

矽格股份有限公司



Stock Code: 6257

2020 Annual General Shareholders' Meeting Handbook

June 10, 2020

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Sigurd Microelectronics Corporation

2020 Annual General Shareholders' Meeting Procedure

I. Call the Meeting to Order

II. Chairman Remarks

III. Report Items

IV. Proposed Resolutions

V. Discussion Items

VI. Election Matters

VII. Other Matters

VIII. Special Motions

IX. Adjournment

The chair may decide to vote for one single proposal or vote for all or some proposals before the extempore motions.

Sigurd Microelectronics Corporation 2020 Annual General Shareholders' Meeting Agenda

Time: 9 a.m., June 10, 2020 (Wednesday)

Venue: No. 377, Xincheng Road, Zhudong Township, Hsinchu County, Taiwan (Tree Culture Center)

I. Call the Meeting to Order

II. Chairman Remarks

III. Report Items

Item 1: 2019 Business Report.

Item 2: Audit Committee's Report for 2019.

Item 3: 2019 Distribution Report for Employee Compensation and Directors' Remuneration.

Item 4: Report on Distribution of Cash Dividend for 2019.

Item 5: Report on Matters Regarding the Issuance of the 3rd Unsecured Convertible Bonds

Item 6: Report on the Amendments to the Procedures for Ethical Management and Guidelines for Conduct

IV. Proposed Resolutions

Item 1: Adoption of the 2019 Business Report and Financial Statements.

Item 2: Adoption of the 2019 Proposal for Surplus Distribution.

V. Discussion Items

Item 1: Cash Distribution from Capital Reserve.

Item 2: Amendments to the Rules of Procedure for Shareholders' Meetings.

Item 3: Procedures for Providing Endorsements/Guarantees

VI. Election Matters

Item 1: Election of 9 Directors (Including 3 Independent Directors)

VII. Other Matters

Item 1: Rescission of Prohibition of Participation in Competing Businesses for New Directors.

VIII. Special Motions

IX. Adjournment

Report Items

Item 1: 2019 Business Report.

Explanation: For further details, please refer to Appendix 1 (Pages 7 to 11).

Item 2: Audit Committee's Report for 2019.

Explanation: For further details of the Audit Committee's Report, please refer to Appendix 2 (Page 12).

Item 3: 2019 Distribution Report for Employee Compensation and Directors' Remuneration.

Explanation: On March 10, 2020, the Board of Directors of the Company approved to issue Directors' remuneration of NT\$25,000,000 and employee compensation of NT\$153,500,000 for 2019. The total amount will be paid in cash. The amount resolved is identical to the amount recognized in 2019.

Item 4: Distribution of Cash Dividend for 2019.

Explanation:

- (1) Pursuant to the Articles of Incorporation, Article 24, the Company allocates NT\$463,680,006 for cash dividend payment. As of April 10, 2020, the Company has 421,510,394 shares to participate in the distribution, with a cash distribution of NT\$1.10 per share. The cash allocated to each shareholder shall be calculated to the nearest dollar and rounded down. The cumulative fractional cash dividends less than NT\$1 shall be classified as the Company's other earnings.
- (2) This matter has been approved by the Board of Directors, and approval is also given to the Chairman in determining the record date of ex-dividend, distribution date and other related matters. Subsequently, if the Company buys back its shares, transfers treasury stocks to employees, converts employee stock option certificate subscription into ordinary shares, converts employee restricted stock awards or corporate bonds into ordinary shares, all of which to the

extent that affects the number of shares participating in distribution, and in which the ratio of cash dividends of the allocating shareholders will need to be adjusted, approval is also given to the Chairman to do so.

Item 5: Matters Regarding the 3rd Unsecured Convertible Bonds.

Explanation: To procure additional machinery equipment, on October 15, 2019, the Company issued the 3rd unsecured convertible bonds to raise funds. The relevant explanation on the matter is detailed in Appendix 3 (page 13).

Item 6: Amendments to the Procedures for Ethical Management and Guidelines for Conduct.

Explanation: Amendments were made in pursuant to the regulations of the law. The comparison table for before and after amendments is detailed in Appendix 4 (page 14 to 17).

Proposed Resolutions

Item 1: Adoption of the 2019 Business Report and Financial Statements.

(Proposed by the Board of Directors)

Explanation:

- (I) The Company's 2019 Financial Statements have been audited and certified by CPAs Tien-Yi Li and Tsai-Yen Chiang of PwC Taiwan.
- (II) The aforementioned Financial Statements and Business Report, have been audited and certified by the Audit Committee and are to be submitted to the shareholders' meeting for approval. For the details, please refer to Appendix 1 (Pages 7 to 11), Appendix 2 (Page 12), and Appendix 5 (Pages 18 to 39).

Resolution:

Item 2: Adoption of the 2019 Proposal for Surplus Distribution. (Proposed by the Board of Directors)

Explanation: The surplus distribution table for 2019 has been approved by the Board of Directors and audited by the Audit Committee, as detailed in Appendix 6 (page 40).

Resolution:

Discussion Items

Item 1: Cash Distribution from Capital Reserve. (Proposed by the Board of Directors)

Explanation:

- (I) The Company proposes to allocate NT\$463,680,006(part of the tax exemption of capital reserve) from additional paid-in capital generated from the conversion of convertible bonds into ordinary shares, to distribute cash in proportion to shareholder's percentage of shareholdings. As of April 10, 2020, the Company has 421,510,394 shares (the number of shares 415,772,017plus, as of April 10, 2020, the second unsecured convertible bonds of 5,738,377 shares which have converted but yet to undergo change of registration) to participate in the distribution, with a cash distribution of NT \$1.10 per share. The cash allocated to each shareholder shall be calculated to the nearest dollar and rounded down. The cumulative fractional cash dividends less than NT\$1 shall be classified as the Company's other earnings. Subsequently, if the Company buys back its shares, transfers treasury stocks to employees, converts employee stock option certificate subscription into ordinary shares, converts employee restricted stock awards or corporate bonds into ordinary shares, all of which to the extent that affects the number of shares participating in distribution, and in which the ratio of cash dividends of the allocating shareholders will need to be adjusted, it is proposed that the Board of Directors is authorized by the shareholders' meeting to do so.
- (II) Requesting the shareholders' meeting to authorize the Board of Directors in designating the cash distribution date separately.

Resolution:

Item 2: Amendments to the Rules of Procedure for Shareholders' Meetings.
(Proposed by the Board of Directors)

Explanation: Amendments were made in pursuant to the regulations of the law. The comparison table for before and after amendments is detailed in Appendix 7 (page 41 to 42).

Resolution:

Item 3: Procedures for Providing Endorsements/Guarantees (Proposed by the Board of Directors)

Explanation: Amendments were made in pursuant to the regulations of the law. The comparison table for before and after amendments is detailed in Appendix 8 (page 43).

Resolution:

Election Matters

Item 1: Election of 9 Directors (Including 3 Independent Directors)

Explanation: (1) The term of the current 8 directors ends on June 14, 2020. It is proposed that pursuant to the Company Law article 199-1, **to hold an early election of new Board members at the shareholders' meeting.**

(2) It is proposed to elect 9 directors (including 3 independent directors) via the board nomination system. Further, the Audit Committee is established in accordance with the regulations of the law. The three-year term of the new Board commences on June 10, 2020 and concludes on June 9, 2023. **The appointment commences upon the adjournment of the shareholders' meeting, and the original directors are discharged.**

(3) For the list of candidates of the Board and their relevant information, please refer to Appendix 9 (page 44 to 45).

Results of Election:

Other Matters

Item 1: Rescission of Prohibition of Participation in Competing Businesses for New Directors. (Proposed by the Board of Directors).

Explanation:

- (1) In pursuant to the Company Act, article 209, director acting on behalf of oneself or another party falls under the scope of the Company's business operation and thus should seek approval from the shareholders' meeting.
- (2) It is proposed to submit a request to the shareholders' meeting to rescind the prohibition of participating in competing businesses for the newly-appointed directors. For **the detailed list of participation of directors in competing businesses**, please refer to Appendix 10 (page 46 to 47). **Please approve to rescind the prohibition of participating in competing businesses for them after being elected.**

Resolution:

Special Motions

Adjournment

Appendix 1

Business Report

I. 2019 Business Results

(I) Operating Results for 2019 Business Plan

In 2019, the revenue increased by 5.29% from 2018 to NT\$10,046,619 thousand, and net income after tax was NT\$1,563,561 thousand, representing an increase of 16.06% as compared to 2018.

(II) Target Achievement: The Company did not disclose financial forecasts in 2019.

(III) Analysis of Financial Revenue/Expenditures and Profitability

The business strategy of the Company has always been prudent and robust, dedicated in the development of professional packaging and testing for niche IC. As such, the financial structure is fairly healthy. The analysis and comparison of financial structure, solvency, and profitability are as followed:

Item		Individual Financial Statements		Consolidated Financial Statements	
		2018	2019	2018	2019
Financial structure	Debts ratio %	38.21	44.61	38.93	45.37
	Long term funds to fixed assets %	196.12	187.25	169.89	169.87
Solvency	Current ratio %	161.82	129.21	238.63	194.46
	Quick ratio %	155.00	123.93	229.96	187.83
Profitability	Return on asset %	7.84	7.42	7.35	7.35
	Return on equity %	12.66	12.28	12.13	12.31
	Net profit margin %	19.67	21.11	14.12	15.56
	Earnings per share (EPS) (after adjustment of ordinary shares) (NT\$)	3.01	3.26	3.01	3.26

(IV) Research and development status

1. Review of 2019

- (1) Based on the existing 12-inch Wafer Level Chip Scale Package (WLCSP), solder bumping, and Cu-pillar, the Company built an 8-inch WLCSP production line.
- (2) Strengthening the packaging capability of wafer level backend die-processing service (DPS).
- (3) Improved WLCSP's integrated service technology and capability.
- (4) Developed high-yield, low-cost copper wire, and copper-palladium wire packaging technology.
- (5) Improved and upgraded the new generation RF IC automated test

equipment which have gone into mass production.

- (6) Developed the following related testing technologies which have gone into mass production: 5G SOC , IC related to 5G mobile phone, Wi-Fi 6 , IC related to True Wireless Stereo (TWS).
- (7) Self-manufacturing of accessories of related testing equipment.
- (8) Upgraded and expanded equipment to adapt to the need of high-speed computing IC, such as bitcoin, graphics chip, and server chip.
- (9) Improved the 7-nanometer testing technology.

2. Prospects for the future (2020 and future trends)

- (1) Improving the SOC IC testing techniques for 5G mobile phones.
- (2) Researching and developing 5G related equipment IC testing technology.
- (3) With the increasing popularity and demand for artificial intelligence (AI) applications, the Company collaborates with numerous research institutions and industrial companies to upgrade packaging and testing technologies.
- (4) Researching and developing IC packaging and testing technologies related to Augmented Reality (AR) and Virtual Reality (VR).
- (5) Developing Internet of Things (IoT) related integrated IC packaging and testing technology.
- (6) Developing RF-related packaging and testing technologies, such as Wi-Fi 6, WLAN SOC IC, Near Field Communication (NFC), and Wireless Power.
- (7) Researching and developing packaging and testing technology for MEMS, such as multi-axis accelerator, gyroscope, magnetometer, pressure sensor, and temperature and humidity sensor.
- (8) Developing the related image IC integrated packaging and testing technology:
3D Codec IC, 3D motion SOC IC, and 8K4K (with a resolution of 7680x4320) video/audio Codec IC related testing technologies.
- (9) Exploring the 5-nanometer packaging and testing technology.
- (10) Expanding the integrated capacity of the WLCSP and improving related technical capabilities.
- (11) Researching GaN-related packaging and testing technology.
- (12) Researching vehicle electronics, Internet of Vehicle related IC packaging/testing technology and certifications.
- (13) Researching Biometrics recognition (such as fingerprint, iris) related

- IC packaging and testing technology.
- (14) Planning of Smart Factory and machine automation.

II. 2020 Operation Plan

(I) 2020 Major Business Direction

In 2020, the global economy was initially recovering gradually. Under product commercialization of 5G initiated by the Mainland manufacturers, many research institutions were originally optimistic about a small growth in the demand of semiconductors, as opposed to the slow down in 2019. However, with the outbreak of the Wuhan virus, affecting more than 20 countries and showing no sign of relief, compounding by the continuation of the US-China trade war which will affect the global economic recovery, the outlook for 2020 will continue to be shrouded by these related factors. The related forecasting agencies are revising the demand growth of semiconductors to fall or flatten in 2020, as opposed to 2019. As such, Sigurd is prudent and careful, adopting a steady development policy to maximize the Company profit.

In 2020, due to the endeavor of the Management, sufficient cash flow was secured to ensure the liquidity of the Company. Further, the Company is striving to expand its competitive capabilities, strengthening product lines with an advantage in economies of scale, expanding differentiated product lines, and expanding prudently, and maintaining a higher overall equipment efficiency.

(II) Expected sales and its basis

According to the Company's historical data of business revenue, as well as referring to the professional forecasting agencies' prediction for the semiconductor industry and IC packaging industry, and the feedback from customers through the sales unit, although global economic prospect is affected by many unfavorable factors, the Company estimates that the launching of a series of new projects, products and customers, and other measures in 2020, will provide momentum to the expected sales volume and revenue, and thus remain cautiously optimistic.

(III) Important production and sales policies

In advent of 2020, our response measures are as followed:

1. Strengthening the prevention of outbreak, and closely monitoring the

status of the pandemic, customer needs and raw material supply.

2. Improving employee productivity and factory efficiency.
3. Continuously saving expenses, reducing operating costs, and lowering the break-even point.
4. Developing testing business of high growth products, such as high-speed computing, AI, microelectromechanical Systems (MEMS), mobile IC, RF IC, vehicle electronics, to achieve better profits.
5. Increasing the number and proportion of foreign customers.
6. Improving the packaging business of communication ICs and niche ICs.
7. Strengthening the relationships with strategic alliances with customers.
8. Reviewing and adjusting uncompetitive product lines.
9. Paying attention to market trends and strive for IC businesses orders related to 5G products, vehicle electronics, Internet of Things and wearable devices.
10. Planning Smart Factory and equipment automation.

III. Strategies for the Future

The future development of Sigurd is Reshaping Value, Technological Innovation, Avoiding Price Competition, and Forming the Blue Sea Strategy of Sigurd. Therefore, Sigurd is constantly repositioning and moving toward developing packaging and testing technologies for niche products.

- (1) Timely adjustment of the organization: based on market and product conditions, timely adjusting the organization to adapt to changes.
- (2) The number of customers in the North American market increased in 2019 compared to 2018. Moreover, the development of Mainland China market has also produced good results. Therefore, in 2020, in addition to the original North American market, the Company also actively expands the Asian, Mainland Chinese, European, and Japanese markets.
- (3) Expediting the factory construction and manufacturing schedule of Sigurd (Suzhou).
- (4) Integration and niche testing

Over the years, Sigurd has acquired the testing technology and experience of Mixed Signal, Logic, CIS, Memory, RF, and Power. With a stronghold of technologies, as well as aligning with market trends, Sigurd is moving toward integration and niche products.

1. Integrated Testing Technology

IC products are becoming increasingly complex, and can no longer be simply categorized as Mixed Signal, Logic, CIS, Memory, RF, and Power. The

current trend has been moving toward the integrated IC. Sigurd has accumulated years of testing experience, is confident in manufacturing of products such as SOC (mobile phone, 3G, 4G; Wi-Fi SOC) and MEMS SOC IC, laying the good foundation for technologies in packaging and testing of future 5G related ICs.

2. Niche Testing

- (1) High-speed computing-related ICs: such as chips for bitcoin, graphics and servers.
- (2) Communication-related ICs: 5G communication equipment IC, GPS, Wi-Fi SOC (integrated with Bluetooth and MCU).
- (3) Video/Audio related ICs: Blu-ray disc, 3D, 4K2K and 8K4K video codec IC, HDMI, and HDTV control IC.
- (4) Mobile phone related ICs: e.g. 5G related IC, AI, AP, Baseband SOC, GPS, Light Sensor, Bluetooth, Touch Pad, MEMS (microphone, multi-axial accelerator, magnetic power, temperature and humidity sensor, barometer, and so on), touch panel IC.
- (5) Computer-related ICs: such as graphics chip, USB3.2/USB4.0, Type C, WLAN, touch panel IC, and et cetera.
- (6) Vehicle electronics ICs: such as sensor related IC and microprocessors.

In addition, Sigurd also strengthens the acquiring of foreign customers, in the hope of achieving results in the future.

(IV) Niche packaging

With the development of smaller and lighter electronic products, packaging technology also tends to be miniaturized. To align with this trend, in the packaging technologies, Sigurd is moving toward WLCSP, MEMS, quad flat no leads (QFN), and Light Sensor. QFN and WLCSP packages are not only small in size, low in cost, and high in production yield, they also provide advantages including better coplanarity and heat dissipation capability for high speed and power management circuits.

(V) Research and development (R&D)

In addition to continuing recruiting industry talents, the Company also develops technologies and communicates intensely with companies, research institutions, and universities.

IV. The Impact of external competitive environment, regulatory environment, and overall business environment

Most semiconductor research institutes predict that, due to factors such as the outbreak of Wuhan virus, the US-China trade war, the outlook of the global semiconductor industry is not as optimistic as previously estimated. Meanwhile, Taiwan's semiconductor packaging and testing houses have revealed their preliminary plan for capital expenditure in 2020, with a relatively prudent and conservative attitude, to avoid falling into the predicament of oversupply and poor prices in the past. Further, many semiconductor packaging and testing houses in Taiwan are merging in recent years. On the one hand, the production capacity is adjusted, and on the other hand, it also provides order to the overall supply and demand of the semiconductor industry for a healthier development.

1. Favorable factors:

- (1) Politics has gradually stabilized in all regions of the world.
- (2) The undergoing mergers of global semiconductor manufacturers have been prevalent, which is beneficial to Sigurd in securing more orders from its now merged customer entities.
- (3) Even with the impact of the China-US trade war, the Mainland China still maintains an economic growth rate of more than 6%. The domestic market is still thriving, driving a wave of demand for electronics (such as mobile phones, LCD TV, and so on).
- (4) Mobile phones brands from Mainland China, such as Huawei, OPPO, and Xiaomi are gradually marking their presence in the global mobile phone market, and opening up emerging markets outside Mainland China, such as India, Russia, Brazil, and et cetera.
- (5) The cost of packaging and testing houses of Mainland China is increasing and getting closer to their counterparts' in Taiwan.
- (6) After the financial tsunami, many IDM companies abroad have reduced their packaging and testing capacity or terminated production lines, which is beneficial for Sigurd to secure more orders from IDM companies.
- (7) New applications such as high-speed computing, deep learning, edge computing, AI, AR/VR, and so on, require high-level processes. Many large international companies choose to place orders in Taiwan, which is beneficial for Sigurd to secure more orders.
- (8) Wearable devices which will bring forth new ideas and the extensive use of the IoT will give rise to a wave of demand for electronic components.
- (9) Automobiles are gradually developing towards energy-saving (hybrid or electric vehicles) and self-driving, which is conducive to the growth of vehicle electronic related ICs.
- (10) With the release of 5G spectrum, the demand for related equipment is

gradually expanding.

- (11) Due to the impact of the US-China trade war, the IC designing companies in Mainland China are launching self-reliant projects on a large scale, in which most of the order of high-end products are placed with Taiwanese manufacturers. Therefore, it is beneficial for Sigurd to secure more orders.
- (12) Due to the impact of the Wuhan virus outbreak and labor shortage, the products which were originally planned to be manufactured by the semiconductor factories in Mainland China may be transferred to Taiwan instead. This will also increase Sigurd's business opportunity.

2. Unfavorable factors:

- (1) Due to the impact of the Wuhan virus outbreak, labor shortage and other factors, the consumers are less willing to spend, causing demands to fall.
- (2) Due to the impact of the Wuhan virus outbreak, labor shortage and other factors, the supply of raw material is affected. This in turn, affects productions.
- (3) Due to the continuing of the US-China trade war and the Wuhan virus outbreak, while China may adjust its economic growth rate downward this year, the growth rate in the next five years is claimed to be well over 6%. However, problems including capital outflow, soaring bad debts, declining housing demand and excess capacity still persist. If mistakes are made at the policy-making level, the economy will deteriorate severely. As such, the economic growth of Taiwan and the rest of the world sees an increase in uncertainty, affecting the performance of domestic market and exports.
- (4) Cross-strait relation between Taiwan and Mainland China are full of variables.
- (5) The increase in the life span of mobile phones and replacement time leads to a decrease in demand for 4G mobile phones. For growth to regain momentum, it will depend on the commercialization speed of 5G in the future.

Due to the reasons above, packaging and testing houses are still cautiously optimistic about the prospect of 2020. As for how soon the economy will recover, it will depend on how effective each country is in controlling the Wuhan virus outbreak and how effective the economic revitalization programs of each government are.

Appendix 2

Sigurd Microelectronics Corporation

Audit Committee's Report

The Board of Directors has prepared and submitted the Company's 2019 Business Report, Financial Statements, and surplus distribution proposal, of which, the Company's 2019 Financial Statements have been audited and certified by CPAs Tien-Yi Li and Tsai-Yen Chiang of PwC Taiwan, and an audit report is issued. The Business Report, Financial Statements, and surplus distribution proposal have been reviewed by the Audit Committee. We, the Audit Committee, have duly examined the aforementioned reports as correct and accurate. We hereby report to the 2019 Annual General Shareholders' Meeting in pursuant to Article 14-4 of the Securities and Exchange Act, as well as Article 219 of the Company Act.

To

2020 Annual General Shareholders' Meeting

Sigurd Microelectronics Corporation

Convener of the Audit Committee: Wen-Bin Wu

March 12, 2020

Appendix 3

Sigurd Microelectronics Corporation
Presentation of Matters Regarding the 3rd Unsecured Convertible Bonds

Bond Type	3rd Unsecured Convertible Bond
Date of Approval by Board of Directors	August 7, 2019
Document Number Issued by Supervising Regulatory Body	FSC: September 25, 2019 Document No. 10803311941 Taipei Exchange : October 7, 2019 Document No. 10800113142
Issue Date	October 15, 2019
Denomination	NT\$100,000
Issue Price	NT\$100.5
Volume	12,000 units
Actual Issue Amount	NT\$1,200,000,000
Total Share Payment Amount	NT\$1,206,000,000
Coupon Rate	0%
Tenor	3 years; October 15, 2019 to October 15, 2022
Conversion Period	January 16, 2020 to October 15, 2022
Conversion Rate	105%
Latest Conversion Price (per share)	Conversion price at issuance was NT\$37; adjusted to NT\$36.6 on November 15, 2019
Call Option Provisions	Not applicable
Put Option Provisions	Not applicable
Underwriter	KGI Securities Co., Ltd.
Trustee	CTBC Bank, Corporate Trust Service
Number of Unit Converted to Ordinary Shares and Unconverted Amount as of Printing Date	Cumulative of 0 Unit Converted to Ordinary Shares NT\$1,200,000,000 Unconverted

Appendix 4

Sigurd Microelectronics Corporation
 Procedures for Ethical Management and Guidelines for Conduct
 Comparison Table of Articles Before and After Amendments

Article	Article Before Amendments	Article After Amendments	Reason for Amendments
5-5	<p>(Responsible unit) The Board of Directors of the Company should fulfill the monitoring responsibilities as the Management acting in goodwill, supervising the Company in preventing unethical conduct, and where necessary, examining the performance of the Company in terms of its enforcement and continuous improvement, so as to ensure the implementation of the ethical management policy.</p> <p>The Company shall designate RBA Committee as the responsible unit (hereinafter, "responsible unit") and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation.</p> <p>The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors.</p>	<p>(Responsible unit) The Board of Directors of the Company should fulfill the monitoring responsibilities as the Management acting in goodwill, supervising the Company in preventing unethical conduct, and where necessary, examining the performance of the Company in terms of its enforcement and continuous improvement, so as to ensure the implementation of the ethical management policy.</p> <p>The Company shall designate RBA Committee as the responsible unit (hereinafter, "responsible unit"), <u>provide adequate resources and competent personnel</u> and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors (<u>at least once a year</u>).</p>	<p>The provisions of these Procedures and Guidelines are in reference to the document no. 1090002299 issued by Taiwan Stock Exchange Corporation (TWSE) on 13, Feb, 2020, amended article 5, 11, 13 to 16, 21, 23 (Sample Template for "XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct")</p>
5-5-2	<p>Establish measures in prevention of unethical conduct, and provide the relevant operating procedures</p>	<p><u>Analyze and evaluate the risk arisen from unethical conduct within the scope of business operation on a</u></p>	

Article	Article Before Amendments	Article After Amendments	Reason for Amendments
	and guideline for conduct in various measures.	<u>regular basis</u> , establish measures in preventing unethical conduct accordingly, <u>and</u> provide the relevant operating procedures and guideline for conduct in various measures.	
Additional article 5-5-7	Nil.	<u>Produce and keep proper documentation regarding ethical management policy, the corresponding declarative statements of compliance, declaration of commitment in implementation and other relevant information.</u>	
5-12	(Recusal) When the Company director, supervisor, officer or other stakeholder attending or present at the Board meeting, or the juristic person represented thereby, has a stake in <u>a proposal</u> at the meeting , that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.	(Recusal) When the Company director, supervisor, officer or other stakeholder attending or present at the Board meeting, or the juristic person represented thereby, has a stake <u>in an agenda item at the meeting</u> , that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner. <u>Where the spouse, a blood</u>	1. The first amended item of this article is made in accordance with Regulations Governing Procedure for Board of Directors Meetings of Public Companies, article 16 paragraph 1. 2. The second additional paragraph of this article is in accordance with the Company Act, article 206 paragraph 3 that provides the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or

Article	Article Before Amendments	Article After Amendments	Reason for Amendments
	<p>If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.</p>	<p><u>relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in an agenda item under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the agenda item.</u></p> <p>If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.</p>	<p>subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</p>
5-14	(Prohibition against disclosure of confidential information) The	(Prohibition against engagement in unfair competition) The Company	The amendment of the title of the article

Article	Article Before Amendments	Article After Amendments	Reason for Amendments
	<p>Company shall follow the Fair-Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p> <p><u>The employees of the Company who obtain confidential and sensitive business information in the course of conducting company business shall conduct themselves in accordance with the employment contract signed with the Company.</u></p>	<p>shall follow the Fair-Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p>	<p>is made in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, article 15, regarding prohibition against unfair competition.</p>
5-16	<p>(Non-disclosure agreement) All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.</p> <p>Any organization or person outside of the Company that is involved in any merger, demerger,</p>	<p><u>(Prohibition against insider trading and non-disclosure agreement)</u></p> <p>All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.</p> <p>Any organization or person outside of the Company that is involved in any merger, demerger, acquisition</p>	<p>The first item of this article relates to prohibition against insider trading, and the title is amended accordingly.</p>

Article	Article Before Amendments	Article After Amendments	Reason for Amendments
	<p>acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.</p>	<p>and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.</p> <p><u>The employees of the Company who obtain confidential and sensitive business information in the course of conducting company business shall conduct themselves in accordance with the employment contract signed with the Company.</u></p>	
5-17	<p>(<u>Public</u> declaration of ethical management policy)</p> <p>The Company should disclose its ethical management policy on internal regulations, annual reports, company website and other publications, and when necessary, make public declaration at institutional investor conferences or other external activities, so as to provide awareness to its suppliers, customers or other</p>	<p>(<u>Compliance and</u> declaration of ethical management policy)</p> <p><u>The Company should require the Directors and higher members of the Management to produce declaration of compliance of ethical management policy, as well as requiring the compliance of ethical management policy as a criterion of employment for employed personnel.</u></p> <p>The Company should disclose its ethical management policy on internal regulations, annual reports,</p>	<p>1. The addition of the first paragraph and amendment of the title of the article is made in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, article 8, in which publicly listed</p>

Article	Article Before Amendments	Article After Amendments	Reason for Amendments
	<p>entities or personnel with business dealings of its ethical management ideologies and regulations.</p>	<p>company website and other publications, and when necessary, make public declaration at product launch events, institutional investor conferences or other external activities, so as to provide awareness of its ethical management ideologies and regulations to suppliers, customers or other entities or personnel who have business dealings with the Company.</p>	<p>companies should require the Directors and higher members of the Management to produce declaration of compliance of ethical management policy, as well as requiring the compliance of ethical management policy as a criterion of employment for employed personnel.</p>
5-22-2	<p>The Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing. <u>Further</u>, the responsible unit of the Company shall observe the following procedure:</p>	<p>The Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing. e responsible unit of the Company shall observe the following procedure <u>in handling whistle-blowing matters:</u></p>	<p>The amendments of first item of the second paragraph of this article, the fourth paragraph and third item of fourth paragraph are made in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, article 23, to allow</p>
5-22-5	<p>If a person being informed of is confirmed to have indeed violated</p>	<p>If a person being informed of is confirmed to have indeed violated</p>	<p>whistle-blowing and</p>

Article	Article Before Amendments	Article After Amendments	Reason for Amendments
	<p>the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation, rights and interests.</p>	<p>the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, <u>the Company shall report the violation to the competent authority and the violator to law enforcement agencies, or</u> institute legal proceedings and seek damages to safeguard its reputation, rights and interests.</p>	<p>follow-up actions after investigating the whistle-blowing event.</p>
<p>5-24</p>	<p>(Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures) The responsible unit of the Company shall organize one awareness session each year and arrange for the chairperson, general manager, or senior management or training unit to communicate the importance of ethics to its directors, employees, and mandataries.</p>	<p><u>(Awareness session and</u> establishment of a system for rewards, penalties, and complaints, and related disciplinary measures) The responsible unit of the Company shall organize one awareness session each year and arrange for the chairperson, general manager, or senior management or training unit to communicate the importance of ethics to its directors, employees, and mandataries.</p>	<p>The first paragraph of this article relates to awareness session, and the title is amended accordingly.</p>

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of SIGURD MICROELECTRONICS CORPORATION (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2019 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of SIGURD MICROELECTRONICS CORPORATION and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, SIGURD MICROELECTRONICS CORPORATION does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
SIGURD MICROELECTRONICS CORPORATION
By

Huang Shin-Yang, Chairman
March 10, 2020

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 19000294

To the Board of Directors and Shareholders of Sigurd Microelectronics Corporation

Opinion

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

In our opinion, based on our audits and the reports of other independent accountants, as described in the *Other matters* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Sigurd Group as at December 31, 2019 and 2018, and its consolidated 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” 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 Sigurd 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 matter

Key audit matters are the matters that, in our professional judgement, were of most significance in our audit of consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a

whole and, in forming our opinion thereon, we do not provide a separate opinion on the matters.

Key audit matter for Sigurd Group's consolidated financial statements of the current period is stated as follows:

Capitalization of property, plant and equipment

Description

Sigurd Group increased its capital expenditure to meet its operational needs. Please refer to Note 4 (15) for accounting policies on property, plant and equipment, and Note 6(7) for details of property, plant and equipment. Considering that capitalization of property, plant and equipment is significant to Sigurd Group's financial statements, thus, we identified the audit of capitalization of property, plant and equipment as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

Assessed and tested the effectiveness of the internal control system on additions to property, plant and equipment and provision timing of depreciation, as well as sample tested and verified respective purchase orders and invoices to ensure that transactions were approved accordingly and recognized amounts were accurate. Sample tested and examined the acceptance documents to validate whether the timing that assets are ready for use and are recorded in property listing is appropriate and confirm that depreciation is provided properly.

Other matter – Audited by Other Independent Accountants

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements was based solely on the reports of other independent accountants. Total assets of those consolidated subsidiaries amounted to NT\$232,480 thousand, constituting 0.94% of the consolidated total assets as at December 31, 2019, and total operating revenues amounted to NT\$72,009 thousand, constituting 0.72% of the total operating revenues for the year ended December 31, 2019.

Other matter – Parent company only financial statements

We have also expressed an unqualified opinion on the parent company only financial statements of Sigurd Microelectronics Corporation as of and for the years ended December 31, 2019 and 2018.

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

Management is responsible for the preparation and fair presentation of 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 the 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 Sigurd 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 the management either intends to liquidate the Sigurd Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Sigurd 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 judgement 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 Sigurd 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 Sigurd 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 Sigurd 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 Sigurd Group to express an opinion on 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 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.

Li, Tien-Yi

Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan
March 10, 2020

The accompanying consolidated financial statements are not intended to present the financial position and 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 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 report of independent accountants are 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 cannot accept any responsibility for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

	Assets	Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,620,939	19	\$ 4,338,605	22
1110	Current financial assets at fair value through profit or loss	6(2)	338,007	1	158,981	1
1136	Current financial assets at amortized cost	6(4)	4,299,888	17	2,266,170	12
1140	Current contract assets	6(18)	120,675	1	93,882	1
1150	Notes receivable, net	6(5)	672	-	121	-
1170	Accounts receivable, net	6(5)	3,068,433	12	2,404,824	12
1180	Accounts receivable - related parties, net	6(5) and 7	5,624	-	9,958	-
1200	Other receivables		49,638	-	21,182	-
1220	Current tax assets		12	-	9	-
130X	Inventories	6(6)	169,988	1	144,746	1
1410	Prepayments		272,087	1	210,005	1
1470	Other current assets	8	29,148	-	10,785	-
11XX	Total current assets		<u>12,975,111</u>	<u>52</u>	<u>9,659,268</u>	<u>50</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	495,733	2	535,645	3
1535	Non-current financial assets at amortised cost	6(4) and 8	50,700	-	19,700	-
1600	Property, plant and equipment	6(7) and 8	10,643,730	43	9,078,438	46
1755	Right-of-use assets	6(8)	395,929	2	-	-
1780	Intangible assets		112,245	1	134,985	1
1840	Deferred tax assets	6(24)	42,234	-	24,662	-
1900	Other non-current assets		37,381	-	18,051	-
15XX	Total non-current assets		<u>11,777,952</u>	<u>48</u>	<u>9,811,481</u>	<u>50</u>
1XXX	Total assets		<u>\$ 24,753,063</u>	<u>100</u>	<u>\$ 19,470,749</u>	<u>100</u>

(Continued)

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

	Liabilities and Equity	Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9) and 8	\$ 640,712	3	\$ 89,491	1
2130	Current contract liabilities	6(18)	10,202	-	776	-
2150	Notes payable		2,410	-	-	-
2170	Accounts payable		227,422	1	178,648	1
2219	Other payables	6(10)	2,128,032	9	1,313,177	7
2230	Current income tax liabilities		335,686	1	259,927	1
2250	Current provisions		2,794	-	8,017	-
2280	Current lease liabilities		98,690	-	-	-
2300	Other current liabilities	6(11)(12) and 8	3,226,484	13	2,197,707	11
21XX	Total current liabilities		<u>6,672,432</u>	<u>27</u>	<u>4,047,743</u>	<u>21</u>
	Non-current liabilities					
2530	Bonds payable	6(11)	1,162,846	5	345,694	2
2540	Non-current portion of long-term borrowings	6(12) and 8	2,840,387	11	2,950,769	15
2570	Deferred tax liabilities	6(24)	42,490	-	42,846	-
2580	Non-current lease liabilities		297,175	1	-	-
2600	Other non-current liabilities	6(13)	214,849	1	193,825	1
25XX	Total non-current liabilities		<u>4,557,747</u>	<u>18</u>	<u>3,533,134</u>	<u>18</u>
2XXX	Total liabilities		<u>11,230,179</u>	<u>45</u>	<u>7,580,877</u>	<u>39</u>
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(14)				
3110	Ordinary share		4,206,834	17	3,899,558	20
	Capital surplus	6(15)				
3200	Capital surplus		923,672	4	811,273	4
	Retained earnings	6(16)				
3310	Legal reserve		1,218,457	5	1,102,926	6
3320	Special reserve		48,273	-	44,787	-
3350	Unappropriated retained earnings		4,822,385	20	4,018,366	21
	Other equity interest	6(17)				
3400	Other equity interest		34,033	-	(48,274)	(1)
31XX	Equity attributable to owners of parent		<u>11,253,654</u>	<u>46</u>	<u>9,828,636</u>	<u>50</u>
36XX	Non-controlling interests		2,269,230	9	2,061,236	11
3XXX	Total equity		<u>13,522,884</u>	<u>55</u>	<u>11,889,872</u>	<u>61</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant subsequent events	11				
3X2X	Total liabilities and equity		<u>\$ 24,753,063</u>	<u>100</u>	<u>\$ 19,470,749</u>	<u>100</u>

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

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

	Items	Notes	Years ended December 31			
			2019		2018	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18) and 7	\$ 10,046,619	100	\$ 9,541,489	100
5000	Operating costs	6(6)(22)(23)	(7,007,157)	(70)	(6,884,399)	(72)
5950	Gross profit from operations		3,039,462	30	2,657,090	28
	Operating expenses	6(22)(23)				
6100	Selling expenses		(165,850)	(2)	(159,625)	(2)
6200	Administrative expenses		(519,405)	(5)	(478,043)	(5)
6300	Research and development expenses		(282,721)	(3)	(294,224)	(3)
6450	Net impairment gain on financial assets	12(2)	518	-	-	-
6000	Total operating expenses		(967,458)	(10)	(931,892)	(10)
6900	Operating profit		2,072,004	20	1,725,198	18
	Operating income and expenses					
7010	Other income	6(19)	123,655	1	75,873	1
7020	Other gains and losses	6(20)	(44,104)	-	62,722	1
7050	Finance costs	6(21)	(80,551)	(1)	(72,058)	(1)
7000	Total non-operating income and expenses		(1,000)	-	66,537	1
7900	Profit before income tax		2,071,004	20	1,791,735	19
7950	Income tax expense	6(24)	(507,443)	(5)	(444,482)	(5)
8000	Profit from continuing operations		1,563,561	15	1,347,253	14
8200	Profit for the year		\$ 1,563,561	15	\$ 1,347,253	14

(Continued)

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

Items	Notes	Years ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)	6(3)(13)(17)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Losses on remeasurements of defined benefit plans		(\$ 13,208)	-	(\$ 12,807)	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income		175,607	2	4,810	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		162,399	2	(7,997)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss	6(17)				
8361 Exchange differences on translation		(91,218)	(1)	104,391	1
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		(91,218)	(1)	104,391	1
8300 Other comprehensive income		\$ 71,181	1	\$ 96,394	1
8500 Total comprehensive income		\$ 1,634,742	16	\$ 1,443,647	15
Profit, attributable to:					
8610 Profit, attributable to owners of parent		\$ 1,294,520	12	\$ 1,155,307	12
8620 Profit, attributable to non-controlling interests		269,041	3	191,946	2
Total profit		\$ 1,563,561	15	\$ 1,347,253	14
Comprehensive income attributable to:					
8710 Owners of parent		\$ 1,408,919	14	\$ 1,203,236	12
8720 Non-controlling interests		225,823	2	240,411	3
Total comprehensive income		\$ 1,634,742	16	\$ 1,443,647	15
Basic earnings per share	6(25)				
9750 Basic earnings per share		\$	3.26	\$	3.01
Diluted earnings per share	6(25)				
9850 Diluted earnings per share		\$	3.16	\$	2.88

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

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity Attributable to Owners of The Parent												
	Notes	Retained Earnings					Other Equity Interest					Non-Controlling Interests	Total Equity
		Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income	Unrealized Gains (Losses) on Available For Sales Financial Assets	Treasury Shares	Total		
2018													
Balance at January 1, 2018		\$ 3,600,162	\$ 304,475	\$ 1,003,990	\$ 12,612	\$ 3,581,788	(\$ 10,066)	\$ -	(\$ 34,722)	(\$ 34,594)	\$ 8,423,645	\$ 1,901,597	\$ 10,325,242
Effect of retrospective application of new standards	6(17)	-	-	-	-	126,409	-	(97,165)	34,722	-	63,966	4,467	68,433
Balance at 1 January after adjustments		3,600,162	304,475	1,003,990	12,612	3,708,197	(10,066)	(97,165)	-	(34,594)	8,487,611	1,906,064	10,393,675
Profit for the year		-	-	-	-	1,155,307	-	-	-	-	1,155,307	191,946	1,347,253
Other comprehensive (loss) income for the year	6(3)(17)	-	-	-	-	(11,028)	54,147	4,810	-	-	47,929	48,465	96,394
Total comprehensive income		-	-	-	-	1,144,279	54,147	4,810	-	-	1,203,236	240,411	1,443,647
Distribution of 2017 earnings	6(16)												
Legal reserve		-	-	98,936	-	(98,936)	-	-	-	-	-	-	-
Special reserve		-	-	-	32,175	(32,175)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(685,275)	-	-	-	(685,275)	-	(685,275)	-
Conversion of corporate bond	6(11)(14)(15)	313,396	509,668	-	-	-	-	-	-	-	823,064	-	823,064
Write off of treasury stock	6(14)(15)	(14,000)	(2,870)	-	-	(17,724)	-	-	-	34,594	-	-	-
Non-controlling interest changes		-	-	-	-	-	-	-	-	-	-	(85,239)	(85,239)
Balance at December 31, 2018		<u>\$ 3,899,558</u>	<u>\$ 811,273</u>	<u>\$ 1,102,926</u>	<u>\$ 44,787</u>	<u>\$ 4,018,366</u>	<u>\$ 44,081</u>	<u>(\$ 92,355)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,828,636</u>	<u>\$ 2,061,236</u>	<u>\$ 11,889,872</u>
2019													
Balance at January 1, 2019		<u>\$ 3,899,558</u>	<u>\$ 811,273</u>	<u>\$ 1,102,926</u>	<u>\$ 44,787</u>	<u>\$ 4,018,366</u>	<u>\$ 44,081</u>	<u>(\$ 92,355)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,828,636</u>	<u>\$ 2,061,236</u>	<u>\$ 11,889,872</u>
Profit for the year		-	-	-	-	1,294,520	-	-	-	-	1,294,520	269,041	1,563,561
Other comprehensive (loss) income for the year	6(3)(17)	-	-	-	-	(10,428)	(50,780)	175,607	-	-	114,399	(43,218)	71,181
Total comprehensive income		-	-	-	-	1,284,092	(50,780)	175,607	-	-	1,408,919	225,823	1,634,742
Distribution of 2018 earnings	6(16)												
Legal reserve		-	-	115,531	-	(115,531)	-	-	-	-	-	-	-
Special reserve		-	-	-	3,486	(3,486)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(403,576)	-	-	-	(403,576)	-	(403,576)	-
Cash dividends distribution from capital surplus	6(15)(16)	-	(403,576)	-	-	-	-	-	-	(403,576)	-	(403,576)	-
Proceeds from issuing bonds	6(15)	-	43,697	-	-	-	-	-	-	43,697	-	43,697	-
Conversion of corporate bond	6(14)(15)	137,276	191,778	-	-	-	-	-	-	329,054	-	329,054	-
Cash capital increase	6(14)(15)	170,000	280,500	-	-	-	-	-	-	450,500	-	450,500	-
Disposal of equity instruments at fair value through other comprehensive income	6(3)(17)	-	-	-	-	42,520	-	(42,520)	-	-	-	-	-
Non-controlling interest changes		-	-	-	-	-	-	-	-	-	-	(17,829)	(17,829)
Balance at December 31, 2019		<u>\$ 4,206,834</u>	<u>\$ 923,672</u>	<u>\$ 1,218,457</u>	<u>\$ 48,273</u>	<u>\$ 4,822,385</u>	<u>(\$ 6,699)</u>	<u>\$ 40,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,253,654</u>	<u>\$ 2,269,230</u>	<u>\$ 13,522,884</u>

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

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,071,004	\$ 1,791,735
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(22)	2,445,848	2,195,846
Amortization	6(22)	72,970	65,582
Net impairment gain on financial assets	12(2)	(518)	-
Net profit on financial assets at fair value through profit or loss	6(2)(20)	(8,020)	7,889
Interest expense	6(21)	80,551	72,058
Interest income	6(19)	(77,438)	(47,515)
Dividend income	6(19)	(9,119)	(157)
Gain on disposal of property, plant and equipment	6(20)	(37,048)	(36,259)
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(171,006)	(57,594)
Contract assets		(27,173)	(25,449)
Notes receivable		1,007	213
Accounts receivable		(893,326)	244,431
Accounts receivable-related parties		11,436	(3,035)
Compensate receivable		296,489	441,538
Other receivables		(24,518)	4,025
Inventories		(3,320)	(1,734)
Prepayments		(96,090)	19,698
Other current assets		44,382	(7,751)
Other non-current assets		(379)	(1,724)
Other financial assets		-	4,929
Changes in operating liabilities			
Contract liabilities		9,426	(93)
Notes payable		263	(1,346)
Accounts payable		13,274	(70,373)
Other payables		209,262	(69,775)
Provisions		(5,120)	528
Other current liabilities		73,316	16,354
Defind benefit liabilities		(19,795)	(2,326)
Other non-current liabilities		10,842	1,041
Cash inflow generated from operations		3,967,200	4,540,736
Interest received		73,350	46,552
Dividend received		9,119	157
Interest paid		(87,057)	(79,747)
Income tax paid		(447,522)	(431,588)
Net cash flows from operating activities		3,515,090	4,076,110

(Continued)

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		(\$ 8,024,254)	(\$ 260,472)
Proceed from disposal of financial assets at amortized cost		5,937,592	-
Acquisition of financial assets at fair value through other comprehensive income		(30,000)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	245,520	-
Acquisition of property, plant and equipment	6(28)	(3,288,873)	(2,859,827)
Proceeds from disposal of property, plant and equipment		58,159	65,236
Increase in refundable deposits		(9,632)	-
Decrease in refundable deposits		-	3,979
Acquisition of intangible assets		(24,127)	(27,893)
Cash inflows from acquisition of subsidiaries	6(26)	9,807	-
Net cash flows used in investing activities		<u>(5,125,808)</u>	<u>(3,078,977)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(29)	521,874	(333,575)
Proceeds from issuance of convertible bonds	6(29)	1,203,165	-
Proceeds from long-term borrowings	6(29)	10,767,938	6,200,932
Repayments of long-term borrowings	6(29)	(9,976,786)	(5,779,793)
Repayments of principal portion of lease liabilities	6(29)	(150,697)	-
Payments of cash dividends	6(16)	(403,576)	(685,275)
Cash distribution from capital surplus	6(15)(16)	(403,576)	-
Payments of cash dividends for non-controlling interests	4(3)	(78,683)	(85,239)
Increase in guarantee deposits received	6(29)	(2,913)	(1,568)
Decrease in guarantee deposits received	6(29)	2,578	-
Proceeds from issuance of share capital	6(14)(15)	450,500	-
Net cash flows from (used in) financing activities		<u>1,929,824</u>	<u>(684,518)</u>
Effect of changes in exchange rate		<u>(36,772)</u>	<u>73,785</u>
Net increase in cash and cash equivalents		282,334	386,400
Cash and cash equivalents at beginning of year	6(1)	4,338,605	3,952,205
Cash and cash equivalents at end of year	6(1)	<u>\$ 4,620,939</u>	<u>\$ 4,338,605</u>

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 19000293

To the Board of Directors and Shareholders of Sigurd Microelectronics Corporation

Opinion

We have audited the parent company only balance sheets of Sigurd Microelectronics Corporation (the “Company”) as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to the *Other matter* section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Sigurd Microelectronics Corporation as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated 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 judgement, were of most significance in our audit of the parent company only 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.

Key audit matter of the Company during the year 2019 is as follows:

Capitalization of property, plant and equipment

Description

The Company increased the capital expenditure along with its operational needs. Please refer to Note 4 (14) for accounting policies on property, plant and equipment, and Note 6(8) for details of property, plant and equipment. Considering capitalization of property, plant and equipment is significant to the Company's financial statements, thus, we determined capitalization of property, plant and equipment a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

Assessed and tested the effectiveness of the internal control system on additions to property, plant and equipment and provision timing of depreciation, as well as sampled and verified respective purchase orders and invoices to ensure that transactions were approved accordingly and recognized amounts were correct. Sampled and examined the acceptance documents to validate whether the timing that assets are ready for use and are recorded in property listing is appropriate and confirm that depreciation are provided correctly.

Other matter — Audited by Other Independent Accountants

We did not audit the 2019 financial statements of certain investments accounted for using the equity method. Those financial statements were audited by other independent accountants whose report thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants. Investments accounted for using equity method amounted to NT\$ 80,511 thousand as of December 31, 2019, constituting 0.40% of total assets, and their comprehensive loss amounted to NT\$ 36,992 thousand for the year ended December 31, 2019, constituting 2.63% of the total comprehensive income (loss).

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and for such internal control as the management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 judgement and maintain professional skepticism throughout the audit. We also:

7. Identify and assess the risks of material misstatement of the parent company only 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.
8. 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.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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 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 Company to cease to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with

relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

Li, Tien-Yi

Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan
March 10, 2020

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

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

SIGURD MICROELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2019		December 31, 2018	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 2,852,266	14	\$ 2,518,994	16
Current financial assets at fair value through profit or loss	6(2)	338,007	2	158,981	1
Current financial assets at amortized cost	6(4)	1,728,480	9	778,480	5
Current contract assets	6(19)	100,274	-	80,721	1
Accounts receivable, net	6(5)	1,649,706	8	1,425,868	9
Accounts receivable, net - related parties	6(5) and 7	6,436	-	9,958	-
Other receivables		32,115	-	12,933	-
Other receivables - related parties	7	1,019	-	3,853	-
Inventories	6(6)	60,754	-	69,895	-
Prepayments		225,080	1	150,057	1
Other current assets	8	5,569	-	4,649	-
Total current assets		<u>6,999,706</u>	<u>34</u>	<u>5,214,389</u>	<u>33</u>
Non-current assets					
Non-current financial assets at fair value through other comprehensive income	6(3)	495,733	3	530,875	3
Non-current financial assets at amortized cost	6(4)	30,000	-	-	-
Investments accounted for using equity method	6(7)	4,748,831	24	3,686,780	23
Property, plant and equipment	6(8) and 8	7,957,026	39	6,467,789	41
Right-of-use assets	6(9)	32,575	-	-	-
Intangible assets		22,878	-	25,508	-
Deferred tax assets	6(25)	19,401	-	7,978	-
Guarantee deposits paid		11,094	-	12,106	-
Total non-current assets		<u>13,317,538</u>	<u>66</u>	<u>10,731,036</u>	<u>67</u>
Total assets		<u>\$ 20,317,244</u>	<u>100</u>	<u>\$ 15,945,425</u>	<u>100</u>

(Continued)

SIGURD MICROELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Short-term borrowings	6(10) and 8	\$ 571,242	3	\$ 34,204	-
Current contract liabilities	6(19)	1,188	-	776	-
Notes payable		800	-	-	-
Accounts payable		121,878	1	101,913	1
Other payables	6(11)	1,539,554	7	930,178	5
Other payables - related parties	7	9,378	-	117	-
Current tax liabilities		177,704	1	181,044	1
Current lease liabilities		20,012	-	-	-
Other current liabilities	6(12)(13) and 8	2,975,726	15	1,974,061	12
Total current liabilities		<u>5,417,482</u>	<u>27</u>	<u>3,222,293</u>	<u>19</u>
Non-current liabilities					
Bonds payable	6(12)	1,162,846	6	345,694	2
Non-current portion of long-term borrowings	6(13) and 8	2,227,015	11	2,312,500	15
Deferred tax liabilities	6(25)	37,146	-	37,146	-
Non-current lease liabilities		13,953	-	-	-
Other non-current liabilities	6(7)(14)	205,148	1	199,156	2
Total non-current liabilities		<u>3,646,108</u>	<u>18</u>	<u>2,894,496</u>	<u>19</u>
Total liabilities		<u>9,063,590</u>	<u>45</u>	<u>6,116,789</u>	<u>38</u>
Equity					
Share capital					
Ordinary share	6(15)	4,206,834	21	3,899,558	25
Capital surplus					
Capital surplus	6(16)	923,672	4	811,273	6
Retained earnings					
Legal reserve	6(17)	1,218,457	6	1,102,926	7
Special reserve		48,273	-	44,787	-
Unappropriated retained earnings		4,822,385	24	4,018,366	25
Other equity interest					
Other equity interest	6(18)	34,033	-	(48,274)	(1)
Total equity		<u>11,253,654</u>	<u>55</u>	<u>9,828,636</u>	<u>62</u>
Significant contingent liabilities and unrecognized contract commitments					
Significant subsequent events					
Total liabilities and equity		<u>\$ 20,317,244</u>	<u>100</u>	<u>\$ 15,945,425</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

SIGURD MICROELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

Years ended December 31

Items	Notes	2019		2018	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(19) and 7	\$ 6,130,926	100	\$ 5,874,100	100
Operating costs	6(6)(23)(24)	(4,319,172)	(70)	(4,204,039)	(72)
Gross profit from operations		<u>1,811,754</u>	<u>30</u>	<u>1,670,061</u>	<u>28</u>
Gross profit from operations		<u>1,811,754</u>	<u>30</u>	<u>1,670,061</u>	<u>28</u>
Operating expenses	6(23)(24)				
Selling expenses		(86,013)	(2)	(88,009)	(1)
General and administrative expenses		(256,879)	(4)	(256,416)	(4)
Research and development expenses		(253,114)	(4)	(269,711)	(5)
Total operating expenses		<u>(596,006)</u>	<u>(10)</u>	<u>(614,136)</u>	<u>(10)</u>
Operating profit		<u>1,215,748</u>	<u>20</u>	<u>1,055,925</u>	<u>18</u>
Non-operating income and losses					
Other income	6(20)	66,948	1	44,686	1
Other gains and losses	6(21)	(6,769)	-	62,241	1
Finance costs	6(22)	(59,492)	(1)	(54,270)	(1)
Share of profit of subsidiaries and associates and joint ventures accounted for under equity method, net	6(7)	<u>359,684</u>	<u>6</u>	<u>309,826</u>	<u>5</u>
Total non-operating income and losses		<u>360,371</u>	<u>6</u>	<u>362,483</u>	<u>6</u>
Profit before income tax		<u>1,576,119</u>	<u>26</u>	<u>1,418,408</u>	<u>24</u>
Income tax expense	6(25)	(281,599)	(5)	(263,101)	(5)
Profit for the year		<u>\$ 1,294,520</u>	<u>21</u>	<u>\$ 1,155,307</u>	<u>19</u>
Other comprehensive (loss) income					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(3)(14)(18)				
Losses on remeasurements of defined benefit plans		(\$ 10,428)	-	(\$ 11,028)	-
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income		<u>175,607</u>	<u>3</u>	<u>4,810</u>	<u>-</u>
Components of other comprehensive income(loss) that will not be reclassified to profit or loss		<u>165,179</u>	<u>3</u>	<u>(6,218)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss	6(18)				
Exchange differences on translation		(50,780)	(1)	54,147	1
Components of other comprehensive (loss) income that will be reclassified to profit or loss		<u>(50,780)</u>	<u>(1)</u>	<u>54,147</u>	<u>1</u>
Total comprehensive income for the year		<u>\$ 1,408,919</u>	<u>23</u>	<u>\$ 1,203,236</u>	<u>20</u>
Basic earnings per share	6(26)				
Basic earnings per share		<u>\$</u>	<u>3.26</u>	<u>\$</u>	<u>3.01</u>
Diluted earnings per share	6(26)				
Diluted earnings per share		<u>\$</u>	<u>3.16</u>	<u>\$</u>	<u>2.88</u>

The accompanying notes are an integral part of these parent company only financial statements.

SIGURD MICROELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

Years ended December 31

Items	Notes	2019		2018	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(19) and 7	\$ 6,130,926	100	\$ 5,874,100	100
Operating costs	6(6)(23)(24)	(4,319,172)	(70)	(4,204,039)	(72)
Gross profit from operations		<u>1,811,754</u>	<u>30</u>	<u>1,670,061</u>	<u>28</u>
Gross profit from operations		<u>1,811,754</u>	<u>30</u>	<u>1,670,061</u>	<u>28</u>
Operating expenses	6(23)(24)				
Selling expenses		(86,013)	(2)	(88,009)	(1)
General and administrative expenses		(256,879)	(4)	(256,416)	(4)
Research and development expenses		(253,114)	(4)	(269,711)	(5)
Total operating expenses		<u>(596,006)</u>	<u>(10)</u>	<u>(614,136)</u>	<u>(10)</u>
Operating profit		<u>1,215,748</u>	<u>20</u>	<u>1,055,925</u>	<u>18</u>
Non-operating income and losses					
Other income	6(20)	66,948	1	44,686	1
Other gains and losses	6(21)	(6,769)	-	62,241	1
Finance costs	6(22)	(59,492)	(1)	(54,270)	(1)
Share of profit of subsidiaries and associates and joint ventures accounted for under equity method, net	6(7)	<u>359,684</u>	<u>6</u>	<u>309,826</u>	<u>5</u>
Total non-operating income and losses		<u>360,371</u>	<u>6</u>	<u>362,483</u>	<u>6</u>
Profit before income tax		<u>1,576,119</u>	<u>26</u>	<u>1,418,408</u>	<u>24</u>
Income tax expense	6(25)	(281,599)	(5)	(263,101)	(5)
Profit for the year		<u>\$ 1,294,520</u>	<u>21</u>	<u>\$ 1,155,307</u>	<u>19</u>
Other comprehensive (loss) income					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(3)(14)(18)				
Losses on remeasurements of defined benefit plans		(\$ 10,428)	-	(\$ 11,028)	-
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income		<u>175,607</u>	<u>3</u>	<u>4,810</u>	<u>-</u>
Components of other comprehensive income(loss) that will not be reclassified to profit or loss		<u>165,179</u>	<u>3</u>	<u>(6,218)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss	6(18)				
Exchange differences on translation		(50,780)	(1)	54,147	1
Components of other comprehensive (loss) income that will be reclassified to profit or loss		<u>(50,780)</u>	<u>(1)</u>	<u>54,147</u>	<u>1</u>
Total comprehensive income for the year		<u>\$ 1,408,919</u>	<u>23</u>	<u>\$ 1,203,236</u>	<u>20</u>
Basic earnings per share	6(26)				
Basic earnings per share		<u>\$</u>	<u>3.26</u>	<u>\$</u>	<u>3.01</u>
Diluted earnings per share	6(26)				
Diluted earnings per share		<u>\$</u>	<u>3.16</u>	<u>\$</u>	<u>2.88</u>

The accompanying notes are an integral part of these parent company only financial statements.

SIGURD MICROELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Retained Earnings					Other Equity Interest				Total Equity
		Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) From Financial Assets Measured at Fair Value through Other Comprehensive Income	Unrealized Gains (Losses) On Available-for-Sale Financial Assets	Treasury Shares	
2018											
Balance at January 1, 2018		\$ 3,600,162	\$ 304,475	\$ 1,003,990	\$ 12,612	\$ 3,581,788	(\$ 10,066)	\$ -	(\$ 34,722)	(\$ 34,594)	\$ 8,423,645
Effect of retrospective application of new standards	6(18)	-	-	-	-	126,409	-	(97,165)	34,722	-	63,966
Balance at 1 January after adjustments		<u>3,600,162</u>	<u>304,475</u>	<u>1,003,990</u>	<u>12,612</u>	<u>3,708,197</u>	<u>(10,066)</u>	<u>(97,165)</u>	<u>-</u>	<u>(34,594)</u>	<u>8,487,611</u>
Profit for the year		-	-	-	-	1,155,307	-	-	-	-	1,155,307
Other comprehensive (loss) income for the year	6(18)	-	-	-	-	(11,028)	54,147	4,810	-	-	47,929
Total comprehensive (loss) income		-	-	-	-	<u>1,144,279</u>	<u>54,147</u>	<u>4,810</u>	<u>-</u>	<u>-</u>	<u>1,203,236</u>
Distribution of 2017 earnings:	6(17)										
Legal reserve		-	-	98,936	-	(98,936)	-	-	-	-	-
Special reserve		-	-	-	32,175	(32,175)	-	-	-	-	-
Cash dividends		-	-	-	-	(685,275)	-	-	-	-	(685,275)
Conversion of corporate bond	6(12)(15)(16)	313,396	509,668	-	-	-	-	-	-	-	823,064
Write off of treasury stock	6(15)(16)	(14,000)	(2,870)	-	-	(17,724)	-	-	-	34,594	-
Balance at December 31, 2018		<u>\$ 3,899,558</u>	<u>\$ 811,273</u>	<u>\$ 1,102,926</u>	<u>\$ 44,787</u>	<u>\$ 4,018,366</u>	<u>\$ 44,081</u>	<u>(\$ 92,355)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,828,636</u>
2019											
Balance at January 1, 2019		\$ 3,899,558	\$ 811,273	\$ 1,102,926	\$ 44,787	\$ 4,018,366	\$ 44,081	(\$ 92,355)	\$ -	\$ -	\$ 9,828,636
Profit for the year		-	-	-	-	1,294,520	-	-	-	-	1,294,520
Other comprehensive (loss) income for the year	6(18)	-	-	-	-	(10,428)	(50,780)	175,607	-	-	114,399
Total comprehensive (loss) income		-	-	-	-	<u>1,284,092</u>	<u>(50,780)</u>	<u>175,607</u>	<u>-</u>	<u>-</u>	<u>1,408,919</u>
Distribution of 2018 earnings:	6(17)										
Legal reserve		-	-	115,531	-	(115,531)	-	-	-	-	-
Special reserve		-	-	-	3,486	(3,486)	-	-	-	-	-
Cash dividends		-	-	-	-	(403,576)	-	-	-	-	(403,576)
Cash dividends distribution from capital surplus	6(16)(17)	-	(403,576)	-	-	-	-	-	-	-	(403,576)
Proceeds from issuing bonds	6(16)	-	43,697	-	-	-	-	-	-	-	43,697
Conversion of corporate bonds	6(15)(16)	137,276	191,778	-	-	-	-	-	-	-	329,054
Cash capital increase	6(15)(16)	170,000	280,500	-	-	-	-	-	-	-	450,500
Disposal of equity instruments at fair value through other comprehensive income	6(3)(18)	-	-	-	-	42,520	-	(42,520)	-	-	-
Balance at December 31, 2019		<u>\$ 4,206,834</u>	<u>\$ 923,672</u>	<u>\$ 1,218,457</u>	<u>\$ 48,273</u>	<u>\$ 4,822,385</u>	<u>(\$ 6,699)</u>	<u>\$ 40,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,253,654</u>

The accompanying notes are an integral part of these parent company only financial statements.

SIGURD MICROELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,576,119	\$ 1,418,408
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	1,593,980	1,488,906
Amortization	6(23)	15,918	9,403
Net (profit) loss on financial assets at fair value through profit or loss	6(2)(21)	(8,020)	7,889
Interest expense	6(22)	59,492	54,270
Interest income	6(20)	(26,571)	(19,232)
Dividend income	6(20)	(9,119)	(157)
Share of profit of long-term equity investment under the equity method	6(7)	(359,684)	(309,826)
Gain on disposal of property, plant and equipment	6(21)	(45,336)	(29,777)
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(171,006)	(57,594)
Contract assets		(19,553)	(21,571)
Accounts receivable		(223,838)	(111,969)
Accounts receivable - related parties		3,522	(3,035)
Other receivables		(21,857)	11,400
Other receivables - related parties		2,834	(3,304)
Inventories		9,141	239
Prepayments		(74,771)	19,492
Other current assets		(919)	(2,607)
Changes in operating liabilities			
Contract liabilities		(412)	(93)
Notes payable		800	-
Accounts payable		19,965	10,799
Other payables		173,900	53,340
Other payables - related parties		9,261	(1,379)
Other current liabilities		30,933	15,562
Defined benefit liabilities		(525)	(228)
Cash inflow generated from operations		2,534,254	2,528,936
Interest received		29,246	18,970
Dividend received		129,419	136,497
Interest paid		(58,951)	(54,668)
Income tax paid		(296,362)	(156,466)
Net cash flows from operating activities		<u>2,337,606</u>	<u>2,473,269</u>

(Continued)

SIGURD MICROELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		(\$ 2,308,480)	(\$ 150,000)
Proceeds from disposal of financial assets at amortized cost		1,328,480	-
Acquisition of financial assets at fair value through other comprehensive income		(30,000)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	239,280	-
Acquisition of investments accounted for using equity method	6(7)	(875,550)	-
Proceeds from capital reduction of investee accounted for using equity method		-	137,117
Acquisition of property, plant and equipment	6(28)	(2,625,626)	(1,970,543)
Proceeds from disposal of property, plant and equipment		52,941	40,483
Acquisition of intangible assets		(12,461)	(21,267)
Decrease in refundable deposits		1,012	1,590
Net cash flows used in investing activities		<u>(4,230,404)</u>	<u>(1,962,620)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(29)	537,038	(296,606)
Proceeds from issuance of convertible bonds	6(29)	1,203,165	-
Proceeds from long-term borrowings	6(29)	10,287,937	5,150,000
Repayment of long-term borrowings	6(29)	(9,421,800)	(4,464,000)
Repayments of principal portion of lease liabilities	6(29)	(23,279)	-
Payments of cash dividends	6(17)	(403,576)	(685,275)
Cash distribution from capital surplus	6(16)(17)	(403,576)	-
Increase in guarantee deposits received	6(29)	911	-
Decrease in guarantee deposits received	6(29)	(1,250)	(1,575)
Proceeds from issuance of share capital	6(15)(16)	450,500	-
Net cash flows from (used in) financing activities		<u>2,226,070</u>	<u>(297,456)</u>
Net increase in cash and cash equivalents		333,272	213,193
Cash and cash equivalents at beginning of year	6(1)	2,518,994	2,305,801
Cash and cash equivalents at end of year	6(1)	<u>\$ 2,852,266</u>	<u>\$ 2,518,994</u>

The accompanying notes are an integral part of these parent company only financial statements

Appendix 6

Sigurd Microelectronics Corporation
Surplus Distribution Proposal
Year 2019

Unit: NT\$

Item	Amount	Note
At the beginning of period	3,495,773,367	
Net income after tax	1,294,520,011	
Less: Remeasurement of defined benefit plans	(10,428,440)	
Add: Disposal of equity instrument measured at fair value through other comprehensive profit or loss	42,520,000	
Less: statutory surplus reserve	(132,661,157)	
Add: reversal of the special reserve	48,273,781	
Distributable earnings	4,737,997,562	
Distributed item		
Less: Dividend and bonus for the first half of the accounting year	0	Approved by the Board on August 07, 2019.
Less: Proposed capitalization of shareholder dividend (EPS of approximately NT\$1.10)	(463,680,006)	On March 10, 2020, after the resolution of the Board coming into effect, proposal was submitted to annual shareholders' meeting.
Less: Dividend and bonus for the second half of the accounting year	0	Submitted to annual shareholders' meeting for adoption.
Balance of unappropriated retained earnings at the end of period	4,274,317,556	

Chairman: Hsing-Yang Huang Manager: Tsan-Lien Yeh Accountant Supervisor: Min-Hung Wu

Appendix 7

Sigurd Microelectronics Corporation
 Procedure for Shareholders' Meetings
 Comparison Table of Articles Before and After Amendments

Article	Article Before Amendments	Article After Amendments	Explanation
<p>Article 4</p>	<p>..... Where the shareholders' meeting, prescribed in preceding Paragraph, with shareholders representing one-third or more of issued shares presented in the meeting, the Chairperson may make tentative resolutions in accordance with regulation of <u>paragraph 1 of Article 175</u> of the Company Act and inform shareholders with tentative resolutions and reconvene another shareholders' meeting within a month. Where shareholders representing 50% of issued shares present before the shareholders' meeting conclude, the Chairperson may again propose tentative resolutions to the shareholders' meeting for a re-vote in accordance with <u>article 174</u> of the Company Act.</p>	<p>..... Where the shareholders' meeting, prescribed in preceding paragraph, with shareholders representing one-third or more of issued shares presented in the meeting, the Chairperson may make tentative resolutions in accordance with regulation <u>of</u> the Company Act and inform shareholders with tentative resolutions and reconvene another shareholders' meeting within a month. Where shareholders representing 50% of issued shares present before the shareholders' meeting conclude, the Chairperson may again propose tentative resolutions to the shareholders' meeting for a re-vote in accordance with the regulation <u>of</u> the Company Act.</p>	<p>Wording modification. Wording modification.</p>
<p>Article 5</p>	<p>Where a shareholders' meeting is convened by the Board of Directors, the Board of Directors shall stipulate the meeting agenda. The shareholders' meeting shall progress in accordance of arranged agenda, which can only be changed by the resolution of the shareholders' meeting. The shareholders' meeting assembled by persons with authority to assemble other than the Board shall apply the regulation of the preceding Paragraph. Before arranged agendas in preceding two Paragraphs during the meeting (including extemporary motions) comes to an end, the Chairperson shall not proclaim the adjournment of the shareholders' meeting without a resolution of the</p>	<p>Where a shareholders' meeting is convened by the Board of Directors, the Board of Directors shall stipulate the meeting agenda. <u>Pertaining to proposals (including extemporary motions and amendments of original proposals), voting by poll should be adopted.</u> The shareholders' meeting shall progress in accordance of arranged agenda, which can only be changed by the resolution of the shareholders' meeting. The shareholders' meeting assembled by persons with authority to assemble other than the Board shall apply the regulation of the preceding Paragraph. Before arranged agendas in preceding two Paragraphs during the meeting (including extemporary</p>	<p>In accordance with electronic voting adopted by public listed companies since 2018, and voting by poll. Paragraph 4 is amended to avoid the convener of the shareholders' meeting limiting the voting time of</p>

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>shareholders' meeting. If the Chairperson proclaims the adjournment without the necessary resolution, the other members of the Board shall assist shareholders at present in continuing the meeting and electing a person as Chairperson with more than 50% vote of assent from of the shareholders at present in accordance with legal procedure.</p> <p>The Chairperson shall offer adequate opportunities for explanation and discussion on the proposals and amendments or extemporary motions brought up by shareholders. Where the Chairperson thinks the proposals and amendments or extemporary motions brought up by shareholders is ready to vote, the Chairperson may proclaim the closure of discussion and proceed to vote.</p>	<p>motions) comes to an end, the Chairperson shall not proclaim the adjournment of the shareholders' meeting without a resolution of the shareholders' meeting. If the Chairperson proclaims the adjournment without the necessary resolution, the other members of the Board shall assist shareholders at present in continuing the meeting and electing a person as Chairperson with more than 50% vote of assent from of the shareholders at present in accordance with legal procedure.</p> <p>The Chairperson shall offer adequate opportunities for explanation and discussion on the proposals and amendments or extemporary motions brought up by shareholders. Where the Chairperson thinks the proposals and amendments or extemporary motions brought up by shareholders is ready to vote, the Chairperson may proclaim the closure of discussion, proceed to vote, <u>and provide adequate time for voting.</u></p>	<p>the shareholders, causing the shareholders to have insufficient time to vote and thus their voting rights compromised.</p>
Article 6	<p>Shareholders holding 1% or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at the shareholders' meeting, <u>provided that</u> only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, the Board shall not list any motions from shareholders which fall under any situation regulated in all subparagraphs of Paragraph 4 of Article 172-1 in the Company Act.</p> <p>Prior to the date on which share transfer registration is suspended before the convention of the shareholders' meeting, the Company shall give a public notice announcing acceptance of proposal, the place and the period for</p>	<p>Shareholders holding 1% or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at the shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. <u>However, if the proposal submitted by shareholder is pertaining to advice on the Company's effort in promoting public interest or social responsibilities, the Board of Directors should include the proposal in the agenda.</u> In addition, the Board shall not list any motions from shareholders which fall under any situation regulated in all subparagraphs of Paragraph 4 of Article 172-1 in the Company Act.</p> <p>Prior to the date on which share transfer registration is suspended</p>	<p>In accordance with the Company Act, article 172-1, paragraph 1 and subparagraph 5.</p> <p>Amended in accordance with the Company Act, article 172-1, paragraph 2.</p>

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten days.</p> <p>The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the shareholders' meeting where his proposal is to be discussed and shall take part in the discussion of such proposal.</p> <p>The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders' meeting to be convened.</p>	<p>before the convention of the shareholders' meeting, the Company shall give a public notice announcing acceptance of proposal <u>in writing or by way of electronic transmission</u>, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten days.</p> <p>The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the shareholders' meeting where his proposal is to be discussed and shall take part in the discussion of such proposal.</p> <p>The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders' meeting to be convened.</p>	

Appendix 8

Sigurd Microelectronics Corporation
 Procedures for Providing Endorsements/guarantees
 Comparison Table of Articles Before and After Amendments

Article	Article Before Amendments	Article After Amendments	Explanation
Article 4	<p>The ceiling on amount of endorsements/guarantees</p> <p>1. The aggregate amount of the Company's endorsements/guarantees provided by the Company shall not exceed <u>40%</u> or more of the net worth of the Company and the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed <u>30%</u> of or more of the net worth of the Company.</p> <p>If the aggregate amount of endorsements/guarantees provided by the Company and its subsidiaries exceed 50 % or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.</p> <p>For circumstances in which an entity for which the Company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, relevant follow-up monitoring and control measures shall be expressly prescribed.</p> <p>In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p> <p>2. For corporations or companies that do business with the Company, individual endorsements/guarantees</p>	<p>The ceiling on amount of endorsements/guarantees</p> <p>1. The aggregate amount of the Company's endorsements/guarantees provided by the Company shall not exceed <u>45%</u> or more of the net worth of the Company and the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed <u>45%</u> of or more of the net worth of the Company.</p> <p>If the aggregate amount of endorsements/guarantees provided by the Company and its subsidiaries exceed 50 % or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.</p> <p>For circumstances in which an entity for which the Company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, relevant follow-up monitoring and control measures shall be expressly prescribed.</p> <p>In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>	<p>Increase in the aggregate amount of endorsements/guarantees and the amount of endorsements/guarantees for any single entity.</p>

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>of capital shall not exceed the amount of transactions between the two parties. The amount of transaction refers to the higher amount based on the amount of purchase or sales between the two parties.</p> <p>3. If an endorsements / guarantees is required for business purposes and it is necessary to exceed the aforementioned amount, it shall be agreed by the Board of Directors and there must be a joint guarantee of more than half of the Directors affixing their signatures for the possible loss exceeding the limit. The aforementioned regulation shall be also amended and to be ratified by the shareholders' meeting; if the shareholders' meeting disagrees, a plan shall be made to eliminate the excess part within a certain period of time.</p> <p>4. If due to changes of circumstances in the Company, the party to whom the Company provides endorsements/guarantees no longer satisfies the criteria set in the Procedure, or the amount of endorsements/guarantees exceeded the limits, a corrective plan shall be provided to the Audit Committee and Independent Director and the proposed corrective actions should be implemented within the period specified in the plan.</p>	<p>2. For corporations or companies that do business with the Company, individual endorsements/guarantees of capital shall not exceed the amount of transactions between the two parties. The amount of transaction refers to the higher amount based on the amount of purchase or sales between the two parties.</p> <p>3. If an endorsements / guarantees is required for business purposes and it is necessary to exceed the aforementioned amount, it shall be agreed by the Board of Directors and there must be a joint guarantee of more than half of the Directors affixing their signatures for the possible loss exceeding the limit. The aforementioned regulation shall be also amended and to be ratified by the shareholders' meeting; if the shareholders' meeting disagrees, a plan shall be made to eliminate the excess part within a certain period of time.</p> <p>4. If due to changes of circumstances in the Company, the party to whom the Company provides endorsements/guarantees no longer satisfies the criteria set in the Procedure, or the amount of endorsements/guarantees exceeded the limits, a corrective plan shall be provided to the Audit Committee and Independent Director and the proposed corrective actions should be implemented within the period specified in the plan.</p>	

Appendix 9

List of Director Candidates

Number	Name	Number of shares held	Main Education Qualification and Experience	Note
1	Hsing-Yang Huang	7,215,771	<p>Master's Degree of College of Management, National Taiwan University.</p> <p>Chairman and CEO of Sigurd Microelectronics Corporation</p> <p>Director of Reinvested Companies of the Company (Sigurd Micro Electronics (Wuxi) Co., Ltd., Winstek Semiconductor Co., Ltd., SIGURD International (BVI) Co., Ltd.)</p> <p>Representative of Corporate Director and elected chairman of Winstek Semiconductor Co., Ltd.</p> <p>Representative of Corporate Director and elected chairman of Winstek Semiconductor Technology Co., Ltd.</p> <p>Representative of Corporate Director Ambersan Medical Technology Co., Ltd</p> <p>Representative of Corporate Director and elected chairman of Ge-Xing Corporate</p>	Director Candidate
2	Tsan-Lien Yeh	3,409,633	<p>Bachelor of Electrical Engineering, National Chiao Tung University</p> <p>GMBA, National Chiao Tung University</p> <p>General Manager and Chief Operating Officer of Sigurd Microelectronics Corporation</p> <p>Director of Reinvested Company of Sigurd Microelectronics Corporation</p> <p>Director of Bloomeria Limited Singapore</p> <p>Representative of Corporate Director of Winstek Semiconductor Co., Ltd.</p> <p>Representative of Corporate Director and elected chairman of Flatek, Inc.</p> <p>Representative of Corporate Director of Ge-Xing Corporate</p>	Director Candidate

3	Hsu-Tung Kuo	1,978,879	<p>Bachelor of Electrical Engineering, National Cheng Kung University Vice Chief Operating Officer and General Manager of Business Group of Sigurd Microelectronics Corporation Director of Reinvested Company of Sigurd Microelectronics Corporation Representative of Corporate Director of Winstek Semiconductor Co., Ltd. Chairman of Xi-Xing (Suzhou) Integrated Circuit Technologies Co., Ltd. Representative of Corporate Director of Flatek, Inc.</p>	Director Candidate
4	Min-Hong Wu	3,063,938	<p>Bachelor of Electrical Engineering, National Taiwan Institute of Technology Director of the Company Chief Financial Officer and Executive Vice General Manager of Sigurd Microelectronics Corporation Director of Reinvested Company of Sigurd Microelectronics Corporation Director of Cheng-Chun Co., Ltd. Director of Bloomeria Limited Representative of Corporate Director of Winstek Semiconductor Co., Ltd. Representative of Corporate Director Winstek Semiconductor Technology Co., Ltd. Representative of Corporate Director of Yann Yuan Investment Co., Ltd. Representative of Corporate Director and Elected Chairman of Test-Serv Inc. Representative of Corporate Director and elected chairman of Flatek, Inc. Representative of Corporate Director Ge-Xing Corporate</p>	Director Candidate

			Director of Xi-Xing (Suzhou) Integrated Circuit Technologies Co., Ltd.	
5	Wen-Yuan Lin	1,820,457	Bachelor of Healthcare Management, Yuanpei University of Medical Technology Director of Yang Feng Investment Co., Ltd.	Director Candidate
6	Ming-Chun Chiu	5,791,769	Middle School Diploma, Er Chong Junior High School Chairman of Chun Tang Construction Co., Ltd.	Director Candidate
7	Wen-Bin Wu	0	MBA, College of Management, National Taiwan University Head of Remuneration & Audit Committees of Sigurd Microelectronics Corporation Chairman of FineStar Technologies Inc. Independent director and the chairperson of the Remuneration Committee of Good Will Instrument Co., Ltd.	Independent Director Candidate
8	Min-Kai Lin	0	MBA in Accounting, College of Management, National Taiwan University Member of Remuneration & Audit	Independent Director Candidate
9	Chun-Rong Lu	992	Bachelor of Communication Engineering, National Chiao Tung University Director and SVP of Sales of Jih Lin Technology Co., Ltd.	Independent Director Candidate

Note: As of April 12, 2020, the date for suspension of share transfer of the shareholder's meeting, the Company's total issued shares were 421,510,394 shares.

Sigurd Microelectronics Corporation
The detailed list of participation of directors in competing businesses

Candidate Type	Candidate Name	Name of Competing Business and Position Assumed	Main Businesses
Director	Hsing-Yang Huang	1. Director of Sigurd International Co., Ltd.	Investing Company
		2. Representative of Sigurd International Co., Ltd., Corporate Director of Sigurd Microelectronics (Cayman) Co., Ltd.	Investing Company
		3. Director of Sigurd Micro Electronics (Wuxi) Co., Ltd	Manufacturing and sales of microelectronic products.
		4. Director of Burgurd Co., Ltd.	International Trade Company
		*5. Representative and Chairman of Ke Sing Co., Ltd., Corporate Director of Winstek Semiconductor Co., Ltd.,	R&D and testing of IC
		6. Representative and Chairman of Winstek Semiconductor Co., Ltd., Corporate Director of Winstek Semiconductor Technology Co., Ltd.	Wafer bumping and packaging service of wafer.
		7. Representative of Sigurd Microelectronics Corporation, Corporate Director of Ambersan Medical Technology Co., Ltd.	Manufacturing and sales of medical equipment.
		8. Representative and Chairman of Sigurd Microelectronics Corporation, Corporate Director of Ke Sing Co., Ltd.	Investing Company
Director	Tsan-Lien Yeh	1. Representative of Sigurd International Co., Ltd., Corporate Director of Sigurd Microelectronics (Cayman) Co., Ltd.	Investing Company
		2. Director of HongDayAng Electronics (Shenzhen) Co., Ltd.	Product brokering and agenting, and IC designing
		3. Bloomeria Limited Director	Packaging and testing.
		*4. Representative of Ke Sing Co., Ltd., Corporate Director of Winstek Semiconductor Co., Ltd.	R&D and testing of IC
		5. Representative and Chairman of Sigurd Microelectronics Corporation, Corporate Director of Flatek Co., Ltd.	Service provider electronic information.
		6. Representation of Sigurd Microelectronics Corporation, Corporate Director of Ke Sing Co., Ltd.	Investing Company

Candidate Type	Candidate Name	Name of Competing Business and Position Assumed	Main Businesses
Director	Hsu-Tung Kuo	1. Representative of Sigurd International Co., Ltd., Corporate Director of Sigurd Microelectronics (Cayman) Co., Ltd.	Investing Company
		2. Director of Sigurd Micro Electronics (Wuxi) Co., Ltd	Manufacturing and sales of microelectronic products.
		*3. Representative of Ke Sing Co., Ltd., Corporate Director of Winstek Semiconductor Co., Ltd.	R&D and testing of IC
		4. Chairman of Sigurd (Suzhou) Molelectron Technology Co., Ltd.	R&D of semiconductor testing software, and advanced packaging and testing services
		5. Representative of Sigurd Microelectronics Corporation, Corporate Director of Flatek Co., Ltd.	Service provider electronic information.
Director	Min-Hong Wu	1. Representative of Sigurd International Co., Ltd., Corporate Director of Sigurd Microelectronics (Cayman) Co., Ltd.	Investing Company
		2. Director of Sigurd Micro Electronics (Wuxi) Co., Ltd	Manufacturing and sales of microelectronic products.
		3. Director of Flusol Co., Ltd.	Investing Company
		4. Director of Chen Chun Co., Ltd.	Investing Company
		5. Representative of Sigurd Microelectronics Corporation, Corporate Director of Yann Yuan Investment Co., Ltd.	Investing Company
		6. Representative of Sigurd Microelectronics Corporation, Corporate Director of Test-Serv Inc.	Packaging and testing.
		7. Representative of Bloomeria Limited, Corporate Director of Winstek Semiconductor Co., Ltd.	R&D and testing of IC
		8. Representative of Winstek Semiconductor Co., Ltd., Corporate Director of Winstek Semiconductor Technology Co., Ltd.	Wafer bumping and packaging service of wafer.
		9. Director of Sigurd (Suzhou) Molelectron Technology Co., Ltd.	R&D of semiconductor testing software, and advanced packaging and testing services
		10. Representative of Flatek Co., Ltd.,	Service provider electronic

Candidate Type	Candidate Name	Name of Competing Business and Position Assumed	Main Businesses
		Corporate Director of TPFUSION Co., Ltd.	information.
		11. Representative of Sigurd Microelectronics Corporation, Corporate Director of Ke Sing Co., Ltd.	Investing Company
Director	Wen-Yuan Lin	Director of Yang Feng Investment Co., Ltd.	Investing Company
Director	Ming-Chun Chiu	Chairman of Chun Tang Construction Co., Ltd.	Construction company
Independent Director	Wen-Bin Wu	1. Chairman of FineStar Technologies Inc.	Manufacturer, importer and exporter and sales of electronic products
		2. Independent Director and Head of Remuneration Committee of Good Will Instrument Co., Ltd.	Manufacturer, importer and exporter and sales of electronic testing equipment
Independent Director	Chun-Rong Lu	Director and SVP of Jih Lin Technology Co., Ltd.	Optical flow positioning module
Independent Director	Min-Kai Lin	Independent Director of Winstek Semiconductor Co., Ltd.	R&D and testing of IC

*: Elected by the shareholders' meeting of Winstek Semiconductor Co., Ltd. on June 9, 2020.

Appendix 1

Sigurd Microelectronics Co., Ltd. Articles of Incorporation

Chapter 1 General Provision

- Article 1: The Company is organized under the Company Act as a company limited by shares and named "Sigurd Microelectronics Co., Ltd." The Company's English name is "SIGURD MICROELECTRONICS CORP".
- Article 2: The scope of business of the Company shall be as follows:
CC01080 Electronic Parts and Components Manufacturing.
CC01120 Data Storage Media Manufacturing and Duplicating.
CC01110 Computers and Computing Peripheral equipment Manufacturing.
CC01990 Electrical Machinery, Supplies Manufacturing.
CB01010 Machinery and Equipment Manufacturing.
CE01010 Precision Instruments Manufacturing.
F119010 Wholesale of Electronic Materials.
F219010 Retail Sale of Electronic Materials.
F213040 Retail Sale of Precision Instruments.
F401010 International Trade.
I301010 Software Design Services.
IZ99990 Other Industry and Commerce Services Not Elsewhere Classified.
I501010 Product Designing.
ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company shall have its head office in Hsinchu County, Taiwan, and may establish branches and offices in other suitable locations, domestically or overseas whenever the Corporation deems it necessary according to the resolutions of the Board of Directors.
- Article 4: Public announcements of the Company shall resolutions of in accordance with the provisions of Article 28 of the Company Act.

Chapter 2 Shares

- Article 5: The authorized capital of the Company is NT\$7 billion, consisting of 700 million shares, all of the ordinary shares, with a par value of NT\$10 per share. The Board of Directors is authorized to issue the shares in separate installments as required.
- In the total capital of the preceding paragraph, the Company will issue employee stock option certificate subscription within an amount of NT\$200 million, totaling 2 million shares at NT\$10 per share. The Board of Directors is authorized to issue the unissued shares in separate installments as required.

Including the employees of parents or subsidiaries of the Company meeting certain specific requirements are entitled to receive shares redeemed or bought back by the Company. The employees of the Company, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, are entitled to receive employee stock option certificate subscription or employee restricted stock awards.

Article 5-1 The Company may issue employee stock option certificate subscription that are not subject to the exercise price restriction set out in Article 53, an issuer is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders' meeting attended by shareholders representing a majority of the total issued shares. The issuer is allowed to register multiple issues over a period of 1 year from the date of the shareholders' resolution.

Article 5-2 The Company may transfer its shares to employees at a price below the average repurchase price. The proposal shall be raised in the most recent shareholders' meeting to obtain the consent of at least two-thirds of the voting rights represented at a shareholders' meeting attended by shareholders representing a majority of the total issued shares. The issuer shall be required to specify the following information in the notice of reasons for convening the shareholders' meeting, and may not raise the matter by means of special motion:

- I. The criteria for determination of the exercise price, discount ratio and the reasonableness of the price.
- II. Transfer of shares, purpose and reasonableness.
- III. Qualification requirements for warrant subscribers, and the number of shares they are allowed to subscribe for.
- IV. Factors affecting shareholders' equity:
 - (I) The expensable amount, and dilution of the Company's earnings per share.
 - (II) Where previously issued shares will be used to cover the warrants, explain what financial burden this will impose on the company.

Article 6: The Company's shares shall generally be registered, and the share certificates shall be affixed with the signatures or personal seals of the Director representing the company. Stock shall be issued after attestation by the competent authority or an issuance attestation institution approved by the competent authority. The Company may be exempted from printing any share certificate for the shares issued by the Company and shall register the issued shares with a centralized securities depository institution.

Chapter 3 Shareholders' Meeting

Article 7: All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of the seal, change of address or similar stock transaction conducted by shareholders of the Corporation shall follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" unless specified otherwise by law and securities regulations.

Article 8: Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular shareholders' meeting, and thirty (30) days immediately before the date of any special shareholders' meeting, or within five (5) days before the base date on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Article 9: Shareholders' meetings of the Company are of two types, namely: regular meetings and special meetings. Regular meetings, in accordance with the law, shall be convened once a year, by the Board of Directors, within six (6) months after the close of each fiscal year.

Unless otherwise provided in the Company Act, the special meetings shall be convened by the Board of Directors when necessary.

- Article 10: A shareholder who is unable to attend the shareholders' meeting may authorize another person to attend by proxy using the form provided by the Company, which sets forth the scope of the authorization. The shareholder proxy process is governed by Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meeting of Public Companies.
- Article 11: Except for the shares with restricted voting rights or without voting rights under the Company Act, each share is entitled to one vote.
- Article 12: Except as otherwise provided by applicable law, the shareholders' resolutions shall be adopted upon the approval of a majority of the voting shares present at the shareholders' meeting, which is attended by holders of a majority of the total issued and outstanding shares of the Company.
- Article 13: The shareholders' meetings shall be convened by the Board of Directors and presided over by the Chairman of the Board. The Chairman of the Board shall appoint a Director to act as his or her proxy if the Chairman is unable to attend such meeting. If the Chairman does not appoint a proxy, the Directors shall appoint one from among them. If a meeting is convened by a person entitled to convene other than the Board of Directors, such person shall act as the Chairman for the meeting; provided, however, if there is more than one person entitled to convene, the Chairman for the meeting shall be appointed from among them.

Chapter 4 Directors, Board of Directors, Audit Committee, and Remuneration Committee

- Article 14: The Company has 9~11 Directors who are competent shareholders elected in the shareholders' meeting. The term of office for Supervisors shall be three years and they shall be re-appointed if being re-elected. The remuneration of the Directors and Supervisors of the Company authorizes the Board of Directors to agree on the usual level of the industry.
- The Company may obtain Directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of service.
- Article 14-1 In accordance with the Securities and Exchange Act and the relevant laws and regulations, the Company was required to appoint Independent Directors, not less than two in number and not less than one-fifth of the total number of Directors.
- The Directors' election of the Company shall adopt the candidate nomination system. Shareholders should select Directors from the list of Director candidates. Independent Directors and non-Independent Directors shall be nominated separately, and elections shall be held together to calculate the number of elected candidates.
- The restrictions on professional qualifications, shareholding, concurrent positions, and the manner of election of the Independent Directors, and other related matters shall comply with the Securities and Exchange Act and regulations.
- Article 14-2 The Company has set up the Audit Committee, and the Audit Committee shall be responsible for exercising the functional authority of the Supervisors required by the Company Act, the Securities and Exchange Act, and other laws and regulations.
- The Audit Committee comprises all Independent Directors, and the number of their members shall not be less than three, one of them is the convener and at least one of them has accounting or financial expertise.
- The resolution of the Audit Committee shall be approved by more than one-half of all

members of the Audit Committee.

Article 14-3 The Company has set up the Remuneration Committee. For the number of the Remuneration Committee, the term of office, the powers of the committee, the rules of meetings, resources to be provided by the Company when the Committee exercises its powers shall be specified separately in the Remuneration Committee Charter.

Article 15: The Directors are organized into the Board of Directors. The Board of Directors shall elect a Chairman of the board Directors from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors, and may also elect in the same manner a vice Chairman of the board.

The Chairman of the Board of Directors shall internally preside the shareholders' meeting, the meeting of the Board of Directors, and the meeting of the managing Directors; and shall externally represent the Company. In case the Chairman of the Board of Directors is on leave or absent or can not exercise his power and authority for any cause, it will be handled in accordance with Company Act, Article 208.

Article 16: Except as otherwise provided in the Company Law, the Board of Directors may be convened by the Chairman of the Board of Directors, and the shareholders' meeting notice may be in writing, e-mail or fax, at least once every quarter. A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. A shareholder may only execute one power of attorney and appoint one proxy only.

Article 17: The Board of Directors consists of the Company shall have the following powers and duties:

- I. Review and approval of the Company's organization rules and procedures
- II. The proposal to amend the Articles of Incorporation.
- III. Approval of the branch's setting and abolition.
- IV. Appointment and dismissal of the Manager.
- V. Proposal for capital increase/decrease plans.
- VI. The formulation and supervision of the annual business plan.
- VII. Budget and final accounting.
- VIII. Proposal for distribution of earnings or deficit to be offset.
- IX. Other entrusted functions by the Company Act and or the resolution of Shareholders' Meeting.

Article 18: The resolutions of the Board of Directors shall be adopted by at least a majority of the Directors present at a meeting attended by at least a majority of the Directors holding office.

Article 19: Deleted.

Chapter 5 Manager

Article 20: The company may have a chief executive officer, a general manager and a number of managers. Their appointments, dismissals and remuneration shall be governed by Article 29 of the Company Act and relevant regulations. The Board of Directors shall be authorized to decide the title and powers of the manager, the Board of Directors may authorize the Chairman to decide.

Article 21: The chief executive officer shall be responsible to the Chairman. Other managers are responsible for implementing their assigned responsibilities and overall business operations

in accordance with the Company policy and shall be reporting and responsible to the chief executive officer.

Article 22: The appointment and removal of employees of the Company shall be performed by the chief executive officer or the general manager who has been authorized to do so.

Chapter 6 Accounting

Article 23: At the close of the fiscal year, the accounts of the Company shall be closed, the Board of Directors shall prepare the statements and records listed below and shall forward to the same shareholders' meeting.

- I. Business Report;
- II. Financial Statements; and
- III. The surplus earning distribution or loss off-setting proposals.

Article 23-1 If the Company makes a profit in the year, 8%~12% of the annual profit will be allocated as employee remuneration, and the amount not more than 3% will be allocated as Director's remuneration. However, if the Company still has accumulated losses, the amount of accumulated losses should be deducted before the balance is calculated and distributed.

Employee compensations shall be distributed in stocks or in cash. The payment shall apply to on-the-job salaried employees in the Company or the Company's domestic or foreign subsidiaries, the Company holds more than 50% of its shares.

Article 24: The Company will continue to expand its scale and increase profitability according to the operating investment environment and capital requirements, and take into account the interests of shareholders and the capital adequacy ratio, and adopt the residual dividend policy.

The Company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply. The balance plus the previously undistributed surplus is the distributable surplus. Depending on the Company's operating conditions, the Board of Directors shall make the shareholder's dividend and dividend distribution proposal, and submit the proposal to the shareholders' meeting for resolution.

Earnings of the Company may be distributed by way of cash dividend or stock dividend. Distribution of earnings shall be made preferably by way of cash dividend. Distribution of earnings may also be made by way of stock dividend, provided however, the ratio for cash dividend shall not less than 10% of total distribution.

A Company may explicitly provide for in the Company Act that the surplus earning distribution or loss off-setting proposal may be proposed at the close of each quarter or each half fiscal year. If such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the Board of Directors, when the form of issuing new shares is adopted, it shall be submitted to the shareholders' meeting for resolution.

Chapter 7 Miscellaneous

Article 25: The Company may act as a guarantor for external parties.

Article 26: The Company's reinvestment may exceed 40% of the paid-in capital with the authorization of the Board of Directors.

Article 27: The organizational charter and bylaws of the Company shall be separately adopted.

Article 28: Matters not specified in the Articles of Incorporation shall be governed by the Company Act.

The Articles of Incorporation was enacted on November 28, 1988. The 1st amendment was made on October 16, 1989. The 2nd amendment was made on November 13, 1989. The 3rd amendment was made on December 28, 1989. The 4th amendment was made on September 1, 1990. The 5th amendment was made on June 30, 1992. The 6th amendment was made on May 22, 1996. The 7th amendment was made on June 17, 1998. The 8th amendment was made on August 19, 1998. The 9th amendment was made on November 10, 1998. The 10th amendment was made on March 22, 2000. The 11th amendment was made on March 28, 2001. The 12th amendment was made on June 19, 2002. The 13th amendment was made on December 30, 2002. The 14th amendment was made on June 25, 2003. The 15th amendment was made on May 18, 2004. The 16th amendment was made on June 13, 2005. The 17th amendment was made on February 27, 2006. The 18th amendment was made on June 12, 2006. The 19th amendment was made on June 13, 2008. The 20th amendment was made on June 15, 2010. The 21st amendment was made on June 6, 2012. The 22nd amendment was made on June 20, 2016. The 23rd amendment was made on June 15, 2017. The 24th amendment was made on June 7, 2018. The 25th amendment was made on June 13, 2018.

Sigurd Microelectronics Corporation

Chairman: Hsing-Yang Huang

Appendix 2

Rules of Procedure for Shareholders' Meetings of Sigurd Microelectronics Co., Ltd.

Approved by the shareholders' meeting on June 15, 2017.

- I. The "Rules of Procedures of Shareholder Meetings" are enacted pursuant to the Article 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" in order to establish a sound corporate governance system for shareholders' meetings, enhance the supervision function, and strengthen the management function.
- II. Except where other laws or regulations apply, the shareholders' meeting shall follow the Rules.
- III. The Company should prepare a sign-in book for attending shareholders or their proxies (collectively, "shareholders") or allow shareholders to submit sign-in cards in lieu of signing in. The calculation case of the attendance share of the shareholders shall be the number of shares processed. The attendance shares shall be counted in accordance with the present attendance card adding the voting shares exercised via written or electronic measures.
- IV. For a shareholders' meeting convened by the Board of Directors, the Chairman of the Board of Directors shall preside at the meeting. If the Chairman of the Board of Directors is on leave or unable to exert the rights, the vice-Chairman of the Board of Directors shall preside instead. If the position of vice-Chairman is vacant or the vice-Chairman is on leave or unable to exert the rights, the Chairman of the Board of Directors shall designate a Director to preside at the meeting. If there is no managing Director, one of the appointed Directors shall preside. If the Chairman of the board did not designate an agent, the Chairman of the meeting shall be elected by the Board of Directors from among the managing Director and themselves.

When the Board of Directors convenes a shareholders' meeting, the Chairperson of the board shall personally chair the shareholders' meeting and at least half of the members of the Board of Directors shall be in attendance, including at least one Supervisor; additionally, each of the functional committees shall be represented by at least one member in attendance, and the attendance records shall be published in the meeting minutes.

If the shareholders' meeting is convened by persons with authority to call a meeting other than the Board of Directors, the Chairman shall be the person with said authority. Where more than two persons have such authority, they should appoint one as the Chairman.

The Company may designate its attorney, certified public accountant, or other relevant persons to attend the meeting.

The Chairperson shall call the meeting to order on the time of meeting. Where shareholders representing over 50% of issued shares are not present, the Chairperson may proclaim the delay of the meeting. Only two delays are allowed, and the delay time shall no more than one hour. When the shareholders' meeting is delayed two times with no shareholders representing one third of issued shares, the Chairperson shall proclaim the meeting to be adjourned.

Where the shareholders' meeting, prescribed in former Paragraph, with shareholders representing over one third of issued shares presented in the meeting, the Chairperson may make false resolutions in accordance with regulation of Paragraph 1 of Article 175 of the Company Act and inform shareholders with false resolutions and reassemble another shareholders' meeting within a month.

Where shareholders representing 50% of issued shares appear before the end of shareholders' meeting, the Chairperson may again propose false resolutions to the shareholders' meeting for a re-vote in accordance with the regulation of Article 174 of the Company Act.

- V. Where a shareholders' meeting is convened by the Board of Directors, the Board of Directors shall stipulate the meeting agenda. The shareholders' meeting shall progress in accordance of arranged agenda, which can only be changed by the resolution of the shareholders' meeting.

The shareholders' meeting assembled by persons with authority to assemble other than the Board shall apply the regulation of the preceding Paragraph.

Before arranged agendas in preceding two Paragraphs during the meeting (including special motions) comes to an end, the Chairperson shall not proclaim the adjournment of the shareholders' meeting without a resolution of the shareholders' meeting. If the Chairperson proclaims the adjournment without necessary resolution, the other members of the Board shall assist shareholders at present in continuing the meeting and electing a person as Chairperson with more than 50% vote of assent from of the shareholders at present in accordance with legal procedure.

The Chairperson shall offer adequate opportunities for explanation and discussion on the proposals and amendments or special motions brought up by shareholders. Where the Chairperson thinks the proposals and amendments or special motions brought up by shareholders is ready to vote, the Chairperson may proclaim the closure of discussion and proceed to vote.

- VI. Shareholders, holding 1% of issued shares or above, may make a written motion to the shareholders' meeting agenda of the Company. The limit of the number of the motion is one; whichever exceeds one motion will not be listed in the agenda. In addition, the Board shall not list any motions from shareholders which fall to any situation regulated in all subparagraphs of Paragraph 4 of Article 172-1 in the Company Act.

The Company shall proclaim the acceptance of shareholder motions, acceptance place and period before the book closure date of the shares before the shareholders' meeting, and the motion acceptance period shall be no less than ten days.

The word count for the motions from shareholders is limited to 300 words; that exceeding 300 words will not be listed in the agenda; the proposed shareholders shall attend the shareholders' meeting in person or authorizing others and participate in the discussion of the motion.

The Company should notify the shareholders who drafted the motion of the processing outcome before the notification day of shareholders' meeting and list the agenda in compliance with this article in the notification of shareholders' meeting. The Board should explicate the reasons why those shareholder motions not listed as agenda are so treated.

- VII. Every shareholder's speech to a single motion shall be no more than twice unless the Chairperson agrees so, and each speech shall be no more than five minutes. If approved by the Chairman, it may be extended for another three minutes.

Where the speech from the shareholders violates the regulations or goes beyond the scope of the motion, the Chairperson may stop the speech.

- VIII. Shareholders attended the shareholders' meeting shall fill the opinion sheet with speech summary, shareholder account number (or attendance tag number), and account name before making speeches, and the Chairperson stipulates the speech order.

Shareholders attended the shareholders' meeting who turn in an opinion sheet without making a speech will be regarded as expressing no opinion. Where speech content does not match the record of the opinion sheet, the speech content shall prevail.

- IX. The Chairperson may reply in person or assign relevant personnel to reply after shareholders attended the shareholders' meeting spoke. The Chairperson may deliberate the time and proclaim breaks when the shareholders' meeting is in progress. The Chairperson shall direct picketers or security to maintain the order of the shareholders' meeting place. Picketers and security shall wear the badges or ID tags with words of "Picketeer" while assisting to maintain the order of the shareholders' meeting place.

Where shareholders violating the rules of shareholders' meeting and disobeying the correction from the Chairperson, and interfering with the progress of shareholders' meeting, the Chairperson may direct picketers or security to guide the person out of the meeting place.

- X. When the speech from the shareholders exceeds the time limit or goes beyond the scope of the motion, the Chairperson may stop the speech. Corporate shareholders may assign only one representative to the shareholders' meeting. Where corporate shareholders assign more than two representatives to the shareholders' meeting, only one representative is allowed to speak to a single proposal.

- XI. The voting of proposals shall be approved by more than 50% of the voting powers from present shareholders unless the Company Act and the Articles of Incorporation regulate otherwise. The proposal will be regarded as approved with no objection from all present shareholders after the Chairperson is consulted, and the effect is the same as voting. Shareholders have one voting power per share. The Chairperson assigns the scrutinizers and tellers of the motion voting, but the scrutinizers shall possess the shareholder identity. The results must be declared immediately on the spot and recorded.

When a shareholder entrusts an agent to attend a shareholders' meeting, the voting power of the agents who are simultaneously authorized by more than two shareholders shall be no more than 3% of the total issued voting shares, and it will not count otherwise.

A shareholder is limited to present one letter of authorization and one authorized agent. The letter of authorization shall be delivered to the Company five days before the shareholders' meeting. In the case of a repeat of letter of authorization, the first arrived letter of authorization shall prevail. The letter of authorization proclaiming to revoke former ones shall be excluded.

- XII. Where there are amendments or alternatives to a single motion, the Chairperson decides the voting order of such alone with original motion. Where one of the motions is approved, other motions will be regarded as vetoed and shall not be voted again.

When the Chairperson thinks the proposals brought up by shareholders is ready to vote, the Chairperson may proclaim the closure of discussion and proceed to vote.

- XIII. As the Company sets up an Audit Committee to replace the Supervisors, any other provision pertaining to Supervisors shall cease to apply.

Matters not covered by these rules shall be governed in accordance with the provisions of the Company Act, the Articles of Incorporation of the Company and other relevant laws and regulations.

- XIV. The shareholders' meeting procedures shall be implemented after the shareholders' meeting grants approval.

Appendix 3

Rules for Director Election of Sigurd Microelectronics Corporation

Date of Amendment: Approved by the shareholders' meeting June 15, 2017

1. Election of directors and supervisors shall be acted upon in accordance with these regulations.
2. The election of directors and supervisors adopts the cumulative voting method.
3. When electing directors or supervisors, the number of votes exercisable in respect of one share shall be the same as the number of directors or supervisors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. Attendance card numbers printed on the ballots may be used as recording the names of voting shareholders.
4. In pursuant to the number of directors and supervisors specified in the Company's Articles of Incorporation, the ballots representing the highest numbers of voting rights will be elected sequentially according to the respective numbers of votes received. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the electee. The chairperson shall draw lots on behalf of any absent candidate.
5. Shareholder who is elected as the director and supervisor simultaneously in accordance with the preceding article, shall choose either the position of a director or supervisor. The vacancy will be filled by the person receiving the second highest votes. The chairperson shall decide the acceptance of directorship as a priority on behalf of the absent electee (the aforementioned shareholder).
6. The ballot forms produced by the Company shall be sequenced by the attendance card number, and the number of voting rights shall be specified.
7. A voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot. However, when the candidate is a juristic-person shareholder, the name of the juristic-person shareholder shall be entered in the "candidate" column on the ballot paper, or both the name of the juristic-person shareholder and the name of its representative may be entered.
8. Before voting is initiated, the Chairperson shall designate the monitoring personnel, teller, recording personnel and other personnel to take charge of the relevant tasks.
9. The ballot is invalid under any of the following circumstances:
 - (1) Ballots not prepared in accordance with this Procedure.

- (2) A blank ballot in the ballot box.
 - (3) The number of candidates written exceeds the specified number of positions.
 - (4) The presence of other wordings in addition to the shareholder's name and account number or identification number (tax ID number) of the candidate.
 - (5) The writing is unclear and indecipherable.
 - (6) The shareholder's account number and name of the candidate do not correspond to the shareholder register; or the identification number does not correspond to the name of the candidate.
 - (7) The name of the candidate entered on the ballot is identical to that of another shareholder, but no shareholder account number or identification number (tax ID number) is provided on the ballot to identify such individual.
10. The voting rights shall be counted on the spot immediately after the end of the poll, and the poll result shall be announced by the Chairperson on the spot.
 11. As the Company sets up an Audit Committee to replace the Supervisors, any other provisions pertaining to Supervisors shall cease to apply.

Matters not covered by these rules shall be governed in accordance with the provisions of the Company Act, the Articles of Incorporation of the Company and other relevant laws and regulations.

12. These rules shall be executed after being approved by the shareholders' meeting. The same applies for the amendments.

Appendix 4

Procedures for Ethical Management and Guidelines for Conduct

誠信經營作業程序及行為指南(修正前)

1. Purpose

目的

This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Corporation and its business groups and organizations operate, with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

本公司基於公平、誠實、守信、透明原則從事商業活動，為落實誠信經營政策，並積極防範不誠信行為，依本公司「誠信經營守則」及本公司及集團企業與組織之營運所在地相關法令，訂定本作業程序及行為指南，具體規範本公司人員於執行業務時應注意之事項。

2. Scope

適用範圍

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, , direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

本作業程序及行為指南適用範圍及於本公司之子公司、直接或間接捐助基金累計超過百分之五十之財團法人及其他具有實質控制能力之機構或法人等集團企業與組織。本作業程序及行為指南所稱本公司人員，係指本公司及集團企業與組織董事、監察人、經理人、受僱人、受任人及具有實質控制能力之人。本公司人員藉由第三人提供、承諾、要求或收受任何不正當利益，推定為本公司人員所為。

3. Definition

名詞解釋

NA

無

4. Responsibility

權責

Human Resources and Administration Division is responsible for the development, implementation of the measures under scrutiny.

人事行政單位負責制訂、監督本辦法之實施。

5. Content

作業內容

5-1 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity

Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on

Recusal of Public Servants Due to Conflict of Interest, publicly traded business-related regulations or other acts of laws and regulations, as the implementation of the basic premise of business integrity. 本公司應遵守公司法、證券交易法、商業會計法、政治獻金法、貪污治罪條例、政府採購法、公職人員利益衝突迴避法、上市上櫃相關規章或其他商業行為有關法令，以作為落實誠信經營之基本前提。

5-2 The company in this integrity, transparent and responsible business philosophy and policies in good faith as the basis, and the establishment of good corporate governance and risk control mechanism, the business environment in order to create sustainable development.

本公司本於廉潔、透明及負責之經營理念，制定以誠信為基礎之政策，並建立良好之公司治理與風險控管機制，以創造永續發展之經營環境。

The company, group enterprises and organizations take ethical management as priority to core value, the boards of directors and management promised in order to implement in positive way, and full implementation amid internal management and external business activity. Personnel who involved should not be tolerated.

本公司及集團企業與組織將「誠信經營」列為首要之核心價值，董事會與管理階層承諾積極落實，並於內部管理及外部商業活動中確實執行。參與者應具有零寬容政策。

5-3 (Unethical conduct) For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The objects of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

(不誠信行為) 本作業程序及行為指南所稱不誠信行為，係指本公司人員於執行業務過程，為獲得或維持利益，直接或間接提供、收受、承諾或要求任何不正當利益，或從事其他違反誠信、不法或違背受託義務之行為。

前項行為之對象，包括公職人員、參政候選人、政黨或黨職人員，以及任何公、民營企業或機構及其董事、監察人、經理人、受僱人、受任人與具有實質控制能力者或其他利害關係人。

5-4 (Types of benefits) For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

(利益態樣) 本作業程序及行為指南所稱利益，係指任何形式或名義之金錢、餽贈、禮物、佣金、職位、服務、優待、回扣、疏通費、款待、應酬及其他有價值之事物。

5-5 (Responsible unit) Note that the Board of Directors of the Company shall make a good administrator obligations, urging the company to prevent acts of bad faith, at any time to review the implementation of the Company performance and continuous improvement to ensure the implementation of integrity management policies.

The designated EICC Promotion Committee of this corporation for the dedicated units (Hereinafter referred to as the company dedicated units),

Apply the revised operational procedures and guidelines of behavior, execution, interpretation and consulting services, Bulletin Sign in filing and other related operations and oversee the implementation, mainly in charge of following matters, and shall report regularly to the Board:

(專責單位) 本公司之董事會應盡善良管理人之注意義務，督促公司防止不誠信行為，並隨時檢

討本公司實施成效及持續改進，確保誠信經營政策之落實。

本公司指定 EICC 推行委員會為專責單位（以下簡稱本公司專責單位），辦理本作業程序及行為指南之修訂、執行、解釋、諮詢服務暨通報內容登錄建檔等相關作業及監督執行，主要職掌下列事項，並應定期向董事會報告：

- 5-5-1 Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
協助將誠信與道德價值融入公司經營策略，並配合法令制度訂定確保誠信經營之相關防弊措施。
- 5-5-2 Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
訂定防範不誠信行為方案，並於各方案內訂定工作業務相關標準作業程序及行為指南。
- 5-5-3 Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
規劃內部組織、編制與職掌，對營業範圍內較高不誠信行為風險之營業活動，安置相互監督制衡機制。
- 5-5-4 Promoting and coordinating awareness and educational activities with respect to ethics policy.
誠信政策宣導訓練之推動及協調。
- 5-5-5 Developing a whistle-blowing system and ensuring its operating effectiveness.
規劃檢舉制度，確保執行之有效性。
- 5-5-6 Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures
協助董事會及管理階層查核及評估落實誠信經營所建立之防範措施是否有效運作，並定期就相關業務流程進行評估遵循情形，作成報告。

5-6 The company do business activities in a fair and transparent way.

Before doing business, the company should consider the legality target of agents, suppliers, customers or other business transactions whether there is bad faith conduct record, and avoid to conducting transactions with those who have a record of bad faith.

本公司以公平與透明之方式進行商業活動。

本公司於商業往來之前，應考量代理商、供應商、客戶或其他商業往來交易對象之合法性及是否有不誠信行為紀錄，避免與有不誠信行為紀錄者進行交易。

5-7 (Prohibition against providing or accepting improper benefits) Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 5-4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Procedures for Ethical Management and Guidelines for Conduct, and the relevant procedures shall have been carried out:

（禁止提供或收受不正當利益）本公司人員直接或間接提供、收受、承諾或要求第 5-4 所規定之利益時，除有下列各款情形外，應符合本公司「誠信經營守則」及本作業程序及行為指南之規定，並依相關程序辦理後，始得為之：

- 5-7-1 The conduct is undertaken to meet business needs and is in accordance with local courtesy,

convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, communication and coordination.

基於商務需要，於國內（外）訪問、接待外賓、推動業務及溝通協調時，依當地禮貌、慣例或習俗所為者。

5-7-2 The conduct of its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.

基於正常社交禮俗、商業目的或促進關係參加或邀請他人舉辦之正常社交活動。

5-7-3 Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance

因業務需要而邀請客戶或受邀參加特定之商務活動、工廠參觀等，且已明訂前開活動之費用負擔方式、參加人數、住宿等級及期間等。

5-7-4 Attendance at folk festivals that are open to and invite to the attendance of the general public.

參與公開舉辦且邀請一般民眾參加之民俗節慶活動。

5-7-5 Rewards, emergency assistance, condolence payments, or honorariums from the management.

主管之獎勵、救助、慰問或慰勞等。

5-7-6 Normal social customs, and the Department of accidental and No effect on the rights and obligations of a particular risk, not inconsistent with this company was signed Social Etiquette received gifts of content, and in accordance with the Company " Procedures for Ethical Management and Guidelines for Conduct " Provisions, not subject to the limits.

屬正常社交禮俗，且係偶發而無影響特定權利義務之虞，未抵觸本公司社交禮俗收送禮簽呈之內容，並符合本公司「誠信經營作業程序及行為指南」規定者，不在此限。

5-7-7 Other conducts that complies with the rules of this Corporation.

其他符合公司規定者。

5-8 (Procedures for handling the acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in 5-4, the matter shall be handled in accordance with the following procedures:

（收受不正當利益之處理程序）本公司人員遇有他人直接或間接提供或承諾給予 5-4 所規定之利益時，除有前條各款所訂情形外，應依下列程序辦理：

5-8-1 If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.

提供或承諾之人與其無職務上利害關係者，應於收受之日起三日內，陳報其直屬主管，必要時並知會本公司專責單位。

5-8-2 If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

提供或承諾之人與其職務有利害關係者，應予退還或拒絕，並陳報其直屬主管及知會本公

司專責單位；無法退還時，應於收受之日起三日內，交本公司專責單位處理。
前項所稱與其職務有利害關係，係指具有下列情形之一者：

A When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.

具有商業往來、指揮監督或費用補（獎）助等關係者。

B When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.

正在尋求、進行或已訂立承攬、買賣或其他契約關係者。

C Other circumstances which a decision regarding this Corporation's business, the execution or non-execution of business, will result in a beneficial or adverse impact.

其他因本公司業務之決定、執行或不執行，將遭受有利或不利影響者。

The responsible unit of this Corporation shall make a proposal, based on the nature and value of the benefit under paragraph 5-8-1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved.

本公司專責單位應視 5-8-1 利益之性質及價值，提出退還、付費收受、歸公、轉贈慈善機構或其他適當建議，依照核決權限表核准後執行。

5-9 (Prohibition of facilitation payments and its handling procedure)

This Corporation shall neither provide nor promise any facilitating payment.

If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

（禁止疏通費及處理程序）本公司不得提供或承諾任何疏通費。本公司人員如因受威脅或恐嚇而提供或承諾疏通費者，應紀錄過程陳報直屬主管，並通知本公司專責單位。

本公司專責單位接獲前項通知後應立即處理，並檢討相關情事，以降低再次發生之風險。如發現涉有不法情事，並應立即通報司法單位。

5-10 (Procedures for handling political contributions): The company provides political contributions, in accordance with the nuclear decision permissions on tables; according to the securities laws, order or other law statute, to be approved by the Board after the escalation.

（政治獻金之處理程序）本公司提供政治獻金，依照核決權限表執行；依證交法、其他依法令或章程規定，需提報董事會通過後，始得為之：

5-10-1 A written record of the decision-making process shall be kept.

決策應做成書面紀錄

5-10-2 Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.

政治獻金應依法規及會計相關處理程序予以入帳。

5-10-3 In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of this

Corporation with the related government agencies shall be avoided.

提供政治獻金時，應避免與政府相關單位從事商業往來、申請許可或辦理其他涉及公司利益之事項。

5-11 (Procedures for handling charitable donations or sponsorships) The company provides charitable donations or sponsorship in accordance with the nuclear decision permissions on tables

(慈善捐贈或贊助之處理程序) 本公司提供慈善捐贈或贊助依照核決權限表執行：

5-11-1 It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.

應符合營運所在地法令之規定。

5-11-2 A written record of the decision making process shall be kept.

決策應做成書面紀錄。

5-11-3 A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.

慈善捐贈之對象應為慈善機構，不得為變相行賄。

5-11-4 The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the

sponsorship may not be a object of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.

因贊助所能獲得的回饋明確與合理，不得為本公司商業往來之對象或與本公司人員有利益相關之人。

5-11-5 After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

慈善捐贈或贊助後，應確認金錢流向之用途與捐助目的相符。

5-12 (Interest Recusal) When a Company director , supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting , that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

(利益迴避) 本公司董事、監察人、經理人及其他出席或列席董事會之利害關係人對董事會所列議案，與其自身或其代表之法人有利害關係者，應於當次董事會說明其利害關係之重要內容，如有害於公司利益之虞時，不得加入討論及表決，且討論及表決時應予迴避，並不得代理其他董事行使表決權。董事間亦應自律，不得相互支援。

本公司人員於執行公司業務時，發現與其自身或其所代表之法人有利害衝突之情形，或可能使其自身、配偶、父母、子女或與其有利害關係人獲得不正當利益之情形，應將相關情事同時陳報直屬主管及本公司專責單位，直屬主管應提供適當指導。

本公司人員不得將公司資源使用於公司以外之商業活動，且不得因參與公司以外之商業活動而影響其工作表現。

5-13(Special unit in charge of confidentiality regime and its responsibilities)

This Corporation shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of this Corporation's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire or collect about any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.

(保密機制之組織與責任) 本公司應設置處理專責單位，負責制定與執行公司之營業秘密、商標、專利、著作等智慧財產之管理、保存及保密作業程序，並應定期檢討實施結果，俾確保其作業程序之持續有效。

本公司人員應確實遵守前項智慧財產之相關作業規定，不得洩露所知悉之公司營業秘密、商標、專利、著作等智慧財產予他人，且不得探詢或蒐集非職務相關之公司營業秘密、商標、專利、著作等智慧財產。

5-14 (Prohibition against disclosure of confidential information)

This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish restrictions of output and quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

The company employees for confidential and commercially sensitive information obtained due to the business, the work shall signed the "Working Agreement Letter"

(禁止洩露商業機密) 本公司從事營業活動，應依公平交易法及相關競爭法規，不得固定價格、操縱投標、限制產量與配額，或以分配顧客、供應商、營運區域或商業種類等方式，分享或分割市場。

本公司員工對於因業務上獲得之機密及商業敏感資料，應依與本公司簽署之工作協議書進行處理。

5-15 (Prohibition against insider trading) Company involving financial, business or market supply and

demand in the securities of the public tender offer, Have a significant impact on its stock price, or legitimate investor's investment decisions have a major impact of the news; Shall be in accordance with the Securities Exchange Act of significant scope and message open manner management method.

The Company's directors, supervisors, managers, must fulfill the obligation management, servants required to sign the work agreement, according to their standardized management; The Company and containing institutions or persons other than the Company for their participation in the Company's mergers and acquisitions, Memos, strategic alliances, other important business cooperation contract or plan of signing, To sign a confidentiality agreement, are aware of the requirements should not leak the Company's internal significant information to others, That secret operation before major news publicly and Measures to forbids buying and selling.

(禁止內線交易) 涉及公司之財務、業務或該證券之市場供求、公開收購，對其股票價格有重大影響，或對正當投資人之投資決定有重要影響之消息；應依證券交易法之相關重大消息範圍及其公開方式管理辦法。

本公司之董事、監察人、經理人須善盡管理的義務，受雇人需簽署工作協議書，依其規範管理；對含本公司及公司以外之機構或人員因參與本公司併購、重要備忘錄、策略聯盟、其他業務合作計畫或重要契約之簽訂，簽署保密協定，要求不得洩漏所知悉之本公司內部重大資訊予他人，即重大消息對外公開之前保密作業及禁止買賣措施。

5-16 (Non-disclosure agreement) All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

(保密協定) 本公司人員應遵守證券交易法之規定，不得利用所知悉之未公開資訊從事內線交易，亦不得洩露予他人，以防止他人利用該未公開資訊從事內線交易。

參與本公司合併、分割、收購及股份受讓、重要備忘錄、策略聯盟、其他業務合作計畫或重要契約之其他機構或人員，應與本公司簽署保密協定，承諾不洩露其所知悉之本公司商業機密或其他重大資訊予他人，且非經本公司同意不得使用該資訊。

5-17 (Announcement of policy of ethical management to outside parties)

This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel can fully aware of its principles and rules with respect to ethical management.

(對外宣示誠信經營政策) 本公司應於內部規章、年報、公司網站或其他文宣上揭露其誠信經營政策，並適時於法人說明會或其他對外活動上宣示，使其供應商、客戶或其他業務相關機構與人員均能清楚瞭解其誠信經營理念與規範。

5-18 (Ethical management evaluation prior to development of commercial relationships)

Before the company has established business relationships with others based on " SOP for purchasing management " should first assess the agents, suppliers, customers or other business dealings objects of integrity management policy and legality, and whether there had been involved in acts of bad faith of the record, to ensure that its business operations mode is fair, transparent, and will not ask, offer or accept bribes. There are acts of bad faith involved on the supplier, according to the company's " SOP for purchasing management " for processing.

The Company pre assessments may adopt appropriate checking procedures, review its business dealings with objects on the following matters, in order to understand the status of their business integrity:

(建立商業關係前之誠信經營評估) 本公司與他人建立商業關係前，依據「採購作業指導書」應先行評估代理商、供應商、客戶或其他商業往來對象之合法性、誠信經營政策，以及是否曾涉有不誠信行為之紀錄，以確保其商業經營方式公平、透明且不會要求、提供或收受賄賂。對

涉有不誠信行為之供應商，依據本公司「採購作業指導書」進行處理。
本公司進行前項評估時，可採行適當查核程序，就下列事項檢視其商業往來對象，以瞭解其誠信經營之狀況：

5-18-1 The enterprise's nationality, location of business operations, organizational structure, management policy, and place where it make payment.

該企業之國別、營運所在地、組織結構、經營政策及付款地點。

5-18-2 Whether the enterprise has adopted an ethical management policy, and the status of its implementation.

該企業是否有訂定誠信經營政策及其執行情形。

5-18-3 Whether enterprise's business operations are located in a country with a high risk of corruption.

該企業營運所在地是否屬於貪腐高風險之國家。

5-18-4 Whether the business operated by the enterprise is in an Industry with a high risk of bribery.

該企業所營業務是否屬賄賂高風險之行業。

5-18-5 The long-term business condition and degree of goodwill of the enterprise.

該企業長期經營狀況及商譽。

5-18-6 Consultation with the enterprise's business partners about their opinions of the enterprise.

諮詢其企業夥伴對該企業之意見。

5-18-7 Whether the enterprise has a record of involvement in unethical conducts such as bribery or illegal political contributions.

該企業是否曾涉有賄賂或非法政治獻金等不誠信行為之紀錄。

5-19 (Statement of ethical management policy to business objects) Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading object about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

(與商業對象說明誠信經營政策) 本公司人員於從事商業行為過程中，應向交易對象說明公司之誠信經營政策與相關規定，並明確拒絕直接或間接提供、承諾、要求或收受任何形式或名義之不正當利益。

5-20 (Avoidance of commercial dealings with unethical operators) The company personnel involved should be avoided and there is no good faith behavior of agents, supplier, Customers or other business dealings with objects in commercial transactions, It has been found that business partner has a bad faith acts, It should be based on "SOP for purchasing management " and "SOP for suppliers & subcontract management " notice suppliers to improve before the deadline. Did not improve within the time limit, Depending on the severity of the situation, Reduction to be purchasing, In severe cases, the termination of their service, and listed it as the object that refuses to communicate, in order to implement the Company's business integrity policies.

(避免與不誠信經營者交易) 本公司人員應避免與涉有不誠信行為之代理商、供應商、客戶或其他商業往來對象從事商業交易，經發現業務往來或合作對象有不誠信行為者，應依據「採購作業指導書」及「供應商與外包商管理作業指導書」通知供應商限期改善。限期內未改善，則視情況輕重，予以減量採購，重者則終止其供貨，並將其列為拒絕往來對象，以落實公司之誠信經營政策。

5-21 (Stipulation of terms of ethical management in contracts) Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:

(契約明訂誠信經營) 本公司與他人簽訂契約時，應充分瞭解對方之誠信經營狀況，並將遵守本公司誠信經營政策納入契約條款，於契約中至少應明訂下列事項：

5-21-1 When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation.

任何一方知悉有人員違反禁止收受佣金、回扣或其他不正當利益之契約條款時，應立即據實將此等人員之身分、提供、承諾、要求或收受之方式、金額或其他不正當利益告知他方，並提供相關證據且配合他方調查。

5-21-2 Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

訂定明確且合理之付款內容，包括付款地點、方式、需符合之相關稅務法規等。

5-22 (Handling of unethical conduct by personnel of this Corporation)

The company encourages internal and external personnel to report acts of bad faith or misconduct, according to their circumstances to report the severity of the violations, As appropriate bonus (At current market prices the amount of its considerable As appropriate issued loss total amount of NT \$ 1% or a maximum of NT \$ 1,000,000), internal staff if false or malicious allegations of violations, Shall be subject to disciplinary action, The circumstances are serious and should be dismissed.

The Company provides external and internal personnel with setting up an e-mail and contact number on the company's Website and Internal Website.

The whistleblower can be anonymous or Non- anonymous. If you need our reply, please leave your name, I.D. number, address, telephone number and e-mail.

(公司人員涉不誠信行為之處理) 本公司鼓勵內部及外部人員檢舉不誠信行為或不當行為，依其檢舉情事之情節輕重，酌發獎金(按當時市價計算其相當損失金額酌發總金額新台幣1%或最高不超過新台幣1,000,000元)，內部人員如有虛報或惡意指控之情事，應予以紀律處分，情節重大者應予以革職。

本公司於公司網站及內部網站建立內部檢舉信箱、聯絡電話，供本公司內部及外部人員使用。

檢舉人可選擇匿名或者具名方式，如需得到回覆須提供檢舉人之姓名、身分證號碼及可聯絡到檢舉人之地址、電話、電子信箱。

5-22-1 The whistleblower should provide the following information:

檢舉人應至少提供下列資訊：

A The informed party's name or other information sufficient to distinguish its identifying features.

被檢舉人之姓名或其他足資識別被檢舉人身分特徵之資料。

B Specific facts available for investigation.

可供調查之具體事證。

5-22-2 Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation

also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The responsible unit of this Corporation shall observe the following procedure:

本公司處理檢舉情事之相關人員應以書面聲明對於檢舉人身分及檢舉內容予以保密，本公司並承諾保護檢舉人不因檢舉情事而遭不當處置。

並由本公司專責單位依下列程序處理：

- 5-22-3 An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.
檢舉情事涉及一般員工者應呈報至部門主管，檢舉情事涉及董事或高階主管，應呈報至獨立董事或監察人。
- 5-22-4 The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
本公司專責單位及前款受呈報之主管或人員應即刻查明相關事實，必要時由法規遵循或其他相關部門提供協助。
- 5-22-5 If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
如經證實被檢舉人確有違反相關法令或本公司誠信經營政策與規定者，應立即要求被檢舉人停止相關行為，並為適當之處置，且必要時透過法律程序請求損害賠償，以維護公司之名譽及權益。
- 5-22-6 Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
檢舉受理、調查過程、調查結果均應留存書面文件，並保存五年，其保存得以電子方式為之。保存期限未屆滿前，發生與檢舉內容相關之訴訟時，相關資料應續予保存至訴訟終結止。
- 5-22-7 With respect to confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
對於檢舉情事經查證屬實，應責成本公司相關單位檢討相關內部控制制度及作業程序，並提出改善措施，以杜絕相同行為再次發生。
- 5-22-8 The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.
本公司專責單位應將檢舉情事、其處理方式及後續檢討改善措施，向董事會報告。
- 5-23 (Actions upon event of unethical conduct by others towards this Corporation) If any personnel of this Corporation discovers that another party has engaged in unethical conduct towards this Corporation, and such unethical conduct involves alleged illegality, this Corporation shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Corporation shall additionally notify the governmental anti-corruption agency.
(他人對公司從事不誠信行為之處理) 本公司人員遇有他人對公司從事不誠信行為，其行為如涉有不法情事，公司應將相關事實通知司法、檢察機關；如涉有公務機關或公務人員者，並應通知政府廉政機關。

5-24 (Establishment of a system for rewards, penalties, complaints, and related disciplinary measures) The responsible unit of this Corporation shall organize one awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

This Corporation shall link ethical management to employee performance evaluations and human resources policy, establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of this Corporation seriously violate ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.

This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

(建立獎懲、申訴制度及紀律處分) 本公司專責單位每年舉辦一次內部宣導，安排董事長、總經理、管理階層或訓練單位向董事、受僱人及受任人傳達誠信之重要性。

本公司應將誠信經營納入員工績效考核與人力資源政策中，設立明確有效之獎懲及申訴制度。

本公司對於本公司人員違反誠信行為情節重大者，應依相關法令或依公司人事辦法予以解任或解雇。

本公司應於內部網站揭露違反誠信行為遭解雇之人員職稱、姓名、違反日期、違反內容及處理情形等資訊。

5-25 (Enforcement) of the operating procedures and Behavioral guidelines adopted by the Board of Directors to implement, When amendments likewise.

When the operating procedures and behavioral guidelines escalate to the Board discuss, should take full account of the views of the independent Directors and stated Reservations and objections of comments at The proceedings of the Board of Directors; as independent directors can not attend the Board of Directors express objections or qualified opinions, In addition there are reasonable grounds, you should first issue a written opinion, and shall record in the proceedings of the Board of directors.

The company should pay attention to the domestic and international relevant norms of integrity and business development, and to encourage the directors, supervisors, managers and servants to make recommendations to improve the company, according to review the set of operating procedures and integrity management behavior guidelines to enhance the company operating in good faith and it's results.

(施行) 本作業程序及行為指南經董事會決議通過實施，修正時亦同。

本作業程序及行為指南提報董事會討論時，應充分考量各獨立董事之意見，並將其反對或保留之意見，於董事會議事錄載明；如獨立董事不能親自出席董事會表達反對或保留意見者，除有正當理由外，應事先出具書面意見，並載明於董事會議事錄。

本公司應隨時注意國內外誠信經營相關規範之發展，並鼓勵董事、監察人、經理人及受僱人提出建議，據以檢討改進公司訂定之誠信經營作業程序及行為指南，以提昇公司誠信經營之成效。

5-26 If the Company established an audit committee, the operating procedures and guidelines for the behavior to supervisor's provisions, Apply of mutatis mutandis to the Audit Committee.

本公司若設置審計委員會者，本作業程序及行為指南對於監察人之規定，於審計委員會準用之。

6. Reference

參考文件

6-1 Wage management regulations

薪資管理辦法

6-2 Attendance management regulations

出勤管理辦法

6-3 Promotion Management regulations

晉升管理辦法

6-4 TRAINING MANAGEMENT PROCEDURE PHRS-0000-0001

教育訓練管理程序

6-5 SOP FOR PURCHASING MANAGEMENT SPRS-0000-0001

採購作業指導書

6-6 SOP OF SUPPLIERS & SUBONTRACT MANAGEMENT

供應商與外包商管理作業指導書

SPRS-0000-0002

7. Form and Attachment

使用表單以及附件

7-1 Meeting minutes SADS-0000-0010-01

會議記錄表

Sigurd Microelectronics Corporation

Procedures for Providing Endorsements/guarantees (Before amendment)

Revision Date: June 13, 2019

Article 1: Legal basis

This Procedures are formulated in accordance with Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the Act). Those who provides endorsements/guarantees for others shall follow this Procedures. If the Procedures are contrary to laws applicable, such provisions of the laws shall prevail.

Article 2: Scope of application

The terms "endorsements/guarantees" used herein are defined as:

- I. Financing endorsements/guarantees, including:
 - (I) Endorsements/guarantees to customers' notes for cash financing with a discount;
 - (II) Endorsements/guarantees for another company for its financing needs;
 - (III) Endorsements/guarantees to the notes issued by the Company to non-financial institutions and entities for the Company's own financing needs.
- II. Endorsements/guarantees of customs duties due for the Company or other companies.
- III. Other endorsements/guarantees which are not included under the subparagraphs 1 and 2 of this article.
- IV. The lien or mortgage provided by the Company against its assets and properties for guaranteeing another company's loan should also follow the policies and procedures set forth herein.
- V. A foreign company as specified under Article 165-1 of the Act ("foreign company") shall comply mutatis mutandis with the Procedures when providing endorsements/guarantees for others.

If the foreign company does not have corporate chops, it may be exempted from the application of the provisions of Article 6.

The net worth of a foreign company as calculated under the Procedures means the Balance Sheet equity attributable to the owners of the parent company.

Article 3: Entity of endorsements/guarantees

The Company may make endorsements/guarantees for the following companies:

- I. A company with which it does business.
- II. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.

III. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.

Article 4: The ceilings on amount of endorsements/guarantees

I. The aggregate amount of the Company's endorsements/guarantees provided by the Company shall not exceed 40% or more of the net worth of the Company and the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 30% of or more of the net worth of the Company.

If the aggregate amount of endorsements/guarantees provided by the Company and its subsidiaries exceed 50 % or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders' meeting.

For circumstances in which an entity for which the Company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, relevant follow-up monitoring and control measures shall be expressly prescribed.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

II. For corporations or companies that do business with the Company, individual endorsements/guarantees of capital shall not exceed the amount of transactions between the two parties. The amount of transaction refers to the higher amount based on the amount of purchase or sales between the two parties.

III. If an endorsement/guarantee is required for business purposes and it is necessary to exceed the aforementioned amount, it shall be agreed by the Board of Directors and there must be a joint guarantee of more than half of the Directors affixing their signatures for the possible loss exceeding the limit. The aforementioned regulation shall be also amended and to be ratified by the shareholders' meeting; if the

shareholders' meeting disagrees, a plan shall be made to eliminate the excess part within a certain period of time.

- IV. If due to changes of circumstances in the Company, the party to whom the Company provides endorsements/guarantees no longer satisfies the criteria set in the Procedure, or the amount of endorsements/guarantees exceeded the limits, a corrective plan shall be provided to the Audit Committee and Independent Director and the proposed corrective actions should be implemented within the period specified in the plan.

Article 5: Level of decision and authorization

- I. The amount of endorsement/guarantee to external party shall be determined in accordance with the credit standing of the said party and its financial position. The endorsement/guarantee shall be approved by the Board of Directors before proceeding. However, a pre-determined limit may be delegated to the Chairman by the Board of Directors to facilitate execution, and such endorsements/guarantees shall be reported to the most recent Board of Directors' Meeting for ratification. The case and related matters shall be reported to the shareholders' meeting for reference.

Before making any endorsements/guarantees under Paragraph 2, Article 3, a subsidiary in which the Company directly or indirectly holds 90 percent or more of the voting shares shall first submit the matter to the Company's Board of Directors for approval by resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

- II. When dealing with the endorsements/guarantees, the Company shall submit the endorsement certificate by the engaging department. The entity for which the Company makes any endorsements/guarantees, type, reason and amount of the endorsements/guarantees shall be described in detail. Detailed review procedures, including, the necessity of and reasonableness of endorsements/guarantees, credit status and risk assessment of the entity for which the endorsements/guarantees is made, the impact on the Company's business operations, financial condition, and shareholders' equity, whether collateral must be obtained and appraisal of the value thereof. The Article 4 and above regulations shall be followed. The case and related matters shall be reported to the shareholders' meeting for reference.

Article 6: Procedures for use and custody of corporate chops and endorsements/guarantees

- I. The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of Chairman of Director approved by the Board of Directors and may be used to seal or issue negotiable instruments only in prescribed procedures.
- II. When the Company engaging in the endorsements/guarantees, it shall assess the risk of the endorsements/guarantees and provide an evaluation record, and if necessary, to acquire collateral.
- III. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by Chairman authorized by the Board of Directors.
- IV. The Company shall prepare a memorandum book for its endorsements/guarantees activities and record in detail the following information for the record: the entity for

which the endorsements/guarantees is made, the amount, the date of passage by the Board of Directors or of authorization by the Chairman, the date the endorsements/guarantees is made, and the matters to be carefully evaluated under of the preceding article.

- V. Should the Company be relieved from its guarantee responsibility due to full repayment of the liability involved or renewal of the relevant documents or financial instruments, the guaranteed company shall return the original documents and instruments to the Company's Finance Department, which shall affix the cancellation seal onto or make void of such documents and instruments and then return them to the guaranteed company. The official letter from the guaranteed company regarding this matter should be retained for future reference.
- VI. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its Financial Reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 7: Announcement and Reporting Procedures

- I. The Company's endorsements/guarantees shall be announced and reported within a certain period of time in accordance with the provisions of the competent authority.
- II. In addition to the requirement that the Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month, if the balance of endorsements/guarantees reaches one of the following levels, the Company shall announce and report such an event within two days commencing immediately from the date of occurrence of the fact:
 - (I) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest Financial Statement.
 - (II) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest Financial Statement.
 - (III) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more, and the aggregate amount of all endorsements/guarantees for, book value of investment accounted for under the equity method, and balance of loans to, such enterprise reaches 30% or more of the Company's net worth as stated in its latest Financial Statement.
 - (IV) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more and reaches 5% or more of the Company's net worth as stated in its latest Financial Statement.

If there is any reporting and announcement required based on the Subparagraph 4 of previous Paragraph, for the Company's subsidiary which is not a Taiwan public company, the Company shall conduct the reporting and announcement on behalf of the subsidiary.

The terms "parent," "subsidiary," referred to in the Procedures, shall be identified by the regulations stated in "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

The Company's Financial Reports are prepared according to the International Financial Reporting Standards (IFRS). The term "net worth" referred in the Procedures means the equity attributable to owners of the parent as stated in the Balance Sheet prepared under the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

The term "date of occurrence" specified above refers to the date of contract signing, date of payment, date of Board of Directors' resolutions, or any other date that can confirm the counterpart of the endorsements/guarantees and monetary amount of the transaction, whichever date is earlier.

Article 8: Endorsements/guarantees by subsidiaries

Where a subsidiary of the Company intends to provide endorsements/guarantees for others, the Company shall instruct it to formulate its own "Procedures for Providing Endorsements/guarantees" in compliance with these Regulations, and it shall comply with the Procedures when making endorsements/guarantees.

Article 9: Audit

The internal auditors of the Company shall audit the "Procedures for Providing Endorsements/guarantees" and its implementation on at least a quarterly basis, make written records, and notify the Audit Committee and Independent Directors in written form if a material breach of the Procedures is found.

Article 10: In the event that the Company's executive officers or related personnel violate the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" or the Procedures, and therefore jeopardizes the Company's interest, the Company shall impose a penalty or adjust their positions in accordance with the competent authority's the Company's regulations.

Article 11: When the Company makes endorsements/guarantees for others, when submitting to the Board of Directors for discussion, it shall take into full consideration each Independent Director's opinion. If there are Independent Directors' opinions specifically expressing assent or dissent, the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Article 12: The enactment or amendment of the Procedures shall be agreed by more than one-half of all members of the Audit Committee and submitted to the Board of Directors for resolution. If it is not agreed by more than one-half of all members of the Audit Committee, more than two-thirds of all Directors may agree to do so, and the resolutions of the Audit Committee shall be stated in the minutes of the Board of Directors meeting. "All members of the Audit Committee" and "all Directors" stated above referred to the actual number of persons holding these positions. The Procedures shall be effective upon approval by the Board of Directors and shareholders' meeting. In case of any objection by the Directors which is recorded or in writing, the content of objection shall be submitted to the Auditor Committee and shareholders' meeting for discussion. The same shall apply to any amendments to the Procedures.

Appendix 6

Sigurd Microelectronics Corporation
Table of Current Shareholding by Directors

April 12, 2020

Title	Account Title	Representative	Current number of shares held	Shareholding Ratio
Chairman	Hsing-Yang Huang		7,215,771	1.71%
Director	Tsan-Lien Yeh		3,409,633	0.81%
Director	Min-Hong Wu		3,063,938	0.73%
Director	Wen-Yuan Lin		1,968,457	0.47%
Director	Ming-Chun Chiu		5,791,769	1.37%
Independent Director	Wen-Bin Wu		0	0.00%
Independent Director	Chun-Rong Lu		992	0.00%
Independent Director	Min-Kai Lin		0	0.00%
Director's Total (Number of Shares)			21,450,560	5.09%
Minimum number of shares and percentage to be held by all Directors (Note 2)			16,000,000	4%

Note 1: As of April 12, 2020, the date for suspension of share transfer, the Company's total issued shares were 421,510,394 shares.

Note 2: Since the Company has elected more than two independent directors, according to the provisions of article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," all directors other than the independent directors have reduced the number of shares to be held to 80%. As of the date of the suspension of the shareholder's meeting the number of shares held by the individual and all directors of the registered shareholder, as listed in the above table, which has met the criteria for the number of shares specified in Article 26 of the Securities and Exchange Act. The Company has set up an Audit Committee and therefore does not apply the shareholding percentage of the Supervisors.

Note 3: Director Wen-Tsung Lee resigned as a director on April 30, 2018, due to personal reasons.

Note 4: Director Hsu-Tung Kuo resigned as a director on May 4, 2018, due to personal reasons.