

矽格股份有限公司



Stock Code: 6257

2021 Annual General Shareholders' Meeting Handbook

June 10, 2021

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Sigurd Microelectronics Corporation

2021 Annual General Shareholders' Meeting Procedure

I. Call the Meeting to Order

II. Chairman Remarks

III. Report Items

IV. Proposed Resolutions

V. Discussion Items

VI. Special Motions

VII. 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 2021 Annual General Shareholders' Meeting Agenda

Time: 9 a.m., June 10, 2021 (Wednesday)

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

I. Call the Meeting to Order

II. Chairman Remarks

III. Report Items

Item 1: 2020 Business Report.

Item 2: Audit Committee's Report for 2020.

Item 3: 2020 Distribution Report for Employee Compensation and Directors' Remuneration.

Item 4: Report on Distribution of Cash Dividend for 2020.

Item 5: Report on first issuance of domestic secured ordinary corporate bonds of 2021.

IV. Proposed Resolutions

Item 1: Adoption of the 2020 Business Report and Financial Statements.

Item 2: Adoption of the 2020 Proposal for Surplus Distribution.

V. Discussion Items

Item 1: Cash Distribution from Capital Reserve.

Item 2: Revision of the Procedure for the Acquisition or Disposal of Assets.

Item 3: Revision of the Rules of Procedure for Shareholders' Meetings.

Item 4: Revision of the Articles of Incorporation

VI. Special Motions

VII. Adjournment

Report Items

Item 1: 2020 Business Report.

Explanation: For further details, please refer to Attachment 1 (Pages 7 to 12).

Item 2: Audit Committee's Report for 2020.

Explanation: For further details of the Audit Committee's Report, please refer to Attachment 2 (Page 13).

Item 3: 2020 Distribution Report for Employee Compensation and Directors' Remuneration.

Explanation: On March 10, 2021, the Board of Directors of the Company approved to issue Directors' remuneration of NT\$30,000,000 and employee compensation of NT\$218,000,000 for 2020. The total amount will be paid in cash. The amount resolved is identical to the amount recognized in 2020.

Item 4: Distribution of Cash Dividend for 2020.

Explanation:

- (1) Pursuant to the Articles of Incorporation, Article 24, the Company allocates NT\$880,165,206 for cash dividend payment. As of February 28, 2021, the Company has 440,082,603 shares to participate in the distribution, with a cash distribution of NT\$2.0 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: Report on first issuance of domestic secured ordinary corporate bonds.

Explanation: Refer to Attachment 3 for details (Page 14).

Proposed Resolutions

Item 1: Adoption of the 2020 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation:

- (I) The Company's 2020 Financial Statements have been audited and certified by CPAs Chih-Cheng Hsieh 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 Attachment 1 (Pages 7 ~12), Attachment 2 (Page 13), and Attachment 4 (Pages 16 ~ 39).

Resolution:

Item 2: Adoption of the 2020 Proposal for Surplus Distribution. (Proposed by the Board of Directors)

Explanation: The surplus distribution table for 2020 has been approved by the Board of Directors and audited by the Audit Committee, as detailed in Attachment 5 (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\$396,074,343 (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 February 28, 2021, the Company

has 440,082,603 shares (the number of shares 430,444,727 plus, as of February 28, 2021, the second unsecured convertible bonds of 9,637,876 shares which have converted but yet to undergo change of registration) to participate in the distribution, with a cash distribution of NT \$0.9 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: Revision of the Procedure for the Acquisition or Disposal of Assets for deliberation and approval. (Proposed by the Board of Directors)

Description: The revisions are made as needed for operations. Refer to Attachment 6 for the detailed Comparison Table of Pre-amended and Post-amended Versions (Pages 41~43).

Resolution:

Item 3: Revision of the Rules of Procedure for Shareholders' Meetings for deliberation and approval. (Proposed by the Board of Directors)

Description: The revisions are made to reflect the applicable laws and regulations. Refer to Attachment 7 for the detailed Comparison Table of Pre-amended and Post-amended Versions (Pages 44~ 46).

Resolution:

Item 4: Revision of the Articles of Incorporation for deliberation and approval. (Proposed by the Board of Directors)

Description: The revisions are made as needed for operations of the company. Refer to Attachment 8 for the detailed Comparison Table of Pre-amended and Post-amended Versions (Pages 47 ~49).

Resolution:

Special Motions

Adjournment

Business Report

I. 2020 Business Results

(I) Operating Results for 2020 Business Plan

In 2020, the revenue increased by 23.71% from 2019 to NT\$12,428,549 thousand, and net income after tax was NT\$1,926,589 thousand, representing an increase of 23.22% as compared to 2019.

(II) Target Achievement: The Company did not disclose financial forecasts in 2020.

(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	
		2019	2020	2019	2020
Financial structure	Debts ratio %	44.61	47.62	45.37	49.87
	Long term funds to fixed assets %	187.25	171.42	169.87	142.70
Solvency	Current ratio %	129.21	103.22	194.46	145.87
	Quick ratio %	123.93	96.76	187.83	136.33
Profitability	Return on asset %	7.42	8.31	7.35	7.43
	Return on equity %	12.28	14.89	12.31	13.53
	Net profit margin %	21.11	21.22	15.56	15.50
	Earnings per share (EPS) (after adjustment of ordinary shares) (NT\$)	3.26	4.22	3.26	4.22

(IV) Research and development status

1. Review of 2020

- (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) Improved and upgraded the new generation RF IC automated test equipment which have gone into mass production.
- (5) 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).

- (6) Self-manufacturing of accessories of related testing equipment.
- (7) Upgraded and expanded equipment to adapt to the need of high-speed computing IC, such as bitcoin, graphics chip, and server chip.
- (8) Improved the 5-nanometer testing technology.

2. Prospects for the future (2021 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) Researching 5G mmWave and Antenna-in-Package, AiP testing technology.
- (4) 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.
- (5) Researching and developing IC packaging and testing technologies related to Augmented Reality (AR) and Virtual Reality (VR).
- (6) Development of integrated IC test technologies relevant to the IoT (Internet of Things).
- (7) Advancement RF-related packaging and testing technologies, such as Wi-Fi 6/6E, WLAN SOC IC, Near Field Communication (NFC), and Wireless Power.
- (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) Exploration of 3 nm test technologies.
- (10) Expanding the integrated capacity of the WLCSP and improving related technical capabilities.
- (11) Application of GaN-related test technologies mass production.
- (12) Increase of automotive electronics and vehicle-to-everything-related IC test volume and maximization of the scope of certification.
- (13) Promotion of a smart factory and the width and depth of equipment automation and maximization of intelligent production.

II. 2021 Operation Plan

(I) 2021 Major Business Direction

In 2021, vaccination against COVID-19 goes a step further. It is expected that the pandemic will be controlled further and the global economy will gradually move towards recovery. Semiconductors were caught in a shortage in 2020. As such, manufacturers

expanded their scale of production to increase their throughput. It is expected that the shortage in supply will be relaxed in 2021.

Related forecast institutes for the semiconductor industry followed one another to adjust their forecast about the growth momentum for semiconductors in 2021 upwards compared to 2020. Statistics of respective market intelligence and research institutes (IDC, WSTS, Gartner, VLSI Research, IC Insights) show a growth of 7.7%~12% in semiconductors around the world in 2021 compared to that in 2020. As such, Sigurd is prudent and careful, adopting a steady development policy to maximize the Company profit.

In 2021, 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 2021, will provide momentum to the expected sales volume and revenue, and thus remain cautiously optimistic.

(III) Important production and sales policies

In advent of 2021, 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. Development of test business for products with a high growth rate, such as 5G mobile phone IC, Wi-Fi, high-speed computing, artificial intelligence (AI), IoT, RF IC and automotive electronics in order to make better profits.
5. Increasing the number and proportion of foreign customers.
6. Promotion of test business for telecommunication IC and niche IC.

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. Promotion of a smart factory and the width and depth of 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 2020 compared to 2019. Moreover, the development of Mainland China market has also produced good results. Therefore, in 2021, in addition to the original North American market, the Company also actively expands the Asian, Mainland Chinese, European, and Japanese markets.
- (3) Promotion of the throughput and customer base of Xixing (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 AP (3G/4G) and Wi-Fi SoC, 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 IC: such as 5G-related IC, AI, AP, Baseband SoC, GPS, Light sensor, Bluetooth, Touch Pad.

(5) Computer-related ICs: such as graphics chip, USB, Type C, WLAN, touch panel IC, and et cetera.

(6) Vehicle electronics ICs: such as sensor related IC and microprocessors. , vehicle-to-everything, etc.

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

(3) Niche packaging

As electronic products move towards being lighter, thinner, shorter and smaller, the encapsulation technique is going miniature, too. To go with this trend, as far as encapsulation is concerned, Sigurd is shifting towards the WLCSP (Wafer level chip scale package)-related encapsulation technology. WLCSP encapsulation is smaller in size, costs less and is known for its high production yield. In addition, it offers strengths such as better coplanarity and heat dissipation capacity to 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

Originally, most semiconductor research institutes forecast that the future for the semiconductor is not as promising as it was due to COVID-19 and the US-China trade war, among others. As the pandemic is gradually getting controlled, in addition to the economic recovery, semiconductors were caught in a shortage around the world. Encapsulation and test factories of Taiwan follow one another to disclose their preliminary planning for capital expenditure in 2021. While everything looks good, they remain cautious primarily to avoid the dilemma of excessive supply and undesirable pricing that was encountered in the past.

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) With the COVID-19 pandemic gradually getting controlled, the economy has taken a step further towards recovery.
- (4) The US-China trade war remains, which surprisingly drives relocation of production of semiconductor-related ICs to Taiwan.

- (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) Ever-stricter automotive waste gas emission criteria gradually turn vehicles towards energy conservation (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.

2. Unfavorable factors:

- (1) Persisting factors such as COVID-19 and shortage in manpower are affecting the supply of raw materials and supplies and accordingly the production.
- (2) The cross-strait relations between Taiwan and Mainland China are still filled with variables.
- (3) With semiconductors in shortage, if manufacturers go blind by expanding their facilities, once the shortage is no longer, there will be excessive throughput and accordingly the price-cutting competition.

For the above reasons, encapsulation and test factories remain optimistic yet cautious with their perspective about the economic outlook for 2021.

Chairman: Shin-Yang Huang

Manager: Tsan-Lien Yeh

Accountant Supervisor: Chi-Chang Chen

Sigurd Microelectronics Corporation

Audit Committee's Report

The Board of Directors has prepared and submitted the Company's 2020 Business Report, Financial Statements, and surplus distribution proposal, of which, the Company's 2020 Financial Statements have been audited and certified by CPAs Chih-Cheng Hsieh 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 2020 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

2021 Annual General Shareholders' Meeting

Sigurd Microelectronics Corporation

Convener of the Audit Committee: Wen-Bin Wu

March 10, 2021

Attachment 3

Sigurd Microelectronics Corporation
Information on first issuance of domestic secured ordinary corporate
bonds of 2021

Bond Type	First issuance of secured ordinary corporate bonds of 2021
Date of Approval by Board of Directors	March 10, 2021
Purpose	To pay back borrowings from financial institutions and to enrich the operating funds for a reinforced financial structure
Document Number Issued by Supervising Regulatory Body	1. TPEX (Filing Taking Effect): March 19, 2021 TPEX No. 11000017411 2. TPEX (Listing Approval): March 25, 2021 TPEX No. 11000019422
Issue Date	March 29, 2021
Denomination	NTD 1,000,000
Issue Price	Fully issued according to par value
Volume	3,000 shares
Total Share Payment Amount	NTD 3,000,000,000
Coupon Rate	0.58%
Tenor	Five years; March 29, 2021 ~ March 29, 2026
Date of Last Repayment	March 29, 2026
Interest Calculation and Payment Method	Calculation and payment by simple interest once a year
Collateral Status	Syndicated collateral. Mega International Commercial Bank is the primary bank and there are other banks such as Taiwan Cooperative Bank, First Commercial Bank, Hua Nan Commercial Bank, Land Bank of Taiwan, Yuanta Bank, ShinKong Bank, Agricultural Bank of Taiwan, Taishin International Bank, Chang Hwa Commercial Bank, and Shanghai

	Commercial & Savings Bank, a total of 11 for the syndicated collateral.
Call Option Provisions	Not applicable
Put Option Provisions	Not applicable
Underwriter	Mega Securities Co., Ltd.
Trustee	CTBC Bank, Corporate Trust Service
the accumulated value of outstanding ones as of the date this Annual Report was printed	NTD 3,000,000,000

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, 2020 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. In addition, 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

Shin-Yang Huang, Chairman

March 10, 2021

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 20000441

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, 2020 and 2019, 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, 2020 and 2019, 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. 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 Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent accountants, 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:

Capitalisation 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 consolidated financial statements, thus, we identified the audit of capitalisation of property, plant and equipment as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

Assessed and validated the effectiveness of the internal control system over additions to property, plant and equipment and respective timing to commence depreciation, as well as sample tested and examined respective purchase orders and invoices to ensure that transactions were approved accordingly and recognised amounts were accurate. Sample tested and examined the acceptance documents to validate the appropriateness of the timing that assets are ready for use and are recorded in property listing and timely commencement of depreciation recognition.

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 consolidated furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements was based solely on the reports of other independent accountants. Total assets of those consolidated subsidiaries amounted to NT\$330,564 thousand and NT\$232,480 thousand, constituting 1.11% and 0.94% of the consolidated total assets as at December

31, 2020 and 2019, respectively, and total operating revenues amounted to NT\$212,271 thousand and NT\$72,009 thousand, constituting 1.71% and 0.72% of the total operating revenues for the years ended December 31, 2020 and 2019, respectively.

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, 2020 and 2019.

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 controls as the management determines are 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 a 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 the generally accepted auditing standards in the Republic of China 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 the generally accepted auditing standards in the Republic of China, 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 controls.
2. Obtain an understanding of internal controls 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 controls.
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 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 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 controls 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 those matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter 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.

Hsieh, Chih-Cheng

Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan
March 10, 2021

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

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

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets		Notes	December 31, 2020		December 31, 2019			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	5,628,675	19	\$	4,620,939	19
1110	Current financial assets at fair value	6(2)						
	through profit or loss			532,109	2		338,007	1
1136	Current financial assets at amortised	6(4)						
	cost			2,524,164	9		4,299,888	17
1140	Current contract assets	6(18)		109,872	-		120,675	1
1150	Notes receivable, net	6(5)		396	-		672	-
1170	Accounts receivable, net	6(5)		3,303,912	11		3,068,433	12
1180	Accounts receivable - related parties,	6(5) and 7						
	net			3,811	-		5,624	-
1200	Other receivables			32,833	-		58,568	-
1220	Current tax assets			12,532	-		12	-
130X	Inventories	6(6)		185,466	1		169,988	1
1410	Prepayments			667,396	2		272,087	1
1470	Other current assets	8		37,463	-		20,218	-
11XX	Total current assets			13,038,629	44		12,975,111	52
Non-current assets								
1517	Non-current financial assets at fair	6(3)						
	value through other comprehensive							
	income			878,100	3		495,733	2
1535	Non-current financial assets at	6(4) and 8						
	amortised cost			159,813	1		50,700	-
1600	Property, plant and equipment	6(7) and 8		14,629,289	49		10,643,730	43
1755	Right-of-use assets	6(8)		822,847	3		395,929	2
1780	Intangible assets			101,740	-		102,543	1
1840	Deferred tax assets	6(25)		75,345	-		42,234	-
1900	Other non-current assets			108,148	-		37,381	-
15XX	Total non-current assets			16,775,282	56		11,768,250	48
1XXX	Total assets		\$	29,813,911	100	\$	24,743,361	100

(Continued)

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9) and 8	\$ 1,067,131	4	\$ 640,712	3
2130	Current contract liabilities	6(18)	19,127	-	10,202	-
2150	Notes payable		2,658	-	2,410	-
2170	Accounts payable		379,746	1	227,422	1
2219	Other payables	6(10)	2,650,287	9	2,261,931	9
2230	Current income tax liabilities		306,627	1	335,686	1
2250	Current provisions		12,321	-	2,794	-
2280	Current lease liabilities	6(29)	488,684	2	98,690	-
2300	Other current liabilities	6(11)(12) and 8	4,012,038	13	3,092,585	13
21XX	Total current liabilities		8,938,619	30	6,672,432	27
Non-current liabilities						
2530	Bonds payable	6(11)	830,801	3	1,162,846	5
2540	Long-term borrowings	6(12) and 8	4,518,748	15	2,840,387	11
2570	Deferred tax liabilities	6(25)	40,931	-	42,490	-
2580	Non-current lease liabilities	6(29)	305,872	1	297,175	1
2600	Other non-current liabilities	6(13)	232,770	1	204,849	1
25XX	Total non-current liabilities		5,929,122	20	4,547,747	18
2XXX	Total liabilities		14,867,741	50	11,220,179	45
Equity						
Equity attributable to owners of parent						
	Share capital	6(14)				
3110	Ordinary share		4,316,114	15	4,206,834	17
	Capital surplus	6(15)				
3200	Capital surplus		715,446	2	923,672	4
	Retained earnings	6(16)				
3310	Legal reserve		1,351,118	5	1,218,457	5
3320	Special reserve		-	-	48,273	-
3350	Unappropriated retained earnings		6,029,494	20	4,822,385	20
	Other equity interest	6(17)				
3400	Other equity interest		284,145	1	34,033	-
31XX	Equity attributable to owners of parent		12,696,317	43	11,253,654	46
36XX	Non-controlling interests		2,249,853	7	2,269,528	9
3XXX	Total equity		14,946,170	50	13,523,182	55
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the reporting period	11				
3X2X	Total liabilities and equity		\$ 29,813,911	100	\$ 24,743,361	100

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

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

			Year ended December 31			
			2020		2019	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7	\$	12,428,549	100	\$ 10,046,619	100
5000 Operating costs	6(6)(23)(24)	(	8,819,196)	(71)	(7,007,157)	(70)
5950 Gross profit from operations			3,609,353	29	3,039,462	30
Operating expenses	6(23)(24)					
6100 Selling and marketing expenses		(	176,411)	(2)	(165,850)	(2)
6200 General and administrative expenses		(	671,642)	(5)	(519,405)	(5)
6300 Research and development expenses		(	422,555)	(3)	(282,721)	(3)
6450 Net expected credit gain	12(2)		-	-	518	-
6000 Total operating expenses		(	1,270,608)	(10)	(967,458)	(10)
6900 Operating profit			2,338,745	19	2,072,004	20
Non-operating income and expenses						
7100 Interest income	6(19)		52,764	-	77,438	1
7010 Other income	6(20)		66,315	1	46,217	-
7020 Other gains and losses	6(21)	(	59,688)	-	(44,104)	-
7050 Finance costs	6(22)	(	119,560)	(1)	(80,551)	(1)
7000 Total non-operating income and expenses		(	60,169)	-	(1,000)	-
7900 Profit before income tax			2,278,576	19	2,071,004	20
7950 Income tax expense	6(25)	(	351,987)	(3)	(507,443)	(5)
8000 Profit from continuing operations			1,926,589	16	1,563,561	15
8200 Profit for the year		\$	1,926,589	16	\$ 1,563,561	15

(Continued)

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

		Year ended December 31			
		2020		2019	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive (loss) income	6(3)(17)				
Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311 Losses on remeasurements of defined benefit plans	6(13)	(\$ 31,484)	-	(\$ 13,208)	-
8316 Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income		322,367	2	175,607	2
8310 Components of other comprehensive income that will not be reclassified to profit or loss		290,883	2	162,399	2
Components of other comprehensive loss that will be reclassified to profit or loss	6(17)				
8361 Exchange differences on translation of foreign operations		(147,137)	(1)	(91,218)	(1)
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(147,137)	(1)	(91,218)	(1)
8300 Other comprehensive income		\$ 143,746	1	\$ 71,181	1
8500 Total comprehensive income		\$ 2,070,335	17	\$ 1,634,742	16
Profit, attributable to:					
8610 Owners of parent		\$ 1,783,299	15	\$ 1,294,520	12
8620 Non-controlling interests		143,290	1	269,041	3
Total profit		\$ 1,926,589	16	\$ 1,563,561	15
Comprehensive income attributable to:					
8710 Owners of parent		\$ 2,005,289	16	\$ 1,408,919	14
8720 Non-controlling interests		65,046	1	225,823	2
Total comprehensive income		\$ 2,070,335	17	\$ 1,634,742	16
Basic earnings per share (in dollars)	6(26)				
9750 Basic earnings per share		\$ 4.22		\$ 3.26	
Diluted earnings per share (in dollars)	6(26)				
9850 Diluted earnings per share		\$ 3.87		\$ 3.16	

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

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity Attributable to Owners of The Parent										
	Retained Earnings					Other Equity Interest				
							Unrealised Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income			
Notes	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Operations		Total	Non-Controlling Interests	Total Equity
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	\$ 2,061,236	\$ 11,889,872
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(loss)	-	-	-	-	1,284,092	(50,780)	175,607	1,408,919	225,823	1,634,742
Distribution of 2018 earnings										
Legal reserve	6(16)	-	-	115,531	(115,531)	-	-	-	-	-
Special reserve	-	-	-	3,486	(3,486)	-	-	-	-	-
Cash dividends	-	-	-	-	(403,576)	-	-	(403,576)	-	(403,576)
Cash distribution from capital surplus	6(15)(16)	(403,576)	-	-	-	-	-	(403,576)	-	(403,576)
Issuance of corporate bonds	-	43,697	-	-	-	-	-	43,697	-	43,697
Conversion of corporate bonds	6(11)(14)(15)	137,276	191,778	-	-	-	-	329,054	-	329,054
Issuance of share capital	-	280,500	-	-	-	-	-	450,500	-	450,500
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	42,520	-	(42,520)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	(17,531)	(17,531)
Balance at December 31, 2019	\$ 4,206,834	\$ 923,672	\$ 1,218,457	\$ 48,273	\$ 4,822,385	(\$ 6,699)	\$ 40,732	\$ 11,253,654	\$ 2,269,528	\$ 13,523,182
2020										
Balance at January 1, 2020	\$ 4,206,834	\$ 923,672	\$ 1,218,457	\$ 48,273	\$ 4,822,385	(\$ 6,699)	\$ 40,732	\$ 11,253,654	\$ 2,269,528	\$ 13,523,182
Profit for the year	-	-	-	-	1,783,299	-	-	1,783,299	143,290	1,926,589
Other comprehensive (loss) income for the year	6(3)(17)	-	-	-	(28,122)	(72,255)	322,367	221,990	(78,244)	143,746
Total comprehensive income(loss)	-	-	-	-	1,755,177	(72,255)	322,367	2,005,289	65,046	2,070,335
Distribution of 2019 earnings	6(16)									
Legal reserve	-	-	132,661	-	(132,661)	-	-	-	-	-
Reversal of special reserve	-	-	-	(48,273)	48,273	-	-	-	-	-
Cash dividends	-	-	-	-	(463,680)	-	-	(463,680)	-	(463,680)
Cash distribution from capital surplus	6(15)(16)	(463,680)	-	-	-	-	-	(463,680)	-	(463,680)
Conversion of corporate bonds	6(11)(14)(15)	109,280	255,454	-	-	-	-	364,734	-	364,734
Cash dividends paid to non-controlling interest from subsidiary	4(3)	-	-	-	-	-	-	-	(98,354)	(98,354)
Subsidiary's issuance of share capital - increase in non-controlling interests	-	-	-	-	-	-	-	-	14,850	14,850
Non-controlling interests	-	-	-	-	-	-	-	-	(1,217)	(1,217)
Balance at December 31, 2020	\$ 4,316,114	\$ 715,446	\$ 1,351,118	\$ -	\$ 6,029,494	(\$ 78,954)	\$ 363,099	\$ 12,696,317	\$ 2,249,853	\$ 14,946,170

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)

		Year ended December 31,	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before income tax		\$ 2,278,576	\$ 2,071,004
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(23)	2,865,109	2,445,848
Amortisation	6(23)	63,250	72,970
Net expected credit gain	12(2)	- (	518)
Net profit on financial assets at fair value through profit or loss	6(2)(21)	(46,228 ) (	8,020)
Finance costs	6(22)	119,560	80,551
Interest income	6(19)	(52,764 ) (	77,438)
Dividends income	6(20)	(12,495 ) (	9,119)
Gain on disposal of property, plant and equipment	6(21)	(22,105 ) (	37,048)
Impairment of non-financial assets	6(7)(21)	2,083	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(147,874 ) (	171,006)
Contract assets		10,150 (	27,173)
Notes receivable		276	1,007
Accounts receivable		(264,264 ) (	893,326)
Accounts receivable-related parties		1,813	11,436
Compensation receivable		-	296,489
Other receivables		20,732 (	24,518)
Inventories		(15,561 ) (	3,320)
Prepayments		(396,247 ) (	96,090)
Other current assets		(16,889)	44,382
Other non-current assets		(285 ) (	379)
Changes in operating liabilities			
Contract liabilities		8,939	9,426
Notes payable		248	263
Accounts payable		154,129	13,274
Other payables		358,077	209,262
Provisions		9,949 (	5,120)
Other current liabilities		136,402	73,316
Defind benefit liabilities		(789 ) (	19,795)
Other non-current liabilities		(1,399)	10,842
Cash generated from operations		5,052,393	3,967,200
Interest received		57,018	73,350
Dividends received		12,495	9,119
Interest paid		(118,478 ) (	87,057)
Income tax paid		(414,451 ) (	447,522)
Net cash generated from operating activities		4,588,977	3,515,090

(Continued)

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

	Notes	Year ended December 31, 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(\$ 5,061,760)	(\$ 8,024,254)
Proceed from disposal of financial assets at amortised cost		6,636,660	5,937,592
Acquisition of financial assets at fair value through other comprehensive income		(60,000)	(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)	(6,883,125)	(3,288,873)
Proceeds from disposal of property, plant and equipment		151,632	58,159
Increase in refundable deposits		(5,086)	(9,632)
Decrease in refundable deposits		6,145	-
Acquisition of intangible assets		(61,995)	(24,127)
Net cash inflows from acquisition of subsidiaries	6(27)	-	9,807
Net cash flows used in investing activities		(5,277,529)	(5,125,808)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		2,901,946	1,519,478
Repayments of short-term borrowings	6(29)	(2,474,973)	(997,604)
Proceeds from issuance of corporate bonds	6(29)	-	1,203,165
Repayments of corporate bonds	6(29)	(400)	-
Proceeds from long-term borrowings	6(29)	13,636,854	10,767,938
Repayments of long-term borrowings	6(29)	(11,175,194)	(9,976,786)
Increase in guarantee deposits received	6(29)	3,032	2,578
Decrease in guarantee deposits received	6(29)	(4,407)	(2,913)
Repayments of lease liabilities	6(29)	(158,112)	(150,697)
Cash dividends paid	6(16)	(463,680)	(403,576)
Cash distribution from capital surplus	6(15)(16)	(463,680)	(403,576)
Cash dividends paid to non-controlling interests	4(3)	(98,354)	(78,683)
Non-controlling interests		(1,217)	-
Proceeds from issuance of share capital	6(14)(15)	-	450,500
Subsidiary's issuance of share capital - increase in non-controlling interests		14,850	-
Net cash flows from financing activities		1,716,665	1,929,824
Effect of changes in exchange rate		(20,377)	(36,772)
Net increase in cash and cash equivalents		1,007,736	282,334
Cash and cash equivalents at beginning of year	6(1)	4,620,939	4,338,605
Cash and cash equivalents at end of year	6(1)	\$ 5,628,675	\$ 4,620,939

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 20000444

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, 2020 and 2019, 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, 2020 and 2019, 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 parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent accountants, 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 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's parent company only financial statements of the current period is stated as follows:

Capitalisation of property, plant and equipment

Description

The Company increased the capital expenditure to meet 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 capitalisation of property, plant and equipment is significant to the Company's parent company only financial statements, thus, we identified the audit of capitalisation of property, plant and equipment as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

Assessed and validated the effectiveness of the internal control system over additions to property, plant and equipment and respective timing to commence depreciation, as well as sample tested and examined respective purchase orders and invoices to ensure that transactions were approved accordingly and recognised amounts were accurate. Sample tested and examined the acceptance documents to validate the appropriateness of the timing that assets are ready for use and are recorded in property listing and timely commencement of depreciation recognition.

Other matter — Audited by other independent Accountants

We did not audit the 2020 and 2019 financial statements of certain investee companies accounted for using the equity method. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of other independent accountants. Investments accounted for using equity method amounted to NT\$ 84,465 thousand and NT\$ 80,511 thousand, constituting 0.35% and 0.40% of total

assets, as at December 31, 2020 and 2019, respectively, and their comprehensive income (loss) amounted to NT\$ 3,955 thousand and NT(\$ 36,992) thousand, constituting 0.20% and (2.63%) of the total comprehensive income (loss) for the years ended December 31, 2020 and 2019, respectively.

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 controls as the management determines are 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 a 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 the generally accepted auditing standards in the Republic of China 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 the generally accepted auditing standards in the Republic of China, 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 controls.
8. Obtain an understanding of internal controls 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 controls.
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 report to the related disclosures in the parent company only 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 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 parent company only 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 controls 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 those matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the parent company only financial statements of the current period and is therefore the key audit matter. We describe the matter 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.

Hsieh, Chih-Cheng

Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan
March 10, 2021

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

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

SIGURD MICROELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,432,217	14	\$ 2,852,266	14
1110	Current financial assets at fair value through profit or loss	6(2)	532,109	2	338,007	2
1136	Current financial assets at amortised cost	6(4)	406,320	2	1,728,480	9
1140	Current contract assets	6(19)	89,343	-	100,274	-
1170	Accounts receivable, net	6(5)	2,286,498	10	1,649,706	8
1180	Accounts receivable - related parties, net	6(5) and 7	64,260	-	6,436	-
1200	Other receivables		19,297	-	32,115	-
1210	Other receivables - related parties	7	107,197	1	1,019	-
130X	Inventories	6(6)	92,966	-	60,754	-
1410	Prepayments	7	370,422	2	225,080	1
1470	Other current assets	8	1,297	-	5,569	-
11XX	Total current assets		7,401,926	31	6,999,706	34
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	868,140	4	495,733	3
1535	Non-current financial assets at amortised cost	6(4) and 8	56,910	-	30,000	-
1550	Investments accounted for using equity method	6(7)	5,371,460	22	4,748,831	24
1600	Property, plant and equipment	6(8) and 8	9,956,610	41	7,957,026	39
1755	Right-of-use assets	6(9)	501,943	2	32,575	-
1780	Intangible assets		23,900	-	22,878	-
1840	Deferred tax assets	6(26)	46,167	-	19,401	-
1920	Other non-current assets		11,520	-	11,094	-
15XX	Total non-current assets		16,836,650	69	13,317,538	66
1XXX	Total assets		\$ 24,238,576	100	\$ 20,317,244	100

(Continued)

SIGURD MICROELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity			December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10) and 8	\$ 837,426	3	\$ 571,242	3
2130	Current contract liabilities	6(19)	7,575	-	1,188	-
2150	Notes payable		2	-	800	-
2170	Accounts payable		141,609	1	121,878	1
2200	Other payables	6(11)	1,643,597	7	1,539,554	7
2220	Other payables - related parties	7	24,984	-	9,378	-
2230	Current income tax liabilities		281,813	1	177,704	1
2280	Current lease liabilities		443,105	2	20,012	-
2300	Other current liabilities	6(12)(13) and 8	3,790,962	16	2,975,726	15
21XX	Total current liabilities		7,171,073	30	5,417,482	27
Non-current liabilities						
2530	Bonds payable	6(12)	830,801	3	1,162,846	6
2540	Long-term borrowings	6(13) and 8	3,257,910	14	2,227,015	11
2570	Deferred tax liabilities	6(26)	37,146	-	37,146	-
2580	Non-current lease liabilities		20,258	-	13,953	-
2600	Other non-current liabilities	6(7)(14)	225,071	1	205,148	1
25XX	Total non-current liabilities		4,371,186	18	3,646,108	18
2XXX	Total liabilities		11,542,259	48	9,063,590	45
Equity						
	Share capital	6(15)				
3110	Ordinary share		4,316,114	18	4,206,834	21
	Capital surplus	6(16)				
3200	Capital surplus		715,446	3	923,672	4
	Retained earnings	6(17)				
3310	Legal reserve		1,351,118	5	1,218,457	6
3320	Special reserve		-	-	48,273	-
3350	Unappropriated retained earnings		6,029,494	25	4,822,385	24
	Other equity interest	6(18)				
3400	Other equity interest		284,145	1	34,033	-
3XXX	Total equity		12,696,317	52	11,253,654	55
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the reporting period	11				
3X2X	Total liabilities and equity		\$ 24,238,576	100	\$ 20,317,244	100

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

SIGURD MICROELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31			
		2020		2019	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19) and 7	\$ 8,404,291	100	\$ 6,130,926	100
5000 Operating costs	6(6)(23)(24)	(5,603,166)	(67)	(4,319,172)	(70)
5900 Gross profit from operations		2,801,125	33	1,811,754	30
5950 Gross profit from operations		2,801,125	33	1,811,754	30
Operating expenses	6(23)(24) and 7				
6100 Selling and marketing expenses		(89,930)	(1)	(86,013)	(2)
6200 General and administrative expenses		(341,346)	(4)	(256,879)	(4)
6300 Research and development expenses		(401,498)	(5)	(253,114)	(4)
6000 Total operating expenses		(832,774)	(10)	(596,006)	(10)
6900 Operating profit		1,968,351	23	1,215,748	20
Non-operating income (expenses)					
7100 Interest income	6(20)	16,056	-	26,571	-
7010 Other income	6(21) and 7	66,300	1	40,377	1
7020 Other gains and losses	6(22) and 7	(60,953)	(1)	(6,769)	-
7050 Finance costs	6(23)	(78,138)	(1)	(59,492)	(1)
7070 Share of profit of subsidiaries and associates, joint ventures accounted for using equity method	6(7)	171,101	2	359,684	6
7000 Total non-operating income (expenses)		114,366	1	360,371	6
7900 Profit before income tax		2,082,717	24	1,576,119	26
7950 Income tax expense	6(26)	(299,418)	(4)	(281,599)	(5)
8200 Profit for the year		\$ 1,783,299	20	\$ 1,294,520	21
Other comprehensive (loss) income					
Components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(3)(18)				
8311 Losses on remeasurements of defined benefit plan		(\$ 28,122)	-	(\$ 10,428)	-
8316 Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income		322,367	4	175,607	3
8310 Components of other comprehensive income that will not be reclassified to profit or loss		294,245	4	165,179	3
Components of other comprehensive income (loss) that will be reclassified to profit or loss	6(18)				
8361 Exchange differences on translation of foreign operations		(72,255)	(1)	(50,780)	(1)
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(72,255)	(1)	(50,780)	(1)
8500 Total comprehensive income for the year		\$ 2,005,289	23	\$ 1,408,919	23
Basic earnings per share (in dollars)	6(27)				
9750 Basic earnings per share		\$ 4.22		\$ 3.26	
Diluted earnings per share (in dollars)	6(27)				
9850 Diluted earnings per share		\$ 3.87		\$ 3.16	

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)

		Retained Earnings				Other Equity Interest			
							Unrealized Gains (Losses) From Financial Assets Measured at Fair Value through Other Comprehensive Income	Total Equity	
Notes	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences On Translation of Foreign Operations			
2019									
	\$ 3,899,558	\$ 811,273	\$ 1,102,926	\$ 44,787	\$ 4,018,366	\$ 44,081	(\$ 92,355)	\$ 9,828,636	
	-	-	-	-	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 income (loss)		-	-	-	1,284,092	(50,780)	175,607	1,408,919	
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 distribution from capital surplus	6(16)(17)	-	-	-	-	-	-	(403,576)	
Issuance of corporate bonds	6(16)	-	43,697	-	-	-	-	43,697	
Conversion of corporate bonds	6(15)(16)	137,276	191,778	-	-	-	-	329,054	
Issuance of share capital	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	\$ 4,206,834	\$ 923,672	\$ 1,218,457	\$ 48,273	\$ 4,822,385	(\$ 6,699)	\$ 40,732	\$ 11,253,654	
2020									
	\$ 4,206,834	\$ 923,672	\$ 1,218,457	\$ 48,273	\$ 4,822,385	(\$ 6,699)	\$ 40,732	\$ 11,253,654	
	-	-	-	-	1,783,299	-	-	1,783,299	
Other comprehensive (loss) income for the year	6(18)	-	-	-	(28,122)	(72,255)	322,367	221,990	
Total comprehensive income (loss)		-	-	-	1,755,177	(72,255)	322,367	2,005,289	
Distribution of 2019 earnings:	6(17)								
Legal reserve		-	132,661	-	(132,661)	-	-	-	
Reversal of special reserve		-	-	(48,273)	48,273	-	-	-	
Cash dividends		-	-	-	(463,680)	-	-	(463,680)	
Cash distribution from capital surplus	6(16)(17)	-	-	-	-	-	-	(463,680)	
Conversion of corporate bonds	6(15)(16)	109,280	255,454	-	-	-	-	364,734	
Balance at December 31, 2020	\$ 4,316,114	\$ 715,446	\$ 1,351,118	\$ -	\$ 6,029,494	(\$ 78,954)	\$ 363,099	\$ 12,696,317	

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)

		Year ended December 31,	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before income tax		\$ 2,082,717	\$ 1,576,119
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(24)	2,006,335	1,593,980
Amortisation	6(24)	16,027	15,918
Net profit on financial assets at fair value through profit or loss	6(2)(22)	(46,228)	(8,020)
Finance costs	6(23)	78,138	59,492
Interest income	6(21)	(16,056)	(26,571)
Dividends income	6(21)	(12,495)	(9,119)
Share of profit of subsidiarise, associates and joint ventures accounted using equity method		(171,101)	(359,684)
Gain on disposal of property, plant and equipment	6(22)	(23,833)	(45,336)
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(147,874)	(171,006)
Contract assets		10,931	19,553
Accounts receivable		(636,792)	(223,838)
Accounts receivable - related parties		(57,824)	3,522
Other receivables		10,969	(21,857)
Other receivables - related parties		(3,342)	2,834
Inventories		(32,212)	9,141
Prepayments		(145,235)	74,771
Other current assets		4,271	(919)
Changes in operating liabilities			
Notes payable		(798)	800
Contract liabilities		6,387	(412)
Accounts payable		19,731	19,965
Other payables		355,408	173,900
Other payables - related parties		(7,716)	9,261
Other current liabilities		126,326	30,933
Defined benefit liabilities		(724)	(525)
Cash generated from operations		3,415,010	2,534,254
Interest received		17,905	29,246
Dividends received		112,745	129,419
Interest paid		(76,686)	(58,951)
Income tax paid		(222,074)	(296,362)
Net cash generated from operating activities		3,246,900	2,337,606

(Continued)

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

		Year ended December 31,	
		2020	2019
		Notes	
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 412,300)	(\$ 2,308,480)
Proceeds from disposal of financial assets at amortised cost		1,707,550	1,328,480
Acquisition of financial assets at fair value through other comprehensive income		(50,000)	(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)	(630,150)	(875,550)
Acquisition of property, plant and equipment	6(28)	(4,301,246)	(2,625,626)
Proceeds from disposal of property, plant and equipment		47,272	52,941
Acquisition of intangible assets		(16,310)	(12,461)
Increase in refundable deposits		(4,324)	-
Decrease in refundable deposits		3,898	1,012
Net cash flows used in investing activities		(3,655,610)	(4,230,404)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(29)	2,233,736	1,534,642
Repayments of short-term borrowings	6(29)	(1,967,552)	(997,604)
Proceeds from issuance of corporate bonds	6(29)	-	1,203,165
Repayments of corporate bonds	6(29)	(400)	-
Proceeds from long-term borrowings	6(29)	12,678,000	10,287,937
Repayment of long-term borrowings	6(29)	(10,938,259)	(9,421,800)
Increase in guarantee deposits received	6(29)	2,920	911
Decrease in guarantee deposits received	6(29)	(4,318)	(1,250)
Repayments of lease liabilities	6(29)	(88,106)	(23,279)
Cash dividends paid	6(17)	(463,680)	(403,576)
Cash distribution from capital surplus	6(16)(17)	(463,680)	(403,576)
Proceeds from issuance of share capital	6(15)(16)	-	450,500
Net cash flows from financing activities		988,661	2,226,070
Net increase in cash and cash equivalents		579,951	333,272
Cash and cash equivalents at beginning of year	6(1)	2,852,266	2,518,994
Cash and cash equivalents at end of year	6(1)	<u>\$ 3,432,217</u>	<u>\$ 2,852,266</u>

Attachment 5

Sigurd Microelectronics Corporation
Surplus Distribution Proposal
Year 2020

Unit: NT\$

Item	Amount	Note
Undistributed earnings at start of term	4,274,317,556	
Plus: After-tax net profit of the term	1,783,298,901	
Less: Remeasurement of defined benefit plans	(28,121,686)	The amount included as part of the earnings yet to be distributed for the year from items other than the after-tax net profit of the term
Basis for appropriation of the legal reserve	1,755,177,215	
Less: Legal reserve	(175,517,721)	
Quantity available for distribution of the year	5,853,977,050	
Distributed item		
Less: Dividend and bonus for the first half of the accounting year	0	Decisions of the Board of Directors on August 6, 2020
Less: Bonus for shareholders in cash for the second half of the fiscal year (around NTD 2.0 per share)	(880,165,206)	It took effect after a decision was made by the Board of Directors on March 10, 2021 and would be presented in the shareholders' meeting
Less: Stock dividend and bonus	0	Submitted to annual shareholders' meeting for adoption.
Balance of unappropriated retained earnings at the end of period	4,973,811,844	
Undistributed earnings at start of term	4,274,317,556	

Note: As is required by the Company Act and the Articles of Incorporation, distribution of dividends and bonus in cash is the exclusive function of the Board of Directors and hence only presentation is required during the shareholders' meeting. The ratio of bonus in cash to be distributed to shareholders this time is calculated by the total number of shares that the Company could take part in the distribution, that is, 440,082,603 shares as of February 28, 2021. If the said number of shares is affected as a result of buyback of the shares of the Company, transfer of treasury stock shares to employees, conversion of employee share subscription warrants to common stock shares, and conversion of restricted stock awards or corporate bonds to common stock shares and it is required to adjust the ratio of cash dividends to be distributed to shareholders, the Chairman is authorized to do so.

Chairman: Shin-Yang Huang Manager: Tsan-Lien Yeh Accountant Supervisor: Chi-Chang Chen

Attachment 6

Sigurd Microelectronics Corporation
Procedures for Acquisition or Disposal of Assets
Comparison Table of Articles Before and After Amendments

Article	Article Before Amendments	Article After Amendments	Explanation
Article 7	<p>Procedures for Determining the Terms of Transaction</p> <p>I. Price Determination and Reference Basis</p> <p>(I) Acquisition or disposal securities which trading from the market overt, the price is determined by the market.</p> <p>(II) For acquisition or disposal securities which are not trading from the market overt, the Company shall refer the book value per share, the profitability, the potential, the interest rate, and trading price at that time upon acquisition or disposal.</p> <p>(III) When acquiring or disposing the fixed income securities that are not traded at stock exchanges or securities dealers, the Company shall factor in the net value per share, profitability, and future potential of such securities as well as the market interest rate, coupon rate, debt credit rating, and transaction price upon acquisition or disposal.</p> <p>(IV) When acquiring or disposing of real property, it shall be determined by reference to the publicly announced value, evaluated value, the actual trading price of near real property upon acquisition or disposal.</p> <p>(V) When acquiring or disposing of fixed assets, shall adopt the price comparison, negotiation, or an open invitation to bid.</p> <p>II. Level of authorization</p> <p>(I) For the acquisition or disposal of the Company's assets, the Chairman shall be authorized to approve within NT\$250 million (including) and over NT\$250 million shall be approved by</p>	<p>Procedures for Determining the Terms of Transaction</p> <p>I. Price Determination and Reference Basis</p> <p>(I) Acquisition or disposal securities which trading from the market overt, the price is determined by the market.</p> <p>(II) For acquisition or disposal securities which are not trading from the market overt, the Company shall refer the book value per share, the profitability, the potential, the interest rate, and trading price at that time upon acquisition or disposal.</p> <p>(III) When acquiring or disposing the fixed income securities that are not traded at stock exchanges or securities dealers, the Company shall factor in the net value per share, profitability, and future potential of such securities as well as the market interest rate, coupon rate, debt credit rating, and transaction price upon acquisition or disposal.</p> <p>(IV) When acquiring or disposing of real property, it shall be determined by reference to the publicly announced value, evaluated value, the actual trading price of near real property upon acquisition or disposal.</p> <p>(V) When acquiring or disposing of fixed assets, shall adopt the price comparison, negotiation, or an open invitation to bid</p> <p>II. Level of authorization</p> <p>(I) For the acquisition or disposal of the Company's assets, the Chairman shall be authorized to approve within NT\$250 million (including) and over NT\$250 million shall be approved by</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>the Board of Directors beforehand; the relevant amounts shall be checked and operated in accordance with the "Table of Approval Authority."</p> <p>(II) When obtaining fixed assets, the Company shall send the budget within the approved scope of the Company to the Board of Directors for resolution. And according to the Company's "Purchasing Management Operating Procedures". The disposal of fixed assets shall follow the regulations in "Regulations Governing the Management of Fixed Assets".</p> <p>(III) When acquiring or disposing of assets, the Company shall, in case of the circumstances listed in Item 1, Paragraph 1, Article 10 and Paragraph 2, Article 12 of the Procedures, it shall not be carried out unless has been approved by the Board of Directors and notified to the Supervisors in advance or has been recognized by the Supervisors. The situation shall also be reported to the next shareholders' meeting.</p>	<p>the Board of Directors beforehand; the relevant amounts shall be checked and operated in accordance with the "Table of Approval Authority."</p> <p>(II) When obtaining fixed assets, the Company shall send the budget within the approved scope of the Company to the Board of Directors for resolution. And according to the Company's "Purchasing Management Operating Procedures". The disposal of fixed assets shall follow the regulations in "Regulations Governing the Management of Fixed Assets".</p> <p>When acquiring or disposing of assets, the Company shall, in case of the circumstances listed in Item 1, Paragraph 1, Article 10 and Paragraph 2, Article 12 of the Procedures, it shall not be carried out unless has been approved by the Board of Directors and notified to <u>the members of the Audit Committee</u>. The situation shall also be reported to the next shareholders' meeting.</p>	<p>The Company has already set up its Audit Committee to replace the function of supervisors.</p>
Article 11	<p>Total amounts of real property or securities acquired by the Company and each subsidiary for non-operating purpose, and investment limits on individual securities.</p> <p>I. The Company may purchase the scope of assets specified under Article 3 of the Procedures.</p> <p>II. The total amount of non-operating real estate and short-term securities purchased by the Company is limited to 40% of the shareholders' equity in the most recent Financial Statements of the Company's certified by an audited accountant. The amount of investment in short-term securities that is subject to the above-mentioned 10% of the shareholders' equity.</p>	<p>Total amounts of real property or securities acquired by the Company and each subsidiary for non-operating purpose, and investment limits on individual securities.</p> <p>I. The Company may purchase the scope of assets specified under Article 3 of the Procedures.</p> <p>II. The total amount of non-operating real estate and short-term securities purchased by the Company is limited to 40% of the shareholders' equity in the most recent Financial Statements of the Company's certified by an audited accountant. The amount of investment in short-term securities that is subject to the above-mentioned 10% of the shareholders' equity.</p> <p>III. The total amount of long-term</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>III. The total amount of long-term securities purchased by the Company is limited to 150% of the shareholders' equity in the most recent Financial Statements of the Company's certified by an audited accountant. However, the reinvested amount of a single company is limited to 50% of the shareholders' equity in the company.</p> <p>IV. Total amounts of real property or securities and limits on individual securities acquired by the Company's subsidiaries which are not investment professionals are subject to all the preceding paragraphs.</p> <p>V. Total amounts of real property or securities and limits on individual securities acquired by the Company's subsidiaries which are investment professionals are the net value of the subsidiary.</p>	<p>securities purchased by the Company is limited to 150% of the shareholders' equity in the most recent Financial Statements of the Company's certified by an audited accountant. However, the reinvested amount of a single company is limited to 50% of the shareholders' equity in the company.</p> <p>IV. Total amounts of real property or securities and limits on individual securities acquired by the Company's subsidiaries which are not investment professionals are subject to all the preceding paragraphs.</p> <p>V. Total amounts of real property or securities and limits on individual securities acquired by the Company's subsidiaries which are investment professionals are the net value of the subsidiary.</p> <p>VI. <u>The above-mentioned total value of marketable securities and respective limits do not apply in case of organizational restructuring to the Company or any of its subsidiaries.</u></p>	As is needed for the operation of the Company
Article 18	The amendments to the Procedures shall be implemented after the shareholders' meeting on June 13, 2019.	The amendments to the Procedures shall be implemented after the shareholders' meeting on June 13, 2019. <u>Revisions made to this Procedure are to be implemented after a decision is made through the general shareholders' meeting on June 10, 2021.</u>	Date of Revision

Attachment 7

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

Article	Article Before Amendments	Article After Amendments	Explanation
Article 4	<p>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.</p> <p>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, <u>including at least one Supervisor</u>; 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.</p> <p>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.</p> <p>The Company may designate its attorney, certified public accountant, or other relevant persons to attend the meeting.</p>	<p>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.</p> <p>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, and 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.</p> <p>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.</p> <p>The Company may designate its attorney, certified public accountant, or other relevant persons to attend the meeting.</p> <p>The Chairperson shall call the meeting to order on the time of meeting. <u>When</u></p>	Reflective of the current actual operation of the Company

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>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.</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 the Company Act and inform shareholders with tentative resolutions and reconvene another shareholders' meeting within a month.</p> <p>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 of the Company Act.</p>	<p><u>time of meeting is due, the chairperson shall call the meeting to order and announce the number of attending shareholders without voting rights and the number of shares represented in the attendance, among other information at the same time.</u></p> <p>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.</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 the Company Act and inform shareholders with tentative resolutions and reconvene another shareholders' meeting within a month.</p> <p>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 of the Company Act.</p> <p>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.</p>	Added reflective of regulatory requirements
Article 11	The voting of proposals shall be approved by more than 50% of the	The voting of proposals shall be approved by more than 50% of the	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p><u>When directors are elected during a shareholders' meeting, related election regulations established by the Company shall be followed and the voting results shall be announced on the spot, including the list of elected directors and the number of votes each of them received and the list of candidates who were not elected and the number of votes each of them received.</u></p> <p>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.</p>	<p>Added reflective of regulatory requirements</p>

Attachment 8

Sigurd Microelectronics Corporation
Articles of Incorporation
Comparison Table of Articles Before and After Amendments

Article	Article Before Amendments	Article After Amendments	Explanation
Article 2	<p>The scope of business of the Company shall be as follows:</p> <p>CC01080 Electronic Parts and Components Manufacturing.</p> <p>CC01120 Data Storage Media Manufacturing and Duplicating.</p> <p>CC01110 Computers and Computing Peripheral equipment Manufacturing.</p> <p>CC01990 Electrical Machinery, Supplies Manufacturing.</p> <p>CB01010 Machinery and Equipment Manufacturing.</p> <p>CE01010 Precision Instruments Manufacturing.</p> <p>F119010 Wholesale of Electronic Materials.</p> <p>F219010 Retail Sale of Electronic Materials.</p> <p>F213040 Retail Sale of Precision Instruments.</p> <p>F401010 International Trade.</p> <p>I301010 Software Design Services.</p> <p>IZ99990 Other Industry and Commerce Services Not Elsewhere Classified.</p> <p>I501010 Product Designing.</p> <p>ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>The scope of business of the Company shall be as follows:</p> <p>CC01080 Electronic Parts and Components Manufacturing.</p> <p>CC01120 Data Storage Media Manufacturing and Duplicating.</p> <p>CC01110 Computers and Computing Peripheral equipment Manufacturing.</p> <p>CC01990 Electrical Machinery, Supplies Manufacturing.</p> <p>CB01010 Machinery and Equipment Manufacturing.</p> <p>CE01010 Precision Instruments Manufacturing.</p> <p>F119010 Wholesale of Electronic Materials.</p> <p>F219010 Retail Sale of Electronic Materials.</p> <p>F213040 Retail Sale of Precision Instruments.</p> <p>F401010 International Trade.</p> <p>I301010 Software Design Services.</p> <p>IZ99990 Other Industry and Commerce Services Not Elsewhere Classified.</p> <p>I501010 Product Designing.</p> <p><u>G801010 Warehousing.</u></p> <p>ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	Additional Scope of Operation
Article 5	The authorized capital of the Company	The authorized capital of the Company	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>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.</p> <p>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.</p> <p>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.</p>	<p>is NT\$<u>10 billion</u>, consisting of <u>1 billion</u> 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.</p> <p>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.</p> <p>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.</p>	<p>Revision of the wordings.</p> <p>As is needed for the operation of the Company</p>
Article 10	<p>A shareholder who is unable to attend the shareholders' meeting may authorize another person to attend by proxy using the form <u>provided by the Company</u>, 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.</p>	<p>A shareholder who is unable to attend the shareholders' meeting may authorize another person to attend by proxy using the form, which sets forth the scope of the authorization. The shareholder proxy process is governed by Article <u>177</u> of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meeting of Public Companies.</p>	<p>Revision of the wordings according to the terms adopted in the Company Act</p>
Article 24	<p>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</p>	<p>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</p>	

Article	Article Before Amendments	Article After Amendments	Explanation
	<p>policy.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p><u>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.</u></p>	<p>policy.</p> <p>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.</p> <p>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.</p> <p>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. <u>The shareholder dividends to be distributed for the current year shall be 10% ~ 80% of the annual distributable earnings, provided however, the ratio for cash dividend shall not less than 10% of total distribution.</u></p>	<p>Revisions made reflective of the terms adopted in the Company Act and the Company's operational demand and the defined dividend policy</p>
Article 29	<p>The Articles of Incorporation was enacted on November 28, 1988. The 1st amendment was made on October 16, 1989. The 24th amendment was made on June 7, 2018. The 25th amendment was made on June 13, 2018.</p>	<p>The Articles of Incorporation was enacted on November 28, 1988. The 1st amendment was made on October 16, 1989. The 24th amendment was made on June 7, 2018. The 25th amendment was made on June 13, 2018. <u>The 26th amendment was made on June 10, 2021.</u></p>	<p>The No. and date of revision are added.</p>

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: Shin-Yang Huang

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

Approved in the general shareholders' meeting on June 10, 2020

- 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. Pertaining to proposals (including extemporary motions and amendments of original proposals), voting by poll should be adopted. 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 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, and provide adequate time for voting.

- VI. 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. 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 Directs should include the proposal 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.

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 in writing or by way of electronic transmission, 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.

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.

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.

- 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 "Picketer" 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.

Sigurd Microelectronics Corporation

Procedures for Acquisition or Disposal of Assets

Article 1: Purpose

To establish the Company's rules for acquisition or disposal of assets to ensure that the acquisition and disposal of assets have been properly assessed. Implement the principle of information disclosure and comply with relevant laws and regulations.

Article 2: Legal Basis

According to the Securities and Exchange Act, Article 36-1 and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." However, if regulated otherwise by applicable laws, such provisions shall prevail.

Article 3: Scope of Assets

The term "assets" in these Procedures shall apply to the following:

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

Article 4: The terms used in the Procedures are defined as follows:

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service

contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

- II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Paragraph 3, Article 156 of the Company Act.
- III. Related party or subsidiary: As defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."
- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Date of occurrence: Refers to the date of contract signing of the transaction, date of payment, date of consignment trade, date of transfer, date of Board of Directors' resolutions, or any other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, for investment in which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Mainland China investment: Refers to investments in the Mainland China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area."
- VII. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- VIII. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- IX. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the "Regulations Governing Securities Trading on the Taipei Exchange"; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5: Appraisal and Procedures for Acquisition of Assets

If the appraisal of the relevant assets is regarding real property and other fixed assets, the capital expenditure plan shall be prepared by each unit in advance. After the feasibility assessment, it will be sent to the accounting unit to prepare the capital expenditure budget, and will be executed and controlled according to the plan; for short and long term securities investments, the execution unit may conduct a feasibility assessment before proceeding.

Article 6: Appraisal and Procedures for Disposal of Assets

For the assessment of asset disposal, if the assets are real estate and other fixed assets, the application unit fills in the application form or submitted as a project request for approval, stating the reasons for the disposition, the method of disposal. It can only be implemented after approval.

Article 7: Procedures for Determining the Terms of Transaction

I. Price Determination and Reference Basis

- (I) Acquisition or disposal securities which trading from the market overt, the price is determined by the market.
- (II) For acquisition or disposal securities which are not trading from the market overt, the Company shall refer the book value per share, the profitability, the potential, the interest rate, and trading price at that time upon acquisition or disposal.
- (III) When acquiring or disposing the fixed income securities that are not traded at stock exchanges or securities dealers, the Company shall factor in the net value per share, profitability, and future potential of such securities as well as the market interest rate, coupon rate, debt credit rating, and transaction price upon acquisition or disposal.
- (IV) When acquiring or disposing of real property, it shall be determined by reference to the publicly announced value, evaluated value, the actual trading price of near real property upon acquisition or disposal.
- (V) When acquiring or disposing of fixed assets, shall adopt the price comparison, negotiation, or an open invitation to bid.

II. Level of authorization

- (I) For the acquisition or disposal of the Company's assets, the Chairman shall be authorized to approve within NT\$200 million (including) and over NT\$200 million shall be approved by the Board of Directors beforehand; the relevant amounts shall be checked and operated in accordance with the "Table of Approval Authority."
- (II) When obtaining fixed assets, the Company shall send the budget within the approved scope of the Company to the Board of Directors for resolution. And according to the Company's "Purchasing Management Operating Procedures". The disposal of fixed assets shall follow the regulations in "Regulations Governing the Management of Fixed Assets".
- (III) When acquiring or disposing of assets, the Company shall, in case of the circumstances listed in Item 1, Paragraph 1, Article 10 and Paragraph 2, Article 12 of the Procedures, it shall not be carried out unless has been approved by the Board of Directors and notified to the Supervisors in advance or has been recognized by the Supervisors. The situation shall also be reported to the next shareholders' meeting.

Article 8: Implementation Unit

The Company's execution unit for long-term and short-term securities investments and derivative products are the financial unit; while the execution units of real estate and other fixed assets are the use units and relevant responsible units.

Article 9: Announcement and Reporting

- I. Under any of the following circumstances, when the Company acquires or disposes of assets, it shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:
- (I) To acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. Except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (II) Merger, demerger, acquisition, or transfer of shares.
 - (III) Losses from derivatives transactions reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
 - (IV) The acquired or disposed of assets are equipment for business use where the transaction counterparty is not a related party, and the transaction amount reaches one of the following:
 - 1. Companies with paid-in capital of less than NT\$10 billion and trading of more than NT\$500 million.
 - 2. Companies with paid-in capital of more than NT\$10 billion and trading of more than NT\$1 billion.
 - (V) Acquisition of real property by engaging others to build on the Company's own land or leased land, joint construction and allocation of housing units, joint construction and allocation of housing units, and allocation of ownership, or joint construction and separate sale, where the transaction counterparty is not a related party, which the Company's estimated amount of investment is less than NT\$500 million.
 - (VI) Where an asset transaction other than any of those referred to in the preceding 5 paragraphs, disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - 1. Trading of domestic government bonds.
 - 2. Where done by professional investors—securities trading at home or abroad on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds), or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - 3. Trading of bonds under repurchase or resale agreements, or subscription or redemption of domestic money market funds.

The amounts of transactions in the preceding paragraph shall be calculated as follows: The amounts of transactions in the preceding paragraph shall be calculated as follows:

- (1) The amount of any individual transaction.
- (2) The cumulative transaction amount of acquisitions and disposals of the same type of the underlying asset with the same trading counterparty within the preceding year.
- (3) In the threshold requiring public announcement for subsidiaries of the Company, the term "paid-in capital" or "total assets" shall be based on the Company's paid-in capital or total assets.
- (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

- II. The Company shall compile monthly reports on the status of derivatives transactions engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
- III. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
 - (I) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (III) Change to the originally publicly announced and reported information.
- IV. Matters to be reported by the Company's subsidiaries:
 - (I) Procedures for the acquisition or disposal of assets by subsidiaries of the Company shall also be handled in accordance with the Procedures.
 - (II) Information required to be publicly announced and reported in accordance with the provisions of acquisitions and disposals of assets by a public company's subsidiary that is not itself a public company in Taiwan shall be reported by the public company.
 - (III) In the threshold requiring public announcement for subsidiaries of the Company, the term "20% of the Company's paid-in capital or 10% of its total assets" shall base on the Company's paid-in capital or total assets.
 - (IV) For the calculation of 10% of total assets under these Procedures, the total assets stated in the most recent parent company only Financial Report or Individual Financial Report prepared under the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under the Procedure regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these

Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

V. Public announcement and regulatory filing procedures

According to Paragraph 2, Article 7 and Article 5 of the Procedures, when the Company acquires or disposes of assets and should make a public announce and report, it shall draw up a draft of the public announce and report by the financial unit within two days from the date of the resolution of the Board of Directors or the date of the occurrence of facts, make the public announce and report in accordance with the provisions of Article 8 of the Procedures, and submit relevant information to the relevant units for announcing and reporting.

VI. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

VII. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

Article 10: Obtaining of Asset Appraisal or Analysis Report

I. In acquiring or disposing of real property or equipment or its right-of-use assets where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right-of-use assets for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of

the transaction amount.

2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- II. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain Financial Statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- III. When acquiring or disposing of securities or its right-of-use assets, the Company shall, prior to the date of occurrence of the event, obtain Financial Statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- IV. The calculation of the transaction amounts referred to in the preceding three Articles shall be done in accordance with Article 9 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
- V. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
- VI. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall further comply with the following provisions:
 - (I) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the

Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

- (II) The professional appraising firm and the appraiser may not be a related party or de facto related party of any party to the parties involved in the transaction.
- (III) The Company shall seek appraisals from at least two professional firms, and the respective appraising firms and appraisers may not be a related party or de facto related party of any party to the transaction.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

- (I) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- (II) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- (III) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (IV) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 11: Total amounts of real property and its right-of-use assets or securities acquired by the Company and each subsidiary for non-operating purpose, and investment limits on individual securities.

- I. The Company may purchase the scope of assets specified under Article 3 of the Procedures.
- II. The total amount of non-operating real estate and its right-of-use assets and short-term securities purchased by the Company is limited to 40% of the shareholders' equity in the most recent Financial Statements of the Company's certified by an audited accountant. The amount of investment in short-term securities that is subject to the above-mentioned 10% of the shareholders' equity.
- III. The total amount of long-term securities purchased by the Company is limited to 150% of the shareholders' equity in the most recent Financial Statements of the Company's certified by an audited accountant. However, the reinvested amount of a single company is limited to 50% of the shareholders' equity in the company.
- IV. Total amounts of real property and its right-of-use assets or securities and limits on individual securities acquired by the Company's subsidiaries which are not investment professionals are subject to all the preceding paragraphs.

- V. Total amounts of real property and its right-of-use assets or securities and limits on individual securities acquired by the Company's subsidiaries which are investment professionals are the net value of the subsidiary.

Article 12: Procedures for Related Party Transactions

- I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 20% or more of the Company's total assets, or NT\$300 million or more, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding section.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

- II. When the Company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee in whole or more than one-half, and submitted to the Board of Directors for resolutions, in accordance with the provisions of Article 17 of the Procedure:

- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (II) The reason for choosing the related party as a trading counterparty.
- (III) With respect to the acquisition of real property or right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in compliance with the relevant provisions.
- (IV) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds' utilization.
- (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the Article 9 of the Procedures, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Audit Committee need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the Company and its parent or subsidiaries, or between subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 7, paragraph 2, subparagraph 1 delegate the board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

- (1) The acquisition or disposal of business-use equipment or right-of-use assets.
- (2) The acquisition or disposal of business-use real property or right-of-use assets.

Where the position of Independent Director has been established, when an acquisition of real estate from a Related Party is submitted for discussion by the Board pursuant to the preceding regulation, the Board shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

Where an Audit Committee has been established in the Company, any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 17, paragraphs 3 and 4.

III. When the Company acquires real estate or right-of-use assets from a related party, it shall take the following steps to evaluate the reasonableness of the transaction cost:

- (I) Based on the transaction price of the related party plus necessary fund interest, and the cost to be borne by the buyer according to law. The "necessary fund interest cost" shall be imputed based on the weighted average interest rate of the fund borrowed by the Company in the year of purchase of the asset; provided that such interest rate shall not be more than the ceiling of loan interest rate of non-financial industry published by the Ministry of Finance.
- (II) Based on the total assessed value for loan made by a financial institution if such an object has been mortgaged to the financial institution for a loan; provided that the actual aggregate loan extended by the financial institution for the object shall reach 70% or more of the total assessed value and the loan period is more than one year. However, this shall not apply if the financial institution and either party of the transaction are related persons.

Where both the land and building on the property in question are purchased or leased, the cost of the real property may be reached by respectively imputing or evaluating such land and building based on either method described above.

- (III) The Company that acquires real property or right-of-use assets from a related party and appraises the cost of the real property or right-of-use assets in accordance with the provisions of preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

- 1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- 2. More than 5 years will have elapsed from the time the related party signed the contract to

obtain the real property or right-of-use assets to the signing date for the current transaction.

3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
4. The Company acquired business-use real property or right-of-use assets between its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.
- IV. When the results of Company's appraisal conducted in accordance with the provisions of item 1 and item 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with the provisions of the Article 8, Paragraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA has been obtained, this restriction shall not apply:
 - (I) Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the Related Party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the Related Party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 2. Transaction cases by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - (II) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Transaction cases for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real estate or right-of-use assets.
- V. Where the Company acquires real property or right-of-use assets from a related party and the results of appraisals conducted in accordance with the preceding regulations are uniformly lower than the transaction price, the following steps shall be taken:
 - (I) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property or right-of-use assets transaction price and the appraised cost, and may not be distributed or

used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

- (II) Supervisors shall comply with Article 218 of the Company Act. Where an Audit Committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the Independent Director members of the Audit Committee.
- (III) Actions taken pursuant to the preceding Subparagraph 1 and 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and got the authority's consent.

When the Company obtains real property or right-of-use assets from a related party, it shall also comply with the provisions of the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 13: Procedures for Acquisition or Disposal of Derivatives

I. Trading principles and strategies

- (I) Instruments: Derivatives specified in this Procedure refer to products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests, such as Forward contracts.

The provisions of this procedure are not applicable to the trading of bonds under repurchase agreements.

- (II) Strategy: derivatives transactions are used for hedging purpose. The types of transactions should also be mainly based on forward contracts. Besides, the transaction object should choose the bank that has regular business with the Company as much as possible to avoid credit risk.

(III) Division of Authority and Responsibility

1. Finance unit

- (1) Responsible for the formulation of the Company's foreign exchange transactions.
- (2) Dealing staff should regularly calculate the trading positions every two weeks, collect market information, conduct trend judgment and risk assessment. The operational strategy is drafted for the authority to approve as the basis for engaging in the transaction.
- (3) Execute the transaction in accordance with the authority and the established strategy.
- (4) When there is a material change in the financial market and the judgment of the dealing

staff is no longer able to formulate the applicable effective strategy, the assessment report should be submitted at any time, the strategy should be reformulated and approved by the general manager as the basis for engaging in the transaction.

2. Accounting unit

- (1) Execution of transaction confirmation.
- (2) Verification of the transaction is based on the authorization and the established strategies.
- (3) The evaluation shall be carried out monthly and the evaluation report is presented to the general manager.
- (4) Accounting processing
- (5) Report and announcement according to the Securities and Futures Institute

3. Settlement personnel: Execution of delivery tasks.

4. Derivatives

(1) Total amount

- a. Hedging transactions: The total amount shall not exceed the accounts receivables/payables or the net asset/liabilities balance which is higher in the next 6 months.
- b. Investment transactions: which is proposed by the finance unit and is applied for approved.
The maximum amount of investment in the investment transaction shall not exceed 20% of the paid-in capital.

(2) Maximum loss limit:

- a. Hedging transactions: Such transactions are already evading risks, so there is no limit on the loss.
- b. Investment transactions: The total loss shall not exceed 5 percent of the paid-in capital; the loss of individual trading contracts shall not exceed NT\$3 million.

(IV) Performance assessment (Hedging transactions)

1. Gains and losses generated by transactions of financial derivatives engaged in due to exchange and interest rate costs associated with accounts shall constitute the basis of performance assessments.
2. To fully grasp and express the assessment risk of the transaction, the Company assessed the profit and loss on a monthly basis.
3. The financial unit shall provide foreign exchange position evaluations, foreign exchange market trends, and market analysis for top executives, as references and indicators for management.

II. Risk management measures

(I) Credit risk management:

Market fluctuations tend to cause operational risks for financial derivatives. Market risk management shall, therefore, be based on the following principles:

1. Transaction counterparty: In principle, banks dealing with the Companies are limited.

2. Traded products: shall be confined to foreign exchange.
3. The daily trading amount or accumulated position which has not been written-off shall not exceed 10% of the authorized amount, with the exception of those approved by General Manager.

(II) Market risk management:

Preference shall be given to the open foreign exchange market provided by banks, the futures market is currently not considered.

(III) Liquidity risk management:

Preference shall be given to highly liquid products which can be squared up on the market at any time to ensure market liquidity. Entrusted financial institutions shall have sufficient resources and the capability to conduct transactions on any market at any time.

(IV) Cash flow risk management:

At ordinary times, shall pay attention to the Company's foreign currency cash flow, ensuring sufficient cash for the delivery, to ensure stable working capital turnover.

(V) Operational risk management:

1. Shall follow the Company's authorization limit, operating procedures, and included in the internal audit to avoid operational risks.
2. Personnel engaged in derivative product trading and operation personnel of confirmation or settlement shall not concurrently assume each other's roles.
3. Personnel responsible for risk measurement, supervision and control shall be the internal auditors of non-financial departments and report to senior managers or chairmen or boards of Directors who are not responsible for trading or departmental decision-making.

(VI) Product risk management:

Internal personnel in charge of transactions shall have comprehensive and accurate knowledge of financial products and banks shall be required to fully disclose risks to prevent risks associated with financial products.

(VII) Legal risk management:

Documents signed with the trading partners are mainly general contracts used in the market, and any unique contracts must be examined by lawyers.

III. Internal audit system

- (I) Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives transactions by the trading department adheres to the procedures for engaging in derivatives transactions, and prepare an audit report. If any material violation is discovered, members of the Audit Committee shall be notified in writing.
- (II) Internal auditors shall file the auditing report and the implementing status of annual auditing plans of internal audits to the competent authority before the end of February of next year and also shall report the improvement situation for any abnormal affairs to the competent authority before the end of May of next year.

IV. Regular evaluation methods

- (I) The Board of Directors' Meeting shall authorize senior management staff to regularly supervise and assess if derivative product transactions are truly executed in accordance with transaction procedures stipulated by the Company, and if risks assumed are within the scope of tolerable assumption. Under the circumstances that there are irregularities in market price assessment report (e.g., position held has already exceeded loss limit), the Board of Directors' Meeting shall be reported immediately and countering measure(s) shall be taken accordingly.
 - (II) The position held in the trading of derivatives shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be presented to high-level managers authorized by the Board of Directors.
- V. Where the Company engaging in derivatives transactions, its Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:
- (I) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives transactions risk.
 - 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the Procedures for Engaging in Derivatives Transactions set by the Company.
 - 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the Company has Independent Directors, an Independent Director shall be present at the meeting and express an opinion.
 - (II) Periodically evaluate whether derivatives transactions performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
 - (III) The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives transactions in compliance with its Procedures.
 - (IV) When the Company engaging in derivatives transactions shall establish a log book in which details of the types and amounts of derivatives transactions engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under regulations of the Procedures shall be recorded in detail in the log book.

Article 14: Procedures for Handling Corporate Mergers, Demergers, Acquisitions, and Transfers of Shares

- I. The Company conducting a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a certified public accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it

directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

- II. A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in preceding when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

- III. A company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

- (I) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (II) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
- (III) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

- IV. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- V. Public companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - (I) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - (II) An action, such as a disposal of major assets, that affects the Company's financial operations.
 - (III) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - (IV) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - (V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (VI) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- VI. The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
 - (I) Handling of breach of contract.
 - (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - (III) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - (IV) The manner of handling changes in the number of participating entities or companies.
 - (V) Preliminary progress schedule for plan execution, and anticipated completion date.
 - (VI) Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

- VII. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the related regulations.

Article 15: Acquisition or Disposal of Assets by Subsidiary

- I. The Company shall supervise its subsidiaries to establish relevant "Procedures for Acquisition or Disposal of Assets." Such procedures shall be implemented after being approved by the subsidiaries' Board of Directors' Meeting. The same shall apply to any amendments to the Procedures.
- II. Acquisition or disposal of assets by a subsidiary of the Company shall be based on the regulations of the "Procedures for Acquisition and Disposal of Assets" of the subsidiary, and submitted to the parent company general manager for approval.

Article 16: Other important matters and concerns:

The matters not covered by the Procedures shall be governed by the relevant laws and regulations and the relevant regulations of the Company.

Article 17: Commencement and amendment of the procedures

Procedures for the acquisition or disposal of assets in accordance with the provisions of the Procedures shall, after being approved by the Audit Committee and the Board of Directors, be submitted to the shareholders' meeting for approval; the same applies when the procedures are amended.

Where the position of Independent Director has been created, when the "Procedures for Acquisition or Disposal of Assets" are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

The Company has established the Audit Committee. When the "Procedures for Acquisition or Disposal of Assets" are adopted or amended they shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than

two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

The terms "all Audit Committee members" in paragraph 3 and "all Directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 18: The amendments to the Procedures shall be implemented after the shareholders' meeting on June 13, 2019.

Appendix 4

Sigurd Microelectronics Corporation Table of Current Shareholding by Directors

April 12, 2021

Title	Account Title	Representative	Current number of shares held	Shareholding Ratio
Chairman	Shin-Yang Huang		7,215,771	1.71%
Director	Tsan-Lien Yeh		3,409,633	0.81%
Director	Hsu-Tung Kuo		1,931,879	0.44%
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, 2021, the date for suspension of share transfer, the Company's total issued shares were 442,611,334 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.