG | From Entities of Consolidated Financial Reporting | From WPG | From Entities of Consolidated Financial Reporting | From WPG | From Entities of Consolidated Financial Reporting | From WPG | | From Entities of Consolidated Financial Reporting | | From WPG | From Entities of Consolidated Financial Reporting | |
| | | | | | | | | Cash | Share | Cash | Share | | | |
| General Manager | Frank Yeh | 27,158 | 27,158 | 864 | 912 | 39,917 | 43,292 | 18,108 | — | 18,108 | — | 1.15 | 1.19 | None |
| Vice President | Scott Lin | | | | | | | | | | | | | |
| Chief Financial Officer (Accounting, Financial Head) | Cliff Yuan | | | | | | | | | | | | | |
| Chief Information Officer | Jazz Chuang | | | | | | | | | | | | | |
| Chief Human Resource Officer | David Li | | | | | | | | | | | | | |
| General Counsel | Lucia Tai | | | | | | | | | | | | | |
| Chief MarCom Officer | Tracy Cheng | | | | | | | | | | | | | |

Note 1: The board of directors of the company decided on April. 30, 2019 to draw up the amount of compensation for employees.

| Remuneration Scales | Name | |
|------------------------------|-------------------------------------|---|
| | From WPG | From Entities of Consolidated Financial Reporting |
| Under NT\$ 2,000,000 | — | — |
| NT\$ 2,000,000 – 4,999,999 | Scott Lin 、 Lucia Tai 、 Tracy Cheng | Scott Lin 、 Lucia Tai 、 Tracy Cheng |
| NT\$ 5,000,000 – 9,999,999 | Cliff Yuan, Jazz Chuang, David Li | Cliff Yuan, Jazz Chuang, David Li |
| NT\$ 10,000,000 – 14,999,999 | — | — |
| NT\$ 15,000,000 – 29,999,999 | — | — |
| NT\$ 30,000,000 – 49,999,999 | — | — |
| NT\$ 50,000,000 – 99,999,999 | Frank Yeh | Frank Yeh |
| Above NT\$ 100,000,000 | — | — |
| Total | 7 | 7 |

3.2.3.3 Name and distribution of managers who distribute employee compensation

Dec. 31, 2018/Unit: NT\$ thousands

| | Title | Name | Share Bonus | Cash Bonus (Note 1) | Gross Bonus | The Proportion of Gross Bonus to Net Income (%) |
|----------------------|--|-------------|-------------|---------------------|-------------|---|
| Managerial Personnel | General Manager | Frank Yeh | — | 18,108 | 18,108 | 0.24 |
| | Vice President | Scott Lin | | | | |
| | Chief Financial Officer(acct, fin. head) | Cliff Yuan | | | | |
| | Chief Information Officer | Jazz Chuang | | | | |
| | Chief Human Resource Officer | David Li | | | | |
| | General Counsel | Lucia Tai | | | | |
| | Chief MarCom Officer | Tracy Cheng | | | | |

Note 1: The Board of Directors of the company decided on April 30, 2019 to draw up the amount of compensation for employees.

3.2.4 Remuneration Policies, Standards/Packages, Formulation Procedures, the Linkage to Operating Performance and Future Risk Exposure for WPG and Entities of Consolidated Financial Reporting in Previous 2 Years

3.2.4.1 Proportion of Gross Remuneration Paid to Directors, Supervisors, General Manager, and Vice Presidents to Net Income in Previous 2 Years

Unit: NT\$ thousands

| Remuneration Type | From WPG | | From Entities of Consolidated Financial Reporting | |
|---|-----------|-----------|---|-----------|
| | 2017 | 2018 | 2017 | 2018 |
| Pay of Director | 47,880 | 47,680 | 50,258 | 51,718 |
| Proportion of Pay Aggregate to Net Income (%) | 0.66 | 0.64 | 0.68 | 0.69 |
| Pay of Supervisor | — | — | — | — |
| Proportion of Pay Aggregate to Net Income (%) | — | — | — | — |
| Pay of General Manager and Vice President | 74,291 | 86,047 | 95,325 | 89,470 |
| Proportion of Pay Aggregate to Net Income (%) | 1.02 | 1.15 | 1.29 | 1.19 |
| Net Income (loss) | 7,307,987 | 7,462,010 | 7,366,435 | 7,515,017 |

As shown in above table, the 2018 directors' remuneration, as well as remuneration paid to general manager and vice presidents increased alongside the growth of profit after tax. However, the proportion of 2018 directors' remuneration, as well as remuneration paid to general manager and vice presidents in gross profit after tax is decreased as compared with the previous fiscal year.

3.2.4.2 Policies, Standards/Packages, Formulation Procedures, the Linkage to Operating Performance and Future Risk Exposure with Respect to Remuneration Paid to Directors, Supervisors, General Manager, and Vice Presidents

(1) The rules governing director and supervisor's remuneration are as follow:

In accordance with the regulations stipulated in the Articles of Incorporation of the company, where the financial results for the fiscal year show a profit, the Company may, by a resolution adopted by the meeting of Board of Directors, have not less than 0.1% and not more than 5% of the profit distributable as employees' compensation

and have not more than 3% of the foresaid profit distributable as remuneration to directors and supervisors. Reports of such distribution as employees' compensation and remuneration to directors and supervisors shall be submitted to the shareholders' meeting. However, in case of the accumulated losses, certain profits shall first be reserved to cover them.

- (2) The rules governing general manager and vice president's remuneration are as follow:

By WPG's Articles of Incorporation, general manager and other managerial persons' compensation shall be decided by a resolution to be adopted by a half of vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company; the compensation of vice president shall be proposed and submitted by general manager for remuneration committee's review

- (3) By WPG's Articles of Incorporation, operational profit and losses do not condition the pay of directors conducting the business of the company, which is authorized to and decided by a resolution at a meeting of the board of directors in the light of participation and value of contributions to the company and with reference to industry standards. The establishment of remuneration committee under board of directors assists in the development of compensation policies for directors, senior management, and the company as a whole. At the time of reported year-end surplus profits, the board of directors shall propose a distribution scheme, obtain the resolution at a meeting of shareholders, and then distribute the compensation for directors. By WPG board resolutions, directors and committee conveners receive fixed pay every month; committee members are offered allowance according to attendance of meetings, and no compensation else. By the Articles of Incorporation and functioning of board and remuneration committee, WPG shall from time to time review the remuneration for director and senior management according to one's participation and value of contributions to the company, and minimize the possibility of and linkage to future risk events, in order for balance between sustainable management and risk management. WPG has insured the board and managerial personnel against liability, with insured amounts adding up to USD 15,000 thousand; by means of D&O insurance, WPG mitigates the risk exposure, shifting the potential damages arising from the business conduct of directors, managerial personnel and corporation.

3.3. Overview of Corporate Governance

3.3.1. Operational Status of Board

After the reelection on Jun 19, 2017, the 5th term of board is composed of 11 directors who are professional and experienced at semiconductor, financial, business, and management fields. Attorney Jack J.T. Huang of Jones Day, Professor Rong-Ruey Duh of National Taiwan

University College of Management, and Yung-Hong Yu, the president of Shenzhen Aid Management Consulting Ltd., among others, are independent directors.

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

In 2018, the board had 9 meetings; the status of attendance is as follows:

| Title | Name | Attendance in Person | Attendance by Proxy | Proportion of Attendance in Person (%) | Remarks |
|----------------------|--|----------------------|---------------------|--|---------|
| Chair | Simon Huang | 9 | — | 100 | — |
| Vice Chair | K.D. Tseng | 9 | — | 100 | — |
| Director | Mike Chang | 9 | — | 100 | — |
| Director | T.L. Lin | 8 | 1 | 88.89 | — |
| Director | K.Y. Chen | 8 | 1 | 88.89 | — |
| Director | Frank Yeh | 9 | — | 100 | — |
| Director | Fullerton Technology Co. (Representative : Richard Wu) | 9 | — | 100 | — |
| Director | Henry Shaw | 8 | 1 | 88.89 | — |
| Independent Director | Jack J. T. Huang | 8 | 1 | 88.89 | — |
| Independent Director | Rong-Ruey Duh | 8 | 1 | 88.89 | — |
| Independent Director | Yung-Hong Yu | 9 | — | 100 | — |

Statement:

- The date, period, agenda items of the board meeting, independent directors' opinions and the actions taken by the company shall be stated under the following situations:

- (1) The matters provided in Article 14-3 of Securities and Exchange Act.
- (2) Other resolutions included in records or stated in writing regarding independent directors' dissenting or qualified opinion:

| Board meeting | Agenda items and Actions taken by the company | The matters provided in Article 14-3 of Securities and Exchange Act | Other resolutions included in records or stated in writing regarding independent directors' dissenting or qualified opinion |
|--|--|---|---|
| Mar. 27, 2018 (2 nd in 2018) | The company's 2018 annual accountant appointment | V | |
| Independent directors' opinion: None | | | |
| Actions taken by the company: None | | | |
| Resolution: The resolution was approved by all Directors without raising any objection when the chairperson puts forward the relevant resolutions for approval | | | |

- For the status of directors' recusal with respect to relationship of interest, the names, agenda items, reasons to enter recusal, and status of voting shall be stated: none
- Targets of enhanced functions of board of directors (i.e. establishment of audit committee, enhancement of

information transparency) of the year and in the most recent year and progress assessment: in order for sounder supervising functions of board of directors and robust managerial mechanism, starting from 2008, WPG advances the establishment and operation of audit and remuneration committees, and establishes the new business strategy committee on Oct. 29, 2013. Refer to 3.3.2 "Operational Status of Audit Committee", 3.3.3 "Composition, Duties, and Operational Status of Remuneration Committee", and 3.3.4 "Operational Status of New Business Strategy Committee" in page 30.

Attendance of Independent Directors in BOD of 2018

◎In person ☆Delegate to attend ※Absent

| 2018 | 1 st | 2 nd | 3 rd | 4 th | 5 th | 6 th | 7 th | 8 th | 9 th |
|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Jack J. T. Huang | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ | ☆ |
| Rong-Ruey Duh | ☆ | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ |
| Yung-Hong Yu | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ |

3.3.2. Operational Status of Audit Committee

The 5th term of office of Board of Directors is composed of three independent directors. The audit committee is composed of all of the three independent directors in place in order for better corporate governance, sounder audit supervision, and robust managerial function. The purpose of the committee is to assist the board of directors in implementing supervising functions; the matters under review include corporate financial statements, corporate policy and procedures for auditing and accounting, corporate internal control mechanism, major acquisition or disposal of assets, appointment/dismissal/compensation of certifying accountant, and other material corporate affairs or items required by competent authorities.

In 2018, the audit committee had 9 meetings; the status of attendance is as follows:

| Title | Name | Attendance in Person | Attendance by Proxy | Proportion of Attendance in Person (%) | Remarks |
|--------------------------------|------------------|----------------------|---------------------|--|---------|
| Independent director(convener) | Rong-Ruey Duh | 8 | 1 | 88.89 | — |
| Independent director (member) | Jack J. T. Huang | 8 | 1 | 88.89 | — |
| Independent director (member) | Yung-Hong Yu | 9 | — | 100 | — |

Statement:

1. The the date, period, agenda items, the resolution result of audit committee, and the actions taken by the company shall be stated under the following situations:
 - i. The matters provided in Article 14-5 of Securities and Exchange Act.
 - ii. Other resolutions that has not been passed by the audit committee but has been adopted with the approval of two-thirds or more of all board directors:

| | | | |
|-----------------|---|---|--|
| Audit committee | Agenda items and Actions taken by the company | The matters provided in Article 14-5 of Securities and Exchange Act | Other resolutions that has not been passed by the audit committee but has been adopted with the approval of two-thirds or more of all board directors: |
|-----------------|---|---|--|

| | | | |
|--|--|---|--|
| Mar. 27, 2018 (2 nd in 2018) | The Company and its subsidiaries 2018 annual accountant appointment and public fees | V | |
| Mar. 27, 2018 (2 nd in 2018) | The company's 2017 annual financial report (including individual and consolidated financial reports) and business report | V | |
| Aug. 14, 2018 (6 th in 2018) | The company's consolidated financial report for the first half of 2018 | V | |
| Resolution of Audit Committee: The resolution was approved by the Audit Committee members without raising any objection when the chairperson puts forward the relevant resolutions for approval. | | | |
| Actions taken by the company: The resolution was approved by all Directors without raising any objection. | | | |

2. For the status of independent directors' recusal with respect to relationship of interest, the names, agenda items, reasons to enter recusal, and status of voting shall be stated: none.

3. Status of independent directors' communication with internal auditors and independent auditors: the audit committee is composed of all of the three independent directors, meeting at least one time per quarter, joined in auditor, accounting and financial head's routine presentation; the certifying accountants also regularly communicate with the audit committee.

3.3.3. Composition, Duties, and Operational Status of Remuneration Committee

3.3.3.1. Committee Member Profile

| Position | Qualification | With At Least Five Years Work Experience and Following Professional Qualification Requirement | | | Independence (Note 1) | | | | | | | | Concurrent Service As An Remuneration Committee Member of Other Public Companies |
|----------------------|------------------|---|---|--|-----------------------|---|---|---|---|---|---|---|--|
| | | Instructorship or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university | Judgeship, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company | work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| Independent Director | Yung– Hong Yu | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1 |
| Independent Director | Jack J. T. Huang | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 3 |

| | | | | | | | | | | | | | |
|----------------------|---------------|---|--|--|---|---|---|---|---|---|---|---|---|
| Independent Director | Rong-Ruey Duh | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | — |
|----------------------|---------------|---|--|--|---|---|---|---|---|---|---|---|---|

Note 1: Mark V if during the two years before being elected or during the term of office, the member didn't and doesn't meet any of the following:

- (1) An employee of the company or any of its affiliates;
- (2) A director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in accordance with local regulations;
- (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings;
- (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs;
- (5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company or that holds shares ranking in the top five in holdings;
- (6) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company
- (7) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company;
- (8) Any of the circumstances in the subparagraphs of Article 30 of the Company Act.

3.3.3.2. The Operational Status of the Remuneration Committee

The purpose of the committee is to assist the Board of Directors in the deliberation and formulation of director and managerial personnel remuneration, assessment of companywide remuneration policies, and the transaction of remuneration evaluation affairs. The committee is composed of three members. Yung-Hong Yu, the independent director, convenes the committee no less than two times a year.

The committee chairman Yung-Hong Yu convenes five meetings in 2018; the status of attendance is as follows:

| Title | Name | Attendance in Person | Attendance by Proxy | Proportion of Attendance in Person (%) | Remarks |
|---------------------------------|------------------|----------------------|---------------------|--|---------|
| Independent Director (convener) | Yung-Hong Yu | 5 | — | 100 | — |
| Independent Director (member) | Jack J. T. Huang | 5 | — | 100 | — |
| Independent Director (member) | Rong-Ruey Duh | 4 | 1 | 80 | — |

Statement:

| Remuneration Committee | The content of the motion and its follow-up | Resolution result | The company's handling of the Remuneration Committee's opinions |
|---|--|--|---|
| January 30 2018 (First time in 2018) | 1. The company's 2017 annual director compensation distribution 2. The company's 2018 annual appointed manager and holding high-level manager key performance indicator (KPI) setting 3. Revision of the fifth executive CEO compensation system | After the chairman's consultation, all the members present at the meeting passed the resolution without objection. | The Board of Directors attended the meeting and passed without objection Authorized by the Board of Directors (note) |
| March 27 2018 (Second time in 2018) | 1. The fifth annual performance manager group CEO's compensation system 2. The appointment of Executive Director of subsidiary company AIT group. | After the chairman's consultation, all the members present at the meeting passed without objection. | Authorized by the Board of Directors (note) The Board of Directors attended the meeting and passed without objection |
| April 24, 2018 (Third time in 2018) | 1. The company's 2017 annual director compensation distribution case | After the chairman's consultation, all the members present at the meeting passed the resolution without objection. | Authorized by the Board of Directors (note) |
| July 31 2018 (Fourth time in 2018) | (No discussed matters) | | |
| October 30 2018 (Fifth time in 2018) | 1. Revision of "WPG Holdings Manager Transfer to Consultant Process" | After the chairman's consultation, all the members present at the meeting passed the resolution without objection. | The Board of Directors attended the meeting and passed without objection |

Note : According to Procedure of Remuneration Committee Operating Authority which was approved by the Board of Directors, authorized the Remuneration Committee to approve the matters. The Salary Committee shall report to the Board of Directors after the resolution.

1. If the Board of Directors does not adopt or amend the recommendations of the Compensation and

| Title | Name | Attendance in Person | Attendance by Proxy | Proportion of Attendance in Person (%) | Remarks |
|--|--|----------------------|---------------------|--|---------|
| Remuneration Committee, it shall state the date and time of the Board of Directors, the content of the proposal, the results of the resolutions of the Board of Directors and the company's handling of the opinions of the Remuneration Committee (eg. the salary remuneration approved by the Board of Directors is superior to the recommendations of the Remuneration Committee) , should explain the difference and its reasons: None | | | | | |
| 2. | The resolutions of the Remuneration Committee, if the members have objections or reservations and have records or written statements, shall state the date, period, content of the proposal, the opinions of all members and the treatment of the members' opinions: None. | | | | |

3.3.4. The Operational Status of the New Business Strategy Committee

The purpose of the committee is to assist the company with the development of second tier core business, in order for elevated strategy-making and beneficial outcomes.

The committee is set up on Oct. 29, 2013, composted of five members, including four directors and one independent director convenes the committee no less than four times a year.

The chairman convenes four meetings in 2018; the status of attendance is as follow:

| Title | Name | Attendance in Person | Attendance by Proxy | Proportion of Attendance in Person (%) | Remarks |
|-------------------------------|--------------|----------------------|---------------------|--|---------|
| Director (convener) | Simon Huang | 4 | — | 100 | — |
| Director (member) | K.D. Tseng | 4 | — | 100 | — |
| Director (member) | T.L. Lin | 4 | — | 100 | — |
| Director (member) | K.Y. Chen | 3 | 1 | 75 | — |
| Independent Director (member) | Yung-Hong Yu | 4 | — | 100 | — |
| Statement: None. | | | | | |

3.3.5 The State of the Company's Implementation Of Corporate Governance, Departure of Such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the Reason for Any Such Departure

| Item | State of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies |
|---|----------------------------------|----|--|---|
| | Yes | No | Summary | |
| 1. The company formulates and discloses own corporate governance principles with reference to "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies". | V | | WPG has formulated the corporate governance principles on Jul. 27, 2010; refer to "Overview of Corporate Governance" of the annual report page 35-46. | None. |
| 2. Ownership Structure and the Rights and Interests of Shareholders | | | | |
| i. The company formulates and implements internal procedures for handling of matters referred to shareholder proposals, inquiries, and disputes. | V | | i. WPG designates spokesperson, deputy spokesperson, and shareholder services agent to handle such matters. | None. |
| ii. The company retains a register of major shareholders who have controlling power, and of the persons with ultimate control over those major shareholders. | V | | ii. WPG's shareholder services division retains the register of major shareholders; such records are disclosed, by law, on the designated internet information posting system of Securities and Futures Institute. | None. |
| iii. The company establishes and carries out the risk management and firewall control between itself and its affiliated enterprises. | V | | iii. WPG's internal control systems already have relevant systems; clear distinction has been drawn between the responsibilities and duties of involved persons and no abnormal transactions have been identified. | None. |
| iv. The company formulates internal rules prohibiting company insiders from trading securities using information not disclosed to the market. | V | | iv. WPG has "Procedure for the Management and Prevention of Insider Trading" in place, prohibiting company insiders from trading securities using information not disclosed to the market. | None. |

| Item | State of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|----------------------------------|------------|---|---|---------|------------|-----------------|--------------------|---------|-----|----------|-------------|---|---|---|---|--|--|---|------------|---|---|---|---|--|--|--|-----------|---|---|---|---|--|--|--|----------|---|---|---|---|--|--|--|-----------|---|---|---|---|--|--|--|-----------|---|---|---|---|--|--|--|------------|---|---|---|---|---|--|--|--|---|---|---|---|--|--|--|---------------|---|---|---|--|---|--|--|-----------------|---|---|---|--|---|---|--|--------------|---|---|---|--|---|--|---|------|
| | Yes | No | Summary | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. The composition and duties of the board of directors i. The Board of Directors formulates and implements a policy on diversity of board composition. | V | | <div>i. The WPG's board composition is on diversity backgrounds of Board of Directors members include lawyering, accounting, finance, human resources and management etc., in addition to the electronics component business.</div> <table><tr><th>Directors</th><th>Gender</th><th>Management</th><th>Decision Making</th><th>Industry Knowledge</th><th>Finance</th><th>Law</th><th>Resource</th></tr><tr><td>Simon Huang</td><td>M</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td>V</td></tr><tr><td>K.D. Tseng</td><td>M</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td></td></tr><tr><td>K.Y. Chen</td><td>M</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td></td></tr><tr><td>T.L. Lin</td><td>M</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td></td></tr><tr><td>Mike Chen</td><td>M</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td></td></tr><tr><td>Frank Yeh</td><td>M</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td></td></tr><tr><td>Henry Shaw</td><td>M</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr><tr><td>Fullerton Technology Co. (Representative : Richard Wu)</td><td>M</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td></td></tr><tr><td>Rong-Ruey Duh</td><td>M</td><td>V</td><td>V</td><td></td><td>V</td><td></td><td></td></tr><tr><td>Jack J.T. Huang</td><td>M</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td><td></td></tr><tr><td>Yung-Hong Yu</td><td>M</td><td>V</td><td>V</td><td></td><td>V</td><td></td><td>V</td></tr></table> | Directors | Gender | Management | Decision Making | Industry Knowledge | Finance | Law | Resource | Simon Huang | M | V | V | V | | | V | K.D. Tseng | M | V | V | V | | | | K.Y. Chen | M | V | V | V | | | | T.L. Lin | M | V | V | V | | | | Mike Chen | M | V | V | V | | | | Frank Yeh | M | V | V | V | | | | Henry Shaw | M | V | V | V | V | | | Fullerton Technology Co. (Representative : Richard Wu) | M | V | V | V | | | | Rong-Ruey Duh | M | V | V | | V | | | Jack J.T. Huang | M | V | V | | V | V | | Yung-Hong Yu | M | V | V | | V | | V | None |
| Directors | Gender | Management | Decision Making | Industry Knowledge | Finance | Law | Resource | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Simon Huang | M | V | V | V | | | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| K.D. Tseng | M | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| K.Y. Chen | M | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| T.L. Lin | M | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mike Chen | M | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Frank Yeh | M | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Henry Shaw | M | V | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fullerton Technology Co. (Representative : Richard Wu) | M | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rong-Ruey Duh | M | V | V | | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jack J.T. Huang | M | V | V | | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Yung-Hong Yu | M | V | V | | V | | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Item | State of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies |
|---|----------------------------------|----|---|---|
| | Yes | No | Summary | |
| ii. The company sets up other optional functional committees, in addition to the compulsory remuneration and auditing committee. | V | | ii. The company sets up the Audit Committee, the Remuneration Committee and New Business Strategy Committee. | None. |
| iii. The company formulates rules and procedures for board performance assessments, and each year conducts regularly scheduled performance assessments. | V | | iii. WPG conducts director self-assessment via closed and open-ended questionnaires at January or so each year, and proposes to formulate rules and procedures for board performance assessment in FY2015. | None. |
| iv. The company evaluates periodically the independence of the attesting CPA. | V | | iv. The Company regularly assesses the independence of accountants and establishes the "Verifying Accountant Review and Evaluation Form" based on the "Verifying Accountant Selection Review Method" adopted by the Audit Committee. The following major items are used as review requirements: ① Accountants and their spouses, minor children are not the directors and supervisors of the Company and its subsidiaries or have significant influence on duties and conflicts of interest. | None. |

| Item | State of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies |
|------|----------------------------------|----|--|---|
| | Yes | No | Summary | |
| | | | <p>② Has not undertook verification service for 7 years.</p> <p>③ In the past two years, the firm and the accountant have no major lawsuits or the relevant authorities have corrected the case.</p> <p>④ The size and reputation of accounting firms.</p> <p>⑤ Quality of service for auditing and taxation.</p> <p>The company's chief financial officer attached a visa accountant's resume, a statement and the "Visa Accountant Review and Evaluation Form" to report to the Audit Committee and the Board of Directors at March 3, 2018 for review and approval.</p> <p>After the assessment of CPA Lin, Chun-Yao, and CPA Chou, Chien-hung of PwC Taiwan, they are in line with the company's independent evaluation, and can hiring as an attesting CPA.</p> | |

| Item | State of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies |
|--|----------------------------------|----|--|---|
| | Yes | No | Summary | |
| 4. Listed company should set the position for corporate governance. (Including but not limited to providing operational data of directors and supervisors, holding board of directors and shareholder meetings accordance with the law, handling company registry and amendment of register, making handbook for Annual Meeting of Shareholders, etc.) | V | | <p>The company passed the resolution of the Board of Directors on April 30, 2019, and appointed the chief legal officer, Lucia Tai, as the head of corporate governance to protect shareholders' rights and strengthen the functions of the Board of Directors Ms. Tai has been able to have more than three years of experience in the public affairs of the company. The main duties of the Corporate Governance Responsibilities are to handle matters relating to the Board of Directors and the Shareholders' Meeting in accordance with the law, to produce the Board of Directors and the Shareholders' Meetings, to assist the Directors and the Supervisors to take up the post and to continue their studies, to provide the Directors and supervisors with the information required to carry out their business, to assist the Directors and to People follow laws and regulations, etc.</p> <p>The training for 2019 is as follows</p> | None. |

| Item | State of Implementation (Note 1) | | | | Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies | | | | | | | | |
|--|----------------------------------|----|---|-------------------------|---|----------------------|-------------|----------------|--------------|-------------------------|--|---------|------|
| | Yes | No | Summary | | | | | | | | | | |
| 5. The company establishes a channel to communicate with the stakeholders, designates a stakeholder's section on its website, and appropriately responds to corporate social responsibility issues of stakeholders' concern. | √ | | <table><tr><td>Date of class</td><td>Hosting organization</td><td>Class title</td><td>Class duration</td></tr><tr><td>May 14, 2019</td><td>Taiwan Director society</td><td>How to avoid accidental insider trading.</td><td>3 hours</td></tr></table> | | Date of class | Hosting organization | Class title | Class duration | May 14, 2019 | Taiwan Director society | How to avoid accidental insider trading. | 3 hours | None |
| | | | Date of class | Hosting organization | Class title | Class duration | | | | | | | |
| | | | May 14, 2019 | Taiwan Director society | How to avoid accidental insider trading. | 3 hours | | | | | | | |
| Aiming for enhanced corporate governance, WPG has set up a website of "Stakeholder Engagement" to offer direct channels of communication with "company stakeholders" like employees, shareholders, corresponding banks, consumers, suppliers etc.The website provides the e-mail address of auditing committee as Procedure for Advice Receiving and Complaint Case Handling by Audit Committee provides, directing issues including but not limited to CSR to the committee for their response; so as to build a direct and unobstructed channel between stakeholders and auditing committee to respect and safeguard their legal rights. The connecting address is as follows: | | | | | | | | | | | | | |
| http://www.wpgholdings.com/stakeholder/index/zhtw | | | | | | | | | | | | | |

| Item | State of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies |
|--|----------------------------------|----|---|---|
| | Yes | No | Summary | |
| 6. The company engages a professional shareholder services agent to handle shareholders meeting matters. | V | | WPG engages Capital Securities Corporation to handle shareholders meeting matters. | None. |
| 7. Information Disclosure | | | | |
| i. The company sets up a website disclosing the information regarding the company's finances, operations and corporate governance. | V | | i. WPG has a public website (www.wpgholdings.com) in place, regularly disclosing and updating the information regarding the company's finances, operations and corporate governance for investors' reference. | None. |
| ii. The company adopts additional means of information disclosure (i.e. set-up of English website, appointment of personnel responsible for gathering and disclosing the information, establishment of spokesperson system, publication of audio or video record of investor conference on corporate website etc.) | V | | ii. The WPG website in place is English-furnished and the information thereof is gathered and disclosed by responsible persons; briefings of investor conference are also available for investors' reference. | None. |

| Item | State of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies |
|---|----------------------------------|----|--|---|
| | Yes | No | Summary | |
| 8. The company avails additional major information in favor of understanding its operation of corporate governance. (including but not limited to: interests of the employees, care for employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, policy of risk management, executive state of risk metrics, executive state of customers policy, provision of D&O liability insurance etc.) | √ | | <ul style="list-style-type: none"> i. Interests of the employees, care for employees: refer to page 106-120 for detail of “Labor Relation” section of the annual report; ii. WPG is a holding company, engaging neither manufacturing nor selling, hence not polluting the environment; transactions with suppliers are primarily everyday general business operations. iii. In order for sound corporate governance systems, WPG already formulates its corporate governance principles on Jul. 27, 2010 with reference to TWSE and GTSM’s “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”. iv. WPG’s directors have faithfully conducted corporate affairs and perform the duty of care of a good administrator in exercising their powers. v. WPG provides D&O liability insurance for its directors and managerial persons. vi. WPG already formulates the pan-WPG “Policy and Procedure for Risk Management” on Apr. 24, 2012; and has amended the executive state of risk management policy and risk metrics on Jan. 26, 2017; refer to page 385-388 for detail of “Risk Management” section of the annual report. vii. The continuing education of directors is governed by Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies; refer to page 43-46 for detail. | <p>None.</p> <p>None.</p> <p>None.</p> <p>None.</p> <p>None.</p> <p>None.</p> <p>None.</p> |

| Item | State of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies |
|---|----------------------------------|----|---|---|
| | Yes | No | Summary | |
| 9. The company's corporate governance is evaluated and reported through self-assessment or engaging outside professional institutions. (if yes, please state the opinions of the board, result of self-assessment or outside evaluation, major deficiency, recommendations, and state of improvement) | V | | In the results of the 2018 annual evaluation, the company is within 6% to 20% in the listed companies. Unimproved item: We didn't make the policy of saving energy and declining carbon, declining greenhouse gases, declining water usage or managing other waste. Although we don't have these policy, our company is not manufacturing. We will actively improve delivery process and package material to achieve the effect of energy saving. In addition, we will adopt transparent management to record the usage of paper in offices, preventing the waste of resources. | None |

Note 1: Whether yes or no, provision of summary is required.

Summary of directors' training:

| Title | Name | Date Elected | Curriculum | | Organizer | Subject | Hours |
|----------|-------------|---------------|--------------|--------------|---|--|-------|
| | | | Start Date | End Date | | | |
| Chairman | Simon Huang | Jun. 25, 2008 | Jan 23, 2018 | Jan 23, 2018 | Taiwan Corporate Governance Association | Major economic crimes in enterprises--Discussion on insider trading | 1 |
| | | | May 8, 2018 | May 8, 2018 | Taiwan Institute of Directors | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |

| Title | Name | Date Elected | Curriculum | | Organizer | Subject | Hours |
|---------------|------------|---------------|---------------|---------------|---|--|-------|
| | | | Start Date | End Date | | | |
| | | | Aug 14, 2018 | Aug 14, 2018 | Taiwan Institute of Directors | Blockchain, cryptocurrency and ICO development and regulation | 3 |
| | | | Aug 15 2018 | Aug 15 2018 | Taiwan Listed Company Association | Xinnanshan's successful transformation experience | 2 |
| | | | | | | | |
| Vice Chairman | K.D. Tseng | June 22, 2011 | May 8, 2018 | May 8, 2018 | Taiwan Institute of Directors | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |
| | | | Aug 14, 2018 | Aug 14, 2018 | Taiwan Institute of Directors | Blockchain, cryptocurrency and ICO development and regulation | 3 |
| Director | T.L. Lin | June 25, 2008 | May 8, 2018 | May 8, 2018 | Taiwan Institute of Directors | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |
| | | | July 13, 2018 | July 13, 2018 | Taiwan Corporate Governance Association | How do directors perform their "duty and obligations" (including judgment analysis and best practices) | 3 |
| | | | Aug 14, 2018 | Aug 14, 2018 | Taiwan Institute of Directors | Blockchain, cryptocurrency and ICO development and regulation | 3 |
| Director | Mike Chang | June 25, 2008 | May 8, 2018 | May 8, 2018 | Taiwan Institute of Directors | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |
| | | | Aug 14, 2018 | Aug 14, 2018 | Taiwan Institute of Directors | Blockchain, cryptocurrency and ICO development and regulation | 3 |

| Title | Name | Date Elected | Curriculum | | Organizer | Subject | Hours |
|-----------------------------------|------------|---------------|--------------|--------------|-------------------------------|--|-------|
| | | | Start Date | End Date | | | |
| Director | K.Y. Chen | June 25, 2008 | May 8, 2018 | May 8, 2018 | Taiwan Institute of Directors | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |
| | | | Aug 14, 2018 | Aug 14, 2018 | Taiwan Institute of Directors | Blockchain, cryptocurrency and ICO development and regulation | 3 |
| Director | Frank Yeh | June 18, 2014 | May 8, 2018 | May 8, 2018 | Taiwan Institute of Directors | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |
| | | | Aug 14, 2018 | Aug 14, 2018 | Taiwan Institute of Directors | Blockchain, cryptocurrency and ICO development and regulation | 3 |
| Corporate Representative Director | Richard Wu | July 20, 2016 | May 8, 2018 | May 8, 2018 | Taiwan Institute of Directors | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |
| | | | July 3, 2018 | July 3, 2018 | Taiwan Institute of Directors | 2018 Annual meeting of directors' association | 3 |
| | | | Aug 14, 2018 | Aug 14, 2018 | Taiwan Institute of Directors | Blockchain, cryptocurrency and ICO development and regulation | 3 |
| Director | Henry Shaw | June 25, 2008 | May 8, 2018 | May 8, 2018 | Taiwan Institute of Directors | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |
| | | | Aug 14, 2018 | Aug 14, 2018 | Taiwan Institute of Directors | Blockchain, cryptocurrency and ICO development and regulation | 3 |

| Title | Name | Date Elected | Curriculum | | Organizer | Subject | Hours |
|----------------------|------------------|---------------|-------------------|-------------------|---|--|-------|
| | | | Start Date | End Date | | | |
| Independent Director | Rong-Ruey Duh | June 25, 2008 | May 8, 2018 | May 8, 2018 | Taiwan Institute of Directors | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |
| | | | Aug 14, 2018 | Aug 14, 2018 | Taiwan Institute of Directors | Blockchain, cryptocurrency and ICO development and regulation | 3 |
| Independent Director | Jack J. T. Huang | June 25, 2008 | March 6, 2018 | March 6, 2018 | Taiwan Corporate Governance Association | Board of directors performance evaluation | 3 |
| | | | November 21, 2018 | November 21, 2018 | Taiwan Corporate Governance Association | AI, Internet of Things Development Trends and Operational Strategies and Risks (Part I) | 3 |
| | | | November 21, 2018 | November 21, 2018 | Taiwan Corporate Governance Association | AI, Internet of Things Development Trends and Operational Strategies and Risks (Part II) | 3 |
| Independent Director | Yung-Hong Yu | June 25, 2008 | May 8, 2018 | May 8, 2018 | Taiwan Institute of Directors | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |
| | | | Aug 14, 2018 | Aug 14, 2018 | Taiwan Institute of Directors | Development and supervision of block chains, cryptocurrencies, and ICOs | 3 |

3.3.6. The Status of Implementation of the Corporate Social Responsibility Policy: Systems, Action Plans, and Results of Environmental Protection, Community Involvement, Social Contribution, Social Services, Social Good, Interests of Consumer, Human Rights, Safety and Health, and Other Social Responsibility Activities

| Item | Status of Implementation ¹ | | | Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies |
|---|---------------------------------------|----|---|--|
| | Yes | No | Descriptive Summary ² | |
| 1. Exercise corporate governance | | | | |
| 1.1. The company formulates policies or systems for CSR, and reviews the results thereof. | V | | 1.1. WPG adopts corporate governance evaluation and lay down CSR policies, in principle and commitment to CSR, persisting the workplace promotion and regular review of result. | None |
| 1.2. The company regularly organizes education and training on social responsibility. | V | | 1.2. WPG publicizes CSR subject matters such as commitment, care for employee, environmental protection etc. from time to time, e.g. induction program, regular occupational safety and health sessions, lectures on corporate core values etc. | None |
| 1.3. The company establishes an exclusively (or concurrently) dedicated unit, appoints executive-level positions, to be in charge of CSR initiatives and to report on the same to the board of directors on a periodic basis. | V | | 1.3. The higher CEOs of WPG and its subgroups have jointly set up CSR Working Group for planning and managing issues related to CSR , coming into play hierarchically in the light of corporate organization and management duties, and regularly reporting to the chair of Board of Directors. | None |
| 1.4. The company formulates reasonable remuneration policies, combines employee performance evaluation system with CSR policies, and establishes clear and effective incentive and discipline system. | V | | 1.4. WPG benchmarks remuneration policy to labor market; its performance appraisal system is not incorporated with CSR policy, yet relevant ethic code of practice is added to and discipline is provided in corporate rewards system. | Continue the prudent follow-up |

| Item | Status of Implementation ¹ | | | Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies |
|--|---------------------------------------|----|---|--|
| | Yes | No | Descriptive Summary ² | |
| 2. Foster a sustainable environment | | | | |
| 2.1. The company endeavors to utilize all resources more efficiently and use renewable materials which have a low impact on the environment. | V | | 2.1. WPG and its affiliates dedicate themselves to promotion and enhancement of sustainable environment, through propaganda and execution, lifting the efficiency of resource reuse in respect of energy saving and waste reduction, lowering the impact on environment. | None |
| 2.2. The company establishes proper environment management systems based on the characteristics of their industries. | V | | 2.2. With regard to environmental health and safety initiatives, WPG and its affiliates plan to popularize relevant acts, decrees, and spirits companywide in order to elevate relevant staff skills and lessen the risk events. | None |
| 2.3. The company monitors the impact of climate change on their operations, enforces corporate greenhouse gas inventory, and establishes strategies for energy conservation and carbon and greenhouse gas reduction. | V | | 2.3. Climate change to date has grown into investors and businesses' major concern. WPG and its affiliates appreciate the consequential price hike of commodities and supplies even affecting the supply and operations, along with uncontrollable natural disasters and the direct damage to business activities; as a result, the companies review energy-saving and carbon reduction at issue, actively improving internal process of transportation and packing, saving energy and reducing carbon for real result. | None |

| Item | Status of Implementation ¹ | | | Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies |
|---|---------------------------------------|----|--|--|
| | Yes | No | Descriptive Summary ² | |
| 3. Preserve public welfare | V | | | |
| 3.1. The company adopts relevant management policies and processes in compliance with International Bill of Human Rights. | V | | 3.1. WPG and its affiliates comply with local labor laws and regulations, respecting internal recognized basic labor rights, laying down rules of governance, ensuring the basic interests and right of the workforce. | None |
| 3.2. The company establishes grievance mechanism and channel and responds to any employee's grievance in an appropriate manner. | V | | 3.2. WPG provides channels of communication for employees, setting up “staff’s box” and “e-mail account” for them to submit opinions, and sending the feedbacks to responsible units. | None |
| 3.3. The company provides safe and healthful work environments for their employees, and organizes training on safety and health for employees on a regular basis. | V | | 3.3. WPG and its subgroups have dedicated units for education and training of workplace safety, organizing events, courses of lecture, and regular health exams, in order for coherence and physical/mental health of workforce. | None |
| 3.4. The company establishes a mechanism to facilitate regular communication with employees, and informs employees of operation changes that might have material impacts by reasonable means. | V | | 3.4. WPG and its subgroups convene monthly and quarterly gatherings to announce major corporate operations and changes in governance procedures. | None |
| 3.5. The company establishes effective training programs to foster career skills. | V | | 3.5. WPG and its subgroups organize education training package (i.e. seniority/EMBA) in the light of position/level, aligning human resource, career development, and business objectives for a win-win-win outcome. | None |

| Item | Status of Implementation ¹ | | | Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies |
|--|---------------------------------------|----|---|--|
| | Yes | No | Descriptive Summary ² | |
| 3.6. The company establishes relevant policies on protection of rights and interests of consumers and procedure for accepting consumer complaints with respect to R&D, procurement, production, operations, and services. | V | | 3.6. WPG's business model is B2B for businesses and supply chain management, no outreach for end consumers; the form is integral governance by means of industrial holding company, engaging capital markets, along with the provision of corporate governance on corporate website for investors' reference, contact person and email address also available for complaints and inquiry reply. | None |
| 3.7. The company follows relevant laws, regulations and international guidelines when marketing or labeling their products and services. | V | | | |
| 3.8. The company assesses whether there is any record of a supplier's impact on the environment and society prior to engaging in commercial dealings. | V | | 3.7. WPG's services of B2B business sale and supply chain are in compliance with internal and external regulations, setting up trade compliance unit in charge of export control, ensuring circulation of goods obeying U.S. laws and decrees, and the counterparties are legal and legitimate. | None |
| 3.9. The company enters into a contract, whose terms stipulate that such contract may be terminated or rescinded any time if the supplier has violated the company's CSR policy and has caused significant negative impact on the environment and society, with any of their major suppliers. | V | | 3.8. The supplier's environmental and social impact has been considered in the vendor evaluation. | None |
| | | | 3.9. The company develops a WPG Supplier Code of Conduct to regulate this project. | None |
| 4. Enhance disclosure of information | V | | | |
| 4.1. The company discloses relevant and reliable information relating to their CSR initiatives on its website and Market Observation Post System. | | | 4.1. The company set up the "corporate social responsibility area" on the website to disclose relevant information from time to time. | None |
| 5. The company establishing own CSR policies according to Corporate Social Responsibilities Best-Practice Principles shall state any discrepancy of practice from such policies: WPG has CSR policies in place. So far, WPG has actively aligned itself and its affiliates with such policies. | | | | |
| 6. Additional major information availing the understanding of the operation of the company's CSR: | | | | |

| Item | Status of Implementation ¹ | | | Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies |
|---|---------------------------------------|----|----------------------------------|--|
| | Yes | No | Descriptive Summary ² | |
| Following the provisions enacted by financial administrations, WPG is a corporate to make CSR report regularly. Regarding such information download the report at website: http://www.wpgholdings.com/csr_area/year_report/zhtw | | | | |
| 7. The company whose CSR report has been adopted by relevant certification bodies shall state: The British Standards Association (BSI) has been commissioned to confirm that this report is in line with the significance, inclusiveness, and responsiveness of AA1000's Type 1 accountability principles. | | | | |

Note 1: Whether yes or no, provision of descriptive summary is required.

Note 2: The descriptive summary may be replaced with the annotations referring to the CSR reports (if any) or the indexed paging thereof.

3.3.7. Additional Major Information Availing the Understanding of the Operation of Corporate CSR

WPG Holdings follow Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, The core of the GRI Standards issued by the Global Resiliency Reporting Association (GRI) exposes the preparation of its corporate social responsibility report, and makes a comparative report to represent its structure based on business development and core competence; thereby fully disclose information with various stakeholders. To review and improve the internal organization by making annual report and is a basis for coming year's plan. Next is to summarize the guidelines but important descriptions of the main four subjects "sustainable governance, personnel development, industry exchange and social participation".

I Sustainable governance mechanisms

WPG Holdings is a pioneer in Taiwan's industrial holding business, with "industrial holdings" patterns in line with the principles of competition and cooperation and more flexible in resource use in business; "to be divided in front-end will fight and closed in the back-end will win" in trading strategy. In such a business background will WPG Holdings pay greater attention to the organization's corporate governance structure and related management regulations.

a. Perfect in corporate governance structure

WPGH's Board of Directors consists of eleven distinguished members. Their outstanding careers and breadth of experience encompass semiconductor, finance, business, and management. Three of the eleven members are independent directors: Professor Rong-Ruey Duh of National Taiwan University, Mr. Jack J. T. Huang, Chairman of Jones Day's, and Mr. Yung– Hong Yu, Managing director of A1 Management Consulting Ltd. The Board's primary duty is to oversee the overall business and corporate affairs of WPGH and resolve issues like major investments, merger and acquisition etc. Three functional committees under the Board of Directors are Audit Committee, Remuneration Committee and New Business Strategy Committee. The status of implementation of the Board of Directors and committees in 2018 are:

- 9 meetings of Board of Director; 95% attendance rate by directors
- 9 meetings of Audit Committee; 96% attendance rate by members
- 5 meetings of Remuneration Committee; 93% attendance rate by members.
- 4 meetings of New Business Strategy Committee; 95% attendance rate by members

b. The establishment of Corporate Social Responsibility Committee

WPG Holdings suggests that "meaningful CSR activities must be based on core competence, internalize within the organizational culture, and continue to improve" and "uses unique resource and expertise to engage in issues related to public interest so as to enhance their contribution in society."

In addition to comply with the regulations from administrations, preparing CSR report with outside consultants in 2016, WPG Holdings re-examined the relevant management unit and established WPG Holdings CSR Committee and groups. They brought each top management team into the member of Committee, set short and medium-term objectives and management agreement of holding regular meetings.

Corporate social responsibility is not only to participate in social welfare, but the overall implementation in business operations. The range is wide and profound, encompasses all departments issues. Only by linking the organizational resources of each unit does it complete gradually.

II Multi-talented development blueprint

WPG Holdings and its subgroups provide professional supply chains as their business goal. They convince that only with good human capital can they offer the outstanding professional services. For the cultivation of human capital, we have been long devoting into that without hesitation. To nurture talent is like the rice cultivation, only by non-stop irrigation will it have a fruitful harvest future.

a. The implementation of professional skills cultivation

Owing to the fact that the affiliates, subsidiaries under the banner of WPG Holdings Limited have their own unique characteristics on business policies and organizational cultures, different manpower training and development resources can be used for the presentation of the variety of learning features. The overall training structure is built on the basis of general and professional training programs for the cultivation of employee's competitiveness and the creation of organizational performance. Our step by step training programs promoted throughout all sectors construct leading teams to guide our organization in facing the challenges for sustainable development and growth.

| The classification of training | Main Participants | Main contents of courses | Courses of goals |
|---------------------------------------|---------------------------------|---|--|
| General training program | Newly-employed personnel | Including a presentation of our Company, introduction to the Concept of "core values" and relevant introductory courses for basic skills. The general training program includes courses in information management and the implementation of the cultivation for use of internal corporate platform systems (e.g. ERP/WMS/WEBFLOW) | To help the newly-employed personnel understand the company and function well as part of a team operation for the development of professional expertise at their workplace gradually. Also, to help them get familiar with information tools and make the best use of tools for the enhancement of work outputs and effectiveness. |
| Professional Training program | Products staff / Business staff | To plan and allocate suitable and appropriate professional | Creating our competitive professional front |

| | | | |
|-----------------------------|-----------------------------------|--|---|
| | | skill courses in accordance with different position/competency levels. Also, irregular training sessions will be targeted and conducted according to the product technologies and business models used by the upstream and downstream supply chains. | end-services, planning and performing our corresponding training courses for other types of competencies along with the professional development trends and the formulation of related laws and regulations for employees' continuous enhancement of professional capabilities. |
| Management Training program | Supervisors and middle management | Management courses for Supervisors and middle management | To cultivate the capabilities of supervisors and middle management in accordance with the requirements of organizational developments, operational competitions and human layouts. |

b. Exchanges of Framework's Core Competencies

At first, WPG Holdings concentrated continuously the internal expert knowledge of all aspects to resolve emergent major issues by means of virtual reality team projects. We conducted the team's learning and growth through knowledge exchange and sharing of experiences. At present, we focus on the talents with high and intermediate levels to form executive elite class and EMBA class. Giving them the cross territory professional learning courses of talents management, practice of strategies, lead and staffing skills to face the eventful and challenging operating environments. All learning teams get practices of individual experiences matching with theory structures, and the reciprocal searching and introspection achieving dual cycling of learning. Through multiple internal platform seminars, the adaptation of specific roles in the company under digital transformations are explored. Currently, the "elite class" has been established to prepare high level executives for transformations and changes to ways of thinking in the VUCA environment. In addition, through holding seminars of platform transforming strategy for the age of internet and for issues concerning derivative platform effect and response to change creates learning effects of emulation and obtaining experiences by other's mistakes. The exploration of issues with different aspects via pattern of organizational learning surges and abstracts the organizational capabilities that belongs to WPG Holdings.

The training courses conducted in 2018 are:

| Types of classes | Time | Locations | Main contents of courses | Number of participants |
|------------------------|---------------|--------------------------------|---|------------------------|
| EMBA class | March 2018 | Shenzhen | Advanced financial knowledge , Data decision | About 50 persons |
| High-level elite class | November 2018 | Taipei | With the economy - the second curve thinking model Leaders' transformational cultivation | About 42 persons |
| Platform seminar | November 2018 | Taipei Shenzhen Shanghai | Discussion of platform transformation strategy | About 650 persons |

III Industrial expertise sharing

WPG Holdings and its subsidiaries hope to achieve “best of the industry, marking of the path”. In terms of organizational core capabilities, we continue to provide professional supply chain services, continue to improve internal processes to meet customer needs, optimize operational processes and improve service effectiveness. We also spread the core knowledge of the organization to the industrial chain, public associations, and even academic institutions. We hope to provide knowledge sharing of practical cases of supply chain management through systematic framework and supply knowledge through continuous knowledge exchange and quenching. Establish a benchmarking paradigm in the knowledge area of chain management and achieve the perpetual goal of enterprise professional management and industrial value enhancement.

a. Industrial expertise sharing

WPG Holdings and its affiliates play multiple roles as B2B Sales, Technical Service, and Logistics Hub. The vision of WPG is to provide high quality supply chain management. No matter in Industry Chain, Academic Units, or Technology Forum, we have worked hard to improve the brand image of WPG Holdings and its affiliates through virtual and physical information channels.

■ WPG group innovation design contest

As the world's leading distributor of semiconductor components, WPG Group continues to cultivate the image of the brand, and aims to promote the industrial talents in the digital transformation era with the long-term goal of the operational engineer community, and to handle the "WPG group innovation design contest". Since 2014, the competition has been held in mainland China for two years and has been well received by the industry. In 2018, the third annual contest was held in Taiwan for the first time. With the theme of “Smart Core City, Galloping Core Future”, the two sides of the Taiwan Strait provided an exhibition stage for innovation. The preliminary competition received 137 colleges and universities from both sides of the strait, nearly 280 entries. The team's works cover topics related to smart cities and car networking, such as urban trash cans,

smart transportation systems, smart car management, and 25 original sponsorships, providing over 200 development boards and over 10,000 device support. Before the rematch, a cross-strait online technical exchange meeting will be held to assist the 55 rematch promotion team to communicate with the technical experts of the University. In the end, 24 teams entered the Beijing finals. On the day of the finals, Weibo lived interactively and accumulated more than 270,000 views in two hours. The community's tweets were highly effective, with WeChat forwarding 1,373 times and Weibo forwarding 15,858 times. The home media reported on this event, the media was shared 267 times.

The competition was first tested in Taiwan in 2018. In order to reflect Taiwan's technical and professional spirit, during the rematch, Taiwan specially defined the "Design Thinking Workshop", and invited design and thinking professional lecturers, and assembled nearly 50 WPG group's WPI, SAC, AIT, YOSUN Group's technical experts with more than 20 years of industry experience to guide students to use WPG group to provide development boards and technical support, to develop concepts that are close to the market weakspots to reflect the technical spirit of learning while doing, to nurture students' design thinking. The ability and the concept of the future of the market have caused the students to respond enthusiastically. The team teachers are positively helpful in the T-type talent development in Taiwan.

■ The effects of Inbound marketing

In response to online community trends, WPG created and continued to promote Inbound Marketing, imported interactive mobile marketing services, and continued to optimize online content marketing for WPG solutions and full-coverage social interaction marketing mechanisms; Inbound marketing effectiveness index(short form: Inbound AD Value) translates and reflects the benefits of marketing promotion. The cumulative total promotion value in 2018 is over RMB 274 million, which is 76% higher than that in 2017. Community media resources such as circle of friends, forums, etc., and promote the effectiveness of self-media operations through viral marketing activities, creating a sense of service for co-marketing of upstream and downstream supply chains, and continuously improve customer loyalty. Through the promotion of the following marketing activities, we will cultivate more competitive and outstanding professionals.

| | |
|-----------------------|---|
| WPG's e-papers | Bi-weekly issue, 738,000 tagged lists, 95% delivery success rate, 57 tags for the Focus tag, 20 major theme, supplier promotion sponsorship amounted to US\$148,000. |
| Press exposure | The total exposure was nearly 7,700 times, and the program news was exposed more than 2,800 times a year. The exposure was first in the industry and the leading by 8 times. |
| Weibo | The number of fans and the number of posts was the first in the industry, with 580,800 followers. Daily updates of 3-5 tweets, including industry trends, new technology, workplace skills and the dynamics of the WPG, and 4 Weibo events held annually, combined with current events and industry content making fans continue to interact, stimulating growth of 56,100 fans per year. |
| WeChat | The first IC industry micro-portal, WeChat operation leading peers, the number of accurate fans reached 97,620, 4 newsletters per month, more than 644,000 readings and 29,450 shares, and continued to operate the engineering community and share the core expertise of the company to promote the outside world understanding the industry trend. |

b. Research collaborations between academia and industry

In response to the time changing, WPG Holdings began to conduct a series of collaborations between academia and industry for students to be close to the industry aside from academia in 2018.

■ **Industry-Academia Collaboration Program with National Yunlin University of Science and Technology**

In view of flourishing Internet and Big Data, WPG's Information Services department actively participated in the application and development of technology in this field. In September 2016, Yunlin University of Science and Technology Professor were invited to give a lecture on "Big Data Analysis and Application". The professor led two groups of six students to conduct a six-month cooperation case. Through the big data technology of relevance analysis and machine learning, the data was provided by the enterprise, and the academic community provided technology and theory to achieve industry-university cooperation. In 2017, in view of the advent of the data economy era, the rapid development of technologies such as the Internet of Things, Big Data, machine learning, and Artificial Intelligence. The cooperation with the teachers of Yunlin University of Science and Technology are no longer limited to Big Data analysis. Instead of using relevant technology applications such as text exploration, image and speech recognition, and continued the cooperation in 2018. The cooperation between the two industries is expected to bring more intelligent service technology extension to WPG.

■ **"Industry-Academia Collaboration Program over supply chains management" with National Chengchi University**

WPG Holdings has been collaborating with The College of Commerce at National Chengchi University since 2010, rooting for “Industry-Academia Collaboration Program over supply chains management”. To systematically organize the technical know-how within Taiwan supply chains management with the combination of theories and practices is our first target. To create a complete set of teaching material and study cases for supply chains management is our second target, and to provide Taiwan industry supply chains with administrative talents is our third and final target.

As supply chain management is an interdisciplinary management science and the related courses are scattered in different departments in college of business, it's hard to develop supply chain management. Each department can't set up an academic training which is more complete, professional, and market demand-oriented separately. Therefore, WPG Holdings decided to participate in the academic program offered by NCCU College of Commerce. WPG Holdings has extensive market experience, and NCCU College of Commerce has accumulated extensive teaching experience of business management. Through combination of the advantages of both sides, we'll integrate all the existing curriculum resources, start new curriculums which fulfills the requirement of supply chain management, design a university level “supply chain management program” to fit the educational need of supply chain management, and cultivate talented people of supply chain management for Taiwan industry.

In 2015, WPG Holdings held a series of lectures in the “Supply Chain Management Practice” course. Taking WPG Holdings for learning example, we arranged for executives from different departments in WPG to give a series of lectures of NCCU College of Commerce and brought students to visit WPG's warehouse in Linkou and upstream suppliers. We want to help students completely learn the enterprise's strategies and plans of supply chain management through the view of enterprise and the multidimensionality.

In 2016, Supply Chain Management program assisted four senior students of NCCU department of management information systems to win the distinguished award in “2016 Chinese Enterprise Resource Planning Society's Creative Application of System Digitized Competition” and the second place in “2016 The Operations Research Society of Taiwan University Research Project Competition.” This is the most honored achievement of industry- academia collaboration. Continuing to cooperate in 2017~2018, participate in the series of lectures of National Chengchi University business school and visit the WPG Linkou warehouse in the field, so that students can fully understand the planning and practical experience sharing of supply chain management.

■ National Tsing Hua University – industry-university project

At the later half of 2017, WPG's information service department came in contact with National Tsing Hua University's Decision Analysis Lab. WPG came to realized that some of Tsing Hua University's past research experience in the manufacturing industry, such as using machine learning techniques to predict production and yield improvements, can be applied to the unique range of industry of WPG. Such a collaboration is looked forward to by both parties, and is hoped to bring WPG more precise decision making suggestions, and bring depth and breadth to the academic community. It is still ongoing in 2018.

IV Social Participation and Green behavior

The affiliates and subsidiaries under the banner of WPG Holdings deliver effectively the love resources in their organizations to society/community groups through information sharing and link resources. They make the best use of all types of organizational resources, bring the abilities that organization or employees needed into play in contributing to social participation. The employees' efforts for environmental protection required by WPG Holdings, its affiliates and subsidiaries have been focusing on planning and management for carbon reduction and recycling and reuse of packaging consumptive material, which are different from those of employees who work for other corporations in which to save energy for their daily used office environment equipment only.

a. Human Nature Logo

With social responsibility vision, core competence and the faith of taken from society, give back to society, WPG Holdings and its affiliates, subsidiaries chipped in to found "WPG Holdings Education Foundation" aiming at enhancing knowledge economy, constructing high quality educational environment, promoting academic and practices research over business management, showing lover care for arts and humanities, and environment education as their objectives. At the same time, we are striving for high quality educational environment through industry-academia collaboration and relevant continuing education group. Looking forward to cultivating young students more and enhancing our international competitiveness.

| Type | Target | Content |
|---|--|--|
| Education of Art and Humanities | Music Foundation for the Blind in Taipei | The 26 th Visually Impaired Music Festival [EYE 26] Charity Concert |
| | STP plan | Table forum |
| | Cloud Gate Culture and Arts Foundation | Support and sponsor the artistic creation and performance activities of Taiwan's first professional dance company |
| | ChanChi Choir | Sing Blindly, Sending Love to All – 2018 ChanChi Choir Charity Tour |
| Green Environmental Protection, Education for the Vulnerable Ones | Soceity of Wilderness | Earth Hour |
| | Soceity of Wilderness | Support environmental education and promotion of net activities |
| | House of Dreams | House of Dreams' Standard School of Dreams – Academic Improvement Plan |
| Education for the Vulnerable Ones | Puren Youth Care Foundation | Promote social care for young people, and encourage young people to care for the society. Promote various service programs, and comprehensive care for young people, developing young people's whole person education. |
| Social Welfare Return | Andrew Food Bank | Rice donation |

b. Green behavior

Through the program of integration of multifunction printer from 2015, we simplified the quality and quantity of equipment and eliminated old or unnecessary printers and fax machine to reduce unnecessary energy consumption in the work spaces of Taiwan WPG Holdings. Meanwhile, users will reduce selection errors and waste of resources by using the card login system of multifunction printer and intelligent interface. The administrator can carry out statistical analysis of the usage of each department, and track usage amounts and make improvements. On the other hand, by using transparent management of usage, users can control their usage independently to avoid resource waste and achieve energy and paper savings.

Unit: Number of paper

| Usage Amount | 2016 | 2017 | 2018 |
|---------------------|-----------|-----------|-----------|
| Taiwan WPG Holdings | 4,457,226 | 4,359,883 | 4,176,486 |

In addition to the simplification of equipment, when choosing the consumables such as autotype paper, we should choose the brand which is comply with environmental regulations and choose the appropriate weight of paper to avoid the waste of resources. In the meantime, we will promote to recycle single sided paper, reduce the amount of paper usage, confirm the content before print to reduce the waste of misprints and repeat prints, and post environmental slogans to enhance voluntary environmental consciousness and achieve the goal of energy conservation.

3.3.8. The Status of and the Measures Taken for the Implementation of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

| Item | Status of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
|---|-----------------------------------|----|---|---|
| | Yes | No | Descriptive Summary | |
| 1. Adopt ethical corporate management best practice principles | | | | |
| 1.1 The company clearly specifies in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies. | V | | 1.1 WPG adopted and publicized Code of Ethical Management and Code of Ethical Conduct on its website with reference the templates prepared by competent authority, proclaiming the policy to general public on Jan.,29 2013 | None |
| 1.2 The company adopts programs to prevent unethical conduct and sets out in each program the standard operating procedures, conduct guidelines, disciplinary and appeal system, and carry out such programs | V | | 1.2 WGP adopts Consent of Services, clearing stating the criteria regarding non-disclosure of confidential information, prohibition of insider trading etc., and provides procedures for discipline in reward and discipline system in the event of non-ethical acts. HR proposes division heads regularly reviewing the status of staff's compliance with ethical conduct by means of evaluation and incentives system. | None |
| 1.3 The company adopts preventive measures against the subparagraphs in Paragraph 2, Article 7 of Ethical Corporate Management Best Practice Principles and other business activities within its business scope which are at a higher risk of being involved in an unethical conduct. | V | | 1.3 WPG proclaims in code of conduct, in the event of violation against work discipline and ethical acts, disciplinary treatment shall apply; constitution of material breach of labor contract in the event of demanding or accepting firm or interested party's rebates by opportunistic use of position and such as to impact on corporate goodwill serves as precautionary measures against staff's unethical conduct.For all staffs, WPG's | None |

| Item | Status of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
|------|-----------------------------------|----|---|---|
| | Yes | No | Descriptive Summary | |
| | | | auditing committee provides special e-mail for receiving complaints and supervising relevant control mechanisms based on Procedures for Auditing Committee Handling Stakeholder's Grievance and Advice. | |

| Item | Status of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
|---|-----------------------------------|----|--|---|
| | Yes | No | Descriptive Summary | |
| 2. Facilitate ethical corporate management | | | | |
| 2.1 The company assesses the records of counterparties' ethical corporate management, and expressly includes in the contractual terms the clauses regarding ethical conduct. | V | | 2.1 WPG accommodates downstream customers' management practice, signing up the code of ethical and integrity conduct, supervising the upright principle in conduct of business, prohibiting the pursuit of private interests and illegal acts. | None |
| 2.2 The company establishes a dedicated unit that is under the board of directors; such unit is in charge of ethical corporate management initiatives and reports to the board of directors on a regular basis. | V | | 2.2 WPG, since its incorporation in 2005, has taken Teamwork, Integrity, Professionalism, and Effectiveness (a.k.a. "T.I.P.E.") as the core values and staff's code of conduct, along with dedicated unit responsible for promotion, implementation, and supervision. Integrity constitutes the core values, present at everyday self-discipline. WPG teams up CSR work group, whose duties include promotion of relevant ethical management, of direct reporting to the chair; in case of matters of significance, such issues are submitted to the board for discussion. | None |
| 2.3 The company adopts policies for preventing conflicts of interest, offers appropriate means to explain, and carry out such policies. | V | | 2.3 WPG's adoption of Ethical Management Policy and Ethical Conduct Policy includes the provisions of recusal due to conflict of interest, reporting, and discipline, serving as the foundation of implementation. | None |
| 2.4 The company establishes effective accounting | | | | |

| Item | Status of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
|--|-----------------------------------|----|---|---|
| | Yes | No | Descriptive Summary | |
| systems and internal control systems so as to carry out ethical conduct, and such systems are audited by internal auditors or CPAs. | V | | 2.4 WPG's responsible units conduct regular auditing of business: finance and accounting divisions, along with outside accounting firm, conduct quarterly and annually on-site auditing, ensuring compliance with relevant decrees and standards, and philosophy of ethical management; auditing unit and relevant divisions join forces to conduct scheduled internal control self-assessment, along with routine internal auditing. | None |
| 2.5 The company periodically organizes internal and external training of ethical corporate management. | V | | 2.5 WPG from time to time organizes training sessions in ethical corporate management; in case of real life event, opportunity of education is taken via monthly gathering, so as to popularize the recognition of ethical management. | None |
| 3 Implement whistle-blowing systemThe company adopts concrete whistle-blowing systems and incentive measures, establishes convenient reporting means, and appoints appropriate dedicated personnel to handle the reported parties. | V | | 3.1 WPG provides suggestion box for staff, and special e-mail account of auditing committee for the public, for interested parties to air grievance, yet lack of incentives system for whistle-blowing. | None |
| 3.2 The company adopts standard operational procedures and relevant confidentiality mechanisms for the investigation of whistle-blowing reporting. | V | | 3.2 The auditing committee sets up special e-mail box, along with "Procedures for Handling Stakeholder's Grievance and Advice", as WPG's basis for handling such matters. | None |
| 3.3 The company adopts measures for protecting whistle-blowers from inappropriate disciplinary | | | 3.3 WPG hears and replies independently | |

| Item | Status of Implementation (Note 1) | | | Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies |
|---|-----------------------------------|----|--|---|
| | Yes | No | Descriptive Summary | |
| actions due to their whistle-blowing. | √ | | according to Procedures for Handling Stakeholder's Grievance and Advice, ensuring non-disclosure of reporter's identity. | None |
| 4 Reinforce information disclosureThe company discloses the content and effectiveness of promotion of its ethical corporate management best practice principles on corporate website and Market Observation Post System. | √ | | 4.1 WPG's website provides Investor Relations section, disclosing organization of corporate governance and relevant corporate policies and rules, for stakeholders' reference. Responsible persons are appointed to maintain the website, gather information, and receive inquiries. | None |
| 5. The company adopting own ethical corporate management policies according to Ethical Corporate Management Best Practice Principles shall state any discrepancy of practice from such policies: WPG adopts own ethical corporate management policy, and deliberates to derive relevant operational procedure and conduct guideline accordingly. | | | | |
| 6. Additional major information availing the understanding of the operation of the company's ethical management (e.g. review/amendment of the company's ethical corporate management policy): none. | | | | |

Note 1: Whether yes or no, provision of descriptive summary is required.

3.3.9. The company whose corporate governance policy and relevant rules are in place shall disclose such place to find

WPG has adopted corporate governance policy, go to “Major Internal Policies” section of WPG’s website (URL:

http://www.wpgholdings.com/investors/corporate_governance/zhtw/major-internal-policies)

for detail; also refer to “Overview of Corporate Governance” of the annual report (page 28~66) for the status of implementation of such policy

3.3.10. Additional major information sufficing for better understanding of operation of the company’s corporate governance can be disclosed

1. So as to regulate the inside information, WPG adopts “Procedure for the Management and Prevention of Insider Trading” and notifies directors, managerial persons, and staff of such procedure. The procedure is publicized on corporate webpage for the sake of compliance and prevention of violations or insider trading events.
2. WPG’s insiders, e.g. directors, managerial persons etc., are handed copies of “Directions Concerning Securities Market Regulatory Matters for TWSE Listed Companies and Their Directors, Supervisors, and Major Shareholders” and “Compliance Brochure for Directors and Supervisors of TWSE/GTSM-Listed and Emerging Market Companies” compiled by TWSE upon assumption of office for the sake of compliance.
3. Market Observation Post System: <http://mops.twse.com.tw/>
4. WPG Holdings’ Website: <http://www.wpgholdings.com>

3.3.11. Executive Summary of Internal Control Systems

3.3.11.1. Statement of Internal Controls

WPG Holdings Limited

Management's Reports on Internal Control

Date: March 26, 2019

Based on the findings of a self-assessment, WPG Holdings Limited states the following with regard to its internal control system during the year 2018:

1. WPG are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and WPG takes immediate remedial actions in response to any identified deficiencies.
3. WPG evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. WPG has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, WPG believes that, on December 31, 2018, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement will be an integral part of WPG's Annual Report for the year 2017 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

7. This Statement has been passed by the Board of Directors in their meeting held on March 26, 2019, with none of the eleven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

WPG Holdings Limited

Chairman Huang, Wei-Hsiang

General Manager Yeh, Fu-Hai

3.3.11.2. The company engaging a certified public accountant to carry out ad hoc auditing of internal control systems shall disclose the CPA's report: none.

3.3.12. For the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: none

3.3.13. Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

1. WPG Holdings Inc. holds its 2018 Annual General Meeting on Jun. 21, 2018 in Taipei City, wherein following agenda items are passed:

I To accept 2017 Business Report and Financial Statements

Status: resolved, and accepted

II To accept the proposal for distribution of 2017 profits

Status: Profit distribution date: July, 31, 2018; Issue date: Aug., 24, 2018 (cash dividend per share NT\$2.4).

III To approve cash capital reduction

Status : resolved, and accepted, and on August 14, 2018, the Ministry of Economic Affairs approved the change of registration in Letter No. 10701100870.

2. **During the 2018 fiscal year up to the date of printing of the annual report, WPG's Board of Directors has convened 13 regular meetings; important resolutions are summarized as follows:**

(1) To convene 2018 Annual General Meeting;

(2) To approve 2017 business report and financial statements;

(3) To approve the distribution of 2017 profits;

(4) To approve 2017 employees' compensation and directors' compensation;

(5) To donate the WPG Holdings Education Foundation;

- (6) To approve the revision of the Company's internal control of "payroll and personnel cycle";
- (7) To convene 2019 Annual General Meeting;
- (8) To accept 2018 business report and financial statements;
- (9) To approve distribution of 2018 profits; ;
- (10) To approve 2018 employees' compensation and directors' compensation;
- (11) To approve the revision of the Company's "Articles of Incorporation";
- (12) To approve revision of "Procedures for the Acquisition or Disposal of Assets";
- (13) To approve revision of the Company's "Board meeting regulations"
- (14) To approve the company to set up corporate governance framework and the appointment of corporate governance officer.

3.3.14. Where, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, a director or supervisor whose opinion dissenting a material resolution passed by the Board of Directors, and such opinion has been recorded or stated in written: none.

3.3.15. A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, regarding the company's financial reporting persons (i.e. chairman, general manager, accounting head, financial head, chief internal auditor, and research and development head): none.

3.4. Information on CPA Professional Fees

3.4.1. Fees:

Unit: NT\$ thousand

| Name of accounting firm | Name of CPA | | Audit fees | Non-audit fees | | | | | Period audited | Remarks |
|-------------------------------|---------------|------------------|------------|--------------------------|------------------------|----------------|-------|-----------|---------------------------|--|
| | | | | Accounting system design | Business registrations | Human resource | Other | Sub-total | | |
| PricewaterhouseCoopers Taiwan | Lin, Chun-Yao | Chou, Chien-Hung | 3,489 | — | 150 | — | 1,190 | 1,340 | Jan. 1 to Dec. 31 of 2018 | Primarily fees of transfer pricing and consultation fees |

Unit: NT\$ thousand

| Fee Scales | | Fee items | Audit fees | Non-audit fees | Total |
|------------|----------------|-----------|------------|----------------|-------|
| 1 | Under 2,000 | | — | 1,340 | 1,340 |
| 2 | 2,000 – 3,999 | | 3,489 | — | 3,489 |
| 3 | 4,000 – 5,999 | | — | — | — |
| 4 | 6,000 – 7,999 | | — | — | — |
| 5 | 8,000 – 9,999 | | — | — | — |
| 6 | 10,000 or more | | — | — | — |

3.4.2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: none.

3.5. Information on replacement of certified public accountant: In 2018, due to the relevant laws and regulations of the accounting firm, the company replaced the CPA from Ms. Tseng, Hui-Chin and Lin, Chun-Yao to Lin, Chun-Yao and Chou,Chien-Hung.

3.6. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: none.

3.7. Any transfer of equities and/or pledge of or change in equities by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

Unit: Shares

| Title | Name | FY 2018 | | YTD, as at Apr. 30 | |
|----------------------|---|-------------------------|-------------|-------------------------|------------|
| | | Shareholding +/- | Pledge +/- | Shareholding +/- | Pledge +/- |
| Chairman | Simon Huang | (5,101,001) | (1,244,880) | — | — |
| Vice chairman | K.D. Tseng | (839,520) | — | — | — |
| Director | Mike Chang | (2,210,654) | (2,598,800) | — | — |
| Director | T.L. Lin | (3,756,137) | — | — | — |
| Director | K.Y. Chen | (401,275) | — | — | — |
| Director | Fullerton Technology Co.(Representative : Richard Wu) | (6,514,877) (51,972) | — | (1,491,000) (36,000) | — |
| Director | Frank Yeh | (104,047) | (96,000) | — | — |
| Director | Henry Shaw | 230,270 | — | — | — |
| Independent Director | Jack J. T. Huang | — | — | — | — |

| Title | Name | FY 2018 | | YTD, as at Apr. 30 | |
|-----------------------------------|---------------|------------------|------------|--------------------|------------|
| | | Shareholding +/- | Pledge +/- | Shareholding +/- | Pledge +/- |
| Independent Director | Rong-Ruey Duh | — | — | — | — |
| Independent Director | Yung– Hong Yu | — | — | — | — |
| General Manager | Frank Yeh | (104,047) | (96,000) | — | — |
| Deputy General Manager | Scott Lin | (51,436) | — | — | — |
| Vice President (acct., fin. head) | Cliff Yuan | (59,616) | (23,440) | — | — |
| Chief Information Officer | Jazz Chuang | (14,454) | — | — | — |
| Chief Human Resources Officer | David Li | 141 | — | — | — |
| General Counsel | Lucia Tai | (21) | — | — | — |
| Chief MarCom Officer | Tracy Cheng | (20,844) | — | — | — |

Note : Lucia Tai, General Counsel and Tracy Cheng, Chief MarCom Officer, started on May 1, 2018.

(1) Information on transfer of equities: none.

(2) Information on pledge of equities: none.

3.8. Relationship information on reciprocal related parties pronounced by Statements of Financial Accounting Standards No.6 among the company's Top 10 shareholders:

Apr. 30, 2019/Unit: shares; %

| Name | Own Shareholdings | | Spouse & minor shareholdings | | Shareholdings held through nominees | | Names & relations of reciprocal related parties pronounced by Statements of Financial Accounting Standards No.6 among top 10 shareholders | | Remarks |
|------------------------------------|-------------------|------|------------------------------|------|-------------------------------------|---|---|----------|---------|
| | Shares | % | Shares | % | Shares | % | Name | Relation | |
| Fubon Insurance Co. Ltd. | 126,362,000 | 7.53 | — | — | — | — | — | — | — |
| Shin Kong Life Insurance Co., Ltd. | 51,591,000 | 3.07 | — | — | — | — | — | — | — |
| Cathay Life Insurance Co. Ltd. | 41,687,860 | 2.48 | — | — | — | — | — | — | — |
| Simon Huang | 41,411,507 | 2.47 | 10,523,167 | 0.63 | — | — | — | — | — |
| Fullerton Technology Co. | 35,930,074 | 2.14 | — | — | — | — | — | — | — |
| Taiwan Life Insurance Co. | 30,700,000 | 1.83 | — | — | — | — | — | — | — |

| Name | Own Shareholdings | | Spouse & minor shareholdings | | Shareholdings held through nominees | | Names & relations of reciprocal related parties pronounced by Statements of Financial Accounting Standards No.6 among top 10 shareholders | | Remarks |
|--|-------------------|------|------------------------------|------|-------------------------------------|---|---|----------|---------|
| | Shares | % | Shares | % | Shares | % | Name | Relation | |
| Ltd. | | | | | | | | | |
| Mike Chang | 25,112,020 | 1.50 | 582,148 | 0.03 | — | — | — | — | — |
| Kaystar International Limited | 24,557,057 | 1.46 | — | — | — | — | — | — | — |
| Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds | 23,830,040 | 1.42 | — | — | — | — | — | — | — |
| JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 23,434,420 | 1.40 | — | — | — | — | — | — | — |

3.9. The total number of shares and total shareholding ratio held in any single affiliated business by the company, its directors and supervisors, managerial persons, and any business controlled either directly or indirectly by the company

Dec. 31, 2018/Unit: thousand of shares; %

| Affiliate (Note) | Affiliated to the company | | Affiliated to directors and supervisors, managerial persons, and directly or indirectly controlled business | | Total | |
|-----------------------------------|---------------------------|-------|---|---|-----------|-------|
| | Shares | % | Shares | % | Shares | % |
| World Peace Industrial Co., Ltd | 1,160,000 | 100 | — | — | 1,160,000 | 100 |
| Silicon Application Corp. | 428,000 | 100 | — | — | 428,000 | 100 |
| Asian Information Technology Inc. | 380,000 | 100 | — | — | 380,000 | 100 |
| WPG Electronics Limited | 3,920 | 100 | — | — | 3,920 | 100 |
| WPG Korea Co., Ltd. | 1,088 | 100 | — | — | 1,088 | 100 |
| Trigold Holdings Ltd. | 48,139 | 60.50 | — | — | 48,139 | 60.50 |
| WPG International (CI) Limited | 124,443 | 100 | — | — | 124,443 | 100 |
| Yosun Industrial Corp. | 362,074 | 100 | — | — | 362,074 | 100 |
| WPG Investment Co. Ltd. | 50,000 | 100 | — | — | 50,000 | 100 |

Note: Long-term equity investments adopt the equity method.

4. INFORMATION ON RAISING CAPITAL

4.1 Capital & Shares

4.1.1 Sources of Equity Capital

4.1.1.1 Sources of Equity Capital

Apr. 30, 2019/Unit: NT\$ thousand/share

| Month/ Year | Issue Price | Authorized Capital Stock | | Paid-in Capital | | Remark | | |
|----------------|----------------|--------------------------|----------------|---------------------|---------------|--|---|-------|
| | | Number of Shares | Amount | Number of Shares | Amount | Sources of Equity Capital | Property other than Cash serving as payment of shares | Other |
| Nov/2005 | 10 | 2,000,000,000 | 20,000,000,000 | 693,202,022 | 6,932,020,220 | The setting up of Capital Fund Approval under Document Jing Shou Shang Zi Nov.9, 2005 No.09401220210 Issued by MOEA Dept. of Commercial Affairs | — | — |
| Dec/2006 | 10 | 2,000,000,000 | 20,000,000,000 | 668,202,022 | 6,682,020,220 | Writing off Treasury Stock Approval under Document Jing Shou Shang Zi Dec.26/2006 No.09501288500 Issued by MOEA Dept. of Commercial Affairs | — | — |
| Feb./2007 | 10 | 2,000,000,000 | 20,000,000,000 | 670,301,494 | 6,703,014,940 | Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Feb.14, 2007 No.09601035000 Issued by MOEA Dept. of Commercial Affairs | — | — |
| April/2007 | 10 | 2,000,000,000 | 20,000,000,000 | 670,950,744 | 6,709,507,440 | Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi April 14, 2007 No.09601075500 Issued by MOEA Dept. of Commercial Affairs | — | — |
| Sept./2007 | 10 | 2,000,000,000 | 20,000,000,000 | 712,953,666 | 7,129,536,660 | The earnings extension increases the capital Employee stock bonus Employee Stock Option Certificates Exercising stock option Approval under Document Jing Shou Shang Zi Spet.3, 2007 No.09601214570 Issued by MOEA Dept. of Commercial Affairs | — | — |
| Oct./2007 | 10 | 2,000,000,000 | 20,000,000,000 | 716,357,569 | 7,163,575,690 | Employee Stock Option Certificates Exercising Stock options Approval under Document Jing Shou Shang Zi Oct.26, 2007 No.09601263220 Issued by MOEA Dept. of Commercial Affairs | — | — |
| Jan./2008 | 10 | 2,000,000,000 | 20,000,000,000 | 718,640,319 | 7,186,403,190 | Employee Stock Option Certificates Exercising Stock options Approval under Document Jing Shou Shang Zi Jan.21, 2008 No.0970105780 Issued by MOEA Dept. of Commercial Affairs | — | — |
| April/2008 | 10 | 2,000,000,000 | 20,000,000,000 | 719,922,944 | 7,199,229,440 | Employee Stock Option Certificates Exercising Stock options Approval under Document Jing Shou Shang Zi April 16, 2008 No.09701089610 Issued by MOEA Dept. of Commercial Affairs | — | — |

| Month/ Year | Issue Price | Authorized Capital Stock | | Paid-in Capital | | Remark | | |
|----------------|----------------|--------------------------|----------------|---------------------|---------------|--|---|-------|
| | | Number of Shares | Amount | Number of Shares | Amount | Sources of Equity Capital | Property other than Cash serving as payment of shares | Other |
| Sept./2008 | 10 | 2,000,000,000 | 20,000,000,000 | 743,086,784 | 7,430,867,840 | Conversion of Shares Approval under Document Jing Shou Shang Zi Sept.16,2008 No.09701236790 Issued by MOEA Dept.of Commercial Affairs | — | — |
| Sept./2008 | 10 | 2,000,000,000 | 20,000,000,000 | 774,306,982 | 7,743,069,820 | The earnings extension increases the capital Employee stock bonus Employee Stock Option Certificates Exercising Stock options Approval under Document Jing Shou Shang Zi Sept.18,2008 No.09701240610 Issued by MOEA Dept.of Commercial Affairs | — | — |
| Oct./2008 | 10 | 2,000,000,000 | 20,000,000,000 | 774,736,482 | 7,747,364,820 | Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Oct.17,2008 No.09701263220 Issued by MOEA Dept.of Commercial Affairs | — | — |
| Jan./2009 | 10 | 2,000,000,000 | 20,000,000,000 | 774,993,607 | 7,749,936,070 | Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Jan.15,2009 No.09801008180 Issued by MOEA Dept. of Commercial Affairs | — | — |
| May/2009 | 10 | 2,000,000,000 | 20,000,000,000 | 891,751,941 | 8,917,519,410 | Conversion of Shares Approval under Document Jing Shou Shang Zi May14,2009 No.09801095190 Issued by MOEA Dept. of Commercial Affairs | — | — |
| June/2009 | 10 | 2,000,000,000 | 20,000,000,000 | 892,629,941 | 8,926,299,410 | Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi June 17,2009 No.09801122940 Issued by MOEA Dept.of Commercial Affairs | — | — |
| Sept./2009 | 10 | 2,000,000,000 | 20,000,000,000 | 893,398,816 | 8,933,988,160 | Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Sept.3,2009 No.09801200400 Issued by MOEA Dept.of Commercial Affairs | — | — |
| Oct.2009 | 10 | 2,000,000,000 | 20,000,000,000 | 893,772,566 | 8,937,725,660 | Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Oct.15,2009 No.09801238420 Issued by MOEA Dept.of Commercial Affairs | — | — |
| Jan./2010 | 10 | 2,000,000,000 | 20,000,000,000 | 894,412,316 | 8,944,123,160 | Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Jan.14,2010 No.09901007210 Issued by MOEA Dept.of Commercial Affairs | — | — |

| Month/ Year | Issue Price | Authorized Capital Stock | | Paid-in Capital | | Remark | | |
|----------------|----------------|--------------------------|----------------|---------------------|----------------|---|---|-------|
| | | Number of Shares | Amount | Number of Shares | Amount | Sources of Equity Capital | Property other than Cash serving as payment of shares | Other |
| April/2010 | 10 | 2,000,000,000 | 20,000,000,000 | 894,625,566 | 8,946,255,660 | Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi April 21, 2010 No.09901076640 Issued by MOEA Dept.of Commercial Affairs | — | — |
| Sept./2010 | 10 | 2,000,000,000 | 20,000,000,000 | 1,056,048,043 | 10,560,480,430 | The earnings extension increases the Capital Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Sept.3, 2010 No.09901198560 Issued by MOEA Dept.of Commercial Affairs | — | — |
| March/2011 | 10 | 2,000,000,000 | 20,000,000,000 | 1,453,073,506 | 14,530,735,060 | Conversion of shares Approval under Document Jing Shou Shang Zi March 7, 2011 No.10001042020 Issued by MOEA Dept. of Commercial Affairs | — | — |
| Sept./2011 | 10 | 2,000,000,000 | 20,000,000,000 | 1,583,850,122 | 15,838,501,220 | Capital Surplus Transferred to Capital Approval under Document Jing Shou Shang Zi Sept.15, 2011 No.10001207100 Issued by MOEA Dept.of Commercial Affairs | — | — |
| April/2012 | 10 | 2,000,000,000 | 20,000,000,000 | 1,655,709,212 | 16,557,092,120 | Conversion of shares Approval under Document Jing Shou Shang Zi April 24, 2012 No.10101072410 Issued by MOEA Dept.of Commercial Affairs | — | — |
| Oct./2016 | 10 | 2,000,000,000 | 20,000,000,000 | 1,692,782,499 | 16,927,824,990 | Conversion of shares Approval under Document Jing Shou Shang Zi Oct. 25, 2016 No.105011248620 Issued by MOEA Dept.of Commercial Affairs | — | — |
| Jan./2017 | 10 | 2,000,000,000 | 20,000,000,000 | 1,723,895,350 | 17,238,953,500 | Conversion of shares Approval under Document Jing Shou Shang Zi Jan. 27, 2017 No.10601006760 Issued by MOEA Dept. of Commercial Affairs | — | — |
| April/2017 | 10 | 2,000,000,000 | 20,000,000,000 | 1,740,963,062 | 17,409,630,620 | Conversion of shares Approval under Document Jing Shou Shang Zi April 20, 2017 No.10601049450 Issued by MOEA Dept.of Commercial Affairs | — | — |
| July/2017 | 10 | 2,000,000,000 | 20,000,000,000 | 1,745,420,665 | 17,454,206,650 | Conversion of shares Approval under Document Jing Shou Shang Zi July 10, 2017 No.10601094540 Issued by MOEA Dept.of Commercial Affairs | — | — |
| Aug./2017 | 10 | 2,000,000,000 | 20,000,000,000 | 1,825,061,775 | 18,250,617,750 | Conversion of shares Approval under Document Jing Shou Shang Zi Aug. 25, 2017 No.10601122870 Issued by MOEA Dept. of Commercial Affairs | — | — |

| Month/ Year | Issue Price | Authorized Capital Stock | | Paid-in Capital | | Remark | | |
|----------------|----------------|--------------------------|----------------|------------------|----------------|--|---|-------|
| | | Number of Shares | Amount | Number of Shares | Amount | Sources of Equity Capital | Property other than Cash serving as payment of shares | Other |
| Aug.1/2018 | 10 | 2,000,000,000 | 20,000,000,000 | 1,679,056,833 | 16,790,568,330 | Capital reduction Approval under Document Jing Shou Shang Zi Aug. 01, 2018 No.10701100870 Issued by MOEA Dept. of Commercial Affairs | — | — |

4.1.1.2. Types of Shares

Apr. 30, 2019/Unit: share

| Types of Shares | Authorized Capital Stock | | | | | Subscription Warrants Warrants are Attached to Preferred stock or bonds |
|-----------------|----------------------------------|----------------|---------------|------------------------|---------------|---|
| | Outstanding Capital Stock (Note) | | | Capital Stock Unissued | Total | |
| | Listed (OTC)) | Unlisted (OTC) | Total | | | |
| Common Shares | 1,679,056,833 | — | 1,679,056,833 | 320,943,167 | 2,000,000,000 | 500,000,000 |

Note: The Authorized Share Capital of WPG Holdings is 200M shares, of which up to 50M shares are reserved as subscription warrants issued along with Preferred Stocks or Bonds.

4.1.2. Shareholder Structure

Apr. 30, 2019

| Share holders Quantity | Government Organizations | Financial institutions | Other Legal Persons | Individuals | Foreign Institutions & Aliens | Total |
|----------------------------|--------------------------|------------------------|---------------------|-------------|-------------------------------|---------------|
| The Number of Shareholders | 8 | 33 | 279 | 65,703 | 630 | 66,653 |
| Number of shares held | 46,837,955 | 336,182,580 | 146,681,560 | 575,166,775 | 574,187,963 | 1,679,056,833 |
| Shareholding Ratio | 2.79 | 20.02 | 8.74 | 34.25 | 34.20 | 100.00 |

4.1.3 The latest status of Publicly Held Common Share

Apr. 30, 2019

| Owner Class | Number of the Shareholders | The number of Shareholdings | Shareholding Ratio |
|------------------|----------------------------|-----------------------------|--------------------|
| 1 to 999 | 27,715 | 9,551,049 | 0.57 |
| 1,000 to 5,000 | 26,402 | 60,235,324 | 3.59 |
| 5,001 to 10,000 | 6,177 | 44,186,125 | 2.63 |
| 10,001 to 15,000 | 2,149 | 25,708,672 | 1.53 |
| 15,001 to 20,000 | 1,042 | 18,398,150 | 1.10 |
| 20,001 to 30,000 | 1,004 | 24,568,112 | 1.46 |
| 30,001 to 40,000 | 469 | 16,213,625 | 0.97 |
| 40,001 to 50,000 | 284 | 12,855,388 | 0.77 |

| Owner Class | Number of the Shareholders | The number of Shareholdings | Shareholding Ratio |
|---------------------|----------------------------|-----------------------------|--------------------|
| 50,001 to 100,000 | 541 | 38,146,086 | 2.27 |
| 100,001 to 200,000 | 337 | 47,102,157 | 2.81 |
| 200,001 to 400,000 | 187 | 53,944,796 | 3.21 |
| 400,001.to 600,000 | 81 | 40,081,183 | 2.39 |
| 600,001.to 800,000 | 52 | 35,965,784 | 2.14 |
| 800,001 to1,000,000 | 25 | 22,223,092 | 1.32 |
| More than 1,000,001 | 188 | 1,229,877,290 | 73.24 |
| Total | 66,653 | 1,679,056,833 | 100.00 |

4.1.4 The Name List of Major Shareholders

Details of Shareholders owning more than 5% or the top 10 of companys' stock

Apr. 30, 2019/Unit: share

| Share Name of major shareholders | Number of Shareholding | Shareholding Ratio (%) |
|---|---------------------------|---------------------------|
| Fubon Life Insurance Co., Ltd. | 126,362,000 | 7.53 |
| Shin Kong Life Insurance Co., Ltd. | 51,591,000 | 3.07 |
| Cathay Life Insurance Co., Ltd. | 41,687,860 | 2.48 |
| Mr. Simon Huang | 41,411,507 | 2.47 |
| Fullerton Technology Co., Ltd. | 35,930,074 | 2.14 |
| Taiwan Life Insurance Co. Ltd | 30,700,000 | 1.83 |
| Mr. Mike Chang | 25,112,020 | 1.50 |
| Kaystar International Limited (Supplier, Hong Kong) | 24,557,057 | 1.46 |
| American branch of JPMorgan Chase Bank Taipei Branch is entrusted with the management of Vanguard's Emerging Markets Stock Index Fund Investment Manager | 23,830,040 | 1.42 |
| The American branch of JPMorgan Chase Bank Taipei Branch is entrusted with the advanced fund of the Advanced Stars International Stock Index Fund | 23,434,420 | 1.40 |

4.1.5 Market Price per share, Book Value per share, Earning per share, Dividend per share for the last two years and the related information

| FY | | | FY 2017 | FY 2018 | FY 2018 As of March 31 |
|-------------------------------|--|---|-----------|-----------|---------------------------|
| Item | | | | | |
| | | | | | |
| Market Price Per Share | Highest | | 46.55 | 44.50 | 40.35 |
| | Lowest | | 36.80 | 34.65 | 36.70 |
| | Average | | 39.96 | 39.37 | 38.87 |
| Book Value Per Share | Before the allocation | | 28.23 | 32.37 | 33.34 |
| | After the allocation | | 25.83 | Note 1 | Note 1 |
| Earning Per Share | The weighted average number of shares (thousand of shares) | | 1,782,991 | 1,766,260 | 1,679,057 |
| | Earning Per Share | Before retrospective | 4.10 | 4.22 | 0.78 |
| | | After retrospective | 4.10 | Note 1 | — |
| Dividend per share | Cash Dividend | | 2.40 | Note 1 | — |
| | Stock Dividends | Stock Dividend from retained earnings | — | — | — |
| | | Stock Dividend from Capital Reserve for Allotment of Shares | — | — | — |
| | Previous unpaid dividends Accumulated | | — | — | — |
| Return analysis on investment | Price-Earnings Ratio (Note 2) | | 9.75 | 9.33 | — |
| | Ratio of dividend (Note 3) | | 16.65 | Note 1 | — |
| | Cash Dividend Yield (%) (Note 4) | | 6.01 | Note 1 | — |

Note 1: The data is listed based on the next annual shareholders' meeting resolution. However, the distribution of 2018 retained earnings has not been resolved.

Note 2: Price-Earnings Ratio (PE) is defined as market price per share divided by annual earnings per share.

Note 3: Cost-Benefit Ratio (CBR) is defined as market price per share divided by annual cash dividend per share.

Note 4: Cash Dividend Yield (CDY) is defined as cash dividend per share divided by annual market price per share.

4.1.6 Dividend policy and implementation status

1. Dividend policy according to the Articles of Incorporation (Amended on June 28th, 2019)

By the Articles of Incorporation, if there is a surplus in the annual final accounts at the time of reported year-end surplus profits, After completing the tax payment and making up for the loss over the years, the company should first make a 10% legal reserve, and after making the provision or revolving the special reserve according to law, if there is a balance, it is necessary to prioritize the distribution of the special stock for the current year.

Dividends, and then the balance (hereinafter referred to as "the current year's surplus") plus the undistributed surplus at the beginning of the period as the surplus available for distribution, the board of directors proposes to distribute the dividends after the resolution of the shareholders' meeting.

The company's dividend policy considers the company's profitability, future operating plan capital requirements and changes in the industrial environment, and takes into account the shareholders' equity and the company's long-term financial planning and other factors to plan the company's dividend distribution plan, the company's annual dividend distribution is not less than the current year 50% of the surplus; and the cash dividends distributed shall not be less than 20% of the total dividend distribution.

2. Proposed dividend distribution of this shareholders meeting

The 2018 surplus distribution of the Company has been approved by the BOD on Apr. 30, 2019. Amongst which, NT\$ 4,533,453,449 of the accumulated distributable surplus of 2018 was distributed in cash, with NT\$ 2.7 per share.

4.1.7 The impact of stock dividend issuance on business performance:

EPS proposed by the annual meeting of shareholders: not applicable.

4.1.8 The rules of employees benefits, director and supervisor's remuneration are as follow

1. Related information regarding remuneration of employees, directors and supervisors according to the Articles of Incorporation:

By the Articles of Incorporation, WPG shall at the time of reported year-end surplus profits, after losses over the years have been covered and all taxes and dues have been paid, allocate an amount between 0.01% and 0.5% of the surplus as employee remuneration, and no higher than 0.3% as directors and supervisors' remuneration.

2. The accounting based on the estimated employee benefits, directors' and supervisors' remuneration, as well as actual allotted amount will deal with any differences compared to the estimated columns:

The estimated amount for 2018 employee benefits, directors' and supervisors' remuneration in accordance with past experience will be dealt under the relevant resolution of shareholder's meeting on June 28, 2019. Any difference of the amount existing between the two items will be adjusted in an account based on changes in accounting estimate.

3. Approval of the proposed employee remuneration allocation by the BOD and related information

In 2018, the Company's plans regarding distribution of employees' and directors' remuneration has been passed on Apr. 30, 2019 by the BOD, with a directors' remuneration of NT\$42,000,000; The BOD resolved the proposed amount NT\$18,108,000 of distributed bonuses to employees for 2018. All of the above amount will be issued by cash and considered to be expenditure, no impact on EPS.

4. The actual amount of employee benefits, directors' and supervisors' remuneration of 2016 (including the allotted shares, the amount and share price) shall contain the different column, causes and treatment if any difference exists in recognized employees' bonus and director, supervisor remuneration.

Through the resolution of 2018 shareholder's meeting, 2017 employees', directors' and supervisors' remuneration were accrued at NT\$23,334,000 and at NT\$42,000,000 respectively. Compared to the recognized employees' remuneration of NT\$24,392,000 and directors' and supervisors' remuneration of NT\$42,000,000 that of employees' remuneration decreased by NT\$1,058,000 and have been adjusted with the profit or loss of the first season of 2018. °

4.1.9 Buying back shares: none.

4.2 Corporate bonds: none.

4.3 Preferred stock: none.

4.4 Overseas depositary receipt: none.

4.5 Employee stock option certificates: none.

4.6 Limited employee rights shares: none.

4.7 The new shares issued by merged corporations:

4.7.1 The new shares issued by merged corporations in the recent year and as of the publication date of the annual report:

- i. The assessment of the organizer underwriters issuing new shares by merging or transferring in the 1st quarter of 2019: none.
- ii. The implementation such as execution or beneficial result under the schedule in the 1st quarter of 2019 shall specify the impact on shareholders' equity and improvement: none.

4.7.2 BOD's approval on the new shares issued by merged corporations in the recent year and as of the publication date of the annual report

- i. Basic information on merged corporations: none.
- ii. The implementation of new shares issued by merged corporations and impact on shareholders' equity: none.

4.8 The implementation of raising capital: none.

5 Operational Highlights

5.1 Scope of Business

5.1.1 Business activities

5.1.2.1 WPG Holdings: Investment industry.

5.1.2.2 WPG Group

(1) Main business activities

WPG Holdings is first in the world, and the largest semiconductor and electronic components headquartered of the Asia-Pacific region in Taipei (TSE: 3702). The Group owns WPI, SAC, AIT and YOSUN, with more than 5,400 employees, more than 250 products suppliers, and more than 105 operating locations worldwide, with about 77 in the Asia-Pacific region, and about 28 in the North American region.

WPG Holdings is the first investment holding company which consists of professional semiconductor component distributors in Taiwan. The Holdings unites excellent management teams of each corporate, integrate logistics support platforms and reduce operational costs. Our performance has continued to make improvement and run far ahead of other competitors since the establishment. We will remain outrunning others and become the pioneer and pilot of semiconductor component distributors in Asia-Pacific as a Holding company.

(2) Sales percentage (2018)

| Product name | Sales percentage |
|--|------------------|
| Core components | 28.80% |
| Analog IC and mixed single components | 18.41% |
| Discrete, Logic IC | 14.60% |
| Memory component | 24.70% |
| Optical components | 6.52% |
| Passive, components, connector and magnetic components | 4.74% |
| Other components | 2.23% |
| Total | 100.00% |

(3) Products (service) of the Group

a. Franchised semiconductor brand

We are the authorized distributor of more than 250 semiconductor brands, such as ADI, ALI, AOS, CREE, Infineon, Intel, MediaTek, Micron, MPS, Novatek, NXP, OmniVision, ON semi, Qualcomm, Realtek, Richtek, Samsung Electronics, SDI (Samsung SDI), SEMCO, ST Micro, SEMTECH, Spreadtrum, TI, Toshiba, Vishay and Winbond.

b. Category/name of franchised semiconductor product category/name

| Main product category | Application |
|---------------------------------------|---|
| Core components | Chipsets, assorted graphics/audio/video controllers, smartphone chips, network/modem chipsets, 4/8/16/32/64-bit CPU/MPU and RISC CPU, etc. |
| Analog IC and mixed single components | Bipolar, CMOS operational amplifiers, comparators, digital/analog converters, power supply controllers, audio and video amplifiers or controllers, etc. |
| Discrete, Logic IC | Diodes, rectifiers, transistors, thyristors, insulated gate bipolar transistors, optical transistors, logic ICs, etc. |
| Memory component | DRAM, SRAM, EPROM, EEPROM, Flash, MCP, etc. |

| Main product category | Application |
|--|---|
| Optical components | TFT LCD panels, sensors, LED, etc. |
| Passive, components, connector and magnetic components | Resistors, MLCC, inductors, magnetic components, cables, connectors, -mechanics, electromechanics, circuit protection, materials, batteries, filters, oscillators, etc. |
| Other components | Non-electronic components |

c. New products (service) planned to develop

| Product application category | New franchise in plan |
|------------------------------|---|
| Computer & Peripheral | Tablet solutions, touch panels, network storage servers and cloud computing solutions |
| Communication electronics | Wireless communication solutions for wearable devices, TD-LTE (4th generation wireless communication, SOC), e-wallets, 5G related solutions |
| Consumer electronics | Smart home security systems, smart lighting, smart health management systems and outdoor lighting |
| Industrial electronics | Security monitoring solutions, motor control solutions, power management solutions and wireless charging solutions |
| Automotive Electronics | Automotive audio and video entertainment system solutions, car networking solutions, advanced driver assistance system (ADAS) solutions |
| Others Propose | IoT |

5.1.2 Industry Overview

5.1.2.1 Industry status and development

The semiconductor industry in 2018 continued its momentum in 2017, with a substantial growth of 13.4% to US\$476.9 billion. Analysis of the reasons, in terms of supply side: mainly because the demand for memory components continues to increase, prices continue to rise, the upstream capacity expansion rate and adjustment range less than the response. In terms of demand: mainly because of the trend of intelligent demand for electronic products, driving a new wave of market demand, such as smart manufacturing, smart home appliances, etc., as well as e-sports, cloud storage, car safety. Continued growth in other areas has boosted global semiconductor revenues in 2018.

Looking into the global semiconductor revenue situation in 2019, under the influence of many unstable international situations, such as the EU's Brexit issue, the threat of the US-China trade war, etc., under the influence of uncertain factors, Gartner predicts that the global semiconductor revenue will decline by 3.4% to only \$458.4 billion, and global semiconductor revenue will challenge the \$500 billion choke point, that it will not be available until 2020, as shown in Figure 1.

Table 1. Estimated revenue of the global semiconductor industry from 2016 to 2021

| Fiscal Year | 2016 | 2017 | 2018(F) | 2019(F) | 2020(F) | 2021(F) |
|-----------------------|-------|-------|---------|---------|---------|---------|
| Revenue | | | | | | |
| Unit: US\$ billion | 345.9 | 420.4 | 474.6 | 458.4 | 512.2 | 555.7 |
| Annual change rate | 3.3% | 21.6% | 12.5% | -3.4% | 11.7% | 8.5% |

Source of data: Gartner Q1/2019

After a bountiful 2017 and 2018, what are the future developments of semiconductors in the future? We believe that artificial intelligence (hereinafter referred to as AI) is the primary priority. AI requires big data to learn or simulate human wisdom and experience, which is

gradually growing mature and unstoppable under the following important foundations:

(1) Internet

Driven by the rise of Internet platforms such as Amazon, Google, Facebook, Youtube, Alibaba, etc., a large amount of information flow has been created, forming the most basic element of AI development. These network platform operators, in order to explore consumer demand, have been making every effort to develop all kinds of data exploration technologies, and have attempted to tap potential business opportunities from scratch. This has led to the development of various types of artificial intelligence software, which has become the software development project every country is diving in to develop.

(2) Internet of Things

Despite having the drawn of the Internet, the only thing that really makes AI development possible is the Internet of Things. The concept of connecting everything to the Internet of Things (AI) is the most important aspect of AI's connection (grounding). In recent years, due to the rise of the Internet of Things, many terminal devices can provide important big data for AI development. This new trend, combined with artificial intelligence and object networking, is referred to as AIoT for short, and AIoT is currently the most favored development, details of which are as follows:

a. Self-driving: Advanced ADAS and self-driving 3D visual sub-system

From traditional cars and semi-autonomous vehicles to unmanned vehicles in the future, the world's most important parking lots use a large number of sensors on vehicles to collect driver's driving behavior and environmental data. According to the plan of the US Department of Transportation, all new cars will be equipped with an Internet-connected device to prevent accidents five years from now. It is estimated that in the near future, AI unmanned vehicles will be on the road.

b. Drone/Robot: Equipped with 3D vision for independent movement

Whether it is agricultural production or industrial production, drones and robots have been truly applied to production practices. It solves the problem of labor shortage and it has created the feasibility of precise manufacturing and endless possibilities unlimited business opportunities in the future.

c. VR/AR/MR equipments:

Starting from the entertainment media, devices with 3D environment scanning and positioning capabilities for 2D/3D object recognition are bringing changes to our lives. The development potential of the education industry and the medical industry in the future cannot be underestimated.

d. Intelligent monitoring equipment:

From the public domain, business to home image monitoring needs, monitoring equipment has long been a part of our lives. In the future, with the development of intelligence, a large amount of massive information from monitoring equipment, together with the development of AIoT, will be used just like the application and demand of the movie plot, which will promote the unlimited business opportunities for future intelligent monitoring equipment.

(3) High-speed wireless network (5G)

Although the Internet of Things is based on the concept of connecting the different things together, bringing AIoT to our daily lives, artificial intelligence remains to be impossible without the cooperation of high-speed networks. As every grounded IoT device must rely on high-speed wireless network equipment to upload information to the cloud, go through the cloud's supercomputer operations, and then send operational computing back to the IoT device, if there is no high-speed Internet connection, the transmission of information would cease. Therefore, the development of 5G is urgent and necessary. It is estimated that it will become an important generating force for semiconductor growth in the short term.

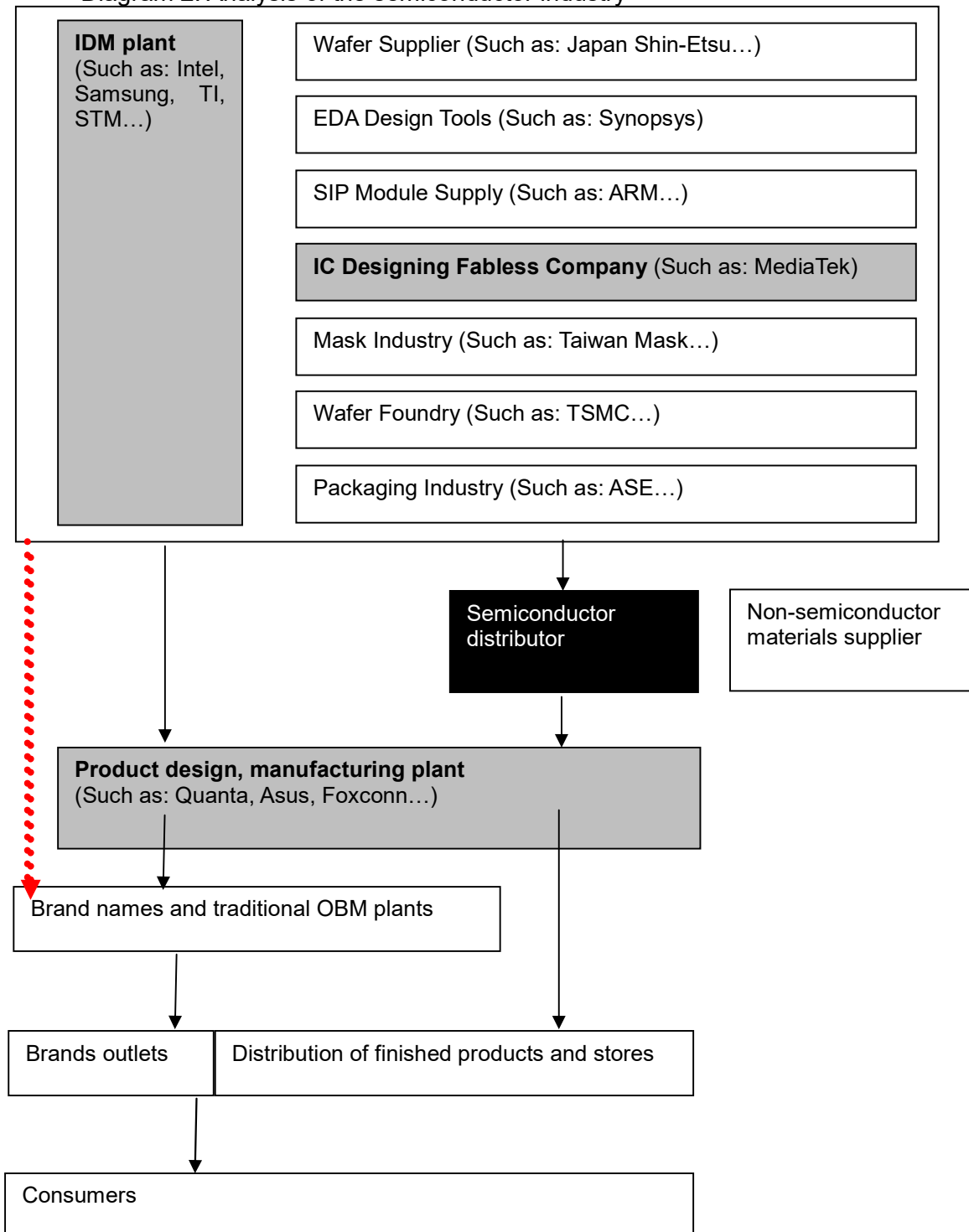
According to pwc's estimation, the contribution of AI to global GDP in 2030 will be as high as USD 15.7 trillion, which exceeds the current total of China's and India's GDP, of which

USD 6.6 trillion will come from increase in productivity, while USD 9.1 trillion will come from consumers. The development of AI will be an important growth momentum for the semiconductor industry in the next 10 years. Semiconductors will become necessary for life, entertainment, and work.

5.1.2.2 Connection of the upstream, midstream and downstream companies in the industry:

The connection of the upstream, midstream and downstream companies in the semiconductor industry are analyzed, in diagram 2, as follows:

Diagram 2. Analysis of the semiconductor industry



(1) Basic structure of the semiconductor supply chain

a. Upstream Semiconductor Component Suppliers

Upstream semiconductor component suppliers can be divided into two broad categories. The first type of semiconductor component supplier is the Integrated Design Manufacture (IDM), which has a high level of vertical integration capability. Individual product portfolios of which are also relatively complete. The entry barriers of IDM plant are high. Companies such as Intel, Samsung Semiconductor, and Texas Instruments are examples of this.

The second category of semiconductor component suppliers belongs to a highly industrial division of labor model. For Fabless IC design companies directly related to semiconductor pathways, despite the fact that the product portfolio is not as complete as the first type of IDM plants, the entry barriers are low, and their products are much more focused on specific semiconductor component applications, examples of which include Qualcomm, MediaTek, etc.

The two major categories of semiconductor component suppliers are the major upstream suppliers of the semiconductor access industry, and each semiconductor distributor has obtained distribution authorization for semiconductor components through its distribution or agency model.

b. Semiconductor Distributor

There are no manufacturing plants in the distributors themselves, and they mainly sell semiconductor components of upstream IDM or Fabless IC design companies. Through their own professional value-added services, they complete sales and distribution of semiconductor components to downstream manufacturers of electronic products such as EMS, ODM and OBM. According to the scale and scope of operations of the distributors, it can be divided into three categories.

The first category is international agents and distributors. Here we will use Arrow and Avnet from the United States as an example. Their agents and distributors of products and marketing outlets span across the five continents, and have actively acquired the agents and distributors in Asia to consolidate their markets share over the years.

The second category is regional agents and distributors. In terms of Asian markets, such as WPG Group, WT Microelectronics and Supreme Group are examples of which. In recent years, regional agents and distributors in the Asian market have actively invested in the Chinese market. The companies attack the market by self-employed, buy-and-buy and group-holding company-types, they also formed different tactical ethnic groups. The United National Congress of the United Nations has broken into the United States market and moved from regional markets to the international community.

The third category is geographical distribution traders. Such distributors are based on the world's factory, China. They are familiar with local laws and customers, and has become the targets for cooperation for first-class and second-class distributors.

c. Downstream product manufacturers

Downstream product manufacturers can be categorized into three main categories.

The first category is the Original Equipment Manufacturer (OEM) or the Electronics Manufacturing Services Provider (EMS). Such manufacturers mainly focus on production and manufacturing, and values global logistics management capabilities, information system transparency, and multiple product supply capabilities. Examples of which includes Flextronics and more.

The second category is the Original Design Manufacturer (ODM). In addition to manufacturing capabilities, such manufacturers also accept commissioned designs. Compared with EMS factories, they pay more attention to the investment of R&D units. They have a relatively high degree of control over the electronic product specifications and components right of use, for example: Quanta, Compal, Wistron, Pegatron, etc.

The third category is the Own Brand Manufacturer (OBM). In addition to the design and manufacturing capabilities, such manufacturers also have their own brand

marketing capabilities. Compared with the first two types of manufacturers, such manufacturers pay more attention to the product marketing strategy and market segmentation. Examples of which includes Sony · Lenovo, etc.

The above-mentioned three categories of electronic product manufacturing plants are the most important customer groups in the semiconductor access industry. In recent years, due to fierce competition in the industry and an increasing demand for services and demands from end customers such as Just In Time, Vender Managed Inventory, and Build to Order, upstream IDM plants and Fabless IC design companies are forced to focus more on their core expertise (such as the industrial specification of semiconductor devices, product design and manufacturing, etc.). Electronic components originally sold directly to the above-mentioned three categories of electronic product manufacturing plants are being released year by year and will be accepted by their semiconductor channel partners. Such a move has brought tremendous business growth opportunities to the semiconductor distribution industry, and has brought tremendous pressure on working capital and management knowledge. It has also indirectly contributed to the consolidation of the semiconductor distribution industry of recent years.

d. Brands outlets

Typical representatives of which include global leading brand names of electronic products such as Apple, Dell, HPQ, Acer, etc. The common point of such manufacturers lies in their product manufacturing and design operations. Most of them have been outsourced to Asia's low-cost, EMS or ODM factories. They are focused on front-end brand management, product specification design, marketing strategy planning, and global operational management and brand direct operation of the entity and virtual store and other high value-added work. These brands dominates the highest points in the food chain of the semiconductor industry as a whole, and are predators in the industrial ecology.

e. Final product distributors

In terms of the Asian market, the typical examples of which include Synnex Technology International, Tryigold Holdings, etc. In addition to acting as agents and distributors of internationally renowned brand products such as Lenovo, Dell, Sony, and Toshiba, such companies also distribute emerging OBM plant products such as Asus, Acer, MSI, etc. In recent years, they also cooperate with ODM factories to launch its own information products for road brands, and provide products to various information product display stores, corporate users, or directly operated stores. In the overall industry food chain, it belongs to the closest distributors to consumers of the market.

(2) The role and relevance of semiconductor distributors:



The main functions and role of semiconductor distributors are for upstream semiconductor suppliers to assist suppliers in the sales and expansion of semiconductor components. For downstream electronic product manufacturers, the main function of which is to assist customers in semiconductor components that are indispensable in the procurement of manufacturing processes. The tangible commodities handled by channel companies are semiconductor components with complex specifications and numerous items that cannot be freely replaced. However, the derived supporting service items and value provision cover more extensively the financial, material management, distribution, and technical support. For a wide range of professional services, the below are the seven major orientations:

a. Product Promotion

Upstream suppliers' semiconductor components require the assistance of professional regional distributors to deliver the product to a large number of downstream customers in the shortest possible time. Since the subject matter of the transaction involves the semiconductor industry, and the parties to the transaction are all professional buyers, dealers often need to establish business personnel and technicians who are familiar with the supplier's products in order to provide appropriate goods and technical services and instant response to customer needs.

b. Inventory Management

Since the standard delivery time for upstream semiconductor suppliers or manufacturers, based on the needs of semiconductor manufacturing, takes about 12 weeks, and for most of the customer base, it is difficult to predict the exact demands after 12 weeks beforehand.

In recent years, due to fierce competition in the electronic information industry, downstream customers have not only become shorter and more varied in their ability to predict future demand. The reason is that the terminal's brand makers have made greater changes in demand forecast for finished products manufacturers (EMS, ODMs). Usually, the demand is determined within only 1 to 2 weeks. In the middle of the 10-week delivery time gap, all dealers need to be coordinated in the middle, and appropriate safety stocks to reduce the huge

difference that may occur in the middle and maintain the normal operation of the overall industrial chain.

Therefore, when the information industry is more competitive and the uncertainty of future demand is higher, the role of semiconductor dealers becomes more important.

c. Order Management

Due to the limited resources of suppliers, it is usually only possible to provide direct services to a few large customers. The order demands of many other small and medium-sized customer groups require the efficient supply of instant services through the distributor's resources. After the usual collection of actual demand and estimate demand orders from numerous small and medium-sized customer groups by distributors, they collectively place orders for suppliers to perform batch operations. This not only greatly increases the supplier's burden on order management, but also helps suppliers maintain the stability and efficiency of their semiconductors manufacturing plant operations, ensuring that the customer can obtain the agreed semiconductor components on the specified delivery date, in a predetermined quantity.

d. Sale Management

Except for a few large-scale finished product manufacturers, most of the small and medium-sized customers do not have enough orders to negotiate with semiconductor suppliers. The distributors play an important role in this process. Through distributors' centralized ordering advantages, they can obtain more favorable costs for the downstream small and medium-sized customers. Conversely, for suppliers, they can also help the dealers to maintain the order of prices through the middle operation of the distributors and achieve purpose of sales management.

e. Logistic Management

The supplier only needs to follow the distributor's order, centralized batch operation to deliver the goods to the distributor's designated delivery warehouse, which saves the complexity of many batch delivery operations of the supplier; and the distributor is responsible for responding to the individual needs of the many small and medium-sized customer groups, according to individual customer specified packaging methods (including labeling operations), required delivery documents and prescribed place of delivery, in order to complete the distribution of semiconductor components. Distributors not only significantly reduce the timeliness and costs of supplier logistics management, but also significantly reduce the human resources and space requirements required by downstream customer warehousing operations.

f. Financial Management

In general, to purchase semiconductor components directly from semiconductor suppliers, apart from the fact that they must have a considerable amount of procurement, they must still have a certain level of credit rating and collateral, and they must also bear relatively short payment terms. However, not all customers have the ability or willingness to pay such a price to complete the procurement of semiconductor components within the stated terms. As a result, the distributor plays an important role as a financier. The distributor will usually calculate according to many objective conditions, such as customer bank transaction history, credit history, operational status, person in charge, and usual transaction records, and then provide the downstream customers with a certain amount of credit. The payment terms of the suppliers are compared to facilitate the downstream customers to obtain the products and services of the suppliers with less financial operating costs. The suppliers are also familiar with the role of financing under local market operations through distributors. On the one hand, they avoid the financial risks of local operations. On the other hand, they retain their market share and business opportunities. The role of distributors in financial and risk management in this area

is especially important in the Asian market.

g. Information Management

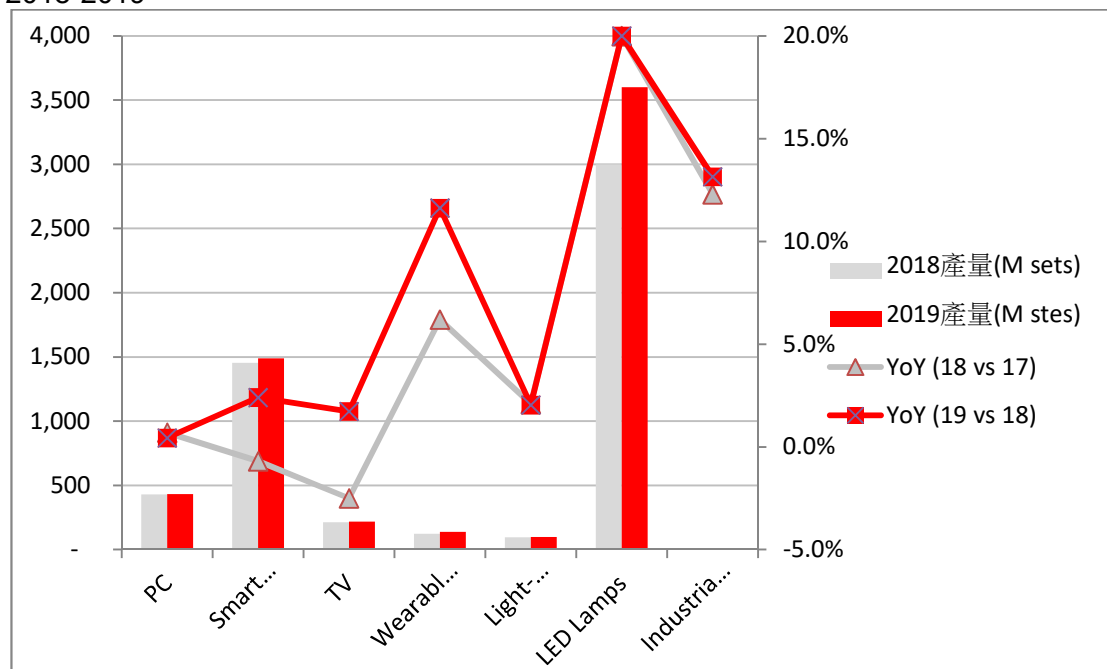
The core expertise of semiconductor suppliers lies in the development of semiconductor components, manufacturing, and the establishment of industrial standards. It requires many professional business personnel and technical personnel to help collect market information and integrate customer needs. The consolidation of core expertise, abundant dealerships and professional local manpower support plays an indispensable role. At the same time, for the client, through the distributor's intermediary role, it can also gather the voice of many customers, so that suppliers can attach importance to and provide more suitable products to help customers complete the design and manufacturing operations of electronic products in the future.

The function of the semiconductor distributor is fundamentally similar to that of a bridge. It presents a two-way role-playing role in communication and hosting. In addition to playing an important frontline fighter for the supplier to attack the city, it is also necessary to play the role of a downstream customer cooperative supplier to jointly face the challenges of changing markets. In addition to these two roles, channel companies need to be cautious in maintaining their own operations and profits in order to maintain their everlasting growth in the ever-changing electronics industry.

5.1.2.3 The statistics of the semiconductor applications are compiled and described as below:

The five major fields are: Computer, Communication, Consumer, Automotive, Industrial. The reasons are analyzed below and shown in Fig. 3.

Fig.3. Estimated production of the global major semiconductor applications in 2018-2019



Source of data: Gartner, Digi Times, IDC, Wards Intelligence, HIS, IFR, etc; Organized by WPG Q3, 2018

(1) PCs, (Including Desk-Tops 、,Notebook 、,Ultra mobile 、,Server)

According to Gartner research shows the overall performance of global PC market shipments in 2018 was 431million, representing a 0.7% decline compared with those in 2017. The traditional desktop PC and traditional NB shipments remained weak, only

reaching 195 million units totally, with a decrease of 4.4%. Shipments of ultra-thin notebooks and tablets continue to be steady with shipment of 220 million units, showing a 1.9% increase compared with that of 2017. Server shipments were relatively bright, continuing to grow to approximately 16 million units and grow by 15.0%. Throughout the performance of the overall PC market in 2018, although there are negative factors such as DRAM out of stock, tight supply of Intel CPU, etc., it also stimulated the wait-and-see purchase, maintaining the basic disk of PC products.

Regarding the 2019 global PC market, although the industry leader Intel didn't put forward any concrete development plan to inspire the industry, and Microsoft Windows 10 version update has also delayed, mining boom subsided and other negative factors, but the Company actively development new application areas concerning with PC, such as VR, AR, MR, Autonomous Vehicles, Robot, Internet of Things (IoT), AI, etc. It's continuing to expand the application areas and space of computer computing. The desktop PC shipments are still expected to see an opportunity to 433 million units, showing a increase of 0.4% in 2019. Shipments of the traditional desktop PC and traditional NB are expected to drop to 189 million units, with a decrease of 3.1% compared with that of 2018. Shipment of ultra-thin notebooks and tablets are expected to increase up to 226 million units, with a 2.7% increase compared to that of 2018. Shipment of server is expected to increase at 18 million units, with an increase of 12%. The growth of the overall PC market is still facing slowdown. However, the product mix is gradually shifting to a more profitable specific market, which is conducive to the long-term stable development of the PC industry.

(2) Mobile Phone

According to the IDC research, the sales growth rate of smartphones was facing stagnation in 2017 after years of rapid growth in smartphone, and in 2018, the output decrease 5.3% to 1.45 billion, of which the most important recession lies in the Chinese market. Impact. The Chinese market currently accounts for nearly 30% of global mobile phone sales. Since the second quarter of 2017, the Chinese market has continued to decline in buying momentum. It has shrunk for six consecutive quarters in 2018, indicating that the replacement cycle for mobile phone users in the Chinese market has been lengthened. Even with Tmall's double 11 purchase boom, it is difficult to save the annual sales of smart phones.

Looking forward to 2019, as 5G is not ready yet, and the ecosystem of 4G smart phones has not seen new developments, Samsung, Huawei, Apple and Xiaomi, the four major mobile phone brands, may not be able to stimulate market demand, and global smart phone sales are estimated to experience only a small increase of 2.4%, reaching 1.489 billion units; it is difficult to break through the 1.5 billion threshold.

(3) TV

With the trend of digital homes, manufacturers are not trying their best to launch a variety of goods, intended to compete for the dominance of several families. However, due to the family's lifestyle, the dominant position of the living room and TV is still the same. In recent years, although smart phones and other products have been taken out, in an attempt to obtain the right to speak of several families, it is still impossible to completely replace the key position of TVs in digital homes.

According to Digi Times' estimate, global TV shipments in 2018 are still dominated by LCD TVs, with shipments of 214 million units, a slight increase of 1.3%. The main growth momentum is the effect of the first half of the FIFA World Cup, and the decline in panel prices has stimulated. It is expected that the TV market will maintain a small growth of 1.7% to 218 million units in 2019. It is estimated that there will be a turnaround by 2020.

The market is expected to have two important international events in 2020 that will stimulate in the TV market. First of all, from July 24 to August 9, 2020, the Olympic Games held in Tokyo, Japan, attracted attention because of the first 8K broadcast. The other is the UEFA Euro 2020, which will be held by 12 countries to celebrate its 60th anniversary. It is bound to cause a sensation.

(4) Wearable Devices

Under the influence of global trends of sports and health, a variety of wearable device sprang up like mushrooms. In addition to watches, bracelets, earwear, apparel and other four areas, there are modules and a variety of wearable electronic devices, which are being developed and promoted. According to IDC estimates, as the wearable device products and the market enter a transition period, the growth rate of the overall wearable electronic device in 2018 will be single digit for the first time, only 6.2% growth rate, shipments of 123 million units, of which watches account for about 60%, bracelets are about 30%, the rest of the earwear, clothing, modules, etc. account for about 10%.

It is expected that in 2019, it's trend of facilitating the convenience of the previous generation of products and improving the user experience, wearable electronic devices are expected to recover double-digit growth of 11.6% and shipments to 137 million units. The compound growth rate of various types of products before 2022 is expected to be 56.3% for ear wear, 37.5% for apparel, and 13.7% for watches. The future of wearable electronic devices is bright.

(5) Automotive Electronics

According to the Wall Street Journal, after 10 years of growth, the auto market is entering the first period of sustained slowdown since the financial tsunami. The sales of new cars in the world's three major auto markets have reached peak demand in the US market. The market demand facing of weak in China and European, in addition to the trade warfare, the United States to increase the steel and aluminum tax, the European emission regulations are tightening, the EU may ban the sale of diesel vehicles and the eve of the Brexit, which has affected consumer confidence.

According to Wards Intelligence, the global sales of light vehicles will only grow by 2.1% to 95 million units in 2018. It is expected to maintain a small growth of 2.0% in 2008 to reach 97 million units. Although the sales volume of new cars is growing slowly, thanks to the technology and environmental protection, the business prospects of semiconductors in the automotive market are extremely optimistic.

In the design of traditional cars, the average semiconductor cost per car is only about \$320; but in HEVs, the cost of semiconductors is raised to about \$690; in EVs (electric vehicles), the cost of semiconductors is come to at least \$700; The semiconductor cost of each self-driving car will be expected to exceed \$1,000 in the future.

With the emphasis on energy conservation and carbon reduction, and the awakening of environmental protection issues by governments and the promotion of environmental protection regulations, the development of hybrid electric vehicles and electric vehicles will accelerate, and the automotive semiconductor market is expected to become the next 10 years. It is one of the important driving forces for the development of the semiconductor industry.

(6) LED lamp products

With the increasing demand for global energy, and the enthusiasm of environmental protection, the LED power saving and environmental protection features have become one of the important solutions for the lighting market. Whether it is the energy-saving needs of the metropolitan area or the power needs of remote areas with inconvenient transportation, LED lighting provides the best solution for governments and people of all countries, and also promotes the LED lighting market, which has gradually demonstrated explosive power in recent years.

According to IHS estimates, the overall LED lamp products will grow by 20% in 2018, reaching 3 billion units. It is expected to grow by 20% to 3.6 billion units in 2019. By 2020, according to IHS's forecast of the average selling price of LED lighting products worldwide, it will decrease at a compound annual growth rate of 8%. The penetration rate of LED lighting in the overall lighting market is expected to grow to 27.2%. It is expected to enter the high-speed growth period.

(7) Industrial Robot

As the demographic dividend in China has been declining year by year, and labor costs have increased by an average of 15% per year over the past 10 years. It is estimated that the annual labor cost in China will increase by 12% in the next five years, forcing global

brands with production bases in China. Manufacturers are under extreme pressure. In addition to the China-US trade wars this year, regardless of the outcome, it is bound to accelerate the establishment of production bases outside China to diversify risks for the global companies, such as Southeast Asia, India, etc. However, the establishment of the supply chain is not within reach. Therefore, how to reduce the dependence on labor costs in production costs, and to flexibly allocate global production bases and avoid trade war risks, has become an urgent issue for global enterprises. Smart production can solve the above problems. It is an important option for the survival of international companies in the future.

According to the IHS survey report, the global industrial automation equipment (IAE) market will grow by 3.8% in 2018, reaching US\$209.8 billion, and will continue to grow by 4% in 2019, reaching a market size of US\$218.2 billion. Industrial robots, which play a key component role in automation equipment, will have an opportunity for explosive growth in the future. According to the International Robot Association (IFR) report, the sales of intelligent robots, a key component of industrial robots, has grown by 12.3% to 365,000 units in 2018, and is expected to accelerate to 413,000 units in 2019. The growth rate is 13.0%, of which Asia/Australia accounts for 69.8%, Europe is 16.6%, America is 12.2%, and other 2.2%. The future development potential of industrial robots will be even more amazing.

(8) Brief Summary

Although there are still many uncertainties in the market, it is clear that the semiconductor "application market" will be determined in the future. In addition to the basic five markets, there are artificial intelligence, Internet of Things, 5G, etc. The huge business opportunities that will be brought forward, the future growth momentum of semiconductor is worth waiting for.

In addition, owing to the diversities of developments of application market, the business opportunities of various semiconductor components tend to be abundant. For example, Micro Electro Mechanical Systems (MEMS), Non-Optical Sensor, Microcontroller Unit (MCU), Bluetooth low energy (BLE) and Internet of Things (IoT) models... and so on. WPG Holdings has continuously been laying out and cultivating in the industry. We have fully controlled the market growth opportunities. No matter how the future market development is evolved, we have left our visible footprints all over the land.

5.1.2.4 Competition in the semiconductor industry:

According to Gartner's sales report of global semiconductor component distributors, as shown in Table 4, sales of global semiconductor components can be clearly seen, with approximately 68% directly supplied by upstream semiconductor manufacturers (such as Intel, Samsung, MediaTek, etc.). For the downstream product manufacturers or brand manufacturers (such as Foxconn, Quanta, etc.); the remaining 32% are responsible for a large number of products through distributors (distributors, agents, etc.) for decentralized customer sales and service responsibilities.

With reference to the HH Index used by the United States Department of Justice to assess whether the industry already has a monopoly, and to analyze the current semiconductor industry competition, it can be calculated that the HH Index plus total value is only 0.0506, which is less than 0.1, meaning that the semiconductor distribution industry is still in a decentralized competitive pattern. (H index between 0.1 and 0.18 indicates a moderate concentration, and H index above 0.18 indicates a high degree of concentration).

Table 4 Global semiconductor component distributor sales analysis

| Ranking 2018 | Company | 2018 Revenue (USD million) | Share% | HH Index |
|-------------------------|-----------------------------------|----------------------------|--------|----------|
| 1 | WPG Holdings | 17,315 | 11.4% | 0.0130 |
| 2 | Arrow Electronics | 16,894 | 11.1% | 0.0123 |
| 3 | Avnet | 15,289 | 10.1% | 0.0102 |
| 4 | WT Microelectronics | 9,009 | 5.9% | 0.0035 |
| 5 | Macnica Fuji Electronics Holdings | 4,165 | 2.7% | 0.0007 |
| 6 | Future Electronics | 4,109 | 2.7% | 0.0007 |
| 7 | Supreme Electronics | 3,748 | 2.5% | 0.0006 |
| 8 | Toyota Tsusho | 3,520 | 2.3% | 0.0005 |
| 9 | S.A.S. Dragon | 3,295 | 2.2% | 0.0005 |
| 10 | Edom Technology | 2,650 | 1.7% | 0.0003 |
| | Others Distributors/Traders | 71,827 | 47.3% | 0.0082 |
| W/W Distributors Total | | 151,822 | 100.0% | 0.0542 |
| W/W Semiconductor Total | | 474,600 | 32.0% | |

Source of data: Gartner Apr/2019; Organized by WPG

In this fierce industrial competition environment, after years of efforts, Great General Assembly has become the world's largest semiconductor access industry and has greater capacity to carry the mission of the upstream semiconductor manufacturer and expand the market share of its products; It is also rich in resources to provide services to many downstream electronics manufacturers. However, the competition in the access industry is still fierce, and there are still great opportunities for deepening the industry in the future.

5.1.3. Technology and R&D overview

5.1.3.1. WPG Holdings:

The Company is an investment holding company. Technological and R&D is conducted by each group of the Holdings.

5.1.3.2. WPG :

- (1) The research and development expenses (including the proportion of total revenue) invested in the most recent year and up to the date of publication of the annual report, the Group is a professional semiconductor component distributor, supporting customer product design and providing customer with value-added services. The R&D expenses invested of the most recent two years as of the most recent quarter of the printing date of the annual report are shown in the following table.

Unit: NT\$ thousand; %

| Item \ FY | 2017 | 2018 | ~March 31, 2019 |
|-----------------|--------|--------|-----------------|
| R&D expense | 21,106 | 24,766 | 5,781 |
| R&D expense (%) | 0.004 | 0.005 | 0.005 |

- (2) Expected future R&D expenses in revenues (%):
The Group plans to support product design and provide value-added service to clients in 2019. It is estimated that R&D expenses will occupy 0.001~0.01% of revenues.
- (3) Successfully developed technologies and products of these years and as of the publication date of the annual report
The Group continues to provide solutions for different applications and “WPG Solution On-line Network” has been launched in February 2009 to provide solutions for different

applications such as “consumer electronics, “mobile phone and communication”, “computer and peripherals (including tablets”, “automotive electronics” and “industrial electronics”. The solutions are updated irregularly, and the latest hotspot solutions are demonstrated on line. The solutions proposed in 2018 are summarized as below:

| Category | Applications | Solutions |
|--------------------------------|--|--|
| Mobile phone and communication | Smart phones | NFC mobile device payment solution, wearable device solution, iris recognition application solution |
| | Wireless communication | High integrated wireless communication modules, Zigbee technological solutions |
| Computer and peripherals | NB, tablets and etc. | 240W e-sports notebook Adaptor solution, ultra-high-speed external storage solution |
| Consumer electronics | Lighting, smart homes, smart cities, etc | Sweeping robot vision system, smart home solution, smart city solution, LED lighting solution, ultra low power Bluetooth module, smart city application device solution |
| Auto electronics | Car headlights, Digital dashboard, etc. | Vehicle digital dashboard solution, electric vehicle AC charging pile solution, complete solution for vehicle networking, ADB adaptive car headlight system solution, automotive grade 3D gesture recognition controller system, Bluetooth car NFC smart keyless entry system , car wireless charging solution |
| Industrial electronics | Safety monitoring, instruments, etc. | Wireless smoke alarm solutions, MEMS clock solutions for industrial and security systems applications, intelligent IPCAM solutions, IoT gateway solutions, radio monitoring reference designs, mobile data solutions, AI smart cameras |

(4) Technologies and products planned to develop in the future

| Category | Applications |
|---------------------------------|--|
| Mobile phones and communication | Smart phones, wearable device solutions, wireless module and fingerprint identification, 3D identification, etc. |
| Computer and peripherals | Industrial computers, cloud computing and storage etc. |
| Consumer electronics | Smart homes, LED lighting, smart city solutions, UAV and service robot etc. |
| Auto electronics | AV, vehicle condition monitoring and Internet of vehicles etc. |
| Industrial electronics | Industrial meters, wireless security control, machine control and motor control etc. |

5.1.4. Long-term and short-term business development plan

5.1.4.1. WPG Holdings

(1) Short-term plan

We will try hard to retain excellent talents during M&A in emerging markets. Each group keeps its characteristics and the Holdings will help them with communication, coordination and resources integration. Because of the competitive and cooperative organization, the operational costs of the Group are reduced, overall competitiveness has been improved and more complete service can be offered to clients while ROE increases for shareholders.

(2) Long-term plan

We plan to expand the enterprise arrangement of the semiconductor component market in Asia-Pacific, integrate industries related to 3C, automotives, industrial electronics and IoT to have the most complete production line and continue to strengthen the provision of high valued-added service and our position of the e-commerce distributor to reach economics of scale and continue to pioneer in the industry. Accordingly, WPG will not only become the pioneer and leader of the semiconductor components in Asia Pacific but also move toward the goal of “Best Choice in the Industry · Benchmark of Distributors”.

5.1.4.2. WPG Group

(1) Short-term plan

a. Expand the production line of all series and enhance performance management

According to the 2017 Top 25 Semiconductor Supplier Report published by Gartner in Jan. 2018, more than half the brands are our clients, including Intel, Samsung Electronic, Qualcomm, TI, Toshiba, MTK, Infineon, ST Micro, ON Semi, AMD, Microchip, etc. While the market share rises increasingly, we continue to develop new production lines, integrate new products and increase the contribution of information, communication, consumer and auto electronics, industrial electronics and PEMCO in revenues.

Moreover, the global electronic industry continues to promote BTO (built-to-order) and other related measures in order to effectively reduce cost. With the increasing demands for design, logistics and warehousing, distributors can follow the BOT trend to continue increase business opportunities and reach a win-win situation.

b. Develop distribution footholds

Controlling of the distribution footholds is the key to control the distribution channel. When the semiconductor component channel is transforming, WPG gradually expands our distribution footholds to Japan, South Korea, India, Vietnam and North America from the existing strongholds in Taiwan, Singapore, Hong Kong and Mainland China in order to meet the needs of clients who want to establish strongholds overseas and build a distribution network of global semiconductor components. Besides, we purchase other companies, establish subsidiaries and build alliance with local component suppliers to optimize the arrangement of product resources and build long-term competitiveness.

c. Actively strive for the authorization of new production lines

We actively strive for the authorization of new production lines by using the achievements and experience in Taiwan and expand the authorized distribution area from Taiwan to Hong Kong, China, South Korea, South-east Asia and North America.

d. Expand the franchising and sales of new products and increase the market share

WPG aggressively explore new OEM opportunities and move toward the goal of energy saving and high integration while seeking for new production lines and clients through strategic alliance or M&A in the field of passive components.

e. Enhance FAE and design-in service

The application engineers of the Group offer the following service:

- * Help clients with project design

- * Irregularly make technical reports and demonstrate design results to clients

WPG also continue to cooperate with the downstream system design houses based on our professionalism and technical capabilities which have been accumulated in long-term customer service to provide better product solutions, meet the requirements of some vendors in lack of R&D resources and even obtain patents in order to have close cooperation with clients.

f. Enhance customer relationship management (CRM) and supply chain management (SCM) and strengthen horizontal connection through the enterprise resource planning (ERP) to accelerate response

In addition to strengthen the knowledge management of sales and product marketing

engineers to make them capable of promoting all production lines and new products and make the sales and technical application personnel closely cooperate, we also improve the added value of products, build a better corporate image and increase the overall sales in view of the consideration of suppliers and professionalism of product knowledge.

g. Improve the financial structure and strengthen corporate constitution

We will increase the user of financial leverage to improve the financial structure, diversify the channel to raise funds, and reduce management cost as well as management risks.

(2) Long-term plan

a. Become an international marketing distributor

We will continue expand our semiconductor component network in Asia Pacific with our professionalism and insistence and proactively strive to become an international marketing distributor through M&A and strategic alliance with international mega semiconductor component vendors.

b. Expand the distribution channel

The business of WPG is founded on semiconductor components. The group members have built great interactive relationship with the upstream suppliers and downstream clients after working hard to manage the relationship for 3 decades. We have logistics support centers in Taiwan, Hong Kong, Singapore and Shanghai. We expect to have the opportunity to become the distributor of more electronic application products, grasp every movement in the market and obtain the key franchise in order to become a comprehensive semiconductor component distributor.

c. "WPGDADAWANT" project plan

In the first year of the 2018 digital transformation, "WPGDADAWANT" will continue to advance with more challenging goals in 2019. In addition to the instant serial connection of different platform information flows, considering the last route of the overall service process. The warehousing logistics service intelligence will has been upgraded to the key goal of the digital transformation simultaneously in 2019. After the completion of the Hong Kong smart warehouse completed at the end of 2018, in 2019, the warehouse with the large volume and complicated process will be the target, and the upgrade and construction of smart storage will be completed one after another.

d. Practically implement knowledge management, develop shared organization culture and value and continue to strengthen our management team in response to the future growth.

We will also build the organization culture of common values in the organization and system with an aim to build the long-lasting competitiveness of the organization and the strong management team.

e. Internationalize funds and reduce operation costs

We will raise funds from the international capital market, stabilize the capital source and strengthen strategic alliance to share risks. Cheaper funds can be obtained through the diverse capital market and assorted financial tools to expand business and maximize the shareholder value.

f. Invest in business related to electronic channels and vertically expand the depth of our component service

Semiconductor components are still the main core business of WPG in our long-term development. In the future, we will focus on the major business while investing in the business related to electronic channels in order to vertically expand the depth of our customers service for the upstream, midstream and downstream vendors.

5.2. Market and sales overview

5.2.1. WPG Holdings: N/A

5.2.2. WPG Group

5.2.2.1. Market analysis

(1) Sales (distribution) area of main goods (service)

Unit: NT\$ thousand; %

| Area | FY | 2017 | | 2018 | |
|----------------|----|-------------|--------|-------------|--------|
| | | Net sales | % | Net sales | % |
| Taiwan | | 86,806,019 | 16.30 | 71,241,069 | 13.07 |
| Mainland China | | 360,488,961 | 67.70 | 422,474,061 | 77.50 |
| Others | | 85,214,978 | 16.00 | 51,412,674 | 9.43 |
| Total | | 532,509,958 | 100.00 | 545,127,804 | 100.00 |

(2) Market share

According to the statistics of Gartner in 2018, WPG continues to come in first place in total worldwide and Asian sales of semiconductor. The market share of WPG in the global semiconductor market is 11.4%.

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

a. Supply

The increasingly heavy dependence on various electronic products in daily life inspires semiconductor suppliers to continue investment. Traditional IDM factories, such as Intel and TI, Fabless IC Design House like Qualcomm and MTK, or foundries like TSMC, etc. All continue to make investment in more advanced semiconductor equipment, technology and process to meet the requirements of the market

b. Demand

Geographically, the Asia-Pacific market continues to expand and grow because the demands from the local emerging markets increase and many European and US companies move their manufacturing operations to the region. China, especially, has the greatest momentum.

The KPMG survey shows the application markets which will become important and grow quickly in the following years. They are mobile technology application, consumer products, computing application, alternative/renewable energy commodities, industrial application, automotives, healthcare, wireless communication and IoT. The growing demands from these markets will be strong enough to support the prosperity of semiconductor-related industries.

c. Growth

The 80% operating incomes come from the shipment of each Group in WPG to mainland China. The growth of the operating incomes in China is mainly triggered by the continuous urbanization, increasing income of young men who were born after 1990s, relative low popularization of 4C products and strong support of government policies.

The Chinese government has saved no efforts in expanding domestic demands and adjust the industrial structure since it promoted the 5-year plan and continued to implement many policies, such as the car trade-in program, LED lighting, digital TV industry, telecommunication, Internet, tri-network integration and IoT to facilitate industries to upgrade and transform. If the information industries of China and Taiwan can build a cooperation mode for par products and brand business collectively and strengthen the integration of supply chains, it is believed that we will play a dominating role in the future global information industry.

(4) Competitive niche

a. Professional image

WPG has managed the semiconductor component channel for over 3 decades and our professional image is recognized by the industry. Our corporate governance was ranked among the top 20% of public companies for four consecutive years, and was incorporated into the "Taiwan Corporate Governance 100 Index" constituents for the first time to participate in the TCSA Taiwan Corporate Sustainability Award CSR Awards, and won the Silver Award in the Corporate Sustainability Reporting Service Group. It can be seen that the value-added services provided by the company in the

semiconductor supply chain have been well recognized.

It can be seen from these honors that the technology industry is moving to a new era of software and application service, meaning that the value-added service provided in our supply chain is deeply recognized by clients and suppliers and the great management performance is also recognized by professional investors.

b. Complete production line

We have accumulated much distribution experience as a semiconductor component distributor and can accurately judge the trend of the semiconductor component market. The Group becomes a professional semiconductor component distributor and the franchised products include central processing units, chipsets, logic IC, linear IC, memory, distributed elements and specific- application IC and any other semiconductor components. The Group also increase PEMCO product portfolio to offer one-stop-shopping.

(a) Expand the application area

WPG has the production lines for 3C (Computer & Peripheral, Communication, Consumer) and plan to increase more for car (auto electronics), energy-efficient lighting, industrial electronics and IoT.

(b) Asia-wide sales and distribution network

Our sales and distribution footholds expand over 105 locations around the world, with 77 in Asian regions and 28 in Northern American regions. As the sales and distribution networks expand, a strong distribution channel is formed to meet the requirements of downstream clients who want to establish factories in foreign countries and make inventory transfer more flexible. Accordingly, we have more bargaining chips to win franchise of new production lines.

(c) Strong management team

The WPG management team integrates unit people with shared ambition and work together to realize their dreams. They have great management philosophy and work in sync with each other. Even more, the teams have carefully and continuously managed the semiconductor component channel, continue to think the management strategies and try to create the market value collectively. The significant increase in revenues and profits prove the capability to manage the channel and strong strength of the management team.

(d) Complete information management system

WPG actively develop and apply information technology to improve the distribution and management performance, for instance, the ERP system, EDI system, Internet service and other digital technology service used in the group. Coupled with the advantages of our franchised products and many distribution footholds, besides combined of the digitalization process (WMS+WCS) and automation equipment (such as AS/RS, Mini-load, Robot...) and the API (application interface) are reserved.) support third-party warehousing management capabilities to create a high-performance smart warehousing environment for WPG. As well as, it's highly efficient warehousing and logistics management system, we can make transactions in the most rapid and accurate way. We offer professional service to allow clients to place order in any Asia-Pacific distribution foothold, deliver goods in anywhere to save time and transportation cost for clients and also lay a solid foundation for the future e-commerce.

(e) Provision of value-added service

Our value-added service is to offer the following service that is often provided by suppliers, consultants and partners.

I. Special delivery service

i. Meet clients' special requirements and provide special delivery service.

ii. Provide quick delivery, cross-border transactions and other international service for the foreign clients.

II. Market information service

- i. Analyze information and exchange industrial information.
 - ii. Issue "WPG E-paper" for every two weeks to provide latest market news, important trends and suggestion.
 - iii. Build a website to satisfy the needs of SMB and small purchases.
 - iv. Timely provide the latest product specifications.
 - III. Technical support
 - Recruit FAE to support product tests and design.
 - IV. Technology tools
 - i. Build a portal to allow international exchange of information.
 - ii. Build the EDI system which is connected with the upstream and downstream and cooperate with suppliers to link to Rosetta Net in order to timely and accurately transmit business data.
 - V. Financial support
 - i. Allow cross-border transactions and payment, and support clients with industry migration.
 - ii. Provide credit lines for mutual prosperity.
 - iii. Work in the BTO mode.
- (f) The channel highly recognized by suppliers
- WPG has 30 years of hard-working experience in the semiconductor component distribution and builds great reputation in the industry domestically. While some suppliers actively find us to discuss franchise because of our professional image, WPG also selected suitable products to discuss franchise among suppliers. Because highly recognized by suppliers, we can take initiative and have bargaining chips to strive for more advantageous conditions. The professional distribution ability and complete distribution network help us win more and more franchise cases, showing that WPG has strong franchise and sales abilities and successfully create the value of the semiconductor component distributor.
- (5) Find out advantageous and disadvantageous factors and develop responsive strategies
- a. Advantageous factor
- (a) Complete franchised brands and assorted components
- Our clients include Intel, TI, Qualcomm, Mediatek, Infineon, SAMSUNG, Micron, Toshiba and ST Micro which incessantly develop new products to create new market demands and maintain competitive advantages. Our products include distributed elements, linear IC, logic IC, basic memory, central processing unit/microprocessor, application-specific IC, application-specific controllers to offer the one-stop-shopping service.
- (b) Strengthen group management
- WPG focuses on various types of manufacturers of popular consumer products such as Apple and Amazon and traditional 3C related products. Other groups of industrial applications such as "Smart Manufacturing", "Smart Health", "Smart Family", "Smart Car" and "Smart Transportation" developed by the Big Data and IoT concepts, such as IoT-related services Networked applications, new energy vehicle applications, security monitoring, machine tools, industrial control and instrumentation, etc. are also important potential markets. In addition to cooperating with customer strategy development and upgrading new areas of technical support capabilities to expand Demand Creation business, It is also necessary to focus on optimizing its management capabilities, such as strict control of inventory and accounts receivable, in order to improve overall output value.
- In addition, WPG's overseas business group continues to provide overseas services. In the face of possible customer supply chain migration, it is believed that the WPG team will continue to provide good services based on the overall response speed and readiness.
- (c) Specialization-oriented customer marketing department

The customer marketing department is especially responsible for managing a particular industry or area, provide professional service and develop long-term customer relationship, including NB, communication/network, consumer electronics and other information industries. Our management footholds spread across Asia Pacific, such as Taiwan, Hong Kong, Singapore, Mainland China, South Korea, Japan and Southeast Asia.

- (d) Provide more technology application design service
We have hundreds of engineers currently to help clients complete design quickly in order to grasp early opportunities and ensure higher profits and market shares.
 - (e) Management of high value-added supply chain
We provide service to the high technology industry in Asia Pacific by using the Asia Pacific purchase, sales and inventory supply chain system which was improved based on the Oracle ERP system as well as e-commerce coupled with the existing logistics and warehousing systems.
WPG aims to become a data-driven enterprise and adopts a C2B (people-oriented) attitude. It hopes to meet the different needs of each customer more flexibly and efficiently, solving the gap from the customer's point of view, providing fast and accurate services, through the instant transparency of information,—to build mutual trust, and thus improving a collaborative ecosystem. In the “WPGDADAWANT” ecosystem launched in the first year of the 2018 digital transformation, the existing five sub-platforms are promoted internally and externally by the online and offline (O2O) model, and the service efficiency of the Books.com (Inbound Marketing) platform is optimized, strengthening WPG core path concepts.
- b. Disadvantageous factors and responsive strategies
- (a) Foreign companies merge and purchase local competitors, responsive strategy:
 - I. Provide localized and more flexible long-term client management, differ our service from ill-considered service, and strengthen and develop better relationship between clients and suppliers.
 - II. Enhance employee training, get familiar with the franchised products, provide one-stop-shopping service and fully develop the value of the professional semiconductor distribution channel.
 - III. Strengthen computerized business management, improve personal output, implement sales performance bonus system and encourage sales personnel to improve morale.
 - IV. Provide resource sharing platform to integrated local competitors.
 - (b) Short product life cycle, responsive strategy:
 - I. Hold marketing department review meeting every week/every month, discuss the components that are used in the machine produced and developed by clients as well as purchase/sales performance, enhance computer data management system, clearly obtain the inventory aging schedule and set out processing and prevention measures.
 - II. Strengthen product market development, establish the direction and opportunity based on the trend of products and the market, and appropriately introduce new franchise and develop new markets and clients to grasp the business opportunity.
 - III. Provide integrated product design based on the requirements of the market and clients to allow clients to timely complete design and grasp the business opportunity.
 - IV. Continue investment and expand OEM production lines in order to

provide better service and actually grasp the business opportunity of the vendors whose business is migrated for lower production costs and prolonged product life cycle.

5.2.2.2. Important applications and manufacturing process of major products

(1) Applications of major products

| Category | Product name and applications |
|---|--|
| Core components | Chipsets, assorted graphics/audio/video controllers, smartphones, chipsets, network/modems chipsets, CPU/MPU and RISC CPU, etc. |
| Analog IC and mixed-signal IC | Bipolar, CMOS operational amplifiers, comparators, digital/analog convertors, power supply controllers, audio and video amplifiers or controllers, etc. |
| Distributed , Logic IC | Diodes, rectifier, transistors, thyristors, insulated gate bipolar transistors, optical transistors, logic ICs, etc. |
| Memory components | DRAM, SRAM, EPROM, EEPROM, Flash, MCP, etc. |
| Optical components | TFT LCD panels, sensors, LED, etc. |
| Passive, components connector and magnetic components | Resistors, MLCC, inductor, magnetic components, cables, connectors, mechanics, electromechanics, circuit protection, materials, batteries, filters, oscillators etc. |
| Other elements | Non-electrical components |

5.2.2.3. **Manufacturing process of major products:** Omitted. (WPG Group is not a manufacturing company.)

5.2.2.4. **Major materials supply:** Omitted. (WPG Group is not a manufacturing company.)

5.2.2.5. Top 10 purchase and sales clients in these 2 years

(1) The suppliers accounting for more than 10% of the gross purchase in either year

Unit: NT\$ thousand; %

| Item | 2017 | | | | 2018 | | | | Q1 of 2019 | | | |
|------|--------------|-------------|--|---------------------------------|--------------|-------------|--|---------------------------------|--------------|-------------|--|---------------------------------|
| | Name | Amount | Amount in gross purchase of the year (%) | Relationship with the publisher | Name | Amount | Amount in gross purchase of the year (%) | Relationship with the publisher | Name | Amount | Amount in gross purchase of the year (%) | Relationship with the publisher |
| 1 | INTEL | 92,998,188 | 17.96 | None | INTEL | 102,350,774 | 19.35 | None | INTEL | 23,934,502 | 21.47 | None |
| 2 | TI | 66,932,048 | 12.93 | None | TI | 59,624,050 | 11.28 | None | TI | 11,970,461 | 10.74 | None |
| 3 | Micron | 44,605,810 | 8.62 | None | Micron | 69,194,602 | 13.09 | None | Micron | 14,639,174 | 13.13 | None |
| 4 | Others | 313,180,141 | 60.49 | – | Others | 297,627,271 | 56.28 | | Others | 60,928,578 | 54.66 | – |
| | Net purchase | 517,716,187 | 100.00 | – | Net purchase | 528,796,697 | 100.00 | | Net purchase | 111,472,715 | 100.00 | – |

WPG Group maintains well long-term partnership with major suppliers and our purchase sources are stable.

(2) The clients accounting for more than 10% of the gross sales in either year

WPG Group has assorted products which have been sold to different clients. Therefore, there is no client account for more than 10% of the gross sales in these 2 years.

5.2.2.6. **Production amount of these 2 years:** Omitted (WPG Group is not a manufacturing company.)

5.2.2.7. Sales amount of these 2 years

Unit: NT\$ thousand; %

| FY Category of Product | 2017 | | 2018 | |
|---|-------------|--------|-------------|--------|
| | Net sales | % | Net sales | % |
| Core components | 163,320,100 | 30.67% | 156,985,255 | 28.80% |
| Analog IC and mixed-signal components | 94,451,293 | 17.74% | 100,350,385 | 18.41% |
| Distributed, Logic IC | 67,413,372 | 12.66% | 79,615,473 | 14.60% |
| Memory components | 126,220,009 | 23.70% | 134,632,732 | 24.70% |
| Passive, components connector and magnetic components | 15,446,113 | 2.90% | 25,842,925 | 4.74% |
| Optical components | 33,992,470 | 6.38% | 35,557,666 | 6.52% |
| Other elements | 31,666,601 | 5.95% | 12,143,368 | 2.23% |
| Total | 532,509,958 | 100% | 545,127,804 | 100% |

Note: Because WPG Group has assorted products in different units, they cannot be calculated by the same unit. Thus, only sales amount is shown by the product category.

5.3. Employees

5.3.1. WPG Holdings

| Year | | 2017 | 2018 | Until March 31, 2019 |
|----------------------|--------------------|-------|-------|----------------------|
| Employee number | Sales & marketing | 0 | 0 | 0 |
| | Administration | 162 | 191 | 200 |
| | Total | 162 | 191 | 200 |
| Average age | | 37.8 | 37.2 | 36.4 |
| Average seniority | | 8.3 | 7.8 | 7.7 |
| Education background | PhD. | 0.6% | 1.0% | 1.0% |
| | Master | 27.8% | 27.8% | 26.0% |
| | College/university | 71.0% | 70.7% | 72.5% |
| | Senior high | 0.6% | 0.5% | 0.5% |
| | Below | 0% | 0% | 0% |

5.3.2. WPG Group

| Year | | 2017 | 2018 | Until March 31, 2019 |
|-------------------------|--------------------|-------|-------|-------------------------|
| Employee number | Sales & marketing | 3,986 | 4,101 | 4,089 |
| | Administration | 1,423 | 1,403 | 1,357 |
| | Total | 5,409 | 5,504 | 5,446 |
| Average age | | 36.7 | 37.2 | 37.3 |
| Average seniority | | 7.3 | 7.6 | 7.7 |
| Education background | PhD. | 0.1% | 0.1% | 0.1% |
| | Master | 6.2% | 6.6% | 6.7% |
| | College/university | 83.0% | 84.3% | 84.6% |
| | Senior high | 5.4% | 4.6% | 4.5% |
| | Below | 5.3% | 4.4% | 4.2% |

5.3.3. The personnel related to financial transparency who obtain related license required by the competent authorities are described as below: International internal audit license: 5 people of the audit office.

5.4. Environmental protection expenses

The Company and Group purchase and develop electronic components; therefore, there is no environmental pollution and no expenses related to environment information disclosure.

5.5. Labor and employer relationship

5.5.1. The employee benefits, further education, training and retirement mechanisms as well as the implementation status, and the agreement between labors and employers as well as measures of protecting employee benefits

Employees are the most valuable assets of the company. When employees devote wholeheartedly to work and create profits for the company, the company has the responsibility to take care of and care for employees in return. In terms of personnel benefits, there are marriage, birth, death and relief subsidies as well as club activities. WPG Holdings and the groups establish the units which are responsible for planning leisure activities for employees in accordance with employee welfare regulations, such as family days, domestic incentive tours, dining and parties as well as artistic and cultural activities to facilitate the employee relationship, unit employees, and help employees recognize and cohere to the Company in order to mutually benefit and prosper.

5.5.1.1. WPG Holdings and groups offer abundant employee welfare measures in accordance with the culture of each group.

(1) Abundant benefits:

Benefits include: Holiday bonus (Moon Festival, Dragon Boat festival and year-end bonus), defined contribution pension plan, domestic incentive tours, auto interest-free loan and maintenance subsidies, parking subsidies, mobile phone bill subsidies, computer subsidies and various club activities such as the bicycle club, study group, golf club and wine club.

(2) Complete insurance and protection:

Enroll employees in labor insurance in compliance with the government regulations, enroll employees, their dependents and retirees in National Health Insurance and provide employees and dependents with complete group hospitalization medical insurance, life insurance and accident insurance.

(3) Considerate additional leaves:

The right to take leaves of employees is established in line with Labor Standards Act and the employees have birthday leaves additionally.

(4) Wedding and funeral subsidies and emergency relief:

The wedding and funeral subsidies and emergency relief for employees include: Marriage, childbirth, retirement, death of employees or their dependents.

5.5.1.2. Further education and training:

We value employee learning, development and training, thus providing internal training, external training and knowledge management.

(1) Internal training

The details of internal training in 2018:

| Total trainee numbers | Total training hours | Total training expenses |
|-----------------------|----------------------|-------------------------|
| 19,698 people | 50,374 hours | NT\$12,013,000 |

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

i. Orientation training:

It covers introduction of the Holdings, our management philosophy, personnel management system, corporate resource website, common system operation as well as labor safety and legal affairs.

ii. Management training:

The Company holds director seminar every half a year (half-year meeting) to communicate and discuss quarterly operation strategies and development key points.

iii. Professional training:

Each department irregularly conducts professional training according to the working progress and professional requirements.

iv. Other training:

The monthly meeting is held every month to promote important affairs and allow departments to share “Knowledge of the Month” for employees to learn from each other. They share the afterthoughts of reading books to exchange their ideas and unite the team simultaneously.

(2) External training

The employees can apply for external training based on the needs in work and for personal growth or the directors will designate the employee to join external professional training courses. The details of external professional trainings in 2018 are described as below:

| Total trainee numbers | Total training hours | Total training expenses |
|-----------------------|----------------------|-------------------------|
| 1,322 people | 7,916.2 hours | NT\$ 853,000 |

The details of the staff participating in external professional training courses in 2018 are as follows:

| |
|---|
| 2018 ATD Talent Development Association Asia Pacific Annual Meeting |
| 2018 BSC SH Team Building |
| 2018 HK BSC Team Building Training |
| 2018 HR Vision Digital Humanity Transformation Theory |
| 2018 summit on the impact of patent intelligence |
| 2018 Corporate Learning Forum |
| 2018-2019 Salary and Welfare Survey Report Seminar |
| 2018BSC_SZ_Employee Professionalism and Professional Mentality |
| 2018 accounting personnel continuing education test |
| The 20th National Science and Technology Law Seminar in 2018 |
| 2018 Typical cases and hot topic events in the labor field |
| 2018 Labor Rights Free Lecture_Deep labor Education |
| 2018 Deloitte China Tax Conference |
| 802.11ax/ac Basic and Measurement |
| AEO Quality Enterprise Supply Chain Security Specialist Workshop |
| AI edge computing key technologies and industry foresight |
| Aruba AOS8.0 |
| AWS Certificate Solution Architect - Associate |
| BSCSZ_ADAS & AUTONOMOUS DRIVE PLAN |
| DDI 2018 Talent Trend Forum - Watching the future |
| ERP system control and verification |
| EverCam9 preemptive experience + digital textbook design practice |
| FAR-Financial 3- inventory |
| FAR-Financial 3 -Nonmonetary Transactions |

| |
|--|
| FAR-Financial 3 -PP&E Cost |
| FAR-Financial 3 -PP&E Depreciation and Disposal |
| HR Technology trends sharing meeting |
| i.MX8M Training |
| IFRS 9 has no active fair value common equity |
| IFRS15 revenue recognition - internal audit response |
| ISO 14001:2015 - Environmental Management Systems |
| ISO 26262 introduction and experience sharing |
| ISO 9001:2015 - Quality Management Systems Foundation |
| Lidar foundation, type and measurement principle |
| LiDAR advanced technology and future talent development training |
| Master in Big Data Analytics with Excel and Power |
| OpenCV machine learning |
| OpenCV image processing algorithm |
| OpenCV image processing and computer vision applications using C/C++ |
| SAC Infineon Product Training |
| Scrum Drawing Game day camp |
| SCRUM agile software development |
| SM 03 Safety Management Regulations, Safety Inspections and Incidents |
| TAICS Standards Forum ~ Battery Management and Service for Electric Vehicles |
| TTQS Enterprise Organization Case Analysis and Implementation Workshop |
| webMethods 9 Training |
| WebMethods 9.5+ Integration Workshop |
| WLAN 802.11ax / ax Basic & measurement |

| |
|--|
| WPIg "South China Hong Kong District High Performance Action Plan" |
| Fork lift truck operator training re-qualification |
| Work pressure |
| The Impact of China's Implementation of the Golden Tax Phase III on Taiwanese Taxes |
| Internal audit to discuss fraud investigation methodology for individual cases |
| How do internal auditors process risk detection and crisis factors? |
| How do internal auditors do a good job in risk detection and crisis response? |
| Internal auditors' analysis of the issues of "information security" and "personal privacy" |
| Discussion on Legal Responsibility of Insider Trading |
| Corporate Management and Securities Regulations |
| TSMC supervisor teaches cross-domain analysis |
| Taiwan Artificial Intelligence School Manager Weekend Seminar |
| Taiwan's fiscal and tax related laws and regulations update |
| Taiwan High Performance Action Plan Program |
| Design and implementation of permanent magnet synchronous motor driver |
| Exploring one of the risks of fraud by loop control operations |
| A type of occupational safety and health business executive training |
| Enterprise visits into Hagrid Logistics |
| Discussion on the comprehensive effect of enterprise mergers and acquisitions and value analysis |
| Pre-employment training workshop for internal auditors |
| Design and implementation of full digital control power converter |
| Interpretation of the "New Individual Income Tax Law" |
| Safety management regulations, safety inspections and accident |

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|--|
| investigations |
| Safety Management Regulations and Safety Inspection Plans and Accidents |
| Analysis of annual salary adjustment practice |
| Solutions for result orientated business problems |
| Agent meeting |
| Effectively handle customer dissatisfaction and complaints |
| The key technology and design key of self-driving cars ADAS |
| Car radar technology development |
| Prevent office accidents |
| Fire Management Refresher Course |
| Fire protection administrator's initial training |
| Health kit and exercises for workers using the computer. |
| Two-day pallet stacking (forklift) training course |
| Logistics Industry Work Safety Course |
| Shareholders and senior executives invest under the new legacy tax system |
| Derivative financial commodity trading ISDA legal practice study |
| Key tax source enterprises, Income tax settlement of recent periods |
| Wealth freedom training camp |
| Business Data Analysis - Excel Power BI Big Data Mining |
| Problem solving seminar |
| International Financial Reporting Standard No. 9 "Financial Instruments" (IFRS9) Topic Discussion: Accounting for Financial Assets/Liabilities and Hedging |
| International and Taiwan's anti-tax avoidance development and enterprises should have |
| Basic safety management (SM) |

| |
|---|
| Basic accident prevention course |
| Basic professional health course |
| System Thinking of Project Supervision and KPI Design Attack and Defence |
| From recruitment to dismissal: knowledge of labor law |
| Exploring the flourishes and fraud of financial reports from problem companies |
| Transfer pricing issue update |
| One Day First Aid Refresher Course (ODRC) |
| Correction of the latest labor law and internal control of recent malpractice |
| Future Thinking Workshop before Strategic Planning |
| North China Recruitment Interview Skills Course |
| North China High Performance Action Plan Program |
| Super numbers course(beginners) |
| Group Management and Performance Management |
| WeChat marketing strategy and method |
| The new IFRS15 revenue accounting under the internal control |
| The internal control practice of the internal audit under the new IFRS16 lease accounting |
| New method of Thinking - China Progressive Lecture |
| New review report • internal audit |
| Account manager's initial training course(1) |
| Account manager's initial training course(2) |
| Accountant teaches you to understand equity planning and design |
| Implementing the three lines of defense |
| Honest management, corporate governance and corporate social responsibility |

| |
|--|
| Data analysis software application skills and verification services |
| Resource Planning Association - OpenCV Machine Learning Practice Class |
| Course for applying logic analysis |
| Power Electronics Series - Electric Vehicle Motor Drive System |
| System Design Analysis and Controller Design for Electric Vehicles |
| Image expression |
| Team building training day |
| Cross strait talent transformation of the company |
| Network and system log analysis practice |
| Trends in e-commerce profit-making models in the Internet era |
| Fraud Audit and Digital Forensics Series_Network and System |
| Using influence to create a persuasive briefing course |
| Four subject review - electronic invoice implementation |
| Internal control practice under the digital economy era |
| Laws and risks in the era of digital economy |
| Data analysis abilities |
| EU Personal Data Protection Act (GDPR) Seminar |
| Auditors should be aware of corporate fraud cases |
| Thinking on your feet |
| Overall salary management |
| Quality Corporate Supply Chain Security Specialist Training Course |
| Emphasis on the approval of the income tax for profit-making business |
| Salary Planning and Management" Seminar in December 2018 |
| Occupational Safety and Health Ordinance and Regulations |
| Occupational Safety and Health Business Director In-service Education |

| |
|--|
| Training |
| Transformation trilogy: strategy, execution, talent |
| Change Management Seminar |
| Electromagnetic interference and prevention for frequency converters |

The managers who participate in the training and coursed related to company governance:

| List of trained managers | Training | Hours |
|---|---|-------|
| Huang Wei-Xiang (Chairman) | Major economic crimes in enterprises--Discussion on insider trading | 1 |
| | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |
| | Blockchain, cryptocurrency and ICO development and regulation | 3 |
| | Xinnanshan's successful transformation experience2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 2 |
| Ye Fu-Hai (General Manager) | 2018 PwC Taiwan CEO Survey and the growth and transformation of Taiwanese business leaders | 3 |
| | Blockchain, cryptocurrency and ICO development and regulation | 3 |
| Yuan Xingwen (Accounts manager, financial manager) | Shareholders and senior executives under the new legacy tax system for investment and wealth management and policy taxation | 3 |
| | International and China's anti-tax avoidance development and enterprise should have a corresponding workshop | 3 |

| List of trained managers | Training | Hours |
|---------------------------------------|--|-------|
| | Discussion on Legal Responsibility of Insider Trading | 3 |
| | Exploring the flourishes and fraud of financial reports from problem companies | 3 |
| | Wealth freedom training camp | 13 |
| | | |
| Ye Fu-Hai (General Manager) | Analysis of the law of risk in the era of digital economy | 6 |
| | New review report policy | 6 |
| | "Risk alert • crisis response" How do internal auditors perform risk detection and crisis response | 6 |
| Li Zhao-Lin (Internal HR director) | Talent Echelon Construction Planning | 4 |
| | With the economy - the second curve thinking model | 3 |

(3) Knowledge management

There is a knowledge management platform in which the learning resources and standard operation processes of every department are properly categorized, managed and shared so that colleagues can learn during working.

5.5.1.3. Retirement system:

(1) Monthly contribution to pension:

The Company is subject to the Labor Standard Act and makes monthly contribution to pension in accordance with the law. Labor Pension Preparation Supervisory Committee is responsible for supervision and the fund is deposited in Taiwan Bank. The Committee opens an account in Taiwan Bank for receiving, disbursing, keeping and using the funds.

(2) Labor pension personal account:

The Company is subject to the Labor Standard Act make monthly contribution (no less than 6%) to the pension funds in accordance with Labor Pension Act. The funds are

deposited in the labor pension personal account created by the employee in Bureau of labor Insurance according to the “Monthly Contribution Wages Classification of Labor Pension” approved by Administrative Yuan.

5.5.1.4. We do not have a union. The rights and benefits of the employees are in compliance with Labor Standard Act.

5.5.1.5. Working place and personal protection measures:

WPG Holdings and the groups establish safety and health management units to continue the improvement of safety and health measures in order to create a quality working place. We enhance the promotion of safety knowledge and promote healthy activities to effectively strengthen employees’ safety and defense ability in order to ensure the working safety and take good care of employees’ physical and psychological health. In order to fulfill the social responsibility of the corporate and protect employees’ safety, we set the primary goal to provide safe, health and comfortable working environment and promote health and safety management to help colleagues have correct health concepts and healthy bodies and minds. We adopt the following measures:

- (1) Maintain and clean the central air-conditioning in the office twice a year to keep the air in the office fresh, and irregularly disinfect the environment to keep it clean.
- (2) Regularly inspect the office, such as the water quality inspection.
- (3) Sterilize hands with disinfectors at the door of the meeting room every day, and offer disinfectors at sinks to prevent employees catching flues and ensure their health.
- (4) Require new recruits to participate in the employee training to get familiar with the working environment and promote working safety.
- (5) Irregularly promote health education to reduce the occurrence of accidents.
- (6) Regularly conduct employee health examinations and practically track their health conditions.
- (7) Organize healthy activities and encourage colleagues to develop sports habits, such as mountain climbing, ball games and hiking.
- (8) Prohibit smoking in the office to guarantee a non-smoking working environment.
- (9) Promote energy saving, resource consumption and green activities in the office.
- (10) Purchase General Liability/Business Liability for the office where colleagues work to ensure the safety of the working environment.
- (11) Install and regularly maintain firefighting facilities and equipment in line with firefighting regulations.
- (12) Implement Act of Gender Equality in Employment and Sexual Harassment Prevention Act in the office.

5.5.1.6. Employee ethical accreditation:

The Company highly values the ethics of employees. We have three independent

directors and establish the audit committee which is composed of all independent directors to supervise the manager and the high management to be the role model of ethical conducts. Besides, we take the following measures:

(1) Promote and carry out the core values of WPG:

We promote the core values of “teamwork, integrity, professionalism and efficiency” based on our vision of “Best Choice in the Industry · Benchmark of Distributors” to unite the team. In addition to establish the code of conducts as the guidelines of WPG employees’ conducts, we continue to promote and hold annual activities to allow employees to experience the true meaning of our core values in daily life and work. WPG’s core values include the followings:

a. The creed of the team:

The optimized interest of WPG is the priority. In case of conflicts, prejudice and personal interest should be laid aside. The units of the same function should be integrated across groups, companies and regions for the interest of the team. All members of the units should be treated fairly without the bias of nationality and geography and mutually benefit.

b. The creed of integrity:

The Company and employees must uphold the upright and descent management attitude, enthusiastically provide service, make promises solemnly, value and keep promises, act openly, have the courage to admit mistakes and make correction time

c. The creed of professionalism:

We aim to be the first choice of clients/suppliers/shareholders, build a learning environment, require employees and teams to improve professionalism incessantly, focus on business and strictly carry out missions.

d. The creed of efficiency:

The output, capacity and the balance between them are emphasized. We set up quantifiable goals, pay particular attention to details, clearly carry out and complete indicative missions, build SOP (Standard Operation Procedure) and allow mistakes but not repeatedly.

In order to make employees understand and feel the core values of corporate, WPG Holdings and the groups post posters about the core values on the walls of offices, meeting rooms and high traffic intersections. In addition to explain the core values through announcement on the website and special columns, we upload the quarterly activity information related to core values of every group on K-Space for reference and organize quarterly core-value-oriented activities to enhance the concept and feeling of core values and expect employees to follow.

The diligence appraisal, assessment, bonus-penalties and promotion of the employees of WPG Holdings and the groups are dealt with based on the spirit of the core values.

5.3.2. Strictly implement the audit system:

WPG establishes the audit unit under the Board to conduct comprehensive audit on every department, group and region in accordance with our policies and regulations. Thus, we can understand how every unit follow and implement the policies and regulations and prevent and stop possible abuses of employees.

(1) List the loss generated due to dispute between labors and employers of these years and as of the publication date of the annual report, disclose the estimated amount and responsive measures of the disputes at present and in the future and explain the things that cannot be reasonably estimated

1. There is neither dispute nor agreement between labors and employers in these years and as of the publication date of the annual report.
2. Current and future responsive measures of fortifying the relationship between labors and employees
 - (1) Build the concept of the WPG family and allow labors and employers to mutually prosper and share.
 - (2) Build interactive communication and complaint channels and care for employees more actively.
 - (3) Completely obey by the labor laws and explain to directors and employees to make them fully understand their rights and obligations.
 - (4) Increase benefits of employees of the operation condition if the corporate allows.
3. Possible loss at present and in the future: None.

5.6. Important agreements

| Agreement | Interested parties | Period | Coverage | Restrictive conditions |
|---------------------|---|--|-------------------------------|---|
| Insurance agreement | AIG Asia Pacific Insurance Pte. Ltd., Taiwan Branch | Period of coverage: Jan. 1, 2019 ~Jan. 1, 2020 | Corporate Liability Insurance | The limitation of cumulative liability for all indemnifications in this coverage is US\$15,000,000 |

6 Financial Standing

6.1 Most Recent 5-Year Concise Financial Information

6.1.1 Consolidated Balance Sheet – IFRS

Unit: NT\$ thousand

| Item \ FY (Note 1) | | Most Recent 5-Year Financial Information | | | | | As of March 31, 2019 |
|---|---------------------|--|-------------|-------------|-------------|-------------|----------------------------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 | |
| Current assets | | 146,245,684 | 165,487,412 | 165,270,734 | 163,854,548 | 180,974,906 | 171,608,939 |
| Property, plant and equipment (Note 3) | | 5,820,475 | 5,797,929 | 5,495,789 | 6,227,191 | 6,808,682 | 8,196,974 |
| Intangible assets | | 5,756,557 | 5,671,154 | 5,599,944 | 5,571,769 | 5,567,934 | 5,564,134 |
| Other assets | | 2,524,500 | 2,095,370 | 2,648,479 | 3,014,118 | 2,709,342 | 2,794,088 |
| Total assets | | 160,347,216 | 179,051,865 | 179,014,946 | 178,667,626 | 196,060,864 | 188,164,135 |
| Current liabilities | Before Distribution | 100,236,465 | 111,585,855 | 122,287,418 | 118,162,495 | 126,464,265 | 116,076,311 |
| | After Distribution | 104,375,739 | 115,559,557 | 126,465,729 | 122,542,643 | Note2 | Note2 |
| Non-current liabilities | | 14,993,069 | 19,148,252 | 6,410,079 | 8,449,693 | 14,772,604 | 15,633,225 |
| Total liabilities | Before Distribution | 115,229,534 | 130,734,107 | 128,697,497 | 126,612,188 | 141,236,869 | 131,709,536 |
| | After Distribution | 119,368,808 | 134,707,809 | 132,875,808 | 130,992,336 | Note2 | Note2 |
| Equity attributable to owners of parent | | 45,055,731 | 47,770,420 | 49,797,881 | 51,518,973 | 54,358,769 | 55,976,869 |
| Common stock | | 16,557,092 | 16,557,092 | 17,241,892 | 18,250,618 | 16,790,568 | 16,790,568 |
| Capital reserve | | 15,185,802 | 15,187,178 | 16,901,053 | 19,569,525 | 19,454,882 | 19,454,882 |
| Retained earnings | Before Distribution | 12,329,076 | 13,473,616 | 14,746,873 | 17,823,767 | 20,716,001 | 22,020,425 |
| | After Distribution | 8,189,802 | 9,499,914 | 10,568,562 | 13,443,619 | Note2 | Note2 |
| Other equity interest | | 983,761 | 2,553,776 | 908,063 | (4,124,937) | (2,602,682) | (2,289,006) |
| Treasury stock | | — | (1,242) | — | — | — | — |
| Non-controlling interests | | 61,951 | 547,338 | 519,568 | 536,465 | 465,226 | 477,730 |
| Total equity | Before Distribution | 45,117,682 | 48,317,758 | 50,317,449 | 52,055,438 | 54,823,995 | 56,454,599 |

| Item | FY (Note 1) | Most Recent 5-Year Financial Information | | | | | As of March 31, 2019 |
|------|-----------------------|--|------------|------------|------------|-------|----------------------------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 | |
| | After Distribution | 40,978,408 | 44,344,056 | 46,139,138 | 47,675,290 | Note2 | Note2 |

Note 1 : The 2014-2018 financial data have been duly audited by independent auditors. › Except As of March 31 2019 have been duly reviewed by independent auditors.

Note 2 : The above table states that the figures after the distribution are filled out in the resolution of the annual shareholders' meeting, but the 2018 annual surplus has not been distributed by the resolution of the shareholders' meeting.

Note 3 : Including right to use assets and Investment property –net.

6.1.2 Consolidated Comprehensive Income –IFRS

Unit: NT\$ thousand

| FY (Note 1) Item | Most Recent 5-Year Financial Information | | | | | As of March 31, 2019 |
|--|--|-------------|-------------|-------------|-------------|----------------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | |
| Operating revenues | 452,471,998 | 515,536,489 | 536,918,813 | 532,509,958 | 545,127,804 | 111,831,933 |
| Gross profit | 20,483,805 | 21,450,249 | 22,595,819 | 22,151,094 | 23,630,421 | 4,973,575 |
| Operating income | 7,941,739 | 8,474,115 | 7,975,893 | 9,953,198 | 10,576,538 | 2,064,227 |
| Non-operating income and expenses | (835,104) | (1,320,672) | (1,287,669) | (1,073,077) | (1,375,358) | (409,447) |
| Income before income tax | 7,106,635 | 7,153,443 | 6,688,224 | 8,880,121 | 9,201,180 | 1,654,780 |
| Consolidated net income | 5,814,176 | 5,435,932 | 5,350,598 | 7,366,435 | 7,515,017 | 1,312,853 |
| Other comprehensive income (loss) | 2,947,614 | 1,472,670 | (1,723,004) | (5,115,123) | 1,536,182 | 317,751 |
| Total comprehensive income | 8,761,790 | 6,908,602 | 3,627,594 | 2,251,312 | 9,051,199 | 1,630,604 |
| Consolidated net income attributable to: Owners of parent | 5,808,839 | 5,420,469 | 5,312,875 | 7,307,987 | 7,462,010 | 1,304,424 |
| Consolidated net income attributable to: Non-controlling interests | 5,337 | 15,463 | 37,723 | 58,448 | 53,007 | 8,429 |
| Comprehensive income attributable to: Owners of parent | 8,754,978 | 6,853,829 | 3,601,246 | 2,222,421 | 9,008,246 | 1,618,100 |
| Comprehensive income attributable to: Non-controlling interests | 6,812 | 54,773 | 26,348 | 28,891 | 42,953 | 12,504 |
| Basic earnings per share (Note 2) | 3.51 | 3.27 | 3.18 | 4.10 | 4.22 | 0.78 |

Note 1 : The 2014-2018 financial data have been duly audited by independent auditors. Except As of March 31 2019 have been duly reviewed by independent auditors.

Note 2 : It is based on the current year's weighted average number of shares outstanding.

6.1.3 Independent Balance Sheet – IFRS

WPG Holdings has adopted IFRS to prepare financial statements since 2014. Accordance to the rule, we won't need to prepare Q1, 2019 individual financial Statement.

Unit: NT\$ thousand

| FY (Note 1) Item | | Most Recent 5-Year Financial Information | | | | |
|---|---------------------|--|------------|------------|-------------|-------------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 |
| Current assets | | 424,141 | 442,543 | 351,182 | 263,321 | 502,179 |
| Property, plant and equipment (Note 3) | | 777,523 | 758,662 | 751,186 | 1,659,346 | 1,897,144 |
| Intangible assets | | 16,741 | 11,858 | 18,969 | 16,273 | 7,691 |
| Other assets | | 52,342,646 | 56,635,862 | 55,171,407 | 53,214,744 | 55,800,593 |
| Total assets | | 53,561,051 | 57,848,925 | 56,292,744 | 55,153,684 | 58,207,607 |
| Current liabilities | Before Distribution | 2,091,415 | 3,603,513 | 5,960,198 | 3,146,902 | 3,380,288 |
| | After Distribution | 6,230,689 | 7,577,215 | 10,138,509 | 7,527,050 | Note2 |
| Non- current liabilities | | 6,413,905 | 6,474,992 | 534,665 | 487,809 | 468,550 |
| Total liabilities | Before Distribution | 8,505,320 | 10,078,505 | 6,494,863 | 3,634,711 | 3,848,838 |
| | After Distribution | 12,644,594 | 14,052,207 | 10,673,174 | 8,014,859 | Note2 |
| Equity attributable to owners of parent | | 45,055,731 | 47,770,420 | 49,797,881 | 51,518,973 | 54,358,769 |
| Common stock | | 16,557,092 | 16,557,092 | 17,241,892 | 18,250,618 | 16,790,568 |
| Capital reserve | | 15,185,802 | 15,187,178 | 16,901,053 | 19,569,525 | 19,454,882 |
| Retained earnings | Before Distribution | 12,329,076 | 13,473,616 | 14,746,873 | 17,823,767 | 20,716,001 |
| | After Distribution | 8,189,802 | 9,499,914 | 10,568,562 | 13,443,619 | Note2 |
| Other equity interest | | 983,761 | 2,553,776 | 908,063 | (4,124,937) | (2,602,682) |
| Treasury stock | | - | (1,242) | - | - | - |
| Non-controlling interests | | - | - | - | - | - |
| Total equity | Before Distribution | 45,055,731 | 47,770,420 | 49,797,881 | 51,518,973 | 54,358,769 |
| | After Distribution | 40,916,457 | 43,796,718 | 45,619,570 | 47,138,825 | Note2 |

Note 1 : The 2014-2018 financial data have been duly audited by independent auditors.

Note 2 : The above table states that the figures after the distribution are filled out in the resolution of the annual shareholders' meeting, but the 2018 annual surplus has not been distributed by the resolution of the shareholders' meeting.

Note 3 : Including investment property.

6.1.4 Independent Comprehensive Income – IFRS

WPG Holdings has adopted IFRS to prepare financial statements since 2014. Accordance to the rule, we won't need to prepare Q1, 2019 individual financial Statement.

Unit: NT\$ thousand

| Item \ FY (Note 1) | Most Recent 5-Year Financial Information | | | | |
|---|--|-----------|-------------|-------------|-----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Operating revenues | 6,490,174 | 6,383,519 | 6,062,201 | 7,983,324 | 8,212,827 |
| Gross profit | 6,005,325 | 5,826,067 | 5,519,815 | 7,398,699 | 7,514,872 |
| Operating income | 6,005,325 | 5,826,067 | 5,519,815 | 7,398,699 | 7,514,872 |
| Non-operating income and expenses | (56,262) | (93,817) | (103,408) | (43,290) | (3,736) |
| Income before income tax | 5,949,063 | 5,732,250 | 5,416,407 | 7,355,409 | 7,511,136 |
| Consolidated net income | 5,808,839 | 5,420,469 | 5,312,875 | 7,307,987 | 7,462,010 |
| Other comprehensive income (loss) | 2,946,139 | 1,433,360 | (1,711,629) | (5,085,566) | 1,546,236 |
| Total comprehensive income | 8,754,978 | 6,853,829 | 3,601,246 | 2,222,421 | 9,008,246 |
| Consolidated net income attributable to: Owners of parent | 5,808,839 | 5,420,469 | 5,312,875 | 7,307,987 | 7,462,010 |
| Comprehensive income attributable to: Owners of parent | 8,754,978 | 6,853,829 | 3,601,246 | 2,222,421 | 9,008,246 |
| Basic earnings per share (Note) | 3.51 | 3.27 | 3.18 | 4.10 | 4.22 |

Note : According to the weighted average number of outstanding shares at that year.

6.1.5 Auditors' Opinions from 2014 to 2018

| Year | Accounting firm | Name of CPA | Audit Opinion |
|------|------------------------|-------------------------------|---------------------|
| 2014 | PricewaterhouseCoopers | Tseng,Audrey, Chou,Chien-hung | Unqualified Opinion |
| 2015 | PricewaterhouseCoopers | Tseng,Audrey, Chou,Chien-hung | Unqualified Opinion |
| 2016 | PricewaterhouseCoopers | Tseng,Audrey, Lin,Chun-Yao | Unqualified Opinion |
| 2017 | PricewaterhouseCoopers | Tseng,Audrey, Lin,Chun-Yao | Unqualified Opinion |
| 2018 | PricewaterhouseCoopers | Lin,Chun-Yao ,Chou,Chien-hung | Unqualified Opinion |

6.2 Most Recent 5-Year Financial Analysis

6.2.1 WPG Group Consolidated Financial Analysis – IFRS GAAP

| FY (Note 1) Item for analysis | | Most Recent 5-Year Financial Information | | | | | Financial Information up to March 31, 2019 |
|----------------------------------|-----------------------------------|--|----------|----------|--------|----------|--|
| | | 2014 | 2015 | 2016 | 2017 | 2018 | |
| Financial Ratio (%) | Total liabilities to total assets | 71.86 | 73.01 | 71.89 | 70.86 | 72.04 | 70.00 |
| | Long-term capital to PP&E | 1,032.75 | 1,163.62 | 1,032.20 | 971.63 | 1,015.34 | 873.62 |
| Ability to payoff debt | Current ratio (%) | 145.90 | 148.31 | 135.15 | 138.67 | 143.10 | 147.84 |
| | Quick ratio (%) | 96.49 | 100.72 | 93.29 | 88.77 | 90.69 | 86.65 |
| | Interest protection | 7.80 | 6.94 | 6.25 | 6.43 | 5.01 | 3.83 |
| Ability to operate | A/R turnover (times) | 5.84 | 5.86 | 5.68 | 5.66 | 5.69 | 4.86 |
| | A/R turnover days | 63 | 62 | 64 | 65 | 64 | 75 |
| | Inventory turnover (times) | 10.29 | 9.97 | 10.26 | 9.50 | 8.41 | 6.28 |
| | Account payable turnover (times) | 10.87 | 11.44 | 11.00 | 10.48 | 10.19 | 7.97 |
| | Days sales outstanding | 35 | 37 | 36 | 39 | 43 | 58 |
| | Fixed assets turnover (times) | 76.09 | 88.74 | 95.08 | 90.85 | 83.64 | 59.62 |
| | Total assets turnover (times) | 3.06 | 3.04 | 3.00 | 2.98 | 2.91 | 2.33 |
| Earning ability | Return on assets (%) | 4.52 | 3.78 | 3.56 | 4.85 | 4.96 | 3.73 |
| | Return on equity (%) | 13.66 | 11.60 | 10.77 | 14.28 | 14.10 | 9.46 |
| | PBT to paid-in capital (%) | 42.92 | 43.20 | 38.80 | 48.66 | 54.80 | 39.42 |
| | Net income ratio (%) | 1.28 | 1.05 | 0.99 | 1.37 | 1.37 | 1.17 |
| | Basic EPS (NTD) (Note 2) | 3.51 | 3.27 | 3.18 | 4.10 | 4.22 | 0.78 |
| | Diluted EPS (NTD) (Note 2) | 3.39 | 3.04 | 2.96 | 4.01 | 4.22 | 0.78 |
| Cash flow (%) | Cash flow ratio | -13.42 | -8.31 | 6.22 | 6.81 | -0.96 | 8.01 |
| | Cash flow adequacy ratio | -51.56 | -77.85 | -47.11 | -24.63 | -15.51 | 26.76 |
| | Cash reinvestment ratio | -28.12 | -19.47 | 6.24 | 6.24 | -7.86 | 12.58 |

| FY (Note 1) Item for analysis | | Most Recent 5-Year Financial Information | | | | | Financial Information up to March 31, 2019 |
|---|--------------------|--|------|------|------|------|--|
| | | 2014 | 2015 | 2016 | 2017 | 2018 | |
| Leverage | Operating leverage | 1.50 | 1.57 | 1.80 | 1.35 | 1.37 | 1.42 |
| | Financial leverage | 1.15 | 1.17 | 1.19 | 1.20 | 1.28 | 1.39 |
| KPI | ROWC (%) | 8.98 | 8.71 | 8.44 | 9.98 | 9.63 | 8.36 |
| | NWC/Sales | 0.20 | 0.19 | 0.18 | 0.19 | 0.20 | 0.22 |
| For explanation of significant changes in 2018 compared with that of 2017, please refer to Note 3. (The ratio does not need to analysis if the change of ratio is lower than 20%) | | | | | | | |

Note 1 : The 2014-2017 financial data have been duly audited by independent auditors. › Except As of March 31 2019 have been duly reviewed by independent auditors.

Note 2 : Weighted average number of ordinary shares outstanding.

Note 3 : Explanation of significant changes in 2018 compared with the previous year:

1. Interest coverage ratio: The annual interest expense in 2018 is larger than the 2017.
2. Cash flow ratio: The main cash outflow of business activities in 2018 and the net cash inflow of business activities in 2017.
3. Cash flow adequacy ratio: Inventory continues to increase in 2018 and 2017.
4. Cash reinvestment ratio: main net cash outflow from operating activities in 2018, net cash inflow from operating activities in 2017.

Note 4 : Formula:

1. Financial Ratio

- (1) Total liabilities to Total assets = Total liabilities / Total assets.
- (2) Long-term debts to fixed assets = (Net equity + Long-term debts) / Net fixed assets.

2. Ability to Pay off Debt

- (1) Current ratio = Current Assets / Current liability.
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability.
- (3) Interest protection = Net income before income tax and interest expense / Interest expense.

3. Ability to Operate

- (1) Account receivable (including account receivable and notes receivable from operation) turnover
= Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance.
- (2) A/R turnover day = 365 / account receivable turnover.
- (3) Inventory turnover = Cost of Goods Sold / the average of inventory.
- (4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance.
- (5) Inventory turnover day = 365 / Inventory turnover.
- (6) Fixed assets turnover = Net sales / Net Fixed Assets.

(7) Total assets turnover = Net sales / Total assets.

4. . Earning Ability

(1) Return on assets = $[\text{PAT} + \text{Interest expense} \times (1 - \text{interest rate})] / \text{the average of total assets}$.

(2) Return on equity = $\text{PAT} / \text{the average of net equity}$.

(3) Net income ratio = $\text{PAT} / \text{Net sales}$.

(4) $\text{EPS} = (\text{PAT} - \text{Dividend from prefer stock}) / \text{weighted average outstanding shares}$.
(Note 2)

(5) Cash Flow

(1) Cash flow ratio = $\text{Cash flow from operating activities} / \text{Current liability}$.

(2) Cash flow adequacy ratio = $\text{Most recent 5-year Cash flow from operating activities} / \text{Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)}$.

(3) Cash investment ratio = $(\text{Cash flow from operating activities} - \text{cash dividend}) / (\text{Gross fixed assets} + \text{long-term investment} + \text{other assets} + \text{working capital})$.

(6) Leverage

(1) Operating leverage = $(\text{Net revenue} - \text{variable cost of goods sold and operating expense}) / \text{operating income}$.

(1) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{interest expenses})$.

(7) KPI

(1) $\text{ROWC} = \text{Operating income} / (\text{A/R} + \text{Inventory} - \text{Accounts payable})$

(2) $\text{NWC/Sales} = (\text{A/R} + \text{Inventory} - \text{Accounts payable}) / \text{Net sales}$

**6.2.2 WPG HOLDINGS LIMITED PARENT COMPANY ONLY Financial Analysis–
IFRS**

| Item for analysis \ FY (Note 1) | | Most Recent 5-Year Financial Information | | | | |
|---------------------------------|--|--|----------|----------|----------|----------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 |
| Financial Ratio (%) | Total liabilities to total assets | 15.88 | 17.42 | 11.54 | 6.59 | 6.61 |
| | Long-term capital to PP&E | 6,619.69 | 7,150.14 | 6,700.41 | 3,134.17 | 2,889.99 |
| Ability to payoff debt | Current ratio (%) | 20.28 | 12.28 | 5.89 | 8.37 | 14.86 |
| | Quick ratio (%) | 19.78 | 11.87 | 5.68 | 7.94 | 14.34 |
| | Interest protection | 156.02 | 172.43 | 183.04 | 249.70 | 246.06 |
| Ability to operate | A/R turnover (times) (Note 2) | 9.14 | 9.26 | 15.69 | 28.75 | 12.69 |
| | A/R turnover days | 40 | 39 | 23 | 13 | 29 |
| | Inventory turnover (times) | — | — | — | — | — |
| | Account payable turnover (times) | — | — | — | — | — |
| | Days sales outstanding | — | — | — | — | — |
| | Fixed assets turnover (times) (Note 2) | 8.18 | 8.31 | 8.03 | 6.62 | 4.62 |
| | Total assets turnover (times) (Note 2) | 0.13 | 0.11 | 0.11 | 0.14 | 0.14 |
| Earning ability | Return on assets (%) | 11.96 | 9.78 | 9.35 | 13.16 | 13.21 |
| | Return on equity (%) | 13.68 | 11.68 | 10.89 | 14.43 | 14.10 |
| | Pre-tax income as a % of paid-in capital (%) | 36.27 | 35.19 | 32.02 | 40.30 | 44.73 |
| | Net income ratio (%) (Note 2) | 89.50 | 84.91 | 87.64 | 91.54 | 90.86 |
| | Basic EPS(NTD) (Note 3) | 3.51 | 3.27 | 3.18 | 4.10 | 4.22 |
| | Diluted EPS(NTD) (Note 3) | 3.39 | 3.04 | 2.96 | 4.01 | 4.22 |
| Cash flow (%) | Cash flow ratio | 211.70 | 113.62 | 87.61 | 146.36 | 138.99 |
| | Cash flow adequacy ratio | 72.97 | 72.99 | 78.06 | 78.37 | 81.88 |
| | Cash reinvestment ratio (%) | 1.20 | -0.08 | 2.47 | 0.82 | 0.58 |

| Item for analysis \ FY (Note 1) | | Most Recent 5-Year Financial Information | | | | |
|--|-----------------------------|--|------|------|------|------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 |
| Leverage | Operating leverage (Note 2) | 1.01 | 1.01 | 1.01 | 1.00 | 1.00 |
| | Financial leverage | 1.01 | 1.01 | 1.01 | 1.00 | 1.00 |
| For explanation of significant changes in 2018 compared with the previous year, please refer to Note 4. (The ratio does not need to analysis if the change of ratio is lower than 20%) | | | | | | |

Note 1: The 2014-2018 financial data have been duly audited by independent auditors.

Note 2: include Investment revenues and Service revenue.

Note 3: Weighted average number of ordinary shares outstanding.

Note 4: Explanation of significant changes in 2018 compared with the previous year:

1. Current ratio (%): The increase in 2018 is mainly due to the increase in the amount of tax linked to each subsidiary.
2. Quick ratio (%): The increase in 2018 is mainly due to the increase in the amount of tax linked to each subsidiary.
3. Receivables turnover rate: decreased in 2018, mainly due to the increase in accounts receivable.
4. A/R turnover days: Increase in 2018, the main accounts receivable increased.
5. Fixed assets turnover (times): decreased in 2018, mainly due to the increase in Property, plant and equipment.
6. Cash reinvestment ratio: Declined in 2018, mainly due to the increase in equity investment.

Note 5 : For details on Formula, please refer to Note 4 in page 127

6.3 Supervisors' or audit committee's report for the most recent year's financial statement

AUDIT COMMITTEE'S REVIEW REPORT

The Board of Directors has prepared the Company's 2017 Business Report , Financial Statements , and proposal for allocation of profits. The aforementioned 2017 Business Report , Financial Statements , and proposal for allocation of profits have been reviewed and determined to be correct and accurate by the Audit Committee members of WPG HOLDINGS LIMITED. According to Article 14-4 、 14-5 of the Securities and Exchange Act and Article 219 of the Company Act , we hereby submit this report.

WPG HOLDINGS LIMITED AUDIT COMMITTEE

Independent Director DUH, RONG-RUEY

Independent Director HUANG, JIH-TSAN

Independent Director YU, YUNG HONG

APRIL 30 , 2019

- 6.4 2017 and 2018 Financial statements augmented with auditor's report prepared by a CPA : Page 133-276.**
- 6.5 2017 and 2018 parent company non-consolidated financial statements certified by CPA : Page 277-378.**
- 6.6 If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.**

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2018 AND 2017

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 are outlined as follows:

Impairment assessment of goodwill

Description

Refer to Note 4(19) for accounting policy on goodwill impairment, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to goodwill impairment, and Notes 6(12)(13) for details of goodwill impairment.

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)(14) 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, 2018 and 2017.

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 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 26, 2019

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, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Assets | Notes | December 31, 2018 | | December 31, 2017 | |
|---|----------------|-------------------|-----|-------------------|-----|
| | | Amount | % | Amount | % |
| Current assets | | | | | |
| Cash and cash equivalents | 6(1) | \$ 7,116,888 | 4 | \$ 7,097,914 | 4 |
| Financial assets at fair value through profit or loss - current | 6(2) and 12(4) | 28,469 | - | 2,539 | - |
| Available-for-sale financial assets - current | 12(4) | - | - | 25,508 | - |
| Current financial assets at amortized cost | 6(4) and 8 | 197,942 | - | - | - |
| Notes receivable, net | 6(5) | 2,884,889 | 1 | 4,088,566 | 2 |
| Accounts receivable, net | 6(5) | 95,258,035 | 49 | 87,020,143 | 49 |
| Accounts receivable - related parties, net | 7(3) | 82,590 | - | 274,728 | - |
| Other receivables | 6(7) | 8,531,684 | 4 | 5,711,413 | 3 |
| Other receivables - related parties | 7(3) | 1,610 | - | 2,046 | - |
| Current income tax assets | | 77,016 | - | 35,079 | - |
| Inventory | 6(8) | 64,772,967 | 33 | 57,473,653 | 32 |
| Prepayments | | 1,507,232 | 1 | 1,492,698 | 1 |
| Other current assets | 8 | 515,584 | - | 630,261 | 1 |
| | | 180,974,906 | 92 | 163,854,548 | 92 |
| Non-current assets | | | | | |
| Financial assets at fair value through profit or loss - non-current | 6(2) and 8 | 1,276,064 | 1 | - | - |
| Non-current financial assets at fair value through other comprehensive income | 6(3) | 32,035 | - | - | - |
| Available-for-sale financial assets - non-current | 8 and 12(4) | - | - | 495,766 | - |
| Financial assets carried at cost - non-current | 12(4) | - | - | 585,837 | - |
| Investments accounted for under equity method | 6(9) | 617,491 | - | 1,253,615 | 1 |
| Property, plant and equipment | 6(10) and 8 | 5,701,436 | 3 | 5,042,824 | 3 |
| Investment property - net | 6(11) and 8 | 1,107,246 | 1 | 1,184,367 | 1 |
| Intangible assets | 6(12) | 5,567,934 | 3 | 5,571,769 | 3 |
| Deferred income tax assets | 6(31) | 482,037 | - | 351,043 | - |
| Other non-current assets | 6(14) and 8 | 301,715 | - | 327,857 | - |
| | | 15,085,958 | 8 | 14,813,078 | 8 |
| TOTAL ASSETS | | \$ 196,060,864 | 100 | \$ 178,667,626 | 100 |

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Liabilities and Equity | Notes | December 31, 2018 | | December 31, 2017 | |
|--|----------------|--------------------|-----------|--------------------|-----------|
| | | Amount | % | Amount | % |
| <u>Current liabilities</u> | | | | | |
| Short-term borrowings | 6(15) | \$ 57,221,436 | 29 | \$ 53,773,607 | 30 |
| Short-term notes and bills payable | 6(16) | 4,957,027 | 3 | 3,887,605 | 2 |
| Financial liabilities at fair value through profit or loss - current | 6(2) and 12(4) | 5,660 | - | 24,765 | - |
| Notes payable | | 35,497 | - | 214,347 | - |
| Accounts payable | | 53,161,904 | 27 | 48,909,622 | 27 |
| Accounts payable - related parties | 7(3) | 401 | - | 1,312 | - |
| Other payables | | 5,333,973 | 3 | 5,040,757 | 3 |
| Current income tax liabilities | | 803,225 | - | 751,276 | 1 |
| Other current liabilities | 6(18)(19) | 4,945,142 | 2 | 5,559,204 | 3 |
| | | <u>126,464,265</u> | <u>64</u> | <u>118,162,495</u> | <u>66</u> |
| Non-current liabilities | | | | | |
| Long-term borrowings | 6(18) | 13,366,171 | 7 | 7,238,010 | 4 |
| Deferred income tax liabilities | 6(31) | 496,996 | - | 414,200 | - |
| Other non-current liabilities | | 909,437 | 1 | 797,483 | 1 |
| | | <u>14,772,604</u> | <u>8</u> | <u>8,449,693</u> | <u>5</u> |
| Total liabilities | | <u>141,236,869</u> | <u>72</u> | <u>126,612,188</u> | <u>71</u> |
| <u>Equity Attributable to Owners of Parent</u> | | | | | |
| Capital | 1 and 6(21) | | | | |
| Common stock | | 16,790,568 | 8 | 18,250,618 | 10 |
| Capital reserve | 6(22) | | | | |
| Capital reserve | | 19,454,882 | 10 | 19,569,525 | 11 |
| Retained earnings | 6(23) | | | | |
| Legal reserve | | 5,274,872 | 3 | 4,544,073 | 3 |
| Special reserve | | 4,124,936 | 2 | - | - |
| Unappropriated earnings | | 11,316,193 | 6 | 13,279,694 | 7 |
| Other equity interest | | | | | |
| Other equity interest | 6(24) | (2,602,682) | (1) | (4,124,937) | (2) |
| Total equity attributable to owners of parent | | 54,358,769 | 28 | 51,518,973 | 29 |
| Non-controlling interest | | 465,226 | - | 536,465 | - |
| Total equity | | <u>54,823,995</u> | <u>28</u> | <u>52,055,438</u> | <u>29</u> |
| Significant contingent liabilities and unrecognized contract commitments | 7(3) and 9 | | | | |
| <u>TOTAL LIABILITIES AND EQUITY</u> | | \$ 196,060,864 | 100 | \$ 178,667,626 | 100 |

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, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

| Items | Notes | 2018 | | 2017 | |
|--|-----------------------|----------------|-------|----------------|-------|
| | | Amount | % | Amount | % |
| Sales revenue | 6(25), 7(3) and 12(5) | \$ 545,127,804 | 100 | \$ 532,509,958 | 100 |
| Operating costs | 6(8) and 7(3) | (521,497,383) | (96) | (510,358,864) | (96) |
| Gross profit | | 23,630,421 | 4 | 22,151,094 | 4 |
| Operating expenses | 6(29)(30) and 7(3) | | | | |
| Selling and marketing | | (9,183,915) | (1) | (8,762,789) | (1) |
| General and administrative | | (3,687,165) | (1) | (3,435,107) | (1) |
| Expected credit impairment loss | | (182,803) | - | - | - |
| Total operating expenses | | (13,053,883) | (2) | (12,197,896) | (2) |
| Operating income | | 10,576,538 | 2 | 9,953,198 | 2 |
| Non-operating income and expenses | | | | | |
| Other income | 6(26) | 336,343 | - | 372,430 | - |
| Other gains and losses | 6(27) | 731,477 | - | 321,627 | - |
| Finance costs | 6(28) | (2,489,578) | - | (1,841,661) | (1) |
| Share of profit of associates and joint ventures accounted for under equity method | | 46,400 | - | 74,527 | - |
| Total non-operating income and expenses | | (1,375,358) | - | (1,073,077) | (1) |
| Income before income tax | | 9,201,180 | 2 | 8,880,121 | 1 |
| Income tax expense | 6(31) | (1,686,163) | - | (1,513,686) | - |
| Consolidated net income | | \$ 7,515,017 | 2 | \$ 7,366,435 | 1 |

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

| Items | Notes | 2018 | | 2017 | |
|---|-------|--------------|---|----------------|------|
| | | 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 losses on defined benefit plans | 6(20) | (\$ 150,756) | - | (\$ 67,036) | - |
| Share of other comprehensive loss of associates and joint ventures accounted for using equity method | | (16) | - | (74) | - |
| Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss | 6(31) | 37,295 | - | 11,396 | - |
| Other comprehensive loss that will not be reclassified to profit or loss | | (113,477) | - | (55,714) | - |
| Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | | |
| Exchange differences on translation of foreign financial statements | | 1,624,228 | - | (5,162,384) | (1) |
| Unrealized gain on available-for-sale financial assets | | - | - | 139,396 | - |
| Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method | | 24,929 | - | (35,227) | - |
| Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss | 6(31) | 502 | - | (1,194) | - |
| Other comprehensive income (loss) that will be reclassified to profit or loss | | 1,649,659 | - | (5,059,409) | (1) |
| Total other comprehensive income (loss) | | \$ 1,536,182 | - | (\$ 5,115,123) | (1) |
| Total comprehensive income | | \$ 9,051,199 | 2 | \$ 2,251,312 | - |
| Consolidated net income attributable to: | | | | | |
| Owners of parent | | \$ 7,462,010 | 2 | \$ 7,307,987 | 1 |
| Non-controlling interest | | 53,007 | - | 58,448 | - |
| | | \$ 7,515,017 | 2 | \$ 7,366,435 | 1 |
| Comprehensive income attributable to: | | | | | |
| Owners of parent | | \$ 9,008,246 | 2 | \$ 2,222,421 | - |
| Non-controlling interest | | 42,953 | - | 28,891 | - |
| | | \$ 9,051,199 | 2 | \$ 2,251,312 | - |
| Earnings per share | 6(32) | | | | |
| Basic earnings per share | | \$ 4.22 | | \$ 4.10 | |
| Diluted earnings per share | | \$ 4.22 | | \$ 4.01 | |

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, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | | Equity attributable to owners of the parent | | | | | | | | | | | Non-controlling interest | Total equity |
|-------|---------------|---|---------------------------------|-------------------|-----------------|-------------------------|--|---|---|--|--------------------------|---------------|--------------------------|--------------|
| | | Capital | | Retained Earnings | | | | | Other Equity Interest | | | | | |
| | | Common stock | Certificates of bond conversion | Capital reserve | Legal reserve | Special reserve | Unappropriated earnings | Exchange differences of foreign financial statements | Unrealized gain (loss) on financial assets at fair value through other comprehensive income | Unrealized gain or loss on available-for-sale financial assets | Total | | | |
| Notes | Common stock | Certificates of bond conversion | Capital reserve | Legal reserve | Special reserve | Unappropriated earnings | Exchange differences of foreign financial statements | Unrealized gain (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 | | |
| | \$ 17,238,954 | \$ 2,938 | \$ 16,901,053 | \$ 4,012,785 | \$ - | \$ 10,734,088 | \$ 918,151 | \$ - | (\$ 10,088) | \$ 49,797,881 | \$ 519,568 | \$ 50,317,449 | | |
| | - | - | - | - | - | 7,307,987 | - | - | - | 7,307,987 | 58,448 | 7,366,435 | | |
| | - | - | - | - | - | (52,566) | (5,172,430) | - | 139,430 | (5,085,566) | (29,557) | (5,115,123) | | |
| | - | - | - | - | - | 7,255,421 | (5,172,430) | - | 139,430 | 2,222,421 | 28,891 | 2,251,312 | | |
| 6(23) | | | | | | | | | | | | | | |
| | - | - | - | 531,288 | - | (531,288) | - | - | - | - | - | - | | |
| | - | - | - | - | - | (4,178,311) | - | - | - | (4,178,311) | - | (4,178,311) | | |
| 6(22) | 1,011,664 | (2,938) | 2,556,419 | - | - | - | - | - | - | 3,565,145 | - | 3,565,145 | | |
| 6(22) | - | - | 112,053 | - | - | - | - | - | - | 112,053 | - | 112,053 | | |
| 6(33) | | | | | | | | | | | | | | |
| | - | - | - | - | - | (216) | - | - | - | (216) | (11,994) | (12,210) | | |
| | \$ 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 | | |
| | \$ 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 | | |
| 12(4) | - | - | - | - | - | (49,737) | - | (6,000) | (129,342) | (185,079) | (298) | (185,377) | | |
| | 18,250,618 | - | 19,569,525 | 4,544,073 | - | 13,229,957 | (4,254,279) | (6,000) | - | 51,333,894 | 536,167 | 51,870,061 | | |
| | - | - | - | - | - | 7,462,010 | - | - | - | 7,462,010 | 53,007 | 7,515,017 | | |
| | - | - | - | - | - | (111,361) | 1,657,597 | - | - | 1,546,236 | (10,054) | 1,536,182 | | |
| | - | - | - | - | - | 7,350,649 | 1,657,597 | - | - | 9,008,246 | 42,953 | 9,051,199 | | |
| 6(23) | | | | | | | | | | | | | | |
| | - | - | - | 730,799 | - | (730,799) | - | - | - | - | - | - | | |
| | - | - | - | - | 4,124,936 | (4,124,936) | - | - | - | - | - | - | | |
| | - | - | - | - | - | (4,380,148) | - | - | - | (4,380,148) | - | (4,380,148) | | |
| 6(21) | (1,460,050) | - | - | - | - | - | - | - | - | (1,460,050) | - | (1,460,050) | | |
| 6(22) | - | - | (112,053) | - | - | - | - | - | - | (112,053) | - | (112,053) | | |
| 6(22) | - | - | (2,590) | - | - | - | - | - | - | (2,590) | 2,590 | - | | |
| 6(33) | | | | | | | | | | | | | | |
| | - | - | - | - | - | (28,530) | - | - | - | (28,530) | (18,627) | (47,157) | | |
| 6(33) | - | - | - | - | - | - | - | - | - | - | (72,714) | (72,714) | | |
| | - | - | - | - | - | - | - | - | - | - | (25,143) | (25,143) | | |
| | \$ 16,790,568 | \$ - | \$ 19,454,882 | \$ 5,274,872 | \$ 4,124,936 | \$ 11,316,193 | (\$ 2,596,682) | (\$ 6,000) | \$ - | \$ 54,358,769 | \$ 465,226 | \$ 54,823,995 | | |

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, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | 2018 | 2017 |
|---|-----------|--------------|---------------|
| Cash flows from operating activities | | | |
| Income before income tax | | \$ 9,201,180 | \$ 8,880,121 |
| Adjustments | | | |
| Income and expenses | | | |
| Depreciation | 6(29) | 216,436 | 206,730 |
| Amortization | 6(12)(39) | 19,364 | 25,679 |
| Expected credit impairment loss | | 182,803 | - |
| Reversal of provision | 6(26) | - | (113,698) |
| Interest expense | 6(28) | 2,286,498 | 1,630,134 |
| Net (gain) loss on financial assets or liabilities at fair value through profit or loss | 6(27) | (499,433) | 40,762 |
| Interest income | 6(26) | (41,585) | (30,143) |
| Dividend income | 6(26) | (24,724) | (31,766) |
| Share of profit of associates and joint ventures accounted for under equity method | | (46,400) | (74,527) |
| Loss on disposal of property, plant and equipment | 6(27) | 10,297 | 1,306 |
| Gain on disposal of investments | 6(27) | (57,613) | (18,530) |
| Impairment loss | 6(27) | - | 49,768 |
| Amortization of bond discount | 6(17)(28) | - | 20,723 |
| Changes in assets/liabilities relating to operating activities | | | |
| Changes in assets relating to operating activities | | | |
| Financial assets at fair value through profit or loss - current | | 7,551 | 14,236 |
| Notes receivable, net | | 1,293,315 | 3,392,813 |
| Accounts receivable, net | (| 6,010,219) | (1,840,590) |
| Accounts receivable - related parties, net | | 192,138 | (44,810) |
| Other receivables | (| 2,821,645) | 5,488,774 |
| Other receivables - related parties | | 436 | 21,373 |
| Inventories | (| 7,300,703) | (7,548,977) |
| Prepayments | (| 14,534) | (231,982) |
| Other current assets | | 137,213 | (9,901) |
| Changes in liabilities relating to operating activities | | | |
| Notes payable | (| 178,850) | (200,733) |
| Accounts payable | | 4,252,282 | 1,079,671 |
| Accounts payable - related parties | (| 911) | (11,367) |
| Other payables | | 244,656 | 470,068 |
| Other current liabilities | | 1,281,210 | (336,229) |
| Other non-current liabilities | | 119,466 | (38,006) |
| Cash inflow generated from operations | | 2,448,228 | 10,790,899 |
| Interest paid | (| 2,241,241) | (1,605,247) |
| Income tax paid | (| 1,542,453) | (1,249,450) |
| Interest received | | 42,959 | 29,808 |
| Income tax refund | | 2,681 | - |
| Dividends received | | 75,131 | 82,103 |
| Net cash (used in) provided by operating activities | (| 1,214,695) | 8,048,113 |

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | 2018 | 2017 |
|---|-------|-----------------|-----------------|
| Cash flows from investing activities | | | |
| Acquisition of financial assets carried at cost - non-current | | \$ - | (\$ 117,062) |
| Proceeds from disposal of financial assets carried at cost - non-current | | - | 10,178 |
| Acquisition of available-for-sale financial assets - non-current | | - | (85,348) |
| Proceeds from disposal of available-for-sale financial assets - non-current | | - | 33,155 |
| Proceeds from capital reduction of available-for-sale financial assets | | - | 5,665 |
| Acquisition of investments accounted for under equity method | | (86,663) | (49,000) |
| Proceeds from disposal of investments accounted for under equity method | | 183,453 | - |
| Acquisition of property, plant and equipment, investment property and intangible assets | 6(34) | (837,503) | (981,021) |
| Proceeds from disposal of property, plant and equipment | | 3,102 | 5,733 |
| Increase in refundable deposits | | (207,923) | (25,436) |
| Decrease in refundable deposits | | 275,841 | 21,830 |
| (Increase) decrease in other financial assets - current | | (59,240) | 730,279 |
| Increase in other financial assets - non-current | | (12,567) | (42,129) |
| Decrease in other financial assets - non-current | | 11,375 | 52,356 |
| (Increase) decrease in other non-current assets | | (71,970) | 1,523 |
| Acquisition of financial assets at fair value through profit or loss - non-current | | (83,175) | - |
| Proceeds from disposal of financial assets at fair value through profit or loss - non-current | | 791,259 | - |
| Increase in current financial assets at amortized cost | | (160,853) | - |
| Decrease in current financial assets at amortized cost | | 15,674 | - |
| Increase in prepayments for investments | | - | (21,722) |
| Proceeds from capital reduction of investments accounted for using equity method | | - | 27,211 |
| Acquisition of subsidiaries | 6(33) | (119,871) | (12,210) |
| Net cash used in investing activities | | (359,061) | (445,998) |
| Cash flows from financing activities | | | |
| Increase in short-term borrowings | | 716,529,261 | 668,743,615 |
| Decrease in short-term borrowings | | (713,081,432) | (667,824,081) |
| Increase in long-term borrowings (including current portion of long-term liabilities) | | 8,755,065 | 13,368,536 |
| Decrease in long-term borrowings (including current portion of long-term liabilities) | | (7,223,686) | (13,636,079) |
| Increase in short-term notes and bills payable | | 31,336,877 | 34,398,525 |
| Decrease in short-term notes and bills payable | | (30,267,455) | (34,713,839) |
| Increase in guarantee deposit received | | 82,580 | 200,055 |
| Decrease in guarantee deposit received | | (26,797) | (206,794) |
| Shareholders' cash dividends paid | 6(23) | (4,380,148) | (4,178,311) |
| Repayment of convertible bonds | | - | (4,900) |
| Capital reduction | | (1,460,050) | - |
| Change in non-controlling interest | | (25,143) | - |
| Net cash provided by (used in) financing activities | | 239,072 | (3,853,273) |
| Effect of exchange rate changes on cash and cash equivalents | | 1,353,658 | (5,107,840) |
| Net increase (decrease) in cash and cash equivalents | | 18,974 | (1,358,998) |
| Cash and cash equivalents at beginning of year | | 7,097,914 | 8,456,912 |
| Cash and cash equivalents at end of year | | \$ 7,116,888 | \$ 7,097,914 |

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, 2018 AND 2017
(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) In accordance with the Company's Articles of Incorporation, the total authorized common

stock is 2 billion shares (including 50 million shares of warrant, warrant preferred stock and warrant bond conversion). As of December 31, 2018, the Company has issued capital of \$16,790,568 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 26, 2019.

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 as endorsed by the FSC effective from 2018 are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|---|---|
| Amendments to IFRS 2, ‘Classification and measurement of share-based payment transactions’ | January 1, 2018 |
| Amendments to IFRS 4, ‘Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts’ | January 1, 2018 |
| IFRS 9, ‘Financial instruments’ | January 1, 2018 |
| IFRS 15, ‘Revenue from contracts with customers’ | January 1, 2018 |
| Amendments to IFRS 15, ‘Clarifications to IFRS 15, Revenue from contracts with customers’ | January 1, 2018 |
| Amendments to IAS 7, ‘Disclosure initiative’ | January 1, 2017 |
| Amendments to IAS 12, ‘Recognition of deferred tax assets for unrealized losses’ | January 1, 2017 |
| Amendments to IAS 40, ‘Transfers of investment property’ | January 1, 2018 |
| IFRIC 22, ‘Foreign currency transactions and advance consideration’ | January 1, 2018 |
| Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, ‘First-time adoption of International Financial Reporting Standards’ | January 1, 2018 |
| Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, ‘Disclosure of interests in other entities’ | January 1, 2017 |
| Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, ‘Investments in associates and joint ventures’ | January 1, 2018 |

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.

A. IFRS 9, ‘Financial instruments’

(a) Classification of debt instruments is driven by the entity’s business model and the

contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortized cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

- (b) The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses (‘ECL’) or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.
 - (c) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4) B.
- B. IFRS 15, ‘Revenue from contracts with customers’ and amendments
- (a) IFRS 15, ‘Revenue from contracts with customers’ replaces IAS 11, ‘Construction Contracts’, IAS 18, ‘Revenue’ and relevant interpretations. According to IFRS 15, revenue is recognized when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:
 - Step 1: Identify contracts with customer
 - Step 2: Identify separate performance obligations in the contract(s)
 - Step 3: Determine the transaction price
 - Step 4: Allocate the transaction price
 - Step 5: Recognize revenue when the performance obligation is satisfied
- Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial

statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

- (b) The Group initially adopted IFRS 15 using the modified retrospective approach. The significant effects of applying the standard as of January 1, 2018 are summarized below.

In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:

Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognized as contract liabilities, but were previously presented as accounts receivable - allowance for sales returns and discounts in the balance sheet.

As of January 1, 2018, the balance amounted to \$2,701,510.

C. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group expects to provide additional disclosure to explain the changes in liabilities arising from financing activities.

(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 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'

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.

The Group expects to recognize the lease contract of lessees in line with IFRS 16. However, the Group intends to adapt modified retrospective approach. On January 1, 2019, it is expected that 'right-of-use asset' and lease liability will be increased by \$1,435,802 and \$1,453,612, respectively, and other payables will be decreased by \$17,810.

(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 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 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 |

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/Available-for-sale

financial assets 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.
- C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognized as retained earnings, other equity and non-controlling interest as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(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:

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|----------------------------------|--------------------------------------|---|-------------------|-------------------|---------------|
| | | | December 31, 2018 | December 31, 2017 | |
| 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 | WPG Core Investment Co., Ltd. | " | 0.00 | 0.00 | Note 7 |
| WPG Holdings Limited | Genuine C&C Inc. | Sales of computer and its peripherals | 0.00 | 0.00 | Notes 2 and 8 |
| WPG Holdings Limited | Trigold Holdings Limited | Holding company | 60.50 | 60.50 | Note 8 |
| WPG Investment Co., Ltd. | Trigold Holdings Limited | " | 0.01 | 0.01 | Note 19 |
| World Peace Industrial Co., Ltd. | World Peace International (BVI) Ltd. | " | 100.00 | 100.00 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|---|---|---|-------------------|-------------------|-------------|
| | | | December 31, 2018 | December 31, 2017 | |
| World Peace Industrial Co., Ltd. | WPI Investment Holding (BVI) Company Ltd. | Holding company | 100.00 | 100.00 | |
| World Peace Industrial Co., Ltd. | Longview Technology Inc. | Agent and sales of electronic / electrical components | 100.00 | 100.00 | |
| World Peace Industrial Co., Ltd. | AECO Technology Co., Ltd. | " | 100.00 | 100.00 | |
| World Peace Industrial Co., Ltd. | Genuine C&C Inc. | Sales of computer and its peripherals | 0.00 | 0.00 | Note 2 |
| 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 | |
| AECO Electronic Co., Ltd. | AECO Electronic (Ningbo) Co., Ltd. | " | 0.00 | 0.00 | Note 16 |
| 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 Pte. Ltd. | Genuine C&C (South Asia) Pte., Ltd. | " | 0.00 | 0.00 | Note 13 |
| 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 |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|---|--|---|-------------------|-------------------|-------------|
| | | | December 31, 2018 | December 31, 2017 | |
| 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 | Agent and sales of electronic / electrical components | 100.00 | 100.00 | |
| WPI Investment Holding (BVI) Company Ltd. | World Peace International (Asia) Limited | " | 100.00 | 100.00 | |
| WPI International (Hong Kong) Limited | WPI International Trading (Shanghai) Ltd. | Agent and sales of information products | 0.00 | 100.00 | Note 21 |
| WPI International (Hong Kong) Limited | WPG C&C Limited | " | 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 | 100.00 | Note 24 |
| 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 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|---------------------------------------|--|---|-------------------|-------------------|-------------|
| | | | December 31, 2018 | December 31, 2017 | |
| Pernas Electronics Co., Ltd. | Everwiner Enterprise Co., Ltd. | Agent and sales of electronic / electrical components | 100.00 | 100.00 | |
| Pernas Electronics Co., Ltd. | Pernas Enterprise (Samoa) Limited | International investment | 0.00 | 0.00 | Note 11 |
| Pernas Enterprise (Samoa) Limited | World Components Agent (Shanghai) Inc. | Sales of electronic / electrical products | 0.00 | 0.00 | Note 17 |
| 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 | " | 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 | Note 12 |
| 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, 2018 | December 31, 2017 | |
| 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. | Agent and sales of electronic / electrical components | 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 | AITG Electronic Limited | Sales of electronic / electrical components | 100.00 | 100.00 | |
| 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 | 100.00 | Note 20 |
| Richpower Electronic Devices Co., Ltd. | Richpower Electronic Devices Co., Limited | " | 100.00 | 100.00 | |
| Richpower Electronic Devices Co., Ltd. | Mec Technology Co., Limited | " | 0.00 | 0.00 | Notes 20 and 23 |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|--|---|---|-------------------|-------------------|-----------------|
| | | | December 31, 2018 | December 31, 2017 | |
| Richpower Electronic Devices Co., Ltd. | Richpower Electronic Devices Pte., Ltd. | Sales of electronic / electrical products | 100.00 | 0.00 | Note 20 |
| Mec Technology Co., Ltd. | Mec Technology Co., Limited | " | 0.00 | 100.00 | Note 20 |
| Mec Technology Co., Ltd. | Richpower Electronic Devices Pte., Ltd. | Sales of electronic / electrical products | 0.00 | 100.00 | Note 20 |
| Sertek Incorporated | Sertek Limited | Sales of electronic / electrical components | 100.00 | 100.00 | |
| Suntop Investments Limited | Yosun Hong Kong Corp. Ltd. | Sales of electronic / electrical products | 100.00 | 100.00 | |
| Suntop Investments Limited | Yosun Singapore Pte Ltd. | " | 100.00 | 100.00 | |
| Yosun Hong Kong Corp. Ltd. | Giatek Corp. Ltd. | " | 100.00 | 100.00 | |
| 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 Singapore Pte Ltd. | Yosun Industrial (Malaysia) Sdn. Bhd. | Sales of electronic / electrical components | 0.00 | 100.00 | Note 23 |
| Yosun Singapore Pte Ltd. | Yosun India Private Ltd. | " | 100.00 | 100.00 | |
| Trigold Holdings Limited | Genuine C&C Inc. | Sales of computer and its peripherals | 100.00 | 100.00 | Note 8 |
| Trigold Holding Limited | Trigold (Hong Kong) Company Limited | Holding company | 100.00 | 100.00 | Note 14 |
| Trigold (Hong Kong) Company Limited | Peng Yu (Shanghai) Digital Technology Co., Ltd. | Sales of electronic /electrical products | 100.00 | 55.00 | Notes 15 and 22 |
| Trigold (Hong Kong) Company Limited | WPI International Trading (Shanghai) Ltd. | Agent and sales of information product | 100.00 | 0.00 | Note 21 |
| Genuine C&C, Inc. | Hoban Inc. | General investment and retail of groceries | 100.00 | 100.00 | Notes 2 and 18 |
| Genuine C&C, Inc. | Taibao Creation Co., Ltd. | Retail of groceries | 0.00 | 100.00 | Notes 2 and 24 |
| Genuine C&C, Inc. | Genuine C&C Holding Inc. (Seychelles) | Holding company | 100.00 | 100.00 | Note 2 |
| Genuine C&C Holding Inc. (Seychelles) | Genuine Trading (Hong Kong) Company Limited | " | 100.00 | 100.00 | Note 2 |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|---|---|--|-------------------|-------------------|-------------|
| | | | December 31, 2018 | December 31, 2017 | |
| Genuine C&C Holding Inc. (Seychelles) | Peng Yu (Shanghai) Digital Technology Co., Ltd. | Sales of electronic /electrical products | 0.00 | 0.00 | Note 15 |
| Peng Yu (Shanghai) Digital Technology Co., Ltd. | Peng Yu International Limited | Sales of electronic/electrical products | 100.00 | 100.00 | Note 10 |

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 Company directly held 44.21% equity of Genuine C&C, Inc. plus the 16.29% equity of Genuine C&C, Inc. held by the wholly owned subsidiary, World Peace Industrial Co., Ltd., the total shareholding ratio was 60.50%. In July 2017, the Company's ownership of Genuine C&C, Inc. reached 60.50% after acquiring the 16.29% equity from World Peace Industrial Co., Ltd.

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 December 2017.

Note 8: On the effective date of September 1, 2017, the stock swap between Trigold Holdings Limited 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 Holdings Limited was established and began OTC trading whereas Genuine C&C, Inc. was unlisted at OTC.

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

Note 10: The subsidiary was set up in July 2017.

Note 11: It was liquidated in September 2017.

Note 12: WPG International (CI) Limited acquired 40% equity of WPG Gain Tune Ltd.

from non-controlling interests in November 2017.

Note 13: It was liquidated in March 2017.

Note 14: The subsidiary completed registration of incorporation in November 2017.

Note 15: Trigold (Hong Kong) Company Limited acquired 55% equity of Peng Yu (Shanghai) Digital Technology Co., Ltd. from Genuine C&C Holding Inc. (Seychelles) in November 2017.

Note 16: It was liquidated in June 2017.

Note 17: It was liquidated in May 2017.

Note 18: It was formerly known as Hat-Trick Co., Ltd. and was renamed in April 2017.

Note 19: In May 2018, the subsidiary acquired 0.01% equity interest of Trigold Holdings Limited.

Note 20: 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 21: Trigold (Hong Kong) Company Limited acquired 100% equity of WPI International Trading (Shanghai) Ltd. from WPI International (Hong Kong) Limited in October 2018.

Note 22: Trigold (Hong Kong) Company Limited acquired 45% equity of Peng Yu (Shanghai) Digital Technology Co., Ltd. from non-controlling interests in October 2018.

Note 23: It was liquidated in November 2018.

Note 24: It was liquidated in October 2018.

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, 2018 and 2017, the non-controlling interest amounted to \$465,226 and \$536,465, 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, 2018 | | December 31, 2017 | |
| | | Amount | Ownership | Amount | Ownership |
| Trigold Holdings Limited and its subsidiaries (Note) | Taiwan | \$ 426,726 | 39.49% | \$ 438,690 | 39.5% |

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, 2018</u> | <u>December 31, 2017</u> |
| Current assets | \$ 5,379,093 | \$ 3,011,190 |
| Non-current assets | 127,670 | 101,779 |
| Current liabilities | (4,351,486) | (1,875,916) |
| Non-current liabilities | (74,566) | (64,284) |
| Total net assets | 1,080,711 | 1,172,769 |
| Less: Non-controlling interest | - | (62,169) |
| Equity attributable to owners of the parent company | <u>\$ 1,080,711</u> | <u>\$ 1,110,600</u> |

(b) Statements of comprehensive income

| | <u>Trigold Holdings Limited and its subsidiaries</u> | |
|---|--|-------------------|
| | <u>Years ended December 31,</u> | |
| | <u>2018</u> | <u>2017</u> |
| Revenue | \$ 11,720,214 | \$ 9,887,666 |
| Profit before tax | 145,674 | 156,279 |
| Income tax expense | (34,618) | (32,884) |
| Profit for the year | 111,056 | 123,395 |
| Other comprehensive loss, net of tax | (7,119) | (7,421) |
| Total comprehensive income | <u>\$ 103,937</u> | <u>\$ 115,974</u> |
| Total comprehensive loss attributable to non-controlling interest | (\$ 10,546) | (\$ 4,919) |
| Dividends paid to non-controlling interests | <u>\$ 25,143</u> | <u>\$ 18,229</u> |

(c) Statements of cash flows

| | <u>Trigold Holdings Limited and its subsidiaries</u> | |
|---|--|-------------------|
| | <u>Years ended December 31,</u> | |
| | <u>2018</u> | <u>2017</u> |
| Net cash (used in) provided by operating activities | (\$ 489,369) | \$ 135,733 |
| Net cash provided by investing activities | 7,405 | 6,026 |
| Net cash provided by financing activities | 802,127 | 113,850 |
| Effect of exchange rates on cash and cash equivalents | (4,632) | (11,582) |
| Increase in cash and cash equivalents | <u>315,531</u> | <u>244,027</u> |
| Cash and cash equivalents, beginning of year | <u>596,306</u> | <u>188,421</u> |
| Cash and cash equivalents, end of year | <u>\$ 911,837</u> | <u>\$ 432,448</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.
- 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) Leases

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.

(17) 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.

(18) 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 3~5 years.

(19) 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.

(20) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(21) 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.

(22) 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.

(23) 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.

(24) 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.

(25) 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.

(26) 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.
- iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' 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.

(27) 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 realise 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 realise the asset and settle the liability simultaneously.

(28) 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.

(29) Revenue recognition

- A. The Group sells products like electronic components etc. Revenue from the sale of goods is recognized when the Group delivered 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.

(30) 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.

(31) 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(12) 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, 2018</u> | <u>December 31, 2017</u> |
|-----------------------------|--------------------------|--------------------------|
| Cash on hand and petty cash | \$ 3,851 | \$ 4,579 |
| Checking accounts deposits | 2,178,616 | 2,175,037 |
| Demand deposits | 4,672,007 | 4,770,422 |
| Time deposits | 262,414 | 147,876 |
| | <u>\$ 7,116,888</u> | <u>\$ 7,097,914</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, 2018</u> |
|--|--------------------------|
| Current items: | |
| Financial assets mandatorily measured at fair value through profit or loss | |
| Listed stocks | \$ 22,547 |
| Derivatives | 2,630 |
| | 25,177 |
| Valuation adjustment | 3,292 |
| | <u>\$ 28,469</u> |

| | |
|--|-----------------|
| Current items: | |
| Financial liabilities held for trading | |
| Derivatives | <u>\$ 5,660</u> |

| <u>Items</u> | <u>December 31, 2018</u> |
|--|--------------------------|
| Non-current items: | |
| Financial assets mandatorily measured at fair value through profit or loss | |
| Listed stocks | \$ 116,311 |
| Emerging stocks | 54,011 |
| Unlisted stocks | 1,366,555 |
| | 1,536,877 |
| Valuation adjustment | (260,813) |
| | <u>\$ 1,276,064</u> |

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

| | <u>Year ended</u> <u>December 31, 2018</u> |
|--|---|
| Financial assets mandatorily measured at fair value through profit or loss | |
| Equity instruments | \$ 458,720 |
| Derivatives | 40,713 |
| | <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:

| <u>Derivative instruments</u> | <u>December 31, 2018</u> | <u>Contract period</u> |
|------------------------------------|---|---------------------------|
| | Contract amount (notional principal) (Note) | |
| Current items: | | |
| Forward foreign exchange contracts | | |
| - Sell | USD 4,500 | 2018.10.23~ 2019.04.05 |

| <u>Derivative instruments</u> | <u>December 31, 2018</u> | |
|-------------------------------|--|---------------------------|
| | <u>Contract amount (notional principal) (Note)</u> | <u>Contract period</u> |
| - Sell-SWAP | USD 4,400 | 2018.12.06~ 2019.01.17 |
| - Buy | USD 26,960 | 2018.03.13~ 2019.04.05 |
| Futures | \$ 0.3 | 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, 2018, the balance of margin in the account was \$2,373, and the amount of excess margin was \$2,284.

- 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).
- E. The information on financial assets at fair value through profit or loss as of December 31, 2017 is provided in Note 12(4).

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

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

Year ended
December 31, 2018

Equity instruments at fair value through
other comprehensive income

| | |
|--|------|
| Fair value change recognized in other comprehensive income | \$ - |
| Cumulative gains (losses) reclassified to retained earnings due to derecognition | \$ - |
| Dividend income recognized in profit or loss | |
| Held at end of period | \$ - |
| Derecognized during the period | - |
| | \$ - |

- C. As at December 31, 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 was \$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).
- F. The information on available-for sale financial assets and financial assets at cost as of December 31, 2017 is provided in Note 12(4).

(4) Financial assets at amortized cost

| <u>Items</u> | <u>December 31, 2018</u> |
|----------------|--------------------------|
| Current items: | |
| Time deposits | \$ 197,942 |

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

| | |
|-----------------|---------------------------------|
| | Year ended December 31, 2018 |
| Interest income | \$ 169 |

- 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).
- D. Please refer to Note 12(4) for the information of other financial assets which were shown as other current assets and non-current assets as of December 31, 2017.

(5) Notes and accounts receivable

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|--|--------------------------|--------------------------|
| Notes receivable | \$ 2,887,235 | \$ 4,180,550 |
| Less: Allowance for uncollectible accounts | (2,346) | (91,984) |
| | <u>\$ 2,884,889</u> | <u>\$ 4,088,566</u> |
| Accounts receivable | \$ 96,447,741 | \$ 87,816,552 |
| Less: Allowance for uncollectible accounts | (1,189,706) | (796,409) |
| | <u>\$ 95,258,035</u> | <u>\$ 87,020,143</u> |

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

| | <u>December 31, 2018</u> | | <u>December 31, 2017</u> | |
|------------------|----------------------------|-------------------------|----------------------------|-------------------------|
| | <u>Accounts receivable</u> | <u>Notes receivable</u> | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| Not past due | \$ 88,960,278 | \$ 2,837,799 | \$ 82,246,363 | \$ 4,075,101 |
| One month | 5,103,344 | 49,436 | 2,769,938 | 105,444 |
| Two months | 1,052,512 | - | 1,537,441 | 5 |
| Three months | 285,439 | - | 314,133 | - |
| Four months | 110,261 | - | 126,855 | - |
| Over four months | 935,907 | - | 821,822 | - |
| | <u>\$ 96,447,741</u> | <u>\$ 2,887,235</u> | <u>\$ 87,816,552</u> | <u>\$ 4,180,550</u> |

The above ageing analysis was based on past due month.

B. The Group has no notes and accounts receivable pledged to others.

C. As at December 31, 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 and accounts receivable were \$2,884,889 and \$95,258,035, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

E. The information on accounts receivable and notes receivable as of December 31, 2017 is provided in Note 12(4).

(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, 2018 and 2017, outstanding accounts receivable were as follows:

| 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 | \$ 540,000 | | | |
| | | | USD 69,800 | 2,505,229 | 2.44%~3.94% | Note 3 |
| E. SUN Commercial Bank | 3,302,123 | 3,302,123 | \$ 2,827,000 | | | |
| | | | 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 |
| 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 signed 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.

| December 31, 2017 | | | | | | | |
|--|---------------------------------------|------------------------|------------------------------|--------------------|--|-------------------|--|
| Purchaser of accounts receivable | Accounts receivable transferred | Amount derecognized | Facilities (In thousands) | Amount advanced | Interest rate of amount advanced | Pledged assets | |
| Cathay United Bank | \$ 1,359,321 | \$ 1,359,321 | USD 47,500 | \$ 1,359,321 | 2.00%~2.65% | Note 1 | |
| Mega International | 4,345,605 | 4,345,605 | USD 166,900 | 4,191,246 | 1.53%~2.81% | Note 2 | |
| Commercial Bank | | | \$ 590,000 | | | | |
| CTBC Bank | 2,153,391 | 2,153,391 | USD 20,000 | 1,788,656 | 1.69%~3.02% | Note 3 | |
| | | | \$ 3,000,000 | | | | |
| E. SUN Commercial Bank | 3,459,933 | 3,459,933 | USD 180,500 | 2,977,084 | 1.15%~2.72% | Note 4 | |
| | | | \$ 20,000 | | | | |
| Taipei Fubon | 615,462 | 615,462 | \$ 1,474,300 | 338,700 | 1.10%~2.89% | Note 5 | |
| Commercial Bank | | | | | | | |
| Yuanta Commercial Bank | 388,144 | 388,144 | USD 25,000 | 244,000 | 2.39%~2.92% | Note 6 | |
| The Hong Kong and Shanghai Banking Corporation Limited | 1,488,626 | 1,488,626 | USD 82,500 | 1,429,213 | 1.90%~3.40% | Note 7 | |
| Ta Chong Bank | 226,921 | 226,921 | USD 6,500 | 123,009 | 2.47%~2.84% | Note 8 | |
| | | | \$ 820,000 | | | | |

December 31, 2017

| <u>Purchaser of accounts receivable</u> | <u>Accounts receivable transferred</u> | <u>Amount derecognized</u> | <u>Facilities (In thousands)</u> | <u>Amount advanced</u> | <u>Interest rate of amount advanced</u> | <u>Pledged assets</u> |
|---|--|--------------------------------|--------------------------------------|----------------------------|---|---------------------------|
| Standard Chartered Bank | 31,991 | 31,991 | USD 4,520 | - | - | None |
| Taishin International Bank | 5,044,780 | 5,044,780 | USD 15,000 \$ 9,000,000 | 2,741,648 | 2.22%~2.80% | Note 9 |
| Bank SinoPac | 786,843 | 786,843 | USD 58,900 | 697,601 | 2.00%~2.48% | Note 10 |
| Far Eastern International Bank | 249,766 | 249,766 | USD 19,000 \$ 400,000 | 122,221 | 2.14%~2.95% | Note 11 |
| Chang Hwa Bank | 2,117,330 | 2,117,330 | USD 146,600 | 1,994,213 | 2.01%~2.84% | Note 12 |
| DBS Bank | 4,116,393 | 4,116,393 | USD 224,500 | 3,819,847 | 1.53%~2.50% | Note 13 |
| Shin Kong Bank | - | - | USD 300 | - | - | Note 14 |
| Taiwan Cooperative Bank | 16,128 | 16,128 | USD 3,000 | 15,321 | 2.12% | Note 15 |
| Hang Seng Bank | 1,636,541 | 1,636,541 | USD 128,000 | 1,502,489 | 1.73%~2.52% | Note 16 |
| KGI Bank | 674,933 | 674,933 | \$ 2,150,000 | 550,900 | 2.00%~2.40% | Note 17 |
| ANZ Bank | 707,834 | 707,834 | USD 30,000 | 707,834 | 2.11%~2.13% | None |
| Sumitomo Mitsui Banking Corporation | 234,068 | 234,068 | USD 15,000 | 234,068 | 2.13%~2.19% | None |
| Bank of Taiwan | - | - | USD 7,000 | - | - | None |

Note 1: The Group has signed commercial papers amounting to USD 47,500 thousand that were pledged to others as collateral.

Note 2: The Group has signed commercial papers amounting to USD 166,900 thousand and \$640,000 that were pledged to others as collateral.

Note 3: The Group has signed commercial papers amounting to USD 20,000 thousand and \$327,600 that were pledged to others as collateral.

Note 4: The Group has signed commercial papers amounting to USD 183,000 thousand and \$20,000 that were pledged to others as collateral.

Note 5: The Group has signed commercial papers amounting to \$45,000 that were pledged to others as collateral.

Note 6: The Group has signed commercial papers amounting to USD 25,000 thousand that were pledged to others as collateral.

Note 7: The Group has signed commercial papers amounting to USD 152,280 thousand that were pledged to others as collateral.

Note 8: The Group has signed commercial papers amounting to USD 6,500 thousand and \$820,000 that were pledged to others as collateral.

Note 9: The Group has signed commercial papers amounting to USD 15,000 thousand and \$9,000,000 that were pledged to others as collateral.

Note 10: The Group has signed commercial papers amounting to USD 55,500 thousand and \$600,000 that were pledged to others as collateral.

Note 11: The Group has signed commercial papers amounting to USD 19,000 thousand and

\$400,000 that were pledged to others as collateral.

Note 12: The Group has signed commercial papers amounting to USD 84,600 thousand that were pledged to others as collateral.

Note 13: The Group has signed commercial papers amounting to USD 246,500 thousand that were pledged to others as collateral.

Note 14: The Group has signed commercial papers amounting to USD 30 thousand that were pledged to others as collateral.

Note 15: The Group has signed commercial papers amounting to USD 3,000 thousand that were pledged to others as collateral.

Note 16: The Group has provided demand deposits amounting to USD 140 thousand that were pledged to others as collateral.

Note 17: The Group has signed commercial papers amounting to \$890,000 that were pledged to others as collateral.

(7) Other receivables

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---|--------------------------|--------------------------|
| Retention amount of factoring accounts receivable | \$ 7,761,074 | \$ 4,816,640 |
| VAT refund | 551,727 | 292,840 |
| Others | 218,883 | 601,933 |
| | <u>\$ 8,531,684</u> | <u>\$ 5,711,413</u> |

(8) Inventories

| | <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> |
| | <u>December 31, 2017</u> | | |
| | <u>Cost</u> | <u>Allowance for valuation</u> | <u>Book value</u> |
| Inventories | \$ 53,884,984 | (\$ 872,265) | \$ 53,012,719 |
| Inventories in transit | 4,460,934 | - | 4,460,934 |
| | <u>\$ 58,345,918</u> | <u>(\$ 872,265)</u> | <u>\$ 57,473,653</u> |

The cost of inventories recognized as expense for the year:

| | <u>Years ended December 31,</u> | |
|------------------------------------|---------------------------------|-----------------------|
| | <u>2018</u> | <u>2017</u> |
| Cost of goods sold | \$ 521,013,712 | \$ 510,162,463 |
| Loss on price decline in inventory | 483,074 | 184,703 |
| Loss on physical inventory | 597 | 11,698 |
| Cost of goods sold | <u>\$ 521,497,383</u> | <u>\$ 510,358,864</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, 2018</u> | <u>December 31, 2017</u> |
|---|--------------------------|--------------------------|
| CECI Technology Co., Ltd. | \$ - | \$ 722,384 |
| ChainPower Technology Corp. | 168,871 | 155,935 |
| Sunrise Technology Co., Ltd. | 60,054 | 66,960 |
| Eesource Corp. | 70,656 | 72,995 |
| Suzhou Xinning Bonded Warehouse Co., Ltd. | 83,011 | 62,695 |
| Adivic Technology Co., Ltd. | 35,212 | 54,557 |
| Yosun Japan Corp. | - | 9,735 |
| Suzhou Xinning Logistics Co., Ltd. | 37,941 | 33,082 |
| Gain Tune Logistics (Shanghai) Co., Ltd. | 29,159 | 32,944 |
| VITEC WPG Limited | 46,364 | 40,419 |
| AutoSys Co., Ltd. | 72,558 | - |
| Others | 13,665 | 1,909 |
| | <u>\$ 617,491</u> | <u>\$ 1,253,615</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, 2018 and 2017, the carrying amount of the Group's individually immaterial associates amounted to \$617,491 and \$1,253,615, respectively.

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|------------------|
| | <u>2018</u> | <u>2017</u> |
| Profit for the year from continuing operations | \$ 46,400 | \$ 74,527 |
| Other comprehensive loss - net of tax | 24,913 | (35,301) |
| Total comprehensive income | <u>\$ 71,313</u> | <u>\$ 39,226</u> |

C. There was no impairment on investments accounted for using equity method for the years ended December 31, 2018 and 2017.

(10) 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.

| | Land | Buildings and structures | Transportation equipment | Furniture and fixtures | Leasehold improvements | Others | Construction in progress and equipment to be tested | Total |
|--|--------------------|--------------------------------|-----------------------------|---------------------------|---------------------------|------------------|--|--------------------|
| <u>At January 1, 2017</u> | | | | | | | | |
| Cost | \$2,281,371 | \$2,103,545 | \$ 18,809 | \$ 526,282 | \$ 499,499 | \$ 210,204 | \$ 2,688 | \$5,642,398 |
| Accumulated depreciation | - | (451,224) | (11,322) | (423,925) | (300,335) | (164,588) | - | (1,351,394) |
| Accumulated impairment | (1,582) | (10,764) | - | - | - | - | - | (12,346) |
| | <u>\$2,279,789</u> | <u>\$1,641,557</u> | <u>\$ 7,487</u> | <u>\$ 102,357</u> | <u>\$ 199,164</u> | <u>\$ 45,616</u> | <u>\$ 2,688</u> | <u>\$4,278,658</u> |
| <u>Year ended December 31, 2017</u> | | | | | | | | |
| Opening net book amount | \$2,279,789 | \$1,641,557 | \$ 7,487 | \$ 102,357 | \$ 199,164 | \$ 45,616 | \$ 2,688 | \$4,278,658 |
| Additions | - | 2,291 | 3,629 | 46,516 | 7,112 | 10,646 | 899,108 | 969,302 |
| Disposals | - | - | (1,686) | (2,136) | (92) | (321) | (2,404) | (6,639) |
| Transfer (Note) | - | 352 | - | 2,137 | - | - | - | 2,489 |
| Depreciation charge | - | (67,184) | (2,621) | (43,569) | (47,797) | (21,903) | - | (183,074) |
| Effect due to changes in exchange rates | (2,308) | (9,057) | (305) | (4,326) | (3,256) | 2,001 | (661) | (17,912) |
| Closing net book amount | <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>At December 31, 2017</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> |

Note: Inventories and other non-current assets amounting to \$2,137 and \$352 were transferred to property, plant and equipment, respectively.

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

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|-------------|
| | <u>2018</u> | <u>2017</u> |
| Amount capitalized | \$ 10,543 | \$ 6,296 |
| Range of the interest rates for capitalization | 1.03%~1.04% | 1.04%~1.09% |

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

(11) Investment property

| | <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 | - | (183,219) | (183,219) |
| | <u>\$ 354,034</u> | <u>\$ 830,333</u> | <u>\$ 1,184,367</u> |
| <u>Year ended December 31, 2018</u> | | | |
| 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 | - | (14,487) | (14,487) |
| Closing net book amount | <u>\$ 338,690</u> | <u>\$ 768,556</u> | <u>\$ 1,107,246</u> |
| <u>At December 31, 2018</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> |

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

| | Land | Buildings and structures | Total |
|--|-------------------|-----------------------------|---------------------|
| <u>At January 1, 2017</u> | | | |
| Cost | \$ 354,128 | \$ 1,023,373 | \$ 1,377,501 |
| Accumulated depreciation | - | (160,370) | (160,370) |
| | <u>\$ 354,128</u> | <u>\$ 863,003</u> | <u>\$ 1,217,131</u> |
| <u>Year ended December 31, 2017</u> | | | |
| Opening net book amount | \$ 354,128 | \$ 863,003 | \$ 1,217,131 |
| Additions | - | 190 | 190 |
| Depreciation charge | - | (23,656) | (23,656) |
| Others | (94) | - | (94) |
| Effect due to changes in exchange rates | - | (9,204) | (9,204) |
| Closing net book amount | <u>\$ 354,034</u> | <u>\$ 830,333</u> | <u>\$ 1,184,367</u> |
| <u>At December 31, 2017</u> | | | |
| Cost | \$ 354,034 | \$ 1,013,552 | \$ 1,367,586 |
| Accumulated depreciation | - | (183,219) | (183,219) |
| | <u>\$ 354,034</u> | <u>\$ 830,333</u> | <u>\$ 1,184,367</u> |

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

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|------------------|
| | <u>2018</u> | <u>2017</u> |
| Rental revenue from investment property | <u>\$ 62,706</u> | <u>\$ 67,220</u> |
| Direct operating expenses arising from the investment property that generated rental income during the year | <u>\$ 17,759</u> | <u>\$ 17,977</u> |
| Direct operating expenses arising from the investment property that did not generate rental income during the year | <u>\$ 6,520</u> | <u>\$ 5,679</u> |

- B. The fair value of the investment property held by the Group as of December 31, 2018 and 2017 was \$1,566,519 and \$1,685,783, respectively. The fair value as of December 31, 2018 and 2017 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. The fair value from comparative method is level 3. Valuations were made using the income approach with key assumptions as follows:

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---------------|--------------------------|--------------------------|
| Discount rate | 2.35%~2.75% | 2%~2.75% |
| Growth rate | 0%~1% | 0%~1% |
| Gross margin | 1.2%~3.2% | 1.87%~2.88% |

C. There is no impairment loss on investment property.

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

(12) Intangible assets

| | <u>Operating right</u> | <u>Software</u> | <u>Goodwill</u> | <u>Others</u> | <u>Total</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 | - | - | 9,659 |
| 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> |
| | <u>Operating right</u> | <u>Software</u> | <u>Goodwill</u> | <u>Others</u> | <u>Total</u> |
| <u>At January 1, 2017</u> | | | | | |
| Cost | \$ 308,230 | \$ 228,230 | \$ 5,683,269 | \$ 69,970 | \$6,289,699 |
| Accumulated amortization and impairment | (306,659) | (185,850) | (131,609) | (65,637) | (689,755) |
| | <u>\$ 1,571</u> | <u>\$ 42,380</u> | <u>\$ 5,551,660</u> | <u>\$ 4,333</u> | <u>\$5,599,944</u> |
| <u>Year ended December 31, 2017</u> | | | | | |
| Opening net book amount | \$ 1,571 | \$ 42,380 | \$ 5,551,660 | \$ 4,333 | \$5,599,944 |
| Additions-acquired separately | - | 14,832 | - | - | 14,832 |
| Disposals | - | - | - | (400) | (400) |
| Amortization charge | (1,571) | (20,458) | - | (3,650) | (25,679) |
| Effect due to changes in exchange rates | - | (111) | (16,591) | (226) | (16,928) |
| Closing net book amount | <u>\$ -</u> | <u>\$ 36,643</u> | <u>\$ 5,535,069</u> | <u>\$ 57</u> | <u>\$5,571,769</u> |
| <u>At December 31, 2017</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> |

The details of amortization charge are as follows:

| | Years ended December 31, | |
|-------------------------------------|--------------------------|------------------|
| | 2018 | 2017 |
| Selling and marketing expenses | \$ 3,884 | \$ 5,387 |
| General and administrative expenses | 15,480 | 20,292 |
| | <u>\$ 19,364</u> | <u>\$ 25,679</u> |

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

| | December 31, 2018 | December 31, 2017 |
|----------------------|---------------------|---------------------|
| Yosun subgroup | \$ 3,648,818 | \$ 3,643,587 |
| World Peace subgroup | 1,648,331 | 1,647,199 |
| Others | 244,283 | 244,283 |
| | <u>\$ 5,541,432</u> | <u>\$ 5,535,069</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 covering a five-year period.

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, 2018 and 2017, the key valuations used for pre-tax discount rate were 6.28% and 5.93%, respectively.

C. There is no impairment loss on intangible assets.

(13) Impairment of financial assets and non-financial assets

The Group recognized impairment loss amounting to \$0 and \$49,768 for the years ended December 31, 2018 and 2017, respectively. Details of such loss are as follows:

| | Years ended December 31, | | | |
|---|---------------------------------|---|---------------------------------|---|
| | 2018 | | 2017 | |
| | Recognized in profit or loss | Recognized in other comprehensive income | Recognized in profit or loss | Recognized in other comprehensive income |
| Impairment loss - financial assets carried at cost - non-current | \$ - | \$ - | \$ 30,661 | \$ - |
| Impairment loss-available-for-sale financial assets - non -current | - | - | 19,107 | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 49,768</u> | <u>\$ -</u> |

(14) Overdue receivables (shown as “other non-current assets”)

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---------------------------------------|--------------------------|--------------------------|
| Overdue receivables | \$ 1,004,468 | \$ 1,016,375 |
| Less: Allowance for doubtful accounts | (927,792) | (1,004,043) |
| | <u>\$ 76,676</u> | <u>\$ 12,332</u> |

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

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------------|-----------------------------|
| | <u>Individual provision</u> | <u>Individual provision</u> |
| At January 1 | \$ 1,004,043 | \$ 718,231 |
| Reversal of provision for impairment | (125,417) | (35,832) |
| Write-off of bad debts | (193,501) | (51,883) |
| Transferred from accounts receivable | 178,533 | 428,494 |
| Other (Note) | 45,926 | - |
| Effect due to changes in exchange rates | 18,208 | (54,967) |
| At December 31 | <u>\$ 927,792</u> | <u>\$ 1,004,043</u> |

Note: A direct reversal of write-offs for bad debts from prior years resulted in a decrease in loss allowance.

(15) Short-term borrowings

| <u>Type of borrowings</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|------------------------------|--------------------------|--------------------------|
| Loans for overseas purchases | \$ 20,559,876 | \$ 22,021,829 |
| Short-term loans | 36,661,560 | 31,751,778 |
| | <u>\$ 57,221,436</u> | <u>\$ 53,773,607</u> |
| Annual interest rates | <u>0.94%~9.25%</u> | <u>0.90%~8.33%</u> |

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

(16) Short-term notes and bills payable

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|----------------------------|--------------------------|--------------------------|
| Commercial papers payable | \$ 4,960,000 | \$ 3,890,000 |
| Less: Unamortized discount | (2,973) | (2,395) |
| | <u>\$ 4,957,027</u> | <u>\$ 3,887,605</u> |
| Annual interest rates | <u>0.49%~1.88%</u> | <u>0.48%~1.16%</u> |

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

(17) Bonds payable

A. Related information on the issuance of domestic convertible bonds by the Company is as follows:

(a) The terms of the first domestic unsecured convertible bonds issued by the Company are as follows:

The Company issued \$6,000,000, 0% first domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 25, 2014 ~ July 25, 2017) and will be redeemed in cash at face value at the

maturity date. The bonds were listed on the Taiwan Over-The-Counter Securities Exchange on July 25, 2014.

- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after one month of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - (c) The conversion price (\$42.8 (in dollars) per share) of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. Before maturity, the conversion price was \$35.4.
 - (d) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taiwan Over-The-Counter Securities Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$232,800 were separated from the liability component and were recognized in 'capital surplus-stock warrants' in accordance with IAS 32. As of July 25, 2017, the maturity date, the balance of capital surplus, share options was \$0 after the bondholder exercised conversion right.
- C. As of July 25, 2017, the maturity date, convertible bonds with face value of \$5,995,100 had been converted to 169,353 thousand ordinary shares. As for the other unconverted bonds totaling \$4,900 at face value, the Company redeemed the bonds in cash accordingly.
- D. The amortization of discount on bonds payable was \$20,723 for the year ended December 31, 2017.

(18) Long-term borrowings

| <u>Type of borrowings</u> | <u>Borrowing period / repayment term</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---|--|--------------------------|--------------------------|
| Secured bank borrowings (Note 1 and Note 2) | 2012.01.02~ 2027.01.02 | \$ 432,992 | \$ 485,990 |
| Unsecured bank borrowings (Note 3~Note 11) | 2016.10.03~ 2020.12.18 | 13,450,150 | 11,854,736 |
| | | 13,883,142 | 12,340,726 |
| Less : Discount on long-term borrowings | | (25,727) | (10,480) |
| Less : Current portion of long-term borrowings (shown as other current liabilities) | | (491,244) | (5,092,236) |
| | | <u>\$ 13,366,171</u> | <u>\$ 7,238,010</u> |
| Interest rate range | | <u>1.25%~3.80%</u> | <u>1.32%~3.14%</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 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.

Note 2: The indirect subsidiary - AIT Japan Inc. entered into a ten-year JPY 250 million loan agreement with monthly interest payment with the Daiwa Bank on March 28, 2012 and pledged land and office located in Tokyo as collateral amounting to \$69,494 and \$68,447, respectively. The principal is payable from October 31, 2012 in equated monthly installments (totaling 114 installments) of JPY 2,193 thousand for the first 113 installments and JPY 2,191 thousand for the final installment.

Note 3: Frontek Technology Corporation, an indirect subsidiary, entered into a two-year borrowing contract with Yuanta Commercial Bank in December 2016 in the amount of \$300,000. The interest is payable monthly, the principal is payable in full at maturity and the borrowing facility could be used and the amount drawn down could be repaid any time during the validity period.

Note 4: Asian Information Technology Inc. and indirect subsidiary-Frontek Technology Corporation both entered into a two-year borrowing contract with Yuanta Commercial Bank in December 2018 in the amount of \$300,000. The interest is payable monthly, the principal is payable in full at maturity and the borrowing facility could be used and the amount drawn down could be repaid any time during the validity period.

Note 5: Silicon Application Corporation, the Company's subsidiary, 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 (net intangible assets) should be maintained at or above \$3,000,000.

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

Note 6: The Company's subsidiary, World Peace Industrial Co., Ltd. (WPI), 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 could be 30 or 180 days: 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 (net intangible assets) should not be less than \$10,000,000.

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

Note 7: The Company's subsidiary, World Peace Industrial Co., Ltd. (WPI), had entered into

a long-term loan agreement with Taipei Fubon Commercial Bank, E. SUN Commercial Bank, Mizuho Corporate Bank, Bank of Taiwan and other financial institutions on October 26, 2015. 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 could be 60, 90 or 180 days, 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 200%, 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.

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

Note 8: WPI entered into a financing agreement with E. SUN Commercial Bank, Mizuho Corporate Bank and Cathay United Bank on October 16, 2018. The subsidiary-WPI has to roll over commercial papers during the contract period, which is up until 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, the subsidiary-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

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- (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:
 - a. Terminate part or all of the undrawn facility;
 - b. Request WPI to immediately repay all drawn principals, interest payable and other related payables as specified in the contract;
 - c. 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;
 - d. Demand all rights of the promissory note obtained from signing of the contract.

WPI met all the financial commitments stated in the contract.

Note 9: The Company's subsidiary, World Peace Industrial Co., Ltd. (WPI), 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 \$700,000,000. This pertains to a revolving loan facility of World Peace Industrial Co., Ltd., 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 - World Peace Industrial Co., Ltd. (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 250%, time interest earned ratio should not be less than 2.5, net value (net intangible 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:

- a. Rescind part or all of the undrawn facility;
- b. Demand WPI to immediately repay all drawn principals, interest payable and other related payables as specified in the contract;
- c. 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 10: 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 11: 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, 2018</u> | <u>December 31, 2017</u> |
|--------------------------------------|--------------------------|--------------------------|
| Long-term borrowings-current portion | \$ 491,244 | \$ 5,092,236 |
| Refund liabilities | 3,987,130 | - |
| Others | 466,768 | 466,968 |
| | <u>\$ 4,945,142</u> | <u>\$ 5,559,204</u> |

Under the initial application of IFRS 15, on January 1, 2018, refund liabilities were generated from sales discounts 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, 2018</u> | <u>December 31, 2017</u> |
|--|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 1,172,837 | \$ 1,024,641 |
| Fair value of plan assets | (424,129) | (371,161) |
| Net defined benefit liability | <u>\$ 748,708</u> | <u>\$ 653,480</u> |

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

| | <u>Present value of defined benefit obligations</u> | <u>Fair value of plan assets</u> | <u>Net defined benefit liability</u> |
|---|---|--------------------------------------|--|
| <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> |

| | Present value of defined benefit <u>obligations</u> | Fair value of <u>plan assets</u> | Net defined benefit liability |
|---|--|-------------------------------------|----------------------------------|
| <u>Year ended December 31, 2017</u> | | | |
| Balance at January 1 | \$ 965,066 | (\$ 343,785) | \$ 621,281 |
| Current service cost | 9,145 | - | 9,145 |
| Interest expense (income) | <u>13,093</u> | <u>(5,033)</u> | <u>8,060</u> |
| | <u>987,304</u> | <u>(348,818)</u> | <u>638,486</u> |
| Remeasurements: | | | |
| Return on plan assets | - | 814 | 814 |
| Change in financial assumptions | 34,280 | - | 34,280 |
| Experience adjustments | <u>31,478</u> | <u>464</u> | <u>31,942</u> |
| | <u>65,758</u> | <u>1,278</u> | <u>67,036</u> |
| Paid pension | (22,016) | 22,016 | - |
| Direct payments charged to Company's account | (6,405) | - | (6,405) |
| Pension fund contribution | <u>-</u> | <u>(45,637)</u> | <u>(45,637)</u> |
| | <u>(28,421)</u> | <u>(23,621)</u> | <u>(52,042)</u> |
| Balance at December 31 | <u>\$ 1,024,641</u> | <u>(\$ 371,161)</u> | <u>\$ 653,480</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, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

| | Years ended December 31, | |
|-------------------------|--------------------------|--------------------|
| | 2018 | 2017 |
| Discount rate | <u>0.8%~1.1%</u> | <u>1.1%~1.3%</u> |
| Future salary increases | <u>2.00%~4.00%</u> | <u>2.00%~4.00%</u> |

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

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

| | Discount rate | | Future salary increases | |
|---|----------------------|--------------------|-------------------------|---------------------|
| | <u>Increase 1%</u> | <u>Decrease 1%</u> | <u>Increase 1%</u> | <u>Decrease 1%</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>) |
| <u>December 31, 2017</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ <u>108,447</u>) | \$ <u>112,617</u> | \$ <u>92,489</u> | (\$ <u>89,700</u>) |

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 are \$17,567.
- (g) As of December 31, 2018, the weighted average duration of that retirement plan is 10~15 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, 2018 and 2017 were \$352,509 and \$326,999, respectively.

(21) Share capital

- A. As of December 31, 2018, the Company's authorized capital was \$20,000,000 (including \$500,000 for stock options, convertible preferred stock and convertible bonds), and the paid-in capital was \$16,790,568 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, 2018 and 2017 are as follows:

| | 2018 | 2017 |
|---------------------------------------|-----------|-----------|
| At January 1 | 1,825,062 | 1,723,895 |
| Convertible bonds converted to shares | - | 101,167 |
| Capital reduction | (146,005) | - |
| At December 31 | 1,679,057 | 1,825,062 |

(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 provided in Note 6 (17).

| | Share premium | Treasury share transaction | 2018 Recognized changes in subsidiaries' equity | Changes in associates' net equity | Total |
|---|---------------|----------------------------|--|-----------------------------------|---------------|
| January 1 | \$ 19,389,875 | \$ 45,177 | \$ 431 | \$ 134,042 | \$ 19,569,525 |
| Disposal of investments accounted for using equity method | - | - | - | (112,053) | (112,053) |
| Reorganization | (2,590) | - | - | - | (2,590) |
| December 31 | \$ 19,387,285 | \$ 45,177 | \$ 431 | \$ 21,989 | \$ 19,454,882 |

| | 2017 | | | | | |
|--|----------------------|-----------------------------------|---|--|----------------------|----------------------|
| | <u>Share premium</u> | <u>Treasury share transaction</u> | <u>Recognized changes in subsidiaries' equity</u> | <u>Changes in associates' net equity</u> | <u>Stock options</u> | <u>Total</u> |
| January 1 | \$ 16,694,715 | \$ 45,177 | \$ 431 | \$ 21,989 | \$138,741 | \$ 16,901,053 |
| Changes in equity of associates and joint ventures accounted for using equity method | - | - | - | 112,053 | - | 112,053 |
| Convertible bonds converted to shares | 2,695,160 | - | - | - | (138,741) | 2,556,419 |
| December 31 | <u>\$ 19,389,875</u> | <u>\$ 45,177</u> | <u>\$ 431</u> | <u>\$ 134,042</u> | <u>\$ -</u> | <u>\$ 19,569,525</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 2017 and 2016 had been resolved at the stockholders' meeting on June 21, 2018 and June 19, 2017, respectively. Details are summarized below:

| | Years ended December 31, | | | |
|-----------------|--------------------------|--|---------------------|--|
| | 2017 | | 2016 | |
| | <u>Amount</u> | <u>Dividend per share (in dollars)</u> | <u>Amount</u> | <u>Dividend per share (in dollars)</u> |
| Legal reserve | \$ 730,799 | \$ - | \$ 531,288 | \$ - |
| Special reserve | 4,124,936 | - | - | - |
| Cash dividends | 4,380,148 | 2.40 | 4,178,311 | 2.40 |
| | <u>\$ 9,235,883</u> | <u>\$ 2.40</u> | <u>\$ 4,709,599</u> | <u>\$ 2.40</u> |

The above appropriations of earnings for 2017 and 2016 as resolved by the shareholders are the same with the amounts resolved by the Board of Directors.

E. As of March 26, 2019, the appropriation of earnings for the year ended December 31, 2018 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

| | 2018 | | | |
|---|---|-------------------------------|----------------------|-----------------------|
| | Investment at fair value through other comprehensive income | Available-for-sale investment | Currency translation | Total |
| At January 1 | \$ - | \$ 129,342 | (\$4,254,279) | (\$ 4,124,937) |
| Effects of retrospective application of new standards | (6,000) | (129,342) | - | (135,342) |
| Balance after restatement at January 1 | (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 | <u>(\$ 6,000)</u> | <u>\$ -</u> | <u>(\$2,596,682)</u> | <u>(\$ 2,602,682)</u> |

| | 2017 | | |
|-------------------------------------|-------------------------------|-----------------------|-----------------------|
| | Available-for-sale investment | Currency translation | Total |
| At January 1 | (\$ 10,088) | \$ 918,151 | \$ 908,063 |
| Revaluation - gross | 139,396 | - | 139,396 |
| Revaluation - associates | 34 | - | 34 |
| Cumulative translation differences: | | | |
| - Group | - (5,135,975) | (5,135,975) | (5,135,975) |
| - Tax on Group | - (1,194) | (1,194) | (1,194) |
| - Associates | - (35,261) | (35,261) | (35,261) |
| At December 31 | <u>\$ 129,342</u> | <u>(\$ 4,254,279)</u> | <u>(\$ 4,124,937)</u> |

(25) Operating revenue

| | Year ended December 31, 2018 |
|---------------------------------------|---------------------------------|
| Revenue from contracts with customers | <u>\$ 545,127,804</u> |

A. 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 and geographical regions:

| | Year ended December 31, 2018 |
|---|---------------------------------|
| Core components | \$ 156,985,255 |
| Analog IC and mixed signal components | 100,350,385 |
| Discrete IC, logic IC | 79,615,473 |
| Memory | 134,632,732 |
| Optical components | 35,557,666 |
| Passive connector and magnetic components | 25,842,925 |
| Others | 12,143,368 |
| | <u>\$ 545,127,804</u> |

B. Related disclosures on operating revenue for the year ended December 31, 2017 are provided in Note 12(5) B.

(26) Other income

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2018 | 2017 |
| Interest income: | | |
| Interest income from bank deposits | \$ 41,416 | \$ 30,143 |
| Interest income from financial assets measured at amortized cost | 169 | - |
| Total interest income | 41,585 | 30,143 |
| Dividend income | 67,878 | 70,630 |
| Rental revenue | 24,724 | 31,766 |
| Bad debts transferred to revenue | - | 113,698 |
| Other income | 202,156 | 126,193 |
| | <u>\$ 336,343</u> | <u>\$ 372,430</u> |

(27) Other gains and losses

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2018 | 2017 |
| Loss on disposal of property, plant and equipment | (\$ 10,297) | (\$ 1,306) |
| Gain on disposal of investments | 57,613 | 18,530 |
| Currency exchange gain | 291,322 | 442,060 |
| Gain (loss) on financial assets and liabilities at fair value through profit or loss | 499,433 | (40,762) |
| Impairment loss | - | (49,768) |
| Other losses | (106,594) | (47,127) |
| | <u>\$ 731,477</u> | <u>\$ 321,627</u> |

(28) Finance costs

| | Years ended December 31, | |
|---|--------------------------|---------------------|
| | 2018 | 2017 |
| Interest expense: | | |
| Bank borrowings | \$ 2,297,041 | \$ 1,636,430 |
| Convertible bonds | - | 20,723 |
| Less: Capitalization of qualifying assets | (10,543) | (6,296) |
| Others | 203,080 | 190,804 |
| | <u>\$ 2,489,578</u> | <u>\$ 1,841,661</u> |

(29) Additional information of expenses by nature

| | Years ended December 31, | |
|--|--------------------------|---------------------|
| | 2018 | 2017 |
| Employee benefit expense | <u>\$ 7,895,815</u> | <u>\$ 7,539,465</u> |
| Depreciation charges on property and equipment (including investment property) | <u>\$ 216,436</u> | <u>\$ 206,730</u> |
| Amortization charges on intangible assets and other non-current assets | <u>\$ 19,364</u> | <u>\$ 25,679</u> |

(30) Employee benefit expense

| | Years ended December 31, | |
|---------------------------------|--------------------------|---------------------|
| | 2018 | 2017 |
| Wages and salaries | \$ 6,860,901 | \$ 6,575,958 |
| Directors' remuneration | 44,322 | 45,857 |
| Labor and health insurance fees | 352,087 | 335,341 |
| Pension costs | 364,783 | 344,204 |
| Other personnel expenses | 273,722 | 238,105 |
| | <u>\$ 7,895,815</u> | <u>\$ 7,539,465</u> |

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be between 0.01% ~5% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at \$18,108 and \$24,392, respectively; while directors' and supervisors' remuneration was accrued at \$42,000 and \$42,000, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the profit of current year distributable for the year ended December 31, 2018 and the percentage as prescribed by the Company's Articles of Incorporation. As of March 26, 2019, the amount has not yet been resolved by the Board of Directors. Abovementioned employees' compensation will be distributed in the form of

cash.

The difference between employees' compensation of \$23,334 and directors' and supervisors' remuneration of \$42,000 as resolved by the Board of Directors on April 24, 2018 and employees' compensation of \$24,392 and directors' and supervisors' remuneration of \$42,000 recognized in the 2017 financial statements by \$1,058 had been adjusted in the profit or loss in the first quarter of 2018. The employees' compensation was distributed in the form of cash.

- C. Information about employees' compensation and directors' and supervisors' 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:

| | Years ended December 31, | |
|---|--------------------------|--------------|
| | 2018 | 2017 |
| Current tax | | |
| Current tax on profits for the year | \$ 1,655,895 | \$ 1,470,536 |
| Tax on undistributed surplus earnings | 6 | 53,736 |
| Prior year income tax underestimation | 23,902 | 1,203 |
| Total current tax | 1,679,803 | 1,525,475 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (23,456) | (11,789) |
| Impact of change in tax rate | 29,816 | - |
| | 6,360 | (11,789) |
| Income tax expense | \$ 1,686,163 | \$ 1,513,686 |

- (b) The income tax (charge)/credit relating to components of other comprehensive loss (income) is as follows:

| | Years ended December 31, | |
|--|--------------------------|-------------|
| | 2018 | 2017 |
| Currency translation differences | \$ 727 | \$ 1,194 |
| Remeasurement of defined benefit obligations | (31,092) | (11,396) |
| Impact of change in tax rate | (7,432) | - |
| | (\$ 37,797) | (\$ 10,202) |

B. Reconciliation between income tax expense and accounting profit

| | Years ended December 31, | |
|---|--------------------------|---------------------|
| | 2018 | 2017 |
| Tax calculated based on profit before tax and statutory tax rate (Note) | \$ 3,743,951 | \$ 3,669,684 |
| Effects from items disallowed by tax regulation | (2,305,495) | (2,226,121) |
| Prior year income tax underestimation | 23,902 | 1,203 |
| Additional 10% tax on undistributed earnings | 6 | 53,736 |
| Others | 223,799 | 15,184 |
| Tax expense | <u>\$ 1,686,163</u> | <u>\$ 1,513,686</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:

| | Year ended December 31, 2018 | | | | |
|---|------------------------------|------------------------------|--|-------------------------------------|--------------------|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | Effect from adjustments in entities | December 31 |
| - 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 |
| Accumulated investment adjustments | 10,149 | 562 | 564 | - | 11,275 |
| Others | 48,753 | (7,766) | - | - | 40,987 |
| Tax losses | <u>33,466</u> | <u>53,949</u> | <u>-</u> | <u>-</u> | <u>87,415</u> |
| | <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> |

| Year ended December 31, 2017 | | | | | | |
|---|--------------------|------------------------------------|---|---|--------------------|--|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | Effect from adjustments in entities | December 31 | |
| - Deferred tax assets: | | | | | | |
| Temporary differences | | | | | | |
| Unrealized allowance for inventory obsolescence | \$ 34,291 | \$ 3,793 | \$ - | \$ - | \$ 38,084 | |
| Unrealized sales discount | 54,964 | (6,072) | - | - | 48,892 | |
| Bad debts expense | 58,438 | (26,523) | - | - | 31,915 | |
| Unrealized expense | 31,520 | 5,552 | - | - | 37,072 | |
| Investment loss | 13,356 | (1,924) | - | - | 11,432 | |
| Pensions | 88,299 | (9,466) | 12,447 | - | 91,280 | |
| Accumulated investment adjustments | 14,095 | - | (3,946) | - | 10,149 | |
| Others | 49,119 | (366) | - | - | 48,753 | |
| Tax losses | <u>3,251</u> | <u>30,215</u> | <u>-</u> | <u>-</u> | <u>33,466</u> | |
| | <u>347,333</u> | <u>(4,791)</u> | <u>8,501</u> | <u>-</u> | <u>351,043</u> | |
| - Deferred tax liabilities: | | | | | | |
| Temporary differences | | | | | | |
| Investment income | (344,802) | (5,175) | - | - | (349,977) | |
| Reserve for building increment | (23,905) | - | - | - | (23,905) | |
| Land revaluation increment tax | (30,156) | - | - | - | (30,156) | |
| Pensions | (6,260) | 4,516 | (1,051) | - | (2,795) | |
| Cumulative translation adjustments | (2,997) | - | 2,752 | - | (245) | |
| Others | (24,361) | 17,239 | - | - | (7,122) | |
| | <u>(432,481)</u> | <u>16,580</u> | <u>1,701</u> | <u>-</u> | <u>(414,200)</u> | |
| | <u>(\$ 85,148)</u> | <u>\$ 11,789</u> | <u>\$ 10,202</u> | <u>\$ -</u> | <u>(\$ 63,157)</u> | |

D. The amounts of deductible temporary differences and tax losses that were not recognized as deferred tax assets are as follows:

| | December 31, 2018 | December 31, 2017 |
|----------------------------------|-------------------|---------------------|
| Deductible temporary differences | <u>\$ 50,803</u> | <u>\$ 46,363</u> |
| Tax losses | <u>\$ 577,189</u> | <u>\$ 1,775,412</u> |

The deductible temporary differences belong to overseas subsidiaries that cannot be realized as deferred tax assets in the near future.

E. The Company's income tax returns through 2013 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

| | Year ended December 31, 2018 | | |
|--|------------------------------|--|---------------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 7,462,010 | 1,766,260 | \$ 4.22 |
| <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 | - | 671 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 7,462,010 | 1,766,931 | \$ 4.22 |

| | Year ended December 31, 2017 | | |
|--|------------------------------|--|---------------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 7,307,987 | 1,782,991 | \$ 4.10 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 7,307,987 | 1,782,991 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 20,549 | 42,150 | |
| Employees' compensation | - | 712 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 7,328,536 | 1,825,853 | \$ 4.01 |

(33) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

A. 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 <u>December 31, 2018</u> |
|--|--|
| Carrying amount of non-controlling interest acquired | \$ 72,714 |
| Consideration paid to non-controlling interest | (<u>119,871</u>) |
| | (<u>\$ 47,157</u>) |

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.

- B. In November 2017, the Group acquired additional 40% shares of WPG Gain Tune Ltd. (hereafter referred to as WPG Gain Tune) for a cash consideration totaling \$12,210. The carrying amount of non-controlling interest in WPG Gain Tune was \$11,994 at the acquisition date. This transaction resulted in a decrease in the non-controlling interests by \$11,994 and an increase in the equity attributable to owners of the parent by \$11,994. The effect of changes in interests in WPG Gain Tune on the equity attributable to owners of the parent for the year ended December 31, 2017 is shown below:

| | Year ended <u>December 31, 2017</u> |
|--|--|
| Carrying amount of non-controlling interest acquired | \$ 11,994 |
| Consideration paid to non-controlling interest | (<u>12,210</u>) |
| Capital surplus | |
| -difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount (shown as deduction to "retained earnings") | (<u>\$ 216</u>) |

(34) Supplemental cash flow information

A. Partial payment of cash from investing activities

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2018 | 2017 |
| Acquisition of property, plant and equipment, investment property and intangible assets | \$ 834,200 | \$ 984,324 |
| Add: Accounts payable at the beginning of year | 3,303 | - |
| Less: Accounts payable at the end of year | - | (3,303) |
| Cash paid during the year for property, plant and equipment | <u>\$ 837,503</u> | <u>\$ 981,021</u> |

B. Financing activities with no cash flow effects

| | Years ended December 31, | |
|---|--------------------------|---------------------|
| | 2018 | 2017 |
| Convertible bonds being converted to capital stocks | <u>\$ -</u> | <u>\$ 3,565,145</u> |

(35) Changes in liabilities from financing activities

| | 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 | 2,266,975 | 1,069,422 | 1,462,641 | 4,799,038 |
| Impact of changes in foreign exchange rate | <u>1,180,854</u> | <u>-</u> | <u>68,738</u> | <u>1,249,592</u> |
| 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

| Names of related parties | Relationship with the Group |
|-----------------------------------|--|
| Chain Power Technology Corp. | Investee accounted for using equity method |
| Adivic Techology Co., Ltd. | " |
| Yosun Japan Corp. (Note 1) | " |
| VITEC WPG Limited | " |
| CECI Technology Co. Ltd. (Note 2) | " |

| <u>Names of related parties</u> | <u>Relationship with the Group</u> |
|---|---|
| Gain Tune Logistics (Shanghai) Co., Ltd. | Investee accounted for using equity method |
| Suzhou Xinning Logistics Co., Ltd. | " |
| Suzhou Xinning Bonded Warehouse Co., Ltd. | " |
| Eesource Corp. | " |
| CEAC Technology HK Limited (Note 2) | Subsidiary of investee accounted for using equity method |
| CEAC International Limited (Note 2) | " |
| P.T. WPG 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 using equity method' was reclassified as 'non-current financial assets at fair value through profit or loss'.

(3) Significant transactions and balances with related parties

A. Operating revenues

| | <u>Years ended December 31,</u> | |
|----------------|---------------------------------|---------------------|
| | <u>2018</u> | <u>2017</u> |
| Sales of goods | | |
| Others | \$ 505,284 | \$ 753,466 |
| Associates | 253,019 | 325,440 |
| | <u>\$ 758,303</u> | <u>\$ 1,078,906</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>Years ended December 31,</u> | |
|--------------------|---------------------------------|-------------|
| | <u>2018</u> | <u>2017</u> |
| Purchases of goods | | |
| Associates | \$ 13,613 | \$ 425,082 |

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, 2018</u> | <u>December 31, 2017</u> |
|---------------------|--------------------------|--------------------------|
| Accounts receivable | | |
| Others | \$ 53,079 | \$ 257,511 |
| Associates | 29,511 | 17,217 |
| | <u>\$ 82,590</u> | <u>\$ 274,728</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, 2018</u> | <u>December 31, 2017</u> |
|-------------------|--------------------------|--------------------------|
| Other receivables | | |
| Associates | \$ 1,610 | \$ 2,046 |

The above represents receivables from payments on behalf of others.

E. Payables to related parties

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|------------------|--------------------------|--------------------------|
| Accounts payable | | |
| Associates | \$ 401 | \$ 1,312 |

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. Property transactions — acquisition of financial assets

| | | | <u>Year ended December 31, 2017</u> |
|------------|--|--|---|
| | <u>Recorded item</u> | <u>No. of shares (shares in thousands)</u> | <u>Transaction object</u> |
| Associates | Investments accounted for using equity method | 4,900 | Stocks |
| | | | <u>\$ 49,000</u> |

G. Endorsements and guarantees provided to related parties

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|-------------------|--------------------------|--------------------------|
| Associates | | |
| VITEC WPG Limited | \$ 138,217 | \$ 66,960 |

H. Others

The Group's donations to WPG Holding Education Foundation were \$6,250 and \$5,900 for the years ended December 31, 2018 and 2017, respectively.

(4) Key management compensation

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2018 | 2017 |
| Salaries and other short-term employee benefits | \$ 214,797 | \$ 232,817 |
| Post-employment benefits | 2,698 | 2,686 |
| | <u>\$ 217,495</u> | <u>\$ 235,503</u> |

8. PLEDGED ASSETS

| <u>Pledged assets (Note 1)</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> | <u>Purpose of Collateral</u> |
|--|--------------------------|--------------------------|--|
| Other current assets and other non-current assets (Note 3) | | | |
| -Time deposits | \$ 44,776 | \$ 86,867 | Security for purchases and deposits for litigation |
| Financial assets at fair value through profit or loss - non-current (Note 2) | 7,503 | - | |
| Available-for-sale financial assets - non-current (Note 2) | - | 4,507 | Security for purchases |
| Property, plant and equipment (including investment property) | | | |
| -Land | 1,110,099 | 1,381,359 | Long-term and short-term borrowings guarantee and security for purchases |
| -Buildings and structures | <u>577,146</u> | <u>627,562</u> | " |
| | <u>\$ 1,739,524</u> | <u>\$ 2,100,295</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, 2018 and 2017.

Note 2: As of December 31, 2018 and 2017, 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, 2018</u> | <u>December 31, 2017</u> |
|---|--------------------------|--------------------------|
| Property, plant and equipment and intangible assets | <u>\$ 5,317,803</u> | <u>\$ 5,560,734</u> |

B. Operating lease

The future aggregate minimum payments under operating leases are as follows:

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---|--------------------------|--------------------------|
| Not later than one year | \$ 479,813 | \$ 374,960 |
| Later than one year but not later than five years | 966,724 | 425,944 |
| Later than five years | <u>1,794</u> | <u>2,003</u> |
| | <u>\$ 1,448,331</u> | <u>\$ 802,907</u> |

C. The Group's letters of credit issued but not negotiated are as follows:

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|-----|--------------------------|--------------------------|
| \$ | 951,889 | \$ 569,998 |
| USD | 99,001,000 | USD 103,368,000 |

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

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, 2018</u> | <u>December 31, 2017</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 | \$ 1,304,533 | \$ - |
| Financial assets held for trading | - | 2,539 |
| Financial assets at fair value through other comprehensive income | | |
| Designation of equity instrument | 32,035 | - |
| Available-for-sale financial assets | - | 521,274 |
| Financial assets at cost | - | 585,837 |
| Financial assets at amortized cost/Loans and receivables | | |
| Cash and cash equivalents | 7,116,888 | 7,097,914 |
| Financial assets at amortized cost | 197,942 | - |
| Notes receivable | 2,884,889 | 4,088,566 |
| Accounts receivable (including related parties) | 95,340,625 | 87,294,871 |
| Other accounts receivable (including related parties) | 8,533,294 | 5,713,459 |
| Guarantee deposits paid | 185,697 | 250,910 |
| Other financial assets | 503,612 | 627,278 |
| | <u>\$ 116,099,515</u> | <u>\$ 106,182,648</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities measured at fair value through profit or loss | | |
| Financial liabilities held for trading | \$ 5,660 | \$ 24,765 |
| Financial liabilities at amortized cost | | |
| Short-term borrowings | 57,221,436 | 53,773,607 |
| Short-term notes and bills payable | 4,957,027 | 3,887,605 |
| Notes payable | 35,497 | 214,347 |
| Accounts payable (including related parties) | 53,162,305 | 48,910,934 |
| Other accounts payable | 5,333,973 | 5,040,757 |
| Long-term borrowings (including current portion) | 13,857,415 | 12,326,036 |
| Guarantee deposits received | 90,986 | 98,498 |
| | <u>\$ 134,664,299</u> | <u>\$ 124,276,549</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 co-operation 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 common 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, 2018 | | | |
|--|----------------------------|---------------|---------------|
| Foreign currency: functional currency | Foreign currency amount | Exchange rate | Book value |
| | (in thousands) | | (NTD) |
| <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 |

| December 31, 2017 | | | |
|--|----------------------------|---------------|---------------|
| Foreign currency: functional currency | Foreign currency amount | Exchange rate | Book value |
| | (in thousands) | | (NTD) |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : TWD | \$ 499,674 | 29.76 | \$ 14,870,295 |
| USD : RMB | 16,143 | 6.52 | 480,405 |
| USD : HKD | 6,144 | 7.82 | 182,832 |
| USD : KRW | 17,977 | 1,058.32 | 534,998 |
| USD : JPY | 16,260 | 112.64 | 483,907 |
| USD : INR | 7,682 | 64.03 | 228,618 |
| HKD : USD | 69,517 | 0.13 | 264,653 |
| EUR : USD | 3,812 | 1.20 | 134,455 |

| December 31, 2017 | | | |
|---------------------------|--|---------------|---------------------|
| | Foreign currency amount (in thousands) | Exchange rate | Book value (NTD) |
| <u>Non-monetary items</u> | | | |
| RMB : USD | 28,197 | 0.15 | 128,721 |

Financial liabilities

| | | | |
|-----------------------|---------|----------|------------|
| <u>Monetary items</u> | | | |
| USD : TWD | 463,625 | 29.76 | 13,797,493 |
| USD : RMB | 92,409 | 6.52 | 2,750,099 |
| USD : KRW | 31,557 | 1,058.32 | 939,123 |
| USD : JPY | 15,702 | 112.64 | 467,284 |
| HKD : USD | 83,409 | 0.13 | 317,539 |

- 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, 2018 and 2017 amounted to \$291,322 and \$442,060, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| 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 | - |

| Year ended December 31, 2017 | | | | |
|--|------------------------|-----------------------------|--|---|
| 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% | \$ 148,703 | \$ | - |
| USD : RMB | 1% | 4,804 | | - |
| USD : HKD | 1% | 1,828 | | - |
| USD : KRW | 1% | 5,350 | | - |
| USD : JPY | 1% | 4,839 | | - |
| USD : INR | 1% | 2,286 | | - |
| HKD : USD | 1% | 2,647 | | - |
| EUR : USD | 1% | 1,345 | | - |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD : TWD | 1% | 137,975 | | - |
| USD : RMB | 1% | 27,501 | | - |
| USD : KRW | 1% | 9,391 | | - |
| USD : JPY | 1% | 4,673 | | - |
| HKD : USD | 1% | 3,175 | | - |

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, financial assets at fair value through other comprehensive income and available-for-sale financial assets. 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 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, 2018 and 2017 would have increased/decreased by \$13,019 and \$0, 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 \$5,213, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and 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, 2018 and 2017, 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, 2018 and 2017 would have decreased by \$181,101 and \$148,779, 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 analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilization 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 four months.
- v. The Group classifies customer's accounts receivable and rent 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 reasonably be 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, 2018, the provision matrix and loss rate methodology are as follows:

(a) Accounts receivable of general customer:

| | 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 | \$ 44,273,241 | \$ 3,050,859 | \$ 641,811 | \$ 194,923 | \$ 100,803 | \$345,072 | \$ 48,606,709 |
| Loss allowance | \$ 80,244 | \$ 59,269 | \$ 97,004 | \$ 78,601 | \$ 65,017 | \$345,072 | \$ 725,207 |

(b) Impaired and provisioned 100% allowance for loss

| | <u>Individual</u> |
|--------------------------|-------------------|
| <u>December 31, 2018</u> | |
| Total book value | \$ 464,499 |
| Loss allowance | \$ 464,499 |

(c) For customers whose current ratio, debt ratio, earnings, etc. are within a certain range:

| | <u>December 31, 2018</u> |
|--------------------|--------------------------|
| Expected loss rate | 0% |
| Total book value | \$ 47,376,533 |
| Loss allowance | \$ - |

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable are as follows:

| | <u>2018</u> | | | |
|--|---------------------------------|---------------------------------|----------------------------|--------------|
| | <u>Notes receivable</u> | <u>Accounts receivable</u> | | |
| | <u>Individual provision</u> | <u>Individual provision</u> | <u>Group provision</u> | <u>Total</u> |
| At January 1_IAS 39 | \$ 91,984 | \$ 537,280 | \$ 259,129 | \$ 796,409 |
| Adjustments under new standards | - | - | 201,396 | 201,396 |
| At January 1_IFRS 9 | 91,984 | 537,280 | 460,525 | 997,805 |
| (Reversal of) provision for impairment | (30,454) | 15,203 | 323,471 | 338,674 |
| Write-offs during the year | - | (39,997) | (21,439) | (61,436) |
| Effect of foreign exchange | (1,576) | 17,477 | 16,023 | 33,500 |
| Others (Note) | (57,608) | (65,464) | (53,373) | (118,837) |
| At December 31 | \$ 2,346 | \$ 464,499 | \$ 725,207 | \$ 1,189,706 |

Note: Others included decrease of recovery of write-offs of provision for impairment of accounts receivable and reclassified as overdue receivables in prior year amounting to \$2,088 and \$178,533, respectively.

xvi. Credit risk information for the year ended December 31, 2017 is provided in Note 12(4).

(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, 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 |

Non-derivative financial liabilities:

| <u>December 31, 2017</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 | \$ 53,895,301 | \$ - | \$ - | \$ - |
| Short-term notes and bills payable | 3,890,000 | - | - | - |
| Financial liabilities measured at fair value through profit or loss | 24,765 | - | - | - |
| Notes payable | 214,347 | - | - | - |
| Accounts payable | 48,909,622 | - | - | - |
| Accounts payable - related parties | 1,312 | - | - | - |
| Other payables | 5,040,757 | - | - | - |
| Long-term borrowings (including current portion) | 5,015,620 | 647,368 | 6,960,155 | 211,361 |

(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 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(11).

C. For financial instruments not measured at fair value, the carrying amounts of 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 bills payable, notes

payable, accounts payable (including related parties), other payables, 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, 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 |
| Available-for-sale financial assets | | | | |
| 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> |
| December 31, 2017 | <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 | \$ - | \$ 2,539 | \$ - | \$ 2,539 |
| Available-for-sale financial assets | | | | |
| Equity securities | 479,063 | 31,020 | 11,191 | 521,274 |
| | <u>\$ 479,063</u> | <u>\$ 33,559</u> | <u>\$ 11,191</u> | <u>\$ 523,813</u> |
| <u>Liabilities</u> | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Forward exchange contracts | <u>\$ -</u> | <u>\$ 24,765</u> | <u>\$ -</u> | <u>\$ 24,765</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. Because the trading amount of the investment in Sunlux Energy Corporation was assessed to be unsteady and underperforming, the Group transferred the fair value from Level 1 to Level 2 in the first quarter of 2017.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2018 and 2017:

| | 2018 | 2017 |
|---------------------------------|---------------------|------------------|
| At January 1_IAS 39 | \$ 11,191 | \$ 50,636 |
| Adjustments under new standards | <u>585,095</u> | <u>-</u> |
| At January 1_IFRS 9 | 596,286 | 50,636 |
| Capital reduction | - | (4,507) |
| Acquired during the year | 83,175 | - |
| Disposals | (8,500) | (32,944) |
| Transfers into level 1 3 | 490,038 | - |
| Gains on valuation | (4,233) | - |
| Effect of foreign exchange | (<u>13,839</u>) | (<u>1,994</u>) |
| At December 31 | <u>\$ 1,142,927</u> | <u>\$ 11,191</u> |

G. On 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. For the year ended December 31, 2017, there was no transfer into or out from Level 3.

H. 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.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | <u>Fair value at December 31, 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 |

| | <u>Fair value at December 31, 2017</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 | \$ 11,191 | Net asset value method | Net asset value | | - The higher the net asset value, the higher the fair value |

J. 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, 2018 | | | |
|-------------------|-----------------|--------|---------------------------------|------------------------|---|------------------------|
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| | Input | Change | | | | |
| Financial assets | | | | | | |
| Equity instrument | Net asset value | ± 1% | \$ 11,109 | \$ 11,109 | \$ 320 | \$ 320 |

| | | | December 31, 2017 | | | |
|-------------------|-----------------|--------|---------------------------------|------------------------|---|------------------------|
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| | Input | Change | | | | |
| Financial assets | | | | | | |
| Equity instrument | Net asset value | ± 1% | \$ - | \$ - | \$ 112 | \$ 112 |

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 for 2017

A. Summary of significant accounting policies adopted for 2017:

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

- i. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.
- ii. On a regular way purchase or sale basis, financial assets held for trading are recognized and derecognized using trade date accounting. Derivatives are recognized and derecognized using settlement date accounting.
- iii. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(b) Available-for-sale financial assets

- i. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.
- iii. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have

a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(c) Loans and receivables

Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable which are non-interest bearing are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d) Impairment of financial assets

- i. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- ii. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
 - (i) Significant financial difficulty of the issuer or debtor;
 - (ii) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
 - (iii) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - (iv) The disappearance of an active market for that financial asset because of financial difficulties;
 - (v) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
 - (vi) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

- (vii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- iii. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

- (i) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

- (ii) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

- (iii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost less any principal repayment and amortisation and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

- B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

| | | Available- for-sale-equity | Other current and non- current assets | | | Effects | | |
|---|--|--|---|---------------------|-----------------|----------------------|--------------------|-----------------------------|
| | Measured at fair value through profit or loss | Measured at fair value through other comprehensive income-equity | Other financial assets | Measured at cost | Total | Retained earnings | Other equity | Non-controlling interest |
| IAS 39 | \$ 2,539 | \$ 521,274 | \$ 51,449 | \$ 585,837 | \$1,161,099 | \$ - | \$ - | \$ - |
| Transferred into and measured at fair value through profit or loss | - | (521,274) | - | (553,060) | (1,074,334) | 129,342 | (129,342) | - |
| Transferred into and measured at fair value through other comprehensive income-equity | - | - | - | (32,035) | (32,035) | 6,000 | (6,000) | - |
| Transferred into and measured at amortized cost | - | - | (51,449) | - | (51,449) | - | - | - |
| Fair value adjustment | - | - | - | (742) | (742) | (448) | - | (294) |
| IFRS 9 | <u>\$ 2,539</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,539</u> | <u>\$ 134,894</u> | <u>(\$135,342)</u> | <u>(\$ 294)</u> |

- (a) Under IAS 39, because the equity instruments, which were classified as financial assets at cost, amounting to \$32,035, were not held for the purpose of trading, they were reclassified as “financial assets at fair value through other comprehensive income (equity instruments)”.
- (b) Under IAS 39, the equity instruments, which were classified as available-for-sale financial assets and financial assets at cost, amounting to \$521,274 and \$553,802, respectively, were reclassified as “financial assets at fair value through profit or loss (equity instruments)”, and accordingly, retained earnings was increased and other equity interest and non-controlling interest were decreased by \$134,894, \$135,342 and \$294 under IFRS 9, respectively.
- (c) The reconciliation on allowance for impairment from December 31, 2017, as these are impaired under IAS 39, to January 1, 2018, as these are expected to be impaired under IFRS 9, are as follows:

| | Accounts receivable | Deferred income tax assets | Effects | |
|-------------------------------|------------------------|-------------------------------|----------------------|-----------------------------|
| | | | Retained earnings | Non-controlling interest |
| IAS 39 | \$ - | \$ - | \$ - | \$ - |
| Impairment loss adjustment | (201,396) | - | (201,392) | (4) |
| Income tax adjustment | - | 16,761 | 16,761 | - |
| IFRS 9 | <u>(\$ 201,396)</u> | <u>\$ 16,761</u> | <u>(\$ 184,631)</u> | <u>(\$ 4)</u> |

- (d) In line with IFRS 9, the Group reclassified time deposits which did not meet the definition of cash equivalent, by increasing financial assets at amortized cost-current and non-current in the amounts of \$37,915 and \$13,534, respectively, and decreasing other current assets and other non-current assets in the amounts of \$37,915 and \$13,534,

respectively.

C. The significant accounts as of December 31, 2017 are as follows:

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

| <u>Items</u> | <u>December 31, 2017</u> |
|---|--------------------------|
| Current items: | |
| Financial assets held for trading | |
| Derivatives | \$ 2,539 |
| Domestic open-end fund | <u>-</u> |
| | 2,539 |
| Valuation adjustment of financial assets held for trading | <u>-</u> |
| | <u>\$ 2,539</u> |
| Current items: | |
| Financial liabilities held for trading | |
| Derivatives | <u>\$ 24,765</u> |

- i. The Group recognized net loss of \$40,762 on financial assets and liabilities held for trading for the year ended December 31, 2017.
- ii. The counterparties of the Group's debt instrument investments are mostly listed companies or financial institutions which have good credit quality so the Group expects that the counterparties would not default on the contract.
- iii. The non-hedging derivative instrument transactions and contract information are as follows:

| <u>Derivative instruments</u> | <u>December 31, 2017</u> | |
|------------------------------------|---|---------------------------|
| | Contract amount (notional principal) | Contract period |
| | (Note) | |
| Forward foreign exchange contracts | | |
| - Sell | USD 2,000 | 2017.12.08~ 2018.01.16 |
| | EUR 3,750 | 2017.11.15~ 2018.04.16 |
| - Sell-SWAP | USD 8,900 | 2017.12.06~ 2018.01.22 |
| - Buy | USD 30,353 | 2017.04.19~ 2018.04.20 |
| | EUR 1,000 | 2017.12.08~ 2018.01.12 |

Note: expressed in thousands.

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) Available-for-sale financial assets

| <u>Investee company</u> | <u>December 31, 2017</u> |
|---|--------------------------|
| Current items: | |
| Farglory FTZ Investment Holding Co., Ltd. | \$ 13,799 |
| Dimerco Express Corporation | <u>8,748</u> |
| | 22,547 |
| Adjustment of available-for-sale financial assets | <u>2,961</u> |
| | <u>25,508</u> |
| Non-current items: | |
| Nichidenbo Corporation | 231,990 |
| Vitec Holdings Co., Ltd. | 85,348 |
| Promaster Technology Corp. | 49,605 |
| Murad Chia Jei Biotechnology Co., Ltd. | 19,107 |
| Hua-Jie (Taiwan) Corp. | 10,500 |
| Others | <u>14,339</u> |
| | 410,889 |
| Valuation adjustment | 111,540 |
| Accumulated impairment | (<u>26,663</u>) |
| | <u>495,766</u> |
| | <u>\$ 521,274</u> |

- i. The Group recognized \$139,396 in other comprehensive income (loss) for fair value change of current and non-current available-for-sale financial assets and no amount was reclassified from equity to profit or loss for the year ended December 31, 2017.
- ii. The Group had no investment in debt instruments that was classified as available-for-sale financial assets.
- iii. As of December 31, 2017, the Group pledged available-for-sale financial assets as guarantees for purchases. Please refer to Note 8 for details.

(c) Financial assets measured at cost

| <u>Investee company</u> | <u>December 31, 2017</u> |
|--|--------------------------|
| Tyche Partners, LP. | \$ 138,217 |
| Ability I Venture Capital Corporation | 100,000 |
| CDIB CME Fund Ltd. | 100,000 |
| Tyche Partners II, LP. | 54,026 |
| Ability Asia Capital Corporation | 50,000 |
| Nanjing Sunlord Electronics Corporation Ltd. | 45,057 |
| Silicon Line GmbH | 40,851 |
| DIGITIMES Inc. | 33,035 |
| M Cube Inc. | 30,365 |
| Chlen Hwa Coating Technology Inc. | 20,000 |
| GEC Technology Hong Kong Company Limited | 19,994 |
| Bettery Energy Technology Inc. | 18,000 |
| Fantasy Story Inc. | 15,047 |
| Liefco Optical Inc. | 15,000 |
| Systemweb Technologies Co., Ltd. | 12,600 |
| Centillion III Venture Capital Corp. | 10,500 |
| SmartDisplayer Technology Co., Ltd. | 10,000 |
| PTR-Tech Technology Co., Ltd. | 10,000 |
| Others | <u>59,158</u> |
| | 781,850 |
| Less: Accumulated impairment | (<u>196,013</u>) |
| | <u>\$ 585,837</u> |

- i. As of December 31, 2017, no financial assets measured at cost held by the Group were pledged to others.
- ii. Based on the Group's intention, its investment in stocks should be classified as 'available-for-sale financial assets'. However, as these stocks are not traded in active market, and sufficient industry information of companies similar to the investee or the investee's financial information cannot be obtained, the fair value of the investment in stocks cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets measured at cost'.
- iii. Please refer to Note 6(13) for information on impairment of abovementioned financial assets for the year ended December 31, 2017.

(d) Credit risk information on December 31, 2017 is as follows:

- (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.

According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transaction. For banks and financial institutions, only independently rated parties with good rating are accepted.

- (ii) No credit limits were exceeded during the year ended December 31, 2017, and management does not expect any significant losses from non-performance by these counterparties.
- (iii) The credit quality of financial assets that were neither past due nor impaired was in the following categories:

| | <u>December 31, 2017</u> |
|---------|--------------------------|
| Group 1 | \$ 32,366,221 |
| Group 2 | 49,880,142 |
| | <u>\$ 82,246,363</u> |

Group 1: Includes customers with current ratio, debt ratio, earnings, etc. within a certain range.

Group 2: Customers not belonging to Group 1.

- (iv) The ageing analysis of accounts receivable that were past due is as follows:

| | <u>December 31, 2017</u> |
|----------------------------|--------------------------|
| <u>Accounts receivable</u> | |
| 0 to 30 days | \$ 2,769,938 |
| 31 to 60 days | 1,537,441 |
| 61 to 90 days | 314,133 |
| 91 to 120 days | 126,855 |
| 121 to 150 days | 26,105 |
| 151 to 180 days | 14,333 |
| Over 181 days | 781,384 |
| | <u>\$ 5,570,189</u> |

The above ageing analysis was based on past due date.

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

| | 2017 | | |
|------------------------------|-----------------------------|------------------------|-------------------|
| | <u>Individual provision</u> | <u>Group provision</u> | <u>Total</u> |
| At January 1 | \$ 2,920,322 | \$ 326,549 | \$ 3,246,871 |
| Reversal of impairment | (191,709) | 21,153 | (170,556) |
| Write-offs during the period | (1,601,468) | (67,617) | (1,669,085) |
| Effects of foreign exchange | (172,278) | (12,676) | (184,954) |
| Others (Note) | (417,587) | (8,280) | (425,867) |
| At December 31 | <u>\$ 537,280</u> | <u>\$ 259,129</u> | <u>\$ 796,409</u> |

Note: Others included the amounts reclassified to overdue receivables and reversal and decrease of recovery of write-offs of provision for impairment of accounts receivable in prior year amounting to (\$428,494) and \$2,627, respectively.

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 is set out below.

Sales of goods

The Group sells electronic component related products. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is unrealized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The revenue recognized by using above accounting policies for the year ended December 31, 2017 were as follows:

| | <u>Year ended December 31, 2017</u> |
|-----------------|---|
| Sales revenue | \$ 532,353,095 |
| Service revenue | 156,863 |
| | <u>\$ 532,509,958</u> |

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)C. 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 (including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area.

Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Information on significant transactions of the Company and subsidiary and investee company in Mainland China as of and for the year ended December 31, 2017 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, which includes 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 and others.

(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 31, 2018 and 2017 is as follows:

Year ended December 31, 2018:

| | 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 (Note) | Others | Eliminations | Total |
|---------------------------------|---|---|--|---|---------------------------------------|----------------------|-------------------------|-----------------------|
| 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 | 15,718,019 | 4,979,630 | 1,322,826 | 7,269,712 | 1,303,863 | 2,840,215 | (33,434,265) | - |
| 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>\$ 6,277,453</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> |

Year ended December 31, 2017:

| | 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 (Note) | Others | Eliminations | Total |
|------------------------------------|---|---|--|---|------------------------------------|----------------------|-------------------------|-----------------------|
| Revenue from external customers | \$ 246,167,482 | \$ 71,299,990 | \$ 70,898,876 | \$ 81,959,655 | \$ 9,381,460 | \$ 52,802,495 | \$ - | \$ 532,509,958 |
| Revenue from internal customers | <u>12,982,070</u> | <u>4,756,557</u> | <u>1,975,695</u> | <u>7,420,167</u> | <u>506,207</u> | <u>2,807,486</u> | <u>(30,448,182)</u> | <u>-</u> |
| Total revenue | <u>\$ 259,149,552</u> | <u>\$ 76,056,547</u> | <u>\$ 72,874,571</u> | <u>\$ 89,379,822</u> | <u>\$ 9,887,667</u> | <u>\$ 55,609,981</u> | <u>(\$ 30,448,182)</u> | <u>\$ 532,509,958</u> |
| Segment profit | <u>\$ 5,900,739</u> | <u>\$ 1,723,540</u> | <u>\$ 1,789,269</u> | <u>\$ 1,628,868</u> | <u>\$ 333,853</u> | <u>\$ 806,857</u> | <u>\$ 1,205,179</u> | <u>\$ 13,388,305</u> |
| Net income | <u>\$ 3,552,896</u> | <u>\$ 806,996</u> | <u>\$ 1,147,823</u> | <u>\$ 998,105</u> | <u>\$ 123,395</u> | <u>\$ 8,172,113</u> | <u>(\$ 7,434,893)</u> | <u>\$ 7,366,435</u> |

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

(4) Information on product and service

The Group is mainly engaged in the import and export of electronic components. Revenues consist as follows:

| | Years ended December 31, | |
|---|--------------------------|-----------------------|
| | 2018 | 2017 |
| Core components | \$ 156,985,255 | \$ 163,320,100 |
| Analog IC and mixed signal component | 100,350,385 | 94,451,293 |
| Discrete, logic IC | 79,615,473 | 67,413,372 |
| Memory | 134,632,732 | 126,220,009 |
| Optical components | 35,557,666 | 33,992,470 |
| Passive component, connector and magnetic component | 25,842,925 | 15,446,113 |
| Others | 12,143,368 | 31,666,601 |
| | <u>\$ 545,127,804</u> | <u>\$ 532,509,958</u> |

(5) Geographical information

Information about geographic areas for the years ended December 31, 2018 and 2017 were as follows:

| | Years ended December 31, | | | |
|----------------|--------------------------|---------------------------|-----------------------|---------------------------|
| | 2018 | | 2017 | |
| | <u>Revenue</u> | <u>Non-current assets</u> | <u>Revenue</u> | <u>Non-current assets</u> |
| Taiwan | \$ 71,241,069 | \$ 10,152,035 | \$ 86,806,019 | \$ 9,858,903 |
| Mainland China | 422,474,061 | 1,388,951 | 360,488,961 | 1,534,054 |
| Others | 51,412,674 | 861,000 | 85,214,978 | 444,540 |
| | <u>\$ 545,127,804</u> | <u>\$ 12,401,986</u> | <u>\$ 532,509,958</u> | <u>\$ 11,837,497</u> |

(6) Major customer information

No single customer contributes more than 10% of the Group's total consolidated operating revenues for the years ended December 31, 2018 and 2017.

WPG Holdings Limited and Subsidiaries

Loans to others

Year ended December 31, 2018

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 9) | 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, 2018 | December 31, 2018 | | | | | | | Item | Value | | | |
| 1 | Apache Korea Corp. | WPG Korea Co., Ltd. | Other receivables - related parties | Y | \$ 61,050 | \$ 61,050 | \$ 55,500 | 3.50 | 2 | \$ - | Operations | \$ - | None | - | \$ 78,056 | \$ 78,056 | Note 1 |
| 2 | Genuine C&C (Indocina) Pte, Ltd. | World Peace International (South Asia) Pte Ltd. | Other receivables - related parties | Y | 61,430 | 61,430 | 61,430 | 3.55 | 2 | - | Operations | - | None | - | 77,000 | 77,000 | Note 2 |
| 3 | Geniune C&C Holding Inc. (Seychelles) | Peng Yu International Limited | Other receivables - related parties | Y | 122,860 | 122,860 | 122,860 | 1.50-3.90 | 2 | - | Operations | - | None | - | 130,462 | 130,462 | Note 7 |
| 4 | Giatek Corp. Ltd. | Yosun Hong Kong Corp. Ltd. | Other receivables - related parties | Y | 165,861 | - | - | 0.00 | 2 | - | Operations | - | None | - | - | - | Note 4 |
| 5 | Richpower Electronic Devices Pte., Ltd. | Yosun Singapore Pte Ltd. | Other receivables - related parties | Y | 307,150 | 215,005 | 215,005 | 3.55 | 2 | - | Operations | - | None | - | 444,788 | 444,788 | Note 8 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPG Americas Inc. | Other receivables - related parties | Y | 1,412,890 | 1,013,595 | 307,150 | 5.07 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | Note 3 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 307,150 | - | - | 0.00 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | Note 3 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPG China Inc. | Other receivables - related parties | Y | 614,300 | 307,150 | 307,150 | 4.20 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | Note 3 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPG SCM Limited | Other receivables - related parties | Y | 1,228,600 | 1,228,600 | - | 0.00 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | Note 3 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPG C&C (Thailand) Co., Ltd. | Other receivables - related parties | Y | 30,715 | - | - | 0.00 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | 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 9) | 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, 2018 | December 31, 2018 | | | | | | | Item | Value | | | |
| 6 | World Peace International (South Asia) Pte Ltd. | SAC Components (South Asia) Pte. Ltd. | Other receivables - related parties | Y | \$ 30,715 | \$ - | \$ - | 0.00 | 2 | \$ - | Operations | \$ - | None | - | \$ 6,303,260 | \$ 6,096,557 | Note 3 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPG South Asia Pte. Ltd. | Other receivables - related parties | Y | 153,575 | 153,575 | - | 0.00 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | Note 3 |
| 7 | World Peace International Pte Ltd. | World Peace International (South Asia) Pte Ltd. | Other receivables - related parties | Y | 122,860 | 122,860 | 116,717 | 3.55 | 2 | - | Operations | - | None | - | 2,321,030 | 2,321,030 | Note 3 |
| 8 | WPG India Electronics Pvt Ltd | World Peace International (India) Pvt., Ltd. | Other receivables - related parties | Y | 43,989 | 43,989 | 39,590 | 9.25 | 2 | - | Operations | - | None | - | 156,235 | 156,235 | Note 3 |
| 9 | WPG C&C Limited | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 239,577 | 239,577 | 239,577 | 2.90 | 2 | - | Operations | - | None | - | 267,125 | 267,125 | Note 7 |
| 10 | WPG South Asia Pte. Ltd. | Yosun Singapore Pte Ltd. | Other receivables - related parties | Y | 153,575 | 153,575 | 122,860 | 3.55 | 2 | - | Operations | - | None | - | 1,330,846 | 1,330,846 | Note 3 |
| 10 | WPG South Asia Pte. Ltd. | WPG Korea Co., Ltd. | Other receivables - related parties | Y | 767,875 | 460,725 | 307,150 | 4.51 | 2 | - | Operations | - | None | - | 1,330,846 | 1,330,846 | Note 3 |
| 10 | WPG South Asia Pte. Ltd. | World Peace International (South Asia) Pte Ltd. | Other receivables - related parties | Y | 460,725 | 153,575 | - | 0.00 | 2 | - | Operations | - | None | - | 1,330,846 | 1,330,846 | Note 3 |
| 11 | Yosun Hong Kong Corp. Ltd. | WPG Americas Inc. | Other receivables - related parties | Y | 1,535,750 | 614,300 | - | 0.00 | 2 | - | Operations | - | None | - | 4,786,502 | 4,786,502 | Note 7 |
| 11 | Yosun Hong Kong Corp. Ltd. | Peng Yu International Limited | Other receivables - related parties | Y | 614,300 | 614,300 | 414,653 | 3.05~3.90 | 2 | - | Operations | - | None | - | 4,786,502 | 4,786,502 | Note 7 |
| 11 | Yosun Hong Kong Corp. Ltd. | WPG Korea Co., Ltd. | Other receivables - related parties | Y | 307,150 | 153,575 | - | 0.00 | 2 | - | Operations | - | None | - | 4,786,502 | 4,786,502 | 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 9) | 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, 2018 | December 31, 2018 | | | | | | | Item | Value | | | |
| 11 | Yosun Hong Kong Corp. Ltd. | WPG Electronics (HK) Limited | Other receivables - related parties | Y | \$ 860,020 | \$ 860,020 | \$ 737,160 | 3.34~3.85 | 2 | \$ - | Operations | \$ - | None | - | \$ 4,786,502 | \$ 4,786,502 | Note 7 |
| 12 | Yosun Singapore Pte Ltd | WPG Korea Co., Ltd. | Other receivables - related parties | Y | 153,575 | 153,575 | - | 0.00 | 2 | - | Operations | - | None | - | 647,113 | 647,113 | Note 8 |
| 13 | AECO Technology Co., Ltd. | World Peace Industrial Co., Ltd. | Other receivables - related parties | Y | 350,000 | 200,000 | 133,000 | 1.55 | 2 | - | Operations | - | None | - | 421,196 | 421,196 | Note 2 |
| 14 | AECO Electronics Co., Ltd. | WPG C&C Limited | Other receivables - related parties | Y | 737,160 | - | - | 0.00 | 2 | - | Operations | - | None | - | 788,918 | 788,918 | Note 7 |
| 14 | AECO Electronics Co., Ltd. | Silicon Application Corp. | Other receivables - related parties | Y | 307,150 | 307,150 | 307,150 | 2.90 | 2 | - | Operations | - | None | - | 788,198 | 788,918 | Note 7 |
| 14 | AECO Electronics Co., Ltd. | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 399,295 | 399,295 | 399,295 | 2.90 | 2 | - | Operations | - | None | - | 788,918 | 788,918 | Note 7 |
| 15 | WPG Cloud Service Limited | WPG International (CI) Limited | Other receivables - related parties | Y | 27,951 | 12,593 | 12,593 | 2.07 | 2 | - | Operations | - | None | - | 45,703 | 45,703 | Note 7 |
| 16 | Yosun Industrial Corp. | Trigold Holdings Limited | Other receivables - related parties | Y | 150,000 | 150,000 | 150,000 | 1.95 | 2 | - | Operations | - | None | - | 1,905,813 | 3,811,627 | Note 6 |
| 17 | Yosun South China Corp. Ltd. | WPG China (SZ) Inc. | Other receivables - related parties | Y | 111,800 | 111,800 | 111,800 | 2.80 | 2 | - | Operations | - | None | - | 205,906 | 205,906 | Note 7 |
| 17 | Yosun South China Corp. Ltd. | WPG China Inc. | Other receivables - related parties | Y | 67,080 | 67,080 | 67,080 | 2.80 | 2 | - | Operations | - | None | - | 205,906 | 205,906 | Note 7 |
| 18 | Yosun Shanghai Corp. Ltd. | WPG China (SZ) Inc. | Other receivables - related parties | Y | 183,352 | 183,352 | 183,352 | 2.80 | 2 | - | Operations | - | None | - | 365,697 | 365,697 | 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 9) | 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, 2018 | December 31, 2018 | | | | | | | Item | Value | | | |
| 18 | Yosun Shanghai Corp. Ltd. | WPG China Inc. | Other receivables - related parties | Y | \$ 143,104 | \$ 143,104 | \$ 143,104 | 2.80 | 2 | \$ - | Operations | \$ - | None | - | \$ 365,697 | \$ 365,697 | Note 7 |
| 19 | WPG Investment Co., Ltd. | WPG Holdings Limited | Other receivables - related parties | Y | 150,000 | - | - | 0.00 | 2 | - | Operations | - | None | - | 170,839 | 170,839 | Note 2 |
| 20 | WPI International (Hong Kong) Limited | WPG C&C Limited | Other receivables - related parties | Y | 1,627,895 | 767,875 | - | 0.00 | 2 | - | Operations | - | None | - | 16,611,778 | 16,611,778 | Note 7 |
| 20 | WPI International (Hong Kong) Limited | Long-Think International (Hong Kong) Limited | Other receivables - related parties | Y | 46,073 | - | - | 0.00 | 2 | - | Operations | - | None | - | 16,611,778 | 16,611,778 | Note 7 |
| 20 | WPI International (Hong Kong) Limited | WPG America Inc. | Other receivables - related parties | Y | 921,450 | 921,450 | - | 0.00 | 2 | - | Operations | - | None | - | 16,611,778 | 16,611,778 | Note 7 |
| 20 | WPI International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | Other receivables - related parties | Y | 921,450 | 921,450 | - | 0.00 | 2 | - | Operations | - | None | - | 6,644,711 | 16,611,778 | Note 7 |
| 21 | World Peace Industrial Co., Ltd. | Long-Think International Co., Ltd. | Other receivables - related parties | Y | 92,145 | 46,073 | 19,780 | 2.90~3.65 | 2 | - | Operations | - | None | - | 4,710,099 | 9,420,197 | Note 6 |
| 21 | World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 1,535,750 | - | - | 0.00 | 2 | - | Operations | - | None | - | 4,710,099 | 9,420,197 | Note 6 |
| 21 | World Peace Industrial Co., Ltd. | Trigold Holdings Limited | Other receivables - related parties | Y | 300,000 | 300,000 | - | 0.00 | 2 | - | Operations | - | None | - | 4,710,099 | 9,420,197 | Note 6 |
| 21 | World Peace Industrial Co., Ltd. | Longview Technology Inc. | Other receivables - related parties | Y | 307,150 | 307,150 | 18,429 | 3.65 | 2 | - | Operations | - | None | - | 4,710,099 | 9,420,197 | Note 6 |
| 22 | Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | Other receivables - related parties | Y | 200,000 | 200,000 | 200,000 | 1.37 | 2 | - | Operations | - | None | - | 278,050 | 278,050 | Note 2 |
| 23 | AIO Components Company Limited | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 138,218 | 138,218 | 138,218 | 2.90 | 2 | - | Operations | - | None | - | 150,140 | 150,140 | 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 9) | 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, 2018 | December 31, 2018 | | | | | | | Item | Value | | | |
| 24 | Silicon Application (BVI) Corporation | Silicon Application Corp. | Other receivables - related parties | Y | \$ 1,228,600 | \$ 1,228,600 | \$ 1,228,600 | 1.70 | 2 | \$ - | Operations | \$ - | None | - | \$ 1,280,738 | \$ 3,201,845 | Note 7 |
| 24 | Silicon Application (BVI) Corporation | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 122,860 | 122,860 | 122,860 | 1.70 | 2 | - | Operations | - | None | - | 3,201,845 | 3,201,845 | Note 7 |
| 25 | Silicon Application Company Limited | Silicon Application Corp. | Other receivables - related parties | Y | 706,445 | 706,445 | 706,445 | 1.70 | 2 | - | Operations | - | None | - | 718,039 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 215,005 | - | - | 0.00 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | WPG Korea Co., Ltd. | Other receivables - related parties | Y | 307,150 | - | - | 0.00 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | WPG Americas Inc. | Other receivables - related parties | Y | 276,435 | - | - | 0.00 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | WPG SCM Limited | Other receivables - related parties | Y | 245,720 | - | - | 0.00 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | Yosun Hong Kong Corp. Ltd. | Other receivables - related parties | Y | 614,300 | 614,300 | 614,300 | 2.54~3.10 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | WPG C&C Limited | Other receivables - related parties | Y | 430,010 | 430,010 | 430,010 | 2.90 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 26 | Sertek Limited | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 430,010 | - | - | 0.00 | 2 | - | Operations | - | None | - | 444,738 | 444,738 | Note 7 |
| 26 | Sertek Limited | Yosun Hong Kong Corp. Ltd. | Other receivables - related parties | Y | 430,010 | 430,010 | 430,010 | 2.95 | 2 | - | Operations | - | None | - | 444,738 | 444,738 | Note 7 |
| 27 | Sertek Incorporated | Richpower Electronic Devices Co., Ltd | Other receivables - related parties | Y | 507,150 | 307,150 | 307,150 | 3.54 | 2 | - | Operations | - | None | - | 576,751 | 576,751 | Note 2 |

| 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 9) | 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, 2018 | December 31, 2018 | | | | | | | Item | Value | | | |
| 28 | Apache Communication Inc. | Frontek Technology Corporation | Other receivables - related parties | Y | \$ 200,000 | \$ - | \$ - | 0.00 | 2 | \$ - | Operations | \$ - | None | - | \$ 399,236 | \$ 638,777 | Note 5 |
| 28 | Apache Communication Inc. | Asian Information Technology Inc. | Other receivables - related parties | Y | 399,295 | 399,295 | 399,295 | 2.75 | 2 | - | Operations | - | None | - | 399,236 | 638,777 | Note 5 |
| 29 | Genuine C&C Inc. | Peng Yu (Shanghai) Digital Technology Co., Ltd. | Other receivables - related parties | Y | 89,440 | - | - | 0.00 | 2 | - | Operations | - | None | - | 448,820 | 448,820 | Note 2 |
| 29 | Genuine C&C Inc. | Hoban Inc. | Other receivables - related parties | Y | 50,000 | 50,000 | - | 0.00 | 2 | - | Operations | - | None | - | 448,820 | 448,820 | Note 2 |
| 29 | Genuine C&C Inc. | Trigold Holdings Limited | Other receivables - related parties | Y | 15,000 | - | - | 0.00 | 2 | - | Operations | - | None | - | 448,820 | 448,820 | Note 2 |
| 30 | Richpower Electronic Devices Co., Limited | WPG Americas Inc. | Other receivables - related parties | Y | 614,300 | 614,300 | - | 0.00 | 2 | - | Operations | - | None | - | 2,194,138 | 2,194,138 | Note 7 |
| 30 | Richpower Electronic Devices Co., Limited | Yosun Hong Kong Corp. Ltd. | Other receivables - related parties | Y | 860,020 | 860,020 | - | 0.00 | 2 | - | Operations | - | None | - | 2,194,138 | 2,194,138 | Note 7 |
| 30 | Richpower Electronic Devices Co., Limited | Silicon Application Corp. | Other receivables - related parties | Y | 814,300 | 614,300 | 614,300 | 2.54-3.10 | 2 | - | Operations | - | None | - | 877,655 | 2,194,138 | Note 7 |

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 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 10% 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.

(3) The financing activities to an overseas company which is 100% directly or indirectly held by the creditor should not be restricted by (1) and (2).

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: 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 9: 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, 2018

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, 2018 | Outstanding endorsement/ guarantee amount at December 31, 2018 | 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 | \$ 27,179,385 | \$ 151,906 | \$ 76,869 | \$ 76,869 | \$ 76,869 | 0.14 | \$ 27,179,385 | Y | N | N | Notes 4 and 5 |
| 1 | World Peace International Pte. Ltd. | WPG Americas Inc. | Note 3 | 6,990,488 | 184,290 | 168,933 | 164,033 | - | 4.83 | 6,990,488 | N | N | N | Note 7 |
| 1 | World Peace International Pte. Ltd. | WPG C&C Computers and Peripheral (India) Private Ltd. | Note 1 | 6,990,488 | 741,767 | 505,262 | 28,593 | - | 14.46 | 6,990,488 | N | N | N | Note 7 |
| 1 | World Peace International Pte. Ltd. | World Peace International (South Asia) Pte. Ltd. | Note 1 | 6,990,488 | 3,040,785 | 1,044,310 | 237,436 | - | 29.88 | 6,990,488 | N | N | N | Note 7 |
| 2 | WPG South Asia Pte. Ltd. | WPG India Electronics Private Limited | Note 1 | 1,330,846 | 15,358 | 15,358 | - | - | 2.31 | 1,330,846 | N | N | N | Note 11 |
| 3 | Yosun Industrial Corp. | Yosun Singapore Pte. Ltd. | Note 1 | 9,529,067 | 1,517,321 | 1,271,601 | 505,491 | - | 13.34 | 19,058,135 | N | N | N | Note 9 |
| 3 | Yosun Industrial Corp. | Yosun Hong Kong Corp. Ltd. | Note 1 | 9,529,067 | 1,581,823 | 1,581,823 | 156,683 | - | 16.60 | 19,058,135 | N | N | N | Note 9 |
| 3 | Yosun Industrial Corp. | Sertek Incorporated | Note 1 | 9,529,067 | 4,914,400 | 2,457,200 | 1,001,284 | - | 25.79 | 19,058,135 | N | N | N | Note 9 |
| 3 | Yosun Industrial Corp. | Richpower Electronic Devices Co., Limited | Note 1 | 9,529,067 | 950,000 | 600,000 | 355,728 | - | 6.30 | 19,058,135 | N | N | N | Note 9 |
| 4 | World Peace Industrial Co., Ltd. | VITEC WPG Limited | Note 3 | 11,775,247 | 138,217 | 138,217 | 20,272 | - | 0.59 | 18,840,395 | N | N | N | Note 6 |
| 4 | World Peace Industrial Co., Ltd. | WPI International Trading (Shanghai) Ltd. | Note 3 | 11,775,247 | 1,627,808 | - | - | - | - | 18,840,395 | N | N | Y | Note 6 |
| 4 | World Peace Industrial Co., Ltd. | World Peace International (South Asia) Pte. Ltd. | Note 1 | 11,775,247 | 1,351,460 | 1,351,460 | 675,730 | - | 5.74 | 18,840,395 | 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, 2018 | Outstanding endorsement/ guarantee amount at December 31, 2018 | 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 | | | | | | | | | | | |
| 4 | World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | Note 1 | \$ 11,775,247 | \$ 3,498,439 | \$ 2,576,989 | \$ 482,950 | \$ - | 10.94 | 18,840,395 | N | N | N | Note 6 |
| 4 | World Peace Industrial Co., Ltd. | WPG China Inc. | Note 3 | 11,775,247 | 49,144 | - | - | - | - | 18,840,395 | N | N | Y | Note 6 |
| 5 | Frontek Technology Corporation | Asian Information Technology Inc. | Note 2 | 1,040,528 | 827,150 | 627,150 | 514,830 | - | 24.11 | 1,300,661 | N | N | N | Note 8 |
| 6 | Genuine C&C Inc. | Peng Yu (Shanghai) Digital Technology Co., Ltd. | Note 3 | 448,820 | 89,440 | - | - | - | - | 561,025 | N | N | Y | Note 10 |
| 7 | Asian Information Technology Inc. | Frontek Technology Corporation | Note 1 | 2,155,438 | 866,550 | 866,550 | 62,482 | - | 16.08 | 2,694,297 | N | N | N | Note 8 |
| 7 | Asian Information Technology Inc. | WPG China Inc. | Note 3 | 2,155,438 | 15,358 | 15,358 | - | - | 0.29 | 2,694,297 | N | N | Y | Note 8 |
| 7 | Asian Information Technology Inc. | AIT Japan Inc. | Note 1 | 2,155,438 | 1,167,170 | 184,290 | 15,333 | - | 3.42 | 2,694,297 | N | N | N | Note 8 |
| 8 | Trigold Holding Limited | Peng Yu (Shanghai) Digital Technology Co., Ltd. | Note 1 | 549,820 | 89,440 | 44,720 | 44,720 | - | 4.07 | 549,820 | N | N | Y | Note 12 |
| 8 | Trigold Holdings Limited | Peng Yu International Limited | Note 1 | 549,820 | 61,430 | 61,430 | - | - | 5.59 | 549,820 | N | N | N | Note 12 |
| 8 | Trigold Holdings Limited | WPI International Trading (Shanghai) Ltd. | Note 1 | 549,820 | 134,160 | 134,160 | 134,160 | - | 12.20 | 549,820 | N | N | Y | Note 12 |

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 \$76,869.

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 and the guarantee amount to a single company both should not be in excess of 200% of guarantor'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 guarantor's net assets. The guarantee amount to a single company should not be in excess of 30% 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 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.

Note 12: 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.

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, 2018

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| | | | | As of December 31, 2018 | | | | |
|--|---|---|---|-------------------------|------------|---------------|---------------------|----------|
| 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 | Vitec Holdings Co., Ltd. - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | 230 | \$ 116,263 | 0.02 | \$ 116,263 | |
| WPG Holdings Limited | Tyche Partners L.P. - Funds | None | Financial assets at at fair value through profit or loss- non-current | - | 138,217 | - | 138,217 | |
| WPG Holdings Limited | CDIB CME Fund Ltd., etc. - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | - | 292,878 | - | 292,878 | |
| Silicon Application Corp. | Kingmax Technology Inc., etc. - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | - | 15,324 | - | 15,324 | Note 2 |
| 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 | - | 26,237 | - | 26,237 | |
| 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 | - | 3,442 | - | 3,442 | |
| Yosun Industrial Corp. | Nichidenbo Corporation - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | 267 | 14,132 | 0.15 | 14,132 | |
| 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 | - | 36,956 | - | 36,956 | |
| WPG Investment Co., Ltd. | DIGITIMES Inc. etc. - Equity securities | None | Financial assets at at fair value through profit or loss- non-current, etc. | - | 125,226 | - | 125,226 | |

| Securities held by | Marketable securities | Relationship with the securities issuer | General ledger account | As of December 31, 2018 | | | | Footnote |
|-----------------------------------|--|---|---|---------------------------------|------------|---------------|---------------------|----------|
| | | | | Number of shares (in thousands) | Book value | Ownership (%) | Fair value (Note 1) | |
| Silicon Application (BVI) Corp. | Actiontec Electronics Inc. etc. - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | - | \$ 6,700 | - | \$ 6,700 | |
| 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 | 664 | 9.00 | 664 | |
| WPG China Inc. | CECI Technology Co. Ltd. - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | - | 542,510 | - | 542,510 | |

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 amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 2: There are 566 thousand shares of Kingmax Technology Inc. which have been pledged for purchases as of December 31, 2018.

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, 2018

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Marketable securities | General ledger account | Counterparty | Relationship with the investor | Balance as at January 1, 2018 | | Addition | | Disposal | | | Gain (loss) on disposal | Balance as at December 31, 2018 | |
|------------------------|------------------------|------------------------|---|--------------------------------|-------------------------------|------------|------------------------------|---------------------|------------------------------|---------------|-----------------------|-------------------------|---------------------------------|-----------|
| | | | | | Number of shares (thousands) | Amount | Number of shares (thousands) | Amount | Number of shares (thousands) | Selling price | Book value | | Number of shares (thousands) | Amount |
| Yosun Industrial Corp. | Nichidenbo Corporation | Note 1 | Non-specific counterparties in the market | None | 9,647 | \$ 342,472 | 267 (Note 2) | \$ 451,559 (Note 3) | (9,647) | (\$ 779,899) | (\$ 779,899) (Note 4) | \$ - | 267 | \$ 14,132 |

Note 1: It is recorded as financial assets at fair value through profit or loss - non-current.

Note 2: The shares are from capital increase through capitalization of earnings of Nichidenbo Corporation.

Note 3: It refers to gain on valuation of financial assets at fair value through profit or loss.

Note 4: The carrying amount of the financial assets at fair value through profit or loss amounted to \$779,899, including the cost of financial assets at fair value through profit or loss of \$225,986 and valuation adjustment of \$553,913.

WPG Holdings Limited and Subsidiaries
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
Year ended December 31, 2018

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: | | | | | | | | | | | | | |
|---|--|-------------------|--------------------|----------------------------|------------------------------|------------------------------------|---|--|----------------------------------|--------|---|---|-------------------|
| Real estate acquired by | Real estate acquired | Date of the event | Transaction amount | Status of payment (Note 2) | Counterparty | Relationship with the counterparty | Original owner who sold the real estate to the counterparty | Relationship between the original owner and the acquirer | Date of the original transaction | Amount | Basis or reference used in setting the price | Reason for acquisition of real estate and status of the real estate | Other commitments |
| The Company | Office building A in Taipei City Nangang Dist. Jingmao section No.70, No. 70-1 | 2016.12 (Note 1) | \$ 4,533,954 | \$ 793,442 | 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 | 186,045 | 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 | 147,659 | 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, 2018 and 2017, the total amount was \$885,615 and \$241,531, respectively.

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, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

| Differences in transaction terms compared to third party transactions | | | | | | | | | | | |
|---|--|------------------------------------|-------------------|--------------|---------------------------------------|-------------|-------------------------------------|-------------|-----------|---------|---|
| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | | | 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) |
| WPG Holdings Limited | World Peace Industrial Co., Ltd. | Same parent company | Sales | (\$ 385,396) | (53.08) | Note 7 | Note 7 | Note 7 | \$ 45,028 | 55.30 | |
| " | Silicon Application Corp. | " | " | (113,762) | (15.67) | Note 7 | Note 7 | Note 7 | 12,735 | 15.64 | |
| " | Asian Information Technology Inc. | " | " | (101,084) | (13.92) | Note 7 | Note 7 | Note 7 | 10,830 | 13.30 | |
| " | Yosun Industrial Corp. | " | " | (117,712) | (16.21) | Note 7 | Note 7 | Note 7 | 11,948 | 14.67 | |
| World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | " | " | (7,365,181) | (6.27) | Note 3 | Note 3 | Note 3 | 525,451 | 2.09 | |
| " | AECO Technology Co., Ltd. | " | " | (158,860) | (0.14) | " | " | " | - | 0.00 | |
| " | WPG Electronics (HK) Limited | " | " | (625,182) | (0.53) | " | " | " | 213,864 | 0.85 | |
| " | WPG China (SZ) Inc. | " | " | (878,006) | (0.75) | " | " | " | 507,476 | 2.02 | |
| " | WPG China Inc. | " | " | (206,433) | (0.18) | " | " | " | 35,361 | 0.14 | |
| " | WPG SCM Limited | " | " | (1,149,718) | (0.98) | " | " | " | 189,309 | 0.75 | |
| " | WPG Korea Co., Ltd. | " | " | (493,316) | (0.42) | " | " | " | 210,488 | 0.84 | |
| " | Genuine C&C Inc. | " | " | (132,508) | (0.11) | " | " | " | 26,610 | 0.11 | |
| Genuine C&C (IndoChina) Pte Ltd | P.T. WPG Electrindo Jaya | Investment under equity method | " | (201,907) | (92.57) | " | " | " | 6,261 | 92.60 | |
| World Peace International (South Asia) Pte Ltd. | World Peace Industrial Co., Ltd. | Same parent company | " | (252,670) | (0.96) | " | " | " | 12,033 | 0.26 | |
| " | WPG C&C (Malaysia) Sdn. Bhd | " | " | (163,081) | (0.62) | " | " | " | 2,306 | 0.05 | |
| " | WPG C&C Computers And Peripheral (India) Private Limited | " | " | (1,346,249) | (5.12) | " | " | " | 150,373 | 3.21 | |
| " | WPI International (Hong Kong) Limited | " | " | (109,037) | (0.41) | " | " | " | 222 | - | |
| " | WPG SCM Limited | " | " | (5,620,256) | (21.38) | " | " | " | 1,103,970 | 23.56 | |
| " | P.T. WPG Electrindo Jaya | Investment under equity method | " | (303,377) | (1.15) | " | " | " | 46,818 | 1.00 | |
| " | WPG C&C (Thailand) Co., Ltd. | Same parent company | " | (127,537) | (0.49) | " | " | " | 32,815 | 0.70 | |

| Differences in transaction terms compared to third party transactions | | | | | | | | | | | |
|---|---|---|-------------------|------------------|---------------------------------------|--------------------------------|-------------------------------------|-------------|------------|---------|---|
| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | | | 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 | (\$ 6,945,713) (| 4.99) | Note 3 | Note 3 | Note 3 | \$ 271,719 | 1.13 | |
| " | World Peace International (South Asia) Pte Ltd. | " | " | (2,627,389) (| 1.89) | " | " | " | 95,884 | 0.40 | |
| " | WPG C&C Limited | " | " | (799,351) (| 0.57) | " | " | " | 80,530 | 0.34 | |
| " | WPI International Trading (Shanghai) Ltd. | " | " | (121,164) (| 0.09) | " | " | " | 51,030 | 0.21 | |
| " | WPG Electronics (HK) Limited | " | " | (310,563) (| 0.22) | " | " | " | 227,427 | 0.95 | |
| " | WPG China (SZ) Inc. | " | " | (2,886,205) (| 2.07) | " | " | " | 579,458 | 2.42 | |
| " | WPG China Inc. | " | " | (877,379) (| 0.63) | " | " | " | 47,096 | 0.20 | |
| " | WPG SCM Limited | " | " | (1,012,034) (| 0.73) | " | " | " | 147,799 | 0.62 | |
| " | WPG Korea Co., Ltd. | " | " | (130,447) (| 0.09) | " | " | " | 22,149 | 0.09 | |
| " | Vitec WPG Limited | Parent company's investment under equity method | | (126,941) (| 0.09) | " | " | " | 12,498 | 0.05 | |
| " | Peng Yu International Limited | " | " | (512,743) (| 0.37) | " | " | " | 9,562 | 0.04 | |
| WPG C&C Limited | WPI International (Hong Kong) Limited | " | " | (2,414,251) (| 37.21) | " | " | " | - | - | |
| " | WPI Interational Trading (Shanghai) Ltd. | " | " | (264,153) (| 4.07) | " | " | " | - | - | |
| " | Peng Yu International Limited | " | " | (466,417) (| 7.19) | " | " | " | 18,693 | 18.66 | |
| Longview Technology Inc. | World Peace Industrial Co., Ltd. | " | " | (310,075) (| 15.16) | " | " | " | 23,116 | 6.92 | |
| " | WPI International (Hong Kong) Limited | " | " | (734,714) (| 35.91) | " | " | " | 91,479 | 27.38 | |
| " | WPG Electronics (HK) Limited | " | " | (110,160) (| 5.38) | " | " | " | 21,286 | 6.37 | |
| Long-Think International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | " | " | (505,312) (| 29.75) | " | " | " | 56,609 | 29.15 | |
| " | WPI International (Hong Kong) Limited | " | " | (632,570) (| 37.24) | " | " | " | 34,466 | 17.75 | |
| " | Longview Technology Inc. | " | " | (111,867) (| 6.59) | " | " | " | - | - | |
| AECO Electronics Co., Ltd. | World Peace Industrial Co., Ltd. | " | " | (111,125) (| 100.00) | " | " | " | - | - | |
| Silicon Application Corp. | Pernas Electronics Co., Ltd. | " | " | (2,018,826) (| 2.90) | 30 days after monthly billings | Note 4 | Note 4 | 172,787 | 1.32 | |
| " | WPG Electronics (HK) Limited | " | " | (3,267,963) (| 4.69) | 90 days after monthly billings | " | " | 1,026,923 | 7.86 | |

| Differences in transaction terms compared to third party transactions | | | | | | | | | | | |
|---|---|------------------------------------|-------------------|------------------|---------------------------------------|---|-------------------------------------|-------------|------------|---------|---|
| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | | | 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) |
| Silicon Application Corp. | WPG China (SZ) Inc. | Same parent company | Sales | (\$ 1,176,448) (| 1.69) | 90 days after monthly billings | Note 4 | Note 4 | \$ 218,421 | 1.67 | |
| " | WPG China Inc. | " | " | (217,267) (| 0.31) | " | " | " | 20,734 | 0.16 | |
| " | WPG SCM Limited | " | " | (130,127) (| 0.19) | 30 days after monthly billings | " | " | 5,696 | 0.04 | |
| Pernas Electronics Co., Ltd. | Silicon Application Corp. | " | " | (510,993) (| 5.75) | " | " | " | 40,056 | 2.42 | |
| " | Everwiner Enterprise Co., Ltd. | " | " | (281,629) (| 3.17) | 60 days and 90 days after monthly billing | " | " | 97,073 | 5.86 | |
| Everwiner Enterprise Co., Ltd. | Silicon Application Corp. | " | " | (124,807) (| 2.14) | 30 days after monthly billings | " | " | 5,630 | 0.32 | |
| " | Pernas Electronics Co., Ltd. | " | " | (2,909,208) (| 49.84) | 90 days after monthly billings | " | " | 1,016,809 | 58.63 | |
| Asian Information Technology Inc. | World Peace International (South Asia) Pte Ltd. | " | " | (126,287) (| 0.34) | Note 2 | Note 2 | Note 2 | 3,604 | 0.07 | |
| " | WPI International (Hong Kong) Limited | " | " | (186,831) (| 0.50) | " | " | " | 23,574 | 0.46 | |
| " | Frontek Technology Corporation | " | " | (2,735,613) (| 7.26) | " | " | " | 182,265 | 3.52 | |
| " | Apache Communication Inc. | " | " | (1,545,503) (| 4.10) | " | " | " | 3,096 | 0.06 | |
| " | AIT Japan Inc. | " | " | (1,022,880) (| 2.71) | " | " | " | 121,614 | 2.35 | |
| " | WPG Electronics (HK) Limited | " | " | (100,450) (| 0.27) | " | " | " | 47,428 | 0.92 | |
| " | WPG China (SZ) Inc. | " | " | (178,365) (| 0.47) | " | " | " | 70,761 | 1.37 | |
| Henshen Electric Trading Co., Ltd. | Asian Information Technology Inc. | " | " | (287,033) (| 27.47) | " | " | " | 26,555 | 23.60 | |
| " | Frontek Technology Corporation | " | " | (279,265) (| 26.72) | " | " | " | 3,067 | 2.73 | |
| Frontek Technology Corporation | " | " | " | (1,847,872) (| 7.97) | " | " | " | 551,701 | 13.28 | |
| " | WPG Electronics (HK) Limited | " | " | (404,258) (| 1.74) | " | " | " | 137,038 | 3.30 | |
| " | WPG China Inc. | " | " | (130,628) (| 0.56) | " | " | " | 9,045 | 0.22 | |
| Apache Communication Inc. | Asian Information Technology Inc. | " | " | (295,096) (| 1.77) | " | " | " | 96,029 | 2.85 | |
| AIT Japan Inc. | " | " | " | (498,906) (| 31.79) | " | " | " | 13,993 | 6.95 | |
| WPG Electronics (HK) Limited | World Peace Industrial Co., Ltd. | " | " | (185,940) (| 2.66) | Note 7 | Note 7 | Note 7 | - | 0.00 | |
| " | WPI International (Hong Kong) Limited | " | " | (247,944) (| 3.55) | " | " | " | - | 0.00 | |

Table 6, Page 3

| | | Relationship with the counterparty | Transaction | | | | Differences in transaction terms compared to third party transactions | | Notes/accounts receivable (payable) | | Footnote |
|--|--|--|----------------------|--------------|---|-----------------------------------|---|-------------|-------------------------------------|---|----------|
| Purchaser/seller | Counterparty | | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | |
| | | | | | | | | | | | |
| WPG Electronics (HK) Limited | Silicon Application Corp. | Same parent company | Sales | (\$ 132,683) | (1.90) | Note 7 | Note 7 | Note 7 | \$ - | 0.00 | |
| WPG China Inc. | WPG China (SZ) Inc. | " | " | (507,895) | (5.78) | 90 days after monthly billings | Note 5 | Note 5 | 49,232 | 2.31 | |
| WPG Americas Inc. | World Peace Industrial Co., Ltd. | " | " | (211,270) | (1.04) | Note 3 | Note 3 | Note 3 | 14,779 | 0.73 | |
| WPG South Asia Pte. Ltd. | World Peace International (South Asia) Pte Ltd. | " | " | (472,702) | (66.55) | Note 7 | Note 7 | Note 7 | - | 0.00 | |
| Yosun Industrial Corp. | WPG China (SZ) Inc. | " | " | (735,594) | (2.99) | Note 6 | Note 6 | Note 6 | 217,507 | 7.67 | |
| " | WPG China Inc. | " | " | (493,860) | (2.01) | Note 6 | Note 6 | Note 6 | 47,734 | 1.68 | |
| " | Yosun Hong Kong Corp. Ltd. | " | " | (4,742,191) | (19.28) | Note 3 | Note 3 | Note 3 | 217,232 | 7.66 | |
| " | Richpower Electronic Devices Co., Ltd. | " | " | (270,375) | (1.10) | " | " | " | 16,187 | 0.57 | |
| " | Richpower Electronic Devices Co., Limited | " | " | (167,307) | (0.68) | " | " | " | 7,353 | 0.26 | |
| Yosun Hong Kong Corp. Ltd. | WPG China (SZ) Inc. | " | " | (1,170,080) | (3.80) | Note 6 | Note 6 | Note 6 | 395,180 | 8.78 | |
| " | WPG China Inc. | " | " | (2,793,024) | (9.08) | " | " | " | 561,491 | 12.47 | |
| Yosun Hong Kong Corp. Ltd. | Yosun Industrial Corp. | " | " | (663,462) | (2.16) | Note 3 | Note 3 | Note 3 | 29,885 | 0.66 | |
| " | Richpower Electronic Devices Co., Limited | " | " | (934,742) | (3.04) | " | " | " | 33,917 | 0.75 | |
| Yosun Singapore Pte Ltd. | WPG SCM Limited | " | " | (588,260) | (11.55) | Note 6 | Note 6 | Note 6 | 23,240 | 2.22 | |
| Sertek Incorporated | Yosun Industrial Corp. | " | " | (522,834) | (3.43) | Note 3 | Note 3 | Note 3 | 10,106 | 1.88 | |
| " | Yosun Hong Kong Corp. Ltd. | " | " | (687,578) | (4.51) | " | " | " | 25,225 | 4.69 | |
| Richpower Electronic Devices Co., Ltd. | WPG Electronics (HK) Limited | " | " | (1,148,101) | (15.94) | Note 6 | Note 6 | Note 6 | 336,269 | 18.37 | |
| " | Yosun Hong Kong Corp. Ltd. | " | " | (2,104,517) | (21.66) | Note 3 | Note 3 | Note 3 | - | 0.00 | |
| " | Richpower Electronic Devices Co., Ltd. | " | " | (215,590) | (2.22) | " | " | " | 10,829 | 0.64 | |
| Peng Yu (Shanghai) Digital Technology Co., Ltd. | WPI International Trading (Shanghai) Ltd. | " | " | (278,786) | (30.27) | 45 days after monthly billings | " | " | 42,863 | 65.96 | |
| " | Peng Yu International Limited | " | " | (174,966) | (18.99) | 90 days after monthly billings | Note 4 | Note 4 | - | 0.00 | |
| Peng Yu International Limited | WPI International Trading (Shanghai) Ltd. | " | " | (1,383,595) | (66.82) | Note 3 | Note 3 | Note 3 | 345,023 | 97.49 | |

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: Similar to third 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.

Note 7: The income arose from the provision of administrative resources and management services, and the sales price and terms were determined by the parties.

WPG Holdings Limited and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2018

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2018 (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 | \$ 525,451 | 11.13 | \$ - | - | \$ 525,451 | \$ - |
| World Peace Industrial Co., Ltd. | WPG Electronics (HK) Limited | " | 213,864 | 2.21 | - | - | 185,269 | - |
| World Peace Industrial Co., Ltd. | WPG China (SZ) Inc. | " | 507,476 | 3.37 | - | - | 449,503 | - |
| World Peace Industrial Co., Ltd. | WPG SCM Limited | " | 189,309 | 12.06 | - | - | 189,309 | - |
| World Peace Industrial Co., Ltd. | WPG Korea Co., Ltd. | " | 210,488 | 4.66 | - | - | 210,488 | - |
| World Peace International (South Asia) Pte Ltd. | WPG C&C Computers And Peripheral (India) Private Limited | " | 150,373 | 8.62 | - | - | 150,373 | - |
| World Peace International (South Asia) Pte Ltd. | WPG SCM Limited | " | 1,103,970 | 6.23 | - | - | 960,718 | - |
| WPI International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | " | 271,719 | 12.12 | - | - | 271,719 | - |
| WPI International (Hong Kong) Limited | WPG Electronics (HK) Limited | " | 227,427 | 1.24 | - | - | 602 | - |
| WPI International (Hong Kong) Limited | WPG China (SZ) Inc. | " | 579,458 | 5.40 | - | - | 352,335 | - |
| WPI International (Hong Kong) Limited | WPG SLM Limited | " | 147,799 | 8.82 | - | - | 147,799 | - |
| Silicon Application Corp. | Pernas Electronics Co., Ltd. | " | 172,787 | 11.12 | - | - | 172,787 | - |
| Silicon Application Corp. | WPG Electronics (HK) Limited | " | 1,026,923 | 3.25 | - | - | 852,139 | - |
| Silicon Application Corp. | WPG China (SZ) Inc. | " | 218,421 | 4.53 | - | - | 159,438 | - |
| Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | " | 1,016,809 | 3.54 | - | - | 876,105 | - |
| Asian Information Technology Inc. | Frontek Technology Corporation | " | 182,265 | 19.78 | - | - | 182,265 | - |
| Asian Information Technology Inc. | AIT Japan Inc. | " | 121,614 | 4.96 | - | - | 121,614 | - |
| Frontek Technology Corporation | Asian Information Technology Inc. | " | 551,701 | 3.91 | - | - | 534,106 | - |

| | | | | | Overdue receivables | | | |
|---|---|---------------------------------------|--|---------------------------|---------------------|--------------|---|------------------------------------|
| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2018 (Note 1) | Turnover rate (Note 2) | Amount | Action taken | Amount collected subsequent to the balance sheet date (Note 3) | Allowance for doubtful accounts |
| Frontek Technology Corporation | WPG Electronics (HK) Limited | Same parent company | \$ 137,038 | 2.40 | \$ - | - | 70,718 | \$ - |
| Yosun Industrial Corp. | WPG China (SZ) Inc. | " | 217,507 | 4.01 | - | - | 154,452 | - |
| Yosun Industrial Corp. | Yosun Hong Kong Corp. Ltd. | " | 217,232 | 23.67 | - | - | 217,232 | - |
| Yosun Hong Kong Corp. Ltd. | WPG China (SZ) Inc. | " | 395,180 | 3.85 | - | - | 293,720 | - |
| Yosun Hong Kong Corp. Ltd. | WPG China Inc. | " | 561,491 | 5.90 | - | - | 542,847 | - |
| Richpower Electronic Devices Co., Ltd. | WPG Electronics (HK) Limited | " | 336,269 | 2.88 | - | - | 287,525 | - |
| Peng Yu International Limited | WPI Interational Trading (Shanghai) Ltd. | " | 345,023 | 8.02 | - | - | 345,023 | - |
| WPG Holdings Limited | World Peace Industrial Co., Ltd. | " | 186,477 | 0.00 | - | - | - | - |
| World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | " | 257,626 | 0.00 | - | - | 257,626 | - |
| World Peace International Pte Ltd. | World Peace International (South Asia) Pte Ltd. | " | 117,074 | 0.00 | - | - | - | - |
| World Peace International (South Asia) Pte Ltd. | WPG China Inc. | " | 313,600 | 0.00 | - | - | - | - |
| World Peace International (South Asia) Pte Ltd. | WPG Americas Inc. | " | 317,340 | 0.00 | - | - | 307,150 | - |
| World Peace International (South Asia) Pte Ltd. | WPG South Asia Pte. Ltd. | " | 102,482 | 0.00 | - | - | 102,482 | - |
| WPI International (Hong Kong) Limited | Trigold (Hong Kong) Company Limited | " | 263,140 | 0.00 | - | - | 263,140 | - |
| WPG C&C Limited | WPI International (Hong Kong) Limited | " | 248,667 | 0.00 | - | - | 8,337 | - |
| AIO Components Company Limited | WPI International (Hong Kong) Limited | " | 138,518 | 0.00 | - | - | - | - |
| AECO Electronics Co., Ltd. | World Peace Industrial Co., Ltd. | " | 133,452 | 0.00 | - | - | 786 | - |
| AECO Electronic Co., Ltd. | WPI International (Hong Kong) Limited | " | 403,316 | 0.00 | - | - | - | - |
| AECO Electronic Co., Ltd. | Silicon Application Corp. | " | 313,509 | 0.00 | - | - | 313,509 | - |
| Silicon Application (BVI) Corp. | WPI International (Hong Kong) Limited | " | 124,484 | 0.00 | - | - | 124,484 | - |
| Silicon Application (BVI) Corp. | Silicon Application Corp. | " | 1,241,886 | 0.00 | - | - | - | - |
| Silicon Application Company Limited | WPG C&C Limited | " | 439,120 | 0.00 | - | - | 439,120 | - |
| Silicon Application Company Limited | Silicon Application Corp. | " | 711,555 | 0.00 | - | - | - | - |
| Silicon Application Company Limited | Yosun Hong Kong Corp. Ltd. | " | 629,079 | 0.00 | - | - | 629,079 | - |
| Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | " | 202,109 | 0.00 | - | - | - | - |

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2018 (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 | | |
| Apache Communication Inc. | Asian Information Technology Inc. | Same parent company | \$ 407,835 | 0.00 | \$ - | - | \$ 188,232 | - |
| WPG South Asia Pte. Ltd. | WPG Korea Co., Ltd. | " | 308,411 | 0.00 | - | - | 33,233 | - |
| WPG South Asia Pte. Ltd. | Yosun Singapore Pte Ltd. | " | 137,530 | 0.00 | - | - | 131,787 | - |
| Yosun Industrial Corp. | Trigold Holdings Limited | " | 150,377 | 0.00 | - | - | - | - |
| Yosun Hong Kong Corp. Ltd. | WPG Electronics (HK) Limited | " | 749,166 | 0.00 | - | - | 2 | - |
| Yosun Hong Kong Corp. Ltd. | Peng Yu International Limited | " | 418,862 | 0.00 | - | - | 109,915 | - |
| Yosun Shanghai Corp. Ltd. | WPG China (SZ) Inc. | " | 183,352 | 0.00 | - | - | - | - |
| Yosun Shanghai Corp. Ltd. | WPG China Inc. | " | 143,104 | 0.00 | - | - | - | - |
| Yosun South China Corp. Ltd. | WPG China (SZ) Inc. | " | 111,800 | 0.00 | - | - | - | - |
| Sertek Incorporated | Richpower Electronic Devices Co., Ltd | " | 309,596 | 0.00 | - | - | 936 | - |
| Sertek Limited | Yosun Hong Kong Corp. Ltd. | " | 431,666 | 0.00 | - | - | - | - |
| Richpower Electronic Devices Co., Limited | Silicon Application Corp. | " | 629,034 | 0.00 | - | - | - | - |
| Richpower Electronic Devices Pte Ltd. | Yosun Singapore Pte Ltd. | " | 215,663 | 0.00 | - | - | 658 | - |
| Genuine C&C Holding Inc. (Seychelles) | Peng Yu International Limited | " | 123,264 | 0.00 | - | - | - | - |

Note 1: Balance as at December 31, 2018 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 26, 2019.

WPG Holdings Limited and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2018

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 | \$ 385,396 | Note 11 | 0.07 |
| 0 | WPG Holdings Limited | Silicon Application Corp. | 1 | " | 113,762 | Note 11 | 0.02 |
| 0 | WPG Holdings Limited | Asian Information Technology Inc. | 1 | " | 101,084 | Note 11 | 0.02 |
| 0 | WPG Holdings Limited | Yosun Industrial Corp. | 1 | " | 117,712 | Note 11 | 0.02 |
| 1 | World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | 3 | " | 7,365,181 | Note 5 | 1.35 |
| 1 | World Peace Industrial Co., Ltd. | AECO Technology Co., Ltd. | 3 | " | 158,860 | Note 5 | 0.03 |
| 1 | World Peace Industrial Co., Ltd. | WPG Electronics (HK) Limited | 3 | " | 625,182 | Note 5 | 0.11 |
| 1 | World Peace Industrial Co., Ltd. | WPG China (SZ) Inc. | 3 | " | 878,006 | Note 5 | 0.16 |
| 1 | World Peace Industrial Co., Ltd. | WPG China Inc. | 3 | " | 206,433 | Note 5 | 0.04 |
| 1 | World Peace Industrial Co., Ltd. | WPG SCM Limited | 3 | " | 1,149,718 | Note 5 | 0.21 |
| 1 | World Peace Industrial Co., Ltd. | WPG Korea Co., Ltd. | 3 | " | 493,316 | Note 5 | 0.09 |
| 1 | World Peace Industrial Co., Ltd. | Genuine C&C Inc. | 3 | " | 132,508 | Note 5 | 0.02 |
| 2 | World Peace International (South Asia) Pte Ltd. | World Peace Industrial Co., Ltd. | 3 | " | 252,670 | Note 5 | 0.05 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG C&C (Malaysia) Sdn. Bhd | 3 | " | 163,081 | Note 5 | 0.03 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG C&C Computers And Peripheral (India) Private Limited | 3 | " | 1,346,249 | Note 5 | 0.25 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPI International (Hong Kong) Limited | 3 | " | 109,037 | Note 5 | 0.02 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG SCM Limited | 3 | " | 5,620,256 | Note 5 | 1.03 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG C&C (Thailand) Co., Ltd. | 3 | " | 127,537 | Note 5 | 0.02 |
| 3 | WPI International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | 3 | " | 6,945,713 | Note 5 | 1.27 |
| 3 | WPI International (Hong Kong) Limited | World Peace International (South Asia) Pte Ltd. | 3 | " | 2,627,389 | Note 5 | 0.48 |

| | | | | Transaction | | | |
|--------------------|--|---|--------------------------|------------------------|------------|--------------------|---|
| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | General ledger account | Amount | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 3 | WPI International (Hong Kong) Limited | WPG C&C Limited | 3 | Sales | \$ 799,351 | Note 5 | 0.15 |
| 3 | WPI International (Hong Kong) Limited | WPI International Trading (Shanghai) Ltd. | 3 | " | 121,164 | Note 5 | 0.02 |
| 3 | WPI International (Hong Kong) Limited | WPG Electronics (HK) Limited | 3 | " | 310,563 | Note 5 | 0.06 |
| 3 | WPI International (Hong Kong) Limited | WPG China (SZ) Inc. | 3 | " | 2,886,205 | Note 5 | 0.53 |
| 3 | WPI International (Hong Kong) Limited | WPG China Inc. | 3 | " | 877,379 | Note 5 | 0.16 |
| 3 | WPI International (Hong Kong) Limited | WPG SCM Limited | 3 | " | 1,012,034 | Note 5 | 0.19 |
| 3 | WPI International (Hong Kong) Limited | WPG Korea Co., Ltd. | 3 | " | 130,447 | Note 5 | 0.02 |
| 3 | WPI International (Hong Kong) Limited | Peng Yu International Limited | 3 | " | 512,743 | Note 5 | 0.09 |
| 4 | WPG C&C Limited | WPI International (Hong Kong) Limited | 3 | " | 2,414,251 | Note 5 | 0.44 |
| 4 | WPG C&C Limited | WPI International Trading (Shanghai) Ltd. | 3 | " | 264,153 | Note 5 | 0.05 |
| 4 | WPG C&C Limited | Peng Yu International Limited | 3 | " | 466,417 | Note 5 | 0.09 |
| 5 | Longview Technology Inc. | World Peace Industrial Co., Ltd. | 3 | " | 310,075 | Note 5 | 0.06 |
| 5 | Longview Technology Inc. | WPI International (Hong Kong) Limited | 3 | " | 734,714 | Note 5 | 0.13 |
| 5 | Longview Technology Inc. | WPG Electronics (HK) Limited | 3 | " | 110,160 | Note 5 | 0.02 |
| 6 | Long-Think International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | 3 | " | 505,312 | Note 5 | 0.09 |
| 6 | Long-Think International (Hong Kong) Limited | WPI International (Hong Kong) Limited | 3 | " | 632,570 | Note 5 | 0.12 |
| 6 | Long-Think International (Hong Kong) Limited | Longview Technology Inc. | 3 | " | 111,867 | Note 5 | 0.02 |
| 30 | AECO Electronics Co., Ltd. | World Peace Industrial Co., Ltd. | 3 | " | 111,125 | Note 5 | 0.02 |
| 7 | Silicon Application Corp. | Pernas Electronics Co., Ltd. | 3 | " | 2,018,826 | Notes 9 and 11 | 0.37 |
| 7 | Silicon Application Corp. | WPG Electronics (HK) Limited | 3 | " | 3,267,963 | Notes 9 and 12 | 0.60 |
| 7 | Silicon Application Corp. | WPG China (SZ) Inc. | 3 | " | 1,176,448 | Notes 9 and 12 | 0.22 |
| 7 | Silicon Application Corp. | WPG China Inc. | 3 | " | 217,267 | Notes 9 and12 | 0.04 |
| 7 | Silicon Application Corp. | WPG SCM Limited | 3 | " | 130,127 | Notes 9 and 11 | 0.02 |
| 8 | Pernas Electronics Co., Ltd. | Silicon Application Corp. | 3 | " | 510,993 | Notes 9 and 11 | 0.09 |
| 8 | Pernas Electronics Co., Ltd. | Everwiner Enterprise Co., Ltd. | 3 | " | 281,629 | Notes 9, 10 and 12 | 0.05 |
| 9 | Everwiner Enterprise Co., Ltd. | Silicon Application Corp. | 3 | " | 124,807 | Notes 9 and 11 | 0.02 |

| 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 | |
| 9 | Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | 3 | Sales | \$ 2,909,208 | Notes 9 and 12 | 0.53 |
| 7 | Asian Information Technology Inc. | World Peace International (South Asia) Pte Ltd. | 3 | " | 126,287 | Note 4 | 0.02 |
| 10 | Asian Information Technology Inc. | WPI International (Hong Kong) Limited | 3 | " | 186,831 | Note 4 | 0.03 |
| 10 | Asian Information Technology Inc. | Frontek Technology Corporation | 3 | " | 2,735,613 | Note 4 | 0.50 |
| 10 | Asian Information Technology Inc. | Apache Communication Inc. | 3 | " | 1,545,503 | Note 4 | 0.28 |
| 10 | Asian Information Technology Inc. | AIT Japan Inc. | 3 | " | 1,022,880 | Note 4 | 0.19 |
| 10 | Asian Information Technology Inc. | WPG Electronics (HK) Limited | 3 | " | 100,450 | Note 4 | 0.02 |
| 10 | Asian Information Technology Inc. | WPG China (SZ) Inc. | 3 | " | 178,365 | Note 4 | 0.03 |
| 11 | Henshen Electric Trading Co., Ltd. | Asian Information Technology Inc. | 3 | " | 287,033 | Note 4 | 0.05 |
| 11 | Henshen Electric Trading Co., Ltd. | Frontek Technology Corporation | 3 | " | 279,265 | Note 4 | 0.05 |
| 12 | Frontek Technology Corporation | Asian Information Technology Inc. | 3 | " | 1,847,872 | Note 4 | 0.34 |
| 12 | Frontek Technology Corporation | WPG Electronics (HK) Limited | 3 | " | 404,258 | Note 4 | 0.07 |
| 12 | Frontek Technology Corporation | WPG China Inc. | 3 | " | 130,628 | Note 4 | 0.02 |
| 13 | Apache Communication Inc. | Asian Information Technology Inc. | 3 | " | 295,096 | Note 4 | 0.05 |
| 14 | AIT Japan Inc. | Asian Information Technology Inc. | 3 | " | 498,906 | Note 4 | 0.09 |
| 15 | WPG Electronics (HK) Limited | World Peace Industrial Co., Ltd. | 3 | " | 185,940 | Note 11 | 0.03 |
| 15 | WPG Electronics (HK) Limited | WPI International (Hong Kong) Limited | 3 | " | 247,944 | Note 11 | 0.05 |
| 15 | WPG Electronics (HK) Limited | Silicon Application Corp. | 3 | " | 132,683 | Note 11 | 0.02 |
| 16 | WPG China Inc. | WPG China (SZ) Inc. | 3 | " | 507,895 | Notes 9 and 12 | 0.09 |
| 17 | WPG Americas Inc. | World Peace Industrial Co., Ltd. | 3 | " | 211,270 | Notes 9 and 11 | 0.04 |
| 18 | WPG South Asia Pte. Ltd. | World Peace International (South Asia) Pte Ltd. | 3 | " | 472,702 | Note 10 | 0.09 |
| 19 | Yosun Industrial Corp. | WPG China (SZ) Inc. | 3 | " | 735,594 | Note 8 | 0.13 |
| 19 | Yosun Industrial Corp. | WPG China Inc. | 3 | " | 493,860 | Note 8 | 0.09 |
| 19 | Yosun Industrial Corp. | Yosun Hong Kong Corp. Ltd. | 3 | " | 4,742,191 | Note 5 | 0.87 |
| 19 | Yosun Industrial Corp. | Richpower Electronic Devices Co., Ltd. | 3 | " | 270,375 | Note 5 | 0.05 |
| 19 | Yosun Industrial Corp. | Richpower Electornic Devices Co., Limited | 3 | " | 167,307 | Note 5 | 0.03 |

Table 8, Page 3

| | | | | Transaction | | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|---|--|--------------------------|------------------------|--------------|-------------------|---|
| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | General ledger account | Amount | Transaction terms | |
| 20 | Yosun Hong Kong Corp. Ltd. | WPG China (SZ) Inc. | 3 | Sales | \$ 1,170,080 | Note 8 | 0.21 |
| 20 | Yosun Hong Kong Corp. Ltd. | WPG China Inc. | 3 | " | 2,793,024 | Note 8 | 0.51 |
| 20 | Yosun Hong Kong Corp. Ltd. | Yosun Industrial Corp. | 3 | " | 663,462 | Note 5 | 0.12 |
| 20 | Yosun Hong Kong Corp. Ltd. | Richpower Electornic Devices Co., Limited | 3 | " | 934,742 | Note 5 | 0.17 |
| 21 | Yosun Singapore Pte Ltd. | WPG SCM Limited | 3 | " | 588,260 | Note 8 | 0.11 |
| 22 | Sertek Incorporated | Yosun Industrial Corp. | 3 | " | 522,834 | Note 5 | 0.10 |
| 22 | Sertek Incorporated | Yosun Hong Kong Corp. Ltd. | 3 | " | 687,578 | Note 5 | 0.13 |
| 23 | Richpower Electronic Devices Co., Ltd. | WPG Electronics (HK) Limited | 3 | " | 1,148,101 | Note 8 | 0.21 |
| 24 | Richpower Electornic Devices Co., Limited | Yosun Hong Kong Corp. Ltd. | 3 | " | 2,104,517 | Note 5 | 0.39 |
| 24 | Richpower Electornic Devices Co., Limited | Richpower Electronic Devices Co., Ltd. | 3 | " | 215,590 | Note 5 | 0.04 |
| 25 | Peng Yu (Shanghai) Digital Technology Co., Ltd. | WPI International Trading (Shanghai) Ltd. | 3 | " | 278,786 | Notes 9 and 14 | 0.04 |
| 25 | Peng Yu (Shanghai) Digital Technology Co., Ltd. | Peng Yu International Limited | 3 | " | 174,966 | Notes 9 and 12 | 0.03 |
| 26 | Peng Yu International Limited | WPI International Trading (Shanghai) Ltd. | 3 | " | 1,383,595 | Note 5 | 0.25 |
| 1 | World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | 3 | Accounts receivable | 525,451 | Note 5 | 0.27 |
| 1 | World Peace Industrial Co., Ltd. | WPG Electronics (HK) Limited | 3 | " | 213,864 | Note 5 | 0.11 |
| 1 | World Peace Industrial Co., Ltd. | WPG China (SZ) Inc. | 3 | " | 507,476 | Note 5 | 0.26 |
| 1 | World Peace Industrial Co., Ltd. | WPG SCM Limited | 3 | " | 189,309 | Note 5 | 0.10 |
| 1 | World Peace Industrial Co., Ltd. | WPG Korea Co., Ltd. | 3 | " | 210,488 | Note 5 | 0.11 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG C&C Computers And Peripheral (India) Private Limited | 3 | " | 150,373 | Note 5 | 0.08 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG SCM Limited | 3 | " | 1,103,970 | Note 5 | 0.56 |
| 3 | WPI International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | 3 | " | 271,719 | Note 5 | 0.14 |
| 3 | WPI International (Hong Kong) Limited | WPG Electronics (HK) Limited | 3 | " | 227,427 | Note 5 | 0.12 |
| 3 | WPI International (Hong Kong) Limited | WPG China (SZ) Inc. | 3 | " | 579,458 | Note 5 | 0.30 |
| 3 | WPI International (Hong Kong) Limited | WPG SCM Limited | 3 | " | 147,799 | Note 5 | 0.08 |
| 7 | Silicon Application Corp. | Pernas Electronics Co., Ltd. | 3 | " | 172,787 | Notes 9 and 11 | 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 | |
| 7 | Silicon Application Corp. | WPG Electronics (HK) Limited | 3 | Accounts receivable | \$ 1,026,923 | Notes 9 and 12 | 0.52 |
| 7 | Silicon Application Corp. | WPG China (SZ) Inc. | 3 | " | 218,421 | Notes 9 and 12 | 0.11 |
| 9 | Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | 3 | " | 1,016,809 | Notes 9 and 12 | 0.52 |
| 10 | Asian Information Technology Inc. | Frontek Technology Corporation | 3 | " | 182,265 | Note 4 | 0.09 |
| 10 | Asian Information Technology Inc. | AIT Japan Inc. | 3 | " | 121,614 | Note 4 | 0.06 |
| 12 | Frontek Technology Corporation | Asian Information Technology Inc. | 3 | " | 551,701 | Note 4 | 0.28 |
| 12 | Frontek Technology Corporation | WPG Electronics (HK) Limited | 3 | " | 137,038 | Note 4 | 0.07 |
| 19 | Yosun Industrial Corp. | WPG China (SZ) Inc. | 3 | " | 217,507 | Note 8 | 0.11 |
| 19 | Yosun Industrial Corp. | Yosun Hong Kong Corp. Ltd. | 3 | " | 217,232 | Note 5 | 0.11 |
| 20 | Yosun Hong Kong Corp. Ltd. | WPG China (SZ) Inc. | 3 | " | 395,180 | Note 8 | 0.20 |
| 20 | Yosun Hong Kong Corp. Ltd. | WPG China Inc. | 3 | " | 561,491 | Note 8 | 0.29 |
| 23 | Richpower Electronic Devices Co., Ltd. | WPG Electronics (HK) Limited | 3 | " | 336,269 | Note 8 | 0.17 |
| 26 | Peng Yu International Limited | WPI International Trading (Shanghai) Ltd. | 3 | " | 345,023 | Note 5 | 0.18 |
| 0 | WPG Holdings Limited | World Peace Industrial Co., Ltd. | 1 | Other receivables | 186,477 | Note 13 | 0.10 |
| 1 | World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | 3 | " | 257,626 | Note 17 | 0.13 |
| 27 | World Peace International Pte Ltd | World Peace International (South Asia) Pte Ltd. | 3 | " | 117,074 | Note 7 | 0.06 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG China Inc. | 3 | " | 313,600 | Note 7 | 0.16 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG Americas Inc. | 3 | " | 317,340 | Note 7 | 0.16 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG South Asia Pte. Ltd. | 3 | " | 102,482 | Note 6 | 0.05 |
| 3 | WPI International (Hong Kong) Limited | Trigold (Hong Kong) Company Limited | 3 | " | 263,140 | Note 15 | 0.13 |
| 4 | WPG C&C Limited | WPI International (Hong Kong) Limited | 3 | " | 248,667 | Note 7 | 0.13 |
| 37 | AIO Components Company Limited | WPI International (Hong Kong) Limited | 3 | " | 138,518 | Note 7 | 0.07 |
| 29 | AECO Electronics Co., Ltd. | World Peace Industrial Co., Ltd. | 3 | " | 133,452 | Note 7 | 0.07 |
| 30 | AECO Electronic Co., Ltd. | WPI International (Hong Kong) Limited | 3 | " | 403,316 | Note 7 | 0.21 |
| 30 | AECO Electronic Co., Ltd. | Silicon Application Corp. | 3 | " | 313,509 | Note 7 | 0.16 |

| 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 | |
| 31 | Silicon Application (BVI) Corp. | WPI International (Hong Kong) Limited | 3 | Other receivables | \$ 124,484 | Note 7 | 0.06 |
| 31 | Silicon Application (BVI) Corp. | Silicon Application Corp. | 3 | " | 1,241,886 | Note 7 | 0.63 |
| 32 | Silicon Application Company Limited | WPG C&C Limited | 3 | " | 439,120 | Note 7 | 0.22 |
| 32 | Silicon Application Company Limited | Silicon Application Corp. | 3 | " | 711,555 | Note 7 | 0.36 |
| 32 | Silicon Application Company Limited | Yosun Hong Kong Corp. Ltd. | 3 | " | 629,079 | Note 7 | 0.32 |
| 9 | Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | 3 | " | 202,109 | Note 7 | 0.10 |
| 13 | Apache Communication Inc. | Asian Information Technology Inc. | 3 | " | 407,835 | Note 7 | 0.21 |
| 18 | WPG South Asia Pte. Ltd. | WPG Korea Co., Ltd. | 3 | " | 308,411 | Note 7 | 0.16 |
| 18 | WPG South Asia Pte. Ltd. | Yosun Singapore Pte Ltd. | 3 | " | 137,530 | Note 7 | 0.07 |
| 19 | Yosun Industrial Corp. | Trigold Holdings Limited | 3 | " | 150,377 | Note 7 | 0.08 |
| 20 | Yosun Hong Kong Corp. Ltd. | WPG Electronics (HK) Limited | 3 | " | 749,166 | Note 7 | 0.38 |
| 20 | Yosun Hong Kong Corp. Ltd. | Peng Yu International Limited | 3 | " | 418,862 | Note 7 | 0.21 |
| 33 | Yosun Shanghai Corp. Ltd. | WPG China (SZ) Inc. | 3 | " | 183,352 | Note 7 | 0.09 |
| 33 | Yosun Shanghai Corp. Ltd. | WPG China Inc. | 3 | " | 143,104 | Note 7 | 0.07 |
| 34 | Yosun South China Corp. Ltd. | WPG China (SZ) Inc. | 3 | " | 111,800 | Note 7 | 0.06 |
| 22 | Sertek Incorporated | Richpower Electronic Devices Co., Ltd | 3 | " | 309,596 | Note 7 | 0.16 |
| 35 | Sertek Limited | Yosun Hong Kong Corp. Ltd. | 3 | " | 431,666 | Note 7 | 0.22 |
| 24 | Richpower Electornic Devices Co., Limited | Silicon Application Corp. | 3 | " | 629,034 | Note 7 | 0.32 |
| 36 | Richpower Electronic Devices Pte Ltd | Yosun Singapore Pte Ltd. | 3 | " | 215,663 | Note 7 | 0.11 |
| 37 | Genuine C&C Holding Inc. (Seychelles) | Peng Yu International Limited | 3 | " | 123,264 | Note 7 | 0.06 |

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: The amount receivable arose from filing of consolidated tax return.

Note 14: The collection period is 45 days from the end of the month of sales.

Note 15: The amount receivable arose from disposing subsidiaries to related parties.

WPG Holdings Limited and Subsidiaries

Information on investees

Year ended December 31, 2018

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

| | | | | Initial investment amount | | Shares held as at December 31, 2018 | | | | | |
|----------------------------------|---|------------------------|--|---------------------------------|---------------------------------|-------------------------------------|---------------|---------------|--|---|---------------|
| Investor | Investee | Location | Main business activities | Balance as at December 31, 2018 | Balance as at December 31, 2017 | Number of shares | Ownership (%) | Book value | Net profit (loss) of the investee for the year ended December 31, 2018 | Investment income (loss) recognized by the Company for the year ended December 31, 2018 | Footnote |
| WPG Holdings Limited | World Peace Industrial Co., Ltd. | Taiwan | Sales of electronic components | \$ 15,971,669 | \$ 15,971,669 | 1,160,000,000 | 100.00 | \$ 23,538,074 | \$ 3,507,432 | \$ 3,507,432 | Note 4 |
| WPG Holdings Limited | Asian Information Technology Inc. | Taiwan | Sales of electronic /electrical components | 4,063,464 | 4,063,464 | 380,000,000 | 100.00 | 5,388,595 | 1,004,782 | 1,004,782 | Note 4 |
| WPG Holdings Limited | Silicon Application Corp. | Taiwan | Sales of computer software, hardware and electronic components | 4,717,962 | 4,717,962 | 428,000,000 | 100.00 | 6,836,794 | 1,059,303 | 1,059,303 | Note 4 |
| WPG Holdings Limited | WPG Electronics Limited | Taiwan | Sales of electronic components | 14,735 | 14,735 | 3,920,000 | 100.00 | 47,871 | 4,302 | 4,302 | Note 4 |
| WPG Holdings Limited | WPG Korea Co., Ltd. | South Korea | Sales of electronic components | 169,071 | 169,071 | 1,087,794 | 100.00 | 497,850 | 59,768 | 59,768 | Note 4 |
| WPG Holdings Limited | WPG International (CI) Limited | Cayman Islands | Holding company | 3,783,583 | 3,783,583 | 124,442,727 | 100.00 | 4,503,636 | 284,431 | 284,431 | Note 4 |
| WPG Holdings Limited | Yosun Industrial Corp. | Taiwan | Sales of electronic /electrical components | 12,144,406 | 13,644,406 | 362,074,400 | 100.00 | 13,290,333 | 1,503,950 | 1,500,434 | Note 4 |
| WPG Holdings Limited | WPG Investment Co., Ltd. | Taiwan | Investment company | 502,997 | 502,997 | 50,000,000 | 100.00 | 427,098 | 7,021 | 7,021 | Note 4 |
| WPG Holdings Limited | Trigold Holdings Limited | Taiwan | Investment company | 707,968 | 707,968 | 48,139,319 | 60.50 | 705,606 | 92,550 | 59,328 | 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 | 3,614,811 | 251,911 | - | 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 | 16,666,606 | 1,866,345 | - | 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 | 611,031 | 104,736 | - | 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 | 168,871 | 87,161 | - | Notes 2 and 3 |

| | | | | Initial investment amount | | Shares held as at December 31, 2018 | | | | | |
|-----------------------------------|---|------------------------|--|---------------------------|-------------------|-------------------------------------|---------------|--------------|---|--|---------------|
| Investor | Investee | Location | Main business activities | Balance as at | Balance as at | Number of shares | Ownership (%) | Book value | Net profit (loss) of | Investment income | Footnote |
| | | | | December 31, 2018 | December 31, 2017 | | | | the investee for the year ended December 31, 2018 | (loss) recognized by the Company for the year ended December 31, 2018 (Note 1) | |
| 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 | \$ 1,657,669 | \$ 10,745 | \$ - | 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 | 452,742 | 64,489 | - | Notes 2 and 5 |
| Longview Technology Inc. | Long-Think International Co., Ltd. | Taiwan | Sales of electronic components | 37,302 | 37,302 | 4,000,000 | 100.00 | 47,663 | 2,397 | - | 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 | 789,044 | 15,500 | - | 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 | 3,201,845 | 56,097 | - | Notes 2 and 5 |
| Silicon Application Corp. | Win-Win Systems Ltd. | British Virgin Islands | Holding company | 24,015 | 24,015 | 765,000 | 100.00 | 25,759 | 491 | - | 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 | 113,518 | 2,638 | - | 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 | 1,479,445 | 548,406 | - | 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 | 887,387 | 231,982 | - | Notes 2 and 5 |
| Asian Information Technology Inc. | Frontek Technology Corporation | Taiwan | Wholesale of electronic components | 1,515,256 | 1,515,256 | 214,563,352 | 100.00 | 2,601,321 | 400,535 | - | Notes 2 and 5 |
| Asian Information Technology Inc. | Apache Communication Inc. | Taiwan | Wholesale of electronic components | 680,313 | 680,313 | 157,000,000 | 100.00 | 1,596,943 | 47,163 | - | 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 | 121,684 | 10,569 | - | Notes 2 and 5 |
| Asian Information Technology Inc. | Adivic Technology Co., Ltd. | Taiwan | Import and export business for electronic components | 206,200 | 206,200 | 11,760,000 | 49.00 | 35,213 (| 39,420) | - | 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 | 321,799 | 2,422 | - | Notes 2 and 5 |

| | | | | Initial investment amount | | Shares held as at December 31, 2018 | | | | | |
|--|---|------------------------|--|---------------------------|-------------------|-------------------------------------|---------------|------------|---|--|---------------------|
| Investor | Investee | Location | Main business activities | Balance as at | Balance as at | Number of shares | Ownership (%) | Book value | Net profit (loss) of the investee for the year ended December | Investment income (loss) recognized by the Company for the year ended December | Footnote |
| | | | | December 31, 2018 | December 31, 2017 | | | | 31, 2018 | 31, 2018 (Note 1) | |
| Frontek Technology Corporation | Frontek International Limited | British Virgin Islands | Investment company | \$ 101,862 | \$ 101,862 | 2,970,000 | 100.00 | \$ 124,071 | \$ 2,738 | \$ - | 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 | 5,199,493 | 236,234 | - | 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 | 1,737,298 | 166,714 | - | 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 |
| Yosun Industrial Corp. | Eesource Corp. | Taiwan | Sales of electronic /electrical components, office machinery and equipment | 11,520 | 11,520 | 1,080,000 | 20.00 | 35,250 | 33,379 | - | Notes 2 and 3 |
| Yosun Industrial Corp. | Yosun Japan Corp. | Japan | Sales of electronic /electrical components | - | 21,037 | - | 0.00 | - (| 8,089) | - | Notes 2 and 9 |
| 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 | 2,240,371 | 305,306 | - | Notes 2 and 5 |
| Sertek Incorporated | Sertek Limited | Hong Kong | Sales of electronic /electrical components | 83,494 | 83,494 | 19,500,000 | 100.00 | 444,738 | 6,411 | - | 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 | 2,194,138 | 227,707 | - | Notes 2 and 5 |
| Richpower Electronic Devices Co., Ltd. | Mec Technology Co., Ltd. | Taiwan | Sales of electronic components | - | 401,247 | - | 0.00 | - | 6,644 | - | Notes 2 and 6 |
| Richpower Electronic Devices Co., Ltd. | Mec Technology Co., Limited | Hong Kong | Sales of electronic components | - | 1,092 | - | 0.00 | - (| 1) | - | Notes 2, 5, 6 and 7 |
| Richpower Electronic Devices Co., Ltd. | Richpower Electronic Devices Pte., Ltd. | Singapore | Sales of electronic components | 1,988 | 1,988 | 10,000 | 100.00 | 222,394 | 5,739 | - | Notes 2, 5 and 6 |
| 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 | 35,406 | 33,379 | - | Notes 2 and 3 |

| | | | | Initial investment amount | | Shares held as at December 31, 2018 | | | | | | |
|--------------------------|--|----------------|--|---------------------------|-------------------|-------------------------------------|---------------|------------|---|--|-------------------|--|
| Investor | Investee | Location | Main business activities | Balance as at | Balance as at | Number of shares | Ownership (%) | Book value | Net profit (loss) of | Investment income | Footnote | |
| | | | | December 31, 2018 | December 31, 2017 | | | | the investee for the year ended December 31, 2018 | (loss) recognized by the Company for the year ended December 31, 2018 (Note 1) | | |
| 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 | \$ 48,751 | \$ 6,400 | \$ - | Notes 2 and 3 | |
| WPG Investment Co., Ltd. | Trigold Holdings Limited | Taiwan | Investment company | 230 | - | 10,000 | 0.01 | 231 | 92,550 | - | Note 8 | |
| WPG Investment Co., Ltd. | AutoSys Co., Ltd. | Cayman Islands | Holding company | 73,000 | - | 5,000,000 | 19.40 | 72,558 | (7,868) | - | 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 | - | 354,400 | 23.08 | 13,665 | (2,468) | - | Notes 2 and 3 | |
| Trigold Holdings Limited | Genuine C&C Inc. | Taiwan | Sales of computer, components and its peripheral equipment | 1,093,697 | 1,093,697 | 79,569,450 | 100.00 | 1,122,050 | 82,653 | - | Notes 2 and 5 | |
| Trigold Holdings Limited | Trigold (Hong Kong) Company Limited | Hong Kong | Holding company | 78,594 | 768 | 20,200,000 | 100.00 | 56,117 | 36,040 | - | Notes 2 and 5 | |
| Genuine C&C Inc. | Hoban Inc. | Taiwan | General investment and retail of groceries | 79,999 | 79,999 | 8,000,000 | 100.00 | 13,399 | (7,019) | - | 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 | 130,462 | 1,114 | - | Notes 2 and 5 | |
| Genuine C&C Inc. | Taibao Creation Co., Ltd. | Taiwan | Retail of groceries | - | 26,995 | 4,000,000 | 0.00 | - | 8 | - | Notes 2, 5 and 10 | |
| 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 | 11,303 | 6,400 | - | Notes 2 and 3 | |

Note 1: Investment income (loss) recognised by the company including realised (unrealised) gain or loss from upstream intercompany transactions and amortisation 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.

Note 6: Please refer to Note 20 of Note 4(3)B in the consolidated financial statements of the Company for details of simple merger of Richpower Electronic Devices Co., Ltd. and Mec Technology Co., Ltd..

Note 7: In June 2018, Mec Technology Co., Limited has remitted back the share capital and the liquidation has been completed in November 2018.

Note 8: In May 2018, WPG Investment Co., Ltd. acquired 0.01% equity shares of Trigold.

Note 9: In May 2018, Yosun Industrial Corp. disposed all its equity shares of Yosun Japan Corp.

Note 10: The liquidation of Taibaoo Creation Co., Ltd. has been completed in October 2018.

WPG Holdings Limited and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2018

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018 | Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2018 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018 | Net income of investee for the year ended December 31, 2018 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 7) | Book value of investments in Mainland China as of December 31, 2018 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018 | Footnote |
|---|---|--------------------|---------------------------------|--|---|-------------------------------|--|---|--|---|---|---|----------------------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| WPG China Inc. | Sales of electronic /electrical components | \$ 1,692,415 | 1 | \$ 1,791,850 | \$ - | \$ - | \$ 1,791,850 | \$ 155,627 | 100.00 | \$ 155,627 | \$ 2,339,247 | \$ - | |
| WPG China (SZ) Inc. | Sales of computer software and electronic components | 150,188 | 1 | 106,298 | - | - | 106,298 | 43,647 | 100.00 | 43,647 | 711,450 | - | Note 4 |
| Suzhou Xinning Bonded Warehouse Co., Ltd. | Warehousing services | 36,983 | 1 | 28,820 | - | - | 28,820 | 18,635 | 49.00 | 9,131 | 83,011 | - | |
| Gain Tune Logistics (Shanghai) Co., Ltd. | Sales of electronic components | 44,720 | 1 | 15,221 | - | - | 15,221 | 6,414 | 40.00 | 2,565 | 29,159 | - | |
| Suzhou Xinning Logistics Co., Ltd. | Warehousing services / extra work | 67,080 | 1 | 18,882 | - | - | 18,882 | 18,680 | 29.40 | 5,492 | 37,941 | - | |
| CECI Technology Co. Ltd. | Business e- commerce platform | 2,548,705 | 1 | - | - | - | - | 126,130 | 4.80 | 2,616 | - | - | Notes 8, 9 and 10 |
| WPI International Trading (Shanghai) Ltd. | Sales of electronic components | 236,506 | 1 | 19,965 | 267,221 | - | 287,186 | 53,370 | 100.00 | 42,045 | 155,908 | - | |
| AIO (Shanghai) Components Company Limited | Sales of electronic components | - | 1 | - | - | - | - (| 63) | - (| 63) | - | - | Notes 3 and 11 |
| Long-Think International (Shanghai) Limited | Sales of electronic components | 14,808 | 1 | 143,490 | - | - | 143,490 | 2,279 | 100.00 | 2,279 | 29,694 | - | Note 2 |

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018 | Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2018 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018 | Net income of investee for the year ended December 31, 2018 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 7) | Book value of investments in Mainland China as of December 31, 2018 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018 | Footnote |
|--|--|--------------------|---------------------------------|--|---|-------------------------------|--|---|--|---|---|---|----------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| | | | | | | | | | | | | | |
| Yosun Shanghai Corp. Ltd. | Sales of electronic components and warehousing services | \$ 280,913 | 1 | \$ 236,506 | \$ - | \$ - | \$ 236,506 | \$ 6,719 | 100.00 | 6,719 | \$ 238,032 | \$ - | |
| Yosun South China Corp. Ltd. | Sales of electronic /electrical components | 143,411 | 1 | - | - | - | - | 3,669 | 100.00 | 3,669 | 131,697 | - | |
| Qegoo Technology Co., Ltd. | Business e- commerce platform | 56,823 | 1 | 4,925 | - | - | 4,925 | - | 15.00 | - | - | - | |
| Peng Yu (Shanghai) Digital Technology Co., Ltd | Sales of electronic products | 100,620 | 1 | 58,182 | 129,157 | - | 187,339 | 49,052 | 100.00 | 22,086 | 111,150 | - | Note 12 |

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) Limitedas of August 31, 2012. The investment had been permitted by Investment Commission.

Note 3: WPI International (Hong Kong) Limited acquired AIO Components Company Limited as of July 1, 2010, and AIO (Shanghai) Company Limited became the Company's indirect subsidiary. The investment of USD 469 thousand in AIO (Shanghai) Company Limited had been permitted by Investment Commission.

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, 2018, accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018, book value of investments in Mainland China as of December 31, 2018, accumulated amount of investment income remitted back to Taiwan as of December 31, 2018, etc., the exchange rates used were USD 1: NTD 30.715, HKD 1: NTD 3.921 and RMB 1: NTD 4.472.

Note 6: The ending balance of investment was calculated based on combined ownership percentage held by the Company.

Note 7: The investment income/loss for the year ended December 31, 2018 that was recognised 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 8: In August 2016, WPG China Inc. gained 15% of shares in the investee with its own capital.

Note 9: In December 2017, WPG China Inc. waived its right to participate in the investee's capital increase in proportion to its ownership and thus the ownership declined to 6.49%.

Note 10: In May 2018, this company disposed of 1.69% equity share. After the disposal, its shareholding ratio decreased to 4.8% and lost significant influence in June 2018, therefore, the investment was reclassified as 'financial assets at fair value through profit or loss - non-current'.

Note 11: The liquidation of this company has been completed in October 2018.

Note 12: This company's remaining 45% equity was acquired in October 2018 and became wholly owned by Trigold (Hong Kong) Company Limited.

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018 | 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 | \$ 2,034,410 | \$ 2,138,984 | \$ 32,894,397 |
| World Peace Industrial Co., Ltd. and its subsidiaries | 382,145 | 723,581 | 14,153,396 |
| Silicon Application Corp. and its subsidiaries | 13,193 | 19,153 | 4,102,076 |
| Yosun Industrial Corp. and its subsidiaries | 257,545 | 545,621 | 5,717,440 |
| WPG Investment Co., Ltd. | 4,925 | 15,001 | 256,259 |
| Trigold Holdings Limited and its subsidiaries | 550,034 | 550,034 | 659,783 |

(1) Exchange rates as of December 31, 2018 were USD 1: NTD 30.715, HKD 1 : NTD 3.921 and RMB 1 : NTD 4.472.

(2) The ceiling of investment amount of the company is calculated based on the investor's net assets.

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND
AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2018 AND 2017

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

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of WPG Holdings Limited

Opinion

We have audited the accompanying parent company only balance sheets of WPG Holdings Limited (the “Company”) as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

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

Key audit matters

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

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2018 are outlined as follows:

Impairment assessment of investments accounted for under equity method

Description

Refer to Note 4(10) for accounting policy on investments accounted for under equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for under equity method, and Note 6(3) for details of investments accounted for under equity method.

In 2010, the Company acquired 100% shareholding of Yosun Industrial Corp. (referred herein as “Yosun Industrial”) amounting to \$12,939,060 thousand, and was recognised as investments accounted for under equity method. The Company uses the estimated future cash flows of each cash-generating unit and proper discount rate to assess whether the investment may be impaired. Given that the assumptions used in the calculation of recoverable amount requires significant management judgement with respect to the discount rate and the underlying cash flows, we consider impairment assessment of the investment a key audit matter.

How our audit addressed the matter

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

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

Impairment assessment of investments accounted for under equity method

Description

Refer to Note 4(10) for accounting policy on investments accounted for under equity method, and Note 6(3) for details of investments accounted for under equity method.

As at December 31, 2018, the balance of the Company's investments in its subsidiaries, World Peace Industrial Co., Ltd. (referred herein as "World Peace Industrial"), Yosun Industrial, Silicon Application Corp. (referred herein as "Silicon Application") and Asian Information Technology Inc. (referred herein as "Asian Information Technology") amounted to \$23,538,074 thousand, \$13,290,333 thousand, \$6,836,794 thousand and \$5,388,595 thousand, respectively, and the investment income amounted to \$3,507,432 thousand, \$1,500,434 thousand, \$1,059,303 thousand and \$1,004,782 thousand, respectively for the year then ended. As the balance of investments accounted for under equity method constituted 84% of the Company's total assets, and investment income constituted 94% of the Company's profit before tax, we consider the assessment of investments accounted under using equity method, valuation of allowance for uncollectible accounts receivable, and recognition of purchase discounts and allowances of these subsidiaries as key audit matters as summarised below:

Valuation of allowance for uncollectible accounts receivable - World Peace Industrial, Yosun Industrial, Silicon Application and Asian Information Technology (collectively referred herein as the "Subsidiaries")

Description

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

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

How our audit addressed the matter

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

1. Obtaining an understanding of, and evaluating the formal approval process for the customer's

credit limit application.

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

Recognition of purchase discounts and allowances - subsidiaries

Description

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

The Subsidiaries are engaged in operating sales channel for various electronic components. In line with industry practice, the Subsidiaries have entered into purchase discounts and allowances agreements with suppliers for various kinds and quantities of inventories. The Subsidiaries calculate and recognise the amount of purchase discounts and allowances in accordance with the agreement. The Subsidiaries negotiate the amount with the supplier, and after receiving credit note from supplier, the Subsidiaries pay the net amount.

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

How our audit addressed the matter

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

1. Understanding the process in recognising 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 recognised were reviewed by an authorised supervisor.

2. Selecting samples of purchase discounts and allowances, obtaining confirmed documents and approved credit note from supplier for selected commodity's part number, and checking whether the part number and discount and allowance amount in obtained vouchers were consistent with the amounts recognised.
3. Performing confirmation of selected material accounts payable, checking whether there is a difference between the amount of purchase discounts and allowances recognised based on credit note from supplier with the amount confirmed by the supplier, and investigating differences, if any. Selecting samples of outstanding accounts payable and checking whether subsequent payments were made after the balance sheet date.

Responsibilities of management and those charged with governance for financial statements

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

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

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the financial statements to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 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 26, 2019

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

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

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Assets | | | December 31, 2018 | | December 31, 2017 | |
|--------------------|---|------------|-------------------|-----|-------------------|-----|
| | | | Amount | % | Amount | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 52,637 | - | \$ 30,225 | - |
| 1180 | Accounts receivable - related parties, net | 7(3) | 81,425 | - | 32,958 | - |
| 1200 | Other receivables | | 56 | - | 55 | - |
| 1210 | Other receivables - related parties | 7(3) | 350,349 | 1 | 186,066 | - |
| 1410 | Prepayments | | 17,416 | - | 13,528 | - |
| 1470 | Other current assets | | 296 | - | 489 | - |
| 11XX | Total current assets | | 502,179 | 1 | 263,321 | - |
| Non-current assets | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2) | 547,357 | 1 | - | - |
| 1523 | Available-for-sale financial assets - non-current | 12(4) | - | - | 108,710 | - |
| 1543 | Financial assets carried at cost - non-current | 12(4) | - | 1 | 380,458 | 1 |
| 1550 | Investments accounted for under equity method | 6(3) and 8 | 55,235,857 | 95 | 52,715,433 | 96 |
| 1600 | Property, plant and equipment | 6(4) | 1,181,993 | 2 | 938,726 | 2 |
| 1760 | Investment property, net | 6(5) and 8 | 715,151 | 1 | 720,620 | 1 |
| 1780 | Intangible assets | 6(6) | 7,691 | - | 16,273 | - |
| 1840 | Deferred income tax assets | 6(22) | 12,134 | - | 10,133 | - |
| 1900 | Other non-current assets | | 5,245 | - | 10 | - |
| 15XX | Total non-current assets | | 57,705,428 | 99 | 54,890,363 | 100 |
| 1XXX | Total assets | | \$ 58,207,607 | 100 | \$ 55,153,684 | 100 |

(Continued)

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Liabilities and Equity | | | December 31, 2018 | | December 31, 2017 | |
|--|------------------------------------|-------------|-------------------|-------|-------------------|-------|
| | | | Amount | % | Amount | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(8) | \$ 1,995,000 | 3 | \$ 1,745,000 | 3 |
| 2110 | Short-term notes and bills payable | 6(9) | 619,593 | 1 | 729,604 | 1 |
| 2150 | Notes payable | | 1,018 | - | 1,018 | - |
| 2200 | Other payables | | 281,344 | 1 | 250,985 | 1 |
| 2220 | Other payables - related parties | 7(3) | 14,685 | - | 124,205 | - |
| 2230 | Current income tax liabilities | | 413,503 | 1 | 240,695 | 1 |
| 2300 | Other current liabilities | 6(10) | 55,145 | - | 55,395 | - |
| 21XX | Total current liabilities | | 3,380,288 | 6 | 3,146,902 | 6 |
| Non-current liabilities | | | | | | |
| 2540 | Long-term borrowings | 6(10) and 8 | 358,577 | 1 | 404,903 | 1 |
| 2570 | Deferred income tax liabilities | 6(22) | 73,873 | - | 52,132 | - |
| 2600 | Other non-current liabilities | 6(11) | 36,100 | - | 30,774 | - |
| 25XX | Total non-current liabilities | | 468,550 | 1 | 487,809 | 1 |
| 2XXX | Total liabilities | | 3,848,838 | 7 | 3,634,711 | 7 |
| Equity | | | | | | |
| Capital | | | | | | |
| 3110 | Common stock | 6(12) | 16,790,568 | 29 | 18,250,618 | 33 |
| Capital reserve | | 6(13) | | | | |
| 3200 | Capital reserve | | 19,454,882 | 33 | 19,569,525 | 35 |
| Retained earnings | | 6(14) | | | | |
| 3310 | Legal reserve | | 5,274,872 | 9 | 4,544,073 | 8 |
| 3320 | Special reserve | | 4,124,936 | 7 | - | - |
| 3350 | Unappropriated earnings | | 11,316,193 | 19 | 13,279,694 | 24 |
| Other equity interest | | 6(15) | | | | |
| 3400 | Other equity interest | | (2,602,682) | (4) | (4,124,937) | (7) |
| 3XXX | Total equity | | 54,358,769 | 93 | 51,518,973 | 93 |
| Significant contingent liabilities and unrecognized contract commitments | | 9 | | | | |
| 3X2X | Total liabilities and equity | | \$ 58,207,607 | 100 | \$ 55,153,684 | 100 |

The accompanying notes are an integral part of these parent company only financial statements.

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

| | Items | Notes | 2018 | | 2017 | |
|------|---|----------------------|---------------------|-------------|------------------------|--------------|
| | | | Amount | % | Amount | % |
| 4000 | Operating revenues | 6(16) and 7(3) | \$ 8,212,827 | 100 | \$ 7,983,324 | 100 |
| 5000 | Operating costs | 6(20)(21)and 7(3) | (697,955) | (8) | (584,625) | (7) |
| 5900 | Gross profit | | <u>7,514,872</u> | <u>92</u> | <u>7,398,699</u> | <u>93</u> |
| | Non-operating income and expenses | | | | | |
| 7010 | Other income | 6(17) | 27,248 | - | 22,693 | - |
| 7020 | Other gains or losses | 6(18) | (7,282) | - | (18,075) | - |
| 7050 | Financial costs | 6(19) | (23,702) | - | (47,908) | (1) |
| 7000 | Total non-operating income and expenses | | <u>(3,736)</u> | <u>-</u> | <u>(43,290)</u> | <u>(1)</u> |
| 7900 | Income before income tax | | 7,511,136 | 92 | 7,355,409 | 92 |
| 7950 | Income tax expense | 6(22) | (49,126) | (1) | (47,422) | - |
| 8200 | Profit for the year | | <u>\$ 7,462,010</u> | <u>91</u> | <u>\$ 7,307,987</u> | <u>92</u> |
| | Other comprehensive income / (loss), net | | | | | |
| | Components of other comprehensive income | | | | | |
| | (loss) that will not be reclassified to profit or loss | | | | | |
| 8311 | Loss on remeasurement of defined benefit plan | 6(11) | (\$ 5,479) | - | (\$ 3,225) | - |
| 8330 | Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method | | (107,723) | (1) | (49,889) | (1) |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(22) | <u>1,841</u> | <u>-</u> | <u>548</u> | <u>-</u> |
| 8310 | Other comprehensive loss that will not be reclassified to profit or loss | | <u>(111,361)</u> | <u>(1)</u> | <u>(52,566)</u> | <u>(1)</u> |
| | Components of other comprehensive income | | | | | |
| | (loss) that will be reclassified to profit or loss | | | | | |
| 8361 | Financial statements translation differences of foreign operations | | (26,739) | - | (107,910) | (1) |
| 8362 | Unrealized gain (loss) on available-for-sale financial assets | 12(4) | - | - | 23,363 | - |
| 8380 | Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method | | 1,683,772 | 20 | (4,944,508) | (62) |
| 8399 | Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss | 6(22) | <u>564</u> | <u>-</u> | <u>(3,945)</u> | <u>-</u> |
| 8360 | Other comprehensive income (loss) that will be reclassified to profit or loss | | <u>1,657,597</u> | <u>20</u> | <u>(5,033,000)</u> | <u>(63)</u> |
| 8300 | Other comprehensive income (loss), net | | <u>\$ 1,546,236</u> | <u>19</u> | <u>(\$ 5,085,566)</u> | <u>(64)</u> |
| 8500 | Total comprehensive income | | <u>\$ 9,008,246</u> | <u>110</u> | <u>\$ 2,222,421</u> | <u>28</u> |
| | Earnings per share (in dollars) | | | | | |
| 9750 | Basic earnings per share | 6(23) | <u>\$ 4.22</u> | | <u>\$ 4.10</u> | |
| 9850 | Diluted earnings per share | 6(23) | <u>\$ 4.22</u> | | <u>\$ 4.01</u> | |

The accompanying notes are an integral part of these parent company only financial statements.

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | Share capital | | | Retained earnings | | | Other equity interest | | | Total equity |
|---|-----------|----------------------|---------------------------------|----------------------|---------------------|---------------------|-------------------------|--|---|--|----------------------|
| | | Common stock | Certificates of bond conversion | Capital reserve | Legal reserve | Special reserve | Unappropriated earnings | Exchange differences of foreign financial statements | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Unrealized gain or loss or available-for-sale financial assets | |
| 2017 | | | | | | | | | | | |
| Balance at January 1, 2017 | | \$ 17,238,954 | \$ 2,938 | \$ 16,901,053 | \$ 4,012,785 | \$ - | \$ 10,734,088 | \$ 918,151 | \$ - | (\$ 10,088) | \$ 49,797,881 |
| Net income | | - | - | - | - | - | 7,307,987 | - | - | - | 7,307,987 |
| Other comprehensive income (loss) | | - | - | - | - | - | (52,566) | (5,172,430) | - | 139,430 | (5,085,566) |
| Total comprehensive income (loss) | | - | - | - | - | - | 7,255,421 | (5,172,430) | - | 139,430 | 2,222,421 |
| Appropriation and distribution of 2016 retained earnings (Note 1) | 6(14) | | | | | | | | | | |
| Legal reserve | | - | - | - | 531,288 | - | (531,288) | - | - | - | - |
| Cash dividends | | - | - | - | - | - | (4,178,311) | - | - | - | (4,178,311) |
| Change in capital reserve | 6(13) | - | - | 112,053 | - | - | - | - | - | - | 112,053 |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | | - | - | - | - | - | (216) | - | - | - | (216) |
| Exercise of convertible bonds | 6(12)(25) | 1,011,664 | (2,938) | 2,556,419 | - | - | - | - | - | - | 3,565,145 |
| Balance at December 31, 2017 | | <u>\$ 18,250,618</u> | <u>\$ -</u> | <u>\$ 19,569,525</u> | <u>\$ 4,544,073</u> | <u>\$ -</u> | <u>\$ 13,279,694</u> | <u>(\$ 4,254,279)</u> | <u>\$ -</u> | <u>\$ 129,342</u> | <u>\$ 51,518,973</u> |
| 2018 | | | | | | | | | | | |
| Balance at January 1, 2018 | | \$ 18,250,618 | \$ - | \$ 19,569,525 | \$ 4,544,073 | \$ - | \$ 13,279,694 | (\$ 4,254,279) | \$ - | \$ 129,342 | \$ 51,518,973 |
| Effect of retrospective application of new standards | 12(4) | - | - | - | - | - | (49,737) | - | (6,000) | (129,342) | (185,079) |
| Balance after restatement on January 1, 2018 | | <u>18,250,618</u> | <u>-</u> | <u>19,569,525</u> | <u>4,544,073</u> | <u>-</u> | <u>13,229,957</u> | <u>(4,254,279)</u> | <u>(6,000)</u> | <u>-</u> | <u>51,333,894</u> |
| Net income | | - | - | - | - | - | 7,462,010 | - | - | - | 7,462,010 |
| Other comprehensive income (loss) | | - | - | - | - | - | (111,361) | 1,657,597 | - | - | 1,546,236 |
| Total comprehensive income | | - | - | - | - | - | 7,350,649 | 1,657,597 | - | - | 9,008,246 |
| Appropriation and distribution of 2017 retained earnings (Note 2) | 6(14) | | | | | | | | | | |
| Legal reserve | | - | - | - | 730,799 | - | (730,799) | - | - | - | - |
| Special reserve | | - | - | - | - | 4,124,936 | (4,124,936) | - | - | - | - |
| Cash dividends | | - | - | - | - | - | (4,380,148) | - | - | - | (4,380,148) |
| Capital reduction payments to shareholders | 6(12) | (1,460,050) | - | - | - | - | - | - | - | - | (1,460,050) |
| Disposal of investments accounted for using equity method | 6(13) | - | - | (112,053) | - | - | - | - | - | - | (112,053) |
| Reorganisation | 6(13) | - | - | (2,590) | - | - | - | - | - | - | (2,590) |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 6(24) | - | - | - | - | - | (28,530) | - | - | - | (28,530) |
| Balance at December 31, 2018 | | <u>\$ 16,790,568</u> | <u>\$ -</u> | <u>\$ 19,454,882</u> | <u>\$ 5,274,872</u> | <u>\$ 4,124,936</u> | <u>\$ 11,316,193</u> | <u>(\$ 2,596,682)</u> | <u>(\$ 6,000)</u> | <u>\$ -</u> | <u>\$ 54,358,769</u> |

Note 1: The directors' and supervisors' remuneration in the amount of \$30,000 and employees' compensation in the amount of \$11,080 have been deducted in the income statement for 2016 and the difference in employees' compensation by \$9,812 was adjusted in the income statement for the year ended December 31, 2017.

Note 2: The directors' and supervisors' remuneration in the amount of \$42,000 and employees' compensation in the amount of \$23,334 have been deducted in the income statement for 2017 and the difference in employees' compensation by \$1,058 was adjusted in the income statement for the year ended December 31, 2018.

The accompanying notes are an integral part of these parent company only financial statements.

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | 2018 | 2017 |
|--|----------|---------------|---------------|
| <u>Cash flows from operating activities</u> | | | |
| Income before income tax | | \$ 7,511,136 | \$ 7,355,409 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Income and expenses | | | |
| Depreciation | 6(20) | 18,611 | 21,091 |
| Amortization | 6(20) | 8,827 | 9,892 |
| Impairment loss | 6(7)(18) | - | 8,600 |
| Interest expense | 6(19) | 30,650 | 29,576 |
| Interest income | 6(17) | (127) | (86) |
| Dividend income | 6(17) | (3,900) | (1,291) |
| Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method | | (7,486,801) | (7,377,808) |
| Loss on disposal of property, plant and equipment | 6(18) | - | 91 |
| Gains on financial assets at fair value through profit or loss | 6(18) | (2,935) | - |
| Amortization of bond discount | 6(19) | - | 20,723 |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Accounts receivable - related parties, net | | (48,467) | (23,793) |
| Other receivables | | (8) | 78 |
| Other receivables - related parties | | 451,045 | 571,582 |
| Prepayments | | (3,888) | (743) |
| Other current assets | | 193 | 10 |
| Changes in operating liabilities | | | |
| Notes payable | | - | (529) |
| Other payables | | 20,947 | 49,386 |
| Other payables - related parties | | 480 | (1,606) |
| Other current liabilities | | 666 | (194) |
| Other non-current liabilities | | (152) | (8,874) |
| Cash inflow generated from operations | | 496,277 | 651,514 |
| Interest paid | | (20,123) | (52,061) |
| Income tax paid | | (469,496) | (708,876) |
| Interest received | | 127 | 86 |
| Dividends received | | 4,691,336 | 4,715,063 |
| Net cash provided by operating activities | | 4,698,121 | 4,605,726 |

(Continued)

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | 2018 | 2017 |
|--|-------|----------------------|----------------------|
| Cash flows from investing activities | | | |
| Acquisition of financial assets carried at cost | | \$ - | (\$ 79,026) |
| Acquisition of investments accounted for under the equity method | 7(3) | - | (197,702) |
| Acquisition of property, plant and equipment | 6(25) | (257,524) | (927,855) |
| Acquisition of intangible assets | 6(25) | (245) | (6,017) |
| Increase in refundable deposits | | (5,235) | - |
| Acquisition of available-for-sale financial assets - non-current | | - | (85,347) |
| Acquisition of financial assets at fair value through profit or loss | | (55,254) | - |
| Proceeds from capital reduction of investments accounted for using equity method | | 1,500,000 | - |
| Proceeds from liquidation of investments accounted for using equity method | | - | 1,271 |
| Net cash provided by (used in) investing activities | | <u>1,181,742</u> | <u>(1,294,676)</u> |
| Cash flows from financing activities | | | |
| Increase in short-term borrowings | | 16,165,000 | 17,460,000 |
| Decrease in short-term borrowings | | (15,915,000) | (16,375,000) |
| Increase in commercial papers payable | | 4,457,772 | 3,914,840 |
| Decrease in commercial papers payable | | (4,567,783) | (4,084,569) |
| Increase in other payables - related parties | | - | 110,000 |
| Decrease in other payables - related parties | | (110,000) | (110,000) |
| Decrease in long-term borrowings (including current portion of long-term borrowings) | | (47,242) | (46,561) |
| Distribution of cash dividends | 6(14) | (4,380,148) | (4,178,311) |
| Repayment of convertible bonds | | - | (4,900) |
| Capital reduction payments to shareholders | | (1,460,050) | - |
| Net cash used in financing activities | | <u>(5,857,451)</u> | <u>(3,314,501)</u> |
| Net increase (decrease) in cash and cash equivalents | | 22,412 | (3,451) |
| Cash and cash equivalents at beginning of year | | <u>30,225</u> | <u>33,676</u> |
| Cash and cash equivalents at end of year | | <u>\$ 52,637</u> | <u>\$ 30,225</u> |

The accompanying notes are an integral part of these parent company only financial statements.

WPG HOLDINGS LIMITED
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN
DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

- (1) WPG Holdings Limited (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China, and as a holding company of World Peace Industrial Co., Ltd. and Silicon Application Corporation by exchanging shares of common stock on November 9, 2005. The Company's shares were listed on the Taiwan Stock Exchange (TSE) and approved by the Financial Supervisory Commission, Executive Yuan, Securities and Futures Bureau on the same date. After restructuring, Richpower Electronic Devices Co., Ltd. became the Company on January 1, 2008. The Company acquired Pernas Electronics Co., Ltd., Asian Information Technology Inc., Yosun Industrial Corp. and AECO Technology Inc. by exchanging shares of common stock on July 16, 2008, February 6, 2009, November 15, 2010 and March 1, 2012, respectively. After the Company's organisation restructuring on January 1, 2014, World Peace Industrial Co., Ltd., Silicon Application Corp. and Yosun Industrial Corp. acquired 100% shares in AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. through share exchange, and consequently, AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. became indirectly owned subsidiaries. The Company originally evaluated Genuine C&C, Inc. using equity method through its subsidiary, World Peace Industrial Co., Ltd. The Company acquired partial stocks of Genuine C&C, Inc. on April 8, 2015 and completed the purchase on April 15, 2015. After the purchase, the Company and World Peace Industrial Co., Ltd. collectively held 60.5% shares of Genuine C&C, Inc. which became the Company's directly owned subsidiary. On September 1, 2017, the stock swap between Trigold Holdings Limited (Trigold) and the shareholders who previously owned Genuine C&C, Inc. was conducted at a stock swap ratio of 1:1. On the same day, Trigold was established and began OTC trading whereas Genuine C&C, Inc. was unlisted at OTC. The Company owned 60.5% equity of Trigold after the stock swap.
- (2) The Company's main business is to establish the Company's management mechanism and supervise subsidiaries' operations, and enhance the Company's overall effectiveness through integration and sharing of the resource platform. In accordance with the Company's Articles of Incorporation, the total shares of authorized common stock is 2 billion shares (including 50 million shares of warrant, warrant preferred stock and warrant bond conversion). As of December 31, 2018, the Company had issued capital of \$16,790,568 with a par value of \$10 (in dollars) per share.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 26, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|---|---|
| Amendments to IFRS 2, ‘Classification and measurement of share-based payment transactions’ | January 1, 2018 |
| Amendments to IFRS 4, ‘Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts’ | January 1, 2018 |
| IFRS 9, ‘Financial instruments’ | January 1, 2018 |
| IFRS 15, ‘Revenue from contracts with customers’ | January 1, 2018 |
| Amendments to IFRS 15, ‘Clarifications to IFRS 15 Revenue from contracts with customers’ | January 1, 2018 |
| Amendments to IAS 7, ‘Disclosure initiative’ | January 1, 2017 |
| Amendments to IAS 12, ‘Recognition of deferred tax assets for unrealized losses’ | January 1, 2017 |
| Amendments to IAS 40, ‘Transfers of investment property’ | January 1, 2018 |
| IFRIC 22, ‘Foreign currency transactions and advance consideration’ | January 1, 2018 |
| Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, ‘First-time adoption of International Financial Reporting Standards’ | January 1, 2018 |
| Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, ‘Disclosure of interests in other entities’ | January 1, 2017 |
| Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, ‘Investments in associates and joint ventures’ | January 1, 2018 |

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

A. IFRS 9, ‘Financial instruments’

- (a) Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortized

cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

- (b) The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.
- (c) The Company has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4)B.

B. Amendments to IAS 7, ‘Disclosure initiative’

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Company expects to provide additional disclosure to explain the changes in liabilities arising from financing activities.

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

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

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

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

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise 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.

The Company expects to recognise the lease contract of lessees in line with IFRS 16. However, the Company adopts "modified retrospective approach". On January 1, 2019, it is expected that 'right-of-use asset' and lease liability will both be increased by \$21,955.

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

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

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|---|---|
| Amendments to 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 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 |

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These parent company only financial statements are prepared by the Company in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

(2) Basis of preparation

- A. Except for the following item, these parent company only financial statements have been prepared under the historical cost convention:
 - (a) Financial assets at fair value through profit or loss.
 - (b) Defined benefit liabilities is recognised based on the net amount of pension fund assets, less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.
- C. In adopting IFRS 9 effective January 1, 2018, the Company has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 (‘IAS 39’) and related financial reporting interpretations. Please refer to Note 12(4) for details of significant accounting policies and details of significant accounts.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

- A. Foreign currency transactions and balances
 - (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised 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 recognised 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 recognised 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 recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains or losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the Company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When a foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A.** Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, 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 realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.
- (5) Cash and cash equivalents
- Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.
- (6) Financial assets at fair value through profit or loss
- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
 - B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
 - C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
 - D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
- (7) Accounts and notes receivable
- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
 - B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- (8) Impairment of financial assets
- For financial assets at amortised cost including accounts and notes receivable that have a

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

(9) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

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

(10) Investments accounted for under the equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized profit (loss) arising from the transactions between the Company and subsidiaries have been offset.
- C. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(11) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Property, plant and equipment are initially recorded at cost.

- C. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- D. 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.
- E. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

| | |
|------------------------|-------------|
| Office equipment | 3 ~ 6 years |
| Leasehold improvements | 2 ~ 5 years |

(12) Operating leases

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(13) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 37~40 years.

(14) Intangible assets

Intangible assets are software which are amortised on a straight-line basis over the estimated useful life of 3 years.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised 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 recognising 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 amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised 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 recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(17) Notes and accounts payable

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

(18) Derecognition of financial liabilities

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

(19) 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 recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(20) 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 recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for

if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) 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.

(23) Revenue recognition

- A. The Company's main business is to manage investees. When services rendered can be reasonably estimated, revenue is recognised by reference to the stage of completion at the balance sheet date.
- B. When services rendered cannot be reasonably estimated, possibility of cost recovery is considered when recognising revenue. If it is possible to recover the cost incurred, the Company shall recognise revenue to the extent of the estimated recoverable cost that has been incurred; if it is not possible to recover the cost incurred, the Company shall not recognise revenue and shall recognise costs incurred as expense during the period.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for under the equity method

The Company assesses the impairment of an investment accounted for under the equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of expected cash dividends receivable from the investee and expected future cash flows from the disposal of the investee, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---------------------------|--------------------------|--------------------------|
| Checking accounts | \$ 43 | \$ 43 |
| Demand deposits | 46,623 | 29,753 |
| Foreign currency deposits | 5,971 | 429 |
| | <u>\$ 52,637</u> | <u>\$ 30,225</u> |

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

B. No cash and cash equivalents were pledged to others.

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

| <u>Items</u> | <u>December 31, 2018</u> |
|--|--------------------------|
| Non-current items: | |
| Financial assets mandatorily measured at fair value through profit or loss | |
| Listed stocks | \$ 85,347 |
| Unlisted stocks | 457,497 |
| | 542,844 |
| Valuation adjustment | 4,513 |
| | <u>\$ 547,357</u> |

- A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss for the year ended December 31, 2018 was \$2,935.
- B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.
- C. Information relating to financial assets at fair value through profit or loss is provided in Note 12(3).
- D. Information on available-for-sale financial assets and financial assets at cost as of December 31, 2017 is provided in Note 12(4).

(3) Investments accounted for under the equity method

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|-----------------------------------|--------------------------|--------------------------|
| World Peace Industrial Co., Ltd. | \$ 23,538,074 | \$ 21,640,217 |
| Yosun Industrial Corp. | 13,290,333 | 14,017,253 |
| Silicon Application Corp. | 6,836,794 | 6,127,250 |
| Asian Information Technology Inc. | 5,388,595 | 4,908,510 |
| WPG International (CI) Limited | 4,503,636 | 4,393,820 |
| WPG Investment Co., Ltd. | 427,098 | 422,007 |
| Trigold Holdings Ltd. | 705,606 | 722,912 |
| WPG Korea Co., Ltd. | 497,850 | 434,753 |
| WPG Electronics Ltd. | 47,871 | 48,711 |
| | <u>\$ 55,235,857</u> | <u>\$ 52,715,433</u> |

Details of the Company's subsidiaries are provided in Note 4(3) in the Company's 2018 consolidated financial statements.

(4) Property, plant and equipment

| | <u>Office equipment</u> | <u>Leasehold improvements</u> | <u>Unfinished construction and under acceptance</u> | <u>Total</u> |
|-----------------------------|-----------------------------|-----------------------------------|---|---------------------|
| <u>At January 1, 2018</u> | | | | |
| Cost | \$ 143,578 | \$ 20,742 | \$ 898,730 | \$ 1,063,050 |
| Accumulated depreciation | (111,432) | (12,892) | - | (124,324) |
| | <u>\$ 32,146</u> | <u>\$ 7,850</u> | <u>\$ 898,730</u> | <u>\$ 938,726</u> |
| <u>2018</u> | | | | |
| Opening net book amount | \$ 32,146 | \$ 7,850 | \$ 898,730 | \$ 938,726 |
| Additions | 2,617 | - | 253,792 | 256,409 |
| Depreciation charge | (9,460) | (3,682) | - | (13,142) |
| Closing net book amount | <u>\$ 25,303</u> | <u>\$ 4,168</u> | <u>\$ 1,152,522</u> | <u>\$ 1,181,993</u> |
| <u>At December 31, 2018</u> | | | | |
| Cost | \$ 104,365 | \$ 15,506 | \$ 1,152,522 | \$ 1,272,393 |
| Accumulated depreciation | (79,062) | (11,338) | - | (90,400) |
| | <u>\$ 25,303</u> | <u>\$ 4,168</u> | <u>\$ 1,152,522</u> | <u>\$ 1,181,993</u> |

| | Office equipment | Leasehold improvements | Unfinished construction and under acceptance | Total |
|-----------------------------|---------------------|---------------------------|--|-------------------|
| <u>At January 1, 2017</u> | | | | |
| Cost | \$ 143,397 | \$ 43,495 | \$ - | \$ 186,892 |
| Accumulated depreciation | (129,021) | (32,774) | - | (161,795) |
| | <u>\$ 14,376</u> | <u>\$ 10,721</u> | <u>\$ -</u> | <u>\$ 25,097</u> |
| <u>2017</u> | | | | |
| Opening net book amount | \$ 14,376 | \$ 10,721 | \$ - | \$ 25,097 |
| Additions | 29,395 | 1,217 | 898,730 | 929,342 |
| Disposals | (17) | (74) | - | (91) |
| Depreciation charge | (11,608) | (4,014) | - | (15,622) |
| Closing net book amount | <u>\$ 32,146</u> | <u>\$ 7,850</u> | <u>\$ 898,730</u> | <u>\$ 938,726</u> |
| <u>At December 31, 2017</u> | | | | |
| Cost | \$ 143,578 | \$ 20,742 | \$ 898,730 | \$ 1,063,050 |
| Accumulated depreciation | (111,432) | (12,892) | - | (124,324) |
| | <u>\$ 32,146</u> | <u>\$ 7,850</u> | <u>\$ 898,730</u> | <u>\$ 938,726</u> |

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

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|--------------------|
| | <u>2018</u> | <u>2017</u> |
| Amount capitalised | <u>\$ 10,540</u> | <u>\$ 6,296</u> |
| Range of the interest rates for capitalisation | <u>1.03%~1.04%</u> | <u>1.04%~1.09%</u> |

B. No property, plant and equipment was pledged to others as collateral.

(5) Investment property

| | <u>Land</u> | <u>Buildings and structures</u> | <u>Total</u> |
|-----------------------------|-------------------|-------------------------------------|-------------------|
| <u>At January 1, 2018</u> | | | |
| Cost | \$ 541,428 | \$ 213,384 | \$ 754,812 |
| Accumulated depreciation | - | (34,192) | (34,192) |
| | <u>\$ 541,428</u> | <u>\$ 179,192</u> | <u>\$ 720,620</u> |
| <u>2018</u> | | | |
| Opening net book amount | \$ 541,428 | \$ 179,192 | \$ 720,620 |
| Depreciation charge | - | (5,469) | (5,469) |
| Closing net book amount | <u>\$ 541,428</u> | <u>\$ 173,723</u> | <u>\$ 715,151</u> |
| <u>At December 31, 2018</u> | | | |
| Cost | \$ 541,428 | \$ 213,384 | \$ 754,812 |
| Accumulated depreciation | - | (39,661) | (39,661) |
| | <u>\$ 541,428</u> | <u>\$ 173,723</u> | <u>\$ 715,151</u> |

| | Land | Buildings and structures | Total |
|-----------------------------|-------------------|-----------------------------|-------------------|
| <u>At January 1, 2017</u> | | | |
| Cost | \$ 541,428 | \$ 213,384 | \$ 754,812 |
| Accumulated depreciation | - | (28,723) | (28,723) |
| | <u>\$ 541,428</u> | <u>\$ 184,661</u> | <u>\$ 726,089</u> |
| <u>2017</u> | | | |
| Opening net book amount | \$ 541,428 | \$ 184,661 | \$ 726,089 |
| Depreciation charge | - | (5,469) | (5,469) |
| Closing net book amount | <u>\$ 541,428</u> | <u>\$ 179,192</u> | <u>\$ 720,620</u> |
| <u>At December 31, 2017</u> | | | |
| Cost | \$ 541,428 | \$ 213,384 | \$ 754,812 |
| Accumulated depreciation | - | (34,192) | (34,192) |
| | <u>\$ 541,428</u> | <u>\$ 179,192</u> | <u>\$ 720,620</u> |

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

| | <u>Years ended December 31,</u> | |
|---|---------------------------------|------------------|
| | <u>2018</u> | <u>2017</u> |
| Rental income from the lease of the investment property (shown as “other income”) | <u>\$ 19,135</u> | <u>\$ 19,135</u> |
| Direct operating expenses arising from the investment property that generated rental income in the period | <u>\$ 9,904</u> | <u>\$ 9,713</u> |

- B. The fair value of the investment property held by the Company as at December 31, 2018 and 2017 was \$833,500 and \$817,200, respectively. The fair value as of December 31, 2018 and 2017 was based on independent appraisers’ valuation. Valuations were made using the income approach falling under Level 3 fair value. The key assumptions are as follows:

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---------------|--------------------------|--------------------------|
| Discount rate | 2.35%~2.5% | 2.65% |
| Growth rate | - | - |

- C. Information about the investment property that was pledged to others as collateral is provided in Note 8.
- D. All of the Company’s investment property is leased to subsidiaries. The leasing period is from March 2012 to March 2022. Except for the aforementioned leasing transactions, there was no similar transactions to compare with. The prices and terms are determined in accordance with mutual agreement. Rent is collected monthly.

(6) Intangible assets

| | Software | |
|-------------------------------|------------------|------------------|
| | 2018 | 2017 |
| <u>At January 1</u> | | |
| Cost | \$ 124,908 | \$ 119,140 |
| Accumulated amortisation | (108,635) | (100,171) |
| | <u>\$ 16,273</u> | <u>\$ 18,969</u> |
| <u>Year ended December 31</u> | | |
| Opening net book amount | \$ 16,273 | \$ 18,969 |
| Additions | 245 | 7,196 |
| Amortisation charge | (8,827) | (9,892) |
| Closing net book amount | <u>\$ 7,691</u> | <u>\$ 16,273</u> |
| <u>At December 31</u> | | |
| Cost | \$ 125,067 | \$ 124,908 |
| Accumulated amortisation | (117,376) | (108,635) |
| | <u>\$ 7,691</u> | <u>\$ 16,273</u> |

The details of amortisation charge are as follows:

| | Years ended December 31, | |
|-----------------|--------------------------|-----------------|
| | 2018 | 2017 |
| Operating costs | <u>\$ 8,827</u> | <u>\$ 9,892</u> |

(7) Impairment of financial assets and non-financial assets

The Company recognised impairment loss of \$0 and \$8,600 for the years ended December 31, 2018 and 2017, respectively. Details of such loss are as follows:

| | Years ended December 31, | | | |
|---|---------------------------------|---|---------------------------------|---|
| | 2018 | | 2017 | |
| | Recognised in profit or loss | Recognised in other comprehensive income | Recognised in profit or loss | Recognised in other comprehensive income |
| Impairment loss-financial assets carried at cost - non-current | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,600</u> | <u>\$ -</u> |

(8) Short-term borrowings

| Type of borrowings | December 31, 2018 | December 31, 2017 |
|----------------------|---------------------|---------------------|
| Unsecured borrowings | <u>\$ 1,995,000</u> | <u>\$ 1,745,000</u> |
| Interest rate range | <u>0.94%~1.12%</u> | <u>0.9%~1.12%</u> |

There was no collateral pledged for all types of short-term borrowings for all periods.

(9) Short-term commercial papers payable

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|----------------------------|--------------------------|--------------------------|
| Commercial papers payable | \$ 620,000 | \$ 730,000 |
| Less: Unamortized discount | (407) | (396) |
| | <u>\$ 619,593</u> | <u>\$ 729,604</u> |
| Annual interest rates | <u>0.49%~0.77%</u> | <u>0.47%~0.77%</u> |

The commercial papers payable are guaranteed by financial institutions.

(10) Long-term borrowings

| <u>Type</u> | <u>Facility</u> | <u>December 31, 2018</u> | <u>Period</u> | <u>Annual interest rate</u> |
|---|------------------------|--------------------------|---------------------------|-----------------------------|
| Medium to long-term loan (Chang Hwa Bank) | \$ 576,000 (Note 1) | \$ 409,199 | 2012/01/02~ 2027/01/02 | Note 2 |
| Less: Current portion of long-term loan (Shown as other 'current liabilities') | | (50,622) | | |
| | | <u>\$ 358,577</u> | | |

| <u>Type</u> | <u>Facility</u> | <u>December 31, 2017</u> | <u>Period</u> | <u>Annual interest rate</u> |
|---|------------------------|--------------------------|---------------------------|-----------------------------|
| Medium to long-term loan (Chang Hwa Bank) | \$ 576,000 (Note 1) | \$ 456,442 | 2012/01/02~ 2027/01/02 | Note 2 |
| Less: Current portion of long-term loan (Shown as other 'current liabilities') | | (51,539) | | |
| | | <u>\$ 404,903</u> | | |

Note 1: The Company had entered into a long-term agreement for fifteen years with a financial institution. The pledged assets are the land and building of Linkou warehouse. Details of collateral for the long-term borrowings are provided in Note 8. Furthermore, the principal will be paid monthly starting from January 2016.

Note 2: The interest rate is the index interest rate plus 0.21% from the borrowing day to January 2, 2013, plus 0.25% from January 2, 2013, plus 0.25% from January 2, 2014, plus 0.35% from January 2, 2015, plus 0.42% from January 2, 2016, plus 0.44% from January 2, 2017, plus 0.45% from January 2, 2018 and plus 1.5% from January 2, 2019.

(11) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45

units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

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

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

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---|--------------------------|--------------------------|
| Present value of defined benefit obligation | \$ 48,389 | \$ 41,177 |
| Fair value of plan assets | (12,289) | (10,403) |
| Net defined benefit liability | <u>\$ 36,100</u> | <u>\$ 30,774</u> |

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

| | <u>Present value of defined benefit obligation</u> | <u>Fair value of plan assets</u> | <u>Net defined benefit liability</u> |
|---|--|--------------------------------------|--|
| <u>Year ended December 31, 2018</u> | | | |
| Balance at January 1 | \$ 41,177 | (\$ 10,403) | \$ 30,774 |
| Current service cost | 984 | - | 984 |
| Interest expense (income) | 453 | (115) | 338 |
| | <u>42,614</u> | <u>(10,518)</u> | <u>32,096</u> |
| Remeasurements: | | | |
| Return on plan assets | - | (296) | (296) |
| Change in financial assumptions | 882 | - | 882 |
| Experience adjustments | 4,893 | - | 4,893 |
| | <u>5,775</u> | <u>(296)</u> | <u>5,479</u> |
| Pension fund contribution | - | (1,475) | (1,475) |
| Balance at December 31 | <u>\$ 48,389</u> | <u>(\$ 12,289)</u> | <u>\$ 36,100</u> |

| <u>Year ended December 31,</u> | <u>Present value</u> <u>of defined</u> <u>benefit obligation</u> | <u>Fair value</u> <u>of plan assets</u> | <u>Net defined</u> <u>benefit liability</u> |
|---------------------------------|--|--|--|
| <u>2017</u> | | | |
| Balance at January 1 | \$ 39,503 | (\$ 3,080) | \$ 36,423 |
| Current service cost | 1,315 | - | 1,315 |
| Interest expense (income) | 553 | (43) | 510 |
| | <u>41,371</u> | <u>(3,123)</u> | <u>38,248</u> |
| Remeasurements: | | | |
| Return on plan assets | - | 22 | 22 |
| Change in financial assumptions | 2,464 | - | 2,464 |
| Experience adjustments | 739 | - | 739 |
| | <u>3,203</u> | <u>22</u> | <u>3,225</u> |
| Pension fund contribution | - | (10,699) | (10,699) |
| Paid pension | (3,397) | 3,397 | - |
| | <u>(3,397)</u> | <u>(7,302)</u> | <u>(10,699)</u> |
| Balance at December 31 | <u>\$ 41,177</u> | <u>(\$ 10,403)</u> | <u>\$ 30,774</u> |

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund, hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

| | <u>Years ended December 31,</u> | |
|-------------------------|---------------------------------|--------------|
| | <u>2018</u> | <u>2017</u> |
| Discount rate | <u>1.00%</u> | <u>1.10%</u> |
| Future salary increases | <u>3.00%</u> | <u>3.00%</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, 2018</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 8,728) | \$ 9,060 | \$ 6,372 | (\$ 6,184) |
| <u>December 31, 2017</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 8,248) | \$ 8,576 | \$ 5,992 | (\$ 5,804) |

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2019 are \$982.
- (g) As of December 31, 2018, the weighted average duration of that retirement plan is 12 years.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on not less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs of the Company under the defined contribution pension plan for the years ended December 31, 2018 and 2017 were \$7,861 and \$6,972, respectively.

(12) Share capital

As of December 31, 2018, the Company’s authorized capital was \$20,000,000 (including \$500,000 for stock options, convertible preferred stock and convertible bonds), and the paid-in capital was \$16,790,568, with a par value of \$10 (in dollars) per share. All proceeds from

shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (in thousands of shares) are as follows:

| | 2018 | 2017 |
|---|------------------|------------------|
| At January 1 | 1,825,062 | 1,723,895 |
| Disposal of company's share by subsidiaries | (146,005) | - |
| Convertible bonds converted to shares | - | 101,167 |
| At December 31 | <u>1,679,057</u> | <u>1,825,062</u> |

(13) Capital surplus

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 capitalised 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.

| | 2018 | | | | |
|---|----------------------|-----------------------------------|---|--|---------------------|
| | <u>Share premium</u> | <u>Treasury share transaction</u> | <u>Recognised 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) |
| Effect of reorganisation | (2,590) | - | - | - | (2,590) |
| December 31 | <u>\$ 19,387,285</u> | <u>\$ 45,177</u> | <u>\$ 431</u> | <u>\$ 21,989</u> | <u>\$19,454,882</u> |

| | 2017 | | | | | |
|--|----------------------|-----------------------------------|---|--|----------------------|------------------|
| | <u>Share premium</u> | <u>Treasury share transaction</u> | <u>Recognised changes in subsidiaries' equity</u> | <u>Changes in associates' net equity</u> | <u>Stock warrant</u> | <u>Total</u> |
| January 1 | \$ 16,694,715 | \$ 45,177 | \$ 431 | \$ 21,989 | \$138,741 | \$16,901,053 |
| Changes in equity of associates and joint ventures accounted for using equity method | - | - | - | 112,053 | - | 112,053 |
| Convertible bonds converted to shares | <u>2,695,160</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(138,741)</u> | <u>2,556,419</u> |
| December 31 | \$ 19,389,875 | \$ 45,177 | \$ 431 | \$ 134,042 | \$ - | \$19,569,525 |

(14) Retained earnings

A. Under the Company's amended Articles of Incorporation, the current year's earnings, if any, shall be used to set aside as legal reserve, and set aside as special reserve in accordance

with Article 41 of Securities and Exchange Act. The remainder, if any, to be appropriated shall be proposed by the Board of Directors. If cash dividends are distributed, they shall account for at least 20% of the total dividends distributed.

Employees of the Company's subsidiaries are entitled to receive the distribution of earnings. The terms shall be defined by the Board of Directors.

- B. Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2017 and 2016 had been resolved at the stockholders' meeting on June 21, 2018 and June 19, 2017, respectively. Details are summarized below:

| | <u>Year ended December 31, 2017</u> | | <u>Year ended December 31, 2016</u> | |
|-----------------|-------------------------------------|--|-------------------------------------|--|
| | <u>Amount</u> | <u>Dividend per share (in dollars)</u> | <u>Amount</u> | <u>Dividend per share (in dollars)</u> |
| Legal reserve | \$ 730,799 | \$ - | \$ 531,288 | \$ - |
| Special reserve | 4,124,936 | - | - | - |
| Cash dividends | <u>4,380,148</u> | <u>2.40</u> | <u>4,178,311</u> | <u>2.4</u> |
| | <u>\$ 9,235,883</u> | <u>\$ 2.40</u> | <u>\$ 4,709,599</u> | <u>\$ 2.4</u> |

The above appropriations of earnings for 2017 and 2016 as resolved by the shareholders are the same as resolved by the Board of Directors.

- E. As of March 26, 2019, the appropriation of earnings for the year ended December 31, 2018 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' and supervisors' remuneration, please refer to Note 6(21).

(15) Other equity items

| | 2018 | | | |
|---|--|--------------------------------------|-------------------------|-----------------------|
| | Investment measured at fair value through other comprehensive income | Available- for-sale investment | Currency translation | Total |
| At January 1 | \$ - | (\$ 129,342) | (\$4,254,279) | (\$ 4,124,937) |
| Effect of retrospective application under new standards | (6,000) | (129,342) | - | (135,342) |
| At January 1_IFRS 9 | (6,000) | - | (4,254,279) | (4,260,279) |
| Currency translation differences: | | | | |
| - Group | - | - | 1,657,033 | 1,657,033 |
| - Tax on Group | - | - | 564 | 564 |
| At December 31 | <u>(\$ 6,000)</u> | <u>\$ -</u> | <u>(\$2,596,682)</u> | <u>(\$ 2,602,682)</u> |

| | 2017 | | |
|-----------------------------------|----------------------------------|-------------------------|-----------------------|
| | Available-for-sale investment | Currency translation | Total |
| At January 1 | (\$ 10,088) | \$ 918,151 | \$ 908,063 |
| Revaluation | 23,363 | - | 23,363 |
| Revaluation - Group | 116,067 | - | 116,067 |
| Currency translation differences: | | | |
| - Group | - | (5,168,485) | (5,168,485) |
| - Tax on Group | - | (3,945) | (3,945) |
| At December 31 | <u>\$ 129,342</u> | <u>(\$ 4,254,279)</u> | <u>(\$ 4,124,937)</u> |

(16) Operating revenue

| | Years ended December 31, | |
|---------------------|--------------------------|---------------------|
| | 2018 | 2017 |
| Investment revenues | \$ 7,486,801 | \$ 7,377,808 |
| Service revenue | 726,026 | 605,516 |
| | <u>\$ 8,212,827</u> | <u>\$ 7,983,324</u> |

(17) Other income

| | Years ended December 31, | |
|------------------------------------|--------------------------|------------------|
| | 2018 | 2017 |
| Rental revenue | \$ 19,162 | \$ 19,135 |
| Interest income from bank deposits | 127 | 86 |
| Dividend income | 3,900 | 1,291 |
| Other income | 4,059 | 2,181 |
| | <u>\$ 27,248</u> | <u>\$ 22,693</u> |

(18) Other gains and losses

| | Years ended December 31, | |
|--|--------------------------|--------------------|
| | 2018 | 2017 |
| Currency exchange (loss) gain | (\$ 313) | \$ 329 |
| Impairment loss | - | (8,600) |
| Direct operating expenses arising from the investment property | (9,904) | (9,713) |
| Losses on disposals of property, plant and equipment | - | (91) |
| Gains on financial assets at fair value through profit or loss | 2,935 | - |
| | <u>(\$ 7,282)</u> | <u>(\$ 18,075)</u> |

(19) Finance costs

| | Years ended December 31, | |
|---|--------------------------|------------------|
| | 2018 | 2017 |
| Interest expense: | | |
| Bank borrowings | \$ 30,650 | \$ 29,576 |
| Convertible bonds | - | 20,723 |
| Less: Capitalisation of qualifying assets | (10,540) | (6,296) |
| Others | 3,592 | 3,905 |
| | <u>\$ 23,702</u> | <u>\$ 47,908</u> |

(20) Additional information on expenses by nature

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2018 | 2017 |
| Employee benefit expense | <u>\$ 433,938</u> | <u>\$ 347,063</u> |
| Depreciation charges on property and equipment (including investment property) | <u>\$ 18,611</u> | <u>\$ 21,091</u> |
| Amortisation charges on intangible assets | <u>\$ 8,827</u> | <u>\$ 9,892</u> |

(21) Employee benefit expense

| | Years ended December 31, | |
|---------------------------------|--------------------------|-------------------|
| | 2018 | 2017 |
| Wages and salaries | \$ 350,565 | \$ 269,798 |
| Labor and health insurance fees | 18,863 | 15,340 |
| Pension costs | 9,183 | 8,797 |
| Directors' remuneration | 42,000 | 42,000 |
| Other personnel expenses | 13,327 | 11,128 |
| | <u>\$ 433,938</u> | <u>\$ 347,063</u> |

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be between 0.01% ~5% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

- B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at \$18,108 and \$24,392, respectively; while directors' and supervisors' remuneration was accrued at \$42,000 and \$42,000, respectively. The aforementioned amounts were recognised in salary expenses

The employees' compensation and directors' and supervisors' remuneration were accrued based on the profit of current year distributable for the year ended December 31, 2018 and the percentage as prescribed by the Company's amended Articles of Incorporation. As of March 26, 2019, the amount has not yet been resolved by the Board of Directors. Above-mentioned employees' compensation will be distributed in the form of cash.

The difference between employees' compensation of \$23,334 and directors' remuneration of \$42,000 as resolved by the Board of Directors on April 24, 2018 and employees' compensation of \$24,392 and directors' remuneration of \$42,000 recognised in the 2017 financial statements by \$1,058 had been adjusted in the profit or loss of the first quarter in 2018. The employees' compensation was distributed in the form of cash.

- C. Information about employees' compensation and directors' and supervisors' 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.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | Years ended December 31, | |
|---|--------------------------|------------|
| | 2018 | 2017 |
| Current tax: | | |
| Current tax on profits for the year | \$ 6,884 | (\$ 6,887) |
| Tax on undistributed surplus earnings | - | 53,736 |
| Prior year income tax underestimation (overestimation) | 20,097 | (8,835) |
| Total current tax | 26,981 | 38,014 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 12,759 | 9,408 |
| Impact of change in tax rate | 9,386 | - |
| Total deferred tax | 22,145 | 9,408 |
| Income tax expense | \$ 49,126 | \$ 47,422 |

- (b) The income tax (charge)/credit relating to components of other comprehensive loss (income) is as follows:

| | Years ended December 31, | |
|---|--------------------------|-----------------|
| | 2018 | 2017 |
| Currency translation differences | \$ 665 | \$ 3,945 |
| Remeasurement of defined benefit obligation | (1,096) | (548) |
| Impact of change in tax rate | (1,974) | - |
| | <u>(\$ 2,405)</u> | <u>\$ 3,397</u> |

B. Reconciliation between income tax expense and accounting profit

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2018 | 2017 |
| Tax calculated based on profit before tax and statutory tax rate | \$ 1,502,227 | \$ 1,250,420 |
| Effects from items disallowed by tax regulation | (1,482,584) | (1,247,899) |
| Prior year income tax underestimation (overestimation) | 20,097 | (8,835) |
| Tax on undistributed surplus earnings | - | 53,736 |
| Effect from changes in tax regulation | 9,386 | - |
| Tax expense | <u>\$ 49,126</u> | <u>\$ 47,422</u> |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

| | Year ended December 31, 2018 | | | |
|--|------------------------------|------------------------------|--|--------------------|
| | January 1 | Recognised in profit or loss | Recognised in other comprehensive income | December 31 |
| Temporary differences: | | | | |
| -Deferred tax assets: | | | | |
| Pension payable | \$ 3,166 | (\$ 404) | \$ 1,841 | \$ 4,603 |
| Currency translation differences | 6,967 | - | 564 | 7,531 |
| | <u>10,133</u> | <u>(404)</u> | <u>2,405</u> | <u>12,134</u> |
| -Deferred tax liabilities: | | | | |
| Investment income | (52,132) | (21,154) | - | (73,286) |
| Unrealised gains on valuation of foreign listed stocks | - | (587) | - | (587) |
| | <u>(52,132)</u> | <u>(21,741)</u> | <u>-</u> | <u>(73,873)</u> |
| | <u>(\$ 41,999)</u> | <u>(\$ 22,145)</u> | <u>\$ 2,405</u> | <u>(\$ 61,739)</u> |

| Year ended December 31, 2017 | | | | |
|----------------------------------|-------------|------------------------------------|---|-------------|
| | January 1 | Recognised in profit or loss | Recognised in other comprehensive income | December 31 |
| Temporary differences: | | | | |
| -Deferred tax assets: | | | | |
| Unused compensated absences | \$ 728 | (\$ 728) | \$ - | \$ - |
| Pension payable | 4,290 | (1,672) | 548 | 3,166 |
| Currency translation differences | 10,912 | - | (3,945) | 6,967 |
| | 15,930 | (2,400) | (3,397) | 10,133 |
| -Deferred tax liabilities: | | | | |
| Investment income | (45,124) | (7,008) | - | (52,132) |
| | (\$ 29,194) | (\$ 9,408) | (\$ 3,397) | (\$ 41,999) |

D. The Company's income tax returns through 2011 have been assessed and approved by the Tax Authority.

E. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(23) Earnings per share

| Year ended December 31, 2018 | | | |
|--|------------------|---|---------------------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the Company | \$ 7,462,010 | 1,766,260 | \$ 4.22 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the Company | \$ 7,462,010 | 1,766,260 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 671 | |
| Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares | \$ 7,462,010 | 1,766,931 | \$ 4.22 |

| Year ended December 31, 2017 | | | |
|--|------------------|---|---------------------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the Company | \$ 7,307,987 | 1,782,991 | \$ 4.10 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the Company | \$ 7,307,987 | 1,782,991 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 20,549 | 42,150 | |
| Employees' compensation | - | 712 | |
| Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares | \$ 7,328,536 | 1,825,853 | \$ 4.01 |

(24) Transactions with non-controlling interest

On October 1, 2018, the Company's indirect subsidiary-Trigold (Hong Kong) Company Limited (Trigold Hong Kong) acquired 45% of shares of Peng Yu (Shanghai) Digital Technology Co., Ltd. (Peng Yu Shanghai) for RMB 27 million from the non-controlling interests. The carrying amount of non-controlling interest in Peng Yu Shanghai was \$72,714 at the acquisition date. This transaction resulted in decreases in the non-controlling interest and in the equity attributable to owners of the parent Trigold Hong Kong by \$72,714 and \$47,157, respectively. The effect of changes in interests on the equity attributable to owners of the parent Trigold Hong Kong for the year ended December 31, 2018 is shown below:

| | Year ended December 31, 2018 |
|--|---------------------------------|
| Carrying amount of non-controlling interest acquired | \$ 72,714 |
| Consideration paid to non-controlling interest | (119,871) |
| | (\$ 47,157) |

The Company held only 60.5% ownership of Trigold Hong Kong's parent company-Trigold Holdings Limited and the transaction resulted in a decrease in shareholders' interest by \$28,530 which was presented as retained earnings as the Company did not have the account, 'Capital surplus-difference between consideration and carrying amount of subsidiaries acquired or disposed' in the Company's accounts.

(25) Supplemental cash flow information

A. Partial payment of cash from investing activities:

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2018 | 2017 |
| Acquisition of property, plant and equipment, investment property, and intangible assets | \$ 256,654 | \$ 936,538 |
| Less: Accounts payable at the end of year | (1,551) | (2,666) |
| Add: Accounts payable at the beginning of year | 2,666 | - |
| Cash paid during the year for property, plant and equipment, intangible assets and other non-current assets | <u>\$ 257,769</u> | <u>\$ 933,872</u> |

B. Financing activities with no cash flow effects:

| | Years ended December 31, | |
|---|--------------------------|---------------------|
| | 2018 | 2017 |
| Convertible bonds being converted to capital stocks | <u>\$ -</u> | <u>\$ 3,565,145</u> |

(26) Changes in liabilities from financing activities

| | Short-term borrowings | Short-term notes and bills payable | Long-term borrowings (Note) | Liabilities from financing activities-gross |
|--|-----------------------|------------------------------------|-----------------------------|---|
| At January 1, 2018 | \$ 1,745,000 | \$ 729,604 | \$ 456,442 | \$ 2,931,046 |
| Changes in cash flow from financing activities | 250,000 | (110,011) | (47,243) | 92,746 |
| At December 31, 2018 | <u>\$ 1,995,000</u> | <u>\$ 619,593</u> | <u>\$ 409,199</u> | <u>\$ 3,023,792</u> |

Note: Including long-term borrowings-current portion less unamortized discounts.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are widely held so the Company has no ultimate parent and ultimate controlling party.

(2)

| Names of related parties | Relationship with the Company |
|--|-------------------------------|
| World Peace Industrial Co., Ltd. (World Peace Industrial) | Subsidiary |
| WPI International (Hong Kong) Limited | " |
| Silicon Application Corporation (Silicon Application) | " |
| Asian Information Technology Inc. (Asian Information Technology) | " |
| WPG Electronic Ltd. | " |
| WPG Electronics (Hong Kong) Limited | " |
| WPG China (SZ) Inc. | " |
| WPG China Inc. | " |
| WPG Korea Co., Ltd. | " |

| <u>Names of related parties</u> | <u>Relationship with the Company</u> |
|---|---|
| Yosun Industrial Corp. (Yosun Industrial) | Subsidiary |
| Genuine C&C Inc. (Genuine C&C) | " |
| Trigold Holdings Limited (Trigold) | " |
| WPG Investment Co., Ltd. (WPG Investment) | " |
| WPG South Asia Pte. Ltd. | " |
| WPG Holdings Education Foundation | One third of paid-in-capital was granted by the Group |

(3) Significant transactions and balances with related parties

A. Service revenue

| | <u>Years ended December 31,</u> | |
|------------------------------|---------------------------------|-------------------|
| | <u>2018</u> | <u>2017</u> |
| Subsidiaries | | |
| World Peace Industrial | \$ 385,396 | \$ 309,664 |
| Yosun Industrial | 117,712 | 105,719 |
| Silicon Application | 113,762 | 92,206 |
| Asian Information Technology | 101,084 | 91,080 |
| Others | 8,072 | 6,847 |
| | <u>\$ 726,026</u> | <u>\$ 605,516</u> |

Service revenue arose from providing administrative resources and managing services to subsidiaries. Prices and terms are determined in accordance with mutual agreement.

B. Service cost

| | <u>Years ended December 31,</u> | |
|--------------|---------------------------------|-------------|
| | <u>2018</u> | <u>2017</u> |
| Subsidiaries | \$ 71,139 | \$ 79,256 |

Service cost pertains to payments paid to subsidiaries for administrative resources and management services for engine room use. Prices and terms are determined in accordance with mutual agreement, and cost is paid at the end of the following month.

C. Accounts receivable

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|------------------------------|--------------------------|--------------------------|
| Subsidiaries | | |
| World Peace Industrial | \$ 45,028 | \$ 16,546 |
| Silicon Application | 12,735 | 8,985 |
| Yosun Industrial | 11,948 | 5,874 |
| Asian Information Technology | 10,830 | 1,381 |
| Others | 884 | 172 |
| | <u>\$ 81,425</u> | <u>\$ 32,958</u> |

D. Other receivables

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|------------------------------|--------------------------|--------------------------|
| Subsidiaries | | |
| World Peace Industrial | \$ 186,477 | \$ 103,473 |
| Asian Information Technology | 79,445 | 42,451 |
| Silicon Application | 8,024 | 38,281 |
| Yosun Industrial | 74,533 | - |
| Others | <u>1,870</u> | <u>1,861</u> |
| | <u>\$ 350,349</u> | <u>\$ 186,066</u> |

Other receivables represent receipts under custody, payment on behalf of others and collections from subsidiaries for filing consolidated tax returns.

E. Other payables

(a) Financing:

| | <u>Year ended December 31, 2018</u> | | | | |
|----------------------|-------------------------------------|-----------------------|----------------------|---------------------------|---|
| | <u>Maximum balance</u> | <u>Ending balance</u> | <u>Interest rate</u> | <u>Amount of interest</u> | <u>Ending balance of interest payable</u> |
| Subsidiaries | | | | | |
| WPG | | | | | |
| Investment Co., Ltd. | <u>\$ 150,000</u> | <u>\$ -</u> | 1.16% | <u>\$ 526</u> | <u>\$ -</u> |

| | <u>Year ended December 31, 2017</u> | | | | |
|----------------------|-------------------------------------|-----------------------|----------------------|---------------------------|---|
| | <u>Maximum balance</u> | <u>Ending balance</u> | <u>Interest rate</u> | <u>Amount of interest</u> | <u>Ending balance of interest payable</u> |
| Subsidiaries | | | | | |
| WPG | | | | | |
| Investment Co., Ltd. | <u>\$ 150,000</u> | <u>\$ 110,000</u> | 1.16% | <u>\$ 1,262</u> | <u>\$ 750</u> |

(b) Other payables:

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|------------------------|--------------------------|--------------------------|
| Subsidiaries | | |
| World Peace Industrial | \$ 8,939 | \$ 2,447 |
| Others | <u>5,746</u> | <u>11,008</u> |
| | <u>\$ 14,685</u> | <u>\$ 13,455</u> |

Payables are mainly collections from subsidiaries for filing consolidated tax returns.

F. Property transactions:

- (a) On July 28, 2017, the Company acquired 12,964 thousand shares of the subsidiary, Genuine C&C, from World Peace Industrial for a consideration of \$197,702.
- (b) The Company previously held 48,139 thousand shares of the subsidiary, Genuine C&C. On September 1, 2017, the stock swap between Trigold and the shareholders who

previously owned Genuine C&C, Inc. was conducted at a stock swap ratio of 1:1. The book value of the Company's share acquisition was \$698,752.

G. Lease transactions

Please refer to Note 6(5) for details.

H. Endorsements and guarantees provided to related parties

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|------------------------|--------------------------|--------------------------|
| Subsidiaries | | |
| World Peace Industrial | <u>\$ 76,869</u> | <u>\$ 75,953</u> |

I. Others

For the years ended December 31, 2018 and 2017, the amount of the Company's donations to other related parties was \$6,250 and \$5,900, respectively.

J. (a) In April 2017, the subsidiary, Yosun Industrial, transferred the operations of Texas Instruments product line to the subsidiary, World Peace Industrial. The Company increased its investment in World Peace Industrial by \$2,487,285 as consideration. Meanwhile, Yosun reduced its capital by the same amount.

(b) The subsidiary-Yosun Industrial returned investment shares from capital reduction in the amount of \$1,500,000 in September, 2018.

(4) Key management compensation

| | <u>Years ended December 31,</u> | |
|------------------------------|---------------------------------|-------------------|
| | <u>2018</u> | <u>2017</u> |
| Short-term employee benefits | \$ 169,868 | \$ 158,662 |
| Post-employment benefits | <u>1,412</u> | <u>959</u> |
| | <u>\$ 171,280</u> | <u>\$ 159,621</u> |

8. PLEDGED ASSETS

| <u>Pledged asset</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> | <u>Purpose</u> |
|---|--------------------------|--------------------------|---|
| Investments accounted for under the equity method | \$ 76,869 | \$ 75,953 | Subsidiary's guarantee for payment on purchases |
| Investment property | | | |
| — Land | 533,666 | 533,666 | Collateral for long-term borrowings |
| — Buildings | <u>156,888</u> | <u>161,841</u> | " |
| | <u>\$ 767,423</u> | <u>\$ 771,460</u> | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|-------------------------------|--------------------------|--------------------------|
| Property, plant and equipment | <u>\$ 5,317,803</u> | <u>\$ 5,560,734</u> |

B. Operating lease agreements

The future aggregate minimum lease payments under operating leases are as follows:

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---|--------------------------|--------------------------|
| Not later than one year | \$ 7,032 | \$ 5,667 |
| Later than one year but not later than five years | 15,011 | 13,019 |
| | <u>\$ 22,043</u> | <u>\$ 18,686</u> |

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or manage operating capital effectively to reduce debt.

(2) Financial instruments

A. Financial instruments by category

| | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|--|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Financial assets at fair value through profit or loss | | |
| Financial assets mandatorily measured at fair value through profit or loss | \$ 547,357 | \$ - |
| Available-for-sale financial assets | - | 108,710 |
| Financial assets at cost | - | 380,458 |
| Financial assets at amortised cost/Loans and receivables | | |
| Cash and cash equivalents | 52,637 | 30,225 |
| Accounts receivable due from related parties | 81,425 | 32,958 |
| Other receivables (including related parties) | 350,405 | 186,121 |
| Guarantee deposits paid | 5,245 | 10 |
| | <u>\$ 1,037,069</u> | <u>\$ 738,482</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortised cost | | |
| Short-term borrowings | \$ 1,995,000 | \$ 1,745,000 |
| Short-term notes and bills payable | 619,593 | 729,604 |
| Notes payable | 1,018 | 1,018 |
| Accounts payable (including related parties) | 296,029 | 375,190 |
| Long-term borrowings (including current portion) | 409,199 | 456,442 |
| | <u>\$ 3,320,839</u> | <u>\$ 3,307,254</u> |

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by the central treasury department (Company treasury) under policies approved by the board of directors. The Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative

financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and KRW. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| | December 31, 2018 | | |
|--|----------------------------|---------------|--------------|
| | Foreign currency amount | | Book value |
| | (In thousands) | Exchange rate | (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Non-monetary items</u> | | | |
| USD: NTD | \$ 146,627 | 30.715 | \$ 4,503,636 |
| KRW: NTD | 17,780,357 | 0.028 | 497,850 |

| December 31, 2017 | | | |
|--|----------------------------|---------------|--------------|
| (Foreign currency: functional currency) | Foreign currency amount | | Book value |
| | (In thousands) | Exchange rate | (NTD) |
| | | | |
| <u>Financial assets</u> | | | |
| <u>Non-monetary items</u> | | | |
| USD: NTD | \$ 147,642 | 29.760 | \$ 4,393,820 |
| KRW: NTD | 15,460,642 | 0.028 | 434,753 |

As of December 31, 2018 and 2017, there was no significant monetary financial assets and liabilities.

There was no foreign currency market risk arising from significant foreign exchange variation.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and available-for-sale financial

assets. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

- ii. The Company's investments in equity securities comprise shares in the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2018 and 2017 would have increased/decreased by \$5,474 and \$4,892, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest risk

The Company's interest rate risk arises from short-term and long-term borrowings (including long-term liabilities due within a year) and commercial papers payable. Borrowings and short-term notes payable issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings were mainly in fixed rate. During the years ended December 31, 2018 and 2017, the Company's borrowings and commercial papers payable were mainly denominated in the NTD.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with good credit quality are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and 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 Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 5 months.
- v. For the year ended December 31, 2018, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury department monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans and covenant compliance.
- ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

| <u>December 31, 2018</u> | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Between 2 and 5 years</u> | <u>Over 5 years</u> |
|--|-------------------------|----------------------------------|----------------------------------|---------------------|
| Short-term borrowings | \$ 1,996,940 | \$ - | \$ - | \$ - |
| Commercial papers payable | 620,000 | - | - | - |
| Notes payable | 1,018 | - | - | - |
| Other payables | 281,344 | - | - | - |
| Other payables - related parties | 14,685 | - | - | - |
| Long-term borrowings (including current portion) | 56,390 | 55,640 | 162,290 | 159,636 |

| <u>December 31, 2017</u> | <u>Less than 1 year</u> | <u>Between 1 and 2 years</u> | <u>Between 2 and 5 years</u> | <u>Over 5 years</u> |
|--|-------------------------|----------------------------------|----------------------------------|---------------------|
| Short-term borrowings | \$ 1,746,808 | \$ - | \$ - | \$ - |
| Commercial papers payable | 730,000 | - | - | - |
| Notes payable | 1,018 | - | - | - |
| Other payables | 250,985 | - | - | - |
| Other payables - related parties | 124,205 | - | - | - |
| Long-term borrowings (including current portion) | 56,691 | 55,938 | 163,304 | 211,362 |

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial instruments have been defined as follows:

Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active where the products are homogeneous, buyers and sellers can be sought at any time and the price information is available to the public. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than public quoted prices included within Level 1 that are observable for the asset or liability, either directly from its prices or indirectly reduced by its prices.

Level 3: Inputs that are not based on observable information for the asset or liability. The fair value of the Company's investment in non-public offering stock is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(5).
- C. The carrying amounts of the Company's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable due from related parties, other receivables (including related parties), other financial assets, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, other payables (including related parties), long-term borrowings (including current portion), long-term borrowings and guarantee deposits received are approximate to their fair values.
- D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of the nature of the assets and liabilities is as follows:

| <u>December 31, 2018</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|-------------------|----------------|-------------------|-------------------|
| <u>Assets</u> | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | <u>\$ 116,263</u> | <u>\$ -</u> | <u>\$ 431,094</u> | <u>\$ 547,357</u> |
| <u>December 31, 2017</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| <u>Assets</u> | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Available-for-sale financial assets | | | | |
| Equity securities | <u>\$ 108,710</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 108,710</u> |

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

| | <u>Listed shares</u> |
|---------------------|----------------------|
| Market quoted price | Closing price |

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques recognised by financial management.
- iii. When assessing non-standard and low-complexity financial instruments, for example foreign exchange swap contracts, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the 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 Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- v. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. For the years ended December 31, 2018 and 2017, there was no transfer from Level 1 to Level 2.

F. Movements in Level 3 for the years ended December 31, 2018 and 2017 are as follows:

| | <u>Years ended December 31,</u> | |
|---------------------------------|---------------------------------|-------------|
| | <u>2018</u> | <u>2017</u> |
| At January 1_IAS 39 | \$ - | \$ - |
| Adjustments under new standards | 380,458 | - |
| At January 1_IFRS 9 | 380,458 | - |
| Acquired | 50,636 | - |
| At December 31 | <u>\$ 431,094</u> | <u>\$ -</u> |

G. For the year ended December 31, 2018, transfers to Level 3 pertain to the adjustments under the new standards. For the year ended December 31, 2017, there was no transfer into or out from Level 3.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information and is periodically reviewed to make results close to current market conditions.

Treasury segment set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS. The related valuation results are reported to management authority monthly. Management authority is responsible for managing and reviewing valuation processes.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | <u>Fair value at December 31, 2018</u> | <u>Valuation technique</u> | <u>Significant unobservable input</u> | <u>Range (weighted average)</u> | <u>Relationship of inputs to fair value</u> |
|-----------------------------------|--|--------------------------------|---|---|--|
| Non-derivative equity instrument: | | | | | |
| Non-public offering stock | \$ 431,094 | Net asset value | Net asset value | - | The higher the net assets, the higher the fair value |

| | <u>Fair value at December 31, 2017</u> | <u>Valuation technique</u> | <u>Significant unobservable input</u> | <u>Range (weighted average)</u> | <u>Relationship of inputs to fair value</u> |
|-----------------------------------|--|--------------------------------|---|---|--|
| Non-derivative equity instrument: | | | | | |
| Non-public offering stock | \$ - | Net asset value | Net asset value | - | The higher the net assets, the higher the fair value |

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

| | | | December 31, 2018 | | | |
|--------------------|-----------------|--------|------------------------------|---------------------|--|---------------------|
| | | | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| | Input | Change | | | | |
| Financial assets | | | | | | |
| Equity instruments | Net asset value | ± 1% | \$ 4,311 | \$ 4,311 | \$ - | \$ - |

| | | | December 31, 2017 | | | |
|--------------------|-----------------|--------|------------------------------|---------------------|--|---------------------|
| | | | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| | Input | Change | | | | |
| Financial assets | | | | | | |
| Equity instruments | Net asset value | ± 1% | \$ - | \$ - | \$ - | \$ - |

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017:

(a) Available-for-sale financial assets

- i. They are non-derivatives that are either designated in this category or not classified in any of the other categories.
- ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- iii. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(b) Loans and receivables

Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently

measured at initial invoice amount as the effect of discounting is immaterial.

(c) Impairment of financial assets

- i. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- ii. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:
 - (i) Significant financial difficulty of the issuer or debtor;
 - (ii) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
 - (iii) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - (iv) The disappearance of an active market for that financial asset because of financial difficulties;
 - (v) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
 - (vi) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
 - (vii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- iii. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets at cost

The amount of the impairment loss is measured as the difference between the

asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost less any principal repayment and amortisation and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, are as follows:

| | Measured at fair value through profit or loss | Available-for- sale-equity | | Investments accounted for using equity method | Total | Effects | |
|---|--|---|---------------------|---|-------------------|----------------------|--------------------------|
| | | Measured at fair value through other comprehensive income-equity | Measured at cost | | | Retained earnings | Other equity interest |
| IAS 39 | \$ - | \$ 108,710 | \$ 380,458 | \$ - | \$ 489,168 | \$ - | \$ - |
| Transferred into and measured at fair value through profit or loss | 489,168 | (108,710) | (380,458) | - | - | - | - |
| Subsidiaries-transferred into and measured at fair value through profit or loss | - | - | - | - | - | 129,342 | (129,342) |
| Subsidiaries -transferred into and measured at fair value through other comprehensive income-equity | - | - | - | - | - | 6,000 | (6,000) |
| Subsidiaries -fair value adjustment | - | - | - | (448) | (448) | (448) | - |
| Subsidiaries -impairment loss on accounts receivable adjustment | - | - | - | (184,631) | (184,631) | (184,631) | - |
| IFRS 9 | <u>\$ 489,168</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(\$ 185,079)</u> | <u>\$ 304,089</u> | <u>(\$ 49,737)</u> | <u>(\$ 135,342)</u> |

(a) Under IAS 39, because the equity instruments, which were classified as financial assets at cost amounting to \$380,458 were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)" on initial application of IFRS 9.

- (b) Under IAS 39, the equity instruments, which were classified as available-for-sale financial assets amounting to \$108,710 were reclassified as “financial assets at fair value through profit or loss (equity instruments)” under IFRS 9.
- (c) The other items represent the subsidiaries’ adjustment effect. The information is provided in Note 12(4) of the consolidated financial statements.

C. The significant accounts as of December 31, 2017 are as follows:

(a) Available-for-sale financial assets

| <u>Investees</u> | <u>December 31, 2017</u> |
|--------------------------|--------------------------|
| Non-current items: | |
| Vitec holdings Co., Ltd. | \$ 85,347 |
| Valuation adjustment | <u>23,363</u> |
| | <u>\$ 108,710</u> |

- i. The Company recognised \$23,363 in other comprehensive income for fair value change and there was no equity reclassified to profit or loss for the year ended December 31, 2017.
- ii. The Company has no investment which is classified as debt instruments of available-for-sale financial assets.
- iii. As of December 31, 2017, no available-for-sale financial assets was pledged to others as collateral.

(b) Financial assets measured at cost

| <u>Investees</u> | <u>December 31, 2017</u> |
|---------------------------------------|--------------------------|
| Ability I Venture Capital Corporation | \$ 80,000 |
| CDIB CME Fund Ltd. | 80,000 |
| Ability Asia Capital Corporation | 50,000 |
| Tyche Partners, L.P. | 138,217 |
| Tyche Partners, II, LP. | <u>54,026</u> |
| | 402,243 |
| Less: Accumulated impairment | (<u>21,785</u>) |
| | <u>\$ 380,458</u> |

- i. As of December 31, 2017, no financial assets measured at cost held by the Company was pledged to others.
- ii. According to the Company’s intention, its investment should be classified as ‘available-for-sale financial assets’. However, as such investments are not traded in active market, and no sufficient industry information of companies similar to the Corporation or the Corporation’s financial information cannot be obtained, the fair value of the investments cannot be measured reliably. The Company classified those stocks as ‘financial assets measured at cost’.

iii. Impairment information about the abovementioned financial assets for the year ended December 31, 2017 is provided in Note 6(7).

D. Credit risk information for the year ended December 31, 2017 is as follows:

(a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment 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. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with good credit rating are accepted.

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please see Notes 6(2) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Disclosure information of investee companies

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area.

Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Information on significant transactions of the Company and subsidiary and investee company in Mainland China as of and for the year ended December 31, 2018 is provided in Note (1) J.

14. OPERATING SEGMENT INFORMATION

In accordance with IFRS 8, operating segment information is disclosed in the consolidated financial statements.

WPG HOLDINGS LIMITED
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 1

| Investee | Type of investments | As of January 1, 2018 | | Additions (Note 2) | | Deductions (Note 4) | | As of December 31, 2018 | | Ownership as of December 31, 2018 | Market value or net equity | |
|-----------------------------------|---------------------|------------------------|----------------------|------------------------|---------------------|------------------------|-----------------------|-------------------------|----------------------|-----------------------------------|----------------------------|---------------|
| | | No. of shares (Note 1) | Amount | No. of shares (Note 1) | Amount | No. of shares (Note 1) | Amount | No. of shares (Note 1) | Amount | | Unit price (Note 3) | Net equity |
| World Peace Industrial Co., Ltd. | Common stock | 1,097,252 | \$ 21,640,217 | 62,748 | \$ 4,426,291 | - (\$ 2,528,434) | | 1,160,000 | \$ 23,538,074 | 100% | \$ 20.30 | \$ 23,550,494 |
| Silicon Application Corp. | Common stock | 406,570 | 6,127,250 | 21,430 | 1,215,422 | - (505,878) | | 428,000 | 6,836,794 | 100% | 15.97 | 6,836,794 |
| Trigold Holdings Limited | Common stock | 48,139 | 722,912 | - | 21,205 | - (38,511) | | 48,139 | 705,606 | 60.5% | 13.81 | 1,099,239 |
| WPG Electronic Ltd. | Common stock | 3,920 | 48,711 | - | 4,080 | - (4,920) | | 3,920 | 47,871 | 100% | 12.21 | 47,871 |
| WPG Korea Co., Ltd. | Common stock | 1,088 | 434,753 | - | 63,097 | - | - | 1,088 | 497,850 | 100% | 457.58 | 497,850 |
| WPG International (CI) Limited | Common stock | 124,443 | 4,393,820 | - | 109,816 | - | - | 124,443 | 4,503,636 | 100% | 36.19 | 4,503,636 |
| Asian Information Technology Inc. | Common stock | 346,812 | 4,908,510 | 33,188 | 1,185,081 | - (704,996) | | 380,000 | 5,388,595 | 100% | 14.18 | 5,388,595 |
| WPG Investment Co., Ltd. | Common stock | 50,000 | 422,007 | - | 5,091 | - | - | 50,000 | 427,098 | 100% | 8.54 | 427,098 |
| Yosun Industrial Corp. | Common stock | 512,074 | <u>14,017,253</u> | - (<u>1,677,775</u>) | (150,000) | (<u>2,404,695</u>) | | 362,074 | <u>13,290,333</u> | 100% | 26.32 | 9,529,067 |
| | | | <u>\$ 52,715,433</u> | | <u>\$ 8,707,858</u> | | <u>(\$ 6,187,434)</u> | | <u>\$ 55,235,857</u> | | | |

Note 1: In thousands of shares.

Note 2: It mainly arose from loss (gain) on investments accounted for using equity method, cumulative translation adjustment, increase in the number of shares from capital increase out of the subsidiary's earnings and accounts changes under the stockholders' equity of the subsidiary.

Note 3: Currency: NTD.

Note 4: It arose from cash dividends paid by the subsidiaries and returned shares from the subsidiary due to capital reduction.

WPG HOLDINGS LIMITED
SUMMARY OF SHORT-TERM LOANS
DECEMBER 31, 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 2

| <u>Type of loans</u> | <u>Ending balance</u> | <u>Loan period</u> | <u>Interest rate range</u> | <u>Pledge /collateral</u> | <u>Remark</u> |
|-------------------------------|-----------------------|---------------------------------------|----------------------------|---------------------------|---------------|
| Short-term unsecured loans | <u>\$ 1,995,000</u> | October 24, 2018~April 24, 2019 | 0.94%~1.12% | None | |

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WPG HOLDINGS LIMITED
SUMMARY OF OPERATING COST
YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 3

Please refer to Note 6(16) for related information.

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WPG HOLDINGS LIMITED
SUMMARY OF OPERATING COST
YEAR ENDED DECEMBER 31, 2018
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 4

| <u>Items</u> | <u>Amount</u> | <u>Remark</u> |
|-------------------------|-------------------|---|
| Salaries expense | \$ 350,565 | |
| Management service fee | 71,036 | |
| Directors' remuneration | 42,000 | |
| Advertising expenses | 28,256 | |
| Other expenses | <u>206,098</u> | Balance of individual accounts is under 5% of this account's balance. |
| | <u>\$ 697,955</u> | |

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WPG HOLDINGS LIMITED
SUMMARY OF EMPLOYEE BENEFIT EXPENSE,
DEPRECIATION AND AMORTISATION
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 5

| | <u>Operating cost</u> | |
|--|---------------------------------|-------------------|
| | <u>Years ended December 31,</u> | |
| | <u>2018</u> | <u>2017</u> |
| Employee benefit expense | | |
| Wages and salaries | \$ 350,565 | \$ 269,798 |
| Labor and health insurance fees | 18,863 | 15,340 |
| Pension costs | 9,183 | 8,797 |
| Directors' remuneration | 42,000 | 42,000 |
| Other personnel expenses | 13,327 | 11,128 |
| | <u>\$ 433,938</u> | <u>\$ 347,063</u> |
| Depreciation (including investment property) | <u>\$ 18,611</u> | <u>\$ 21,091</u> |
| Amortization | <u>\$ 8,827</u> | <u>\$ 9,892</u> |
| Number of employees (including directors and independent directors) (Note) | <u>200</u> | <u>162</u> |

Note: There were 9 non-employee directors and independent directors for both years.

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WPG Holdings Limited and Subsidiaries

Loans to others

Year ended December 31, 2018

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 9) | 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, 2018 | December 31, 2018 | | | | | | | Item | Value | | | |
| 1 | Apache Korea Corp. | WPG Korea Co., Ltd. | Other receivables - related parties | Y | \$ 61,050 | \$ 61,050 | \$ 55,500 | 3.50 | 2 | \$ - | Operations | \$ - | None | - | \$ 78,056 | \$ 78,056 | Note 1 |
| 2 | Genuine C&C (Indocina) Pte, Ltd. | World Peace International (South Asia) Pte Ltd. | Other receivables - related parties | Y | 61,430 | 61,430 | 61,430 | 3.55 | 2 | - | Operations | - | None | - | 77,000 | 77,000 | Note 2 |
| 3 | Geniune C&C Holding Inc. (Seychelles) | Peng Yu International Limited | Other receivables - related parties | Y | 122,860 | 122,860 | 122,860 | 1.50-3.90 | 2 | - | Operations | - | None | - | 130,462 | 130,462 | Note 7 |
| 4 | Giatek Corp. Ltd. | Yosun Hong Kong Corp. Ltd. | Other receivables - related parties | Y | 165,861 | - | - | 0.00 | 2 | - | Operations | - | None | - | - | - | Note 4 |
| 5 | Richpower Electronic Devices Pte., Ltd. | Yosun Singapore Pte Ltd. | Other receivables - related parties | Y | 307,150 | 215,005 | 215,005 | 3.55 | 2 | - | Operations | - | None | - | 444,788 | 444,788 | Note 8 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPG Americas Inc. | Other receivables - related parties | Y | 1,412,890 | 1,013,595 | 307,150 | 5.07 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | Note 3 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 307,150 | - | - | 0.00 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | Note 3 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPG China Inc. | Other receivables - related parties | Y | 614,300 | 307,150 | 307,150 | 4.20 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | Note 3 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPG SCM Limited | Other receivables - related parties | Y | 1,228,600 | 1,228,600 | - | 0.00 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | Note 3 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPG C&C (Thailand) Co., Ltd. | Other receivables - related parties | Y | 30,715 | - | - | 0.00 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | Note 3 |

| No. | Creditor | Borrower | General ledger account | Is a related party | Maximum outstanding balance during the year ended December 31, 2018 | Balance at December 31, 2018 | Actual amount drawn down | Interest rate | Nature of loan (Note 9) | 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 |
|-----|---|---|-------------------------------------|--------------------|---|------------------------------|--------------------------|---------------|-------------------------|--|---------------------------------|---------------------------------|------------|---|--|--------------------------------|----------|
| 6 | World Peace International (South Asia) Pte Ltd. | SAC Components (South Asia) Pte. Ltd. | Other receivables - related parties | Y | \$ 30,715 | \$ - | \$ - | 0.00 | 2 | \$ - | Operations | \$ - | None | - | \$ 6,303,260 | \$ 6,096,557 | Note 3 |
| 6 | World Peace International (South Asia) Pte Ltd. | WPG South Asia Pte. Ltd. | Other receivables - related parties | Y | 153,575 | 153,575 | - | 0.00 | 2 | - | Operations | - | None | - | 6,303,260 | 6,303,260 | Note 3 |
| 7 | World Peace International Pte Ltd. | World Peace International (South Asia) Pte Ltd. | Other receivables - related parties | Y | 122,860 | 122,860 | 116,717 | 3.55 | 2 | - | Operations | - | None | - | 2,321,030 | 2,321,030 | Note 3 |
| 8 | WPG India Electronics Pvt Ltd | World Peace International (India) Pvt., Ltd. | Other receivables - related parties | Y | 43,989 | 43,989 | 39,590 | 9.25 | 2 | - | Operations | - | None | - | 156,235 | 156,235 | Note 3 |
| 9 | WPG C&C Limited | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 239,577 | 239,577 | 239,577 | 2.90 | 2 | - | Operations | - | None | - | 267,125 | 267,125 | Note 7 |
| 10 | WPG South Asia Pte. Ltd. | Yosun Singapore Pte Ltd. | Other receivables - related parties | Y | 153,575 | 153,575 | 122,860 | 3.55 | 2 | - | Operations | - | None | - | 1,330,846 | 1,330,846 | Note 3 |
| 10 | WPG South Asia Pte. Ltd. | WPG Korea Co., Ltd. | Other receivables - related parties | Y | 767,875 | 460,725 | 307,150 | 4.51 | 2 | - | Operations | - | None | - | 1,330,846 | 1,330,846 | Note 3 |
| 10 | WPG South Asia Pte. Ltd. | World Peace International (South Asia) Pte Ltd. | Other receivables - related parties | Y | 460,725 | 153,575 | - | 0.00 | 2 | - | Operations | - | None | - | 1,330,846 | 1,330,846 | Note 3 |
| 11 | Yosun Hong Kong Corp. Ltd. | WPG Americas Inc. | Other receivables - related parties | Y | 1,535,750 | 614,300 | - | 0.00 | 2 | - | Operations | - | None | - | 4,786,502 | 4,786,502 | Note 7 |
| 11 | Yosun Hong Kong Corp. Ltd. | Peng Yu International Limited | Other receivables - related parties | Y | 614,300 | 614,300 | 414,653 | 3.05~3.90 | 2 | - | Operations | - | None | - | 4,786,502 | 4,786,502 | Note 7 |
| 11 | Yosun Hong Kong Corp. Ltd. | WPG Korea Co., Ltd. | Other receivables - related parties | Y | 307,150 | 153,575 | - | 0.00 | 2 | - | Operations | - | None | - | 4,786,502 | 4,786,502 | 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 9) | 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, 2018 | December 31, 2018 | | | | | | | Item | Value | | | |
| 11 | Yosun Hong Kong Corp. Ltd. | WPG Electronics (HK) Limited | Other receivables - related parties | Y | \$ 860,020 | \$ 860,020 | \$ 737,160 | 3.34~3.85 | 2 | \$ - | Operations | \$ - | None | - | \$ 4,786,502 | \$ 4,786,502 | Note 7 |
| 12 | Yosun Singapore Pte Ltd | WPG Korea Co., Ltd. | Other receivables - related parties | Y | 153,575 | 153,575 | - | 0.00 | 2 | - | Operations | - | None | - | 647,113 | 647,113 | Note 8 |
| 13 | AECO Technology Co., Ltd. | World Peace Industrial Co., Ltd. | Other receivables - related parties | Y | 350,000 | 200,000 | 133,000 | 1.55 | 2 | - | Operations | - | None | - | 421,196 | 421,196 | Note 2 |
| 14 | AECO Electronics Co., Ltd. | WPG C&C Limited | Other receivables - related parties | Y | 737,160 | - | - | 0.00 | 2 | - | Operations | - | None | - | 788,918 | 788,918 | Note 7 |
| 14 | AECO Electronics Co., Ltd. | Silicon Application Corp. | Other receivables - related parties | Y | 307,150 | 307,150 | 307,150 | 2.90 | 2 | - | Operations | - | None | - | 788,198 | 788,918 | Note 7 |
| 14 | AECO Electronics Co., Ltd. | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 399,295 | 399,295 | 399,295 | 2.90 | 2 | - | Operations | - | None | - | 788,918 | 788,918 | Note 7 |
| 15 | WPG Cloud Service Limited | WPG International (CI) Limited | Other receivables - related parties | Y | 27,951 | 12,593 | 12,593 | 2.07 | 2 | - | Operations | - | None | - | 45,703 | 45,703 | Note 7 |
| 16 | Yosun Industrial Corp. | Trigold Holdings Limited | Other receivables - related parties | Y | 150,000 | 150,000 | 150,000 | 1.95 | 2 | - | Operations | - | None | - | 1,905,813 | 3,811,627 | Note 6 |
| 17 | Yosun South China Corp. Ltd. | WPG China (SZ) Inc. | Other receivables - related parties | Y | 111,800 | 111,800 | 111,800 | 2.80 | 2 | - | Operations | - | None | - | 205,906 | 205,906 | Note 7 |
| 17 | Yosun South China Corp. Ltd. | WPG China Inc. | Other receivables - related parties | Y | 67,080 | 67,080 | 67,080 | 2.80 | 2 | - | Operations | - | None | - | 205,906 | 205,906 | Note 7 |
| 18 | Yosun Shanghai Corp. Ltd. | WPG China (SZ) Inc. | Other receivables - related parties | Y | 183,352 | 183,352 | 183,352 | 2.80 | 2 | - | Operations | - | None | - | 365,697 | 365,697 | 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 9) | 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, 2018 | December 31, 2018 | | | | | | | Item | Value | | | |
| 18 | Yosun Shanghai Corp. Ltd. | WPG China Inc. | Other receivables - related parties | Y | \$ 143,104 | \$ 143,104 | \$ 143,104 | 2.80 | 2 | \$ - | Operations | \$ - | None | - | \$ 365,697 | \$ 365,697 | Note 7 |
| 19 | WPG Investment Co., Ltd. | WPG Holdings Limited | Other receivables - related parties | Y | 150,000 | - | - | 0.00 | 2 | - | Operations | - | None | - | 170,839 | 170,839 | Note 2 |
| 20 | WPI International (Hong Kong) Limited | WPG C&C Limited | Other receivables - related parties | Y | 1,627,895 | 767,875 | - | 0.00 | 2 | - | Operations | - | None | - | 16,611,778 | 16,611,778 | Note 7 |
| 20 | WPI International (Hong Kong) Limited | Long-Think International (Hong Kong) Limited | Other receivables - related parties | Y | 46,073 | - | - | 0.00 | 2 | - | Operations | - | None | - | 16,611,778 | 16,611,778 | Note 7 |
| 20 | WPI International (Hong Kong) Limited | WPG America Inc. | Other receivables - related parties | Y | 921,450 | 921,450 | - | 0.00 | 2 | - | Operations | - | None | - | 16,611,778 | 16,611,778 | Note 7 |
| 20 | WPI International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | Other receivables - related parties | Y | 921,450 | 921,450 | - | 0.00 | 2 | - | Operations | - | None | - | 6,644,711 | 16,611,778 | Note 7 |
| 21 | World Peace Industrial Co., Ltd. | Long-Think International Co., Ltd. | Other receivables - related parties | Y | 92,145 | 46,073 | 19,780 | 2.90~3.65 | 2 | - | Operations | - | None | - | 4,710,099 | 9,420,197 | Note 6 |
| 21 | World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 1,535,750 | - | - | 0.00 | 2 | - | Operations | - | None | - | 4,710,099 | 9,420,197 | Note 6 |
| 21 | World Peace Industrial Co., Ltd. | Trigold Holdings Limited | Other receivables - related parties | Y | 300,000 | 300,000 | - | 0.00 | 2 | - | Operations | - | None | - | 4,710,099 | 9,420,197 | Note 6 |
| 21 | World Peace Industrial Co., Ltd. | Longview Technology Inc. | Other receivables - related parties | Y | 307,150 | 307,150 | 18,429 | 3.65 | 2 | - | Operations | - | None | - | 4,710,099 | 9,420,197 | Note 6 |
| 22 | Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | Other receivables - related parties | Y | 200,000 | 200,000 | 200,000 | 1.37 | 2 | - | Operations | - | None | - | 278,050 | 278,050 | Note 2 |
| 23 | AIO Components Company Limited | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 138,218 | 138,218 | 138,218 | 2.90 | 2 | - | Operations | - | None | - | 150,140 | 150,140 | 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 9) | 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, 2018 | December 31, 2018 | | | | | | | Item | Value | | | |
| 24 | Silicon Application (BVI) Corporation | Silicon Application Corp. | Other receivables - related parties | Y | \$ 1,228,600 | \$ 1,228,600 | \$ 1,228,600 | 1.70 | 2 | \$ - | Operations | \$ - | None | - | \$ 1,280,738 | \$ 3,201,845 | Note 7 |
| 24 | Silicon Application (BVI) Corporation | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 122,860 | 122,860 | 122,860 | 1.70 | 2 | - | Operations | - | None | - | 3,201,845 | 3,201,845 | Note 7 |
| 25 | Silicon Application Company Limited | Silicon Application Corp. | Other receivables - related parties | Y | 706,445 | 706,445 | 706,445 | 1.70 | 2 | - | Operations | - | None | - | 718,039 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 215,005 | - | - | 0.00 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | WPG Korea Co., Ltd. | Other receivables - related parties | Y | 307,150 | - | - | 0.00 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | WPG Americas Inc. | Other receivables - related parties | Y | 276,435 | - | - | 0.00 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | WPG SCM Limited | Other receivables - related parties | Y | 245,720 | - | - | 0.00 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | Yosun Hong Kong Corp. Ltd. | Other receivables - related parties | Y | 614,300 | 614,300 | 614,300 | 2.54-3.10 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 25 | Silicon Application Company Limited | WPG C&C Limited | Other receivables - related parties | Y | 430,010 | 430,010 | 430,010 | 2.90 | 2 | - | Operations | - | None | - | 1,795,099 | 1,795,099 | Note 7 |
| 26 | Sertek Limited | WPI International (Hong Kong) Limited | Other receivables - related parties | Y | 430,010 | - | - | 0.00 | 2 | - | Operations | - | None | - | 444,738 | 444,738 | Note 7 |
| 26 | Sertek Limited | Yosun Hong Kong Corp. Ltd. | Other receivables - related parties | Y | 430,010 | 430,010 | 430,010 | 2.95 | 2 | - | Operations | - | None | - | 444,738 | 444,738 | Note 7 |
| 27 | Sertek Incorporated | Richpower Electronic Devices Co., Ltd | Other receivables - related parties | Y | 507,150 | 307,150 | 307,150 | 3.54 | 2 | - | Operations | - | None | - | 576,751 | 576,751 | Note 2 |

| 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 9) | 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, 2018 | December 31, 2018 | | | | | | | Item | Value | | | |
| 28 | Apache Communication Inc. | Frontek Technology Corporation | Other receivables - related parties | Y | \$ 200,000 | \$ - | \$ - | 0.00 | 2 | \$ - | Operations | \$ - | None | - | \$ 399,236 | \$ 638,777 | Note 5 |
| 28 | Apache Communication Inc. | Asian Information Technology Inc. | Other receivables - related parties | Y | 399,295 | 399,295 | 399,295 | 2.75 | 2 | - | Operations | - | None | - | 399,236 | 638,777 | Note 5 |
| 29 | Genuine C&C Inc. | Peng Yu (Shanghai) Digital Technology Co., Ltd. | Other receivables - related parties | Y | 89,440 | - | - | 0.00 | 2 | - | Operations | - | None | - | 448,820 | 448,820 | Note 2 |
| 29 | Genuine C&C Inc. | Hoban Inc. | Other receivables - related parties | Y | 50,000 | 50,000 | - | 0.00 | 2 | - | Operations | - | None | - | 448,820 | 448,820 | Note 2 |
| 29 | Genuine C&C Inc. | Trigold Holdings Limited | Other receivables - related parties | Y | 15,000 | - | - | 0.00 | 2 | - | Operations | - | None | - | 448,820 | 448,820 | Note 2 |
| 30 | Richpower Electronic Devices Co., Limited | WPG Americas Inc. | Other receivables - related parties | Y | 614,300 | 614,300 | - | 0.00 | 2 | - | Operations | - | None | - | 2,194,138 | 2,194,138 | Note 7 |
| 30 | Richpower Electronic Devices Co., Limited | Yosun Hong Kong Corp. Ltd. | Other receivables - related parties | Y | 860,020 | 860,020 | - | 0.00 | 2 | - | Operations | - | None | - | 2,194,138 | 2,194,138 | Note 7 |
| 30 | Richpower Electronic Devices Co., Limited | Silicon Application Corp. | Other receivables - related parties | Y | 814,300 | 614,300 | 614,300 | 2.54-3.10 | 2 | - | Operations | - | None | - | 877,655 | 2,194,138 | Note 7 |

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 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 10% 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.

(3) The financing activities to an overseas company which is 100% directly or indirectly held by the creditor should not be restricted by (1) and (2).

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: 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 9: 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, 2018

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, 2018 | Outstanding endorsement/ guarantee amount at December 31, 2018 | 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 | \$ 27,179,385 | \$ 151,906 | \$ 76,869 | \$ 76,869 | \$ 76,869 | 0.14 | \$ 27,179,385 | Y | N | N | Notes 4 and 5 |
| 1 | World Peace International Pte. Ltd. | WPG Americas Inc. | Note 3 | 6,990,488 | 184,290 | 168,933 | 164,033 | - | 4.83 | 6,990,488 | N | N | N | Note 7 |
| 1 | World Peace International Pte. Ltd. | WPG C&C Computers and Peripheral (India) Private Ltd. | Note 1 | 6,990,488 | 741,767 | 505,262 | 28,593 | - | 14.46 | 6,990,488 | N | N | N | Note 7 |
| 1 | World Peace International Pte. Ltd. | World Peace International (South Asia) Pte. Ltd. | Note 1 | 6,990,488 | 3,040,785 | 1,044,310 | 237,436 | - | 29.88 | 6,990,488 | N | N | N | Note 7 |
| 2 | WPG South Asia Pte. Ltd. | WPG India Electronics Private Limited | Note 1 | 1,330,846 | 15,358 | 15,358 | - | - | 2.31 | 1,330,846 | N | N | N | Note 11 |
| 3 | Yosun Industrial Corp. | Yosun Singapore Pte. Ltd. | Note 1 | 9,529,067 | 1,517,321 | 1,271,601 | 505,491 | - | 13.34 | 19,058,135 | N | N | N | Note 9 |
| 3 | Yosun Industrial Corp. | Yosun Hong Kong Corp. Ltd. | Note 1 | 9,529,067 | 1,581,823 | 1,581,823 | 156,683 | - | 16.60 | 19,058,135 | N | N | N | Note 9 |
| 3 | Yosun Industrial Corp. | Sertek Incorporated | Note 1 | 9,529,067 | 4,914,400 | 2,457,200 | 1,001,284 | - | 25.79 | 19,058,135 | N | N | N | Note 9 |
| 3 | Yosun Industrial Corp. | Richpower Electronic Devices Co., Limited | Note 1 | 9,529,067 | 950,000 | 600,000 | 355,728 | - | 6.30 | 19,058,135 | N | N | N | Note 9 |
| 4 | World Peace Industrial Co., Ltd. | VITEC WPG Limited | Note 3 | 11,775,247 | 138,217 | 138,217 | 20,272 | - | 0.59 | 18,840,395 | N | N | N | Note 6 |
| 4 | World Peace Industrial Co., Ltd. | WPI International Trading (Shanghai) Ltd. | Note 3 | 11,775,247 | 1,627,808 | - | - | - | - | 18,840,395 | N | N | Y | Note 6 |
| 4 | World Peace Industrial Co., Ltd. | World Peace International (South Asia) Pte. Ltd. | Note 1 | 11,775,247 | 1,351,460 | 1,351,460 | 675,730 | - | 5.74 | 18,840,395 | 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, 2018 | Outstanding endorsement/ guarantee amount at December 31, 2018 | 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 | | | | | | | | | | | |
| 4 | World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | Note 1 | \$ 11,775,247 | \$ 3,498,439 | \$ 2,576,989 | \$ 482,950 | \$ - | 10.94 | 18,840,395 | N | N | N | Note 6 |
| 4 | World Peace Industrial Co., Ltd. | WPG China Inc. | Note 3 | 11,775,247 | 49,144 | - | - | - | - | 18,840,395 | N | N | Y | Note 6 |
| 5 | Frontek Technology Corporation | Asian Information Technology Inc. | Note 2 | 1,040,528 | 827,150 | 627,150 | 514,830 | - | 24.11 | 1,300,661 | N | N | N | Note 8 |
| 6 | Genuine C&C Inc. | Peng Yu (Shanghai) Digital Technology Co., Ltd. | Note 3 | 448,820 | 89,440 | - | - | - | - | 561,025 | N | N | Y | Note 10 |
| 7 | Asian Information Technology Inc. | Frontek Technology Corporation | Note 1 | 2,155,438 | 866,550 | 866,550 | 62,482 | - | 16.08 | 2,694,297 | N | N | N | Note 8 |
| 7 | Asian Information Technology Inc. | WPG China Inc. | Note 3 | 2,155,438 | 15,358 | 15,358 | - | - | 0.29 | 2,694,297 | N | N | Y | Note 8 |
| 7 | Asian Information Technology Inc. | AIT Japan Inc. | Note 1 | 2,155,438 | 1,167,170 | 184,290 | 15,333 | - | 3.42 | 2,694,297 | N | N | N | Note 8 |
| 8 | Trigold Holding Limited | Peng Yu (Shanghai) Digital Technology Co., Ltd. | Note 1 | 549,820 | 89,440 | 44,720 | 44,720 | - | 4.07 | 549,820 | N | N | Y | Note 12 |
| 8 | Trigold Holdings Limited | Peng Yu International Limited | Note 1 | 549,820 | 61,430 | 61,430 | - | - | 5.59 | 549,820 | N | N | N | Note 12 |
| 8 | Trigold Holdings Limited | WPI International Trading (Shanghai) Ltd. | Note 1 | 549,820 | 134,160 | 134,160 | 134,160 | - | 12.20 | 549,820 | N | N | Y | Note 12 |

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 \$76,869.

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 and the guarantee amount to a single company both should not be in excess of 200% of guarantor'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 guarantor's net assets. The guarantee amount to a single company should not be in excess of 30% 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 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.

Note 12: 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.

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, 2018

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| | | | | As of December 31, 2018 | | | | |
|--|---|-----------------------|---|-------------------------|------------|---------------|---------------------|----------|
| Securities held by | Marketable securities | Relationship with the | General | Number of shares | | | | |
| | | securities issuer | ledger account | (in thousands) | Book value | Ownership (%) | Fair value (Note 1) | Footnote |
| WPG Holdings Limited | Vitec Holdings Co., Ltd. - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | 230 | \$ 116,263 | 0.02 | \$ 116,263 | |
| WPG Holdings Limited | Tyche Partners L.P. - Funds | None | Financial assets at at fair value through profit or loss- non-current | - | 138,217 | - | 138,217 | |
| WPG Holdings Limited | CDIB CME Fund Ltd., etc. - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | - | 292,878 | - | 292,878 | |
| Silicon Application Corp. | Kingmax Technology Inc., etc. - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | - | 15,324 | - | 15,324 | Note 2 |
| 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 | - | 26,237 | - | 26,237 | |
| 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 | - | 3,442 | - | 3,442 | |
| Yosun Industrial Corp. | Nichidenbo Corporation - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | 267 | 14,132 | 0.15 | 14,132 | |
| 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 | - | 36,956 | - | 36,956 | |
| WPG Investment Co., Ltd. | DIGITIMES Inc. etc. - Equity securities | None | Financial assets at at fair value through frofit or loss- non-current, etc. | - | 125,226 | - | 125,226 | |

| Securities held by | Marketable securities | Relationship with the securities issuer | General ledger account | As of December 31, 2018 | | | | Footnote |
|-----------------------------------|--|---|---|---------------------------------|------------|---------------|---------------------|----------|
| | | | | Number of shares (in thousands) | Book value | Ownership (%) | Fair value (Note 1) | |
| Silicon Application (BVI) Corp. | Actiontec Electronics Inc. etc. - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | - | \$ 6,700 | - | \$ 6,700 | |
| 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 | 664 | 9.00 | 664 | |
| WPG China Inc. | CECI Technology Co. Ltd. - Equity securities | None | Financial assets at at fair value through profit or loss- non-current | - | 542,510 | - | 542,510 | |

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 amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 2: There are 566 thousand shares of Kingmax Technology Inc. which have been pledged for purchases as of December 31, 2018.

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, 2018

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Marketable securities | General ledger account | Counterparty | Relationship with the investor | Balance as at January 1, 2018 | | Addition | | Disposal | | | Gain (loss) on disposal | Balance as at December 31, 2018 | |
|------------------------|------------------------|------------------------|---|--------------------------------|-------------------------------|------------|------------------------------|---------------------|------------------------------|---------------|-----------------------|-------------------------|---------------------------------|-----------|
| | | | | | Number of shares (thousands) | Amount | Number of shares (thousands) | Amount | Number of shares (thousands) | Selling price | Book value | | Number of shares (thousands) | Amount |
| Yosun Industrial Corp. | Nichidenbo Corporation | Note 1 | Non-specific counterparties in the market | None | 9,647 | \$ 342,472 | 267 (Note 2) | \$ 451,559 (Note 3) | (9,647) | (\$ 779,899) | (\$ 779,899) (Note 4) | \$ - | 267 | \$ 14,132 |

Note 1: It is recorded as financial assets at fair value through profit or loss - non-current.

Note 2: The shares are from capital increase through capitalization of earnings of Nichidenbo Corporation.

Note 3: It refers to gain on valuation of financial assets at fair value through profit or loss.

Note 4: The carrying amount of the financial assets at fair value through profit or loss amounted to \$779,899, including the cost of financial assets at fair value through profit or loss of \$225,986 and valuation adjustment of \$553,913.

WPG Holdings Limited and Subsidiaries
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
Year ended December 31, 2018

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: | | | | | | | | | | | | | |
|---|--|-------------------|--------------------|----------------------------|------------------------------|------------------------------------|---|--|----------------------------------|--------|---|---|-------------------|
| Real estate acquired by | Real estate acquired | Date of the event | Transaction amount | Status of payment (Note 2) | Counterparty | Relationship with the counterparty | Original owner who sold the real estate to the counterparty | Relationship between the original owner and the acquirer | Date of the original transaction | Amount | Basis or reference used in setting the price | Reason for acquisition of real estate and status of the real estate | Other commitments |
| The Company | Office building A in Taipei City Nangang Dist. Jingmao section No.70, No. 70-1 | 2016.12 (Note 1) | \$ 4,533,954 | \$ 793,442 | 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 | 186,045 | 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 | 147,659 | 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, 2018 and 2017, the total amount was \$885,615 and \$241,531, respectively.

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, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

| Differences in transaction terms compared to third party transactions | | | | | | | | | | | |
|---|--|------------------------------------|-------------------|--------------|---------------------------------------|-------------|-------------------------------------|-------------|-----------|---------|---|
| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | | | 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) |
| WPG Holdings Limited | World Peace Industrial Co., Ltd. | Same parent company | Sales | (\$ 385,396) | (53.08) | Note 7 | Note 7 | Note 7 | \$ 45,028 | 55.30 | |
| " | Silicon Application Corp. | " | " | (113,762) | (15.67) | Note 7 | Note 7 | Note 7 | 12,735 | 15.64 | |
| " | Asian Information Technology Inc. | " | " | (101,084) | (13.92) | Note 7 | Note 7 | Note 7 | 10,830 | 13.30 | |
| " | Yosun Industrial Corp. | " | " | (117,712) | (16.21) | Note 7 | Note 7 | Note 7 | 11,948 | 14.67 | |
| World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | " | " | (7,365,181) | (6.27) | Note 3 | Note 3 | Note 3 | 525,451 | 2.09 | |
| " | AECO Technology Co., Ltd. | " | " | (158,860) | (0.14) | " | " | " | - | 0.00 | |
| " | WPG Electronics (HK) Limited | " | " | (625,182) | (0.53) | " | " | " | 213,864 | 0.85 | |
| " | WPG China (SZ) Inc. | " | " | (878,006) | (0.75) | " | " | " | 507,476 | 2.02 | |
| " | WPG China Inc. | " | " | (206,433) | (0.18) | " | " | " | 35,361 | 0.14 | |
| " | WPG SCM Limited | " | " | (1,149,718) | (0.98) | " | " | " | 189,309 | 0.75 | |
| " | WPG Korea Co., Ltd. | " | " | (493,316) | (0.42) | " | " | " | 210,488 | 0.84 | |
| " | Genuine C&C Inc. | " | " | (132,508) | (0.11) | " | " | " | 26,610 | 0.11 | |
| Genuine C&C (IndoChina) Pte Ltd | P.T. WPG Electrindo Jaya | Investment under equity method | " | (201,907) | (92.57) | " | " | " | 6,261 | 92.60 | |
| World Peace International (South Asia) Pte Ltd. | World Peace Industrial Co., Ltd. | Same parent company | " | (252,670) | (0.96) | " | " | " | 12,033 | 0.26 | |
| " | WPG C&C (Malaysia) Sdn. Bhd | " | " | (163,081) | (0.62) | " | " | " | 2,306 | 0.05 | |
| " | WPG C&C Computers And Peripheral (India) Private Limited | " | " | (1,346,249) | (5.12) | " | " | " | 150,373 | 3.21 | |
| " | WPI International (Hong Kong) Limited | " | " | (109,037) | (0.41) | " | " | " | 222 | - | |
| " | WPG SCM Limited | " | " | (5,620,256) | (21.38) | " | " | " | 1,103,970 | 23.56 | |
| " | P.T. WPG Electrindo Jaya | Investment under equity method | " | (303,377) | (1.15) | " | " | " | 46,818 | 1.00 | |
| " | WPG C&C (Thailand) Co., Ltd. | Same parent company | " | (127,537) | (0.49) | " | " | " | 32,815 | 0.70 | |

| | | | | | | | Differences in transaction terms compared to third party transactions | | | | Notes/accounts receivable (payable) | | |
|--|---|---|-------------------|------------------|---------------------------------------|--------------------------------|--|-------------|------------|---|-------------------------------------|--|--|
| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | | | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | Footnote | | |
| | | | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | | | | | | | |
| WPI International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | Same parent company | Sales | (\$ 6,945,713) (| 4.99) | Note 3 | Note 3 | Note 3 | \$ 271,719 | 1.13 | | | |
| " | World Peace International (South Asia) Pte Ltd. | " | " | (2,627,389) (| 1.89) | " | " | " | 95,884 | 0.40 | | | |
| " | WPG C&C Limited | " | " | (799,351) (| 0.57) | " | " | " | 80,530 | 0.34 | | | |
| " | WPI International Trading (Shanghai) Ltd. | " | " | (121,164) (| 0.09) | " | " | " | 51,030 | 0.21 | | | |
| " | WPG Electronics (HK) Limited | " | " | (310,563) (| 0.22) | " | " | " | 227,427 | 0.95 | | | |
| " | WPG China (SZ) Inc. | " | " | (2,886,205) (| 2.07) | " | " | " | 579,458 | 2.42 | | | |
| " | WPG China Inc. | " | " | (877,379) (| 0.63) | " | " | " | 47,096 | 0.20 | | | |
| " | WPG SCM Limited | " | " | (1,012,034) (| 0.73) | " | " | " | 147,799 | 0.62 | | | |
| " | WPG Korea Co., Ltd. | " | " | (130,447) (| 0.09) | " | " | " | 22,149 | 0.09 | | | |
| " | Vitec WPG Limited | Parent company's investment under equity method | | (126,941) (| 0.09) | " | " | " | 12,498 | 0.05 | | | |
| " | Peng Yu International Limited | " | " | (512,743) (| 0.37) | " | " | " | 9,562 | 0.04 | | | |
| WPG C&C Limited | WPI International (Hong Kong) Limited | " | " | (2,414,251) (| 37.21) | " | " | " | - | - | | | |
| " | WPI Interational Trading (Shanghai) Ltd. | " | " | (264,153) (| 4.07) | " | " | " | - | - | | | |
| " | Peng Yu International Limited | " | " | (466,417) (| 7.19) | " | " | " | 18,693 | 18.66 | | | |
| Longview Technology Inc. | World Peace Industrial Co., Ltd. | " | " | (310,075) (| 15.16) | " | " | " | 23,116 | 6.92 | | | |
| " | WPI International (Hong Kong) Limited | " | " | (734,714) (| 35.91) | " | " | " | 91,479 | 27.38 | | | |
| " | WPG Electronics (HK) Limited | " | " | (110,160) (| 5.38) | " | " | " | 21,286 | 6.37 | | | |
| Long-Think International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | " | " | (505,312) (| 29.75) | " | " | " | 56,609 | 29.15 | | | |
| " | WPI International (Hong Kong) Limited | " | " | (632,570) (| 37.24) | " | " | " | 34,466 | 17.75 | | | |
| " | Longview Technology Inc. | " | " | (111,867) (| 6.59) | " | " | " | - | - | | | |
| AECO Electronics Co., Ltd. | World Peace Industrial Co., Ltd. | " | " | (111,125) (| 100.00) | " | " | " | - | - | | | |
| Silicon Application Corp. | Pernas Electronics Co., Ltd. | " | " | (2,018,826) (| 2.90) | 30 days after monthly billings | Note 4 | Note 4 | 172,787 | 1.32 | | | |
| " | WPG Electronics (HK) Limited | " | " | (3,267,963) (| 4.69) | 90 days after monthly billings | " | " | 1,026,923 | 7.86 | | | |

| Differences in transaction terms compared to third party transactions | | | | | | | | | | | | | |
|---|---|------------------------------------|-------------------|--------|---------------------------------------|-------------|-------------------------------------|---|----------|---------|---|-------|--|
| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | | | 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) | | |
| Silicon Application Corp. | WPG China (SZ) Inc. | Same parent company | Sales | (\$ | 1,176,448) | (| 1.69) | 90 days after monthly billings | Note 4 | Note 4 | \$ 218,421 | 1.67 | |
| " | WPG China Inc. | " | " | (| 217,267) | (| 0.31) | " | " | " | 20,734 | 0.16 | |
| " | WPG SCM Limited | " | " | (| 130,127) | (| 0.19) | 30 days after monthly billings | " | " | 5,696 | 0.04 | |
| Pernas Electronics Co., Ltd. | Silicon Application Corp. | " | " | (| 510,993) | (| 5.75) | " | " | " | 40,056 | 2.42 | |
| " | Everwiner Enterprise Co., Ltd. | " | " | (| 281,629) | (| 3.17) | 60 days and 90 days after monthly billing | " | " | 97,073 | 5.86 | |
| Everwiner Enterprise Co., Ltd. | Silicon Application Corp. | " | " | (| 124,807) | (| 2.14) | 30 days after monthly billings | " | " | 5,630 | 0.32 | |
| " | Pernas Electronics Co., Ltd. | " | " | (| 2,909,208) | (| 49.84) | 90 days after monthly billings | " | " | 1,016,809 | 58.63 | |
| Asian Information Technology Inc. | World Peace International (South Asia) Pte Ltd. | " | " | (| 126,287) | (| 0.34) | Note 2 | Note 2 | Note 2 | 3,604 | 0.07 | |
| " | WPI International (Hong Kong) Limited | " | " | (| 186,831) | (| 0.50) | " | " | " | 23,574 | 0.46 | |
| " | Frontek Technology Corporation | " | " | (| 2,735,613) | (| 7.26) | " | " | " | 182,265 | 3.52 | |
| " | Apache Communication Inc. | " | " | (| 1,545,503) | (| 4.10) | " | " | " | 3,096 | 0.06 | |
| " | AIT Japan Inc. | " | " | (| 1,022,880) | (| 2.71) | " | " | " | 121,614 | 2.35 | |
| " | WPG Electronics (HK) Limited | " | " | (| 100,450) | (| 0.27) | " | " | " | 47,428 | 0.92 | |
| " | WPG China (SZ) Inc. | " | " | (| 178,365) | (| 0.47) | " | " | " | 70,761 | 1.37 | |
| Henshen Electric Trading Co., Ltd. | Asian Information Technology Inc. | " | " | (| 287,033) | (| 27.47) | " | " | " | 26,555 | 23.60 | |
| " | Frontek Technology Corporation | " | " | (| 279,265) | (| 26.72) | " | " | " | 3,067 | 2.73 | |
| Frontek Technology Corporation | " | " | " | (| 1,847,872) | (| 7.97) | " | " | " | 551,701 | 13.28 | |
| " | WPG Electronics (HK) Limited | " | " | (| 404,258) | (| 1.74) | " | " | " | 137,038 | 3.30 | |
| " | WPG China Inc. | " | " | (| 130,628) | (| 0.56) | " | " | " | 9,045 | 0.22 | |
| Apache Communication Inc. | Asian Information Technology Inc. | " | " | (| 295,096) | (| 1.77) | " | " | " | 96,029 | 2.85 | |
| AIT Japan Inc. | " | " | " | (| 498,906) | (| 31.79) | " | " | " | 13,993 | 6.95 | |
| WPG Electronics (HK) Limited | World Peace Industrial Co., Ltd. | " | " | (| 185,940) | (| 2.66) | Note 7 | Note 7 | Note 7 | - | 0.00 | |
| " | WPI International (Hong Kong) Limited | " | " | (| 247,944) | (| 3.55) | " | " | " | - | 0.00 | |

Table 6, Page 3

| | | | | | | | Differences in transaction terms compared to third party transactions | | | | |
|---|---|------------------------------------|-------------------|--------------|---------------------------------------|--------------------------------|---|-------------|-------------------------------------|---|----------|
| | | Relationship with the counterparty | Transaction | | | | | | Notes/accounts receivable (payable) | | Footnote |
| Purchaser/seller | Counterparty | | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | |
| WPG Electronics (HK) Limited | Silicon Application Corp. | Same parent company | Sales | (\$ 132,683) | (1.90) | Note 7 | Note 7 | Note 7 | \$ - | 0.00 | |
| WPG China Inc. | WPG China (SZ) Inc. | " | " | (507,895) | (5.78) | 90 days after monthly billings | Note 5 | Note 5 | 49,232 | 2.31 | |
| WPG Americas Inc. | World Peace Industrial Co., Ltd. | " | " | (211,270) | (1.04) | Note 3 | Note 3 | Note 3 | 14,779 | 0.73 | |
| WPG South Asia Pte. Ltd. | World Peace International (South Asia) Pte Ltd. | " | " | (472,702) | (66.55) | Note 7 | Note 7 | Note 7 | - | 0.00 | |
| Yosun Industrial Corp. | WPG China (SZ) Inc. | " | " | (735,594) | (2.99) | Note 6 | Note 6 | Note 6 | 217,507 | 7.67 | |
| " | WPG China Inc. | " | " | (493,860) | (2.01) | Note 6 | Note 6 | Note 6 | 47,734 | 1.68 | |
| " | Yosun Hong Kong Corp. Ltd. | " | " | (4,742,191) | (19.28) | Note 3 | Note 3 | Note 3 | 217,232 | 7.66 | |
| " | Richpower Electronic Devices Co., Ltd. | " | " | (270,375) | (1.10) | " | " | " | 16,187 | 0.57 | |
| " | Richpower Electronic Devices Co., Limited | " | " | (167,307) | (0.68) | " | " | " | 7,353 | 0.26 | |
| Yosun Hong Kong Corp. Ltd. | WPG China (SZ) Inc. | " | " | (1,170,080) | (3.80) | Note 6 | Note 6 | Note 6 | 395,180 | 8.78 | |
| " | WPG China Inc. | " | " | (2,793,024) | (9.08) | " | " | " | 561,491 | 12.47 | |
| Yosun Hong Kong Corp. Ltd. | Yosun Industrial Corp. | " | " | (663,462) | (2.16) | Note 3 | Note 3 | Note 3 | 29,885 | 0.66 | |
| " | Richpower Electronic Devices Co., Limited | " | " | (934,742) | (3.04) | " | " | " | 33,917 | 0.75 | |
| Yosun Singapore Pte Ltd. | WPG SCM Limited | " | " | (588,260) | (11.55) | Note 6 | Note 6 | Note 6 | 23,240 | 2.22 | |
| Sertek Incorporated | Yosun Industrial Corp. | " | " | (522,834) | (3.43) | Note 3 | Note 3 | Note 3 | 10,106 | 1.88 | |
| " | Yosun Hong Kong Corp. Ltd. | " | " | (687,578) | (4.51) | " | " | " | 25,225 | 4.69 | |
| Richpower Electronic Devices Co., Ltd. | WPG Electronics (HK) Limited | " | " | (1,148,101) | (15.94) | Note 6 | Note 6 | Note 6 | 336,269 | 18.37 | |
| " | Yosun Hong Kong Corp. Ltd. | " | " | (2,104,517) | (21.66) | Note 3 | Note 3 | Note 3 | - | 0.00 | |
| " | Richpower Electronic Devices Co., Ltd. | " | " | (215,590) | (2.22) | " | " | " | 10,829 | 0.64 | |
| Peng Yu (Shanghai) Digital Technology Co., Ltd. | WPI International Trading (Shanghai) Ltd. | " | " | (278,786) | (30.27) | 45 days after monthly billings | " | " | 42,863 | 65.96 | |
| " | Peng Yu International Limited | " | " | (174,966) | (18.99) | 90 days after monthly billings | Note 4 | Note 4 | - | 0.00 | |
| Peng Yu International Limited | WPI International Trading (Shanghai) Ltd. | " | " | (1,383,595) | (66.82) | Note 3 | Note 3 | Note 3 | 345,023 | 97.49 | |

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: Similar to third 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.

Note 7: The income arose from the provision of administrative resources and management services, and the sales price and terms were determined by the parties.

WPG Holdings Limited and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2018

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2018 (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 | \$ 525,451 | 11.13 | \$ - | - | \$ 525,451 | \$ - |
| World Peace Industrial Co., Ltd. | WPG Electronics (HK) Limited | " | 213,864 | 2.21 | - | - | 185,269 | - |
| World Peace Industrial Co., Ltd. | WPG China (SZ) Inc. | " | 507,476 | 3.37 | - | - | 449,503 | - |
| World Peace Industrial Co., Ltd. | WPG SCM Limited | " | 189,309 | 12.06 | - | - | 189,309 | - |
| World Peace Industrial Co., Ltd. | WPG Korea Co., Ltd. | " | 210,488 | 4.66 | - | - | 210,488 | - |
| World Peace International (South Asia) Pte Ltd. | WPG C&C Computers And Peripheral (India) Private Limited | " | 150,373 | 8.62 | - | - | 150,373 | - |
| World Peace International (South Asia) Pte Ltd. | WPG SCM Limited | " | 1,103,970 | 6.23 | - | - | 960,718 | - |
| WPI International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | " | 271,719 | 12.12 | - | - | 271,719 | - |
| WPI International (Hong Kong) Limited | WPG Electronics (HK) Limited | " | 227,427 | 1.24 | - | - | 602 | - |
| WPI International (Hong Kong) Limited | WPG China (SZ) Inc. | " | 579,458 | 5.40 | - | - | 352,335 | - |
| WPI International (Hong Kong) Limited | WPG SLM Limited | " | 147,799 | 8.82 | - | - | 147,799 | - |
| Silicon Application Corp. | Pernas Electronics Co., Ltd. | " | 172,787 | 11.12 | - | - | 172,787 | - |
| Silicon Application Corp. | WPG Electronics (HK) Limited | " | 1,026,923 | 3.25 | - | - | 852,139 | - |
| Silicon Application Corp. | WPG China (SZ) Inc. | " | 218,421 | 4.53 | - | - | 159,438 | - |
| Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | " | 1,016,809 | 3.54 | - | - | 876,105 | - |
| Asian Information Technology Inc. | Frontek Technology Corporation | " | 182,265 | 19.78 | - | - | 182,265 | - |
| Asian Information Technology Inc. | AIT Japan Inc. | " | 121,614 | 4.96 | - | - | 121,614 | - |
| Frontek Technology Corporation | Asian Information Technology Inc. | " | 551,701 | 3.91 | - | - | 534,106 | - |

| | | | | | Overdue receivables | | | |
|---|---|---------------------------------------|--|---------------------------|---------------------|--------------|---|------------------------------------|
| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2018 (Note 1) | Turnover rate (Note 2) | Amount | Action taken | Amount collected subsequent to the balance sheet date (Note 3) | Allowance for doubtful accounts |
| Frontek Technology Corporation | WPG Electronics (HK) Limited | Same parent company | \$ 137,038 | 2.40 | \$ - | - | 70,718 | \$ - |
| Yosun Industrial Corp. | WPG China (SZ) Inc. | " | 217,507 | 4.01 | - | - | 154,452 | - |
| Yosun Industrial Corp. | Yosun Hong Kong Corp. Ltd. | " | 217,232 | 23.67 | - | - | 217,232 | - |
| Yosun Hong Kong Corp. Ltd. | WPG China (SZ) Inc. | " | 395,180 | 3.85 | - | - | 293,720 | - |
| Yosun Hong Kong Corp. Ltd. | WPG China Inc. | " | 561,491 | 5.90 | - | - | 542,847 | - |
| Richpower Electronic Devices Co., Ltd. | WPG Electronics (HK) Limited | " | 336,269 | 2.88 | - | - | 287,525 | - |
| Peng Yu International Limited | WPI Interational Trading (Shanghai) Ltd. | " | 345,023 | 8.02 | - | - | 345,023 | - |
| WPG Holdings Limited | World Peace Industrial Co., Ltd. | " | 186,477 | 0.00 | - | - | - | - |
| World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | " | 257,626 | 0.00 | - | - | 257,626 | - |
| World Peace International Pte Ltd. | World Peace International (South Asia) Pte Ltd. | " | 117,074 | 0.00 | - | - | - | - |
| World Peace International (South Asia) Pte Ltd. | WPG China Inc. | " | 313,600 | 0.00 | - | - | - | - |
| World Peace International (South Asia) Pte Ltd. | WPG Americas Inc. | " | 317,340 | 0.00 | - | - | 307,150 | - |
| World Peace International (South Asia) Pte Ltd. | WPG South Asia Pte. Ltd. | " | 102,482 | 0.00 | - | - | 102,482 | - |
| WPI International (Hong Kong) Limited | Trigold (Hong Kong) Company Limited | " | 263,140 | 0.00 | - | - | 263,140 | - |
| WPG C&C Limited | WPI International (Hong Kong) Limited | " | 248,667 | 0.00 | - | - | 8,337 | - |
| AIO Components Company Limited | WPI International (Hong Kong) Limited | " | 138,518 | 0.00 | - | - | - | - |
| AECO Electronics Co., Ltd. | World Peace Industrial Co., Ltd. | " | 133,452 | 0.00 | - | - | 786 | - |
| AECO Electronic Co., Ltd. | WPI International (Hong Kong) Limited | " | 403,316 | 0.00 | - | - | - | - |
| AECO Electronic Co., Ltd. | Silicon Application Corp. | " | 313,509 | 0.00 | - | - | 313,509 | - |
| Silicon Application (BVI) Corp. | WPI International (Hong Kong) Limited | " | 124,484 | 0.00 | - | - | 124,484 | - |
| Silicon Application (BVI) Corp. | Silicon Application Corp. | " | 1,241,886 | 0.00 | - | - | - | - |
| Silicon Application Company Limited | WPG C&C Limited | " | 439,120 | 0.00 | - | - | 439,120 | - |
| Silicon Application Company Limited | Silicon Application Corp. | " | 711,555 | 0.00 | - | - | - | - |
| Silicon Application Company Limited | Yosun Hong Kong Corp. Ltd. | " | 629,079 | 0.00 | - | - | 629,079 | - |
| Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | " | 202,109 | 0.00 | - | - | - | - |

Table 7, Page 2

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2018 (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 | | |
| Apache Communication Inc. | Asian Information Technology Inc. | Same parent company | \$ 407,835 | 0.00 | \$ - | - | \$ 188,232 | - |
| WPG South Asia Pte. Ltd. | WPG Korea Co., Ltd. | " | 308,411 | 0.00 | - | - | 33,233 | - |
| WPG South Asia Pte. Ltd. | Yosun Singapore Pte Ltd. | " | 137,530 | 0.00 | - | - | 131,787 | - |
| Yosun Industrial Corp. | Trigold Holdings Limited | " | 150,377 | 0.00 | - | - | - | - |
| Yosun Hong Kong Corp. Ltd. | WPG Electronics (HK) Limited | " | 749,166 | 0.00 | - | - | 2 | - |
| Yosun Hong Kong Corp. Ltd. | Peng Yu International Limited | " | 418,862 | 0.00 | - | - | 109,915 | - |
| Yosun Shanghai Corp. Ltd. | WPG China (SZ) Inc. | " | 183,352 | 0.00 | - | - | - | - |
| Yosun Shanghai Corp. Ltd. | WPG China Inc. | " | 143,104 | 0.00 | - | - | - | - |
| Yosun South China Corp. Ltd. | WPG China (SZ) Inc. | " | 111,800 | 0.00 | - | - | - | - |
| Sertek Incorporated | Richpower Electronic Devices Co., Ltd | " | 309,596 | 0.00 | - | - | 936 | - |
| Sertek Limited | Yosun Hong Kong Corp. Ltd. | " | 431,666 | 0.00 | - | - | - | - |
| Richpower Electronic Devices Co., Limited | Silicon Application Corp. | " | 629,034 | 0.00 | - | - | - | - |
| Richpower Electronic Devices Pte Ltd. | Yosun Singapore Pte Ltd. | " | 215,663 | 0.00 | - | - | 658 | - |
| Genuine C&C Holding Inc. (Seychelles) | Peng Yu International Limited | " | 123,264 | 0.00 | - | - | - | - |

Note 1: Balance as at December 31, 2018 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 26, 2019.

WPG Holdings Limited and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2018

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 | \$ 385,396 | Note 11 | 0.07 |
| 0 | WPG Holdings Limited | Silicon Application Corp. | 1 | " | 113,762 | Note 11 | 0.02 |
| 0 | WPG Holdings Limited | Asian Information Technology Inc. | 1 | " | 101,084 | Note 11 | 0.02 |
| 0 | WPG Holdings Limited | Yosun Industrial Corp. | 1 | " | 117,712 | Note 11 | 0.02 |
| 1 | World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | 3 | " | 7,365,181 | Note 5 | 1.35 |
| 1 | World Peace Industrial Co., Ltd. | AECO Technology Co., Ltd. | 3 | " | 158,860 | Note 5 | 0.03 |
| 1 | World Peace Industrial Co., Ltd. | WPG Electronics (HK) Limited | 3 | " | 625,182 | Note 5 | 0.11 |
| 1 | World Peace Industrial Co., Ltd. | WPG China (SZ) Inc. | 3 | " | 878,006 | Note 5 | 0.16 |
| 1 | World Peace Industrial Co., Ltd. | WPG China Inc. | 3 | " | 206,433 | Note 5 | 0.04 |
| 1 | World Peace Industrial Co., Ltd. | WPG SCM Limited | 3 | " | 1,149,718 | Note 5 | 0.21 |
| 1 | World Peace Industrial Co., Ltd. | WPG Korea Co., Ltd. | 3 | " | 493,316 | Note 5 | 0.09 |
| 1 | World Peace Industrial Co., Ltd. | Genuine C&C Inc. | 3 | " | 132,508 | Note 5 | 0.02 |
| 2 | World Peace International (South Asia) Pte Ltd. | World Peace Industrial Co., Ltd. | 3 | " | 252,670 | Note 5 | 0.05 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG C&C (Malaysia) Sdn. Bhd | 3 | " | 163,081 | Note 5 | 0.03 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG C&C Computers And Peripheral (India) Private Limited | 3 | " | 1,346,249 | Note 5 | 0.25 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPI International (Hong Kong) Limited | 3 | " | 109,037 | Note 5 | 0.02 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG SCM Limited | 3 | " | 5,620,256 | Note 5 | 1.03 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG C&C (Thailand) Co., Ltd. | 3 | " | 127,537 | Note 5 | 0.02 |
| 3 | WPI International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | 3 | " | 6,945,713 | Note 5 | 1.27 |
| 3 | WPI International (Hong Kong) Limited | World Peace International (South Asia) Pte Ltd. | 3 | " | 2,627,389 | Note 5 | 0.48 |

| 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 C&C Limited | 3 | Sales | \$ 799,351 | Note 5 | 0.15 |
| 3 | WPI International (Hong Kong) Limited | WPI International Trading (Shanghai) Ltd. | 3 | " | 121,164 | Note 5 | 0.02 |
| 3 | WPI International (Hong Kong) Limited | WPG Electronics (HK) Limited | 3 | " | 310,563 | Note 5 | 0.06 |
| 3 | WPI International (Hong Kong) Limited | WPG China (SZ) Inc. | 3 | " | 2,886,205 | Note 5 | 0.53 |
| 3 | WPI International (Hong Kong) Limited | WPG China Inc. | 3 | " | 877,379 | Note 5 | 0.16 |
| 3 | WPI International (Hong Kong) Limited | WPG SCM Limited | 3 | " | 1,012,034 | Note 5 | 0.19 |
| 3 | WPI International (Hong Kong) Limited | WPG Korea Co., Ltd. | 3 | " | 130,447 | Note 5 | 0.02 |
| 3 | WPI International (Hong Kong) Limited | Peng Yu International Limited | 3 | " | 512,743 | Note 5 | 0.09 |
| 4 | WPG C&C Limited | WPI International (Hong Kong) Limited | 3 | " | 2,414,251 | Note 5 | 0.44 |
| 4 | WPG C&C Limited | WPI International Trading (Shanghai) Ltd. | 3 | " | 264,153 | Note 5 | 0.05 |
| 4 | WPG C&C Limited | Peng Yu International Limited | 3 | " | 466,417 | Note 5 | 0.09 |
| 5 | Longview Technology Inc. | World Peace Industrial Co., Ltd. | 3 | " | 310,075 | Note 5 | 0.06 |
| 5 | Longview Technology Inc. | WPI International (Hong Kong) Limited | 3 | " | 734,714 | Note 5 | 0.13 |
| 5 | Longview Technology Inc. | WPG Electronics (HK) Limited | 3 | " | 110,160 | Note 5 | 0.02 |
| 6 | Long-Think International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | 3 | " | 505,312 | Note 5 | 0.09 |
| 6 | Long-Think International (Hong Kong) Limited | WPI International (Hong Kong) Limited | 3 | " | 632,570 | Note 5 | 0.12 |
| 6 | Long-Think International (Hong Kong) Limited | Longview Technology Inc. | 3 | " | 111,867 | Note 5 | 0.02 |
| 30 | AECO Electronics Co., Ltd. | World Peace Industrial Co., Ltd. | 3 | " | 111,125 | Note 5 | 0.02 |
| 7 | Silicon Application Corp. | Pernas Electronics Co., Ltd. | 3 | " | 2,018,826 | Notes 9 and 11 | 0.37 |
| 7 | Silicon Application Corp. | WPG Electronics (HK) Limited | 3 | " | 3,267,963 | Notes 9 and 12 | 0.60 |
| 7 | Silicon Application Corp. | WPG China (SZ) Inc. | 3 | " | 1,176,448 | Notes 9 and 12 | 0.22 |
| 7 | Silicon Application Corp. | WPG China Inc. | 3 | " | 217,267 | Notes 9 and 12 | 0.04 |
| 7 | Silicon Application Corp. | WPG SCM Limited | 3 | " | 130,127 | Notes 9 and 11 | 0.02 |
| 8 | Pernas Electronics Co., Ltd. | Silicon Application Corp. | 3 | " | 510,993 | Notes 9 and 11 | 0.09 |
| 8 | Pernas Electronics Co., Ltd. | Everwiner Enterprise Co., Ltd. | 3 | " | 281,629 | Notes 9, 10 and 12 | 0.05 |
| 9 | Everwiner Enterprise Co., Ltd. | Silicon Application Corp. | 3 | " | 124,807 | Notes 9 and 11 | 0.02 |

| | | | | Transaction | | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|------------------------------------|---|--------------------------|------------------------|--------------|-------------------|---|
| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | General ledger account | Amount | Transaction terms | |
| 9 | Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | 3 | Sales | \$ 2,909,208 | Notes 9 and 12 | 0.53 |
| 7 | Asian Information Technology Inc. | World Peace International (South Asia) Pte Ltd. | 3 | " | 126,287 | Note 4 | 0.02 |
| 10 | Asian Information Technology Inc. | WPI International (Hong Kong) Limited | 3 | " | 186,831 | Note 4 | 0.03 |
| 10 | Asian Information Technology Inc. | Frontek Technology Corporation | 3 | " | 2,735,613 | Note 4 | 0.50 |
| 10 | Asian Information Technology Inc. | Apache Communication Inc. | 3 | " | 1,545,503 | Note 4 | 0.28 |
| 10 | Asian Information Technology Inc. | AIT Japan Inc. | 3 | " | 1,022,880 | Note 4 | 0.19 |
| 10 | Asian Information Technology Inc. | WPG Electronics (HK) Limited | 3 | " | 100,450 | Note 4 | 0.02 |
| 10 | Asian Information Technology Inc. | WPG China (SZ) Inc. | 3 | " | 178,365 | Note 4 | 0.03 |
| 11 | Henshen Electric Trading Co., Ltd. | Asian Information Technology Inc. | 3 | " | 287,033 | Note 4 | 0.05 |
| 11 | Henshen Electric Trading Co., Ltd. | Frontek Technology Corporation | 3 | " | 279,265 | Note 4 | 0.05 |
| 12 | Frontek Technology Corporation | Asian Information Technology Inc. | 3 | " | 1,847,872 | Note 4 | 0.34 |
| 12 | Frontek Technology Corporation | WPG Electronics (HK) Limited | 3 | " | 404,258 | Note 4 | 0.07 |
| 12 | Frontek Technology Corporation | WPG China Inc. | 3 | " | 130,628 | Note 4 | 0.02 |
| 13 | Apache Communication Inc. | Asian Information Technology Inc. | 3 | " | 295,096 | Note 4 | 0.05 |
| 14 | AIT Japan Inc. | Asian Information Technology Inc. | 3 | " | 498,906 | Note 4 | 0.09 |
| 15 | WPG Electronics (HK) Limited | World Peace Industrial Co., Ltd. | 3 | " | 185,940 | Note 11 | 0.03 |
| 15 | WPG Electronics (HK) Limited | WPI International (Hong Kong) Limited | 3 | " | 247,944 | Note 11 | 0.05 |
| 15 | WPG Electronics (HK) Limited | Silicon Application Corp. | 3 | " | 132,683 | Note 11 | 0.02 |
| 16 | WPG China Inc. | WPG China (SZ) Inc. | 3 | " | 507,895 | Notes 9 and 12 | 0.09 |
| 17 | WPG Americas Inc. | World Peace Industrial Co., Ltd. | 3 | " | 211,270 | Notes 9 and 11 | 0.04 |
| 18 | WPG South Asia Pte. Ltd. | World Peace International (South Asia) Pte Ltd. | 3 | " | 472,702 | Note 10 | 0.09 |
| 19 | Yosun Industrial Corp. | WPG China (SZ) Inc. | 3 | " | 735,594 | Note 8 | 0.13 |
| 19 | Yosun Industrial Corp. | WPG China Inc. | 3 | " | 493,860 | Note 8 | 0.09 |
| 19 | Yosun Industrial Corp. | Yosun Hong Kong Corp. Ltd. | 3 | " | 4,742,191 | Note 5 | 0.87 |
| 19 | Yosun Industrial Corp. | Richpower Electronic Devices Co., Ltd. | 3 | " | 270,375 | Note 5 | 0.05 |
| 19 | Yosun Industrial Corp. | Richpower Electornic Devices Co., Limited | 3 | " | 167,307 | Note 5 | 0.03 |

Table 8, Page 3

| | | | | Transaction | | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|---|--|--------------------------|------------------------|--------------|-------------------|---|
| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | General ledger account | Amount | Transaction terms | |
| 20 | Yosun Hong Kong Corp. Ltd. | WPG China (SZ) Inc. | 3 | Sales | \$ 1,170,080 | Note 8 | 0.21 |
| 20 | Yosun Hong Kong Corp. Ltd. | WPG China Inc. | 3 | " | 2,793,024 | Note 8 | 0.51 |
| 20 | Yosun Hong Kong Corp. Ltd. | Yosun Industrial Corp. | 3 | " | 663,462 | Note 5 | 0.12 |
| 20 | Yosun Hong Kong Corp. Ltd. | Richpower Electornic Devices Co., Limited | 3 | " | 934,742 | Note 5 | 0.17 |
| 21 | Yosun Singapore Pte Ltd. | WPG SCM Limited | 3 | " | 588,260 | Note 8 | 0.11 |
| 22 | Sertek Incorporated | Yosun Industrial Corp. | 3 | " | 522,834 | Note 5 | 0.10 |
| 22 | Sertek Incorporated | Yosun Hong Kong Corp. Ltd. | 3 | " | 687,578 | Note 5 | 0.13 |
| 23 | Richpower Electronic Devices Co., Ltd. | WPG Electronics (HK) Limited | 3 | " | 1,148,101 | Note 8 | 0.21 |
| 24 | Richpower Electornic Devices Co., Limited | Yosun Hong Kong Corp. Ltd. | 3 | " | 2,104,517 | Note 5 | 0.39 |
| 24 | Richpower Electornic Devices Co., Limited | Richpower Electronic Devices Co., Ltd. | 3 | " | 215,590 | Note 5 | 0.04 |
| 25 | Peng Yu (Shanghai) Digital Technology Co., Ltd. | WPI International Trading (Shanghai) Ltd. | 3 | " | 278,786 | Notes 9 and 14 | 0.04 |
| 25 | Peng Yu (Shanghai) Digital Technology Co., Ltd. | Peng Yu International Limited | 3 | " | 174,966 | Notes 9 and 12 | 0.03 |
| 26 | Peng Yu International Limited | WPI International Trading (Shanghai) Ltd. | 3 | " | 1,383,595 | Note 5 | 0.25 |
| 1 | World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | 3 | Accounts receivable | 525,451 | Note 5 | 0.27 |
| 1 | World Peace Industrial Co., Ltd. | WPG Electronics (HK) Limited | 3 | " | 213,864 | Note 5 | 0.11 |
| 1 | World Peace Industrial Co., Ltd. | WPG China (SZ) Inc. | 3 | " | 507,476 | Note 5 | 0.26 |
| 1 | World Peace Industrial Co., Ltd. | WPG SCM Limited | 3 | " | 189,309 | Note 5 | 0.10 |
| 1 | World Peace Industrial Co., Ltd. | WPG Korea Co., Ltd. | 3 | " | 210,488 | Note 5 | 0.11 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG C&C Computers And Peripheral (India) Private Limited | 3 | " | 150,373 | Note 5 | 0.08 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG SCM Limited | 3 | " | 1,103,970 | Note 5 | 0.56 |
| 3 | WPI International (Hong Kong) Limited | World Peace Industrial Co., Ltd. | 3 | " | 271,719 | Note 5 | 0.14 |
| 3 | WPI International (Hong Kong) Limited | WPG Electronics (HK) Limited | 3 | " | 227,427 | Note 5 | 0.12 |
| 3 | WPI International (Hong Kong) Limited | WPG China (SZ) Inc. | 3 | " | 579,458 | Note 5 | 0.30 |
| 3 | WPI International (Hong Kong) Limited | WPG SCM Limited | 3 | " | 147,799 | Note 5 | 0.08 |
| 7 | Silicon Application Corp. | Pernas Electronics Co., Ltd. | 3 | " | 172,787 | Notes 9 and 11 | 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 | |
| 7 | Silicon Application Corp. | WPG Electronics (HK) Limited | 3 | Accounts receivable | \$ 1,026,923 | Notes 9 and 12 | 0.52 |
| 7 | Silicon Application Corp. | WPG China (SZ) Inc. | 3 | " | 218,421 | Notes 9 and 12 | 0.11 |
| 9 | Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | 3 | " | 1,016,809 | Notes 9 and 12 | 0.52 |
| 10 | Asian Information Technology Inc. | Frontek Technology Corporation | 3 | " | 182,265 | Note 4 | 0.09 |
| 10 | Asian Information Technology Inc. | AIT Japan Inc. | 3 | " | 121,614 | Note 4 | 0.06 |
| 12 | Frontek Technology Corporation | Asian Information Technology Inc. | 3 | " | 551,701 | Note 4 | 0.28 |
| 12 | Frontek Technology Corporation | WPG Electronics (HK) Limited | 3 | " | 137,038 | Note 4 | 0.07 |
| 19 | Yosun Industrial Corp. | WPG China (SZ) Inc. | 3 | " | 217,507 | Note 8 | 0.11 |
| 19 | Yosun Industrial Corp. | Yosun Hong Kong Corp. Ltd. | 3 | " | 217,232 | Note 5 | 0.11 |
| 20 | Yosun Hong Kong Corp. Ltd. | WPG China (SZ) Inc. | 3 | " | 395,180 | Note 8 | 0.20 |
| 20 | Yosun Hong Kong Corp. Ltd. | WPG China Inc. | 3 | " | 561,491 | Note 8 | 0.29 |
| 23 | Richpower Electronic Devices Co., Ltd. | WPG Electronics (HK) Limited | 3 | " | 336,269 | Note 8 | 0.17 |
| 26 | Peng Yu International Limited | WPI International Trading (Shanghai) Ltd. | 3 | " | 345,023 | Note 5 | 0.18 |
| 0 | WPG Holdings Limited | World Peace Industrial Co., Ltd. | 1 | Other receivables | 186,477 | Note 13 | 0.10 |
| 1 | World Peace Industrial Co., Ltd. | WPI International (Hong Kong) Limited | 3 | " | 257,626 | Note 17 | 0.13 |
| 27 | World Peace International Pte Ltd | World Peace International (South Asia) Pte Ltd. | 3 | " | 117,074 | Note 7 | 0.06 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG China Inc. | 3 | " | 313,600 | Note 7 | 0.16 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG Americas Inc. | 3 | " | 317,340 | Note 7 | 0.16 |
| 2 | World Peace International (South Asia) Pte Ltd. | WPG South Asia Pte. Ltd. | 3 | " | 102,482 | Note 6 | 0.05 |
| 3 | WPI International (Hong Kong) Limited | Trigold (Hong Kong) Company Limited | 3 | " | 263,140 | Note 15 | 0.13 |
| 4 | WPG C&C Limited | WPI International (Hong Kong) Limited | 3 | " | 248,667 | Note 7 | 0.13 |
| 37 | AIO Components Company Limited | WPI International (Hong Kong) Limited | 3 | " | 138,518 | Note 7 | 0.07 |
| 29 | AECO Electronics Co., Ltd. | World Peace Industrial Co., Ltd. | 3 | " | 133,452 | Note 7 | 0.07 |
| 30 | AECO Electronic Co., Ltd. | WPI International (Hong Kong) Limited | 3 | " | 403,316 | Note 7 | 0.21 |
| 30 | AECO Electronic Co., Ltd. | Silicon Application Corp. | 3 | " | 313,509 | Note 7 | 0.16 |

| 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 | |
| 31 | Silicon Application (BVI) Corp. | WPI International (Hong Kong) Limited | 3 | Other receivables | \$ 124,484 | Note 7 | 0.06 |
| 31 | Silicon Application (BVI) Corp. | Silicon Application Corp. | 3 | " | 1,241,886 | Note 7 | 0.63 |
| 32 | Silicon Application Company Limited | WPG C&C Limited | 3 | " | 439,120 | Note 7 | 0.22 |
| 32 | Silicon Application Company Limited | Silicon Application Corp. | 3 | " | 711,555 | Note 7 | 0.36 |
| 32 | Silicon Application Company Limited | Yosun Hong Kong Corp. Ltd. | 3 | " | 629,079 | Note 7 | 0.32 |
| 9 | Everwiner Enterprise Co., Ltd. | Pernas Electronics Co., Ltd. | 3 | " | 202,109 | Note 7 | 0.10 |
| 13 | Apache Communication Inc. | Asian Information Technology Inc. | 3 | " | 407,835 | Note 7 | 0.21 |
| 18 | WPG South Asia Pte. Ltd. | WPG Korea Co., Ltd. | 3 | " | 308,411 | Note 7 | 0.16 |
| 18 | WPG South Asia Pte. Ltd. | Yosun Singapore Pte Ltd. | 3 | " | 137,530 | Note 7 | 0.07 |
| 19 | Yosun Industrial Corp. | Trigold Holdings Limited | 3 | " | 150,377 | Note 7 | 0.08 |
| 20 | Yosun Hong Kong Corp. Ltd. | WPG Electronics (HK) Limited | 3 | " | 749,166 | Note 7 | 0.38 |
| 20 | Yosun Hong Kong Corp. Ltd. | Peng Yu International Limited | 3 | " | 418,862 | Note 7 | 0.21 |
| 33 | Yosun Shanghai Corp. Ltd. | WPG China (SZ) Inc. | 3 | " | 183,352 | Note 7 | 0.09 |
| 33 | Yosun Shanghai Corp. Ltd. | WPG China Inc. | 3 | " | 143,104 | Note 7 | 0.07 |
| 34 | Yosun South China Corp. Ltd. | WPG China (SZ) Inc. | 3 | " | 111,800 | Note 7 | 0.06 |
| 22 | Sertek Incorporated | Richpower Electronic Devices Co., Ltd | 3 | " | 309,596 | Note 7 | 0.16 |
| 35 | Sertek Limited | Yosun Hong Kong Corp. Ltd. | 3 | " | 431,666 | Note 7 | 0.22 |
| 24 | Richpower Electornic Devices Co., Limited | Silicon Application Corp. | 3 | " | 629,034 | Note 7 | 0.32 |
| 36 | Richpower Electronic Devices Pte Ltd | Yosun Singapore Pte Ltd. | 3 | " | 215,663 | Note 7 | 0.11 |
| 37 | Genuine C&C Holding Inc. (Seychelles) | Peng Yu International Limited | 3 | " | 123,264 | Note 7 | 0.06 |

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: The amount receivable arose from filing of consolidated tax return.

Note 14: The collection period is 45 days from the end of the month of sales.

Note 15: The amount receivable arose from disposing subsidiaries to related parties.

WPG Holdings Limited and Subsidiaries

Information on investees

Year ended December 31, 2018

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

| | | | | Initial investment amount | | Shares held as at December 31, 2018 | | | | | |
|----------------------------------|---|------------------------|--|---------------------------|-------------------|-------------------------------------|---------------|---------------|---|--|---------------|
| Investor | Investee | Location | Main business activities | Balance as at | Balance as at | Number of shares | Ownership (%) | Book value | Net profit (loss) of | Investment income | Footnote |
| | | | | December 31, 2018 | December 31, 2017 | | | | the investee for the year ended December 31, 2018 | (loss) recognized by the Company for the year ended December 31, 2018 (Note 1) | |
| WPG Holdings Limited | World Peace Industrial Co., Ltd. | Taiwan | Sales of electronic components | \$ 15,971,669 | \$ 15,971,669 | 1,160,000,000 | 100.00 | \$ 23,538,074 | \$ 3,507,432 | \$ 3,507,432 | Note 4 |
| WPG Holdings Limited | Asian Information Technology Inc. | Taiwan | Sales of electronic /electrical components | 4,063,464 | 4,063,464 | 380,000,000 | 100.00 | 5,388,595 | 1,004,782 | 1,004,782 | Note 4 |
| WPG Holdings Limited | Silicon Application Corp. | Taiwan | Sales of computer software, hardware and electronic components | 4,717,962 | 4,717,962 | 428,000,000 | 100.00 | 6,836,794 | 1,059,303 | 1,059,303 | Note 4 |
| WPG Holdings Limited | WPG Electronics Limited | Taiwan | Sales of electronic components | 14,735 | 14,735 | 3,920,000 | 100.00 | 47,871 | 4,302 | 4,302 | Note 4 |
| WPG Holdings Limited | WPG Korea Co., Ltd. | South Korea | Sales of electronic components | 169,071 | 169,071 | 1,087,794 | 100.00 | 497,850 | 59,768 | 59,768 | Note 4 |
| WPG Holdings Limited | WPG International (CI) Limited | Cayman Islands | Holding company | 3,783,583 | 3,783,583 | 124,442,727 | 100.00 | 4,503,636 | 284,431 | 284,431 | Note 4 |
| WPG Holdings Limited | Yosun Industrial Corp. | Taiwan | Sales of electronic /electrical components | 12,144,406 | 13,644,406 | 362,074,400 | 100.00 | 13,290,333 | 1,503,950 | 1,500,434 | Note 4 |
| WPG Holdings Limited | WPG Investment Co., Ltd. | Taiwan | Investment company | 502,997 | 502,997 | 50,000,000 | 100.00 | 427,098 | 7,021 | 7,021 | Note 4 |
| WPG Holdings Limited | Trigold Holdings Limited | Taiwan | Investment company | 707,968 | 707,968 | 48,139,319 | 60.50 | 705,606 | 92,550 | 59,328 | 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 | 3,614,811 | 251,911 | - | 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 | 16,666,606 | 1,866,345 | - | 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 | 611,031 | 104,736 | - | 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 | 168,871 | 87,161 | - | Notes 2 and 3 |

| | | | | Initial investment amount | | Shares held as at December 31, 2018 | | | | | |
|-----------------------------------|---|------------------------|--|---------------------------|-------------------|-------------------------------------|---------------|--------------|---|--|---------------|
| Investor | Investee | Location | Main business activities | Balance as at | Balance as at | Number of shares | Ownership (%) | Book value | Net profit (loss) of the investee for the year ended December | Investment income (loss) recognized by the Company for the year ended December | Footnote |
| | | | | December 31, 2018 | December 31, 2017 | | | | 31, 2018 | 31, 2018 (Note 1) | |
| 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 | \$ 1,657,669 | \$ 10,745 | \$ - | 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 | 452,742 | 64,489 | - | Notes 2 and 5 |
| Longview Technology Inc. | Long-Think International Co., Ltd. | Taiwan | Sales of electronic components | 37,302 | 37,302 | 4,000,000 | 100.00 | 47,663 | 2,397 | - | 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 | 789,044 | 15,500 | - | 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 | 3,201,845 | 56,097 | - | Notes 2 and 5 |
| Silicon Application Corp. | Win-Win Systems Ltd. | British Virgin Islands | Holding company | 24,015 | 24,015 | 765,000 | 100.00 | 25,759 | 491 | - | 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 | 113,518 | 2,638 | - | 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 | 1,479,445 | 548,406 | - | 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 | 887,387 | 231,982 | - | Notes 2 and 5 |
| Asian Information Technology Inc. | Frontek Technology Corporation | Taiwan | Wholesale of electronic components | 1,515,256 | 1,515,256 | 214,563,352 | 100.00 | 2,601,321 | 400,535 | - | Notes 2 and 5 |
| Asian Information Technology Inc. | Apache Communication Inc. | Taiwan | Wholesale of electronic components | 680,313 | 680,313 | 157,000,000 | 100.00 | 1,596,943 | 47,163 | - | 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 | 121,684 | 10,569 | - | Notes 2 and 5 |
| Asian Information Technology Inc. | Adivic Technology Co., Ltd. | Taiwan | Import and export business for electronic components | 206,200 | 206,200 | 11,760,000 | 49.00 | 35,213 (| 39,420) | - | 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 | 321,799 | 2,422 | - | Notes 2 and 5 |

| | | | | Initial investment amount | | Shares held as at December 31, 2018 | | | | | |
|--|---|------------------------|--|---------------------------|-------------------|-------------------------------------|---------------|------------|---|--|---------------------|
| Investor | Investee | Location | Main business activities | Balance as at | Balance as at | Number of shares | Ownership (%) | Book value | Net profit (loss) of the investee for the year ended December | Investment income (loss) recognized by the Company for the year ended December | Footnote |
| | | | | December 31, 2018 | December 31, 2017 | | | | 31, 2018 | 31, 2018 (Note 1) | |
| Frontek Technology Corporation | Frontek International Limited | British Virgin Islands | Investment company | \$ 101,862 | \$ 101,862 | 2,970,000 | 100.00 | \$ 124,071 | \$ 2,738 | \$ - | 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 | 5,199,493 | 236,234 | - | 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 | 1,737,298 | 166,714 | - | 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 |
| Yosun Industrial Corp. | Eesource Corp. | Taiwan | Sales of electronic /electrical components, office machinery and equipment | 11,520 | 11,520 | 1,080,000 | 20.00 | 35,250 | 33,379 | - | Notes 2 and 3 |
| Yosun Industrial Corp. | Yosun Japan Corp. | Japan | Sales of electronic /electrical components | - | 21,037 | - | 0.00 | - (| 8,089) | - | Notes 2 and 9 |
| 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 | 2,240,371 | 305,306 | - | Notes 2 and 5 |
| Sertek Incorporated | Sertek Limited | Hong Kong | Sales of electronic /electrical components | 83,494 | 83,494 | 19,500,000 | 100.00 | 444,738 | 6,411 | - | 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 | 2,194,138 | 227,707 | - | Notes 2 and 5 |
| Richpower Electronic Devices Co., Ltd. | Mec Technology Co., Ltd. | Taiwan | Sales of electronic components | - | 401,247 | - | 0.00 | - | 6,644 | - | Notes 2 and 6 |
| Richpower Electronic Devices Co., Ltd. | Mec Technology Co., Limited | Hong Kong | Sales of electronic components | - | 1,092 | - | 0.00 | - (| 1) | - | Notes 2, 5, 6 and 7 |
| Richpower Electronic Devices Co., Ltd. | Richpower Electronic Devices Pte., Ltd. | Singapore | Sales of electronic components | 1,988 | 1,988 | 10,000 | 100.00 | 222,394 | 5,739 | - | Notes 2, 5 and 6 |
| 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 | 35,406 | 33,379 | - | Notes 2 and 3 |

| | | | | Initial investment amount | | Shares held as at December 31, 2018 | | | | | | |
|--------------------------|--|----------------|--|---------------------------|-------------------|-------------------------------------|---------------|------------|---|--|-------------------|--|
| Investor | Investee | Location | Main business activities | Balance as at | Balance as at | Number of shares | Ownership (%) | Book value | Net profit (loss) of | Investment income | Footnote | |
| | | | | December 31, 2018 | December 31, 2017 | | | | the investee for the year ended December 31, 2018 | (loss) recognized by the Company for the year ended December 31, 2018 (Note 1) | | |
| 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 | \$ 48,751 | \$ 6,400 | \$ - | Notes 2 and 3 | |
| WPG Investment Co., Ltd. | Trigold Holdings Limited | Taiwan | Investment company | 230 | - | 10,000 | 0.01 | 231 | 92,550 | - | Note 8 | |
| WPG Investment Co., Ltd. | AutoSys Co., Ltd. | Cayman Islands | Holding company | 73,000 | - | 5,000,000 | 19.40 | 72,558 | (7,868) | - | 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 | - | 354,400 | 23.08 | 13,665 | (2,468) | | Notes 2 and 3 | |
| Trigold Holdings Limited | Genuine C&C Inc. | Taiwan | Sales of computer, components and its peripheral equipment | 1,093,697 | 1,093,697 | 79,569,450 | 100.00 | 1,122,050 | 82,653 | - | Notes 2 and 5 | |
| Trigold Holdings Limited | Trigold (Hong Kong) Company Limited | Hong Kong | Holding company | 78,594 | 768 | 20,200,000 | 100.00 | 56,117 | 36,040 | - | Notes 2 and 5 | |
| Genuine C&C Inc. | Hoban Inc. | Taiwan | General investment and retail of groceries | 79,999 | 79,999 | 8,000,000 | 100.00 | 13,399 | (7,019) | - | 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 | 130,462 | 1,114 | - | Notes 2 and 5 | |
| Genuine C&C Inc. | Taibao Creation Co., Ltd. | Taiwan | Retail of groceries | - | 26,995 | 4,000,000 | 0.00 | - | 8 | - | Notes 2, 5 and 10 | |
| 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 | 11,303 | 6,400 | - | Notes 2 and 3 | |

Note 1: Investment income (loss) recognised by the company including realised (unrealised) gain or loss from upstream intercompany transactions and amortisation 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.

Note 6: Please refer to Note 20 of Note 4(3)B in the consolidated financial statements of the Company for details of simple merger of Richpower Electronic Devices Co., Ltd. and Mec Technology Co., Ltd..

Note 7: In June 2018, Mec Technology Co., Limited has remitted back the share capital and the liquidation has been completed in November 2018.

Note 8: In May 2018, WPG Investment Co., Ltd. acquired 0.01% equity shares of Trigold.

Note 9: In May 2018, Yosun Industrial Corp. disposed all its equity shares of Yosun Japan Corp.

Note 10: The liquidation of Taibao Creation Co., Ltd. has been completed in October 2018.

WPG Holdings Limited and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2018

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018 | Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2018 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018 | Net income of investee for the year ended December 31, 2018 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 7) | Book value of investments in Mainland China as of December 31, 2018 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018 | Footnote |
|---|---|--------------------|---------------------------------|--|---|-------------------------------|--|---|--|---|---|---|----------------------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| WPG China Inc. | Sales of electronic /electrical components | \$ 1,692,415 | 1 | \$ 1,791,850 | \$ - | \$ - | \$ 1,791,850 | \$ 155,627 | 100.00 | \$ 155,627 | \$ 2,339,247 | \$ - | |
| WPG China (SZ) Inc. | Sales of computer software and electronic components | 150,188 | 1 | 106,298 | - | - | 106,298 | 43,647 | 100.00 | 43,647 | 711,450 | - | Note 4 |
| Suzhou Xinning Bonded Warehouse Co., Ltd. | Warehousing services | 36,983 | 1 | 28,820 | - | - | 28,820 | 18,635 | 49.00 | 9,131 | 83,011 | - | |
| Gain Tune Logistics (Shanghai) Co., Ltd. | Sales of electronic components | 44,720 | 1 | 15,221 | - | - | 15,221 | 6,414 | 40.00 | 2,565 | 29,159 | - | |
| Suzhou Xinning Logistics Co., Ltd. | Warehousing services / extra work | 67,080 | 1 | 18,882 | - | - | 18,882 | 18,680 | 29.40 | 5,492 | 37,941 | - | |
| CECI Technology Co. Ltd. | Business e- commerce platform | 2,548,705 | 1 | - | - | - | - | 126,130 | 4.80 | 2,616 | - | - | Notes 8, 9 and 10 |
| WPI International Trading (Shanghai) Ltd. | Sales of electronic components | 236,506 | 1 | 19,965 | 267,221 | - | 287,186 | 53,370 | 100.00 | 42,045 | 155,908 | - | |
| AIO (Shanghai) Components Company Limited | Sales of electronic components | - | 1 | - | - | - | - (| 63) | - (| 63) | - | - | Notes 3 and 11 |
| Long-Think International (Shanghai) Limited | Sales of electronic components | 14,808 | 1 | 143,490 | - | - | 143,490 | 2,279 | 100.00 | 2,279 | 29,694 | - | Note 2 |

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018 | Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2018 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018 | Net income of investee for the year ended December 31, 2018 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 7) | Book value of investments in Mainland China as of December 31, 2018 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018 | Footnote |
|--|--|--------------------|---------------------------------|--|---|-------------------------------|--|---|--|---|---|---|----------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| | | | | | | | | | | | | | |
| Yosun Shanghai Corp. Ltd. | Sales of electronic components and warehousing services | \$ 280,913 | 1 | \$ 236,506 | \$ - | \$ - | \$ 236,506 | \$ 6,719 | 100.00 | 6,719 | \$ 238,032 | \$ - | |
| Yosun South China Corp. Ltd. | Sales of electronic /electrical components | 143,411 | 1 | - | - | - | - | 3,669 | 100.00 | 3,669 | 131,697 | - | |
| Qegoo Technology Co., Ltd. | Business e- commerce platform | 56,823 | 1 | 4,925 | - | - | 4,925 | - | 15.00 | - | - | - | |
| Peng Yu (Shanghai) Digital Technology Co., Ltd | Sales of electronic products | 100,620 | 1 | 58,182 | 129,157 | - | 187,339 | 49,052 | 100.00 | 22,086 | 111,150 | - | Note 12 |

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: WPI International (Hong Kong) Limited acquired AIO Components Company Limited as of July 1, 2010, and AIO (Shanghai) Company Limited became the Company's indirect subsidiary. The investment of USD 469 thousand in AIO (Shanghai) Company Limited had been permitted by Investment Commission.

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, 2018, accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018, book value of investments in Mainland China as of December 31, 2018, accumulated amount of investment income remitted back to Taiwan as of December 31, 2018, etc., the exchange rates used were USD 1: NTD 30.715, HKD 1: NTD 3.921 and RMB 1: NTD 4.472.

Note 6: The ending balance of investment was calculated based on combined ownership percentage held by the Company.

Note 7: The investment income/loss for the year ended December 31, 2018 that was recognised 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 8: In August 2016, WPG China Inc. gained 15% of shares in the investee with its own capital.

Note 9: In December 2017, WPG China Inc. waived its right to participate in the investee's capital increase in proportion to its ownership and thus the ownership declined to 6.49%.

Note 10: In May 2018, this company disposed of 1.69% equity share. After the disposal, its shareholding ratio decreased to 4.8% and lost significant influence in June 2018, therefore, the investment was reclassified as 'financial assets at fair value through profit or loss - non-current'.

Note 11: The liquidation of this company has been completed in October 2018.

Note 12: This company's remaining 45% equity was acquired in October 2018 and became wholly owned by Trigold (Hong Kong) Company Limited.

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018 | 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 | \$ 2,034,410 | \$ 2,138,984 | \$ 32,894,397 |
| World Peace Industrial Co., Ltd. and its subsidiaries | 382,145 | 723,581 | 14,153,396 |
| Silicon Application Corp. and its subsidiaries | 13,193 | 19,153 | 4,102,076 |
| Yosun Industrial Corp. and its subsidiaries | 257,545 | 545,621 | 5,717,440 |
| WPG Investment Co., Ltd. | 4,925 | 15,001 | 256,259 |
| Trigold Holdings Limited and its subsidiaries | 550,034 | 550,034 | 659,783 |

(1) Exchange rates as of December 31, 2018 were USD 1: NTD 30.715, HKD 1 : NTD 3.921 and RMB 1 : NTD 4.472.

(2) The ceiling of investment amount of the company is calculated based on the investor's net assets.

7. Financial Status, Operating Results and Risk Management

7.1 Financial status

7.1.1 Comparison of consolidated financial condition

Unit: NT\$ thousand

| Item \ FY | FY 2018 | FY 2017 | Difference | |
|---|-------------|-------------|-------------|----------|
| | | | Amount | % |
| Current assets | 180,974,906 | 163,854,548 | 17,120,358 | 10.45 |
| Cash and cash equivalents | 7,116,888 | 7,097,914 | 18,974 | 0.27 |
| Notes and accounts receivables | 98,225,514 | 91,383,437 | 6,842,077 | 7.49 |
| Other receivables | 8,533,294 | 5,713,459 | 2,819,835 | 49.35 |
| Inventory | 64,772,967 | 57,473,653 | 7,299,314 | 12.70 |
| Non-current assets | 15,085,958 | 14,813,078 | 272,880 | 1.84 |
| Financial assets at fair value through profit or loss -non current | 1,276,064 | — | 1,276,064 | 100.00 |
| Non-current financial assets at fair value through other comprehensive income | 32,035 | — | 32,035 | 100.00 |
| Available-for-sale financial assets -non-current | — | 495,766 | (495,766) | (100.00) |
| Investments accounted for under equity method | 617,491 | 1,253,615 | (636,124) | (50.74) |
| Property, plant and equipment | 5,701,436 | 5,042,824 | 658,612 | 13.06 |
| Total assets | 196,060,864 | 178,667,626 | 17,393,238 | 9.73 |
| Current liabilities | 126,464,265 | 118,162,495 | 8,301,770 | 7.03 |
| Bank loans (include Short-term borrowings and Short-term notes and bills payable) | 62,178,463 | 57,661,212 | 4,517,251 | 7.83 |
| Notes and accounts payable | 53,197,802 | 49,125,281 | 4,072,521 | 8.29 |
| Long-term liabilities due within one year or one operating cycle | 491,244 | 5,092,236 | (4,600,992) | (90.35) |
| Other current liabilities | 10,596,756 | 6,283,766 | 4,312,990 | 68.64 |
| Non- current liabilities | 14,772,604 | 8,449,693 | 6,322,911 | 74.83 |
| Long-term loans | 13,366,171 | 7,238,010 | 6,128,161 | 84.67 |
| Net liabilities | 141,236,869 | 126,612,188 | 14,624,681 | 11.55 |
| Common stock | 16,790,568 | 18,250,618 | (1,460,050) | (8.00) |
| Total equity | 54,823,995 | 52,055,438 | 2,768,557 | 5.32 |

7.1.2 Main causes of significant changes in the assets, liabilities and equities of the 2018 and 2017 Consolidated Financial Statements and plan in response

1. Other receivables : Other receivables in 2018 increased when compared with the previous year, mainly due to the increase in the retention amount of factoring accounts receivable for the current year.
2. Financial assets at fair value through profit or loss - non-current, Non-current financial assets at fair value through other comprehensive income, Available-for-sale financial assets -non-current : mainly due to the application of IFRS 9 on January 1, 2018 and the Group's Available-for-sale financial assets -non-current reclassified to financial assets at fair value through profit or loss - non-current and non-current financial assets at fair value through other comprehensive income.
3. Investments accounted for under equity method : There was a decrease in 2018 compared to 2017, mainly due to In June 2018, the Group lost significant influence on CECI Technology Co.,Ltd., thus the 'investment accounted for using equity method' was reclassified as 'non-current financial assets at fair value through profit or loss.
4. Bank loans (include Short-term borrowings and Short-term notes and bills payable) : There was an increase in 2018 compared with 2017, mainly due to the growth of revenue, the increase in purchases for customers in advance, and the increase in demand for fund loans.
5. Other current liabilities: There was an increase in 2018 compared with 2017. The main reason is the application of IFRS 15 on January 1, 2018, and classification of the original "Accountable -Accrual Sales Rebate" to "Other Current Liabilities".

7.1.3 Comparison of individual financial condition

Unit: NT\$ thousand

| Item \ FY | FY 2018 | FY 2017 | Differences | |
|---|------------|------------|-------------|--------|
| | | | Amount | % |
| Current assets | 502,179 | 263,321 | 238,858 | 90.71 |
| Investments accounted for under equity method | 55,235,857 | 52,715,433 | 2,520,424 | 4.78 |
| Property, plant and equipment | 1,181,993 | 938,726 | 243,267 | 25.91 |
| Total assets | 58,207,607 | 55,153,684 | 3,053,923 | 5.54 |
| Bank loans (include short-term bonds) | 2,614,593 | 2,474,604 | 139,989 | 5.66 |
| Net liabilities | 3,848,838 | 3,634,711 | 214,127 | 5.89 |
| Common stock | 16,790,568 | 18,250,618 | (1,460,050) | (8.00) |
| Total equity | 54,358,769 | 51,518,973 | 2,839,796 | 5.51 |

7.1.4 Main causes of significant changes in the assets, liabilities and equities of the 2017 and 2016 Individual Financial Statements and plan in response

- 1.Current assets: increased in 2018 compared with 2017, mainly due to the increase in taxable accounts receivable from subsidiaries.
- 2.Property, plant and equipment : increased in 2018 compared with 2017, mainly due to the increase in construction costs of the prepaid building.

7.2 Financial performance

7.2.1 Comparison of consolidated financial performance

Unit: NT\$ thousand

| Item \ FY | FY 2018 | FY 2017 | Difference | |
|-----------------------------------|---------------|---------------|--------------|-------|
| | | | Amount | % |
| Operating revenues | 545,127,804 | 532,509,958 | 12,617,846 | 2.37 |
| Operating costs | (521,497,383) | (510,358,864) | (11,138,519) | 2.18 |
| Gross profit | 23,630,421 | 22,151,094 | 1,479,327 | 6.68 |
| Operating expenses | (13,053,883) | (12,197,896) | (855,987) | 7.02 |
| Operating income | 10,576,538 | 9,953,198 | 623,340 | 6.26 |
| Non-operating income and expenses | (1,375,358) | (1,073,077) | (302,281) | 28.17 |
| Profit before tax | 9,201,180 | 8,880,121 | 321,059 | 3.62 |
| Income tax expense | (1,686,163) | (1,513,686) | (172,477) | 11.39 |
| net income | 7,515,017 | 7,366,435 | 148,582 | 2.02 |

7.2.2 Main causes of significant changes in the operating revenue, operating income and income before tax of the 2017 and 2016 Consolidated Financial Statements and plan in response

- 1.Net non-operating income and expenditure: The net non-operating income and expenditure in 2018 decreased compared with 2017, and the main financial cost increased significantly.
- 2.Income tax expenses: increased in 2018 compared with 2017, mainly due to the increase in net profit before tax in 2018.

7.2.3 Comparison of individual financial performance

Unit: NT\$ thousand

| Item \ FY | FY 2018 | FY 2017 | Difference | |
|-----------------------------------|-----------|-----------|------------|---------|
| | | | Amount | % |
| Operating revenues | 8,212,827 | 7,983,324 | 229,503 | 2.87 |
| Operating costs and expenses | (697,955) | (584,625) | (113,330) | 19.39 |
| Gross profit | 7,514,872 | 7,398,699 | 116,173 | 1.57 |
| Non-operating income and expenses | (3,736) | (43,290) | 39,554 | (91.37) |
| Profit before tax | 7,511,136 | 7,355,409 | 155,727 | 2.12 |
| Income tax expense | (49,126) | (47,422) | (1,704) | 3.59 |
| Net income | 7,462,010 | 7,307,987 | 154,023 | 2.11 |

7.2.4 Main causes of significant changes in the operating revenue, operating income and income before tax of the 2017 and 2016 Individual Financial Statements and plan in response

1. Operating revenues, operating gross profit, net income before tax, net profit: Operating revenues, operating gross profit, net income before tax, net profit of 2018 has increased compared to that of 2017, mainly due to increase in investment income in 2018.
2. Net non-operating income and expenditure: The net non-operating income and expenditure in 2018 increased compared with 2017. The main reason is the financial cost of convertible corporate bonds in 2017, which was not present by 2018.

7.2.5 Projection of the sales in the next year and the basis, possible effects on our future financial business and response plan

WPG Group has a variety of production lines and these products are calculated in different units so that there is no statistics in the same unit. In the face of increasing global economic variables, the primary task of the management team of the WPG group is to return to management fundamentals, to review the individual production lines of the Group with the operating return on assets (ROWC), to continuously adjust the production line portfolio, organization, and strengthen working capital management. Among which, accounts receivable and inventory control are the most important factors. In addition to strengthening the management fundamentals of operations, the WPG group has continued its digital transformation. Under the tide of industrial AI, the ability to focus on "customer demand" starting from "responding to customer needs" and then "creating customer demand" is still the unremitting direction of the WPG group.

7.3 Cash flow

7.3.1 Analysis of changes in consolidated cash flow of 2018

Unit: NT\$ thousand

| Cash Balance 12/31/2017 | Net Cash increase (decrease) by Operating Activities in 2018 | Net increase (decrease) in Cash in 2018 | Cash Balance 12/31/2018 | Remedy for Liquidity Shortfall | |
|----------------------------|---|---|-------------------------------|-----------------------------------|-------------------|
| | | | | Investment Plan | Financing Plan |
| 7,097,914 | (1,214,695) | 18,974 | 7,116,888 | - | - |

The net outflow of cash from Operating Activities of the 2018 consolidated statement is mainly due to the increase in operating income and the increase in working capital demand in the current year. The net outflow of cash from investing activities in 2018 are mainly to purchase Property, plant and equipment; cash flow from financing activities in 2018 are mainly by bank borrowings in response to shareholders' cash dividends and Capital reduction payments to shareholders. The net inflow of cash for the whole year of 2018 resulted in an increase in cash balance at the end of the period compared to the beginning of the year.

7.3.2 Analysis of changes in individual cash flow of 2018

Unit: NT\$ thousand

| Cash Balance 12/31/2017 | Net Cash increase (decrease) by Operating Activities in 2018 | Net increase (decrease) in Cash in 2018 | Cash Balance 12/31/2018 | Remedy for Liquidity Shortfall | |
|----------------------------|---|---|-------------------------------|-----------------------------------|--------------------|
| | | | | Investment Plan | Investment Plan |
| 30,225 | 4,698,121 | 22,412 | 52,637 | - | - |

The company's cash flow mainly consists of general funds required for daily operations, obtaining cash dividends from subsidiaries and returning capital, reducing the purchase of property, plant and equipment, issuing cash dividends and cash reductions.

7.3.3 Low liquidity improvement plan: WPG Group do not have the problem of low liquidity.

7.3.4 Consolidated cash liquidity analysis for the upcoming year

Unit: NT\$ thousand

| Cash Balance 12/31/2018 | Net Cash increase (decrease) by Operating Activities in 2019 | Net increase (decrease) in Cash in 2019 | Cash Balance 12/31/2019 | Remedy for Liquidity Shortfall | |
|----------------------------|---|---|-------------------------------|-----------------------------------|--------------------|
| | | | | Investment Plan | Investment Plan |
| 7,116,888 | 76,712 | (346,315) | 6,770,573 | - | - |

It is expected that the net cash inflow from operating activities will increase in the 2019 consolidated statement because of the continuous performance and the key objectives resulted from operating cost controlled and net income increased. Cash dividends will therefore be paid and loans borrowed from banks will be decrease.

7.3.5 Individual cash liquidity analysis for the upcoming year

Unit: NT\$ thousand

| Cash Balance 12/31/2018 | Net Cash increase (decrease) by Operating Activities in 2019 | Net increase (decrease) in Cash in 2019 | Cash Balance 12/31/2019 | Remedy for Liquidity Shortfall | |
|----------------------------|---|---|-------------------------------|-----------------------------------|--------------------|
| | | | | Investment Plan | Investment Plan |
| 52,637 | 6,758,697 | 5,273 | 57,910 | - | - |

The cash flow is composed of the capitals for daily operation, cash dividends of the subsidiaries and dividend payout.

7.4 The Influence of major capital expenditure on financial business in recent years

WPG Holdings has not made major capital expenditures in recent years. Refer to P.254 of Financial statement for the most recent fiscal year augmented with auditor's report prepared by a CPA for the information about major capital expenditure of WPG Group. (5. WPG Holdings spent NT\$300 million dollars or 20% above of paid-in capital in real estate.)

7.5 Reinvestment policy and main cause of profits or loss in recent years, improvement plan and investment planning for the next year

7.5.1 Reinvestment analysis

Dec. 31, 2018 / Unit: NT\$ thousand

| Item \ Description | Long-term investment | Policy | 2018 profits (loss) | Main cause of profits or loss | Improve ment plan | Future invest ment plannin g |
|-----------------------------------|----------------------|--|---------------------|--|-------------------|------------------------------|
| World Peace Industrial Co., Ltd | 23,538,074 | Sales of electronic / electrical components | 3,507,432 | Profits from the invested company, leading to gain on investment | — | — |
| Silicon Application Corporation | 6,836,794 | Sales of computer software and electronic products | 1,059,303 | " | — | — |
| Asian Information Technology Inc. | 5,388,595 | Sales of electronic / electrical components | 1,004,782 | " | — | — |
| Yosun Industrial Corp. | 13,290,333 | Sales of electronic / electrical components | 1,503,950 | " | — | — |
| WPG Electronic Ltd. | 47,871 | Sales of electronic / electrical components | 4,302 | " | — | — |
| WPG Korea Co., Limited | 497,850 | Sales of electronic / electrical | 59,768 | " | — | — |

| Item \ Description | Long-term investment | Policy | 2018 profits (loss) | Main cause of profits or loss | Improve ment plan | Future invest ment plannin g |
|--------------------------|----------------------|--------------------|---------------------|-------------------------------|-------------------|------------------------------|
| | | components | | | | |
| WPG Investment Co., Ltd. | 427,098 | Investment company | 7,021 | " | — | — |
| WPG Int'l (CI) Limited | 4,503,636 | Holding company | 284,431 | " | — | — |
| Trigold Holdings Limited | 705,606 | Holding company | 92,550 | " | — | — |

7.5.2 Reinvestment policy of recent years

The company transformed its investment policy; focusing on investments for electronic components professional suppliers, considering the integration of the market, the integrity of the agent product line, and continue to strengthen the provision of high value-added services to achieve economic scale, maintain and continue to expand market share and maximize profit.

7.5.3 Investment plant for the upcoming year

WPGH has no significant investment plan from the beginning to the annual report published date in 2019, but the Company will keep setting the acquisition platform of the holding structure and focusing on investment target at home and abroad.

7.6 Risk assessment of the following items in the recent year and as of the publication date of the annual report:

Integrated risk management is the goal of WPG Holdings. The risk management units at each level include risk management in the operation processes through systematical risk identification, risk assessment, risk response and monitoring considering the enterprise holistically in order to reach the goal of the normal management of organization. We will progressively conduct business at acceptable risk level, improve the quality and quantity of incomes, optimize resource distribution and ensure that the appropriate awareness of risk and culture will be established and maintained in the organization.

7.6.1 Influence of interest rate, currency and inflation on our revenues and responsive measures

■ Interest rate

The financial cost of 2018 was NT\$ 2,489,578 thousand, an increase of NT\$ 647,917 thousand from 2017. We borrowed money from banks to meet the capital requirements of operation. Moreover, the interest rate on borrowings of the money market rose 35.18%. The rising of interest rate will affect our profit, and we will evaluate the currency trends at all time, use the long-term and short-term financing tools and manage the operating capitals to reduce the effect of interest on the Company.

■ Currency

WPG is a multi-national company and may face the threat from currency risk of US dollars and RMB. Currency risk arises in business transactions, recognized assets and liabilities and net investment in overseas operation institutions. The Group has established the policy, requiring every company of the Group to manage currency risk of corresponding functional currency. The financial department of each company shall help hedge currency considering the overall currency risk. The financial department of each Company also manages the currency risk of future transactions and recognized assets and liabilities through forward exchange agreements to reduce the influence of interest rate on our revenues. The foreign exchange gains in 2018 was NT\$ 291,322 thousand or 4% in the net income; therefore, it imposed significant influence in 2018.

■ Inflation

Semiconductor components are our main products and Asia-Pacific is the major market. The characteristics and price of the products mostly reflect the supply and demands of the market, technical progress and fast innovation. Inflation or deflation of the Asia-Pacific countries did not significantly affect our operation in 2018.

7.6.2 The policy of the transactions, involving high risk, high leveraged investment, lending of capitals, endorsement and derivatives, main causes of profits or loss and responsive measures

The Company did not engage in high risk and high leveraged investment and lent capitals, endorsed for other and conducted derivative transactions in accordance with the policy and responsive measures in “Procedures for the Acquisition or Disposal of Assets”, “Procedure for the Loaning of Funds to Others” and “Procedures for Endorsements and Guarantees.

■ Credit risk

To strengthen the performance of credit risk control, the Company and its subsidiaries will continue to optimize the system flow, combine professional with the system for further objective of reducing the risk of security claims. The main character of credit management divides into four parts: customer management, credit management, accounts receivable management and risk management. We are promoting the customer management of warning and reconciliation of accounts receivable along with cash requirement and offset. We manage these objects as key point and control to achieve the effect of anti-wrongdoing.

■ Risk of the quality of financial statements

We build a mechanism to analyze and check financial figures, offer regular training to improve the accountants’ legal and taxation knowledge and regularly inspect the internal control system and operation processes.

■ Risk of the capital structure and difficulty of acquiring capitals

We set a goal of the expense use ratio and strengthen operating capital management.

7.6.3 Future R&D plan and budget

There are FAEs in the Subsidiaries to help clients with testing and design and they will irregularly provide or update the best solutions based on the application categories of the products to help clients reduce manufacturing costs and improve product efficiency. A total of NT\$ 5,781 thousand has been invested in R&D as of the 1st quarter of the year.

7.6.4 Influence of important national policy and legal changes on the financial business and responsive measures

In response to the amendment of policies related to corporate governance and Company Act of the competent authorities, the Company will continue to notice on the change of related regulations and make changes accordingly.

7.6.5 Influence of technical and industrial changes on our financial business and responsive measures

The Company in the midstream supply chain of semiconductor parts will expand the production lines and customer coverage to meet the demands of semiconductor parts, brought by changing technology. Due to the intense competition in the industry, merger and acquisition is common among domestic and foreign electronic companies to ensure the competitiveness in the market. The Company will continue to seek partners for strategic alliance, expand production lines and customer coverage, and maintain and expand market share through the investment Holdings in order to maintain our leading position of parts distributors in the Asia-Pacific market.

7.6.6 Influence of the corporate image change on the corporate risk management and responsive measures

The Company upholds the sustainable management principle of professionalism and integrity and highly values our corporate image and risk control. There is no foreseeable risk currently.

7.6.7 Expected benefits, possible risk and responsive measures of M&A

No M&A has been conducted in recent years and the last quarter.

7.6.8 Expected benefits, possible risk and responsive measures of plant expansion

Not applicable. Both the Company and Subsidiaries are not manufacturing industries.

7.6.9 Risk of procurement and sales concentration and responsive measures

Our clients spread across Asia-Pacific broadly and the products include computer peripheral, communication, consumer electronics and automotive electronics. The

sales amount of single clients has not gone over 10% of the consolidated revenues in recent years and the 1st quarter of 2019, and therefore there is no problem of sales concentration. In addition, we have maintained great relationship with suppliers in the long term so we have stable supply source.

- 7.6.10 Influence, risk and responsive measures of transferring huge amount of equities by the Board directors, supervisors or the major shareholder with the holding ratio over 10% on the Company:** none.
- 7.6.11 Influence of franchise change on the risk of the Company and responsive measure:** none
- 7.6.12 A list shall be made for the lawsuits, non-contentious events or administrative appeals involving the Company, the directors, supervisors, general manager, major shareholders holding greater than 10% of shares and the company's subsidiaries (whether pending or for which a verdict has been reached) and the results may greatly affect the rights of its shareholders or stock price:** none.
- 7.6.13 Other important risks and responsive measures:** WPG Holdings did not have other important risks in 2018 and as of the publication date of the annual report.

7.7 Other important items:

Reference and foundation of evaluation for the appropriation of assets and liabilities

7.7.1 The allowance method of accounting for expected credit loss :

The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

Evaluate whether there is objective evidence for individual accounts receivable customers with whom loss has occurred :

1. The customer has serious financial problems.
2. The customer does not pay upon expiry.
3. It is highly possible that the customer will declare bankruptcy or financial restructuring.

7.7.2 Allowance for Inventory decline in market value policy :

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.

8 Other special items

8.1 Information related to the Company's affiliates

8.1.1 Chart of affiliates

Dec. 31, 2018

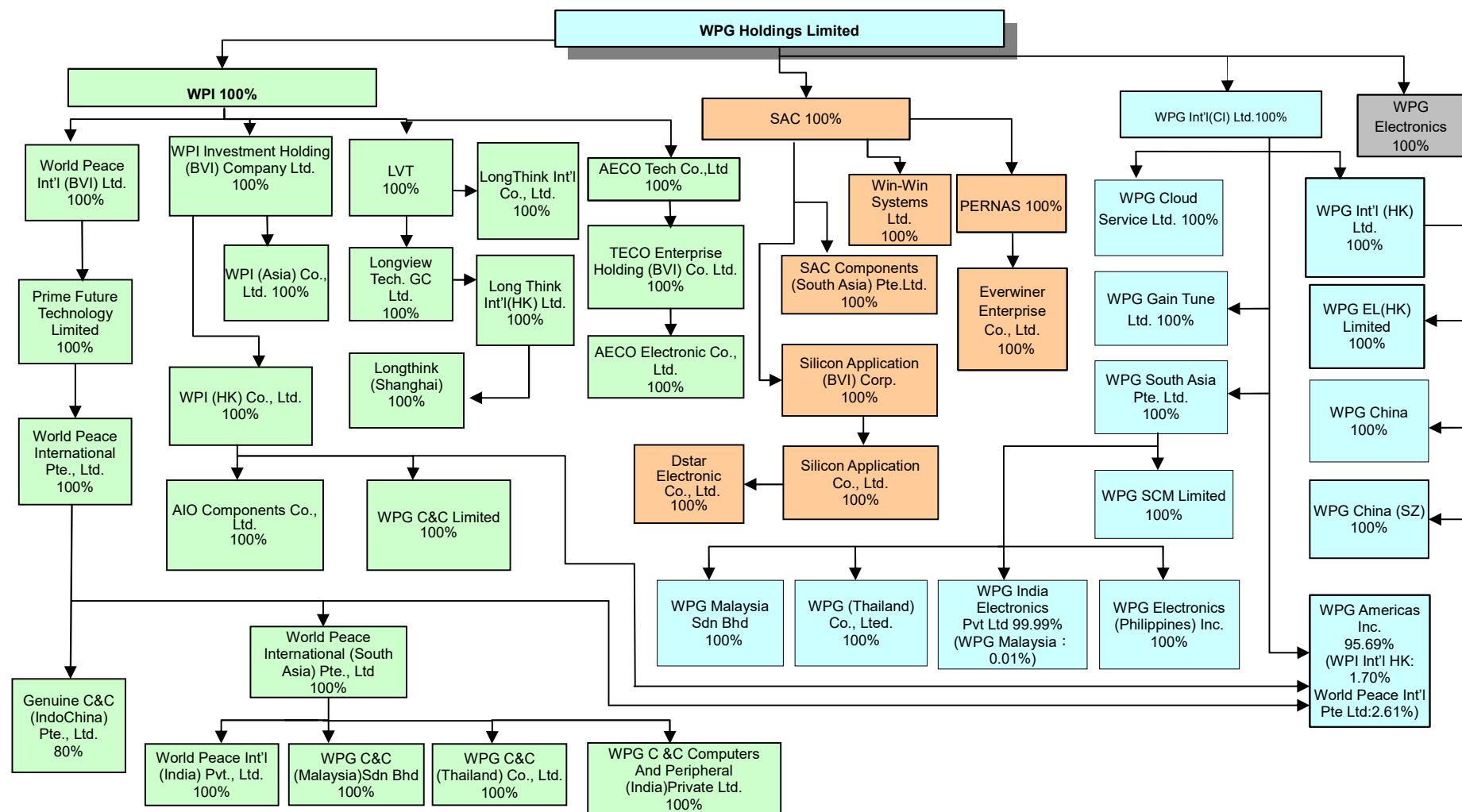
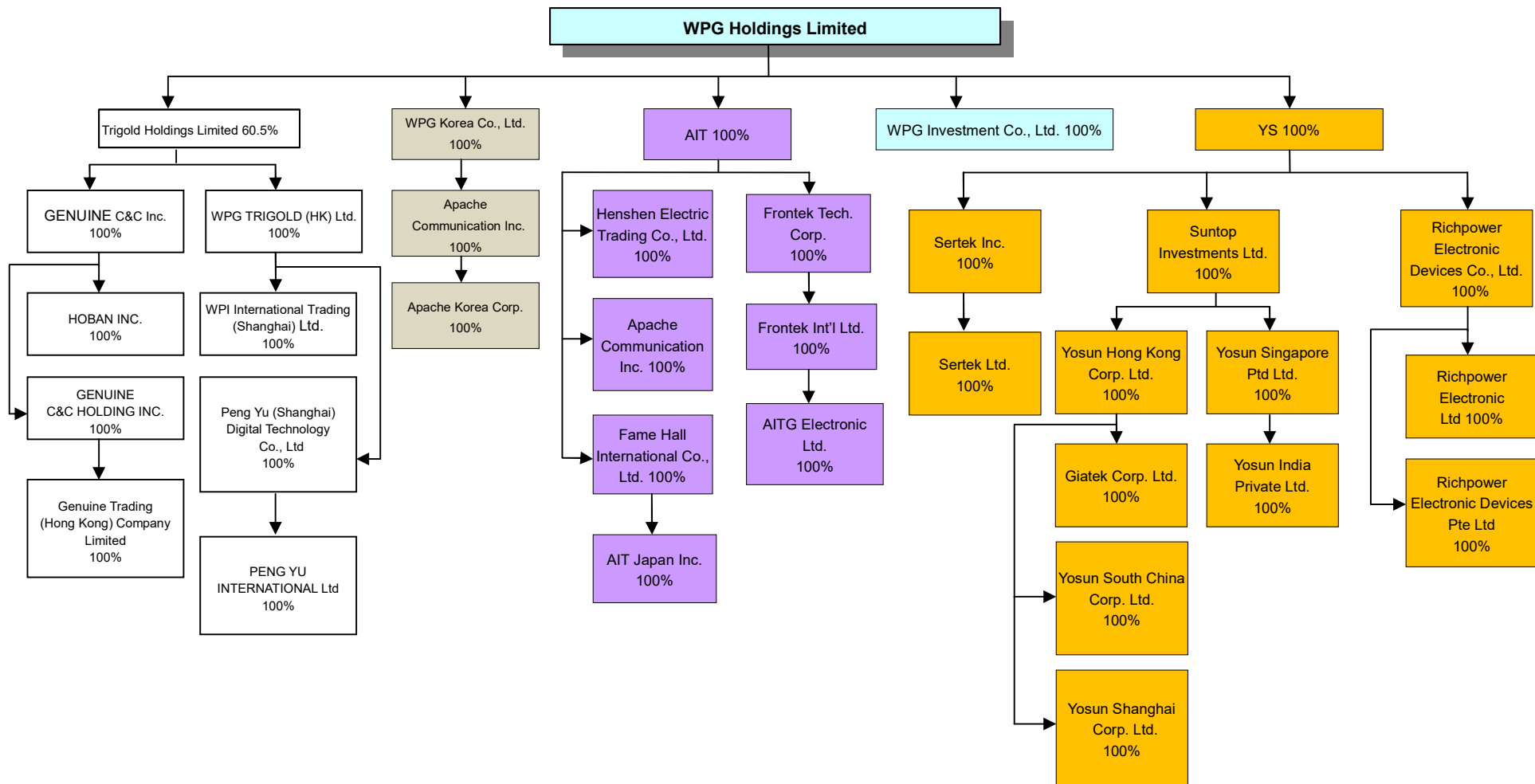


Chart of affiliates (Con't)

Dec. 31, 2018



8.1.2 Basic Information of Affiliates

Dec. 31, 2018 Unit: NT\$ thousand, unless other specified

| Company | Date of Incorporation | Address | Paid-in Capital | Main Business Activities |
|---|-----------------------|--|-------------------|---|
| World Peace Industrial Co., Ltd. | 1981/6/3 | 8F., No.74, No.76, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City | 11,600,000 | Sales of electronic /electrical components |
| Silicon Application Corporation | 1987/1/21 | 18F., No.2, Jian 8th Rd., Zhonghe Dist., New Taipei City | 4,280,000 | Sales of computer software and electronic product |
| Asian Information Technology Inc. | 1993/7/29 | 7F., No.439, Ruiguang Rd., Neihu Dist., Taipei City | 3,800,000 | Sales of electronic / electrical components |
| Yosun Industrial Corp. | 1980/5/30 | 9F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City | 3,620,744 | Sales of electronic / electrical components |
| WPG Electronic Ltd. | 2002/4/22 | 8F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City | 39,200 | Sales of electronic /electrical components |
| WPG Korea Co.,Ltd. | 2005/11/8 | (Pangyo Innovalley) B-301, 253, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do,463-400, Korea | KRW 5,438,970,000 | Sales of electronic /electrical components |
| WPG International (CI) Limited | 2007/3/1 | 4th Floor, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands | USD 124,443,000 | Holding company |
| WPG Investment Co., Ltd. | 1998/7/9 | 8F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City | 500,000 | Investment company |
| Trigold Holdings Co., Ltd. | 2017/9/1 | No.36, Ln. 66, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.) | 795,695 | Holding company |
| AECO Technology Co., Ltd. | 1975/8/8 | 6F., No.74, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City | 946,000 | Sales of electronic /electrical components |
| WPI Investment Holding (BVI) Company Ltd. | 1996/3/15 | Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands | USD 83,179,000 | Holding company |
| World Peace International (BVI) Ltd. | 1995/5/4 | Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands | USD 34,196,000 | Holding company |
| Longview Technology Inc. | 1992/1/24 | 3F., No.70, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City | 339,000 | Sales of electronic /electrical components |
| World Peace International (Asia) Limited | 2011/8/5 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak | HKD 10,000 | Sales of electronic |

| Company | Date of Incorporation | Address | Paid-in Capital | Main Business Activities |
|--|-----------------------|---|-----------------|--|
| | | Road, Tsuen Wan, N.T., Hong Kong | | /electrical components |
| WPI International (Hong Kong) Limited | 1996/4/16 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | USD 85,545,000 | Sales of electronic /electrical components |
| Prime Future Technology Limited | 2000/9/15 | Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands | USD 36,448,000 | Holding company |
| World Peace International Pte Ltd | 2000/6/29 | No. 10 Upper Aljunied Link #06-07, Singapore 367904 | USD 30,390,000 | Holding company |
| Genuine C&C (IndoChina) Pte. Ltd. | 2002/5/23 | No. 10 Upper Aljunied Link #06-07, Singapore 367904 | USD 5,000,000 | Sales of electronic /electrical components |
| World Peace International (South Asia) Pte Ltd | 1995/5/17 | No. 10 Upper Aljunied Link #06-07, Singapore 367904 | USD 21,774,000 | Sales of electronic /electrical components |
| World Peace International (India) Pvt., Ltd. | 1997/10/3 | Unit No. 2144, 2nd Floor, Oberoi Garden Estate Off, Sakivihar Road, Chandivali Mumbai, Maharashtra India – 400072 | INR 3,575,000 | Sales of electronic /electrical components |
| WPG C&C Computers and Peripheral (India) Private Limited | 2008/6/4 | No.26, 2nd Floor, Okhla Industrial Estate, Phase-III, New Delhi-110020, India. | INR 484,200,000 | Sales of electronic /electrical components |
| WPG C&C (Malaysia) Sdn Bhd | 2001/1/26 | 25-4 & 27-4 (Ground Floor) Block D1, Dataran Prima, Jalan PJU 1/4, 47301 P.J., Selangor | MYR 11,250,000 | Sales of electronic /electrical components |
| WPG C&C (Thailand) Co., Ltd. | 2006/2/23 | No. 9/302-4 UM Tower, 30th Floor, Ramkhamhaeng Road, Suanlung Sub-district, Suanluang District, Bangkok, Thailand | BAHT 25,750,000 | Agent and sales of information products |
| WPG C&C Limited | 2002/7/19 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | USD 6,500,000 | Sales of electronic /electrical components |
| WPI International Trading (Shanghai) Ltd. | 2005/1/13 | No.3688, Jindu Road, Xinzhuang Industrial Zone, Shanghai | USD 7,700,000 | Sales of electronic /electrical components |
| AIO Components Company Limited | 1992/10/15 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | HKD 1,362,000 | Sales of electronic /electrical components |
| Long-Think International Co., Ltd | 2010/3/19 | 5F., No.76, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City | 40,000 | Sales of electronic /electrical components |
| Longview Technology GC Limited | 2012/5/10 | Commence Chambers, P.O Box 2208, Road Town, Tortola, British Virgin Islands | USD 11,300,000 | Holding company |

| Company | Date of Incorporation | Address | Paid-in Capital | Main Business Activities |
|--|-----------------------|---|-----------------|---|
| Long-Think International (Hong Kong) Limited | 1991/5/14 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | USD 10,000,000 | Sales of electronic /electrical components |
| Long-Think International (Shanghai) Limited | 2002/10/21 | Part H2, 5th Floor, Building 2, No.115, FuTe west 1 Road, Waigaoqiao Free Trade Zone, Shanghai | USD 400,000 | Sales of electronic /electrical components |
| Silicon Application (BVI) Corp. | 1997/6/17 | Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town,Tortola, British Virgin Islands | USD 22,000,000 | Holding company |
| Silicon Application Company Limited | 2000/2/14 | Units07-11 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | HKD 100,000,000 | Sales of computer software and electronic product |
| Dstar Electronic Company Limited | 2000/9/4 | Units07-11 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | HKD 6,000,000 | Sales of computer software and electronic product |
| Win-Win Systems Ltd. | 2000/6/20 | Intershore Chambers, P.O. Box 4342, Road Town,Tortola, British Virgin Islands | USD 765,000 | Holding company |
| SAC Components (South Asia) Pte. Ltd. | 2012/4/25 | No. 10 Upper Aljunied Link #06-07, Singapore 367904 | USD 3,500,000 | Sales of electronic /electrical components |
| Pernas Enterprise Limited | 1984/2/14 | 11F., No.258, Liancheng Rd., Zhonghe Dist., New Taipei City | 735,000 | Sales of electronic /electrical components |
| Everwiner Enterprise Co., Ltd. | 1998/3/31 | 11F., No.258, Liancheng Rd., Zhonghe Dist., New Taipei City | 280,000 | Sales of electronic / electrical components |
| Apache Communication Inc. | 1998/3/9 | 7F., No.431, Ruiguang Rd., Neihu Dist., Taipei City | 1,570,000 | Sales of electronic / electrical components |
| Henshen Electric Trading Co., Ltd. | 1978/7/7 | 2F., No.441, Ruiguang Rd., Neihu Dist., Taipei City | 100,000 | Sales of electronic / electrical components |
| Frontek Technology Corporation | 1985/12/10 | 7F., No.435, Ruiguang Rd., Neihu Dist., Taipei City | 2,145,634 | Sales of electronic /electrical components |
| Fame Hall International Co., Ltd. | 1998/12/7 | P.O. Box 2208,Road Town, Tortola, British Virgin Islands | USD 4,703,000 | Investment company |
| Frontek International Limited | 2002/6/4 | P.O. Box 2208,Road Town, Tortola, British Virgin Islands | USD 2,970,000 | Investment company |

| Company | Date of Incorporation | Address | Paid-in Capital | Main Business Activities |
|--|-----------------------|--|-----------------|--|
| AITG Electronic Limited | 2002/8/9 | Unit 1501-3, Far East Consortium Building, No.121, Des Voeux Road Center, Central District, Hong Kong | HKD 22,800,000 | Sales of electronic / electrical components |
| AIT Japan Inc. | 2005/3/7 | 7F., Shinagawa-Gotenyama Bldg.3-6-6, Kita Shinagawa, Shinagawa-ku, Tokyo 140-0001, Japan | JPY 300,050,000 | Sales of electronic / electrical components |
| RichPower Electronic Devices Co., Ltd. | 2005/1/13 | 4F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City | 850,000 | Sales of electronic / electrical components |
| Sertek Incorporated | 1983/3/23 | 2F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City | 948,281 | Sales of electronic / electrical components |
| Sertek Limited | 1988/12/2 | Room 901 Yip Fung Building,2-12 D'Aguilar Street, Central, Hong Kong | HKD19,500,000 | Sales of electronic / electrical components |
| Suntop Investments Limited | 1997/7/18 | 3rd Floor, Harbour Centre. P.O. Box 613, George Town, Grand Cayman, Cayman Island, British West Indies | USD 50,700,000 | Investment company |
| Mec Technology Co., Ltd. | 1999/4/19 | 5F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City | 243,000 | Sales of electronic / electrical components (Note 1) |
| Richpower Electronic Limited | 1998/5/27 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | USD 8,125,000 | Sales of electronic / electrical components |
| Mec Technology Co., Limited | 2004/7/13 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | USD 32,000 | Sales of electronic / electrical components (Note 2) |
| Richpower Electronic Devices Pte., Ltd | 2004/8/6 | No. 10 Upper Aljunied Link #06-07, Singapore 367904 | USD 61,000 | Sales of electronic / electrical components |
| Yosun Hong Kong Corp.Ltd. | 1995/4/13 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | HKD303,220,000 | Sales of electronic / electrical components |
| Yosun Singapore Pte Ltd. | 1991/2/14 | No. 10 Upper Aljunied Link #06-07, Singapore 367904 | USD 12,475,000 | Sales of electronic / electrical components |
| Yosun Industrial (Malaysia) Sdn. Bhd. | 1991/12/3 | Suite S-21-H,21st Floor,Menara Northam,55 Jalan Sultan Ahnada Shah,10050 Penang ,Malaysia | MYR 400,000 | Sales of electronic / electrical components (Note 3) |

| Company | Date of Incorporation | Address | Paid-in Capital | Main Business Activities |
|---------------------------------------|-----------------------|--|-------------------|---|
| Yosun India Private Ltd. | 2008/12/19 | No.26, 2nd Floor, Okhla Industrial Estate, Phase-III, NEW Delhi-110020, India. | INR 2,248,000 | Sales of electronic / electrical components |
| Giatek Corp. Ltd. | 2004/10/5 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | HKD 39,000,00 | Sales of electronic / electrical components |
| Yosun Shanghai Corp. Ltd. | 2002/4/24 | Unit 626, 6F., Hengshan International Commercial Building, No.38, Yinglun Road, Waigaoqiao Free Trade Zone, Shanghai | USD7,700,000 | Warehouse business and sales of electronic components |
| Yosun South China Corp. Ltd. | 1999/10/12 | Unit 903 and 904, 9F, Block 2, Kai Da Er Building, No.168 TongSha Road, XiLi Town, Nanshan, Shenzhen | USD4,300,000 | Sales of electronic / electrical components |
| Apache Communication Inc.(B.V.I.) | 2000/1/4 | 2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands | USD 2,795,000 | Investment company |
| Apache Korea Corp. | 2003/8/8 | (Pangyo Innovalley)B-301,253, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, 463-400, Korea | KRW 1,054,910,000 | Sales of electronic / electrical components |
| WPG International (Hong Kong) Limited | 2007/6/5 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | USD 66,333,000 | Holding company |
| WPG Americas Inc. | 2006/5/16 | 5285 Hellyer Ave Suite 150, San Jose, CA 95138 | USD66,100,000 | Sales of electronic /electrical components |
| WPG Cloud Service Limited | 2012/9/4 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | USD2,157,000 | General trading |
| WPG Gain Tune Limited | 1986/2/18 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | USD1,000,000 | Sales of electronic /electrical components |
| WPG Electronics (Hong Kong) Limited | 1997/6/6 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | USD4,057,000 | Sales of electronic /electrical components |
| WPG China Inc. | 1995/3/16 | Part B, 6F., Jialisi Building, No.191, Rijing Road, Waigaoqiao Free Trade Zone, Shanghai | USD58,280,000 | Sales of electronic /electrical components |
| WPG China (SZ) Inc. | 2000/7/7 | 3-5, 8, 12-14F, Block 2, Kai Da Er Building, No.168 TongSha Road, XiLi Town, Nanshan, Shenzhen | HKD 37,000,000 | Sales of computer software and electronic product |
| WPG South Asia Pte. Ltd. | 2006/9/20 | No. 10 Upper Aljunied Link #06-07, Singapore 367904 | USD 15,650,000 | Sales of electronic / electrical components |

| Company | Date of Incorporation | Address | Paid-in Capital | Main Business Activities |
|---|-----------------------|--|-----------------|--|
| WPG Malaysia Sdn Bhd | 1995/10/18 | 25-4 & 27-4, Block D1, Dataran Prima, Jalan PJU 1/41, 47301 Petaling Jaya, Selangor, Malaysia. | MYR 1,011,000 | Sales of electronic /electrical components |
| WPG (Thailand) Co., Ltd. | 1995/11/28 | No. 9/302-4 UM Tower, 30th Floor, Ramkhamhaeng Road, Suanlung Sub-district, Suanluang District, Bangkok, Thailand | BAHT 10,372,000 | Sales of electronic /electrical components |
| WPG India Electronics Pvt Ltd | 2011/3/4 | No.26, 2nd Floor, Okhla Industrial Estate, Phase-III, New Delhi-110020, India. | INR 159,100,000 | Sales of electronic /electrical components |
| WPG Electronics (Philippines) Inc. | 1999/9/2 | Unit 501 Richville Corporate Centre, #1314 Commerce Ave. Ext., Madrigal Business Park, Ayala Alabang, Muntinlupa, 1780 Philippines | PHP 1,000,000 | Sales of electronic /electrical components |
| WPG SCM Limited | 2001/12/12 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | USD 1,641,000 | Sales of electronic /electrical components |
| Teco Enterprise Holding (BVI) Co., Ltd. | 2002/4/19 | Commence Chambers P.O.Box 2208 Road | USD 12,610,000 | Investment company |
| AECO Electronic Co., Ltd. | 2002/5/2 | Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong | USD 12,600,000 | Distribution of semiconductor products |
| HOBAN INC. | 1999/4/10 | 3F., No. 36, Ln. 66, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.) | 80,000 | Investment and food goods selling |
| Genuine C&C Holding Inc. (Seychelles) | 2011/6/22 | No.24, Lesperance, Providence Industrial Estate, MAHE Seychelles | USD6,500,000 | Holding company |
| GENUINE TRADING (HONG KONG) COMPANY LIMITED | 2012/8/1 | 12F Jin Sheng Building, No.255-257 Des Voeux Road Central, Hong Kong | HKD38,000,000 | Holding company |
| Peng Yu (Shanghai) Digital Technology Co., Ltd. | 2014/5/30 | Room A1, Floor 4, Block 2, No.115, Fute West 1st Road, Free Trade Testing Zone(Shanghai), China | RMB22,500,000 | Electronic product selling |
| Trigold Holdings (Hong Kong) Co., Ltd. | 2017/11/6 | UNITS 07-11, 15/F CDW BLDG 388 CASTLE PEAK RD TSUEN WAN HONG KONG | HKD20,200,000 | Holding company |
| Genuine Co., Ltd. | 1988/11/30 | No. 36, Ln. 66, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.) | 795,695 | Computer and peripheral equipment industry |
| Peng Yu International Limited | 2017/3/28 | UNITS 07-11, 15/F CDW BLDG 388 CASTLE PEAK RD TSUEN WAN HONG KONG | USD10,000 | Electronic product selling |

Note 1 : Mec Technology Co., Ltd. merged with parent company RichPower Electronic Devices Co., Ltd. in June 2018.

Note 2 : Mec Technology Co., Limited's deregistration was approved in November 2018.

Note 3 : Yosun Industrial (Malaysia) Sdn. Bhd. was dissolved in November 2018.

8.1.3 Shareholders in Common of WPG Holdings Limited and Its Subsidiaries with Deemed Control and Subordination: None.

8.1.4 Business Scope of WPG Holdings Limited and Its Subsidiaries

The Company and its subsidiaries are mainly engaged in the sales of electronic / electrical components, holding company, Investment and software design services.

8.1.5 Rosters of Directors, Supervisors, and Presidents of Affiliates

Dec. 31, 2018

| Company | Title | Name or Representative | Shareholding | |
|----------------------------------|----------------|---|---|---------------------|
| | | | Shares | Investment Holding% |
| World Peace Industrial Co., Ltd. | Chairman | Chang Jung Kang (Representative of WPG Holdings Limited) | WPG Holdings Limited holds 1,160,000,000 shares | 100.00% |
| | Chairman & CEO | Hsu Chu Hung (Representative of WPG Holdings Limited) | | |
| | Director | Huang Wei-Hsiang (Representative of WPG Holdings Limited) | | |
| | Director | Hsu Ying Che (Representative of WPG Holdings Limited) | | |
| | Director | Yeh Fu-Hai (Representative of WPG Holdings Limited) | | |
| | Supervisor | Yuan Hsing-Wen (Representative of WPG Holdings Limited) | | |

| | | | | |
|-----------------------------------|------------------|---|---|---------|
| Silicon Application Corporation | Chairman | Chen Kou Yuan (Representative of WPG Holdings Limited) | WPG Holdings Limited holds 428,000,000 shares | 100.00% |
| | Director | Huang Wei-Hsiang (Representative of WPG Holdings Limited) | | |
| | Director and CEO | Chen Ming Chih (Representative of WPG Holdings Limited) | | |
| | Director | Yeh Fu-Hai (Representative of WPG Holdings Limited) | | |
| | Director | Lin Yu-Sheng (Representative of WPG Holdings Limited) | | |
| | Supervisor | Yuan Hsing-Wen (Representative of WPG Holdings Limited) | | |
| Asian Information Technology Inc. | Chairman | Hsu Ming-Jen (Representative of WPG Holdings Limited) | WPG Holdings Limited holds 380,000,000 shares | 100.00% |
| | Director | Yeh Fu-Hai (Representative of WPG Holdings Limited) | | |
| | Director | Hsu Yu-Kun (Representative of WPG Holdings Limited) | | |
| | Director | Huang Wei-Hsiang (Representative of WPG Holdings Limited) | | |
| | Director | Huang Kuo-Chen (Representative of WPG Holdings Limited) | | |
| | Supervisor | Yuan Hsing-Wen (Representative of WPG Holdings Limited) | | |
| Yosun Industrial Corp. | Chairman | Tsung Kuo Tung (Representative of WPG Holdings Limited) | WPG Holdings Limited holds 362,074,400 shares | 100.00% |
| | Director | Huang Wei-Hsiang (Representative of WPG Holdings Limited) | | |

| Company | Title | Name or Representative | Shareholding | |
|--------------------------------|--|--|---|---------------------|
| | | | Shares | Investment Holding% |
| | Director and CEO Director Director Supervisor | Holdings Limited) Huang Chiao Kou (Representative of WPG Holdings Limited) Lin Da Sen (Representative of WPG Holdings Limited) Yeh Fu-Hai (Representative of WPG Holdings Limited) Yuan Hsing-Wen (Representative of WPG Holdings Limited) | | |
| WPG Electronic Ltd. | Chairman Director Director Supervisor | Huang Wei-Hsiang (Representative of WPG Holdings Limited) Yang Chung-Bo (Representative of WPG Holdings Limited) Yeh Fu- Hai (Representative of WPG Holdings Limited) Yuan Hsing-Wen (Representative of WPG Holdings Limited) | WPG Holdings Limited holds 3,920,000 shares | 100.00% |
| WPG Korea Co., Ltd. | Representative Director Director Supervisor | Kwak, Choong-Pyo Huang, Wei-Hsiang Chai Kim Yin Yuan, Hsing-Wen | WPG Holdings Limited holds 1,087,794 shares | 100.00% |
| WPG International (CI) Limited | Director Director | Huang Wei-Hsiang Yuan Hsing-Wen | WPG Holdings Limited holds 124,442,727 shares | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|---------------------------------------|--|--|--|---------------------|
| | | | Shares | Investment Holding% |
| WPG Investment Co., Ltd. | Chairman Director Director Supervisor | Huang Wei-Hsiang (Representative of WPG Holdings Limited) Yuan Hsing-Wen (Representative of WPG Holdings Limited) Tai Ru-Fang (Representative of WPG Holdings Limited) Li Yi-Qun (Representative of WPG Holdings Limited) | WPG Holdings Limited holds 50,000,000 shares | 100.00% |
| Trigold Holdings Investment Co., Ltd. | Chairman & CEO Director Director Director Director Independent director Independent director Supervisor Supervisor | Huang Wei-Hsiang (Representative of WPG Holdings Limited) Ye Qi dong Tseng Kuo-Dong (Representative of WPG Holdings Limited) Lin Tsai Lin (Representative of WPG Holding Co., Ltd.) Chen Kuo-Yuan (Representative of WPG Holdings Limited) Chen Shi-Jie Chen Wei-Shen Yuan Hsing-Wen Dai Ru-Fang (HsuWei Investment Co. Ltd) | WPG Holdings Limited holds 48,139,319 shares | 60.50% |
| | Chairman | Hsu Chu Hung (Representative of World | World Peace Industrial Co., Ltd. Holds | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|---|--|--|---|---------------------|
| | | | Shares | Investment Holding% |
| AECO Tech Co.,Ltd | Director Director Supervisor | Peace Industrial Co., Ltd.) Chang Jung Kang (Representative of World Peace Industrial Co., Ltd.) Hsu Ying Che (Representative of World Peace Industrial Co., Ltd.) Yao Su-Mei (Representative of World Peace Industrial Co., Ltd.) | 94,600,000 shares | |
| WPI Investment Holding (BVI) Company Ltd. | Director Director | World Peace Industrial Co., Ltd. Chang Jung Kang | World Peace Industrial Co., Ltd. holds 83,179,435shares | 100.00% |
| World Peace International (BVI) Ltd. | Director | Chang Jung Kang | World Peace Industrial Co., Ltd. holds 34,196,393 shares | 100.00% |
| Longview Technology Inc. | Director and CEO Director Director Supervisor | Hsu Chu Hung (Representative of World Peace Industrial Co., Ltd.) Hsu Ying Che (Representative of World Peace Industrial Co., Ltd.) Yu Cheng Chang (Representative of World Peace Industrial Co., Ltd.) Yao Su-Mei (Representative of World Peace Industrial Co., Ltd.) | World Peace Industrial Co., Ltd 33,900,000 shares | 100.00% |
| World Peace International (Asia) Limited | Director Director Director | Chang Jung Kang Hsu Chu Hung Hsu Ying Che | WPI Investment holds 100,000 shares | 100.00% |
| WPI International (Hong Kong) | Director | Chang Jung Kang | WPI Investment holds 4,087,084,000 | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|--|--|--|---|---------------------|
| | | | Shares | Investment Holding% |
| Limited | Director Director | Hsu Chu Hung Hsu Ying Che | shares | |
| Prime Future Technology Limited | Director | Chang Jung Kang | World Peace Int'l (BVI) holds 36,448,096 shares | 100.00% |
| World Peace International Pte Ltd | Director Director | Chai Kim Yin Chang Jung Kang | Prime Future Tech. holds 248,632,599 shares | 100.00% |
| Genuine C&C (Indochina) Pte. Ltd. | Director Director Director | Tan Yew Teck Tan Sze Chuarn Chai Kim Yin | World Peace Int'l holds 5,359,370 shares | 80.00% |
| World Peace International (South Asia) Pte Ltd | Director Director Director | Tan Yew Teck Chai Kim Yin Chang Jung Kang | World Peace Int'l holds 34,314,692 shares | 100.00% |
| World Peace International (India) Pvt., Ltd. | Director Director Director Director | Chai Kim Yin Rick Tan Jason Saw Kashinath Karekar | World Peace Int'l (SA) holds 3,575,058 shares | 100.00% |
| WPG C&C Computers and Peripheral (India) Private Limited | Director Director Director | Tan Sze Chuarn Rajeev Bajpai Chai Kim Yin | World Peace Int'l SA holds 48,415,000 shares World Peace Int'l holds 5,000 shres | 99.00% 1.00% |
| WPG C&C (Malaysia) Sdn Bhd | Director | Tan Sze Chuarn | World Peace Int'l SA holds 11,250,000 | 100% |

| Company | Title | Name or Representative | Shareholding | |
|---|--|---|--|-------------------------------------|
| | | | Shares | Investment Holding% |
| | Director Director Director | Chai Kim Yin Wendy Tiong Siew Ling Hia Bun Ching | shares | |
| WPG C&C (Thailand) Co., Ltd. | Director Director Director | Chai Kim Yin Tan Sze Chuarn Sopanarat Sintavanon | 1,000 shares 1,000 shares 360,000 shares World Peace Intl SA holds 488,000 shares | 0.10% 0.10% 36.00% 48.80% |
| WPG C&C Limited | Director Director Director | Chang Jung Kang Hsu Chu Hung Hsu Ying Che | WPI International (Hong Kong) Limited holds 6,500,000 shares | 100.00% |
| WPI International Trading (Shanghai) Ltd. | Director and authorized Representative Director Director Supervisor | Cao Tai Sun Huangwei Xiang Gao Xiao Long Cao Jun Jie | — (Note 1) | WPG TRIGOLD (HK) Ltd. holds 100.00% |
| AIO Components Company Limited | Director Director Director | Yao Su-Mei HSU Chu Hung YU Cheng Chang | WPI International (Hong Kong) Limited holds 1,361,688 shares | 100.00% |
| Long-Think International Co., Ltd | Chairman | Hsu Chu Hung (Representative of Longview Technology Inc.) | Longview Technology GC holds 4,000,000 | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|--|--|---|--|--|
| | | | Shares | Investment Holding% |
| | Director Director Supervisor | Yu Cheng Chang (Representative of Longview Technology Inc.) Hsu Ying Che (Representative of Longview Technology Inc.) Yao Su-Mei (Representative of Longview Technology Inc.) | shares | |
| Longview Technology GC Limited | Director | Hsu Chu Hung | Longview Technology GC holds 11,300,000 shares | 100.00% |
| Long-Think International (Hong Kong) Limited | Director Director Director | Hsu Chu Hung Hsu Ying Che Yu Cheng Chang | Longview Technology GC holds 780,000,000 shares | 100.00% |
| Long-Think International (Shanghai) Limited | Director and authorized Representative Director Director Supervisor | Shen Wei-Chung Tour Zhen Chang Chen Chun Hong Chung Pei-Yuan | — (Note 1) | Long-Think International (Hong Kong) Limited holds 100.00% |
| Silicon Application (BVI) Corp. | Chairman | Chen Kou Yuan | Silicon Application Corp. holds 22,000,000 shares | 100.00% |
| Silicon Application Company Limited | Director Director Director | Chen Kou Yuan Su Tein Jye Chen Ming-Chih | Silicon Application (BVI) Corp. holds 100,000,000 shares | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|---------------------------------------|---|---|---|---------------------|
| | | | Shares | Investment Holding% |
| Dstar Electronic Company Limited | Director Director Director | Chen Kou Yuan Su Tein Jye Chen Ming-Chih | Silicon Application Company Limited holds 6,000,000 shares | 100.00% |
| Win-Win Systems Ltd. | Chairman | Chen Kou Yuan | Silicon Application Corp. holds 765,000 shares | 100.00% |
| SAC Components (South Asia) Pte. Ltd. | Director Director Director Director | Chen Kou Yuan Chen Ming Chih Tan Yew Teck Chai Kim Yin | Silicon Application Corp. holds 3,500,000 shares | 100.00% |
| Pernas Electronics Co., Ltd. | Chairman Director Director Supervisor CEO | Chen Kou Yuan (Representative of Silicon Application Corp.) Chen Ming Chih (Representative of Silicon Application Corp.) Wu Yong Chang (Representative of Silicon Application Corp.) Lin Yu Sheng (Representative of Silicon Application Corp.) Wu Yong Chang | Silicon Application Corp. holds 73,500,000 shares | 100.00% |
| Everwiner Enterprise Co., Ltd. | Chairman Director Director | Chen Kou Yuan (Representative of Pernas Electronics Co., Ltd.) Chen Ming Chih (Representative of Pernas Electronics Co., Ltd.) Wu Yong Chang (Representative of Pernas | Pernas Electronics Co., Ltd. holds 28,000,000 shares | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|-----------------------------------|--|--|--|---------------------|
| | | | Shares | Investment Holding% |
| | Supervisor CEO | Electronics Co., Ltd.) Lin Yu Sheng (Representative of Pernas Electronics Co., Ltd.) Wu Yong Chang | | |
| Apache Communication Inc. | Chairman Director Director Supervisor | Hsu Ming-Jen (Representative of Asian Information Technology Inc.) Huang Guo Chen (Representative of Asian Information Technology Inc.) Xu Yu Kun (Representative of Asian Information Technology Inc.)Huang Huang Shu-Ping (Representative of Asian Information Technology Inc.) | Asian Information Technology holds 157,000,000 shares | 100.00% |
| Henshen Electric Trading Co.,Ltd. | Chairman Director Director Supervisor | Hsu Ming-Jen (Representative of Asian Information Technology Inc.) Huang Guo Chen (Representative of Asian Information Technology Inc.) Xu Yu Kun (Representative of Asian Information Technology Inc.) Huang Shu-Ping (Representative of Asian Information Technology Inc.) | Asian Information Technology holds 10,000,000 shares | 100.00% |
| Frontek Technology Corporation | Chairman | Hsu Ming-Jen (Representative of Asian | Asian Information Technology holds | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|-----------------------------------|--|--|--|---------------------|
| | | | Shares | Investment Holding% |
| | Director Director Supervisor | Information Technology Inc.) Huang Guo Chen(Representative of Asian Information Technology Inc.) Xu Yu Kun (Representative of Asian Information Technology Inc.) Huang Shu-Ping (Representative of Asian Information Technology Inc.) | 214,563,352 shares | |
| Fame Hall International Co., Ltd | Director Director | Xu Yu Kun Huang Shu-Ping | Asian Information Technology holds 4,703,107 shares | 100.00% |
| Frontek International Limited | Director Director | Xu Yu Kun Huang Shu-Ping | Frontek Technology holds 2,970,000 shares | 100.00% |
| Asian Electronics Inc. | Director Director Director | Xu Yu Kun Hsu Ming-Jen Huang Guo Chen | 1 share Frontek International holds 22,799,999 shares | — 100.00% |
| AIT Japan Inc. | Chairman Chairman Director Director Supervisor | Huang Guo Chen Masafumi Nakano Xu Yu Kun Hsu Ming-Jen Huang Shu-Ping | Fame Hall International holds 6,001 shares | 100.00% |
| RichPower Electronic Devices Co., | Chairman and | Tsung Kuo Tung (Representative of Yosun | Yosun holds 85,000,000 shares | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|--------------------------------------|--|--|-----------------------------------|---------------------|
| | | | Shares | Investment Holding% |
| Ltd. | CEO Director Director Supervisor | Industrial Corp.) Huang, Chiao-Kou (Representative of Yosun Industrial Corp.) Chang Chi-Wen (Representative of Yosun Industrial Corp.) Liu Hung-An (Representative of Yosun Industrial Corp.) | | |
| Sertek Inc. | Chairman Director Director and CEO Supervisor | Tsung Kuo Tung (Representative of Yosun Industrial Corp.) Huang, Chiao-Kou (Representative of Yosun Industrial Corp.) Jiang Jun hui (Representative of Yosun Industrial Corp.) Liu Hung-An (Representative of Yosun Industrial Corp.) | Yosun holds 94,828,100 shares | 100.00% |
| Sertek (Hong Kong) Inc. | Director Director | Tsung Kuo Tung Huang, Chiao-Kou | Sertek holds 19,500,000 shares | 100.00% |
| Suntop Investments Limited | Director | Tsung Kuo Tung (Representative of Yosun Industrial Corp.) | Yosun holds 50,700,000 shares | 100.00% |
| RichPower International Co., Limited | Director Director | Huang, Chiao-Kou He Peng-Hsiong | RichPower holds 63,000,000 shares | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|---|--|--|---|---------------------|
| | | | Shares | Investment Holding% |
| Richpower Electronic Devices Pte., Ltd. | Director Director Director | Huang, Chiao-Kou Ho, Peng-Hsiung Chai Kim Yin | RichPower holds 10,000 shares | 100.00% |
| Yosun Hong Kong Corp. Ltd. | Director Director | Tsung Kuo Tung Huang, Chiao-Kou | Suntop Investments holds 295,270,000 shares | 100.00% |
| Yosun Singapore Pte Ltd. | Director Director Director Director | Tsung Kuo Tung Huang, Chiao-Kou Chai Kim Yin Tan Yew Teck | Suntop Investments holds 20,600,000 shares | 100.00% |
| Yosun India Private Ltd. | Director and CEO Director Director | Tan Yew Teck Chai Kim Yin Rakesh Arora | Yosun Singapore holds 224,813 shares | 100.00% |
| Giatek Corp. Ltd. | Director | Tsung Kuo Tung | Yosun HK holds 39,000,000 shares | 100.00% |
| Yosun Electronics (Shanghai) Co., Ltd. | Chairman and authorized Representative Director Director | Cheng Kun-Mao Chen Jian Zhong Chen Hang-Chi | — (Note 1) | Yosun HK 持有 100.00% |
| Yosun Technology (Shenzhen) Co., Ltd. | Chairman and authorized | Ou Dong Guan | — (Note 1) | Yosun HK 持有 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|---------------------------------------|---|---|--|--------------------------|
| | | | Shares | Investment Holding% |
| | Representative Director Director | Liang Kuo-Chen Lee Tao-Jui | | |
| Apache Communication Inc.(B.V.I.) | Director | WPG Korea Co., Ltd. | WPG Korea holds 2,795,000 shares | 100.00% |
| Apache Korea Corp. | Representative director Director Director Supervisor | CP Kwak Peter Chang James Park Olivia Ko | Apache Communication Inc. holds 210,982 shares | 100.00% |
| WPG International (Hong Kong) Limited | Director Director | Huang Wei-Hsiang Yuan Hsing-Wen | WPG International (CI) holds 514,796,483 shares | 100.00% |
| WPG Americas Inc. | Director Director Director Director Director | Yao Su-Mei Chang Jung Kang Huang Wei-Hsiang Hsu Ying-Che Richard J. Davis | World Peace Int'l holds 6,100,000 shares WPI International (H.K.) holds 4,000,000 shares WPG International (CI) holds 224,000,000 shares | 2.60% 1.71% 95.69% |
| WPG Cloud Service Limited | Director Director Director | Huang Wei-Hsiang Chang Jung Kang Yeh Fu-Hai | WPG International (CI) holds 2,157,130 shares | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|-------------------------------------|--|--|---|-----------------------------------|
| | | | Shares | Investment Holding% |
| WPG Gain Tune Limited | Director Director Director | Chang Jung Kang Yeh Fu-Hai Yuan Hsing-Wen | WPG International (CI) Ltd holds 77,500,000 shares | 100.00% |
| WPG Electronics (Hong Kong) Limited | Director Director Director | Huang Wei-Hsiang Jaw Shih-Wei Yeh Fu-Hai | WPG International (HK) holds 31,640,000 shares | 100.00% |
| WPG China Inc. | Director and authorized Representative Director Director Supervisor | Jaw Shih-Wei Huang Wei-Hsiang Yeh Fu-Hai Yuan Hsing-Wen | — (Note 1) | WPG International (HK) holds 100% |
| WPG China (SZ) Inc. | Director and authorized Representative Director Director Supervisor | Jaw Shih-Wei Huang Wei-Hsiang Yeh Fu-Hai Yuan Hsing-Wen | — (Note 1) | WPG International (HK) holds 100% |
| WPG South Asia Pte. Ltd. | Director Director Director | Tan Say Chong Chai Kim Yin Huang Wei-Hsiang | WPG International (CI) holds 21,133,600 shares | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|---|--|---|---|--|
| | | | Shares | Investment Holding% |
| WPG Malaysia Sdn Bhd | Director Director Director Director | Chai Kim Yin Hia Bun Ching Tan Say Chong Wong Boon Hee | WPG South Asia holds 1,010,800 shares | 100.00% |
| WPG (Thailand) Co., Ltd. | Director Director | Chai Kim Yin Sopanarat Sintavanon | WPG South Asia holds 40,451 shares | 100.00% |
| WPG India Electronics Pvt Ltd | Director Director Director | Chai Kim Yin Tan Say Chong Karekar Kashinath Arvind | WPG South Asia holds 15,909,990 shares WPG Malaysia Sdn. Bhd. Holds 10 shares | 99.99% 0.01% |
| WPG Electronics (Philippines) Inc. | Director Director Director Director Director | Tan Say Chong Nelissa Senido Eulalio R. Villanueva Aquino, Eduardo Jr. Chai Kim Yin | 100 shares 2,000 shares 2,000 shares 2,000 shares 100 shares WPG South Asia holds 3,800 shares | 1.00% 20.00% 20.00% 20.00% 1.00% 38.00% |
| WPG SCM Limited | Director Director | Chai Kim Yin Chang Jung Kang | WPG South Asia Pte. Ltd holds 12,800,000 shares | 100.00% |
| Teco Enterprise Holding (BVI) Co., Ltd. | Director | Hsu Chu Hung | AECO Tech Co.,Ltd holds 12,610,000 shares | 100.00% |
| AECO Electronic Co., Ltd. | Director Director | Hsu Chu Hung Chung Pei-Yuan | Teco Enterprise Holding(BVI) holds 98,279,999 shares | 100.00% |

| Company | Title | Name or Representative | Shareholding | |
|---|--|--|--|----------------------------------|
| | | | Shares | Investment Holding% |
| HOBAN INC | Chairman Director Director Supervisor | Ye Qi Dong (Representative of GENUINE C&C INC.) Chuang Chong-Lin (Representative of GENUINE C&C INC.) Xie Ming Shan (Representative of GENUINE C&C INC.) Cao Jun Jie (Representative of GENUINE C&C INC.) | GENUINE C&C INC. holds 8,000,000 shares | 100.00% |
| GENUINE C&C HOLDING INC (Seychelles) | Director Director | Huang Wei-Hsiang Ye Qi Dong | Trigold Holdings holds 6,500,000 shares | 100.00% |
| GENUINE TRADING (HONG KONG) COMPANY LIMITED | Director Director Director | Ye Qi Dong Wu Zi Qiang Wang Peng-Cheng | GENUINE C&C INC. holds 51,704,433 shares | 100.00% |
| Peng Yu (Shanghai) Digital Technology Co., Ltd. | Chairman and authorized Representative Director Director Supervisor | Cao Tai Sun (Representative of WPG TRIGOLD (HK) Ltd.) Huang Wei-Hsiang (Representative of WPG TRIGOLD (HK) Ltd.) Gao Hsiao-Long (Representative of WPG TRIGOLD (HK) Ltd.) Cao Jun Jie(Representative of WPG | — (Note 1) | WPG TRIGOLD (HK) Ltd. holds 100% |

| Company | Title | Name or Representative | Shareholding | |
|-------------------------------|--|--|---|---------------------|
| | | | Shares | Investment Holding% |
| | | TRIGOLD (HK) Ltd.) | | |
| WPG TRIGOLD (HK) Ltd. | Director Director | Huang Wei-Hsiang Cao Jun Jie | Trigold Holdings holds 20,200,000 shares | 100.00% |
| GENUINE C&C INC. | Chairman and CEO Director Director Director Director Supervisor | Representative of Trigold Holdings Co., Ltd.: Ye Qi Dong Representative of Trigold Holdings Co., Ltd.: Huang Wei-Hsiang Representative of Trigold Holdings Co., Ltd.: Gao Hsiao-Long Representative of Trigold Holdings Co., Ltd.: Ye Gong-Dong Representative of Trigold Holdings Co., Ltd.: Guo Shi-Cun Representative of Trigold Holdings Co., Ltd.: Peng Fan-Ling | Trigold Holdings holds 79,569,450 shares | 100.00% |
| Peng Yu International Limited | Director | Ye Chi-Shu | Peng Yu Digital Technology (Shanghai) Co. Limited holds 10,000 shares | 100.00% |

Note 1 : Not applicable. Limited company do not issue shares.

8.1.6 Operational Highlights of Subsidiaries

Dec. 31, 2018 Unit: NT\$ thousand

| Company | Currency | Paid-in Capital | Assets | Liabilities | Net Assets | Revenue | Operating Income (Loss) | Profit After tax (Loss) | Earnings (Loss) Per Share |
|--|----------|-----------------|------------|-------------|------------|-------------|-------------------------|-------------------------|---------------------------|
| World Peace Industrial Co., Ltd. | NTD | 11,600,000 | 61,886,614 | 38,336,120 | 23,550,494 | 117,478,129 | 1,991,556 | 3,507,432 | 3.02 |
| Silicon Application Corporation | NTD | 4,280,000 | 29,097,246 | 22,260,452 | 6,836,794 | 69,633,118 | 992,115 | 1,059,303 | 2.48 |
| Asian Information Technology Inc. | NTD | 3,800,000 | 16,565,902 | 11,177,307 | 5,388,595 | 37,672,409 | 663,291 | 1,004,782 | 2.64 |
| Yosun Industrial Corp. | NTD | 3,620,744 | 17,894,840 | 8,365,773 | 9,529,067 | 24,590,451 | 319,305 | 1,503,950 | 4.15 |
| WPG Electronic Ltd. | NTD | 39,200 | 93,140 | 45,269 | 47,871 | 154,514 | 6,793 | 4,302 | 1.10 |
| WPG Korea Co., Ltd | NTD | 150,931 | 1,782,451 | 1,284,601 | 497,850 | 5,505,968 | 109,877 | 59,768 | 54.94 |
| WPG International (CI) Limited | NTD | 3,783,583 | 4,550,542 | 46,906 | 4,503,636 | — | (156) | 284,431 | 0.08 |
| WPG Investment Co., Ltd. | NTD | 500,000 | 427,264 | 167 | 427,097 | — | (762) | 13,066 | 0.26 |
| Trigold Holdings Investment Co., Ltd.. | NTD | 795,695 | 1,342,421 | 242,780 | 1,099,641 | 118,693 | 93,859 | 92,952 | 1.17 |
| AECO Technology Co., Ltd. | NTD | 946,000 | 1,127,966 | 74,975 | 1,052,991 | 163,730 | 642 | 10,745 | 0.11 |
| TECO Enterprise Holding (BVI) CO., Ltd. | NTD | 387,316 | 789,044 | — | 789,044 | — | — | 15,500 | 1.23 |
| AECO Electronic Co., Ltd. | NTD | 387,009 | 788,918 | — | 788,918 | 111,125 | (971) | 15,500 | 1.23 |
| WPI Investment Holding (BVI) Company Ltd. | NTD | 2,554,856 | 16,673,040 | 540 | 16,672,500 | — | (183) | 1,866,345 | 22.44 |
| World Peace International (BVI) Ltd. | NTD | 3,103,266 | 10,686,062 | 5,000,062 | 5,686,000 | 27,625,219 | 282,623 | 253,631 | 7.42 |
| Longview Technology Inc. | NTD | 339,000 | 1,302,964 | 692,240 | 610,724 | 2,045,897 | 49,463 | 104,736 | 3.09 |
| World Peace International (South Asia) Pte Ltd | NTD | 39 | — | 103 | (103) | — | (17) | (17) | (0.17) |
| WPI International (Hong Kong) Limited | NTD | 2,627,526 | 39,460,600 | 22,848,823 | 16,611,777 | 144,911,169 | 2,640,896 | 1,861,970 | 0.46 |
| Prime Future Technology Limited | NTD | 2,052,923 | 9,660,682 | 5,000,062 | 4,660,620 | 27,625,219 | 282,745 | 253,745 | 6.96 |

| Company | Currency | Paid-in Capital | Assets | Liabilities | Net Assets | Revenue | Operating Income (Loss) | Profit After tax (Loss) | Earnings (Loss) Per Share |
|--|----------|-----------------|-----------|-------------|------------|------------|-------------------------|-------------------------|---------------------------|
| World Peace International Pte Ltd | NTD | 933,420 | 8,533,806 | 5,000,062 | 3,533,744 | 27,625,219 | 282,855 | 254,100 | 1.02 |
| Genuine C&C (IndoChina) Pte. Ltd. | NTD | 153,575 | 203,818 | 11,318 | 192,500 | 218,114 | 6,965 | 8,599 | 1.72 |
| World Peace International (South Asia) Pte Ltd | NTD | 668,786 | 8,377,030 | 5,192,421 | 3,184,609 | 27,434,495 | 270,623 | 229,890 | 6.70 |
| World Peace International (India) Pvt., Ltd. | NTD | 1,573 | 99,003 | 89,751 | 9,252 | 182,883 | (44,561) | 5,923 | 1.66 |
| WPG C&C Computers and Peripheral (India) Private Limited | NTD | 212,993 | 607,270 | 383,179 | 224,091 | 2,331,026 | 20,287 | (17,428) | (0.36) |
| WPG C&C (Malaysia) Sdn Bhd | NTD | 83,354 | 56,614 | 8,985 | 47,629 | 229,303 | 3,663 | 3,879 | 0.34 |
| WPG C&C (Thailand) Co., Ltd. | NTD | 24,398 | 58,234 | 35,407 | 22,827 | 152,765 | 5,111 | 5,265 | 5.27 |
| WPG C&C Limited | NTD | 199,648 | 806,207 | 539,082 | 267,125 | 6,488,790 | 65,810 | 70,337 | 5.49 |
| WPI International Trading (Shanghai) Ltd. | NTD | 236,506 | 1,293,717 | 1,036,061 | 257,656 | 3,889,967 | 53,335 | 28,678 | (Note 1) |
| AIO Components Company Limited | NTD | 5,373 | 158,221 | 8,081 | 150,140 | 172 | (1,716) | 266 | 0.2 |
| Long-Think International Co., Ltd | NTD | 40,000 | 113,524 | 66,634 | 46,890 | 235,382 | 2,456 | 2,397 | 0.6 |
| Longview Technology GC Limited | NTD | 347,080 | 452,742 | — | 452,742 | — | (123) | 64,489 | 5.71 |
| Long-Think International (Hong Kong) Limited | NTD | 307,150 | 593,625 | 141,323 | 452,302 | 1,698,439 | 81,719 | 64,610 | 0.08 |
| Long-Think International (Shanghai) Limited | NTD | 14,808 | 29,712 | 18 | 29,694 | — | 278 | 2,279 | (Note 1) |
| Silicon Application (BVI) Corp. | NTD | 675,730 | 3,201,845 | — | 3,201,845 | — | — | 56,097 | 2.55 |
| Silicon Application Company Limited | NTD | 393,782 | 1,870,548 | 75,449 | 1,795,099 | 82,668 | (60,251) | 33,580 | 0.34 |
| Dstar Electronic Company Limited | NTD | 23,718 | 45,593 | 148 | 45,445 | 6,431 | 550 | 611 | 0.10 |
| Win-Win Systems Ltd. | NTD | 23,497 | 25,759 | — | 25,759 | — | — | 491 | 0.64 |

| Company | Currency | Paid-in Capital | Assets | Liabilities | Net Assets | Revenue | Operating Income (Loss) | Profit After tax (Loss) | Earnings (Loss) Per Share |
|--|----------|-----------------|-----------|-------------|------------|------------|-------------------------|-------------------------|---------------------------|
| SAC Components (South Asia) Pte. Ltd. | NTD | 107,503 | 120,018 | 6,500 | 113,518 | 209,249 | 3,071 | 2,638 | 0.75 |
| Pernas Electronics Co., Ltd. | NTD | 735,000 | 4,279,138 | 2,811,991 | 1,467,147 | 8,890,503 | 438,070 | 548,406 | 7.46 |
| Everwiner Enterprise Co., Ltd. | NTD | 280,000 | 3,007,771 | 2,312,646 | 695,125 | 5,837,135 | 311,305 | 231,982 | 8.29 |
| Apache Communication Inc. | NTD | 1,570,000 | 4,717,645 | 3,120,702 | 1,596,943 | 16,715,023 | 21,746 | 47,163 | 0.30 |
| Henshen Electric Trading Co., Ltd. | NTD | 100,000 | 347,687 | 226,003 | 121,684 | 1,045,029 | 15,420 | 10,569 | 1.06 |
| Frontek Technology Corporation | NTD | 2,145,634 | 8,006,049 | 5,404,728 | 2,601,321 | 23,176,162 | 508,534 | 400,535 | 1.87 |
| Fame Hall International Co., Ltd. | NTD | 144,456 | 321,799 | — | 321,799 | — | (142) | 2,422 | 0.02 |
| Frontek International Limited | NTD | 91,224 | 124,071 | — | 124,071 | — | (142) | 2,738 | 0.03 |
| AITG Electronic Limited | NTD | 89,781 | 114,320 | 520 | 113,800 | — | (161) | 2,644 | 0.16 |
| AIT Japan Inc. | NTD | 83,474 | 463,378 | 177,689 | 285,689 | 1,569,346 | (10,013) | 1,729 | 288.17 |
| Richpower Electronic Devices Co., Ltd. | NTD | 850,000 | 5,554,676 | 3,314,305 | 2,240,371 | 7,203,915 | 130,716 | 305,306 | 3.59 |
| Sertek Inc. | NTD | 948,281 | 3,964,310 | 2,522,432 | 1,441,878 | 15,233,026 | 209,553 | 166,714 | 1.76 |
| Sertek (Hong Kong) Inc. | NTD | 76,788 | 446,055 | 1,318 | 444,737 | — | (55) | 6,411 | 0.33 |
| Suntop Investments Limited | NTD | 1,557,251 | 5,199,493 | — | 5,199,493 | — | — | 236,234 | 4.66 |
| Mec Technology Co., Ltd | NTD | — | — | — | — | 15,406 | 4,983 | 6,644 | — |
| RichPower International Co., Ltd. | NTD | 249,558 | 3,577,081 | 1,382,942 | 2,194,139 | 9,718,351 | 251,961 | 227,707 | 3.61 |
| Mec Technology Co., Limited | NTD | — | — | — | — | — | (1) | (1) | — |
| Richpower Electronic Devices Pte Ltd | NTD | 1,880 | 223,125 | 731 | 222,394 | — | (402) | 5,739 | 573.87 |
| Yosun Hong Kong Corp.Ltd. | NTD | 1,194,027 | 9,838,198 | 5,051,697 | 4,786,501 | 30,760,848 | 254,853 | 197,402 | 0.67 |
| Yosun Singapore Pte Ltd. | NTD | 383,182 | 1,847,483 | 1,524,500 | 322,983 | 5,092,824 | 79,477 | 38,831 | 1.88 |

| Company | Currency | Paid-in Capital | Assets | Liabilities | Net Assets | Revenue | Operating Income (Loss) | Profit After tax (Loss) | Earnings (Loss) Per Share |
|---------------------------------------|----------|-----------------|------------|-------------|------------|------------|-------------------------|-------------------------|---------------------------|
| Yosun Industrial (Malaysia) Sdn. Bhd. | NTD | — | — | — | — | — | (8) | — | — |
| Yosun India Private Ltd. | NTD | 989 | 946 | 2 | 944 | — | (238) | (239) | (1.06) |
| Giatek Corp. Ltd. | NTD | — | — | — | — | — | (4) | 4,031 | 0.1 |
| Yosun Shanghai Pte Ltd. | NTD | 280,913 | 366,231 | 534 | 365,697 | — | (100) | 6,839 | (Note 1) |
| Yosun South China Corp. Ltd. | NTD | 143,411 | 210,737 | 4,831 | 205,906 | — | (134) | 3,669 | (Note 1) |
| Apache Communication Inc.(B.V.I.) | NTD | 78 | 81 | — | 81 | — | — | 2 | 0.02 |
| Apache Korea Corp. | NTD | 29,274 | 80,630 | 2,575 | 78,055 | 42,100 | (41) | 1,713 | 8.12 |
| WPG International (Hong Kong) Limited | NTD | 2,037,408 | 13,298,500 | 10,250,265 | 3,048,235 | 24,279,574 | (2,518,629) | (89,608) | (0.01) |
| WPG Americas Inc. | NTD | 2,030,262 | 3,709,220 | 3,108,885 | 600,335 | 20,381,361 | 374,483 | 331,855 | 1.42 |
| WPG Cloud Service Limited | NTD | 66,256 | 45,943 | 240 | 45,703 | — | (654) | (235) | (0.11) |
| WPG Gain Tune Limited | NTD | 30,715 | 29,275 | 1,133 | 28,142 | — | (2,204) | (2,136) | (0.03) |
| WPG Electronics (Hong Kong) Limited | NTD | 124,613 | 2,895,385 | 3,074,571 | (179,186) | 6,987,062 | (331,773) | (305,577) | (0.32) |
| WPG China Inc. | NTD | 1,692,415 | 5,412,579 | 3,074,474 | 2,338,105 | 8,735,907 | (992,351) | 155,627 | (Note 1) |
| WPG China (SZ) Inc. | NTD | 150,188 | 4,858,089 | 4,146,641 | 711,448 | 9,148,822 | (1,280,395) | 43,647 | (Note 1) |
| WPG South Asia Pte. Ltd. | NTD | 480,697 | 1,153,227 | 487,804 | 665,423 | 710,347 | (52,401) | 7,394 | 0.35 |
| WPG Malaysia Sdn Bhd | NTD | 10,382 | 27,425 | 11,193 | 16,232 | 52,871 | 2,814 | 2,013 | 1.99 |
| WPG (Thailand) Co., Ltd. | NTD | 8,992 | 30,423 | 10,043 | 20,380 | 35,184 | 2,316 | 1,551 | 38.35 |
| WPG India Electronics Pvt Ltd | NTD | 92,204 | 89,154 | 11,037 | 78,117 | 28,331 | 5,362 | 5,095 | 0.32 |
| WPG Electronics (Philippines) Inc | NTD | 768 | 2,509 | 1,113 | 1,396 | — | (3,803) | 45 | 4.49 |
| WPG SCM Limited | NTD | 50,401 | 2,953,156 | 2,437,328 | 515,828 | 8,689,438 | 88,268 | 43,175 | 3.37 |

| Company | Currency | Paid-in Capital | Assets | Liabilities | Net Assets | Revenue | Operating Income (Loss) | Profit After tax (Loss) | Earnings (Loss) Per Share |
|---|----------|-----------------|-----------|-------------|------------|-----------|-------------------------|-------------------------|---------------------------|
| HOBAN INC. | NTD | 80,000 | 18,706 | 5,307 | 13,399 | 67,905 | (6,998) | (7,019) | (0.88) |
| Genuine C&C Holding Inc. (Seychelles) | NTD | 199,648 | 155,310 | 24,848 | 130,462 | — | (33) | 1,114 | 0.17 |
| GENUINE TRADING (HONG KONG) COMPANY LIMITED | NTD | 148,998 | 22,852 | — | 22,852 | — | (14) | (3) | (Note 1) |
| Peng Yu (Shanghai) Digital Technology Co., Ltd. | NTD | 100,620 | 201,984 | 18,296 | 183,688 | 921,269 | 35,116 | 49,052 | (Note 1) |
| Trigold Holdings (Hong Kong) Co. | NTD | 79,204 | 444,034 | 387,917 | 56,117 | — | (154) | 36,040 | 1.78 |
| GENUINE Co., Ltd. | NTD | 795,695 | 2,886,321 | 1,764,271 | 1,122,050 | 8,390,665 | 105,000 | 82,653 | 1.79 |
| Peng Yu International Co., Ltd. | NTD | 307 | 1,536,809 | 1,515,667 | 21,142 | 2,070,665 | 31,359 | 19,966 | 1,996.60 |

Note 1 : Not applicable. Limited company do not issue share

Note 2 : Amounts are based on the latest audited or reviewed financial statements.

Note 3 : Foreign exchange rates are according to Bank of Taiwan. Foreign exchange rates as of Dec. 31th, 2018, for balance sheet amounts are as follows:

\$1 USD = \$30.715 NT, \$1 HKD = \$3.921 NT, \$1 KRW = \$0.02775 NT, \$1 USD = \$6.868292 RMB

Foreign exchange rates in 2017 for income statement amounts are as follows:

\$1 USD = \$29.76, NT, \$1 HKD = \$3.807 NT, \$1 KRW = \$0.028120 NT, \$1 USD = \$6.621999 RMB

8.1.7 Financial Statements of Affiliates: please refer to page 133-276.

8.1.8 Affiliation Report: Not applicable. WPG Holdings Limited do not conforms to the definition of a subordinate company.

8.2 Private Placement Securities in 2018 and as of the Date of this Annual Report (shall report approval dates of shareholders' meeting or the board of directors, the quantity approved, the basis and reasonableness of the private placement price, the method for selecting the specific persons, the reasons for the necessity of conducting the private placement and the status of utilization of the funds and plan implementation progress): None.

8.3 Status of WPG Holdings Limited Common Shares Acquired, Disposed of, and Held by Subsidiaries in 2018 and as of the Date of this Annual Report: None.

8.4 Other Necessary Supplement: None.

8.5 Any Events in 2018 and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' equity or Security Prices as Stated in Item 2 Paragraph 3 of Article 36 of Securities and Exchange Law of Taiwan:

Please refer to the important resolution approved by shareholder meetings and Board of Directors in 2018 and as of the Date of this Annual Report: Please refer to page 69 of this Annual Report.