Stock Code: 6187

All Ring Tech Co., Ltd.

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2019 Annual Report

The Annual Report is available at: http://mops.twse.com.tw/mops/web/index

: http://www.allring-tech.com.tw/

Information declaration website designated by the Securities and Futures Bureau: Same as above

Annual Report disclosure website: Same as above

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Name: Chien-De Li
Title: Vice President
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Email: lee@allring-tech.com.tw

II. Deputy Spokesperson of All Ring Tech Co., Ltd.
Name: Hsiao-Mei Wang
Title: Associate Manager
Tel: (07) 607-1828
Email: whm@allring-tech.com.tw

III. Address and Contact of the Headquarters and Branches
Address of the Headquarters: No. 1, Luke 10th Rd., Luzhu Dist., Kaohsiung City
Tel: (07) 607-1828

IV. Stock Transfer Agency
Name: President Securities Corp.
Address: 1F., No. 8, Dongxing Rd., Songshan Dist., Taipei City
Website: www.pscnet.com.tw
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V. Certificated Public Accountants of Financial Statements for the Most Recent Year
CPA: CPA Tsi-Meng Liu, CPA Yong-Chih Lin
Accounting Firm: PricewaterhouseCoopers (PwC) Taiwan
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Website: www.pwc. tw
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VI. Name and Address of Overseas Securities Trading Agencies and Inquiry Method for Overseas Securities: None.

VII. Company Website: http://www.allring-tech.com.tw/

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Chapter 1 Letter to Shareholders

Business Report

Dear shareholders,

Thank you for taking time from your busy schedule to attend All Ring Tech Co., Ltd.'s regular meeting of shareholders today so that we can report to you on the operating performance for the past fiscal year and our future outlook. I would like to sincerely welcome you on behalf of the company.

We now report the operating performance for the past fiscal year and the future outlook of All Ring Tech Co., Ltd. and its subsidiaries:

I. 2019 Business Report

(I) Implementation Outcome of the Business Plan

The consolidated net operating revenue and net profit after tax in 2019 of the company and its subsidiaries totaled NT$1,032,376,000 and NT$83,441,000 respectively. The consolidated net operating revenue decreased by 46.39% compared to that in 2018, NT$1,925,869,000, while the net profit after tax decreased by 73.46% compared to that in 2018, NT$314,416,000.

(II) Budget Execution: All Ring Tech Co., Ltd. and its subsidiaries did not release financial forecasts for 2019, so no budget achievement needs reporting.

(III) Financial Balance and Profitability Analysis

Unit: NT$ thousand

Analysis Item/Fiscal Year		2019	2018
Financial Revenue and Expense	Interest income	6,203	9,234
	Interest expense	586	105
Profitability	Return on assets (%)	3.58	12.44
	Return on shareholders' equity (%)	4.69	16.85
	Operating profit to paid-in capital ratio (%)	10.02	38.95
	Net profit before tax to paid-in capital ratio (%)	11.28	43.90
	Net profit ratio (%)	8.08	16.33
	Basic earnings per share (NT$) (after retrospective adjustment)	1.00	3.74

(IV) Research and Development

The R&D results in 2019 are listed below: Please see Pages 66 and 68 for details.

II. Summary of 2020 Business Plan

(I) Business Policy

1. Customer-oriented approach; striving to meet the customer's needs.
2. Focus on R&D and marketing.
3. Making full use of external resources; expanding the scale of operations.
4. Research, development, and innovation; aiming for excellence.

(II) Projected Sales Amount and Its Base

All Ring Tech Co., Ltd. and its subsidiaries expect the sales volume to increase over 2019 and benefit the company, after considering changes in the overall economic environment, industry trends, and the company's development.

(III) Major Operation & Sales Policies

In addition to maintaining current customers, with our future crucial operating strategy, we will strive to seek new customers. Other vital plans include focusing on research and development, and improving customer satisfaction, to maintain the highest market share in the industrial equipment market, and achieve better operating performance.

(IV) Future Development Strategy

As a leading supplier in the semiconductor and passive-device industries, we will keep upgrading our current products and offer better service to meet customers' needs. To supply process equipment to energy-saving related industries, we will continue to develop new machines at customers' request.

(V) Impacts of External Competition, Government Regulations, and Overall Business Environment

In such a competitive environment as we are in, there is no better way to maintain long-term competitive advantages than prioritizing customers' needs. Under the entrepreneurial belief, "Creation, Service, Speed, Saving, Harmony, Confidence" and the spirit of "focusing and outstanding," All Ring Tech Co., Ltd. will continue to develop core technologies, follow the market trend, and comply with government-backed domestic equipment promotion, with a goal to boost customers' competency with inexpensive production facilities and hopefully create a mutual win-win benefit.

We wish all shareholders good health and all the best! Sincerely,

Chairman: Ching-Lai Lu

June 10, 2020

Chapter 2 Company Overview

I. Date of Establishment: May 24, 1996.

II. Company History:

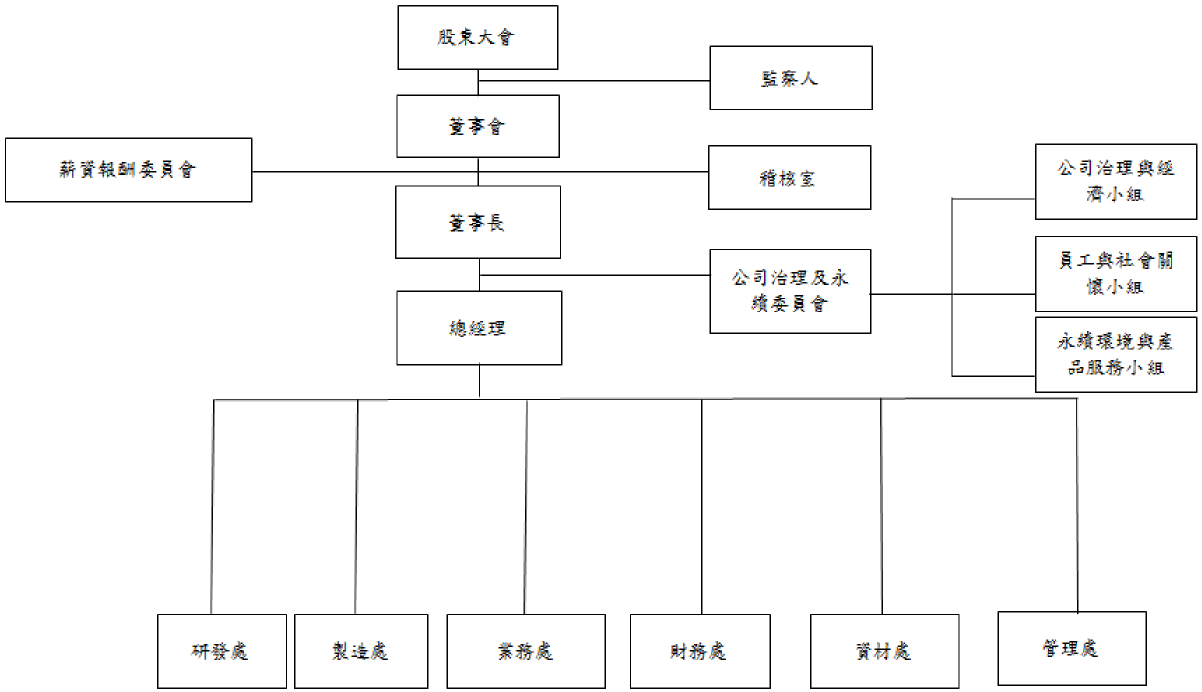
May 1996	All Ring Tech Co., Ltd. was established with a capital of NT$10 million. Its primary businesses included engineering design for automated machinery, processing, and manufacturing, assembly, and computer software development and design.
April 1997	The company successfully developed the automatic multilayer capacitance and inductance cutting machine (RK-C40).
March 1998	The company received the Automated Engineering Services Institution Registration Certificate from the Industrial Development Bureau, Ministry of Economic Affairs.
August 1998	The company successfully developed a dry cutting machine (RK-C60).
December 1998	The company successfully developed the inductance tester (RK-T50).
May 1999	The company purchased land, building, and plants at Yenchao Township, Kaohsiung County.
August 2000	The company successfully developed the swash plate inductance tester (RK-T50).
	The company organized a cash capital increase of NT$80 million and converted NT$11.2 million in earnings to capital and increased its capital to NT$131.2 million.
	The company received ISO 9001 from SGS Taiwan (SGS).
October 2000	The company received approval from the Securities and Futures Bureau and became a public company.
December 2000	The company invested in PAI FU International Limited.
December 2000	The company invested in Zhixin Information Co., Ltd.
February 2001	The company successfully developed the automated assembly system for radiators (RK-H1000) and the glue dispenser (RK-DU01).
June 2001	The company converted a total of NT$72,970,780 in earnings and employee bonuses to capital and increased the capital to NT$204,170,780.
August 2001	The company was ranked second in the top 100 fastest-growing backbone firms by the CommonWealth magazine.
October 2001	The company was awarded in the 8th Innovation and Research Award and the 4th Rising Star Award by the Small and Medium Enterprise Administration of the Ministry of Economic Affairs for the chip capacitance tester.
November 2001	All Ring Tech entered a technical collaboration with Zhixin Information and successfully developed a digital telescopic camera.
December 2001	The company was registered as an "emerging stock" on the Gre Tai Securities Market.
May 2002	All Ring Tech's investment in the Luzhu Plant in Southern Taiwan Science Park was approved.
	The company successfully developed the chip implantation machine (RK-ICM2000).
June 2002	The company received approval from the Securities and Futures Bureau and was listed on the OTC market.
July 2002	The company converted a total of NT$55,829,220 in earnings and employee bonuses to capital and increased the capital to NT$260 million.
November 2002	The company successfully developed the ball mounter (RK-IB600R).
July 2003	The company converted a total of NT$69 million in earnings and employee bonuses to capital and increased the capital to NT$320 million.
	The company received the 2003 Outstanding Photonics Product Award from the Photonics Industry & Technology Development Association.
January 2004	All Ring Tech became the first company to begin operations in Luzhu Science Park.
July 2004	The company invested in Egiga Source Technology Co., Ltd.
August 2004	The company converted a total of NT$41,333,110 in earnings and employee bonuses to capital and increased the capital to NT$437,255,580.
October 2004	The company successfully developed the PCBI IN LINE TFT manufacturing equipment.
April 2005	The company successfully developed the wafer crystallite screening machine and received subsidies from Southern Taiwan Science Park.
June 2005	The company successfully developed the glue spreader.
August 2005	The company converted a total of NT$55 million in earnings and employee bonuses to capital and increased the capital to NT$518,879,390.
November 2005	The company invested in Laser Med. Technology Co., Ltd.
October 2006	The company was awarded in the 15th edition of the National Award of Outstanding Small and Medium Enterprises by the Small and Medium Enterprise Administration of the Ministry of Economic Affairs.
October 2006	The company successfully developed the dual-track voltage dependent varistor testing machine.
May 2007	The company successfully developed the FPD laser repair machine (including lighting functions).
May 2007	The company successfully developed inductor wiring machines.
May 2007	The company introduced the Taiwan Intellectual Property Management System (TIPS).
December 2007	The company successfully developed 12-inch wafer sorters.
August 2008	The company successfully developed LED testing and taping machines.
August 2008	The company converted a total of NT$34,927,500 in earnings and employee bonuses to capital and increased the capital to NT$579,909,750.
September 2008	The company successfully developed light testing machines.
November 2008	The company was awarded the Taiwan Intellectual Property Management System (TIPS) certification by the Industrial Development Bureau of the Ministry of Economic Affairs.
November 2008	The company successfully developed slice inspection machines.
February 2009	The company was ranked 66th among companies that generated the most profits for shareholders by the Global Views magazine.
February 2009	The company successfully developed LED testing and sorting machines.
February 2009	The company successfully developed rotary electroplating machines.
December 2009	The company established the robotic R&D center.
January 2010	The company established the All Ring Tech Charity and Welfare Foundation.
November 2010	The company invested in All Ring Tech (Kunshan) Co., Ltd. through its subsidiary company IMAGINE and purchased plants in Kunshan, China.
June 2011	The company invested and established the subsidiary company Uniring Tech CO., Ltd.
October 2011	The company passed onsite inspections by the Kaohsiung Customs Office.
September 2012	Uni-Ring Tech successfully developed and shipped the floor sweeping machine.
December 2012	The company implemented corporate social responsibility (CSR).

September 2013	The company received two stars in the Best Companies to Work for Award.
September 2013	The company was awarded the "Most Successful Machinery Equipment Technology Cooperation Award" by the ASE Group.
March 2015	The company received the Best Supplier Award from ASE Group.
July 2015	All Ring Tech organized a cash capital increase of NT$222 million and increased the capital to NT$863,679,020.
March 2016	The company received the Best Supplier Award from ASE Group.
March 2017	The company received the Best Supplier Award from ASE Group.
April 2017	The Southern Taiwan Science Park awarded the company the Excellent Workplace Award.
May 2017	The company was ranked 37th for "growth," "profitability," and "highest profitability" in the Commonwealth magazine's evaluation.
June 2017	The company was ranked among the top 50 OTC companies in average employee welfare funding in 2016.
October 2017	The company received the Authorized Economic Operator (AEO) certificate from the Customs Administration.
March 2018	The company received the Best Supplier Award from ASE Group.
April 2018	The Southern Taiwan Science Park awarded the company the Excellent Workplace Award.
June 2018	The company was ranked among the top 50 OTC companies in average employee welfare funding in 2016.
May 2019	The company was ranked top 5% of the Taipei Exchange listed companies in the 5th Corporate Governance Evaluation.
June 2019	The company received the Best Supplier Award from ASE Group.
June 2019	The company received the Best Supplier Award from Gloria Hotel Group.

Chapter 3 Corporate Governance Report

I. Organizational System

(I) Organizational Structure



		General Meeting			
		Board of Directors	Supervisors		Corporate Governance and Economics Team
	Remuneration Committee	Chairman	Auditing Office		Employee and Social Care Team
		President	Corporate Governance and Sustainability Committee		Sustainable Environment and Product Service Team
R&D Division	Manufacturing Division	Sales and Marketing Division	Finance Division	Material Division	Administration Division

(II) Functions of Major Divisions

Division	Functions
Auditing Office	Responsible for internal audits and the effective operations of the internal control system as well as strict compliance with regulations and related standards and providing improvement recommendations.
Administration Division	Responsible for general administration, human resources, and computer system software and hardware planning and management; responsible for the design and modification of software based on operation procedures and maintaining the normal functions of computers.
Finance Division	Responsible for the company's finances, accounting, and shareholder services.
Sales and Marketing Division	Responsible for evaluating and expanding the semiconductor, passive components, automated LED equipment markets, formulating plans, sales, customer credit investigation, payment collection, and after-sales services.
Manufacturing Division and Materials Division	Responsible for the production of semiconductors, passive components, automated LED equipment, after-sales services, quality inspections, control and management, procurement of raw materials, and warehouse management.
R&D Division	Responsible for the design and development of mechanism, electronic control, software and hardware design for semiconductors, passive components, LED automation equipment as well as the design and development of the machinery, electronic control, software and hardware for new products.
Corporate Governance and Sustainability Committee	On February 26, 2019, the Board of Directors approved Vice President Chien-De Li as the person in charge of corporate governance. Based on the work and scope of each department, he shall ensure the advancement and implementation of overall work and report the implementation status to the Board of Directors regularly.

II. Information on Directors, Supervisors, President, Vice President, Associate Managers, and the Heads of All the Divisions and Branches

(I) Information on Directors and Supervisors

1. Information on Directors and Supervisors

Unit: Thousand shares; % April 11, 2020

Position	Name	Nationality or Location of Registration	Gender	Date of Initial Appointment	Date of Appointment	Term	Shares Held at Appointment		Shares Held at Present		Shares Held by Spouse and Minor Children		Shares Held in the Name of Other Persons		Major Work (Academic) Experience	Positions Concurrently Held at the company and Other Companies	Other Officers, Directors or Supervisors who Are Spouses or Relatives within the Second Degree of Kinship			Remark Note 3
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Position	Name	Relation	
Chairman	Ching-Lai Lu	Taiwan	Male	1996.05.27	2017.06.15	Three years	3,757	4.46	3,757	4.51	338	0.41	7,356	8.83	EMBA, National Cheng Kung University Philips Chien Yuan Electronics	Director of PAI FU Co., Ltd. and Chairman of Uniring Tech CO., Ltd.	Representative Director	Yu-Ru Chong	Spouse	None
Director	Hsin-Yao Cheng	Taiwan	Male	2005.06.07	2017.06.15	Three years	504	0.60	504	0.60	1	-	-	-	Cheng Shiu Junior College of Technology E&R Engineering Corporation	(Note 1)	-	-	-	None
Director	Fengqiao Investment Co., Ltd.	Taiwan	-	2010.05.12	2017.06.15	Three years	7,226	8.58	7,356	8.83	-	-	-	-	-	-	-	-	-	None
Representative Director	Yu-Ru Chong	Taiwan	Female	2017.06.15	2017.06.15	Three years	299	0.35	338	0.41	3,757	4.51	7,356	8.83	National University of Tainan Representative of Fengqiao Investment Co., Ltd.	Representative of Fengqiao Investment Co., Ltd.	Chairman	Ching-Lai Lu	Spouse	None
Director	Hanlin Construction Co., Ltd.	Taiwan	-	2017.06.15	2017.06.15	Three years	775	0.92	775	0.93	-	-	-	-	-	-	-	-	-	None
Representative Director	Ching-Han Chiu Huang	Taiwan	Male	2017.06.15	2017.06.15	Three years	-	-	-	-	-	-	-	-	Linyuan Junior High School Representative of Hanlin Construction Co., Ltd.	Representative of Hanlin Construction Co., Ltd.	-	-	-	None
Director	Chien-Chang Chen	Taiwan	Male	2011.06.22	2017.06.15	Three years	2,732	3.24	2,732	3.28	-	-	-	-	Sanji High School Representative of Fu-Du Building & Construction Co., Ltd.	Director of Fu-Du Building & Construction Co., Ltd.	-	-	-	None
Director (Independent)	Chin-Po Wang (Note 2)	Taiwan	Male	2012.05.27	2017.06.15	Three years	-	-	-	-	-	-	-	-	National Chiao Tung University Representative of Shintron Enterprise	Representative of Shintron Enterprise	-	-	-	None
Director (Independent)	Huan-Ming Chou	Taiwan	Male	2010.05.12	2017.06.15	Three years	-	-	-	-	-	-	-	-	Ph.D. in Mechanical Engineering, National Cheng Kung University Dean of College of Engineering, Kun Shan Technology University	Dean of College of Engineering, Kun Shan Technology University	-	-	-	None

Position	Name	Nationality or Location of Registration	Gender	Date of Initial Appointment	Date of Appointment	Term	Shares Held at Appointment		Shares Held at Present		Shares Held by Spouse and Minor Children		Shares Held in the Name of Other Persons		Major Work (Academic) Experience	Positions concurrently held at the company and other companies	Other Officers, Directors or Supervisors who Are Spouses or Relatives within the Second Degree of Kinship			Remark Note 3
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Position	Name	Relation	
Supervisor	Hong-Ren Lin	Taiwan	Male	2002.05.27	2017.06.15	Three years	1,552	1.84	1,552	1.86	70	0.08	-	-	Tatung College of Engineering Representative of Jiekuen Enterprise	Representative of Jiekuen Enterprise	-	-	-	None
Supervisor	Kuo-Chen Wu	Taiwan	Male	2017.06.15	2017.06.15	Three years	750	0.89	696	0.84	255	0.31	-	-	Master in Electronics, National Chiao Tung University Representative of Sysnix Co., Ltd.	Representative of Sysnix Co., Ltd.	-	-	-	None
Supervisor	Jincheng Investment Co., Ltd.	Taiwan	-	2017.06.15	2017.06.15	Three years	2,005	2.38	2,216	2.66	-	-	-	-	-	-	-	-	-	None
Representative Supervisor	Ching-Hsu Tsai	Taiwan	Male	2017.06.15	2017.06.15	Three years	-	-	-	-	-	-	-	-	Institute of Electrical Engineering, Cheng Shiu University Representative of Jincheng Investment Co., Ltd.	Representative of Jincheng Investment Co., Ltd.	-	-	-	None

Note 1: President of the company and Director of IMAGINE Group Limited.

Note 2: Upon learning on February 4, 2020 that Independent Director Chin-Po Wang passed away, the company relieved him of his duties as an Independent Director.

Note 3: If Chairman of the company is the same person, spouse or relative of first degree as General Manager or a person holding an equivalent position (top manager), he/she shall explain the reasons, rationality, necessity, corresponding measures (e.g., increasing the number of Independent Directors, keeping more than half of the Directors not concurrently serving as employees or managers, etc.) and other related information.

2. Major shareholders of institutional shareholders

April 11, 2020

Name of Institutional Shareholder	Major Shareholder of Institutional Shareholder
Fengqiao Investment Co., Ltd.	Yu-Ru Chong (49.74%) and Ching-Lai Lu (39.48%)
Jincheng Investment Co., Ltd.	Ching-Hsu Tsai (33.97%)
Hanlin Construction Co., Ltd.	Ching-Han Chiu Huang (3.20%)

3. Representatives of the institutional shareholders, which are the major shareholders of the company's institutional shareholders: Not applicable.

4. Information on the independence of Directors and Supervisors

April 11, 2020

Qualifications / Name	Having More than Five Years of Work Experience and the Following Professional Qualifications			Status of Meeting Independence Conditions										Number of Positions as an Independent Director for Other Publicly-listed Companies
	Serving as a Lecturer or Above in a Department of Business Administration, Law, Finance, Accounting, or Other Discipline Relevant to the company's Operations in a Public or Private College Institution	Serving as a Judge, Prosecutor, Lawyer, Accountant, or Other Professional Practice or Technician Relevant to the company's Operations that Must Undergo National Examinations and Be Licensed by the Competent Authorities	Work Experience of Business Administration, Legal Affairs, Finance, Accounting, or Business Sector of the company	1	2	3	4	5	6	7	8	9	10	
Ching-Lai Lu			✓				✓		✓	✓		✓	✓	-
Hsin-Yao Cheng			✓				✓	✓	✓	✓	✓	✓	✓	-
Ching-Han Chiu Huang (Note 1)			✓	✓		✓	✓	✓	✓	✓	✓	✓		-
Chien-Chang Chen			✓	✓			✓	✓	✓	✓	✓	✓	✓	-
Yu-Ru Chong (Note 2)			✓					✓	✓	✓		✓		-
Chin-Po Wang (Note 3) (Note 7)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Huan-Ming Chou (Note 4)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Hong-Ren Lin			✓	✓			✓	✓		✓	✓	✓	✓	-
Kuo-Chen Wu			✓	✓			✓	✓	✓	✓	✓	✓	✓	-
Ching-Hsu Tsai (Note 5)			✓	✓		✓	✓	✓	✓	✓	✓	✓		-

Note 1: Mr. Ching-Han Chiu Huang is the representative of the company's institutional Director, Hanlin Construction Co., Ltd.

Note 2: Ms. Yu-Ru Chong is the representative of the company's institutional Director, Fengqiao Investment Co., Ltd.

Note 3: Director Chin-Po Wang has rich experience in financial and corporate management and has an excellent international outlook, insight, and judgment, who can use his expertise to provide professional advice to the Board of Directors.

Note 4: Director Huan-Ming Chou is the Dean of the Institute of Engineering at Kunshan University of Science and Technology. He has extensive knowledge, experience, and expertise. In considering the company's industry and needs, Director Chou can fully contribute the experience and maintain independence during the tenure. He can complement other Directors and enhance the overall talent of the Board to achieve diversity goals.

Note 5: Mr. Ching-Hsu Tsai is the representative of the company's institutional Supervisor, Jincheng Investment Co., Ltd.

Note 6: Upon learning on February 4, 2020 that Independent Director Chin-Po Wang passed away, the company relieved him of his duties as an Independent Director.

Note 7: For any Director or Supervisor who fulfills the relevant condition(s) for two fiscal years before being appointed or during the term of duty, please provide the “” sign in the field next to the corresponding conditions.

(1) Not employed by the company or a related company.

(2) Not the Director or Supervisor of the company or a related company (The Independent Director of a subsidiary of the company, or its parent company, and companies where more than 50% of the voting shares directly and indirectly are held by the company, shall not apply).

(3) Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person’s spouse, minor children, or in the name of others.

(4) Not a spouse, a second-degree relative, or a linear five-degree relative of any of the personnel listed in the three preceding conditions.

(5) Not a Director, Supervisor, or employee of an institutional shareholder that directly holds more than 5% of the total number of issued shares of the company or is ranked top 5 in terms of quantity of shares held.

(6) Not a Director (a council member), Supervisor (a council Supervisor), managerial officer, or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the company

(7) Not a professional individual or owner, partner, Director (member of the governing Board), Supervisor (member of the supervising Board), managerial officer, or spouse thereof, of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting, or consultation services to the company or to any affiliated business. However, this excludes members of the Remuneration Committee who have been appointed to exercise duties in accordance with Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

(8) Not a spouse or a second-degree relative with any Director.

(9) Where none of the circumstances in the paragraphs of Article 30 of the Company Act applies.

(10) Where the person is not elected in the capacity of the government, a judicial person, or a representative thereof as provided in Article 27 of the Company Act.

(II) Information on the President, Vice President, Associate Manager, and Heads of Departments and Branches

Unit: Thousand shares; % April 11, 2020

Position	Name	Nationality	Gender	Date of Appointment	Number of Shares Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Other Persons		Major Work (Academic) Experience	Positions Concurrently Held in Other Companies	Managerial Officer who Has a Spouse or Second-degree Relatives within the company			Employee Stock Options Acquired by Managerial Officer	Note 3
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Position	Name	Relation		
President	Hsin-Yao Cheng	Taiwan	Male	2010.10.01	504	0.60	1	-	-	-	Cheng Shiu Junior College of Technology E&R Engineering Corporation	(Note 1)	None	None	None	None	None
Chief Technology Officer (Note 2)	Cheng-En Ou	Taiwan	Male	2020.02.26	9	0.01	-	-	-	-	Cheng Shiu Junior College of Technology SHT Electronics Taiwan	None	None	None	None	None	None
President's Office Vice President	Chien-De Li	Taiwan	Male	2017.03.16	22	0.03	110	0.13	-	-	MBA, National University, USA President Securities Corp.	None	None	None	None	None	None
R&D Division Associate Manager	Ming-Tsung Kuo	Taiwan	Male	2012.04.05	18	0.02	-	-	-	-	Chiayi College of Agriculture Cheng Ming Machinery Co., Ltd.	None	None	None	None	None	None
Finance Division Associate Manager	Hsiao-Mei Wang	Taiwan	Female	2010.10.01	58	0.07	3	-	-	-	Chung Yuan Christian University Chien Hsing Accounting Firm	None	None	None	None	None	None
Material Division Associate Manager	Shih-Long Yeh	Taiwan	Male	2015.05.12	15	0.02	-	-	-	-	National Cheng Kung University PwC Taiwan	None	None	None	None	None	None
R&D Division Associate Manager	Kuo-Lun Wang	Taiwan	Male	2016.03.21	-	-	-	-	-	-	Institute of Mechanical Engineering, National Cheng Kung University Contrel Technology Co., Ltd.	None	None	None	None	None	None
Administration Division Associate Manager	Ming-Chieh Tsai	Taiwan	Male	2018.02.27	-	-	-	-	-	-	United Engineering Professional School Chengxin Intellectual Property Rights	None	None	None	None	None	None
R&D Division Associate Manager	Chien-Jen Cheng	Taiwan	Male	2018.11.05	-	-	-	-	-	-	Institute of Applied Mechanics, National Taiwan University Kunshan Isun Tek	None	None	None	None	None	None

Note 1: President of the company and Director of IMAGINE Group Limited.

Note 2: Mr. Cheng-En Ou was promoted to Chief Technology Officer on February 26, 2020.

Note 3: Supervisor of Uniring Tech CO., Ltd.

Note 4: When General Manager or a person holding the equivalent position (top manager) and the Chairman of the company are the same person, spouse or relative of first degree, the reasons, rationality, necessity, and corresponding measures (e.g., increasing the number of Independent Directors, and the way that more than half of the Directors are not employees or managers) shall be disclosed.

(III) Remuneration to Directors and Independent Directors

Unit: Thousand shares/NT$ thousand; December 31, 2019

Position	Name	Directors Remuneration								Percentage of Total Sums of A, B, C and D to Net Income after Tax (Note 11)		Remuneration Paid to Concurrent Employees												Percentage of Total Sums of A, B, C, D, E, F, and G to Net Income after Tax (Note 11)		Whether or Not the Person Receives Remuneration from Other Non-subsidiary Companies that the company Has Invested in (Note 12)
		Compensations (A) (Note 2)		Severance Pay and Pension (B)		Director Compensation (C) (Note 3)		Business Expenses (D) (Note 4)				Salaries, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 6)				Number of Shares Subscribed for Employee Stock Options (H) (Note 7)		Restricted Employee Shares Acquired (I) (Note 13)				
		The company	All Companies Listed in This Financial Report (Note 8)	The company	All Companies Listed in This Financial Report (Note 8)	The company	All Companies Listed in This Financial Report (Note 8)	The company	All Companies Listed in This Financial Report (Note 8)	The company	All Companies Listed in This Financial Report (Note 8)	The company	All Companies Listed in This Financial Report (Note 8)	The company	All Companies Listed in This Financial Report (Note 8)	The company		All Companies Listed in This Financial Report (Note 8)		The company	All Companies Listed in This Financial Report (Note 8)	The company	All Companies Listed in This Financial Report (Note 8)	The company	All Companies Listed in This Financial Report (Note 8)	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount							
Chairman	Ching-Lai Lu	-	-	-	-	398	398	40	40	0.52	0.52	1,577	1,577	-	-	55	-	55	-	-	-	-	-	2.48	2.48	None
Director	Hsin-Yao Cheng	-	-	-	-	398	398	40	40	0.52	0.52	2,777	2,777	-	-	110	-	110	-	-	-	-	-	3.98	3.98	None
Director	Chien-Chang Chen	-	-	-	-	133	133	32	32	0.20	0.20	-	-	-	-	-	-	-	-	-	-	-	-	0.20	0.20	None
Director	Fengqiao Investment Co., Ltd.	-	-	-	-	133	133	-	-	0.16	0.16	-	-	-	-	-	-	-	-	-	-	-	-	0.16	0.16	None
Representative Director	Yu-Ru Chong (Note 1)	-	-	-	-	-	-	32	32	0.04	0.04	-	-	-	-	-	-	-	-	-	-	-	-	0.04	0.04	None
Director	Hanlin Construction Co., Ltd.	-	-	-	-	133	133	-	-	0.16	0.16	-	-	-	-	-	-	-	-	-	-	-	-	0.16	0.16	None
Representative Director	Ching-Han Chiu Huang (Note 2)	-	-	-	-	-	-	40	40	0.05	0.05	-	-	-	-	-	-	-	-	-	-	-	-	0.05	0.05	None
Director (Independent)	Chin-Po Wang (Note 3)	-	-	-	-	166	166	72	72	0.29	0.29	-	-	-	-	-	-	-	-	-	-	-	-	0.29	0.29	None
Director (Independent)	Huan-Ming Chou	-	-	-	-	166	166	72	72	0.29	0.29	-	-	-	-	-	-	-	-	-	-	-	-	0.29	0.29	None

Note 1: Ms. Yu-Ru Chong is the representative of the company's institutional Director, Fengqiao Investment Co., Ltd.

Note 2: Mr. Ching-Han Chiu Huang is the representative of the company's institutional Director, Hanlin Construction Co., Ltd.

Note 3: Upon learning on February 4, 2020 that Independent Director Chin-Po Wang passed away, the company relieved him of his duties as an Independent Director.

Note 4: Please refer to Page 17 regarding remuneration policies, systems, standards, and structures for Independent Directors and linkage thereof to powers, risks, and time spent.

Table of Remuneration Ranges

Remuneration Ranges Paid to Each Director	Name of Director			
	Total of the First Four Items (A+B+C+D)		Total of the First Seven Items (A+B+C+D+E+F+G)	
	The company (Note 9)	All Companies Listed in This Financial Report (Note 10) I	The company (Note 9)	All Companies Listed in This Financial Report (Note 10) J
Less than NT$1,000,000	Ching-Lai Lu, Hsin-Yao Cheng, Chien-Chang Chen, Yu-Ru Chong, Ching-Han Chiu Huang, Chin-Po Wang, Huan-Ming Chou	Ching-Lai Lu, Hsin-Yao Cheng, Chien-Chang Chen, Yu-Ru Chong, Ching-Han Chiu Huang, Chin-Po Wang, Huan-Ming Chou	Chien-Chang Chen, Yu-Ru Chong, Ching-Han Chiu Huang, Chin-Po Wang, Huan-Ming Chou	Chien-Chang Chen, Yu-Ru Chong, Ching-Han Chiu Huang, Chin-Po Wang, Huan-Ming Chou
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	-	-	-	-
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	-	-	Ching-Lai Lu, Hsin-Yao Cheng	Ching-Lai Lu, Hsin-Yao Cheng
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Grand Total	7	7	7	7

Note 1: The names of Directors shall be listed separately (for corporate shareholders, the names of corporate shareholders and representatives shall be listed separately); the names of Directors and Independent Directors shall be listed separately, and the payments shall be disclosed collectively.

Note 2: Remuneration to the Director in the past year (including salary, additional pay, severance pay, bonuses and rewards).

Note 3: The amount of the remuneration paid to the Director in the most recent year as approved by the Board of Directors shall be filled out.

Note 4: Business expenses paid out to the Director in the most recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the compensation paid to such driver, which shall not be included in the remuneration.

Note 5: Remuneration for Directors concurrently holding positions in the company (for positions that include President, Vice Presidents, other managerial officers, or employees) shall include salaries, job remuneration, severance, bonuses, performance fees, transport fees, special expenses, various subsidies, accommodation, vehicles, and provision of physical items and services. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the compensation paid to such driver, which shall not be included in the remuneration. Any compensation listed under the Share-Based Payment of IFRS 2, including the issuance of employee stock options, restricted employee shares, and subscription of cash capital increase by stock shall also be included in the remuneration.

Note 6: For Directors concurrently holding positions in the company in the most recent year (including President, Vice Presidents, other managerial officers, or employees) and receiving the remuneration (including stock and cash), the employee remuneration paid in the most recent year upon the approval of the Board of Directors before the shareholders' meeting shall be disclosed. If such remuneration cannot be estimated, the remuneration to be distributed in the most recent year shall be based on the proportion of the remuneration distributed last year and filled in Table 1-3.

Note 7: Total remuneration in various items paid out to the company's Directors by all companies (including the company) listed in the consolidated financial statements shall be disclosed.

Note 8: For the total remuneration in various items paid out to the company's Directors, the name of each Director shall be disclosed in the corresponding range of the remuneration.

Note 9: Total remuneration in various items paid to every Director of the company by all companies (including the company) listed in the consolidated financial statements shall be disclosed. The name of the Director shall also be disclosed in the proper remuneration range.

Note 10: Net income after tax refers to net income after tax in the most recent fiscal year; for companies that have adopted the IFRSs, net income after tax refers to net income after tax in the parent company only or individual financial statements in the most recent year.

Note 11:

a. This field shall clearly indicate the amount of remuneration received by the company's Directors from a reinvestment business other than a subsidiary or the parent company (if not, please fill in “none”).

b. If the Director receives remuneration from investments in other companies that are not subsidiaries of the company or from the parent company, the said remuneration shall be included in Column J in the remuneration range table. The name of the column shall also be changed to "Parent Company and All Investments in Other Companies."

c. Remuneration in this case shall refer to compensation, consideration, employee benefits, and expenses of business execution and other related payments received for being a Director, Supervisor, or managerial officer of other non-subsidiary companies that the company has invested in or of the parent company.

* The content of remuneration disclosed in this table is derived based on a concept different from that stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

(IV) Remuneration to Supervisors

Unit: NT$ thousand; December 31, 2019

Position	Name	Supervisors Remuneration						Percentage of Total Sums of A, B, and C to Net Income after Tax (Note 8)		Compensation Paid to Supervisors from an Investee Company Other than the company's Subsidiary (Note 9)
		Compensations (A) (Note 2)		Compensation (B) (Note 3)		Business Expenses (C) (Note 4)				
		The company	All Companies Listed in This Financial Report (Note 5)	The company	All Companies Listed in This Financial Report (Note 5)	The company	All Companies Listed in This Financial Report (Note 5)	The company	All Companies Listed in This Financial Report (Note 5)	
Supervisor	Hong-Ren Lin	-	-	133	133	24	24	0.19	0.19	None
Supervisor	Kuo-Chen Wu	-	-	133	133	40	40	0.21	0.21	None
Supervisor	Jincheng Investment Co., Ltd.	-	-	133	133	-	-	0.16	0.16	None
Supervisor Representative	Ching-Hsu Tsai (Note 1)	-	-	-	-	40	40	0.05	0.05	None

Note 1: Mr. Ching-Hsu Tsai is the representative of the company's institutional Supervisor, Jincheng Investment Co., Ltd.

Table of Remuneration Ranges

Remuneration Ranges Paid to Each Supervisor	Name of Supervisor	
	Total of the First Three Items (A+B+C)	
	The company (Note 6)	All Companies Listed in This Financial Report (Note 7) D
Less than NT$1,000,000	Hong-Ren Lin, Kuo-Chen Wu, Ching-Hsu Tsai	Hong-Ren Lin, Kuo-Chen Wu, Ching-Hsu Tsai
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Grand Total	3	3

Note 1: The names of Supervisors shall be listed separately (for corporate shareholders, the names of corporate shareholders and representatives shall be listed separately), and the payments shall be disclosed collectively.

Note 2: Compensations to Supervisors in the past fiscal year (including salary, allowance, severance pay, bonuses, and incentives).

Note 3: The amount is the proposed compensations to Supervisors according to the most recent earnings distribution that has been approved by the Board of Directors but has not been submitted to the shareholders' meeting.

Note 4: Expenses paid to Supervisors in the most recent fiscal year (including transportation, special allowance, various subsidies, and physical commodity such as housing, vehicles, etc.) If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the compensation paid to such driver, which shall not be included in the remuneration.

Note 5: Total remuneration paid to the company's Supervisors by all companies (including the company) listed in the consolidated financial statements shall be disclosed.

Note 6: For the total remuneration paid to the company's Supervisors, the name of each Supervisor shall be disclosed in the corresponding range of the remuneration.

Note 7: Total remuneration paid to every Supervisor of the company by all companies (including the company) listed in the consolidated statement shall be disclosed. The name of the Supervisor shall also be disclosed in the corresponding range of the remuneration.

Note 8: Net income after tax refers to net income after tax in the most recent fiscal year; for companies that have adopted the IFRS, net income after tax refers to net income after tax in the parent company only or individual financial statements in the most recent fiscal year.

Note 9: a. This field shall clearly indicate the amount of remuneration received by the company's Supervisor from a reinvestment business other than a subsidiary or from the parent company (if not, please fill in "none").

b. If Supervisors of the company received remuneration from investees other than subsidiaries of the company or from the parent company, the said remuneration shall be included in the column D in the remuneration range table and the name of the field shall be changed to "Parent Company and All Reinvestment Businesses."

c. Remuneration in this case shall refer to compensation, consideration, employee benefits, and expenses of business execution and other related payments received for being a Director, Supervisor, or managerial officer of other non-subsidiary companies that the company has invested in or of the parent company.

* The content of remuneration disclosed in this table is derived based on a concept different from that stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

(V) Remuneration to the President and Vice Presidents (Individual + Collective)

Unit: Thousand shares/NT$ thousand; December 31, 2019

Position	Name	Salary (A) (Note 2)		Severance Pay and Pension (B) (Note 1)		Bonus and Special Allowance (C) (Note 3)		Profit Sharing-Employee Bonus (D) (Note 4)				Percentage of Total Sums of A, B, C and D to Net Income after Tax (Note 9)		Number of Employee Stock Options Acquired (Note 5)		Restricted Employee Shares Acquired (Note 11)		Whether or Not the Person Receives Remuneration from Other Non-subsidiary Companies that the company Has Invested in (Note 10)
		The company	All Companies Listed in This Financial Report (Note 6)	The company	All Companies Listed in This Financial Report (Note 6)	The company	All Companies Listed in This Financial Report (Note 6)	The company		All Companies Listed in This Financial Report (Note 6)		The company	All Companies Listed in This Financial Report (Note 6)	The company	All Companies Listed in This Financial Report (Note 6)	The company	All Companies Listed in This Financial Report (Note 6)	
								Amount of Cash Bonus	Amount of Stock Bonus	Amount of Cash Bonus	Amount of Stock Bonus							
President	Hsin-Yao Cheng	5,634	5,634	198	198	2,718	2,718	344	-	344	-	10.66	10.66	-	-	-	-	None
Chief Technology Officer (CTO) (Note 2)	Cheng-En Ou																	
Vice President	Chien-De Li																	

Note 1: Severance pay and pension were amounts listed.

Note 2: Mr. Cheng-En Ou was promoted to Chief Technology Officer on February 26, 2020.

Table of Remuneration Ranges

Remuneration Ranges Paid to the President and Vice Presidents of the company	Names of President and Vice Presidents	
	The company (Note 7)	All Companies Listed in This Financial Report (Note 8) E
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	Chien-De Li and Hsin-Yao Cheng	Chien-De Li and Hsin-Yao Cheng
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Cheng-En Ou	Cheng-En Ou
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Grand Total	2	2

Note 1: The names of President and Vice Presidents shall be listed separately, and the payments shall be disclosed collectively.

Note 2: President and Vice Presidents' compensation in the most recent fiscal year (including salary, responsibility allowance, and severance pay).

Note 3: Compensation of Presidents and Vice Presidents concurrently holding positions in the company shall include bonuses, incentives, transportation, special allowance, various subsidies, housing, vehicles, and physical commodity such as housing, vehicles, etc. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the compensation paid to such driver, which shall not be included in the remuneration.

Note 4: The amount is the employee compensations (including stock bonus and cash bonus) to President and Vice Presidents according to the most recent earnings distribution that has been approved by the Board of Directors but has not been approved by the shareholders' meeting. If the proposed profit sharing and bonus cannot be estimated, the proposed distribution amount shall be calculated based on the actual amount distributed in the previous fiscal year. Table 1-3 attached shall also be filled out. Net income after tax refers to net income after tax in the most recent fiscal year; for companies that have adopted the IFRS, net income after tax refers to net income after tax in the parent company only or individual financial statements in the most recent fiscal year.

Note 5: The total amount of the remuneration paid by all companies (including the company) listed in the consolidated financial statements to President and Vice Presidents of the company shall be disclosed.

Note 6: Total remuneration paid to the President and each Vice President by the company shall be disclosed and the names of President and Vice Presidents shall also be disclosed in the proper remuneration range.

Note 7: Total compensation in various items paid to the President and each Vice President of the company by all companies (including the company) listed in the consolidated financial statements shall be disclosed. The names of President and Vice Presidents shall also be disclosed in the proper compensation range.

Note 8: Net income after tax refers to net income after tax in the most recent fiscal year; for companies that have adopted the IFRS, net income after tax refers to net income after tax in the parent company only or individual financial statements in the most recent fiscal year.

Note 9:

a. Compensations which the company's President and Vice Presidents receive from other non-subsidiary companies in which the company has invested shall be disclosed in this column.

b. If the company's President and Vice Presidents receive remuneration from other non-subsidiary companies in which the company has invested, the said remuneration shall be included in Column J in the remuneration range table. The name of the column shall also be changed to "All Investee Companies."

c. Remuneration, in this case, shall refer to salary, compensation, employee compensation, expenses, etc. received by the company's President and Vice Presidents for being a Director, Supervisor, or managerial officer of other non-subsidiary companies in which the company has invested.

* The content of remuneration disclosed in this table is derived based on a concept different from that stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

(VI) Names of Managerial Officers and the Allocation of Employee Compensation

Unit: Thousand shares/NT$ thousand; December 31, 2019

	Position	Name	Stock Amount	Cash Amount (Note 1)	Grand Total	Percentage of Total Compensation to Net Income after Tax (Note 3)
Managerial Officers	Chairman	Ching-Lai Lu	-	911	911	1.09
	President	Hsin-Yao Cheng				
	Chief Technology Officer (Note 2)	Cheng-En Ou				
	Vice President	Chien-De Li				
	Associate Manager	Ming-Tsung Kuo				
	Associate Manager	Hsiao-Mei Wang				
	Associate Manager	Shih-Long Yeh				
	Associate Manager	Kuo-Lun Wang				
	Associate Manager	Ming-Chieh Tsai				
	Associate Manager	Chien-Jen Cheng				

Note 1: The 2019 earnings distribution table has not been approved by the general shareholders' meeting, and the employee remuneration distribution list has not been determined. The proposed distribution amount for this fiscal year is calculated based on actual distribution amounts in previous fiscal years in accordance with calculations.

Note 2: Mr. Cheng-En Ou was promoted to Chief Technology Officer on February 26, 2020.

Note 3: Net income after tax ratio is calculated based on the company's net income after tax of NT$83,441 thousand in 2019.

(VII) Comparison and Analysis of Total Remuneration Paid to the company's Directors, Supervisors, President, and Vice Presidents in the Past Two Years by the company and All Companies Listed in the Consolidated Financial Statements as a Percentage of Net Income after Tax in the Parent Company Only Financial Statements, and Descriptions of the Policies, Standards, and Packages for Payment of Remuneration, the Procedures for Determining Remuneration, and Its Linkage to Business Performance and Future Risk Exposure

(1) Total remuneration paid to Directors, Supervisors, President, and Vice Presidents in the past two years by the company and all companies listed in the consolidated financial statements as a percentage of net income after tax

Item / Position	Percentage of Total Compensation to Net Income after Tax			
	2018		2019	
	The company	All Companies Listed in This Financial Report	The company	All Companies Listed in This Financial Report
Director	2.87	2.87	7.65	7.65
Supervisor	0.28	0.28	0.61	0.61
President and Vice Presidents	6.84	7.04	10.66	10.66

(2) The policy, standards, and packages for payment of remuneration, the procedure for determining remuneration, and its linkage to business performance and future risk exposure

The Director and Supervisor remuneration consists mainly of Director and Supervisor bonuses from the distribution of earnings and it is processed in accordance with Articles 16 and 20 of the company's Articles of Incorporation: All Directors and Supervisors shall be entitled to remuneration determined by the Board of Directors with authorization from the shareholders' meeting. The payment amount shall be based on prevailing rates of the industry regardless of operating profits or losses. The company shall distribute no less than 3% of the profit for the fiscal year as employee remuneration and no more than 3% as Director and Supervisor remuneration based on the profitability status of the current fiscal year which refers to the profits before tax minus the distribution of employee remuneration and Director and Supervisor remuneration. Employee, Director, and Supervisor remuneration shall be determined by the Board of Directors by a resolution adopted by a majority vote at a meeting attended by over two-thirds of the Directors. A report of such distribution must also be presented at the Shareholders' Meeting. Remuneration for the President and Vice Presidents include salary and bonuses based on their title and respective responsibilities. The amount shall be based on prevailing rates in the industry for similar positions and approved by the Remuneration Committee.

The company's policies, standards, and packages for payment of remuneration, as well as the procedures for determining remuneration, and its linkage to business performance and future risk exposure are mainly based on related provisions in the company's human resources regulations. The remuneration for Directors, Supervisors, and employees are appropriated based on the Articles of Incorporation, and the proposal is submitted to the Remuneration Committee for review and reported to the shareholders' meeting after approval from the Board of Directors. In addition to referencing the company's overall performance, future business risks of the industry, and development trends, the company also considers personal performance achievement rates and the level of contribution to the company's performance to provide a reasonable amount of remuneration. The company also reviews the remuneration system based on actual business operations and related laws to maintain a balance between sustainable management and risk management.

III. Implementation of Corporate Governance

(I) State of Operations of the Board of Directors

A total of 5 (A) Board meetings were held in 2019. The attendance of Directors and Supervisors is as follows:

Position	Name (Note 1)	Number of Attendance in Person (B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note 2)	Remark
Chairman	Ching-Lai Lu	5	0	100.00%	None
Director	Hsin-Yao Cheng	4	1	80.00%	None
Director	Chien-Chang Chen	4	0	80.00%	None
Director	Fengqiao Investment Co., Ltd. by Yu-Ru Chong	4	0	80.00%	None
Director	Hanlin Construction Co., Ltd. by Ching-Han Chiu Huang	5	0	100.00%	None
Independent Director	Chin-Po Wang	5	0	100.00%	None
Independent Director	Huan-Ming Chou	5	0	100.00%	None

Other required disclosure:

I. The items included in Article 14-3 of the Securities and Exchange Act and other comments objected or retained by other Independent Directors on record or the resolutions of the Board of Directors in a written statement should indicate the date, session, content of the motion, opinions of all Independent Directors and how the company handles the opinions of the Independent Directors: The company's Independent Directors did not file objections or qualified opinions. Please refer to Note 5.

II. In regard to the recusal of Directors from voting due to conflict of interests, the name of the Directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated: No such occurrences.

III. Goals for enhancing the functions of the Board of Directors (such as establishing an Audit Committee or increasing information transparency) for the current fiscal year and most recent fiscal year as well as assessments of the actions implemented:

(I) The company has established the Remuneration Committee and amended the rules of procedures for the Board of Directors meetings.

(II) The company has assigned dedicated personnel to disclose items and announce material information in accordance with regulations to ensure that prompt and accurate information is announced on the MOPS. Materials information is also disclosed on the company's website.

IV. The cycle, period, scope, method, and criteria of self-evaluations (or peer evaluations) made by the Board of Directors, and the implementation status shall be disclosed: Please refer to Note 3.

Note 1: For Directors and Supervisors that are of judicial persons, the name of the shareholders and representative of the said judicial person shall be disclosed.

Note 2: (1) Where Directors or Supervisors resign before the end of the fiscal year, the remark column shall be annotated with the date of resignation. Actual attendance rate (%) shall be calculated using the number of Board meetings convened and the number of attendance in person during the term of service.

(2) Where Directors and Supervisors were re-elected before the end of the fiscal year, both the newly and previously appointed Directors and Supervisors shall be listed accordingly. The remark column shall be annotated to indicate whether the Director or Supervisor was previously or newly appointed, or re-elected as well as the date of re-election. Actual attendance rate (%) shall be calculated using the number of Board meetings convened and number of attendance in person during the term of service.

Note 3:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Criteria
Annually	January 1, 2019 to December 31, 2019	Board of Directors and Remuneration Committee	Self-evaluation by questionnaire	(Note 4)

Note 4: Evaluation criteria include the following:

(1) Performance evaluation of the Board of Directors: the degree of participation in the operation of the company, the quality of decision-making of the Board of Directors, the composition and structure of the Board of Directors, the selection and continuous learning of directors, internal control, etc.

(3) Performance evaluation of the Remuneration Committee: the degree of participation in the company's operation, the cognition of the responsibilities of the functional committee, the quality of decision-making of the functional committee, the composition and selection of members of the functional committee, internal control, etc.

Note 5: Major resolutions of a shareholders' meeting or Board of Directors meetings during the most recent fiscal year or during the current fiscal year up to the publication date of the Annual Report:

Date	Session	Major Resolutions	Items Listed in Article 14-3 of the Securities and Exchange Act	Dissenting or Qualified Opinion by Independent Directors
The 9th Board The 11th meeting February 26, 2019	Board meeting	Case 1: The company's 2018 compensation distribution for employees, Directors, and Supervisors is submitted for approval.	V	None
		Case 2: The company's 2018 business report, individual and consolidated financial reports are submitted for approval.		
		Case 3: The company's 2018 earnings distribution is submitted for approval.		
		Case 4: The date, time, place, and main content of the company's 2019 General Shareholders' Meeting are submitted for approval.		
		Case 5: The Statement on the Internal Control System submitted by the company based on the results of the company's self-inspection and audit is submitted for approval.	V	
		Case 6: The company's endorsement/guarantee for the subsidiary Uniring Tech CO., Ltd. (hereinafter referred to as Uniring Tech) is submitted for approval.	V	
		Case 7: The application for financing credit line is submitted for approval.		
		Case 8: The evaluation of the independence and competency of CPAs appointed in 2019 is submitted for approval.		
		Case 9: In maintaining the company's credit and shareholders' equities, the company proposes to repurchase and cancel the company's shares in accordance with relevant regulations, which is submitted for approval.		
		Case 10: The company's investment of an amount of less than US$4 million in IMAGINE Group Limited for an indirect investment of less than US$4 million in the sub subsidiary All Ring Tech (Kunshan) Co., Ltd. (hereinafter referred as All Ring Tech) is submitted for approval.		
		Case 11: The amendment to the company's "Procedures for Buyback Treasury Stock" is submitted for approval.	V	
		Case 12: The amendment to the company's "Procedure for Acquisition and Disposal of Assets" is submitted for approval.	V	
		Case 13: The amendment to the company's "Articles of Incorporation" is submitted for approval.		
		Case 14: The amendment to the company's "Ethical Management Procedures for Grievances and Reports" is submitted for approval.	V	
		Case 15: The amendment to the company's "Procedure for Handling Requests from Directors" is submitted for approval.		
		Case 16: The company's proposal of hiring "managerial officer for Corporate Governance" is submitted for approval.	V	
		Case 17: The distribution of the incentive bonuses for employees is submitted for approval.	V	
		Attendance of Independent Directors: Both Independent Directors Huan-Ming Chou and Chin-Po Wang attended the meeting. Opinions of Independent Directors: None. The company's actions in response to the opinions of Independent Directors: None. Resolution: Approved by all Directors present at the meeting.		
The 9th Board The 12th meeting April 30, 2019	Board meeting	Case 1: The company's first quarter consolidated financial reports for 2019 is submitted for approval.	V	None
		Case 2: The application for financing credit line is submitted for approval.		
		Case 3: The amendment to the company's "Corporate Governance Best-Practice Principles" is submitted for approval.		
		Case 4: The amendment to the company's "Procedures for Lending	V	

		of Capital to Others" is submitted for approval. Case 5: The amendment to the company's "Procedures for Endorsements and Guarantees" is submitted for approval. Case 6: The company's adjustment to the agenda of the 2019 Shareholders' Meeting is filed submitted for approval. Case 7: The adjustments of employee salary and compensation are submitted for approval. Case 8: The formulation of the company's "Retirement Policies for Appointed managerial officers" is submitted for approval.	V (Case 5) V (Case 7) V (Case 8)	
June 13, 2019	shareholders meeting	The company's 2019 general shareholders meeting was held at No. 23, Luke 5th Road, Luzhu District, Kaohsiung City (Kaohsiung Science Park, Southern Taiwan Science Park) on June 13, 2019. The resolutions passed by attending shareholders and their status of implementation are as follows: 1. Ratification of the company's 2018 financial statements. Implementation status: Approved. 2. Ratification of the company's 2018 earnings distribution table. Implementation status: July 7, 2019 was established as the ex-dividend date based on the resolution of the Board of Directors meeting on June 13, 2019. Cash dividends of NT$258,304,096 were distributed on July 24, 2019, and all cash dividends have been distributed. (Cash dividend per share is NT$3.1) 3. Approval of the amendment to the company's "Procedure for Acquisition and Disposal of Assets." Implementation status: Announced on the company's website on June 13, 2019 and processed in accordance with the amended procedures. 4. Approval of the amendment to the company's "Articles of Incorporation." Implementation status: Approved and announced on the company's website on June 28, 2019. 5. Approval of the amendment to the company's "Procedures for Lending of Capital to Others." Implementation status: Announced on the company's website on June 13, 2019 and processed in accordance with the amended procedures. 6. Approval of the amendment to the company's "Procedures for Endorsements and Guarantees." Implementation status: Announced on the company's website on June 13, 2019 and processed in accordance with the amended procedures.	None	None
The 9th Board The 13th meeting June 13, 2019	Board meeting	Case 1: The company's cash dividends distribution, the ex-dividend date, and stop-transfer date are submitted for approval. Case 2: The application for financing credit line is submitted for approval. Case 3: The amendment to the company's "Corporate Governance Best-Practice Principles" is submitted for approval. Case 4: The company's 2018 compensation distribution for employees, Directors, and Supervisors is submitted for approval.	V V	None
		Attendance of Independent Directors: Both Independent Directors Huan-Ming Chou and Chin-Po Wang attended the meeting. Opinions of Independent Directors: None. The company's actions in response to the opinions of Independent Directors: None. Resolution: Approved by all Directors present at the meeting.		
The 9th Board The 14th meeting August 2,	Board meeting	Case 1: The company's second quarter consolidated financial statements for 2019 are submitted for approval. Case 2: The sub-subsidiary, Kunshan All Ring Tech Co., Ltd. (hereinafter referred to as Kunshan All Ring Electronics), intends to provide financial loans for the sub-subsidiary, All	V	None

2019		Ring Tech (Kunshan) Co., Ltd. (hereinafter referred to as All Ring Tech), which is submitted for approval.		
		Attendance of Independent Directors: Both Independent Directors Huan-Ming Chou and Chin-Po Wang attended the meeting. Opinions of Independent Directors: None. The company's actions in response to the opinions of Independent Directors: None. Resolution: Approved by all Directors present at the meeting.		
The 9th Board The 15th meeting November 7, 2019	Board meeting	Case 1: The company's third quarter consolidated financial statements for 2019 is submitted for approval.	V	
		Case 2: The company's 2020 budget is submitted for approval.	V	
		Case 3: The company's 2020 audit plan is submitted for approval.		
		Case 4: The application for financing credit line is submitted for approval.		
		Case 5: The company's donation to All Ring Charitable Trust Fund is submitted for approval.		None
		Case 6: The distribution of 2019 bonuses for employees is submitted for approval.	V	
		Case 7: The adjustments of employee salary and compensation are submitted for approval.	V	
		Case 8: The amendment to the company's "Internal Control System" is submitted for approval.	V	
		Attendance of Independent Directors: Both Independent Directors Huan-Ming Chou and Chin-Po Wang attended the meeting. Opinions of Independent Directors: None. The company's actions in response to the opinions of Independent Directors: None. Resolution: Approved by all Directors present at the meeting.		
The 9th Board The 16th meeting February 26, 2020	Board meeting	Case 1: The company's 2019 compensation distribution for employees, Directors, and Supervisors is submitted for approval.	V	
		Case 2: The company's 2019 business report, parent company only and consolidated financial statements are submitted for approval.		
		Case 3: The company's 2019 earnings distribution is submitted for approval.		
		Case 4: The company's cash distribution from capital surplus is submitted for approval.		
		Case 5: The date, time, location, and agenda of the company's 2020 general shareholders' meeting are submitted for approval.	V	
		Case 6: The reelection of the company's Directors is submitted for approval.	V	
		Case 7: The proposal to publish a notice specifying a period for receiving nominations of Director candidates, the number of Directors to be elected, the place for receiving such nominations, and other necessary matters are submitted for approval.		None
		Case 8: The proposal to request the 2020 general shareholders' meeting to remove restrictions on non-competition for the company's Directors and their representatives as provided in Article 209 of the Company Act is submitted for approval.		
		Case 9: The Statement on the Internal Control System submitted by the company based on the results of the company's self-inspection and audit is submitted for approval.		None
		Case 10: The evaluation of the independence and competency of CPAs appointed in 2020 is submitted for approval.		
		Case 11: The application for financing loan credit line is submitted for approval.	V	
		Case 12: The company's endorsement/guarantee for the subsidiary Uniring Tech is submitted for approval.	V	
		Case 13: The company's investment of an amount of less than NT$30 million in the subsidiary Uniring Tech is submitted for approval.	V V	
		Case 14: The formulation of the company's "Audit Committee Charter" is submitted for approval.	V V	

		Case 15: The formulation of the company's "Regulations Governing the Procedures for Preparation of Financial Statements" is submitted for approval. Case 16: The amendment to the company's "Articles of Incorporation" is submitted for approval. Case 17: The amendment of the company's "Rules of Procedure for Board of Directors Meeting" is submitted for approval. Case 18: The amendment to the company's "Rules of Procedure for Shareholders Meeting" is submitted for approval. Case 19: The amendment to the company's "Corporate Governance Best-Practice Principles" is submitted for approval. Case 20: The amendment to the company's "Rules Governing the Election of Directors and Supervisors" is submitted for approval. Case 21: The amendment to the company's "Ethical Corporate Management Best-Practice Principles" is submitted for approval. Case 22: The amendment to the company's "Code of Ethical Conduct" is submitted for approval. Case 23: The amendment to the company's "Regulations Governing Appointment of Independent Directors and Compliance Matters" is submitted for approval. Case 24: The amendment to the company's "Procedure for Acquisition and Disposal of Assets" is submitted for approval. Case 25: The amendment to the company's "Procedures for Lending of Capital to Others" is submitted for approval. Case 26: The amendment to the company's "Procedures for Endorsements and Guarantees" is submitted for approval. Case 27: The distribution of the incentive bonuses for employees is submitted for approval. Case 28: The adjustments of employee salary and remuneration are submitted for approval.	V V V V V V V V V V V	
		Attendance of Independent Directors: Independent Director Huan-Ming Chou attended the meeting. Opinions of Independent Directors: None. The company's actions in response to the opinions of Independent Directors: None. Resolution: Approved by all Directors present at the meeting. Note: Upon learning on February 4, 2020 that Independent Director Chin-Po Wang passed away, the company relieved him of his duties as an Independent Director.		
The 9th Board The 17th meeting March 18, 2020	Board meeting	Case 1: The company proposes to repurchase the company's shares and transfer them to employees in accordance with relevant regulations, which is submitted for approval. Case 2: In accordance with the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies," a statement for the Board of Directors shall be made, which is submitted for approval.		None
		Attendance of Independent Directors: Director Hsin-Yao Cheng attended the meeting on behalf of Independent Director Huan-Ming Chou. Opinions of Independent Directors: None. The company's actions in response to the opinions of Independent Directors: None. Resolution: Approved by all Directors present at the meeting. Note: Upon learning on February 4, 2020 that Independent Director Chin-Po Wang passed away, the company relieved him of his duties as an Independent Director.		
The 9th Board The 17th meeting April 28, 2020	Board meeting	Case 1: The company's first quarter consolidated financial statements for 2020 is submitted for approval. Case 2: The application for financing credit line is submitted for approval. Case 3: The amendment to the company's "Articles of Incorporation" is submitted for approval. Case 4: The addition of special reserve appropriation to the company's 2019 earnings distribution table is submitted for approval.	V V V V	None

		Case 5: The company's adjustment to the agenda of the 2020 shareholders' meeting is submitted for approval. Case 6: The shareholders' proposals and candidates for Directors and Independent Directors at the 2020 general shareholders' meeting are submitted for approval. Case 7: The formulation of the company's "Regulations Governing Remunerations for Directors" is submitted for approval. Case 8: The adjustments of employee salary and remuneration are submitted for approval. Case 9: The company's report on remuneration distribution of employees, Directors, and Supervisors for 2019 is submitted for approval. Case 10: The promotion of Associate Manager Ming-Tsung Kuo to Vice President is submitted for approval. Case 11: The appointment of the Associate Manager Heng-Hui Liu is submitted for approval.	V V V V V	
		Attendance of Independent Directors: Independent Director Huan-Ming Chou attended the meeting. Opinions of Independent Directors: None. The company's actions in response to the opinions of Independent Directors: None. Resolution: Approved by all Directors present at the meeting. Note: Upon learning on February 4, 2020 that Independent Director Chin-Po Wang passed away, the company relieved him of his duties as an Independent Director.		

(II) State of Operations of the Audit Committee: Not applicable, as the company does not have an audit committee.

(III) Supervisors' Participation in the Board Meetings

A total of five (A) Board meetings were held in 2019. The non-voting attendance is as follows:

Position	Name	Number of Non-voting Attendance in Person (B)	Actual Non-voting Attendance Rate (%) (B/A) (Note)	Remark
Supervisor	Hong-Ren Lin	3	60.00%	None
Supervisor	Kuo-Chen Wu	5	100.00%	None
Institutional Supervisor	Jincheng Investment Co., Ltd. by Ching-Hsu Tsai	5	100.00%	None
Other required disclosure: I. Composition and responsibilities of Supervisors (I) Communication between Supervisors, the company's employees, and shareholders: The Supervisors inspects the company from time to time and often attends meetings of the Board of Directors, shareholders' meetings, and other important company meetings, and they maintain smooth communication channels with employees and shareholders. (II) Communication between the Supervisor and the internal audit manager or CPA: Supervisors can communicate with the internal audit manager and CPAs regarding the company's finances, business status, etc. at any time. They can also attend meetings of the Board of Directors and listen to the business reports of the Directors and management and participate in decision-making procedures. II. If the Supervisors stated opinions while attending the Board meetings, the date and term of the meeting, the contents of the proposals discussed and resolutions passed in the meeting and the company’s actions in response to the opinions of the Supervisors should be provided: No such occurrences.				

Note: (1) Where Supervisors resign before the end of the fiscal year, the remark column shall be annotated with the date of resignation. Actual non-voting attendance rate (%) shall be calculated with the number of non-voting attendance in person during the term of service.

(2) Where Supervisors were re-elected before the end of the fiscal year, both the newly and previously appointed Supervisors shall be listed accordingly. The remark column shall be annotated to indicate whether the Director or Supervisor was previously or newly appointed, or re-elected as well as the date of re-election. Actual non-voting attendance rate (%) shall be calculated with the number of non-voting attendance in person during the term of service.

(IV) State of the company's Implementation of Corporate Governance, Any Departure of Such Implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Departure

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Departure
	Yes	No	Summary	
I. Has the company formulated and disclosed its corporate governance Best-Practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The company has passed the "Corporate Governance Practice Principles" in the meeting of the Board of Directors and uploaded them to the Market Observation Post System (MOPS) and company website.	No differences.
II. The shareholding structure of the company and shareholders' rights (I) Does the company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	V		The company has established the "Rules of Procedure for Shareholders' Meetings" and "Corporate Governance Best-Practice Principles" and established a spokesperson system in accordance with regulations. The stock affairs unit and stock agency are responsible for processing related affairs, and the contact window is disclosed on the company's website.	No differences.
(II) Does the company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		The company maintains excellent relations with major shareholders, and we have established a stock affairs contact window and assigned professional stock affairs agencies to process related affairs with shareholders to keep abreast of all conditions at all times. The company also announces the shareholding status of insiders every month to maintain control over the list of main shareholders and ultimate owners.	No differences.
(III) Does the company establish and enforce risk control and firewall systems with its affiliated businesses?	V		The company and affiliates operate independently, and all entities have established internal control systems and management systems for control and management.	No differences.
(IV) Does the company adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	V		The company has established "Procedures for Handling Material Inside Information and Preventing Insider Trading" to regulate all company employees, managerial officers, and Directors, as well as those who have learned of the company's information based on positions or controlling relations to prevent any insider trading activities. The company also established the "Ethical Management Procedures for Grievances and Reports" to require employees to uphold the ethical confidentiality principles and established related reporting channels to prevent inappropriate actions.	No differences.

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Departure
	Yes	No	Summary	
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors drawn up policies on the diversity of its members and implemented them?	V		1. The company established the "Corporate Governance Best-Practice Principles" in the 9th meeting of the 8th-term Board of Directors on November 9, 2015. In response to the amendment to the law, the 9th-term Board of Directors revised the "Rules of Procedure for Shareholders Meetings" and "Corporate Governance Best Practice Principles" on April 30, 2019. The "Strengthening the Functions of the Board of Directors" section in Chapter 3 of the Principles stipulated a diversity policy. The company's Articles of Incorporation expressly stipulate a candidate nomination system for Directors and Supervisors. The company shall evaluate the academic and experience of each candidate and take the opinions of stakeholders into consideration. The company also abides by the Rules Governing the Election of Directors and Supervisors and the Corporate Governance Best-Practice Principles to ensure the diversity and independence of the Directors and Supervisors. 2. The company's 9th-term Board of Directors has met the requirements in the diversity policy. Please refer to Note 3. 3. The company's employees take up 29% of the Board of Directors. Independent Directors take up 29% of the Board, and female Directors take up 14%. Two Independent Directors have been appointed for three to nine years. Please note 3 for the age distribution of each Director. 4. The diversity policy on the formation of the Board of Directors is disclosed on the company website and on the Market Observation Post System.	No differences.
(II) In addition to the Remuneration Committee and Audit Committee set in accordance with the law, has the company voluntarily set up other functional committees?	V		The company's Remuneration Committee is comprised of two Independent Directors. Upon learning on February 4, 2020 that Independent Director Chin-Po Wang passed away, the company relieved him of his duties as an Independent Director. The Audit Committee is expected to be established in 2020.	No differences.
(III) Does the company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual	V		The company has reported the results of self-assessments to the Board of Directors on February 26, 2020 to facilitate the self-assessments in addition to the assessment of the overall Board operations. The self-assessments of the performance of the Board of Directors include the following five aspects: 1. Degree of participation in the company's operations. 2. Improvement in the quality of decision making by the Board of Directors. 3. Composition and structure of the Board of Directors.	No differences.

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Departure
	<u>Yes</u>	<u>No</u>	Summary	
directors' remuneration and nomination and renewal?			4. Election of the Directors and their continuing professional studies. 5. Internal control. The criteria for evaluating the performance of Board members include at least the following six aspects: 1. Grasp of the company's goals and missions. 2. Understanding of the company and Director duties and functions 3. Degree of participation in the company's operations. 4. Management of internal relationships and communication. 5. Professionalism and continuing professional studies. 6. Internal controls. The company shall base each Board member's remuneration and nomination for reelection on his/her contribution to the company and the company's business performance. The criteria for evaluating the performance of the Remuneration Committee include the following aspects: 1. Degree of participation in the company's operations. 2. Improvement in the quality of decision making by the Remuneration Committee. 3. Composition and structure of the Remuneration Committee. 4. Election of the Remuneration Committee members. The company conducts assessments according to the aforesaid criteria, reports the results of assessments, and makes recommendations for areas that can be improved.	
(IV) Does the company regularly have assessments on the independence of CPAs?	V		The company's Finance Division assesses the independence, competency, and professionalism of the CPA once each year. The results will be submitted to the meeting of the Board of Director for approval. The results of assessments in the most recent two years were reported to the Board meetings on February 26, 2019 and February 26, 2020 respectively. The Finance Division has assessed and concluded that the CPAs Tsi-Meng Liu, Tsi-Yu Lin, and Yong-Chih Lin of PricewaterhouseCoopers had met the company's criteria for independence, competency, and professionalism (Note 2) and they are qualified to serve as the company's certifying CPAs.	No differences.
IV. Has the company had qualified and an appropriate number of corporate governance personnel, and appointed corporate governance directors responsible for matters related to corporate	V		1. The Board of Directors has approved in the meeting on February 26, 2019, assigning Vice President Chien-De Li as head of corporate governance to protect shareholders' equity and enhance the functions of the Board of Directors. 2. Vice President Chien-De Li has accumulated more than three fiscal years of work	No differences.

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Departure
	Yes	No	Summary	
governance (including but not limited to providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for the Board meetings and the shareholders' meetings, etc.)?			experience in financial management in public companies. The duties of the corporate governance personnel are to provide the information required for business execution by Directors and Supervisors, assisting Directors and Supervisors with legal compliance, and handling matters related to the Board of Directors' meetings and shareholders' meetings. 3. Regular training will be conducted every fiscal year, mainly for courses about corporate governance and regulations set up by the competent authorities and the CPAs. The status of business operations in 2019 is described as follows: 1. Assist Independent Directors and general Directors in performing their duties by providing the necessary information and arranging for continuing education for Directors: (1) Regularly report the latest revisions and amendments of laws and regulations related to business areas and corporate governance in the company to the members of the Board of Directors. (2) Review the confidentiality level of relevant information and provide company information required by the Directors so as to maintain smooth communication and interaction between the Board of Directors and heads of divisions. (3) Assist Independent Directors in arranging meetings with the head of internal audit or CPAs in accordance with the Corporate Governance Best-Practice Principles when there is a need for Independent Directors to meet them in order to understand the company's financial operations. (4) Assist Independent Directors and general Directors in drawing up annual continuing education plan and making arrangements for courses in accordance with the nature of the industry to which the company belongs and the experience and background of Directors. 2. Assist in matters related to the proceedings of the Board of Directors' meetings and shareholders' meetings as well as legal compliance of resolutions: (1) Report the operations of corporate governance at the company to the Board of Directors, Independent Directors, and the Audit Committee, and confirm whether the convening of shareholders' meetings and Board of Directors meetings comply with relevant laws and regulations, as well as the Corporate Governance Best-Practice Principles. (2) Assist in and remind Directors of the regulations to be complied with when	

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Departure
	Yes	No	Summary	
			performing their duties or officially voting on resolutions by the Board of Directors, and offer suggestions when the Board of Directors is going to vote on an illegal resolution. (3) Responsible for examining matters related to the release of major messages about the important resolutions approved by the Board of Directors to ensure the legality and accuracy of the content of these major messages, so as to maintain information symmetry during investor trading. 3. Maintain investor relations: Arrange for Directors to interact and communicate with major shareholders, institutional investors or general shareholders so that investors can obtain sufficient information to evaluate and determine the company's reasonable market value, and ensure that shareholders' interests are well maintained. 4. Draw up the agendas of the Board of Directors and notify Directors of the agendas seven days before the meeting, convene meetings and provide meeting information, send out reminders regarding agendas that require recusal of Directors and complete the minutes of the Board of Directors' meeting twenty days after the meeting. 5. Handle prior registration for shareholders' meetings, prepare meeting notices, agenda handbook, meeting minutes within the statutory period, as well as handle registration of changes due to the amendment to regulations and re-election of Directors.	
V. Has the company established a channel to communicate with stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and set up a stakeholder section on the company's website, and appropriately respond to the important corporate social responsibility issues which are essential to stakeholders?	V		The company has established communication channels with stakeholders and announced their contact number and emails in the "Investors" section on the company website that is accessible to anyone.	No differences.
VI. Has the company commissioned a professional stock affair agency to manage shareholders' meetings and other relevant affairs?	V		The company has appointed President Securities Corp. to process affairs related to shareholders' meetings.	No differences.
VII. Information disclosure (I) Has the company established a website to disclose information on financial	V		The company has established a website in both Chinese and English to disclose information regarding the company's financial, business, and corporate governance status. Information can also be found on the MOPS or the company website.	No differences.

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Departure
	Yes	No	Summary	
operations and corporate governance?				
(II) Has the company adopted other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the company website)?	V		1. The company has established an English language website and appointed a spokesperson. We also assigned designated personnel to take charge of the collection and disclosure of company information on websites. 2. The company participates in investor conferences organized by international and domestic investment institutions from time to time, and related briefing files in both Chinese and English are disclosed on the MOPS and the "Investors" section on the company website.	No differences.
(III) Does the company announce and register the annual financial statements within two months after the close of each fiscal year and the quarterly financial statements and the monthly operating status within the given time limits?	V		The company has announced the annual financial statements on February 26, 2020 and February 26, 2019 and registered the quarterly financial statements and the monthly operating status within the given time limits. The said material information has been disclosed in both Chinese and English.	No differences.
VIII. Has the company disclosed other information to facilitate a better understanding of its corporate governance (Including but not limited to employee's rights, employee care, investor relations, supplier relations, stakeholders' rights, further studies of Directors and Supervisors, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the Directors and Supervisors of the company)?	V		Other important information to facilitate better understanding of the company's corporate governance practices (e.g., employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and Supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for Directors and Supervisors): (I) Employee benefits: The company values the interests and future development of employees, and it has established an employee welfare committee and implemented a pension system in accordance with regulations. We have also established management-labor communication channels and a communication mailbox dedicated to employees. The company has established CSR Best-Practice Principles and various policies and plans for customer services, supplier management, and social participation. (II) Caring for employees: The company has established a welfare system that provides stability for employees' lives and a sound education and training system to build	No differences.

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Departure
	Yes	No	Summary	
			good relations with employees based on mutual trust and reliance. For example, the company subsidizes employee club activities, provides cultural entertainment, free annual employee health examinations, parking spaces, and organizes charity running events. (III) Investor relations: The company has a spokesman and deputy spokesman who are responsible for handling shareholders' suggestions. (IV) Supplier relations: The company has established supplier management procedures to regulate business relations between suppliers and the company. Confidentiality agreements are also signed to prevent damaging the parties' business reputation and interests and to protect the rights and obligations of both parties. (V) Stakeholder relations: Stakeholders can communicate and make recommendations to the company to safeguard their legal rights. (VI) Directors and Supervisors' continuous training: The company's Directors (including Independent Directors) and Supervisors participate in continuous training programs in accordance with regulations. The training hours meet or exceed regulatory requirements, and the company shall continue to arrange appropriate continuous training courses for Directors (including Independent Directors) and Supervisors. The contents of the courses have been announced on the MOPS. (VII) Implementation of risk management policies and risk assessment standards: The company has established regulations on important managerial targets and implemented them in accordance with regulations. (VIII) Customer policy implementation status: The company and its subsidiaries have received ISO 9001 quality assurance system certification, and we have assigned dedicated customer service departments to ensure the implementation results of customer policies in overall operations. (IX) The company's purchase of liability insurance for Directors and Supervisors: The company has purchased liability insurance for Directors and Supervisors from Nan Shan Life. The coverage is from January 1, 2019, to January 1, 2020, and the insurance amount is NT$200 million.	

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Departure
	Yes	No	Summary	
IX. Please provide an explanation on the improvement status of corporate governance evaluation in the most recent fiscal year by the corporate governance center of the Taiwan Stock Exchange Corporation, as well as the improvement measures to be implemented: The company has formulated improvement plans for areas in the corporate governance evaluation that were not awarded points. A presentation file was formulated for review to strengthen the company's corporate governance and increase information transparency. In terms of information transparency, the company updates the Annual Reports and disclosure items on the company website and also accept invitations to investor conferences to make company information more transparent and reduce information asymmetry. With regard to the shareholders' meeting, the company has adopted the electronic voting system and has fully adopted a candidate nomination system for the election of Directors and Supervisors. The Audit Committee is expected to be established in 2020 by the shareholders' meeting.				

Note 1: Provide a brief description in the appropriate column, regardless of whether "Yes" or "No" is selected.

Note 2: The CPA independence evaluation and performance assessment tables for 2019 are provided as follows:

Item	Specific Criteria	Assessment Standards	Score	Status of Meeting Independence Conditions
Independence Indicators				
1	The CPA does not have a direct or indirect significant financial interest in the trustor.	5 points for no conflicts of interest and 0 points for the existence of such conflicts.	5	Yes
2	The CPA and the trustor do not have any inappropriate relationship.	5 points for no inappropriate relationship and 0 points for the existence of such a relationship.	5	Yes
3	The CPA shall not perform audit and assurance services on the financial statements of companies he/she has served within two (2) fiscal years before practicing.	5 points for no violations and 0 points for such violations.	5	Yes
4	The CPA shall not permit others to practice under his/her name. (Statement)	5 points for no instances of permitting others to practice under his/her name and 0 points for such violations.	5	Yes
5	The CPA and all members of the audit and service team shall not hold shares of the client.	5 points for not holding shares and 0 points for holding shares.	5	Yes
6	The CPA shall not engage in lending and borrowing of money with the client.	5 points for no such occurrences and 0 points for violation.	5	Yes
7	The CPA shall not engage in joint investments or benefit sharing with the client.	5 points for no such occurrences and 0 points for violation.	5	Yes
8	The CPA shall not concurrently serve as a regular employee of the client and receive a fixed salary.	5 points for no such occurrences and 0 points for violation.	5	Yes
9	The CPA shall not collect any commission related to his/her service.	5 points for no such occurrences and 0 points for violation.	5	Yes
10	Has the CPA's tenure lasted for more than seven consecutive fiscal years?	5 points for no such occurrences and 0 points for violation.	5	Yes

Item	Specific Criteria	Assessment Standards	Score	Achieved or Not
Performance Indicator				
1	The official financial statements of the previous three quarters have been completed within 45 days into the current quarter, or the annual financial statements have been completed within three months of the end of the fiscal year.	5 points for completing the assignment 3 days in advance; 3 points for completion in time; 0 point for failing to meet the specified time.	5	Yes
2	Accuracy in the audit and preparation of the preliminary quarterly and annual statements (excluding changes of company information). (Four major statements)	5 points for less than 2 errors in the statistics of financial statements; 3 points for less than 3 errors; 0 point for more than 3 errors.	5	Yes
3	The CPA has completed the audit of the company's financial statements for the previous three quarters and completed the preliminary draft.	5 points for less than 30 days for reviewing financial statements for the previous three quarters; 3 points for less than 40 days; 0 points for more than 40 days.	5	Yes
4	The CPA has completed the audit of the company's annual financial statements and completed the preliminary draft.	5 points for completing the audit within 60 days of the end of the fiscal year; 3 points for completion within 70 days; 0 points for completion after 70 days.	5	Yes
5	The CPA has completed the audit of the company's annual financial statements and completed the preliminary draft.	5 points for completing the audit within 55 days of the end of the fiscal year; 3 points for completion within 60 days; 0 points for completion after 60 days.	5	Yes
6	The CPA interacts frequently with the company's management personnel (internal auditing personnel, etc.), and records are kept.	5 points for compliance and 0 points for no interactions.	5	Yes

Item	Specific Criteria	Assessment Standards	Score	Achieved or Not
Performance Indicator				
7	The CPA interacts appropriately with the Supervisors in the audit and planning process and before submitting the audit opinions and records are kept.	5 points for compliance and 0 points for no interactions.	5	Yes
8	The CPA has provided active recommendations on the company's institutions and internal inspections, and the records are kept.	5 points for compliance and 0 points for no interactions.	5	Yes
9	The CPA has actively updated the company on new taxation and securities Supervisory regulations and updated amended IFRS accounting standards.	5 points for compliance and 0 points for no updates.	5	Yes
10	Stability of the members and personnel of the audit service team.	5 points for compliance and 0 points for no updates.	5	Yes
11	Assistance in coordinating communication and coordination with competent authorities.	5 points for compliance and 0 points for no updates.	5	Yes
12	Whether malpractice or irregular activities by company employees have been discovered.	5 points for no discovery and 0 points for discovery.	5	Yes

Note 3: The company values the Board diversity. At least one of the seven Directors is female. The company aims to increase the number of Independent Directors and proportion of female Directors in accordance with relevant laws and regulations. Information on the Board diversity policy has been disclosed on the company website and MOPS. The status of the company's Board diversity is as follows:

Item / Name	Nationality	Gender	Concurrently Serving as the company's Employee	Age		Term of Independent Director			Business Management	Leadership and Decision Making	Knowledge of the Industry	Finance and Accounting	Crisis Management	Environmental Protection
				51 to 60	61 to 70	Less than 3 Years	3 to 9 Years	Over 9 Years						
Ching-Lai Lu	Republic of China	Male	V		V				V	V	V		V	V
Hsin-Yao Cheng	Republic of China	Male	V	V					V	V	V		V	
Yu-Ru Chong	Republic of China	Female		V					V	V			V	V
Ching-Han Chiu Huang	Republic of China	Male		V					V	V			V	
Chien-Chang Chen	Republic of China	Male			V				V	V			V	
Chin-Po Wang (Note 4)	Republic of China	Male			V			V	V	V		V	V	
Huan-Ming Chou	Republic of China	Male			V		V				V		V	V

Note 4: Upon learning on February 4, 2020 that Independent Director Chin-Po Wang passed away, the company relieved him of his duties as an Independent Director.

(V) Constitution, Duties, and Operations of the Remuneration Committee (if Any):

1. Information on Members of the Remuneration Committee

Title (Note 1)	Qualifications / Name	Having More than Five Years of Work Experience and the Following Professional Qualifications			Compliance of Independence (Note 3)								Number of Other Public Companies where the Individual Concurrently Serves as a Member of the Remuneration Committee	Remark
		Serving as a Lecturer or Above in a Department of Business Administration, Law, Finance, Accounting, or Another Discipline Relevant to the company's Operations in Public or Private College Institutions	Serving as a Judge, Prosecutor, Lawyer, Accountant, or Other Professional Practice or Technician Relevant to the company's Operations that Must Undergo National Examinations and Be Licensed	Possessing Work Experience Necessary for Business Administration, Legal Affairs, Finance, Accounting, or Business Sector of the company	1	2	3	4	5	6	7	8		
Independent Director	Huan-Ming Chou	✓			✓	✓	✓	✓	✓	✓	✓	✓	-	None
Independent Director	Chin-Po Wang (Note 2)			✓	✓	✓	✓	✓	✓	✓	✓	✓	-	None
Others	Chong-Kuo Tseng			✓	✓	✓	✓	✓	✓	✓	✓	✓	-	None

Note 1: For the title, please identify whether the person is a Director, Independent Director, or other.

Note 2: Upon learning on February 4, 2020 that Independent Director Chin-Po Wang passed away, the company relieved him of his duties as an Independent Director.

Note 3: Please tick the box below each criterion if a member meets these conditions within two years prior to being elected and during his/her term of service.

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

(2) Not a Director or Supervisor of the company or any of its affiliates (not applicable in cases where the person is an Independent Director of the company and its parent company or subsidiary or any subsidiary of the same parent company as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(3) Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.

(4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3).

(5) Not a Director, Supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company or of a corporate shareholder that ranks among the top five in shareholdings (not applicable in cases where the person is an Independent Director of the company and its parent company or subsidiary or any subsidiary of the same parent company as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(6) Not a Director, Supervisor or employee of another company controlled by the same person with more than half of the company's Director seats or voting shares (not applicable in cases where the person is an Independent Director of the company and its parent company or subsidiary or any subsidiary of the same parent company as appointed in accordance with the Act or with the laws of the country of the parent or

subsidiary).

(7) Not a Director, Supervisor, or employee of a company where the Chairman, President or any equivalent position of the company is held by the same person or by his/her spouse (not applicable in cases where the person is an Independent Director of the company and its parent company or subsidiary or any subsidiary of the same parent company as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(8) Not a Director, Supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the company (excluding specified companies or institutions holding more than 20% but less than 50% of the total issued shares of the company and serving as the Independent Directors of the company and its parent company or subsidiary or any subsidiary of the same parent company in accordance with the Act or with the laws of the country of the parent or subsidiary).

(9) Not a professional individual who is an owner, partner, Director, Supervisor, or manager, or a spouse thereof, of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation, for which he/she has received the total remuneration of less than NT$500,000 over the past two years, for the company or any of its affiliated companies. This restriction does not apply to any member of the remuneration committee, public tender offer review committee or merger and acquisition special committee who exercises powers pursuant to the Securities and Exchange Act or Business Mergers And Acquisitions Act.

(10) Not a person of any conditions defined in the subparagraphs of Article 30 of the Company Act applies.

2. Operations of the Remuneration Committee

(1) The Remuneration Committee of the company consists of three members.

(2) Term of the current Remuneration Committee is from June 23, 2017 to June 14, 2020. The Remuneration Committee held four (A) meetings in 2019. The qualifications and attendance of the members are as follows:

Position	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Percentage of Attendance in Person (%) (B/A) (Note)	Remark
Convener	Huan-Ming Chou	4	0	100.00%	None
Member	Chin-Po Wang (Note 3)	4	0	100.00%	None
Member	Chong-Kuo Tseng	4	0	100.00%	None
Other required disclosure: I. In the event the Board of Directors does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and session of the Board meeting, agenda, resolution of the Board of Directors, and the company's response to the opinion of the Remuneration Committee (e.g., if the salaries and compensations approved by the Board was higher than the suggested levels from the Remuneration Committee, please state the differences and reasons): None. Please refer to Note 2. II. For the resolution made by the Remuneration Committee, if there are documented records of members who veto or withhold from expressing opinions, please state the date, session, agenda, opinions of all members, and the company's response: None. Please refer to Note 2.					

Note 1: (1) Where the Remuneration Committee members resign before the end of the fiscal year, the Remark column shall be annotated with the date of resignation. The percentage of attendance in person (%) shall be calculated using the number of the Board meetings convened and number of attendance in person during the term of service.

(2) Where the Remuneration Committee members were re-elected before the end of the fiscal year, both the newly and previously appointed Supervisors shall be listed accordingly. The Remark column shall be annotated to indicate whether the Director or Supervisor was previously or newly appointed, or re-elected as well as the date of re-election. The percentage of attendance in person (%) shall be calculated using the number of the Remuneration Committee meetings convened and number of attendance in person during the term of service.

Note 2: The topics and resolutions of the Remuneration Committee meetings and the company's handling of the members' opinions are as follows:

Note 3: Upon learning on February 4, 2020 that Chin-Po Wang passed away, the company relieved him of his duties as a Remuneration Committee member.

<table>
<tr><th>Date</th><th>Session</th><th>Major Resolutions</th><th>Dissenting or Qualified Opinion by the Remuneration Committee Members</th></tr>
<tr><td rowspan="2">3rd Term
6th Meeting
February 26, 2019</td><td rowspan="2">Remuneration Committee</td><td>Case 1: The distribution of the incentives bonuses for employees is submitted for approval.
Case 2: The company's 2018 compensation distribution for employees, Directors, and Supervisors is submitted for approval.
Case 3: The authorization for the compensation to the company's new corporate governance officer is submitted for approval.</td><td>None</td></tr>
<tr><td colspan="2">Attendance of the Remuneration Committee members: Chin-Po Wang, Huan-Ming Chou, and Chong-Kuo Tseng attended.
The Remuneration Committee members’ opinions: None.
The company's response to the opinion of the Remuneration Committee: All Directors present voted in favor of the proposal.
Resolution: Approved by all members present at the meeting.</td></tr>
<tr><td rowspan="2">3rd Term
7th Meeting
April 30, 2019</td><td rowspan="2">Remuneration Committee</td><td>Case 1: The adjustments of employee salary and remuneration are submitted for approval.
Case 2: The formulation of the company's "Retirement Policies for Appointed managerial officers” is submitted for approval.</td><td>None</td></tr>
<tr><td colspan="2">Attendance of the Remuneration Committee members: Chin-Po Wang, Huan-Ming Chou, and Chong-Kuo Tseng attended.
The Remuneration Committee members’ opinions: None.
The company's response to the opinion of the Remuneration Committee: All Directors present voted in favor of the proposal.
Resolution: Approved by all members present at the meeting.</td></tr>
<tr><td rowspan="2">3rd Term
8th Meeting
June 13, 2019</td><td rowspan="2">Remuneration Committee</td><td>Case 1: The company's 2018 compensation distribution for employees, Directors, and Supervisors is submitted for approval.</td><td>None</td></tr>
<tr><td colspan="2">Attendance of the Remuneration Committee members: Chin-Po Wang, Huan-Ming Chou, and Chong-Kuo Tseng attended.
The Remuneration Committee members’ opinions: None.
The company's response to the opinion of the Remuneration Committee: All Directors present voted in favor of the proposal.
Resolution: Approved by all members present at the meeting.</td></tr>
<tr><td>3rd Term
9th Meeting</td><td>Remuneration Committee</td><td>Case 1: The distribution of 2019 year-end bonuses for employees is submitted for approval.
Case 2: The adjustments of employee salary and remuneration are submitted for approval.</td><td>None</td></tr>
</table>

<table>
<tr><th>Date</th><th>Session</th><th>Major Resolutions</th><th>Dissenting or Qualified Opinion by the Remuneration Committee Members</th></tr>
<tr><td>November 7, 2019</td><td></td><td colspan="2">Attendance of the Remuneration Committee members: Chin-Po Wang, Huan-Ming Chou, and Chong-Kuo Tseng attended.
The Remuneration Committee members’ opinions: None.
The company's response to the opinion of the Remuneration Committee: All Directors present voted in favor of the proposal.
Resolution: Approved by all members present at the meeting.</td></tr>
<tr><td rowspan="2">3rd Term
10th Meeting
February 26, 2020</td><td rowspan="2">Remuneration Committee</td><td>Case 1: The company's 2019 compensation distribution for employees, Directors, and Supervisors is submitted for approval.
Case 2: The distribution of the incentives bonuses for employees is submitted for approval.
Case 3: The adjustments of employee salary and remuneration are submitted for approval.</td><td>None</td></tr>
<tr><td colspan="2">Attendance of the Remuneration Committee members: Huan-Ming Chou and Chong-Kuo Tseng attended.
The Remuneration Committee members’ opinions: None.
The company's response to the opinion of the Remuneration Committee: All Directors present voted in favor of the proposal.
Resolution: Approved by all members present at the meeting.
Note: Upon learning on February 4, 2020 that Chin-Po Wang passed away, the company relieved him of his duties as a Remuneration Committee member.</td></tr>
<tr><td rowspan="2">3rd Term
11th Meeting
April 28, 2020</td><td rowspan="2">Remuneration Committee</td><td>Case 1: The formulation of the company's "Regulations Governing the Remuneration for Directors" is submitted for approval.
Case 2: The adjustments of employee salary and remuneration are submitted for approval.
Case 3: The company's 2019 compensation distribution for employees, Directors, and Supervisors is submitted for approval.
Case 4: The appointment of the Associate Manager Heng-Hui Tsai is submitted for approval.
Case 5: The promotion of Associate Manager Ming-Tsung Kuo to Vice President is submitted for approval.</td><td>None</td></tr>
<tr><td colspan="2">Attendance of the Remuneration Committee members: Huan-Ming Chou and Chong-Kuo Tseng attended.
The Remuneration Committee members’ opinions: None.
The company's response to the opinion of the Remuneration Committee: All Directors present voted in favor of the proposal.
Resolution: Approved by all members present at the meeting.
Note: Upon learning on February 4, 2020 that Chin-Po Wang passed away, the company relieved him of his duties as a Remuneration Committee member.</td></tr>
</table>

(VI) State of the company's Fulfillment of Corporate Social Responsibility, Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Departure

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reason for Any Such Departure
	Yes	No	Summary (Note 2)	
I. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 3)	V		I. Exercise corporate governance The company has established the Corporate Social Responsibility Best-Practice Principles with approval of the Board of Directors. We have also established management systems to review the implementation results periodically. In addition, the company embraces corporate social responsibilities, gives back to society, and has appointed Hua Nan Commercial Bank as the trustee for the establishment of the "All Ring Tech Charity and Welfare Foundation". The Foundation aims to provide social charity and emergency relief activities and implements corporate social responsibilities for the society in accordance with related regulations. Please refer to Note 4 for details on the activities. Regarding risk management, the company has developed strategies for identifying risk incidents and controlling risks to a range within the company's risk appetite to reasonably ensure the achievement of the company's goals. The policies and regulations regarding risk management duties, analyses, processes, and communication have been in place and announced on the company website.	No differences.
II. Has the company established a dedicated (concurrent) unit to promote CSR? Has the Board of Directors authorized senior management to handle such matters as well as to report its implementation to the Board of Directors?	V		1. The company has formed the Corporate Governance and Sustainability Committee comprised of the Administration Division, Finance Division, President's Office, and procurement and sales units. Vice President Chien-De Li of the President's Office serves as the convener and is responsible for proposing and implementing CSR policies and institutions. The Committee reviews implementation items and makes improvements regularly each fiscal year. 2. The company's Corporate Governance and Sustainability Committee and the "All Ring Tech Charity and Welfare Foundation" work together to advance related CSR affairs and they report implementation results to the Board of Directors in the first quarter of each fiscal year (once a fiscal year).	No differences.
III. Environmental issues (I) Has the company established a suitable environmental management system based on the characteristics of its industry?	V		The company selects substances that do not harm the environment in accordance with the characteristics of the industry and reduces the usage volume of materials to reduce pollution of the environment. We also prevent waste of resources in assembly and maintenance and focus on safe and energy-saving designs. The company	No differences.

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reason for Any Such Departure
	Yes	No	Summary (Note 2)	
			assembles machinery and does not have a production line. We do not emit air or water pollutants. We have also obtained permits from the Environmental Protection Bureau and the Southern Taiwan Science Park Bureau. In addition, the company appoints professional institutions to measure carbon dioxide emissions and other monitored items each fiscal year to maintain environmental control measures. The inspection reports and the permits from the Environmental Protection Bureau and the Southern Taiwan Science Park Bureau have been announced on the company website. Therefore, the ISO 14001 standards are not applicable to the company.	
(II) Is the company committed to improving the efficient use of resources and utilize renewable resources to reduce environmental impact?	V		The company is committed to improve the efficiency in the use of various resources, and it strengthens education on the classification of waste in hopes of reusing resources and lowering the impact on the environment. Please refer to Pages 87~92 for policies and goals for environmental protection and energy conservation.	No differences.
(III) Has the company assessed the present and future potential risks and opportunities of climate change and taken measures to respond to climate-related issues?	V		In the face of global climate change, the company strengthens its climate resilience to reduce the disasters' impacts on the business operations. As stated in the Corporate Social Responsibility Report, responding to climate change is the company's responsibility for sustainable management. By continuously improving energy efficiency and using renewable energy, the company is committed to becoming a global leader in green manufacturing. Please refer to Pages 87~92 for policies and goals for environmental protection and energy conservation.	No differences.
(IV) Has the company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	V		The company's internal regulations require reduced usage of air-conditioning before the temperature reaches a specific level in order to reduce energy consumption, carbon emissions, and greenhouse gas emissions. We have also set up solar power panels to generate power for our own use. Please refer to Pages 87~92 for policies and goals for environmental protection and energy conservation.	No differences.
IV. Social issues (I) Has the company set up management policy and procedures in accordance with the relevant laws and regulations, as well as the International Human Rights Treaty?	V		To improve the company's respect and support for human rights, the Board of Directors established the "Code of Ethical Conduct" on March 18, 2005, the "Ethical Corporate Management Best Practice Principles" on November 9, 2015, the "Ethical Management Procedures for Grievances and Reports" on July 28, 2016, and the "Human Rights Policy" on May 4, 2018. They are published on the company's website to ensure compliance with related labor regulations and international human rights.	No differences.

Evaluation Item		State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reason for Any Such Departure
		Yes	No	Summary (Note 2)	
(II)	Does the company formulate and implement reasonable employee benefits measures (including compensation, days-off, and other benefits, etc.), and appropriately link the operating performance or results to employee compensation?	V		1. The company's senior management periodically convenes meetings to discuss and understand the related implementation status of CSR activities and to review and make improvements. The company educates employees on business ethics from time to time in monthly meetings and integrates related results to employee performance evaluation. 2. The company has established the Remuneration Committee which comprises of Independent Directors who help review related information on salary. The company has established different performance evaluation systems for each employee based on the nature of his/her work, and we use performance evaluation settings and interviews to uncover the talents and competence of each employee as the basis for performance evaluation. 3. The company regards the retention of talented individuals as an important human resources strategy. In addition to a guaranteed annual pay of 14 months' salary, the company also provides employees with performance rewards and employee bonuses based on the performance of operations and the employee's actual contribution. We also have employee incentives such as R&D bonuses and other bonuses for encouraging employees. The company adjusts employees' salaries within a 3% range each fiscal year based on personal performance and company operations. 4. The company explains the corporate culture, ethical conduct, core values, and CSR to new recruits when on Board. We also provide different education and training courses for all employees, including education seminars on corporate governance and the prevention of insider trading to strengthen employees' knowledge and awareness of such subjects. 5. In addition to bonuses, the company also provides additional benefit policies and an excellent work environment for employees. Please refer to Pages39~40 and Pages 87~92 for details.	No differences.
(III)	Has the company provided employees with a safe and healthy working environment, and routinely implemented safety and health education for employees?	V		The company has established the "Safety and Health Management Regulations" to maintain safety in the working environment. The company provides employees with a safe and healthy work environment and implements the following items: a. The company organizes employee health examinations; b. The company pays attention to food safety concerns by reviewing the menu each week and discussing	No differences.

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reason for Any Such Departure
	Yes	No	Summary (Note 2)	
			the content of menus with contractors to provide a healthy food environment; c. The company supports a no-smoking workplace and encourages employees to quit smoking; d. The company provides a gym for employees to exercise; e. We established a mobile library to cultivate reading habits of employees; f. We implement lighting and carbon dioxide concentration measurements for the workplace every six months to provide a good working environment; g. We organize fire drills each fiscal year and establish a comprehensive fire safety system and file inspection reports; and h. We provide education and training programs to employees in the plant to ensure workplace safety.	
(IV) Has the company established effective career development and training plans for employees?	V		The company has established the "Code of Ethical Conduct" and "Ethical Management Procedures for Grievances and Reports" that allow employees to report or appeal to the company through the employee cafeteria mailbox (anonymously) or directly through the Supervisor or the management. Please see Pages 46~51 for related standard operating procedures and confidentiality mechanisms. The company has established the "Labor Safety Consultancy and Communication Management Regulations." The company educates employees on their rights in the monthly meeting on subjects including the 2nd-generation National Health Insurance, gender equality at the workplace, labor rights, etc. The company also reports the company's performance in the operations from the previous month and future plans. In addition, the company has set up mailboxes at the company cafeteria for proposals on improving the system. We also assigned dedicated personnel that is ready to communicate with employees face to face. Overall, communication channels have been diverse and open. The company has established the "Education and Training Management Regulations" to provide new and old employees with a comprehensive set of training methods for the effective development of professional capabilities. The training programs integrate company goals and personal performance development, and we provide a full range of talent development courses for different job types and positions: 1. Onboard training: We adopt a mentorship system to quickly integrate new employees into the team and our corporate culture. 2. R&D engineering: We organize theoretical and practical courses on R&D technologies.	No differences.

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reason for Any Such Departure
	Yes	No	Summary (Note 2)	
			3. Leadership: We organize a series of leadership courses for the management to let Supervisors lead the growth of employees. 4. Work skills: We organize courses on management, languages, computer, and other skills to improve work efficiency. 5. Living seminars: We organize seminars on improving life quality and encourage self-growth by employees. 6. Occupational safety and health training: We organize periodic fire safety drills, earthquake evacuation, and related courses to protect employees' safety and health.	
(V) Has the company complied with relevant laws and regulations and international standards for its products and services respecting customer health and safety, customer privacy, marketing and labeling, and formulated relevant consumer protection policies and grievance procedures?	V		The products of the company and its subsidiaries meet ISO 9001 regulations, and the company has established a customer service unit to process quality and customer complaints. The company's products and services are provided in accordance with international laws and regulations, and the company has established a customer service unit to process quality and customer complaints.	No differences.
(VI) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? How well are those policies implemented?	V		The company's products and services are provided in accordance with international laws and regulations, and the company has established a customer service unit to process quality and customer complaints. The company sets ourselves as an example and participates in social welfare events. We will invite upstream and downstream supply chains to dedicate themselves to foster a stronger sense of corporate social responsibility. The "All Ring Charitable Trust Fund" set up by the company continues to support blood donation activities, events dedicated to children from low-income families, and active donation activities in the event of emergencies and disasters in society to give back to society.	No differences.
V. Does the company, following internationally recognized guidelines or instructions, prepare and publish reports such as corporate social responsibility reports to disclose non-financial information? Has the company received assurance or certification of the aforesaid reports from a third party accreditation institution?	V		The company has prepared the corporate social responsibility reports and other reports in accordance with internationally recognized guidelines or instructions to disclose non-financial information. Such reports have also been published on the MOPS and company website. The company expects to obtain the assurance or certification of the aforesaid reports from a third party accreditation institution in the future.	No differences.
VI. If the company has established the corporate social responsibility principles based on "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies," please describe any deviation between the principles and their implementation: The company has established the "Corporate Social Responsibility Best-Practice				

Evaluation Item	State of Operations (Note 1)			Any Departure from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reason for Any Such Departure
	Yes	No	Summary (Note 2)	
Principles" based on the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and there is no deviation between the two. In addition, the company also pursues the ideals of sustainable development, care for society, and environmentally-friendliness.				
VII. Other important information helpful in understanding CSR operations (I) To fulfill our social obligation to protect the environment, we prohibit the use of statuary hazardous materials when producing equipment. We also deliver related information to each department to ensure that the company's products meet customer demands. In addition, the company continues to make improvements on environmental pollution, energy, resources conservation, and waste reduction to lower potential environmental protection risks. (II) In addition to making generous donations during emergencies and crises in the society, the company also encourages employees to give aid when it is needed and join the donation programs to give back to society. (III) Please refer to Note 3 for information on major activities supported by the All Ring Charitable Trust Fund.				

Note 1: If "Yes" is checked in the operating status column, please explain the important policies, strategies, measures and implementation situations; if "No" is checked in the operating status column, please explain the reasons, as well as give relevant policies, strategies and measures to counter the situation.

Note 2: If the company has compiled CSR reports, it may specify the ways to access the reports and the page numbers of the cited content in the column "State of Operations."

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

Note 4: Activities of the All Ring Tech Charity and Welfare Foundation are outlined below:

Thematic Activity	Target	Description
Charity events during new fiscal year and festivals	Disadvantaged students	Lunar New Year: 234 shares of seasonal dishes were given out to elementary schools, junior high schools, and senior high schools. Dragon Boat Festival: 412 pieces of glutinous rice were given out to elementary schools, junior high schools, and senior high schools. Mid-autumn Festival: 400 pieces of moon cakes were given out to elementary schools, junior high schools, and senior high schools.
Donations to foundations	Tainan City Southern Area Fund for Children and Families, World Peace Foundation	World Peace Foundation: NT$30,000; Kuanyi-Line Counseling Center: NT$85,200 House of the Little Angel: NT$100,000; Charity Donation of Lions Club International: NT$200,000 Zenan Homeless Social Welfare Foundation: NT$100,000; Huashan Social Welfare Foundation: NT$200,000 Sunfar 3C: NT$30,000; Concordia Middle School participating in FIRST Robotics Competition: NT$500,000 TPCA Environment Foundation: NT$160,000; Chinese Society of Mechanical Engineers: NT$60,000
Scholarship Hope Initiative and breakfast subsidies for disadvantaged schoolchildren	All employees and community residents	Famous people in the community were invited to give a public speech. 150 individuals participated.
Winter and summer camps	Disadvantaged schoolchildren, all employees, and community residents	Winter camp: 60 participants, NT$27,407 Summer camp: 80 participants, NT$48,500
Care for rural areas	Social welfare foundations	Education subsidies for children in remote areas, totaling NT$200,000
Emergency relief	Community students	7 students, NT$125,000 Breakfast and dinner for the baseball team of Shou Tian Elementary School: 30 students, NT$150,000 Sports supplies for Yizai Elementary School: 60 students, NT$50,000 Breakfast for the disadvantaged students of Kaohsiung Municipal Yanchao Junior High School: 70 students, NT$50,000
Charity run events	All employees, families, friends, and suppliers	2,500 employees, making a donation totaling NT$2,046,257

Promotion of creativity	Kunshan Creativity Competition	600 participants, NT$1,000,000
Dream Come True Programs	Disadvantaged students	216 students, books: NT$49,494, reading guide: NT$10,800, gift coupons: NT$54,175, Dream Come True cards: NT$37,986, and Christmas Magic Camp: NT$34,650

(VII) State of the company's Ethical Corporate Management, Any Departure from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Departure

Evaluation Item	State of Operations (Note 1)			Any Departure from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reason for Any Such Departure
	Yes	No	Summary	
I. Formulating policies and plans for ethical corporate management (I) Does the company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and senior management work proactively to implement their commitment to those management policies?	V		I. Formulating policies and plans for ethical corporate management The company has established and passed the "Ethical Corporate Management Best-Practice Principles" in the Board meeting on November 9, 2015. The Principles have been amended twice (and passed in the Board meetings on June 13, 2019 and February 26, 2020). The latest version of the Principles has been disclosed on the MOPS. The company promotes the ideals of honesty and integrity, and we use our motto of "pay attention to the people, be considerate and forgiving, place ourselves in others' shoes, act in good faith and honesty, do business with openness and candor, and abide by our promises" to require employees to compete within the legal scope in their work and lives and work with suppliers in a fair, objective, and ethical manner. The company emphasizes employees' personal ethics and does not permit fraudulent activities for personal profits.	No differences.
(II) Has the company set a plan to forestall unethical conduct with clearly prescribed procedures, best-practices, disciplinary actions, and reporting systems for violations, implemented the plan accordingly, and regularly reviewed and corrected such plan?	V		The company has established the "Ethical Corporate Management Best-Practice Principles" and the "Ethical Management Procedures for Grievances and Reports" for education and training programs for employees to ensure that they understand the company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. The regulations are reiterated regularly in monthly meetings.	
(III) Does the company establish an assessment mechanism for unethical risks, according to which it analyzes and assesses operating activities with high potential unethical risks? Does the mechanism include any precautionary measures against all the conducts as stated in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The company has established the "Ethical Corporate Management Best-Practice Principles" and the "Ethical Management Procedures for Grievances and Reports," and employees shall not receive any inappropriate interests in their business activities. We also implement control points in the accounting system, internal control system, and ISO management regulations to prevent unethical conduct. We have also established the Procedures for Acquisition and Disposal of Assets, Procedures for Endorsements and Guarantees, Procedures for Loaning of Funds to Others, and Procedures for Related Party Transactions.	
II. Implementation of ethical corporate management (I) Has the company assessed the integrity records of its business partners and specified ethical business policy in contracts with them?	V		II. Implementation of ethical corporate management The company evaluated the legality and credit of clients before doing business with them in order to avoid unethical transactions and conduct.	No differences.

Evaluation Item	State of Operations (Note 1)			Any Departure from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reason for Any Such Departure
	Yes	No	Summary	
(II) Has the company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?	V		1. Vice President Chien-De Li of the President's Office is the convener (approved by the Board on February 26, 2019, as the person in charge of corporate governance) who has established the company's Corporate Governance and Sustainability Committee that ensures ethical corporate management based on the work of each unit, and reports in the first quarter of each year to the Board of Directors (once a year). The Committee reported the implementation results to the Board of Directors on November 7, 2019. 2. To prevent conflict of interests and provide communication channels, the company has established the "Ethical Corporate Management Best-Practice Principles" and the "Ethical Management Procedures for Grievances and Reports" to provide mechanisms for submitting complaints. 3. On top of the formulation of policies, for the company's implementation of the ethical corporate management policy in 2019, please refer to Note 2.	
(III) Has the company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement such policy properly?	V		The company's Rules of Procedures for Board of Directors Meetings includes a Director interest recusal clause which requires Directors to recuse themselves from votes on resolutions when there is a conflict of interest. In addition, all Directors, Supervisors, and managers have signed Statements on Honesty and Integrity. The company maintains smooth complaint channels with employees who are able to report to the company through the employee cafeteria mailbox or directly through the Supervisor or the management. We have also established a designated section for stakeholders on the company's website.	
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		The company has established an effective accounting system, internal control system, and ISO management regulations, which are regularly reviewed and revised to maintain the continued effectiveness of the system design and implementation. Auditors periodically provide improvement recommendations for the accounting system, internal control system, and ISO management regulations.	No differences.
(V) Does the company hold routine internal and external training for ethical corporate management?	V		The company organizes education and training programs for employees to ensure that they understand the company's resolve to implement ethical corporate management, the related policies, prevention programs, and the consequences of committing unethical conduct.	No differences.

Evaluation Item	State of Operations (Note 1)			Any Departure from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reason for Any Such Departure
	Yes	No	Summary	
III. Operation of the whistle-blowing channel (I) Has the company established concrete whistle-blowing and rewarding systems and accessible whistle-blowing channels? Does the company assign a suitable and dedicated individual for the case being exposed by the whistle-blower?	V		III. Operation of the whistle-blowing channel The company has established the "Ethical Corporate Management Operating Procedures" and "Code of Conduct and Grievance and Complaint System," which are announced on the company website. If the company's Director, manager, or employee discovers any violation of the operational integrity of the company, it shall report immediately to the Board of Directors or the audit unit. The identity of the whistle-blower and the content of the report shall be kept confidential. The audit unit shall conduct thorough investigations on all reported cases to determine the facts. If the violation is confirmed, the audit unit shall coordinate with the Administration Division and take disciplinary actions according to relevant company policies. It shall also disclose the name and job position of the violator, the date and contents of the violation and the actions taken, etc. at an appropriate time. In addition, an employee shall be rewarded if he/she discovers and prevents forgery or identity fraud and minimizes loss for the company or its clients; an employee shall be rewarded if he/she exposes or prevents fraud or any harmful incident and minimizes loss or damage to the company; an employee shall be rewarded if he/she reports or assists in investigations on misconduct at work and prevents significant loss to the company. The company has established a mailbox on the external website to provide good communication channels to the company's employees, shareholders, and stakeholders to facilitate corporate governance. The company details specific rules for the processing unit, report channels, processing procedures, and punishment systems and that require the company to provide the reported individual with opportunities for expressing opinions or complaints to prevent wrongful accusations.	No differences.
(II) Has the company established standard operating procedures for the reported matters, the measures to be taken after investigation is completed, and the relevant confidential mechanism?	V		Standard operating procedures for investigations are as follows: 1. Quick response: After the company accepts a complaint or report, the audit manager shall assign appropriate personnel to conduct investigations. 2. Reporting procedures: a. Any report involving general employees shall be reported to the department head. Any report involving a Director or senior manager shall be reported to the Board of Directors. b. The department of the company, which receives the report, and the	No differences.

Evaluation Item	State of Operations (Note 1)			Any Departure from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reason for Any Such Departure
	Yes	No	Summary	
			department head or the person in charge shall immediately ascertain the facts. Assistance shall be provided by the relevant department when necessary, and the opportunity for explanations should be given to the individual being accused. c. If it is confirmed that there is a violation of relevant laws or the company's ethical management policies and rules, the individual being accused shall be immediately required to stop the behavior, and appropriate measures shall be taken, and if necessary, the company shall seek compensation through legal channels to protect the company's rights and interests. d. The acceptance of the report, the investigation process, and the results shall be kept in writing or electronic file, and the relevant information shall be kept for at least seven fiscal years. If a lawsuit related to the content of the report occurs before the expiration period, the information shall be kept until the end of the lawsuit. e. If the investigation is verified, the relevant internal control system and operating procedures shall be reviewed, and improvement measures shall be proposed to prevent the same situation from happening again. f. If the case is verified and the circumstances are severe, it shall be dealt with by law or company regulations, and the appropriate reward for the informant shall be provided. g. The company will notify the complainant or the informant by telephone, letter, or other means within one month after the completion of the investigation. 3. Reported cases not to be accepted: Reported cases with any of the following circumstances shall not be accepted: a. Anonymously or with a false name, and no contact information is provided. b. No evidence is available for investigation. 4. Recusal rules: a. The person in charge of the case and the informant and the person being accused are within a two-degree relative relationship or have related interests, which may affect the impartial investigation. The person in charge shall be self-recused. 5. The confidentiality mechanism is as follows:	

<table>
<tr><td rowspan="2">Evaluation Item</td><td colspan="3">State of Operations (Note 1)</td><td rowspan="2">Any Departure from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reason for Any Such Departure</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td></td><td></td><td></td><td>a. The safety of the informant shall be protected. If it is an employee of the company, protection shall be guaranteed from improper counteractions.
b. The person in charge shall strictly safeguard the informant's identity and the content of the matter.</td><td></td></tr>
<tr><td>(III) Has the company adopted protection against inappropriate disciplinary action for the whistle-blower?</td><td>V</td><td></td><td>The company takes full responsibility of keeping the confidentiality of the whistle-blowers, to prevent them from inappropriate treatment for whistle-blowing cases.</td><td>No differences.</td></tr>
<tr><td>IV. Strengthening of information disclosure
(I) Has the company disclosed the content of the best practice principles on ethical corporate management and the effectiveness of its activities on the company website or MOPS?</td><td>V</td><td></td><td>IV. Strengthening of information disclosure
The company has established a website to disclose company status, basic information, financial, and the Corporate Social Responsibility Report. The company regularly discloses related information on ethical corporate management on the MOPS with promptness, openness, and transparency.</td><td>No differences.</td></tr>
<tr><td colspan="5">V. If the company has established its own best practice principles on ethical corporate management in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies," please describe any discrepancies between the prescribed Best-Practice and the actual implementation of the ethical corporate management practices:
The company has established the "Ethical Corporate Management Best Practice Principles" in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies". Related implementation does not deviate from principles established in the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies."</td></tr>
<tr><td colspan="5">VI. Other information helpful to understand the integrity operation of the company: (e.g., the company's amendment to its own best practice principles on ethical corporate management)
1. Natural persons assigned by the company to perform duties in accordance with the Company Act or other individuals who obtain the company's internal material information through identity, profession, or control relationships shall exercise the due care and diligence of a good administrator and perform duties in accordance with the principles of good faith. Insiders who are aware of internal material information may not disclose such information to others.
2. The company's certified public accountant is PricewaterhouseCoopers (PwC), who does not serve as the company's Director or Supervisor. PwC conducts periodic reviews of the company and reports to the Board of Directors each fiscal year. PwC is both professional and independent. In addition, our CPAs regularly assess major cycles and internal controls and provide recommendations on the company's internal controls and accounting.</td></tr>
</table>

Note 1: Provide a brief description in the appropriate column, regardless of whether "Yes" or "No" is selected.

Note 2: The implementation of the ethical corporate management policy in 2019 is described as follows:

Event	Target	Description
Promoting rules and regulations	All employees	Rules and regulations regarding the Ethical Corporate Management Best Practice Principles and internal materials information are promoted in regular monthly meetings and weekly executive meetings. Real examples are also provided for employees as a reminder in work to prevent the occurrence of unethical conduct.
Reporting mechanism	All employees	Employees can feedback to the management through multiple channels. The company has disclosed the communication channels for the stakeholders and Ethical Management Procedures for Grievances and Reports on the company website, annual reports, and CSR reports, which provides employees with a reporting pipeline related to ethical management.
Regular evaluation	All employees	The ethical corporate management policy has been applied to the employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.
Reporting system and informant protection	All employees	The company has set up a reporting system and informant protection mechanism. Please refer to #Pages 36-39#.

(VIII) If the company has adopted corporate governance best practice principles or related bylaws, disclose how these are to be searched:

The company has established and passed the "Corporate Governance Practice Principles" in the meeting of the Board of Directors and disclosed them on MOPS.

(IX) Other important information to facilitate better understanding of the company's corporate governance activities may be disclosed here:

The company has established the Regulations on Prevention of Insider Trading as the basis of the company's processing of material information and disclosure mechanisms. We also review the Regulations from time to time to comply with regulatory requirements and actual management.

(X) Implementation of the Internal Control System:

1. Statement of the Internal Control System: Please refer to #Page 53#.
2. Where CPAs are commissioned to audit the company's internal control systems, the audit report prepared by the CPAs shall be disclosed: Not applicable.

(XI) Any Legal Penalty Imposed upon the company and Its Personnel, or Any Penalty, Major Deficiencies, and State of Improvements Imposed by the company upon Its Personnel for Violating the Rules of the Internal Control System during the Most Recent Year up to the Publication Date of the Annual Report: No such occurrences.

(XII) Major Resolutions of a Shareholders' Meeting or a Board of Directors Meeting during the Most Recent Year up to the Publication Date of the Annual Report: Please refer to #Pages 18~21#.

(XIII) Major Content of Any Dissenting Opinions on Entry or Stated in a Written Statement Made by Directors or Supervisors regarding Major Resolutions of Board Meetings during the Most Recent Year up to the Publication Date of the Annual Report: No such occurrences.

(XIV) Any Resignation or Dismissal of the company's Chairman, President, Accounting Manager, Financial Executive, Internal Audit Manager, and Research and Development Executive during the Most Recent Year up to the Publication Date of the Annual Report: No such occurrences.

All Ring Tech Co., Ltd.

Statement of Internal Control System

Date: February 26, 2020

Based on the results of the self-assessment with the internal control system in 2019, the company now declares as follows:

I. The company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board and the managerial officer of the company. The company has established such a system. Its goals are to provide reasonable assurance on the target achievement on the results and effectiveness (including profits, performance and guaranteeing the safety of assets, etc.) of the operation, reliability of the financial report, and compliance with relevant laws and regulations.

II. The internal control system has inherent constraints, and no matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned objectives. Moreover, the effectiveness of the internal control system may be altered from changes in the environment and under different situations. Nevertheless, the company's internal control system contains self-monitoring mechanisms, and the company takes immediate remedial actions in response to any identified deficiencies.

III. The company assesses for the effectiveness of the internal control system's design and practices through the effectiveness of internal control system, as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "the Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5) Monitoring Activities. Each constituent element includes a number of categories. Please refer to "The Regulations" for the aforementioned categories.

IV. The company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

V. Based on the findings of the evaluation, the company believes that, as at December 31, 2019, it has maintained, in all material respects, an effective internal control system (including the supervision and management toward its subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable regulations.

VI. This Statement shall be published in the company's Annual Report and public offering prospectus. If the aforementioned content contains illegal matters such as any fraudulent or hidden information, the company will be in question of breaching Articles 20, 32, 171, and 174 in the Securities and Exchange Act and face legal consequences.

VII. This Statement was approved by the Board on February 26, 2020 where 0 of the 6 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

All Ring Tech Co., Ltd.

Chairman: Ching-Lai Lu

President: Hsin-Yao Cheng

IV. Information on CPA Professional Fees

Table of the Range of CPA Professional Fees

Name of Accounting Firm	Name of CPA		Audit Period	Remark
PwC Taiwan	Tsi-Meng Liu	Yong-Chih Lin	January 1, 2019~December 31, 2019	None

Unit: NT$ thousand

Interval of the Amount \ Professional Fees		Audit Fees	Non-Audit Fees	Total
1	Less than NT$2,000 thousand	-	V	-
2	NT$2,000 thousand (inclusive) to NT$4,000 thousand	V	-	-
3	NT$4,000 thousand (inclusive) to NT$6,000 thousand	-	-	-
4	NT$6,000 thousand (inclusive) to NT$8,000 thousand	-	-	-
5	NT$8,000 thousand (inclusive) to NT$10,000 thousand	-	-	-
6	Over NT$10,000 thousand	-	-	-

Given any one of the following conditions, the company shall disclose CPA professional fees:

(I) If the non-audit fees paid to the CPAs, their accounting firm and affiliated companies of their accounting firm exceed one-fourth of the audit fees paid to them, the amount of audit and non-audit fees, and the content of non-audit services shall be disclosed:

Unit: NT$ thousand

Name of Accounting Firm	Name of CPA	Audit Fees	Non-Audit Fees					Audit Period	Remark
			System Design	Business Registration	Manpower	Others	Subtotal		
PwC Taiwan	Tsi-Meng Liu Yong-Chih Lin	3,015	0	30	0	219	249	January 1, 2019~ December 31, 2019	Other fees included typing, printing, binding, and postage amounting to NT$116 thousand and travel expenses of NT$103 thousand, totaling NT$219 thousand.

(II) Where the Accounting Firm Is Replaced and Audit Fees Paid for the Year Are Less than Those of the Previous Year, the Sum, Proportion, and Cause of the Reduction Shall Be Disclosed: None.

(III) Where Audits Fees Paid for the Year Are More than 15% Less than Those of the Previous

V. Information on Replacement of Certified Public Accountants: None.

VI. Where the company's Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters Have in the Most Recent Fiscal Year Held a Position at the Accounting Firm of Its Certified Public Accountant or an Affiliated Company of Such Accounting Firm: None.

VII. Equity Transfer or Changes in Equity Pledged by the company's Directors, Supervisors, Managerial Officers or Shareholders with Shareholding Percentage Exceeding Ten (10) Percent in the Most Recent Fiscal Year up to the Publication Date of the Annual Report:

(I) Changes in the Equity of Directors, Supervisors, Managerial Officers, and Major Shareholders:

Title (Note 1)	Name	2019		Current Fiscal Year up to May 18, 2020	
		Change in Shares Held	Change in Shares Pledged	Change in Shares Held	Change in Shares Pledged
Chairman	Ching-Lai Lu	-	-	-	-
Director and President	Hsin-Yao Cheng	-	-	-	-
Director	Fengqiao Investment Co., Ltd.	28,000	-	1,000	-
Representative Director	Yu-Ru Chong	10,000	-	29,000	-
Director	Hanlin Construction Co., Ltd.	-	-	-	-
Representative Director	Ching-Han Chiu Huang	-	-	-	-
Director	Chien-Chang Chen	-	-	-	-
Director	Chin-Po Wang	-	-	-	-
Director	Huan-Ming Chou	-	-	-	-

Title (Note 4)	Name	2019		Current Fiscal Year up to May 18, 2020	
		Change in Shares Held	Change in Shares Pledged	Change in Shares Held	Change in Shares Pledged
Supervisor	Hong-Ren Lin	-	-	-	-
Supervisor	Kuo-Chen Wu	-	-	-	-
Supervisor	Jincheng Investment Co., Ltd.	115,000	-	46,000	-
Representative Supervisor	Ching-Hsu Tsai	-	-	-	-
Chief Technology Officer (CTO)	Cheng-En Ou (Note 2)	-	-	-	-
Vice President	Chien-De Li	-	-	-	-
Associate Manager	Ming-Tsung Kuo	-	-	-	-
Associate Manager	Hsiao-Mei Wang	-	-	-	-
Associate Manager	Shih-Long Yeh	1,000	-	-	-
Associate Manager	Kuo-Lun Wang	-	-	-	-
Associate Manager	Ming-Chieh Tsai	-	-	-	-
Associate Manager	Chien-Jen Cheng	-	-	-	-
Associate Manager	Heng-Hui Liu (Note 3)	-	-	-	-

Note 1: The company does not have shareholders who hold more than 10% of the company's total shares.

Note 2: Mr. Cheng-En Ou was promoted to Chief Technology Officer on February 26, 2020.

Note 3: Mr. Heng-Hui Liu was promoted to Associate Manager on April 28, 2020.

(II) Information on the Counterparty which Is a Related party in the Transfer of Equity Interests: No such occurrences and not applicable.

(III) Information on the Counterparty which Is a Related Party in the Pledge of Equity Interests: No such occurrences and not applicable.

VIII. Information on the Top 10 Holders of the company's Shares who Are Identified as Related Parties, Spouses or Relatives within Second-degree of Kinship:

Unit: Share; % April 11, 2020

Name	Shares Held in Person		Shares Held by Spouse and Minor Children		Total Shares Held in the Name of Other Persons		Top Ten Shareholders who Are Related Parties, Spouses, or Second-degree Relatives		Remark
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Company (or Name)	Relationship	
Fengqiao Investment Co., Ltd. by Yu-Ru Chong	7,355,625	8.83%	-	-	-	-	Ching-Lai Lu	Ching-Lai Lu is the spouse of the representative of the said company.	-
							Shengguan Investment Co., Ltd.	The representative of Shengguan Investment Co., Ltd. is the daughter of the representative of the said company.	
Liechtenstein Royal Bank account under the custody of Standard Chartered Bank	4,060,000	4.87%	-	-	-	-	-	-	-
Ching-Lai Lu	3,757,283	4.51%	338,438	0.41%	7,326,625	8.79%	Fengqiao Investment Co., Ltd.	The representative of Fengqiao Investment Co., Ltd. is the spouse of Ching-Lai Lu.	-
							Shengguan Investment Co., Ltd.	The representative of Shengguan Investment Co., Ltd. is the daughter of Ching-Lai Lu.	
Chien-Chang Chen	2,732,431	3.28%	-	-	-	-	-	-	-
Jincheng Investment Co., Ltd. by Ching-Hsu Tsai	2,216,000	2.66%	-	-	-	-	-	-	-
Hui-Hsuan Lu, Representative of Shengguan Investment Co., Ltd.	2,089,789	2.51%	-	-	-	-	Fengqiao Investment Co., Ltd.	The representative of Fengqiao Investment Co., Ltd. is the mother of the representative of the said company.	-
							Ching-Lai Lu	Ching-Lai Lu is the father of the representative of the said company.	

Name	Shares Held in Person		Shares Held by Spouse and Minor Children		Total Shares Held in the Name of Other Persons		Top Ten Shareholders who Are Related Parties, Spouses, or Second-degree Relatives		Remark
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Company (or Name)	Relationship	
Hong-Ren Lin	1,552,066	1.86%	70,304	0.08%	-	-	-	-	-
A-Fen Chen	1,347,000	1.62%	-	-	-	-	-	-	-
Mei-Chin Hsu	1,148,492	1.38%	-	-	-	-	-	-	-
Treasury Stock Account of the company	1,077,000	1.29%	-	-	-	-	-	-	-

IX. Number of Shares of the Same Investee Company Held by the company, Any of the company's Directors, Supervisors and Managerial Officers or Companies Directly or Indirectly Controlled by the company and Consolidated Percentage of Shareholding:

December 31, 2019 Unit: Thousand shares; %

Investment in Other Companies	Investments of the company		Investments of Directors, Supervisors, Managerial Officers, and Directly or Indirectly Controlled Businesses		Consolidated Investments	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
PAI FU International Limited	1,930	100%	-	-	1,930	100%
IMAGINE Group Limited	5,220	72.10%	2,020	27.90%	7,240	100%
Uniring Tech CO., Ltd.	7,856	100%	-	-	7,856	100%
Kunshan All Ring Tech Co., Ltd. (Note 2)	-	-	-	100%	-	100%
All Ring Tech (Kunshan) Co., Ltd. (Note 3)	-	-	-	100%	-	100%

Note 1: The 27.90% shares in Imagine Group Limited is held by the company through the subsidiary Pai Fu International Limited in an indirect investment.

Note 2: The shares in Kunshan All Ring Tech Co., Ltd. is held by the company through the subsidiary PAI FU International Limited in an indirect investment.

Note 3: The shares in All Ring Tech (Kunshan) Co., Ltd. is held by the company through the subsidiary IMAGINE Group Limited in an indirect investment.

Chapter 4 Funding Status

I. Capital and Shares

(I) Capital & Shares

Unit: Share; April 11, 2020

Type of Shares	Authorized Share Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Registered Common Stock (TPEx Listed Shares)	83,323,902	26,676,098	110,000,000	Quota for employee stock option: 8,000,000 shares

(II) Sources of Capital

April 11, 2020 Unit: Share; NT$

Year/Month	Issued Price	Authorized Share Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
May 1996 (Note 1)	1,000	1,000,000	10,000,000	1,000,000	10,000,000	Capital stock at founding	None	None
July 1996 (Note 2)	10	4,000,000	40,000,000	4,000,000	40,000,000	Capital increase by cash	None	None
July 2000 (Note 3)	10	36,000,000	360,000,000	13,120,000	131,200,000	Capital increase by earnings and cash	None	None
June 2001 (Note 4)	10	36,000,000	360,000,000	20,417,078	204,170,780	Capital increase by earnings and employee bonus	None	None
July 2002 (Note 5)	10	36,000,000	360,000,000	26,000,000	260,000,000	Capital increase by earnings and employee bonus	None	None
July 2003 (Note 6)	10	56,000,000	560,000,000	32,000,000	320,000,000	Capital increase by earnings and employee bonus	None	None
October 2003 (Note 7)	10	56,000,000	560,000,000	32,073,768	320,737,680	Corporate bond conversion	None	None
February 2004 (Note 8)	10	56,000,000	560,000,000	35,032,717	350,327,170	Corporate bond conversion	None	None
April 2004 (Note 9)	10	56,000,000	560,000,000	37,036,791	370,367,910	Corporate bond conversion	None	None
July 2004 (Note 10)	10	68,000,000	680,000,000	39,639,247	396,392,470	Corporate bond conversion	None	None
August 2004 (Note 11)	10	68,000,000	680,000,000	43,772,558	437,725,580	Capital increase by earnings and employee bonus	None	None
October 2004 (Note 12)	10	68,000,000	680,000,000	46,010,415	460,104,150	Corporate bond conversion and employee stock options	None	None
January 2005 (Note 13)	10	68,000,000	680,000,000	46,014,939	460,149,390	Corporate bond conversion	None	None
April 2005 (Note 14)	10	68,000,000	680,000,000	46,387,939	463,879,390	Employee stock options	None	None

Year/Month	Issued Price	Authorized Share Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
August 2005 (Note 15)	10	68,000,000	680,000,000	51,887,939	518,879,390	Capital increase by earnings and employee bonus	None	None
December 2005 (Note 16)	10	68,000,000	680,000,000	51,111,939	511,119,390	Canceled treasury shares	None	None
March 2006 (Note 17)	10	68,000,000	680,000,000	52,723,299	527,232,990	Corporate bond conversion and employee stock options	None	None
June 2006 (Note 18)	10	68,000,000	680,000,000	52,827,648	528,276,480	Corporate bond conversion and employee stock options	None	None
December 2006 (Note 19)	10	68,000,000	680,000,000	52,947,648	529,476,480	Employee stock options	None	None
August 2007 (Note 20)	10	68,000,000	680,000,000	52,405,648	524,056,480	Canceled treasury shares and exercised employee stock options	None	None
October 2007 (Note 21)	10	68,000,000	680,000,000	52,755,648	527,556,480	Employee stock options	None	None
March 2008 (Note 22)	10	68,000,000	680,000,000	52,920,648	529,206,480	Employee stock options	None	None
June 2008 (Note 23)	10	68,000,000	680,000,000	54,298,225	542,982,250	Corporate bond conversion and employee stock options	None	None
August 2008 (Note 24)	10	68,000,000	680,000,000	57,790,975	577,909,750	Capital increase by earnings and employee bonus	None	None
October 2008 (Note 25)	10	68,000,000	680,000,000	58,060,475	580,604,750	Employee stock options	None	None
December 2008 (Note 26)	10	68,000,000	680,000,000	57,074,475	570,744,750	Canceled treasury shares	None	None
March 2009 (Note 27)	10	68,000,000	680,000,000	60,064,402	600,644,020	Capital increase by earnings and employee bonuses, and employee stock options	None	None
October 2009 (Note 28)	10	68,000,000	680,000,000	60,946,402	609,464,020	Employee stock options	None	None
December 2009 (Note 29)	10	68,000,000	680,000,000	61,581,402	615,814,020	Employee stock options	None	None
March 2010 (Note 30)	10	68,000,000	680,000,000	61,876,402	618,764,020	Employee stock options	None	None
June 2010 (Note 31)	10	68,000,000	680,000,000	62,203,902	622,039,020	Employee stock options	None	None
September 2010 (Note 32)	10	68,000,000	680,000,000	62,871,902	628,719,020	Employee stock options	None	None
December 2010 (Note 33)	10	68,000,000	680,000,000	63,623,902	636,239,020	Employee stock options	None	None
March 2011 (Note 34)	10	68,000,000	680,000,000	64,102,902	641,029,020	Employee stock options	None	None

Year/Month	Issued Price	Authorized Share Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
June 2011 (Note 35)	10	68,000,000	680,000,000	64,202,902	642,029,020	Employee stock options	None	None
July 2012 (Note 36)	10	110,000,000	1,100,000,000	80,202,902	802,029,020	Capital increase by private placement	None	None
October 2013 (Note 37)	10	110,000,000	1,100,000,000	80,723,902	807,239,020	Employee stock options	None	None
April 2015 (Note 38)	10	110,000,000	1,100,000,000	80,367,902	803,679,020	Canceled treasury shares	None	None
August 2015 (Note 39)	10	110,000,000	1,100,000,000	86,367,902	863,679,020	Capital increase by cash	None	None
December 2015 (Note 40)	10	110,000,000	1,100,000,000	85,335,902	853,359,020	Canceled treasury shares	None	None
August 2016 (Note 41)	10	110,000,000	1,100,000,000	84,238,902	842,389,020	Canceled treasury shares	None	None
March 2019 (Note 42)	10	110,000,000	1,100,000,000	83,323,902	833,239,020	Canceled treasury shares	None	None

Note 1: In 1998, the denomination of each share is changed to NT$10.
Note 2: Approved by the Ministry of Economic Affairs, Jul. 21, 1999 MOE (088) No. 650738.
Note 3: Approved by the Ministry of Economic Affairs, Aug. 21, 2000 MOE (089) No. 089130640.
Note 4: Approved by the Ministry of Finance and Financial Supervisory Commission MOF (089) I No. 133646.
Approved by the Ministry of Economic Affairs, Aug. 27, 2001 MOE (090) No. 09001225660.
Note 5: Approved by the Securities and Futures Bureau of the Ministry of Finance MOF (91) I No. 131489.
Approved by the Ministry of Economic Affairs, Jul. 24, 2002 MOE (090) No. 09101290460.
Note 6: Approved by the Securities and Futures Bureau of the Ministry of Finance MOF (92) I No. 127403.
Approved by the Ministry of Economic Affairs, Jul. 31, 2003 MOE (092) No. 09232441840.
Note 7: Approved by the Ministry of Economic Affairs, Oct. 30, 2003 MOE No. 09232880610.
Note 8: Approved by the Ministry of Economic Affairs, Feb. 06, 2004 MOE No. 09331635630.
Note 9: Approved by the Ministry of Economic Affairs, Apr. 12, 2004 MOE No. 09331960710.
Note 10: Approved by the Ministry of Economic Affairs, Jul. 27, 2004 MOE No. 09332480260.
Note 11: Approved by the Securities and Futures Bureau, Financial Supervisory Commission, SFB FSC (93) No. 0930129953.
Approved by the Ministry of Economic Affairs, Aug. 20, 2004 MOE No. 09332598060.
Note 12: Approved by the Ministry of Economic Affairs, Oct. 19, 2004 MOE No. 09332867260.
Note 13: Approved by the Ministry of Economic Affairs, Jan. 17, 2005 MOE No. 09431567540.
Note 14: Approved by the Ministry of Economic Affairs, Apr. 18, 2005 MOE No. 09431982830.
Note 15: Approved by the Ministry of Economic Affairs, Aug. 29, 2005 MOE No. 09401168630.
Note 16: Approved by the Ministry of Economic Affairs, Jan. 20, 2006 MOE No. 09501010470.
Note 17: Approved by the Ministry of Economic Affairs, Apr. 18, 2006 MOE No. 09501069810.
Note 18: Approved by the Southern Taiwan Science Park Bureau, Jul. 28, 2006, STSPB No. 0950015926.
Note 19: Approved by the Southern Taiwan Science Park Bureau, Jan. 29, 2007, STSPB No. 0960001151.
Note 20: Approved by the Southern Taiwan Science Park Bureau, Aug. 7, 2007, STSPB No. 0960018286.
Note 21: Approved by the Southern Taiwan Science Park Bureau, Oct. 30, 2007, STSPB No. 0960023580.
Note 22: Approved by the Southern Taiwan Science Park Bureau, Apr. 25, 2008, STSPB No. 0970009001.
Note 23: Approved by the Southern Taiwan Science Park Bureau, Jul. 31, 2008, STSPB No. 0970018441.
Note 24: Approved by the Southern Taiwan Science Park Bureau, Aug. 7, 2008, STSPB No. 0970018332.
Note 25: Approved by the Southern Taiwan Science Park Bureau, Oct. 22, 2008, STSPB No. 0970024976.
Note 26: Approved by the Southern Taiwan Science Park Bureau, Nov. 31, 2008, STSPB No. 0970031043.
Note 27: Approved by the Southern Taiwan Science Park Bureau, Aug. 17, 2009, STSPB No. 0980018683.
Note 28: Approved by the Southern Taiwan Science Park Bureau, Oct. 23, 2009, STSPB No. 0980023532.
Note 29: Approved by the Southern Taiwan Science Park Bureau, Jan. 20, 2010, STSPB No. 0990001076.
Note 30: Approved by the Southern Taiwan Science Park Bureau, Apr. 26, 2010, STSPB No. 0990008342.
Note 31: Approved by the Southern Taiwan Science Park Bureau, Jul. 21, 2010, STSPB No. 0990015405.
Note 32: Approved by the Southern Taiwan Science Park Bureau, Oct. 18, 2010, STSPB No. 0990022963.
Note 33: Approved by the Southern Taiwan Science Park Bureau, Jan. 21, 2011, STSPB No. 1000001416.
Note 34: Approved by the Southern Taiwan Science Park Bureau, Apr. 19, 2011, STSPB No. 1000009317.
Note 35: Approved by the Southern Taiwan Science Park Bureau, Jul. 20, 2011, STSPB No. 1000017682.
Note 36: Approved by the Southern Taiwan Science Park Bureau, Jul. 31, 2012, STSPB No. 1010018465.
Note 37: Approved by the Southern Taiwan Science Park Bureau, Oct. 316, 2013, STSPB No. 1020025715.
Note 38: Approved by the Southern Taiwan Science Park Bureau, Apr. 14, 2015, STSPB No. 1040008703.
Note 39: Approved by the Southern Taiwan Science Park Bureau, Aug. 03, 2015, STSPB No. 1040019179.
Note 40: Approved by the Southern Taiwan Science Park Bureau, Dec. 14, 2015, STSPB No. 1040031579.
Note 41: Approved by the Southern Taiwan Science Park Bureau, Aug. 12, 2016, STSPB No.1050020562.
Note 42: Approved by the Southern Taiwan Science Park Bureau, Mar. 11, 2019, STSPB No. 1080006419.

II. Shareholder Structure

Unit: Person; share; April 11, 2020

Shareholder Structure / Number	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institution or Foreigners	Total
Number of Individuals	-	-	187	16,793	37	17,017
Number of Shares Held	-	-	16,551,315	61,448,269	5,324,318	83,323,902
Shareholding Ratio	-	-	19.86%	73.75%	6.39%	100.00%

Note: The TWSE/TPEx primary listed companies and companies registered on the TPEx Emerging Stock Board shall disclose the percentage of shares held by investors from China: None.

III. Dispersion of Equity Ownership

1. Ownership dispersion of common stock:

Unit: Person; share; par value of each share at NT$10, April 11, 2020

Shareholder Ownership	Number of Shareholders	Number of Shares Held	Shareholding Percentage (%)
1 to 999	11,375	190,262	0.23
1,000 to 5,000	4,092	8,536,935	10.24
5,001 to 10,000	660	5,229,669	6.28
10,001 to 15,000	242	3,139,271	3.77
15,001 to 20,000	158	2,955,838	3.55
20,001 to 30,000	151	3,871,506	4.64
30,001 to 40,000	92	3,270,741	3.92
40,001 to 50,000	60	2,728,646	3.27
50,001 to 100,000	101	7,079,712	8.50
100,001 to 200,000	41	5,704,033	6.85
200,001 to 400,000	25	7,408,151	8.89
400,001 to 600,000	5	2,471,500	2.97
600,001 to 800,000	5	3,401,952	4.08
800,001 to 1,000,000	0	0	0
1,000,001 or more	10	27,335,686	32.81
Total	17,017	83,323,902	100.00

2. Ownership dispersion of preferred stock: No preferred stock has been issued.

IV. List of Major Shareholders (Shareholding Ratio 5% or More or Top Ten Shareholders)

Unit: Share; April 11, 2020

Shares / Name of Major Shareholder	Number of Shares Held	Shareholding Percentage
Fengqiao Investment Co., Ltd.	7,355,625	8.83%
Liechtenstein Royal Bank Account under the Custody of Standard Chartered Bank	4,060,000	4.87%
Ching-Lai Lu	3,757,283	4.51%
Chien-Chang Chen	2,732,431	3.28%
Jincheng Investment Co., Ltd.	2,216,000	2.66%
Shengguan Investment Co., Ltd.	2,089,789	2.51%
Hong-Ren Lin	1,552,066	1.86%
A-Fen Chen	1,347,000	1.62%
Mei-Chin Hsu	1,148,492	1.38%
Treasury Stock Account of the company	1,077,000	1.29%

V. Market Price, Net Value, Earnings, Dividends, and Related Information over the Past Two Fiscal Years

Unit: NT$; thousand shares

Item			2018	2019	Current Fiscal Year up to March 31, 2020 (Note 9)
Market Price per Share (Note 1)	Highest		77.70	50.00	49.70
	Lowest		41.00	34.25	26.25
	Average		66.10	42.59	42.20
Net Worth per Share (Note 2)	Before distribution		22.19	20.26	20.30
	After distribution		19.12	(Note 8)	Not applicable
Earnings per Share	Weighted average shares		84,239	83,324	83,280
	Earnings per share (Note 3)	Before adjustment	3.74	1.00	0.44
		After adjustment	3.74	1.00	0.44
Dividends per Share	Cash dividends		3.10	(Note 8)	Not applicable
	Stock dividends	Stock dividends by earnings	-	(Note 8)	Not applicable
		Stock dividends by capital surplus	-	(Note 8)	Not applicable
	Accumulated undistributed dividends (Note 4)		-	-	Not applicable
Return on Investment (ROI) Analysis	Price-to-earnings ratio (Note 5)		17.67	42.59	Not applicable
	Price-to-dividends ratio (Note 6)		21.32	(Note 8)	Not applicable
	Cash dividend yield (Note 7)		4.69	(Note 8)	Not applicable

*If any earnings or capital surpluses are transferred to capital increase or common stock, the company shall further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of the common stock for each fiscal year, and refer to the transaction value and transaction volume to calculate the average market price for each fiscal year.

Note 2: This shall be filled in by using the shares already issued by fiscal year-end as a basis, and also by referencing the allocation that the shareholders' meeting has decided on for the subsequent fiscal year.

Note 3: If there are any retroactive adjustments needed due to the issuance of bonus shares, earnings per share before and after the adjustment shall be listed.

Note 4: If the conditions of equity securities issuance allow undistributed dividends to be accumulated to the subsequent fiscal years in which there is profit, the company shall disclose the accumulated undistributed dividends respectively up to that fiscal year.

Note 5: Price-to-earnings ratio = Average closing price per share for the fiscal year / Earnings per share.

Note 6: Price-to-dividends ratio = Average closing price per share for the fiscal year / Cash dividends per share.

Note 7: Cash dividend yield = Cash dividends per share / Average closing price per share for the fiscal year.

Note 8: The earnings distribution proposal has not been approved by the shareholders' meeting.

Note 9: For net worth per share and net earnings per share, data from the latest quarter that has been audited by the CPAs up until the date of publication of the Annual Report shall be filled in. For all other columns, the company shall fill in the information of the fiscal year up to the date of publication of the Annual Report.

VI. Company Dividend Policy and Implementation Thereof

(I) Dividend Policy:

As the company faces an ever-changing industrial environment and the business is at a steady growth stage, the Board of Director shall take into consideration the budget for future capital expenditure and funds needed and weigh the necessity of allocating earnings to support capital needs when deciding on the amount of surplus to be retained or distributed and the amount of dividend to be paid in cash. Each fiscal year, the company shall, after paying taxes and making up for losses, set aside 10 percent of its earnings if any for a legal reserve in accordance with relevant laws or regulations. A special reserve shall also be set aside. The rest of the earnings, plus the accumulated undistributed earnings of the previous fiscal year, shall make for the distributable earnings. At least 30 percent of the distributable earnings shall be allocated to shareholders as bonuses. Among which, cash dividends shall not be less than 10 percent of the total dividends allocated. The Board of Directors shall, based on relevant factors such as future business or re-investment, propose the distribution of earnings, and submit the proposal to the shareholders' meeting for approval.

(II) Dividend Distribution to be Proposed to the Shareholders' Meeting:

(1) The Board of Directors made a resolution on earnings distribution for the fiscal year of 2019 on February 26, 2020, which proposes cash dividends of NT$74,991,512, along with cash dividends of NT$49,994,341 from capital surplus.

(2) The Board of Directors shall set the ex-dividend date upon authorization by the shareholders' meeting. Any dividend less than NT$1 shall be rounded down. The Chairman is authorized to trade the remaining balance with certain parties.

VII. Effect upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at This Shareholders' Meeting: Not applicable as the Board of Directors proposed to allocate cash dividends in full.

VIII. Compensation for Employees, Directors and Supervisors

(I) The Percentages or Ranges concerning an Employee, Director, and Supervisor Compensation, as Outlined in the company's Articles of Incorporation:

Article 20-1 of the company’s Articles of Incorporation stipulates that the company shall allocate no more than 3 percent of its annual profits for compensations to the Directors and no less than 3 percent for compensations to the employees.

(II) The Basis for Estimating the Amount of Employee, Director, and Supervisor Compensation, for Calculating the Number of Shares to Be Distributed as Employee Compensation, and the Accounting Treatment of the Discrepancy, if Any, between the Actual Distributed Amount and the Estimated Figure, for the Current Period:

When there is a discrepancy between the actual amount to be distributed as determined at the shareholders' meeting and the estimated amount, the difference shall be treated as a change in accounting estimate and shall be listed as a profit or loss in the following fiscal year.

(III) Information on Allocation of Compensation Approved by the Board of Directors:

(1) The amount of any employee compensation distributed in cash or stocks and Director/Supervisor compensation. If there is any discrepancy between that amounts and the estimated figures for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: On February 26, 2020, the Board of Directors made a resolution to distribute NT$7,290 thousand for employee compensation and NT$1,922 thousand for compensation of Directors and Supervisors in cash. There was no difference between these amounts and the amounts estimated for 2019.

(2) The amount of any employee compensation distributed in stocks as a percentage of the sum of the current after-tax net income and total employee compensation: The employees' compensation for the fiscal year of 2019 was determined by the Board of Directors to be fully allocated in cash, and therefore this does not

apply.

(IV) The Actual Distribution of Employee, Director, and Supervisor Compensation for the Previous Fiscal Year (with an Indication of the Number of Shares, Monetary Amount, and Stock Price, of the Shares Distributed), and, if There Is Any Discrepancy between the Actual Distribution and the Recognized Employee, Director, or Supervisor Compensation, Additionally the Discrepancy, Cause, and how It Is Treated:

On February 26, 2019, the company's Board of Directors resolved on the distribution of 2018 compensation for employees and Directors/Supervisors in the amount of NT$26,560 thousand and NT$3,525 thousand respectively in cash. There was no difference between these amounts and the amounts estimated for 2018.

IX. Share Repurchases

May 18, 2020

Numbering of Repurchase	8th
Purpose of Repurchase	Shares Transferred to Employees
Repurchase Period	March 19, 2020 to May 17, 2020
Results of Share Repurchase	Still under implementation
Price Range of Repurchase	NT$21~NT$60
Repurchased Share Type and Amount	1,870,000 shares of common stock
Repurchased Share Value	NT$66,448,500
Canceled and Transferred Share Amount	0 shares
Accumulated Number of Share Held	1,870,000 shares
Accumulated Number of Shares Held to Total Number of Shares Issued (%)	2.24%

X. Issuance of Corporate Bonds: None.

XI. Issuance of Preferred Shares: None.

XII. Issuance of Global Depository Receipts: None.

XIII. Issuance of Employee Stock Options: None.

XIV. Issuance of Restricted Employee Shares: None.

XV. Issuance of New Shares in Connection with the Merger or Acquisition of Other Companies

(I) Issue of New Shares in Connection with Any Acquisition of Shares of Another Company in the Most Recent Fiscal Year up to the Publication Date of the Annual Report:

1. The stock agent's opinion on the issue of new shares for the acquisition of shares of another company in the most recent quarter: None.
2. The status of implementation in the most recent quarter; if the implementation has not achieved the expected target, a statement on the impact on shareholders' equity and improvement plan shall be provided: Not applicable.

(II) Any Issuance of New Shares in Connection with the Acquisition of Shares of Another Company Approved by the Board of Directors in the Most Recent Fiscal Year up to the Publication Date of the Annual Report: None.

XVI. Implementation of Capital Allocation Plans

Status of any issuance or private placement of securities in progress or during the three most recent fiscal years up to the publication date of the Annual Report, of which the benefits of this plan has not been realized; please provide the details on the content of the above-stated issuance or private placement of securities and the status of implementation: None.

Chapter 5 Operations Overview

I. Business Content

(I) Scope of Business

1. The main business of the company
   (1) Design, manufacturing, and assembly of and software development for automated machinery
   (2) Manufacturing, processing, and trading of mechanical equipment and parts
   (3) Distribution, import, and export of electronics, machinery equipment, and components
   (4) Assembly of computers and electronic equipment and assembly and trade of computer peripherals
   (5) Trading of chemical raw materials (except controlled substances)
   (6) CE01030 Optical Instrument Manufacturing Industry
   (7) CC01050 data storage and processing equipment manufacturing
   (8) I301010 data software services
   (9) CB01990 Other machinery manufacturing
   (10) CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
   (11) F401010 International trade
   (12) JE01010 leasing industry (limited to proprietary IC BGC and automated machinery)
   (13) ZZ99999 Business items not prohibited or restricted by law, besides those requiring special approval
2. Ratio of main products to total revenue in 2019

Main Product	Ratio to Total Revenue
Semiconductor Equipment	72.45%
Passive Component Equipment	16.44%
LED Equipment	4.40%
Others	6.71%
Total	100.00%

3. Current product lines

Type	Product Name	Function
Passive Component Equipment	Winding machine	Equipment used to wind enameled wire on ferrite or ceramic hollow core products to create an inductor effect
	NR four-axial wiring and soldering machine	The machine is a power inductor winding device, which is divided into two turntable stations, a winding station and a soldering station, and a turntable divider completes a six-step process. Winding, crimping, reloading, fluxing, soldering, and retrieving.
	Soldering machine	This equipment is a soldering machine. Products are sent out in rows by the vibration plate to the receiving mechanism and then sucked in by the feeding mechanism. After fluxing, preheating, and soldering, the products are then placed into the storage box.
	Assembly machine	This equipment is a double winding induction assembly machine. Products are sent to a specific position by the vibration plate and then sucked onto the turret holding fixture. The turret is divided into eight parts with four workstations to complete the tasks of feeding, coating, calibration, and receiving. After the process is completed, the retrieving module puts the products onto the conveyor belt for delivery into the oven.
	Laminating machine	This machine performs an adhesive dispensing operation on-chip inductors after winding is completed. First, the adhesive is dispensed on the chamber of the tape, the chip inductor is fed into the track through the vibration plate, coiled products are put into the backing tape by the suction nozzle, and then products are rolled out after the adhesive is cured by UV light. The entire dispensing and coating process is completed.
	Table-top double-head spot welding machine	Place the coiled FPC product fixture plate on the device, let the spot welding head press precisely on the spot to be welded by sliding the welding head along the fixture platform, and weld the enameled wire on the tin plate by temperature-controlled heating.
Passive Component Equipment	Cutting machine	New type automatic capacitor & inductor cutting machine. This machine is designed with automatic feeding, retrieving, preheating, freezing, X-axis CCD alignment, and X-axis servomechanism.
	Electroplating machine	This machine is used for electroplating of wafers. Wafers are placed in a rotating cylinder manually, and then the anode robot arm exchanges and cleans the wafers to achieve the purpose of electroplating.
	Inductive testing and packaging machine	This will be key equipment for passive component manufacturing.
LED Equipment	Test sorting machine	This equipment is a testing and sorting machine used to achieve sorting and collecting after the LED is used for light and electrical measurement.
	Packing machine	The primary function of this equipment is to test, and QC LED products for photoelectric range. Nonconforming LED products are blown into the waste box, and qualified LED products are aligned to the direction of the carrier best for packaging through visual recognition. Final packing is then monitored by the real-time visual recognition system to ensure that the appearance of the LED projects and the alignment to the carrier belt meet the needs of customers.
Semiconductor Equipment	Substrate loader	The Substrate in the cartridge is delivered one by one to the next workstation. Empty cartridge is automatically unmounted, and new cartridge mounted again.
	Substrate unloader	The substrate (PC Board) is taken into the grid from the oven surface and then automatically pushed into the cartridge through connecting the distributor. The cartridge is automatically replaced and mounted.
	Lane Changer	After receiving the substrate from the preceding workstation, the substrate is automatically sent to the oven for drying.
	Boat to tray/tray to boat	This carrier exchange equipment mounts the products to different carriers for different manufacturing processes. The primary function is to shuffle the substrate back and forth between boat and tray.
	Single/double trackball mounter	BGA automatic ball mounter comes with single/double runners, single/double ball mounting heads. Coupled with CCD visual inspection, precision up to 0.2 mm in tin-ball diameter can be achieved. This mounter can be used for IC deep submicron process and development of 12-inch or larger wafers.

Type	Product Name	Function
	Under filler	This PC-controlled machine calibrates the amount of glue in the micro-precision crane and, aided with the CCD vision, searches and positions the location to fill all gaps between the IC and the PC Boards without leaving any holes. This action completes the binding of the IC and PC Boards, replacing the fill chip package process done by the wire bonding machine.
	Testing equipment	This device quickly and automatically determines the geometrical dimensions, such as points, lines, frames, circles, arcs, and angles, of molds and other products.
	Silver paste under filler	This PC-controlled machine calibrates the amount of paste in the micro-precision crane and, aided with the CCD vision, searches and positions the location to spread paste between the die and cooling fin.
	BGA inspection machine	This equipment uses a JEDEC Tray as the standard carrier to carry the products through a series of inspection stations. After inspections are completed, the products are automatically sorted into conforming and nonconforming products and sent to the corresponding piles. The Tray can be flipped to achieve inspection on both sides.
	AOI inspection machine	This machine detects missing dies and dies color markings through image recognition. It records the overall substrate die markings, creates a substrate map and then uploads the map for determination of subsequent process.
	SIP surface mounting machine	This equipment is used for surface mounting of SIP products. It is key equipment for the SIP process.
	Wafer form AOI Inspection equipment	The device inspects defects during the manufacturing process. It is key equipment for the high-level packaging process.
	Wafer form dispensing equipment	This device is used for high-level packaging processes. It is key equipment for high-level packaging processes.

4. New products under development

The company plans to develop the following new products:

Type	Product Name	Function
Semiconductor Equipment	Plate heat sink mounting system	A key process for mounting plate heat sinks in IC packages.

(II) Industry Overview

(1) Current status and development of the industry

The company was founded in 1996 as a professional automated machinery equipment manufacturer, specializing in research, development, manufacture and selling of automated machinery equipment for semiconductors, passive components, LEDs and inspections. The company has long maintained a close relationship with the major electronics manufacturers. With extensive professional knowledge and technical experience, we have provided the downstream industries machinery and technical consultation services for automated processes. Over the years, we have established a good reputation in the semiconductor, passive components, and LED industries. An overview of the industries we operate in is provided in the section below:

1) Semiconductor packaging equipment industry

In recent years, 3D IC has gradually emerged as the mainstream technology. The whole-new architecture of 3D IC meets the market trend. For example, smartphones have high requirements for IC functions and bandwidth, and 3D IC achieves broader bandwidth in reduced component size. It has the advantages of miniaturization, high performance, and ease of integration with highly heterogeneous applications. That is why it has become the dominant technology under development in the semiconductor packaging industry at the current stage. As new opportunities arise from new generation packaging and testing technology for 3D IC, many countries, including Japan, South Korea, the United States, and China, raced to invest in relevant research and development. The global 3D IC industry is coming into a stage of heightened competition. With competitive advantages, Taiwan's semiconductor packaging and testing companies shall be able to seize the business opportunities for outsourced 3D IC manufacturing, as well as the logic and memory stacking technology applications. TSMC announced that the company would extend its wafer capabilities into the packaging field. TSMC focuses on the development of TSV technology and plans to add packaging capabilities to its wafer fabrication. With its existing wafer-class packaging technology and as the trend of electronic products moves toward high-performance, high-integration, and low-power consumption component specifications, the semiconductor manufacturers will develop beyond the Moore's Law. 2.5D IC and 3D IC will become the primary trend in the future development of advanced packaging and testing technology. TSMC actively promotes CoWoS integrated production technology and combines logic system single-chip and dynamic random access memory into a single module. Since a wafer fabrication plant has higher integration capability than a semiconductor packaging and testing plant, TSMC's recent CoWoS operating model has indeed brought a certain level of pressure to the first-tier semiconductor packaging and testing plants. In addition to the CoWoS technology, TSMC has already launched into production, InFO WLP packaging technology tailored to the middle and low-end processor market has also begun production. The primary domestic semiconductor packaging and testing plants have taken a neutral and decisive stance on the outlook of the industry's development. In the short term, there is no need to worry about the competition. The main reason is that TSMC's advanced process packaging and testing is not offered to all customers. The "one-stop" service is only available to a certain few customers. To meet the advanced process trend of miniaturization and heterogeneous wafer integration, the company continues to plan for the advanced packaging process. The company expects to build a complete 3D IC process solution to further capture the demand for 3D ICs in future mobile and cloud devices. With TSMC's exclusive contract for Apple A10 and A11 processors, TSMC's packaging plant in Longtan has been fully loaded. Therefore, TSMC decided to expand the high-end packaging and testing capacity of InFO in the back-end facility at the Central Taiwan Science Park. At the same time, TSMC's Zhunan Advanced packaging and testing facility have planned to start the EIA. It is to improve international competitiveness and provide customers with better process technology and packaging testing services.

ASE has also continued to strengthen the development of high-end packaging and testing, such as the Fan-Out Panel Level Packaging (FOPLP) which will be in production soon. ASE has already worked on both the packaging and testing side. The key to the new architecture of 3D ICs is how wafer foundries, IDMs, and packaging plants can create new vertical partnerships. In the future, the foundry and packaging and testing industries will further strengthen the differentiation of their values. Predictably 3D IC will bring the semiconductor supply chain to a reshuffle. Cross-industry integration will be inevitable. TSMC will use its integration capabilities of wafer fabrication to extend its reach into the packaging industry, expecting to build a complete 3D IC process solution and tap into the ardent demand for 3D ICs for future mobile devices and cloud equipment.

2) Passive component industry

Passive components are divided into four categories: resistors, capacitors, inductors, and filters. Although the role of passive components is not as important as active components in electronic products, they are still indispensable, as they are used across the fields of IT, telecommunication and consumer electronics for applications, such as voltage regulation, energy storage and protection of other electronic components.

Benefited from upgrades in smartphone specifications and the improved performance of Intel and Nvidia graphics chips, as passive components manufacturers in Japan gradually broke away from the mainstream passive component standard MLCCs, the trend has driven the market demand for passive components, including capacitors, 0201 high-frequency inductors, and integrated molding choke, to grow. Furthermore, slow down of the demands for personal computers and smartphones drove the domestic passive component manufacturers to actively upgrade their product mix and accelerate product diversification by expanding into the markets of network equipment, automotive electronics, industrial equipment, and power supply, seeking to create new momentum for growth.

Passive components are indispensable in electronic products. Therefore, the demand for passive components increases drastically when the downstream consumer electronics market is heating up. In recent years, passive components have benefited from the growth of electronic products, such as smartphones and tablet PCs. And coupled with the increased number of components used in each smartphone, the demand for passive components has been growing. In addition, new applications for netcom products and automotive electronics have also driven the demand for passive components.

3) LED industry

The light-emitting diode (LED) is a semiconductor electronic components that, when driven by current, converts electrical power into the output of light. It is a cold-emitting light with a long component life, and its small size, shock-resistance, high durability and ease of mass-production make it a product of increase output value worldwide. The LED lighting is widely used, and the applications can be roughly divided into backlight sources, automotive lamps, traffic signs, lighting, and mobile devices. It is expected that LED will replace traditional light sources and become a new generation of lighting. As the order of the global LED market continues to improve, China's Sanan Optoelectronics took the lead to raise prices, and the lighting market continues to expand, the positive development is expected contribute to the growth in the scale of the global LED market. Chinese companies continue to improve their technological capabilities, the market scale continues to grow on a steady pace, optimization of product mix continues to roll out, and then the scale of the niche markets, such as automotive, quaternary LED and RGB continues to expand. The pressure on Taiwan’s LED industry is expected to heighten continuously. As we face fierce competition in the global LED industry, the domestic companies responded with strategic transformation and upgrade. Although the market order has gradually improved, the pressure from races with Chinese manufacturers remains strong. This pressure has prompted all manufacturers to pursue profit maximization continuously. Regardless of the fierce price competition for some products, there is huge demand for LED, so there is still a high profit margin in niche markets such as quaternary LED, infrared light, RGB, automotive LED, and commercial LED. It is expected that manufacturers will actively expand investments in these niche markets. Those with a higher proportion of revenue from niche products will have relatively better business performance.

(2) Correlation between upstream, midstream, and downstream sections of the industry

The company's main products are passive component devices, such as cutting and wiring machines, semiconductor equipment, such as dual-track ball mounters, automatic dispensers, and AOI inspection and testing equipment, LED and testing equipment, such test sorters and test packaging machines. Most of the components required for production are purchased from third-party suppliers. After obtaining the above components, the company carries out R&D, design, assembly, and testing and sells the products to manufacturers in downstream industries, including semiconductors, passive components, LED and mobile phone manufacturers for production and testing.

(3) Product development trends

1) Product miniaturization

In recent years, consumers' demands for information, communication and household electronic products continue to rise, and such demand has gone from the basic functions to compact size and portability. Therefore, the density of circuit design becomes higher and higher. Therefore, the density of the circuit design becomes higher and higher. More complex and future products are developing towards space saving, miniaturization, and complex functions, the sizes of components will also shrink. This means that the manufacturing equipment for surface mounting, packaging, cutting, and packing will also move into the next generation. Semiconductors and passive component equipment manufacturers will also develop into miniaturization, waferization, and high integration manufacturing processes, taking into account the performance and efficiency of machinery and equipment.

2) Customized equipment for small-quantity and high-variety

Automated equipment has a close connection with the manufacturing processes of downstream customers. Once the customer's process changes, the products must change along to accommodate the customer's new method. Since the speed of process upgrade and the equipment costs have a significant impact on the profitability of the manufacturers, how to collaborate with the manufacturers during the product development process and provide stable products, have become a vital subject to manufacturers of automated equipment.

3) Developing into the global market

In recent years, consumers' demands for information, communication and household electronic products continue to rise, and such demand has gone from the basic functions to compact size and portability. Therefore, the density of circuit design becomes higher and higher. Therefore, manufacturers automated equipment must also expand into the neighboring regions, such as Hong Kong, Southeast Asia, and mainland China, to serve customers and adapt to the changes in the overall market. In recent years, consumers' demands for information, communication and household electronic products continue to rise, and such demand has gone from the basic functions to compact size and portability. Therefore, the density of circuit design becomes higher and higher.

4) Competition

The company is a manufacturer of automated equipment for semiconductor, passive components, LED and testing. Up to now, no equipment manufacturers in Taiwan offers completely identical products and services. We are competing with foreign manufacturers.] Currently, the company's primary goal is to reinforce the R&D of equipment to meet customers' manufacturing needs. We strive to enhance competitiveness and gain market leadership.

(III) Technologies and Recent R&D Efforts

(1) Technology level

The company mainly supplies high-speed precision automated equipment to high-tech industries for manufacturing of semiconductors, passive components, and LEDs, as well as inspection, not automated equipment for general production. The highly complex automated processes require many high-precision components, such as photoelectric sensors and special screws, and are controlled by a computer or microprocessor. The equipment operation requires speed, stability, and precision. At the same time, to achieve the required quality for electrical measurement, the company must develop proprietary circuit control cards with unique functions. Therefore, compared with the domestic equipment manufacturers, the company's R&D capabilities are already leading the industry.

(2) Research and development

The company's future development is planned in the following direction:

Research and Development Plans	Expected Benefits
1. Develop high-precision component testing application technology	Capability upgrade for testing of unique specification components, which is expected to boost product competitiveness.
2. Develop new generation image recognition processing system application technology	The image recognition system has a wide range of applications, such as alignment, calibration, and appearance inspection of mechanical moving parts. Wide application to automated equipment will improve the accuracy and reliability of the products.
3. Develop or improve the special equipment needed for customers' manufacturing processes	Expand and extend the product lines to other manufacturing processes based on the information of customers' manufacturing processes currently available to us. This will reduce uncertainties and improve the timeliness and success rate of product development.
4. Develop equipment for unique	The entry threshold for special process equipment is

processes of the critical components of 3C products	higher, and therefore, there are few competitors and high profits.

(3) Education and experience of research and development personnel

Year		As of December 31, 2019	
		Number of R&D Personnel	%
Level of Education	Master's degree or above	100	62
	Bachelor's degree	51	32
	Associate's degree or less	10	6
	Total	161	100

(4) R&D expenses invested for the most recent five years

Unit: NT$ thousand

	2015	2016	2017	2018	2019
R&D Expenses	234,699	295,946	263,895	285,166	234,040
Net Revenue	1,507,082	2,112,459	1,866,853	1,925,869	1,032,376
Percentage	15.57%	14.01%	14.14%	14.81%	22.67%

(5) Successfully developed technologies or products

The domestic equipment industry relies heavily on imports, which not only hinders the development of industrial technology but also increases production costs. In result, the international competitiveness of the industry is weakened. Given which, the company commits itself to research and development, expecting to provide customers right machinery and equipment or services with full function at reasonable prices. Technologies or products successfully developed by the company's R&D team in most recent year are as follows:

Date	Successfully Developed Technologies or Products
2006.07	Laminator
2006.10	Dual-track varistor testing machine
2007.05	Laser repair machine (including lighting function)
2007.05	Inductor wiring machine
2007.12	12-inch wafer sorter
2007.12	Laser marking machine
2008.08	LED testing and taping machine
2008.11	Slice inspection machine
2009.02	LED testing and sorting machine
2009.02	Rotary electroplating machine
2010.10	Single-head laser platemaker

2010.12	Power inductor wiring machine
2011.04	Power inductor dispenser
2011.09	Testing equipment
2011.12	Soldering machine
2012.05	Silver paste dispenser
2012.09	Sweeper
2012.10	Turret double wiring machine
2013.07	NR four-axial wiring and soldering machine
2014.05	AOI inspection machine
2015.01	SIP surface mounting machine
2016.01	Wafer form AOI inspection equipment
2017.01	Wafer form dispensing equipment
2018.01	Inductive testing and packaging machine
2019.01	Plate heat sink mounting system

(IV) The company's long- and short-term business development plans

(1) Short-term development plans

1) Marketing

A. We provide our customers with comprehensive after-sale services, maximizing customer satisfaction with full professional technical consultation.

B. In response to customers' shifting overseas, we will set up factories abroad to service our customers at proximity, aiming to enhance competitiveness and increase market share.

2) Production

A. Focus on order-based flexible production, supplemented by planned production, to meet customers' demand for each product in the shortest time possible.

B. Implement the ISO 9001 Quality System and continue to pursue quality improvement and excellence through scientific methods.

C. Increase the speed and efficiency of production and reinforce the accuracy and quality of delivery.

3) Product development

A. Continue to invest in R&D and recruiting R&D talents, actively develop new niche products and diversify products to create market opportunities.

B. Continuously reinforce professional training of R&D personnel, develop top-notch talents, and closely collaborate with research or academic institutions to actively develop high-end products.

4) Operating at scale

A. Develop various products and expand into the various industry-based the company's existing scale.
B. Work with MIS to achieve full computerization, speed up streamlining of work processes, and improve management performance.
C. Effectively implement the company's operating policies and guidelines through annual budget preparation and implementation.

(2) Long-term development plans

1) Marketing strategy

A. Continuously provide high-end products and promote the company's high-tech image through corporate identity system to increase brand awareness and create higher added value.
B. Maintain the cooperative relationship with existing customers and build a community of permanent business partnership with customers through strategic alliances with upstream and downstream industries.

2) Production strategy

A. Develop towards an international division of labor by setting up the appropriate scale of production and service bases, aiming to increase production capacity, reduce production costs, and service customers on-location.
B. Actively seek for excellent suppliers for long-term cooperation, help them improve their production technology and increase production volume and reduce costs through modularization.

3) Product development

A. Position the company as a customers' equipment development center to meet the industry's needs for high-level automation and help customers implement unmanned production.
B. Gear towards diversification and expand into other high-tech industries such as semiconductors in addition to further developing our leading core products and driving the development of the same series.

4) Operating at scale

A. Increase the company's production capacity and operation scale through an international division of labor or strategic alliances, aiming to become one of the leading manufacturers of passive components, semiconductors, LED and testing equipment in the world.
B. Uphold the philosophy of sustainable development, establish an excellent corporate culture, and recognize the importance of corporate social responsibility.

II. Market, Production, and Sales

(I) Market analysis

1. Main product sales area

The company's Sales in the Most Recent Two Years by Area

Unit: NT$ thousand

Area \ Year	2018		2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Taiwan	1,658,604	86.12	932,740	90.35
Mainland China	267,265	13.88	99,636	9.65
Total	1,925,869	100.00	1,032,376	100.00

2. Future market supply, demand, and growth

1) Semiconductor industry

As applications of semiconductors in everyday living scenarios increase, it is estimated that the semiconductor equipment industry will grow along with the semiconductor industry. According to Gartner's (July 2014) report on the capital expenditure of the global semiconductor industry, continuous expansion of investment of global semiconductor manufacturers is expected to drive the stake in semiconductor equipment to a new high.

As a global semiconductor production center, Taiwan has a complete supply chain from IC design to foundry, packaging, and testing, the annual demand for equipment updates and follow-up technical services is up to a considerable scale. Besides, as telecommunication and consumer electronic products are now focused on convenience and portability and products are moving towards slim and light designs, semiconductor manufacturers and packaging and testing service providers require new equipment for process improvement in response to the latest products. In recent years, many domestic equipment manufacturers teamed up with large semiconductor manufacturers for product development, which effectively drive forward a trend of collaborative development for local equipment manufacturers and raised the acceptance of domestic equipment in the industry. Therefore, in the next few years, as the semiconductor market continues to grow, the substantial annual equipment expenditure in Taiwan is expected to benefit the domestic equipment manufacturers.

As the significant international manufactures quickly dived into the development of driver assistance systems, it is expected to be the critical period for the semiconductor packaging industry to position themselves in the automotive market. Many companies with niche technology and patents are expected to benefit from the new generation of smart cars. As for the competition caused by the evolution of packaging technology, TSMC will extend its reach into the packaging field through the integration capabilities of a wafer fabrication plant, looking to build a complete 3D IC process solution and further tap into the demand for mobile devices and cloud equipment.

2) Passive component industry

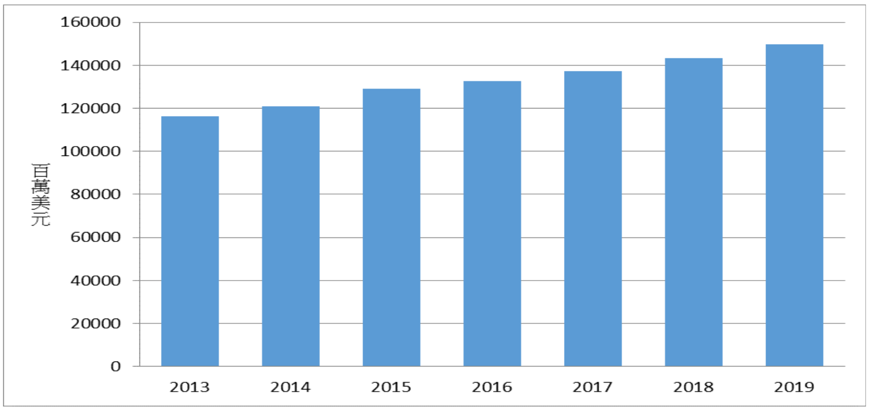
As passive components develop toward the direction of light and slim design with high frequency and high-current resistance along with the development of consumer electronics, such as smartphones, tablet PCs and wearable devices, miniaturization, waferization, high frequency, circuit integration, and high complexity will couple with shortening supply and marketing cycle. Therefore, targeting the needs of the passive component industry, equipment manufacturers will develop in the direction of improving the technology, automated mass-production, and cost control. Passive component process equipment can be divided into cutting, electroplating, testing, appearance inspection, and packaging. Taiwan's passive component equipment manufacturers have been involved in long-term R & D of production technology and established a complete service customization system; with the cost control, the future supply will gradually replace imported equipment. Apple and Samsung continue to launch flagship models, leading to further upgrades in product specifications and driving continued growth in the demand for high-frequency and miniature inductors. As the penetration rate of one-piece inductors continues to increase in automotive electronics, the Internet of Things, Netcom and e-sports NB applications, this trend is expected to drive another wave of growth in the overall inductor market. As the overall market demand continues to grow, passive components manufacturers in Taiwan will benefit from the continuous increase in the orders for mobile devices. Automotive passive components developed by companies, such as Chilisin Electronics, Mag-Layers, Yageo and Cyntec, have been certified by automotive manufacturers and are entering the output stage. Moreover, as the demand for data center, NetCom and e-sport NB begin to emerge, the composite effect of the trends will drive the shipments to grow further. The domestic manufacturers continue to expand into the markets of diverse applications, and the benefits of automotive electronic applications will gradually emerge. Both are expected to heat up sales continuously. Also, as product portfolio continues to improve and manufacturers accelerate the introduction of automated manufacturing, the company's gross margin is expected to increase steadily.

Observing that the growth rate of global traditional telecom products shipments will be suppressed in 2020, as the market is mature and saturated. Besides, the demand for new models is not apparent. After all, the functions of the latest models released by international brand manufacturers in recent years have not been favored by the market. While the end user purchases have not seen up-turned, downstream manufacturers have turned cautious and conservative on output planning. The demand for component procurement is also dropped according to actual market conditions. However, passive component manufacturers still have other countermeasures. As the recent new capacity has been set in place one by one, it has just given manufacturers a comprehensive view for an opportunity to re-adjust capacity allocation. Although there are some doubts on the demand side in the short term, the industry will help shape the atmosphere of tight supply with the control over production capacity. Moreover, passive component manufacturers are also actively expanding for other market applications. As the group's M&A synergies emerge, it will be even more helpful to open niche product channels.

3) LED industry

Governments worldwide have begun to pay attention to the problem of energy consumption in lighting. This trend brought about global eliminate low-efficiency lights and encourages the use of high-efficiency light sources. The most notable feature is LED lighting, as the industry claims it as the third revolution in the lighting industry. Governments worldwide have launched researches and policy subsidies to expand the use of LED lights. The global lighting market is gradually changing, and LED lighting applications will become the most significant driving force for the growth of light-emitting diodes. According to IEK report, the global LED industry will benefit from the support of government policy and the drop in the prices of LED products. These trends are expected to drive growth in market demand.

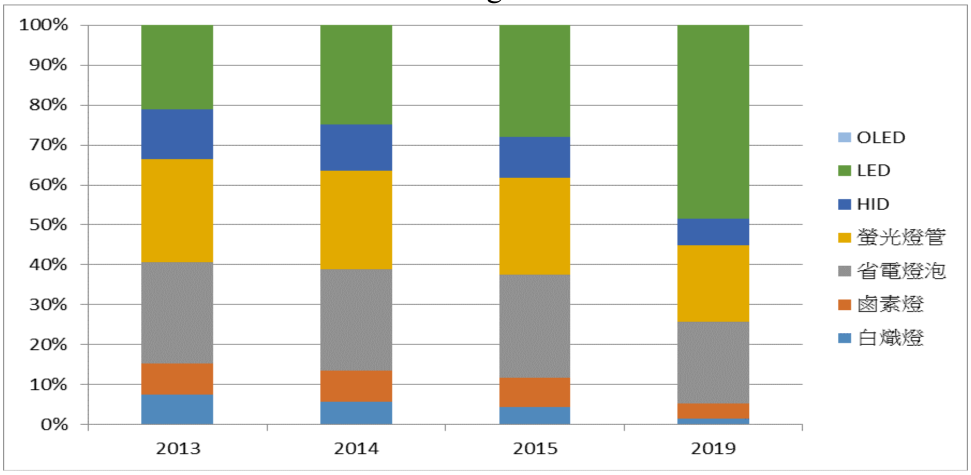
Global LED Market Scale



US$ million

Source: IHS (February 2014); IEK of ITRI (January 2015)

Global Use of Light Sources



Fluorescent tube	CFL bulb	Halogen bulb	Incandescent bulb

Source: IHS (2014); IEK of ITRI (January 2015)

The global LED lighting market has grown rapidly. In the fight to gain a foothold in the future LED lighting market, some manufacturers launched vertical integration of the supply chain through mergers and acquisitions and strategic alliances. LED manufacturers looked to expand their production capacity and therefore increased their capital expenditures as they purchase new equipment for LED production. This trend benefited domestic LED equipment manufacturers.

3. Positive and negative factors affecting competitive niches and long-term development, and response strategies

   1) Competitive niches

      A. An R&D team with extensive experience and professional competency

      The automated equipment manufacturing industry must be able to continuously advance in technology and development of new products along with customers’ advancement in product quality in order to maintain the competitiveness. The company sees product research and development as a significant part of the operations. Therefore, in addition to evaluating the existing market for new product development, we maintain active interaction with the academic and research institutions in related fields. With extensive production technologies, the company has successfully developed many products and received patents for numerous technical developments over the years. Compared with other domestic equipment manufacturers, the company has better capabilities to compete with foreign equipment manufacturers.

      B. Rapid and high-quality after-sale services

      The company's customers belong to the high-tech precision industry. Their demand for product yield and precision is very high. Their production processes are highly complex and operate with various equipment, so the level of equipment integration has a significant impact on product quality. The company's after-sales service personnel have extensive experience and carry out in-depth research on the production processes of customers' products to assist customers to solve problems on the manufacturing process and equipment and improve the precision and product yield.

C. Emphasis on R&D and production quality brings recognition of the brand

The company is committed to the advancement of product quality and technology and has been certified for ISO-9001 quality standards in 2000. We have strictly implemented internal management for product precision and stability and the ISO-9001 quality system, continuously, as we pursue continuous quality improvement and excellence. Our products have been widely recognized by customers for high quality with a good brand reputation in the industry.

D. Diversified product development

Following the successful development of semiconductor equipment such as ball mounters, plate heat sink mounters, and automatic dispensers in 2001, we successfully developed the wafer mounter in 2002 and the dual-track dispensing machine in 2003. Successively, our products were recognized by semiconductor manufacturers, taking a successful step into the field of semiconductor equipment manufacturing. Besides, the company successfully launched production of LED and testing equipment in 2008 and 2011 and will continue to move towards the goal of automation and diversified product development.

2) Favorable factors affecting the company's development prospects

A. The company has many years of experience in automated equipment production and a stable team of R&D personnel. We have our own research and development of key technologies and developed high-end niche products with high diversity. We also provide customized products with the capabilities for fast product development.

B. The company's product sales have achieved ISO-9001 international quality certification. With an emphasis on quality assurance and ethical brand and product image, our product quality is recognized by well-known domestic and foreign manufacturers, which fortifies the competitive advantage of products for export.

C. We have a complete system structure of pats and components and work well with suppliers. Except for a few critical components from foreign manufacturers, most of the components are supplied by domestic manufacturers. The processing components for assembly are also produced and provided by local manufacturers. The manufacturing system is complete, and the production cost can be easily driven down.

3) Unfavorable factors in the prospect of future development and countermeasures

A. Peer competition in price

Responsive measures:

The company will continue maintaining research and development advantages by bringing in new talents and increasing the investment, keep innovating and improving and developing towards high added-values, win right product image with leading strategies and quality assurance, and raise the technical threshold for other competitors in the industry.

B. Shortage of technical talents

Responsive measures:

In addition to improving the work environment and establishing a good salary structure, bonus system, and employee benefits, we will continue to implement education and training to enhance the quality of our employees, or collaborate with renowned research institutes or engage in the transfer of technology to attract top-notch technical talents.

C. Rapid changes in the technology industry

Responsive measures:

In addition to continuously strengthening our research and development capabilities, we will actively develop new equipment and products. Beyond reinforcing our business health and competitiveness, we will request the relevant departments to collect information on the customers industries on regular basis to understand the development of the industries, so that we have better knowledge on how to tailor equipment to meet customers' needs, solve problems for customers and establish long-term relationships with our customers by providing better services.

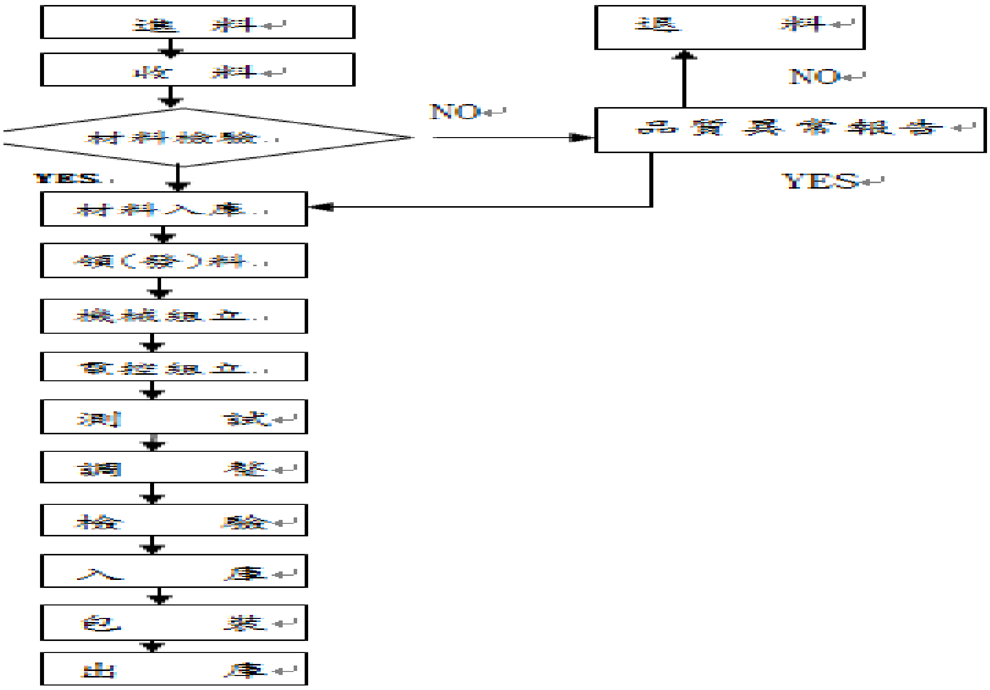
(II) Applications and Manufacturing Processes of Main Products

1. Major product applications

Main Product	Important Applications or Functions
Semiconductor Equipment	Air-tight sealing equipment applies adhesive at the junctions of the die and the substrate and then heat the unit to harden. The wafer sorter carries out a visual inspection to pick out nonconforming products, acting as a pre-inspection function before die bonding. The carrier switching equipment switches the substrate between the Boat and Tray since different processes require different carriers.
Passive Component Equipment	Used for the latter part of the manufacturing process, including passive component cutting, electroplating, testing, and packaging. Used in the full manufacturing process along with the actions of wiring, assembly, testing, and

Main Product	Important Applications or Functions
	packaging of passive components.
LED Equipment	This is used mainly for SMD-type LED measurement and analysis and high-speed loading applications.
Testing Equipment	Quickly and automatically determine the geometrical dimensions such as points, lines, frames, circles, arcs, and angles of molds, PC Boards, and other products.

2. Manufacturing processes



Material incoming		Bounces
Material acceptance		NO
Material inspection	NO	Quality anomaly report
YES		YES
Material stocking		
Material requisition (release)		
Mechanical assembly		
Electronic assembly		
Testing		
Tuning		
Inspection		
Stocking		
Packaging		
Shipping		

(III) Supplying Status of the company's Primary Raw Materials

Main Product	Main Raw Material	Main Supplier
Automated semiconductor, passive component, LED, and	Processed parts	Qi Rui, Yuan Zhou, Feng Yun, Song Li, and Yu Feng
	Industrial computer	ADLINK, Advantech
	Pneumatic cylinder	SMC, NOK, Festool, Mindman, and CKD

testing equipment.	Electric motor	ASKe, Oriental Motor, Shihlin Electric, Yaskawa and Delta
	Testing equipment	Agilent, Keithley

(IV) Significant Changes in the company's Gross Margin in the Most Recent Two Years by Product or Department

Changes in the company's Gross Margin in the Most Recent Two Years

Item	2018	2019	Change	Proportion of Change (%)
Sales Revenue	1,925,869	1,032,376	(893,493)	(46.39)
Sales Margin	799,933	466,038	(333,895)	(41.74)
Gross Margin (%)	41.54	45.14	(3.60)	(8.67)

Change in gross margin by 20 percent: None.

(V) List of Major Customers

1. Information on major suppliers in the most recent two years

   The changes in the major suppliers of the company in the most recent two years were mainly due to changes in the product structure. The product structure is altered due to the orders placed by different industrial customers, resulting in the changes of major suppliers in the two years. Other than the above phenomenon, no one-single supplier supplies more than 10 percent of the company's total procurement.

2. List of customers in the most recent two years

Item	2018				2019				Current Fiscal Year up to March 31, 2020			
	Company	Amount	Ratio of Sales to Net Sales throughout the Year (%)	Relationship with the Issuer	Company	Amount	Ratio of Sales to Net Sales throughout the Year (%)	Relationship with the Issuer	Company	Amount	Ratio of Sales to Net Sales in the Year up to the Previous Quarter (%)	Relationship with the Issuer
1	Customer A	155,965	8.10	None	Customer A	227,400	22.03	None	Customer B	44,965	17.70	None
2	Customer B	181,264	9.41	None	Customer B	186,276	18.04	None	Customer A	30,009	11.81	None
3	Customer C	42,923	2.23	-	Customer C	111,770	10.83	-	Others	179,062	70.49	None
4	Others	1,545,717	80.26	-	Others	506,930	49.10	-	-	-	-	-
	Net Sales	1,925,869	100.00	-	Net Sales	1,032,376	100.00	-	Net Sales	254,036	100.00	-

Unit: NT$ thousand; %

Reasons for changes:

Customer A, Customer B, and Customer C: Mainly due to an increased need of automation equipment and an increase in capital expenditure.

(VI) Table of Production Volume in the Most Recent Two Years

Unit: Unit/NT$ thousand

Year / Production Value / Major Products (Note 1)	2018			2019		
	Production Capacity (Note 3)	Production Volume	Production Value	Production Capacity (Note 3)	Production Volume	Production Value
Automated Semiconductor Equipment	-	667	420,467	-	738	379,473
Automated Passive Component Equipment	-	1,073	508,532	-	236	120,151
LED Equipment	-	138	30,823	-	63	31,875
Others	-	34,972	166,114	-	23,264	34,838
Total (Note 2)	-	36,850	1,125,936	-	24,301	566,337

Note 1: Only significant machines are listed in this table; other components and products are not listed here due to inconsistent measurement units.

Note 2: Due to the differences in the quantity units used to calculate the significant products, the totals are not consistent, and the numbers cannot be compared.

Note 3: No production capacity analysis is performed since the company's production is order-based.

(VII) Sales Volume in the Most Recent Two Years

Unit: Unit/NT$ thousand

Year / Sales Volume & Value / Major Products (Note 1)	2018				2019			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Automated Semiconductor Equipment	492	514,404	175	331,792	600	544,866	138	203,043
Automated Passive Component Equipment	932	622,374	141	217,283	167	89,811	69	85,884
LED Equipment	129	69,731	9	1,866	60	41,720	3	3,657
Others (Note 2)	33,004	148,591	1,968	19,828	16,992	56,008	6,272	7,387
Total (Note 2)	34,557	1,355,100	2,293	570,769	17,819	732,405	6,482	299,971

Note 1: Only significant machines are listed in this table; other components and products are not listed here due to inconsistent measurement units.

Note 2: Due to the differences in the quantity units used to calculate the significant products, the totals are not consistent, and the numbers cannot be compared.

III. Number of Employees, Average Years of Services, Average Age and Education in the Most Recent Two Years up to the Publication Date of the Annual Report

Year		2018	2019	Current Fiscal Year up to May 18, 2020
Number of Employees	Direct	33	31	31
	Indirect	276	256	265
	Total	309	287	296
Average Age		36.76	37.14	37.24
Average Length of Service (Years)		5.96	6.96	6.99
Education Distribution (%)	PhD	3.69	3.88	3.98
	Master	28.85	30.63	31.36
	Bachelor degree	52.47	52.66	53.68
Senior high school		13.64	11.71	10.10
Less than senior high school		1.35	1.11	0.89

IV. Information regarding Environmental Protection Expenditure

(I) According to regulations, the company has to apply and receive permits for the establishment of anti-pollution facilities and pollution effluent, pay pollution prevention fees, or designate environmental personnel. The status of the measures mentioned above is as follows:

The company actively invests in the prevention of environmental pollution, sets up solar energy facilities, actively promotes recycle and reuse of resources, and actively implements environmental safety management measures. Full-plant inspection is also performed regularly as required by law, along with reinforcement in hazard identification, safety education, hazard prevention, emergency response, and employees health checkup, aiming to achieve the goal of zero pollution and zero workplace accident. For the impact of climate change, we make efforts to cut down greenhouse gas emissions and improve energy efficiency. We strive to meet compliance with domestic laws and regulations, as well as international standards. Beyond our pursuit of business growth, we are committed to environmental protection and work safety. The following are our energy saving plans:

a. Carbon reduction and energy saving goals:

Climate change has caused drastic changes in the global environment. Therefore, the company takes on the responsibility to mitigate the greenhouse effect. Our continuous actions include reducing greenhouse gas emission and linking our annual target to the company’s revenue to reduce carbon emissions by 5 percent. The source of greenhouse gas emissions is the use of electricity. Therefore, we continue to promote energy management based energy-saving practices, aiming to achieve the target set along with the increase and decrease of revenue and the goal of reducing electricity consumption by 5 percent.

b. Waste reduction and water saving goals:

   To ensure effective use of resources, we continue to implement waste reduction management practices. The company's operation is mainly equipment assembly, so we have no production lines and consequently no emissions of air pollution and wastewater. As approved by Kaohsiung City Bureau of Environmental Protection No. 10540721200, the company does not produce wastewater and is not a business designated by the EPA for air pollution control. The company agrees to properly dispose of wastes in accordance with the provisions of Article 36 of the Waste Disposal Act. Moreover, approved by Tainan City Bureau of Environmental Protection No. 1050002048, the company's maximum effluent volume is 45 CMD (including 3 CMD for process wastewater and 42 CMD for domestic wastewater), and maximum sludge production volume is 0. Although the company has no air pollution and wastewater discharge issues, we still set an annual target for waste reduction, which varies along with the increase and decrease of revenue and the goal of reducing everyday garbage, waste and water consumption by 5 percent.

c. Energy-saving practices:

   1. Organize employee training courses to promote energy saving and carbon reduction in the company:

      The company holds a monthly meeting to promote the lights-off project and the concept and awareness of environmental protection and energy conservation to employees. The following are specific practices enforced:

      A. Set air conditioning to 26 to 27 degrees Celsius.
      B. Implement the lights-off project.
      C. Save water.
      D. Bring your chopsticks, cups, and handkerchiefs.
      E. Turn off the computer and pull the plug after work, walk for exercise, and reduce the use of the elevator.

   2. Enforce energy saving practices at the plant and offices:

      A. Replace all lights with LED fluorescent lamps at the plant.
      B. Zone the plant and office into areas for varied air conditioning control.
      C. Change the air-conditioning facility from water-cooling to storage-type.
      D. Replace energy-saving bulbs with LED lamp after the product life ends.
      E. Use e-invoicing and online signing to promote environmental sustainability.

   3. Adopt electronic invoices and online e-authorization to implement environmental sustainability:

      The company is committed to promoting sustainability of the environment and the earth, taking actions in response to the global energy-saving and carbon reduction initiative. The company also adopted the electronic invoicing system promoted by the Ministry of Finance and set up an electronic system for inquiries. Also, submission of requisition, procurement, and expense reimbursement forms has been updated from manual sign-offs to electronic sign-offs, and efforts have been made to promote e-documents to reduce the use of paper.

4. Use solar panels to generate electricity:

The company appoints an operating environment audit agency approved by the Ministry of Labor to audit the company's work environment every six months. Related reports are available on the company's website. List the company's investment in environmental pollution prevention equipment, use, and expected benefits:

The solar panels set up by the company is guaranteed to generate 207 KW of parallel electricity wattage per month for Taiwan Power. The table below shows the guaranteed power volume.

Year	Guaranteed Solar Power Generation (KW)
1	338,878
2	335,400
3	332,022
4	328,655
5	325,298
6	321,951
7	318,614
8	315,288
9	311,970
10	308,663
11	305,365
12	302,076
13	298,797
14	295,527
15	292,266
16	289,015
17	285,772
18	282,538
19	279,314
20	276,098

(II) The Process of Pollution-related Environment Improvement over the Most Recent Two Years until the Publication Date of the Annual Report; Description of the Process of Handling Pollution-related Disputes, if Any: None.

(III) Total Losses (including Indemnity Paid) and Penalties Paid by the company for Environmental Pollution, as Well as Future Response Measures (including Improvement Measures) and Possible Expenditure (including Losses Incurred by Not Implementing Response Measures, Penalties, and an Estimated Amount of Indemnity; if a Reasonable Estimation Cannot Be Made, Explain why): None.

(IV) Current Pollution and Improvement Status, and Its Effects on the company's Earnings, Competitive Position, and Capital Spending, as Well as Estimated Major Capital Expenditures for Environmental Protection in the Next Two Years: None.

V. Labor Relations

1. List the company's employee benefits, continuing education, training, retirement system, and implementation status, as well as agreements between the employer and employees and measures for protecting employees' rights and interests:

(1) Employee welfare policy

a. Insurance: In addition to the statutory labor and health insurance, the company ensures all employees with group insurance (accident and medical).

b. The company takes our employees' health checkups very seriously. With consent of our employees, the company actively follows up on employees who are found to have health issues and special conditions. Every year, our employees are given one free health checkup, which covers the basic labor health checks, as well as the more advanced items, including rheumatoid, Thyroid function, digestive function and arteriosclerosis.

c. The company provides employees beyond statutory protection. We offered comprehensive and additional protection and embarked on the mission to build a complete welfare system, covering food, clothing, housing, transportation, education, and recreation:

Welfare Type	Welfare Item	Description
Food	A fine and healthy diet	The company provides lunch, afternoon tea, and dinner to our employees for free.
	Department party	A department dinner is held once every three months.
Clothing	Work attire	Employee's uniform, jacket and casual wear day
Housing	Temporary dormitory	The company offers dormitory rooms to employees from other areas, commuting employees and those who cannot return home due to work assignments.
Travel	Subsidies for using private vehicles to conduct company business	The company provides company cars for receiving guests, and those who drive private vehicles for company business are eligible to apply for expense reimbursement.
Education	Library	The company set up a library on-the-go and magazine lounge, providing employees various books and magazines for a loan, aiming to help employees develop reading habits.
Entertainment	Workout Room	We remind our employees to care for their health while keeping themselves busy at work. We set up an employees workout room, which is open to all employees for free use.
	Sports courts	We have also set up courts for table tennis, basketball, and billiards, which are open to all employees.
	Welfare facility	The break room provides coffee, beverages, hot food, and more to refresh our employees anytime.
	Company parties	The company hosts parties on the major holidays and the year-end

		dinner. The parties are filled with fun games to draw the employees closer to each other.
	Recreational activities	Subsidies for domestic and overseas trips.

d. It is our responsibility to take good care of our employees' lives and settle their families. Therefore, in addition to funding the employee welfare committee, the company offers birthday gift-money, bonuses on the three major festivals and gift-money for childbirth and wedding.

e. The company implements a flexible working hours system. In considering the family life, after discussion with the Supervisor, each colleague can apply for flexible working hours.

(2) Retirement system

a. Old system:

Since May 20, 2000, the company formally established the Labor Pension Reserve Supervisory Committee in accordance with the Rules Governing Organization of Supervisory Committee of Business Entities’ Labor Retirement Reserve. The company contributes 4 percent of each employee's total monthly salary to the retirement reserve into the exclusive account of the Labor Pension Reserve Supervisory Committee. Pension payments are made in compliance with the Labor Standards Act.

b. New system:

Since July 1, 2005, the company has established a retirement plan based on the Labor Pension Act, which applies all employees who are citizens of R.O.C. For employees who chose to adopt the retirement system provided by the Labor Pension Act, the company contributes an amount no less than six percent of the worker’s monthly wage to the personal retirement pension account set up by the Bureau of Labor Insurance. The retirement pension shall be calculated based on the principal and accrued dividends from an employee’s account of labor pension and paid on a monthly or lump-sum basis. The subsidiary in China contributes 18% of each employee’s total monthly salary for retirement insurance in accordance with the pension insurance system set forth by the government of the People's Republic of China. The pension fund is collectively managed by the government. The company has no further obligation other than making a monthly contribution.

(3) Employer/employee agreements

Achievement of the company’s goals depends on the commitment and dedication of employees, while employees also need employers’ support for them to be able to extend their talent. Therefore, the relationship between employers and employees has always been the focus the company and its subsidiaries. Since the founding of the company and its subsidiaries, the relationship between employees and employers has been harmonious.

2. Losses arising as a result of labor disputes in the most recent year up to the publication date of the Annual Report and disclosure of potential losses in the current and future terms and countermeasures: None

VI. Important Contracts

Nature of Contract	Party	Contract Beginning and Ending Dates	Description	Restrictive Provision
Land lease	Southern Taiwan Science Park Administration	January 1, 2009 to December 31, 2023 and November 1, 2014 to October 31, 2034	Land lease for the Southern Taiwan Science Park in Luchu	None

Chapter 6 Financial Summary

I. Condensed Balance Sheets and Comprehensive Income Statements for the Most Recent Five Fiscal Years

(I) Condensed Balance Sheets and Comprehensive Income Statements

1. Consolidated condensed balance sheets and comprehensive income statements – IFRS

Unit: NT$ thousand

Item \ Year		Financial Information for the Most Recent Five Years (Note 1)					Current Fiscal Year up to March 31, 2020 (Note 3)
		2015	2016	2017	2018	2019	
Current assets		1,560,225	1,828,962	1,888,126	1,871,275	1,489,535	1,511,778,
Property, plant and equipment		395,288	448,984	422,161	403,255	402,069	398,754
Intangible assets		2,729	6,348	4,541	6,187	4,743	4,951
Other assets		233,254	234,843	220,508	239,089	272,722	261,512
Total assets		2,191,496	2,519,137	2,535,336	2,519,806	2,169,069	2,176,995
Current liabilities	Before distribution	433,562	660,421	632,455	598,595	395,822	399,279
	After distribution	604,234	913,138	893,586	856,899	Note 2	Not applicable
Non-current liabilities		37,430	36,633	41,072	52,063	84,777	86,295
Total liabilities	Before distribution	470,992	697,054	673,517	650,658	480,599	485,574
	After distribution	641,664	949,771	934,658	908,962	Note 2	Not applicable
Equity attributable to owners of the parent company		1,720,504	1,822,083	1,861,819	1,869,148	1,688,470	1,691,421
Capital		853,359	842,389	842,389	842,389	833,239	833,239
Capital surplus	Before distribution	380,987	378,920	378,920	378,920	377,196	377,196
	After distribution	380,987	378,920	378,920	378,920	Note 2	Not applicable
Retained earnings	Before distribution	474,492	611,136	657,930	712,420	500,772	537,225
	After distribution	303,820	358,419	396,789	454,116	Note 2	Not applicable
Other equity		11,666	(10,362)	(17,420)	(18,649)	(22,737)	(28,219)
Treasury stocks		-	-	-	(45,932)	-	(28,020)
Total equity	Before distribution	1,720,504	1,822,083	1,861,819	1,869,148	1,688,470	1,691,421
	After distribution	1,549,832	1,569,366	1,600,678	1,610,844	Note 2	Not applicable

Note 1: Financial information for 2015 to 2019 have been audited and attested by the CPAs.

Note 2: 2019 earnings distribution has not yet approved by the shareholders' meeting.

Note 3: Financial information has been audited and attested or reviewed by the CPAs.

Unit: NT$ thousand, except NT$ for earnings per share

Item \ Year	Financial Information for the Most Recent Five Years (Note 1)					Current Fiscal Year up to March 31, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Revenue	1,507,082	2,112,459	1,866,853	1,925,869	1,032,376	254,036
Gross profit	624,429	935,443	846,758	799,933	466,038	136,192
Operating profit	225,485	440,699	404,694	328,132	83,504	37,903
Non-operating items	36,002	(14,487)	(44,332)	41,686	10,475	5,521
Net profit before tax	261,487	426,212	360,362	369,818	93,979	43,424
Net profit from continuing operations	228,506	357,016	303,196	314,416	83,441	36,453
Net profit (loss)	228,506	357,016	303,196	314,416	83,441	36,453
Other comprehensive income (after tax)	(12,450)	(20,100)	(10,743)	(14)	(5,815)	(5,482)
Total comprehensive income	216,056	336,916	292,453	314,402	77,626	30,971
Net income attributable to owners of the parent company	228,506	357,016	303,196	314,416	83,441	36,453
Total comprehensive income attributable to owners of the parent company	216,056	336,916	292,453	314,402	77,626	30,971
Earnings per share	2.76	4.21	3.60	3.74	1.00	0.44

*If the company has the parent company only financial statements, it shall prepare condensed balance sheets and comprehensive income statements for the most recent five years.

Note 1: Financial information for 2015 to 2019 have been audited and attested by the CPAs.

Note 2: Financial information has been audited and attested or reviewed by the CPAs.

2. Parent company only condensed balance sheets and comprehensive income statements – IFRS

Unit: NT$ thousand

Item \ Year		Financial Information for the Most Recent Five Years (Note 1)					Current Fiscal Year up to March 31, 2020 (Note 3)
		2015	2016	2017	2018	2019	
Current assets		1,212,474	1,513,953	1,616,683	1,615,432	1,230,142	Not applicable
Property, plant and equipment		274,663	344,018	326,784	314,244	297,441	
Intangible assets		2,586	6,282	4,541	4,961	3,036	
Other assets		604,708	551,152	530,637	535,326	601,246	
Total assets		2,094,431	2,415,405	2,478,645	2,469,963	2,131,865	
Current liabilities	Before distribution	336,506	556,689	575,760	548,752	358,618	
	After distribution	507,178	809,406	836,901	807,056	Note 2	
Non-current liabilities		37,421	36,633	41,066	52,063	84,777	
Total liabilities	Before distribution	373,927	593,322	616,826	600,815	443,395	
	After distribution	544,599	846,039	877,967	859,119	Note 2	
Capital		853,359	842,389	842,389	842,389	833,239	
Capital surplus	Before distribution	380,987	378,920	378,920	378,920	377,196	
	After distribution	380,987	378,920	378,920	378,920	Note 2	
Retained earnings	Before distribution	474,492	611,136	657,930	712,420	500,772	
	After distribution	303,820	358,419	396,789	454,116	Note 2	
Other equity		11,666	(10,362)	(17,420)	(18,649)	(22,737)	
Treasury stocks		-	-	-	(45,932)	-	
Total equity	Before distribution	1,720,504	1,822,083	1,861,819	1,869,148	1,688,470	
	After distribution	1,549,832	1,569,366	1,600,678	1,610,844	Note 2	

*If the company has the parent company only financial statements, it shall prepare condensed balance sheets and comprehensive income statements for the most recent five years.

Note 1: Financial information for 2015 to 2019 have been audited and attested or reviewed by the CPAs.

Note 2: 2019 earnings distribution has not yet approved by the shareholders' meeting.

Note 3: Not applicable as parent company only financial statements for the first quarter of 2020 are not available.

Unit: NT$ thousand, except NT$ for earnings per share

Item / Year	Financial Information for the Most Recent Five Years (Note 1)					Current Fiscal Year up to March 31, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Revenue	1,296,254	1,871,297	1,614,505	1,684,162	935,563	Not applicable
Gross profit	575,914	896,150	792,721	733,938	438,918	
Operating profit	265,005	478,093	425,993	339,871	123,678	
Non-operating items	(5,982)	(51,483)	(67,075)	29,010	(27,307)	
Net profit before tax	259,023	426,610	358,918	368,881	96,371	
Net profit from continuing operations	228,506	357,016	303,196	314,416	83,441	
Net profit (loss)	228,506	357,016	303,196	314,416	83,441	
Other comprehensive income for the year (Net Income after Tax)	(12,450)	(20,100)	(10,743)	(14)	(5,815)	
Total comprehensive income	216,056	336,916	292,453	314,402	77,626	
Earnings per share	2.76	4.21	3.60	3.74	1.00	

*If the company has the parent company only financial statements, it shall prepare condensed balance sheets and comprehensive income statements for the most recent five years.

Note 1: Financial information for 2015 to 2019 have been audited and attested by the CPAs.

Note 2: Not applicable as parent company only financial statements for the first quarter of 2020 are not available.

(II) Names and Auditing Opinions of CPAs in the Most Recent Five Years

1. The CPAs' names and opinions for the most recent five years, except for an audit report of unqualified opinion, shall be described in detail.

Year	Accounting Firm	CPA	Auditor’s Opinion
2015	PwC Taiwan	Ming-Xian Li, Tsi-Yu Lin	Modified unqualified opinion (Note)
2016	PwC Taiwan	Tsi-Yu Lin, Tsi-Meng Liu	Unqualified opinion with remarks referring to the explanations in the audit report of other CPAs' audit (Note)
2017	PwC Taiwan	Tsi-Yu Lin, Tsi-Meng Liu	Unqualified opinion with remarks referring to the explanations in the audit report of other CPAs' audit (Note)
2018	PwC Taiwan	Tsi-Meng Liu, Yong-Chih Lin	An audit report of unqualified opinion
2019	PwC Taiwan	Tsi-Meng Liu, Yong-Chih Lin	An audit report of unqualified opinion

Note : The investment of the company in Uniring Tech CO., Ltd. under equity method has been evaluated and disclosed in the financial report audited by the CPAs appointed by the investee company.

2. Former CPAs and their successors shall state the reasons for the replacement of CPAs in the most recent five years if there is any:

Internal job adjustment has been conducted in accordance with the “Procedures for Reviewing Financial Reports of Listed Companies.”

II. Financial Analysis for the Most Recent Five Fiscal Years

1. Financial analysis of consolidated financial statements – IFRS

Item (Note 4)	Year	2015	2016	2017	2018	2019	Current Fiscal Year up to March 31, 2020 (Note 3)
		Financial Analysis for the Most Recent Five Fiscal Years					
Financial Structure (%)	Liabilities to assets ratio	21.49	27.67	26.57	25.82	22.16	22.30
	Long-term fund to property, plant and equipment ratio	435.25	405.82	441.02	463.52	419.95	424.18
Liquidity Analysis (%)	Current ratio	359.86	276.94	298.54	312.61	376.31	378.63
	Quick ratio	291.40	222.39	243.97	268.93	323.38	312.64
	Interest coverage ratio	683.73	276.69	359.21	3,523.08	161.37	337.62
Operating Ability	Receivables turnover ratio (times)	2.61	4.32	3.23	2.78	1.78	0.59
	Average receivable turnover days	139.85	84.49	113.00	131.29	205.05	618.64
	Inventory turnover ratio (times)	2.91	3.54	2.80	3.45	2.05	0.40
	Payables turnover ratio (times)	3.41	4.44	3.08	3.45	2.21	0.49
	Inventory turnover days	125.43	103.11	130.36	105.80	178.04	912.50
	Property, plant and equipment turnover ratio (times)	4.65	5.00	4.29	4.67	2.56	0.63
	Total assets turnover ratio (times)	0.72	0.90	0.74	0.76	0.44	0.12
Profitability	Return on assets (%)	10.91	15.21	12.03	12.44	3.58	1.68
	Return on equity (%)	14.38	20.16	16.46	16.85	4.69	2.16
	Net profit before tax to paid-in capital ratio (%)	30.64	50.60	42.78	44.38	11.28	5.27
	Net income ratio (%)	15.16	16.90	16.24	16.33	8.08	14.35
	Earnings per share (NT$)	2.76	4.21	3.60	3.74	1.00	0.44
Cash Flows	Cash flow ratio (%)	52.32	108.87	27.38	55.18	71.20	Note 1
	Cash flow adequacy ratio (%)	22.70	96.48	119.11	146.46	146.26	Not applicable
	Cash reinvestment ratio (%)	7.16	29.23	Note 1	3.48	2.25	0.00
Leverage	Operating leverage	2.77	2.12	2.09	2.44	5.58	3.59
	Financial leverage	1.00	1.00	1.00	1.00	1.01	1.00

Reasons for changes in various financial ratios for the most recent two years (not be required if such changes are within 20%):

1. Increase in interest coverage ratio: Mainly due to the reduced interest expense.
2. Increase in inventory turnover ratio: Mainly due to the decrease in the receivable days of supplier payment for the current purchase.
3. Increase in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: Mainly due to the increase in cash inflows from profit.

*If the company has the parent company only financial statements, it shall prepare a parent company only financial ratio analysis.

Note 1: Negative numbers are not shown.

Note 2: Calculated with the share capital at the end of the period.

Note 3: Financial information has been audited and attested or reviewed by the CPAs.

Note 4: At the end of the Annual Report, the following formula shall be listed:

1. Financial structure
   (1) Financial structure Liabilities to assets ratio = Total liabilities / Total assets.
   (2) Long-term fund to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net value of property, plant and equipment.
2. Liquidity analysis
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
   (3) Interest coverage ratio = Net profit before income tax and interest expenses / Interest expenses.
3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable) turnover ratio = Net sales / Average receivables (including accounts receivable and notes receivable).
   (2) Average receivable turnover days = 365 / Receivables turnover ratio.
   (3) Inventory turnover ratio = Costs of goods sold / Average inventory.

(4) Payables (including accounts payables and notes payables) turnover ratio = Costs of goods sold / Average payables (including accounts payables and notes payables).
(5) Inventory turnover days = 365 / Inventory turnover ratio.
(6) Property, plant and equipment turnover ratio = Net sales / Net value of property, plant and equipment.
(7) Total asset turnover ratio = Net sales / Average total assets.

4. Profitability analysis
(1) Return on assets = [Net income + Interest expenses × (1-Tax rate)] / Average total assets.
(2) Return on equity = Net income / Average total equity.
(3) Net profit ratio = Net income / Net sales.
(4) Earnings per share = (Net income attributable to owners of the parent company - Preferred stock dividend) / Weighted average number of issued shares. (Note 6)

5. Cash flows
(1) Cash flow ratio = Cash flows from operating activities / Current Liabilities.
(2) Net cash flow adequacy ratio = Net cash flow from operating activities for most recent five years / (Capital expenditures + Inventory additions + Cash dividends) of most recent five years.
(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 7)

6. Leverage
(1) Operating leverage = (Net sales - Variable operating costs and expenses) / Operating profit.
(2) Financial leverage = Operating profit / (Operating profit - Interest expenses).

Note 5: In calculating earnings per share with the formula mentioned above, special attention shall be paid to the following matters:
1. It is based on the weighted average common shares, rather than the issued shares at the end of the year.
2. In the event of cash capital increase or treasury stock, the weighted average number of shares shall be calculated with an outstanding period.
3. In the case of capital increase out of earnings or capital surplus, the annual and semi-annual earnings per share shall be adjusted retrospectively to the ratio of capital increase, without considering its issuance duration.
4. If the preferred stock is a non-convertible accumulative preferred stock, its annual dividend (whether or not it is paid) shall be deducted from the net profit after tax, or added to the net loss after tax. If the preferred stock is non-cumulative and when there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment shall be made.

Note 6: In calculating cash flows, special attention shall be paid to the following matters:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflows from capital investments.
3. The increase in inventory is taken into account when the balance at the end of period is higher than the balance at the beginning of period. Otherwise, it is taken as zero.
4. Cash dividends include cash dividends for common shares and preferred shares.
5. Gross value property, plant, and equipment is the total amount of property, plant, and equipment before deducting accumulated depreciation.

Note 7: The issuer shall classify various operating costs and operating expenses into fixed and variable properties. If there is an estimate or subjective judgment, attention should be paid to its rationality and consistency.

Note 8: If the company's stock is not denominated or the denomination is not NT$10, the calculation of the paid-in capital ratios shall be based on the equity attributable to owners of the parent company in the balance sheet.

2. Financial analysis of parent company only financial statements – IFRS

Item (Note 4) / Year		Financial Analysis for the Most Recent Five Fiscal Years					Current Fiscal Year up to March 31, 2020 (Note 2)
		2015	2016	2017	2018	2019	
Financial Structure (%)	Liabilities to assets ratio	17.85	24.56	24.89	24.32	20.80	Not applicable
	Long-term fund to property, plant and equipment ratio	626.41	529.65	569.74	594.81	567.67	
Liquidity Analysis (%)	Current ratio	360.31	271.96	280.79	294.38	343.02	
	Quick ratio	294.49	221.95	231.28	256.46	298.25	
	Interest coverage ratio	2,644.09	324.68	414.02	3,514.15	168.02	
Operating Ability	Receivables turnover ratio (times)	2.95	4.78	3.42	2.96	1.97	
	Average receivable turnover days	123.73	76.36	106.73	123.31	185.28	
	Inventory turnover ratio (times)	3.13	3.62	2.71	3.53	2.27	
	Payables turnover ratio (times)	3.82	4.71	2.89	3.19	2.09	
	Inventory turnover days	116.61	100.83	134.69	103.40	160.79	
	Property, plant and equipment turnover ratio (times)	6.60	6.05	4.81	5.25	3.06	
	Total assets turnover ratio (times)	0.66	0.83	0.66	0.68	0.41	

Item (Note 4) \ Year		Financial Analysis for the Most Recent Five Fiscal Years					Current Fiscal Year up to March 31, 2020 (Note 2)
		2015	2016	2017	2018	2019	
Profitability	Return on assets (%)	11.58	15.88	12.42	12.71	3.65	
	Return on equity (%)	14.38	20.16	16.46	16.85	4.69	
	Net profit before tax to paid-in capital ratio (%)	30.35	50.64	42.61	43.79	11.57	
	Net income ratio (%)	17.63	19.08	18.78	18.67	8.92	
	Earnings per share (NT$)	2.76	4.21	3.60	3.74	1.00	
Cash Flows	Cash flow ratio (%)	59.67	130.48	42.79	60.60	80.44	
	Cash flow adequacy ratio (%)	28.66	104.73	128.96	141.56	137.59	
	Cash reinvestment ratio (%)	5.78	30.14	Note 1	3.68	1.65	
Leverage	Operating leverage	2.17	1.87	1.86	2.16	3.55	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	

Reasons for changes in various financial ratios for the most recent two years (not be required if such changes are within 20%):
1. Increase in interest coverage ratio: Mainly due to the reduced interest expense.
2. Increase in inventory turnover ratio and average inventory turnover days: Mainly due to the decrease in the receivable days of supplier payment for the current purchase.
3. A decrease in inventory turnover ratio and payables turnover ratio: Mainly due to the decline in orders received during the period.
4. Increase in cash flow ratio and cash reinvestment ratio: Mainly due to the increase in cash inflows from profit.

*If the company has the parent company only financial statements, it shall prepare a parent company only financial ratio analysis.

Note 1: Negative numbers are not shown.

Note 2: Not applicable as parent company only financial statements for the first quarter of 2020 are not available.

Note 3: Calculated with the share capital at the end of the period.

Note 4: At the end of the Annual Report, the following formula shall be listed:

1. Financial structure
   (1) Financial structure Liabilities to assets ratio = Total liabilities / Total assets.
   (2) Long-term fund to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net value of property, plant and equipment.
2. Liquidity analysis
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
   (3) Interest coverage ratio = Net profit before income tax and interest expenses / Interest expenses.
3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable) turnover ratio = Net sales / Average receivables (including accounts receivable and notes receivable).
   (2) Average receivable turnover days = 365 / Receivables turnover ratio.
   (3) Inventory turnover ratio = Costs of goods sold / Average inventory.
   (4) Payables (including accounts payables and notes payables) turnover ratio = Costs of goods sold / Average payables (including accounts payables and notes payables).
   (5) Inventory turnover days = 365 / Inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = Net sales / Net value of property, plant and equipment.
   (7) Total asset turnover ratio = Net sales / Average total assets.
4. Profitability analysis
   (1) Return on assets = [Net income + Interest expenses × (1-Tax rate)] / Average total assets.
   (2) Return on equity = Net income / Average total equity.
   (3) Net profit ratio = Net income / Net sales.
   (4) Earnings per share = (Net income attributable to owners of the parent company - Preferred stock dividend) / Weighted average number of issued shares. (Note 6)
5. Cash flows
   (1) Cash flow ratio = Cash flows from operating activities / Current Liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities for most recent five years / (Capital expenditures + Inventory additions + Cash dividends) of most recent five years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 7)
6. Leverage
   (1) Operating leverage = (Net sales - Variable operating costs and expenses) / Operating profit.
   (2) Financial leverage = Operating profit / (Operating profit - Interest expenses).

Note 5: In calculating earnings per share with the formula mentioned above, special attention shall be paid to the following matters:

1. It is based on the weighted average common shares, rather than the issued shares at the end of the year.
2. In the event of cash capital increase or treasury stock, the weighted average number of shares shall be calculated with an outstanding period.
3. In the case of capital increase out of earnings or capital surplus, the annual and semi-annual earnings per share shall be adjusted retrospectively to the ratio of capital increase, without considering its issuance duration.

4. If the preferred stock is a non-convertible accumulative preferred stock, its annual dividend (whether or not it is paid) shall be deducted from the net profit after tax, or added to the net loss after tax. If the preferred stock is non-cumulative and when there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment shall be made.

Note 6: In calculating cash flows, special attention shall be paid to the following matters:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflows from capital investments.
3. The increase in inventory is taken into account when the balance at the end of period is higher than the balance at the beginning of period. Otherwise, it is taken as zero.
4. Cash dividends include cash dividends for common shares and preferred shares.
5. Gross value property, plant, and equipment is the total amount of property, plant, and equipment before deducting accumulated depreciation.

Note 7: The issuer shall classify various operating costs and operating expenses into fixed and variable properties. If there is an estimate or subjective judgment, attention should be paid to its rationality and consistency.

Note 8: If the company's stock is not denominated or the denomination is not NT$10, the calculation of the paid-in capital ratios shall be based on the equity attributable to owners of the parent company in the balance sheet.

III. Supervisors' Report for the Most Recent Year's Financial Statements: Please refer to Page 101.

IV. Financial Statements for the Most Recent Fiscal Year: Please refer to Pages 114~179.

V. Parent Company Only Financial Statements for the Most Recent Fiscal Year, Certified by CPAs: Please refer to Pages 180~239.

VI. Impact of Financial Difficulties of the company and Affiliated Companies on the Financial Status of the company in the Most Recent Year up to the Publication Date of the Annual Report: None.

VII. Supervisors' Report for the Most Recent Year's Financial Statements

All Ring Tech Co., Ltd.

Supervisors' Review Report

Approval for

The Board of Directors has prepared the company's 2019 Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements, profits distribution proposal, etc., which were reviewed and confirmed by the Supervisors that there was no discrepancy. According to Article 219 of the Company Act, we hereby submit this report and kindly request for approval.

To

2020 Shareholders' Meeting

All Ring Tech Co., Ltd.

Supervisor: Hong-Ren Lin

Kuo-Chen Wu

Ching-Hsu Tsai

February 26, 2020

Chapter 7 Review and Analysis of Financial Position, Financial Performance, and Risk Items

I. Financial Position

Unit: NT$ thousand

Item \ Year	2019	2018	Difference	
			Increase (Decrease) Amount	%
Current assets	1,489,535	1,871,275	(381,740)	(20.34)
Property, plant and equipment	402,069	403,255	(1,186)	(0.29)
Intangible assets	4,743	6,187	(1,444)	(23.34)
Other assets	272,722	239,089	33,633	14.07
Total liabilities	2,169,069	2,519,806	(353,737)	(14.04)
Current liabilities	395,822	598,595	(202,773)	(33.87)
Non-current liabilities	84,777	52,063	32,714	62.84
Total assets	480,599	650,658	(170,059)	(26.14)
Capital	833,239	842,389	(9,150)	(1.09)
Capital surplus	377,196	378,920	(1,724)	(0.45)
Retained earnings	500,772	712,420	(211,648)	(29.71)
Other equity	(22,737)	(18,649)	(4,088)	21.92
Treasury stocks	-	(45,932)	45,932	(100)
Total shareholders' equity	1,688,470	1,869,148	(180,678)	(9.67)

Explanation of increased or decreased percentage (except for difference less than 20%):

1. Decrease in current assets: Mainly due to a decrease in accounts receivable as a result of a decrease in operating revenue for the current year.
2. Increase in intangible assets: Mainly due to normal amortization.
3. Decrease in current liabilities: Mainly due to a decrease in payables as a result of a decrease in operating revenue and purchases for the current year.
4. Increase in non-current liabilities: Mainly due to an increase in lease liabilities under IFRS16.
5. Decrease in retained earnings: Mainly due to a decrease in profits for the current year.
6. Decrease in other equity: Mainly due to the impact of exchange rate fluctuations.
7. Decrease in treasury shares: Mainly due to non-purchase of treasury shares for the current year.

II. Financial Performance

(I) Comparison and Analysis of Financial Performance

Unit: NT$ thousand

Item/Year	2019	2018	Increase (Decrease) Amount	Percentage of the Changes (%)
Revenue	1,032,376	1,925,869	(893,493)	(46.39)
Operating cost	566,338	1,125,936	(559,598)	(49.70)
Gross profit	466,038	799,933	(333,895)	(41.74)
Operating expenses	382,534	471,801	(89,267)	(18.92)
Net operating profit	83,504	328,132	(244,628)	(74.55)
Non-operating items	10,475	41,686	(31,211)	(74.87)
Pre-tax profit from continuing operation	93,979	369,818	(275,839)	(74.59)
Income tax expense	10,538	55,402	(44,864)	(80.98)
Net income	83,441	314,416	(230,975)	(73.46)
Other comprehensive income	(5,815)	(14)	(5,801)	41,435.71
Total comprehensive income	77,626	314,402	(236,776)	(75.31)

Explanation of increased or decreased percentage (except for difference less than 20%):

1. Decrease in revenue, gross profit, operating profit, pre-tax profit from continuing operation and net income: Mainly due to a decrease in orders as a result of customers' reduction in capital expenditures for the current year.
2. Decrease in non-operating items: Mainly due to the impact of exchange rate fluctuations.

(II) Expected Sales in the Upcoming Year and Its Basis, Its Potential Impact on the company's Future Financial Business, and the Countermeasures Thereof: The company expects the sale to increase over 2019 and benefit the company, after considering changes in the overall economic environment, industrial trends, and the company's development.

III. Review and Analysis of Cash Flows

(I) Analysis of Cash Flow Changes for the Most Recent Year

Unit: NT$ thousand

Item \ Year	2019	2018	Change: Amount	Change: %
Net cash inflows (outflows) from operating activities	281,806	330,292	(48,486)	(14.68)
Net cash inflows (outflows) from investing activities	(63,956)	(32,545)	(31,411)	(96.52)
Net cash inflows (outflows) from financing activities	(262,885)	(307,073)	44,188	14.39

Main reasons for cash flow changes for the most recent year:
(1) Decrease in net cash inflows from operating activities: Mainly due to a decrease in profits in 2019.
(2) Increase in net cash outflows from investing activities: Mainly due to an increase in capital of reinvestment businesses in 2019.
(3) Decrease in net cash outflows from financing activities: Mainly due to the repurchase of treasury shares in 2018.

(II) Corrective Measures for Insufficient Liquidity: Not applicable.

(III) Analysis of Cash Flows and Liquidity for the Upcoming Year (2020)

Unit: NT$ thousand

Cash and Cash Equivalents - Beginning Balance	Net Cash Flows from Operating Activities	Net Cash Flows from Investing and Financing Activities	Cash Balance (Deficiency)	Remedial Measures for Insufficient Cash: Investing Plan	Remedial Measures for Insufficient Cash: Financing Plan
824,336	366,040	(241,670)	948,706	-	-

(1) Analysis of cash flows for 2020

1) Operating activities: The company expects to continue to grow in business. This shall increase the revenue and profits, including net cash inflows from operating activities.
2) Investment activities: The company expects to continue to grow in business and expand its business scale, creating cash outflows from investing activities as a result of a new precision machinery plant.
3) Financing activities: The company expects to purchase treasury shares and distribute cash dividends, resulting in cash outflows from financing activities.

(2) Remedial measures for insufficient cash and liquidity analysis: None.

IV. Effect upon Financial Operations of Major Capital Expenditures in the Most Recent Fiscal Year

1. Use of major capital expenditures and funding sources: None.
2. Expected benefits: None.

V. Reinvestment Policy and Main Reasons for Profits/Losses Thereof, the Improvement Plan, and the One-year Investment Plan

Unit: NT$ thousand

Item \ Explanation	Investment Amount	Policy	Main Reasons for Profits/Losses	Improvement Plans	Other Investing Plans in the Future
Uniring Tech CO., Ltd.	NT$200,000 thousand	To disperse business risks and expand the business over consumer electronics	Recognized as investment loss because the investee company had largely invested in R&D, and the product gross was still low.	To improve product development.	In consideration of the operation scale to evaluate the need for increasing investment.
PAI FU International Limited	NT$65,263 thousand	Invested in Kunshan All Ring Tech Co., Ltd., and All Ring Tech (Kunshan) Co., Ltd.	Recognized as investment loss because the demand for sweepers in 2019 was weak for the investee company, resulting in a decrease in orders.	Not applicable	Not applicable
IMAGINE Group Limited	NT$243,400 thousand	Invested in All Ring Tech (Kunshan) Co., Ltd.	Recognized as reinvestment loss because the reinvestee company suffered from reduced orders in 2019 due to a poor business environment in passive components.	Not applicable	Not applicable

VI. Risk Items

(I) Risk Factors

1. Impacts of fluctuations in interest rates, foreign exchange rates and inflation on the company's profitability and future countermeasures

(1) Impact of fluctuations in interest rates:

Item	2019 (NT$ thousand; %)
Net interest gain/loss	5,617
Net exchange gain/loss	(6,637)
Ratio of net interest income/expense to net revenue	0.54%
Ratio of net interest income/expense to net income before tax	5.98%
Ratio of currency exchange gain/loss to net revenue	(0.64%)
Ratio of currency exchange gain/loss to net income before tax	(7.06%)

The small ratios listed in the table above show that interest rate fluctuations have a minor impact on the overall profitability. Based on sound and conservative financial management principles, the company will keep in close touch with the banks to keep up to date the relevant information on interest rate changes, to lessen the impact of interest rate fluctuations.

(2) Impact of fluctuations in exchange rates:

The exported sales quotation and oversea raw materials purchases of the company are both traded in U.S. dollars. Because the recurring offset of sales and purchases has the effect of a hedge against exchange rate changes, the revenue and profit should not be greatly affected. To strengthen the risk management of exchange rate fluctuations, the following countermeasures have been taken:

A. By the nature hedging, the foreign currency receivables from the sales are used to pay for the foreign currency payables for the purchases. Accordingly, the assessment shall focus only on foreign currency. The forecast of the exchange rate trend shall allow settling or paying off foreign currency purchases and operating financial instruments promptly, reducing exchange rate risks.

B. The financial staffs shall keep track of exchange rate fluctuations by monitoring international financial situations, maintaining close contact with bank exchange personnel, and collecting financial information provided by banks and investment institutions.

C. When the business staff offers price and bargains, they shall also weigh the exchange rate fluctuations and adjust the product price accordingly.

(3) Impact of inflation:

The prices of raw materials required by the company are stable. The easing inflation nowadays shall not affect much the future profit and loss of the company.

2. The policies, main reasons for profits/losses, and future countermeasures for high-risk, high-leverage investments, lending funds to other parties, endorsements/guarantees, and derivatives trading

(1) Engagement in any high-risk, high-leverage investments: None.

(2) Policies, main reasons, and future countermeasures for lending funds to other parties:

A. Policy

Lending funds to other parties shall be handled in accordance with the company's “Procedures for Lending of Capital to Others.”

B. Main reasons

To keep in operation the company's sub-subsidiary, All Ring Tech (Kunshan) Co., Ltd. (hereinafter referred to as All Ring Tech (Kunshan)), the company's sub-subsidiary, Kunshan All Ring Tech Co., Ltd. (hereinafter referred to as Kunshan All Ring Tech) shall, under the approval of the Board of Directors, lend a capital of RMB8 million or less to All Ring Tech (Kunshan) with a one-year period. As of the publication date the Annual Report, the loan balance was RMB0.

C. Future countermeasures: None.

(3) Policies, main reasons, and future countermeasures for endorsements/guarantees:

A. Policy

Endorsements/guarantees shall be handled in accordance with the company's "Procedures for Endorsements and Guarantees.”

B. Main reasons

The subsidiary, Uniring Tech CO., Ltd., intended to apply to a financial institution for a loan required for its working capital turnover. The company has offered an endorsement of NT$50,000 with an one-year period, in accordance with the Board's resolution on February 26, 2020.

C. Future countermeasures: None.

3. Research and development work to be carried out in the future, and further expenditures expected for research and development work

(1) Products and Items under R&D:

To maintain the long-term advantages in R&D capabilities, the company has filed the patents for key core technologies to the Intellectual Property Bureau. In addition, the company has continued to invest largely in R&D, recruit outstanding R&D engineers, and make sure that training programs have been implemented as planed. These policies shall advance the R&D capabilities of the company to a technical advantage over industrial competitors. To this end, the company has set up the goal to develop five new types of automatic machines every year. The R&D strategies are listed as follows:

A. To grasp the market and the needs of customers fully. With the satisfaction of customers in mind, the R&D professionals that the company has trained shall continue to cultivate mainstream technologies.

B. The development of successful R&D technical processes is regulated by the standard of the quality assurance system, to ensure that the technology-developing experience is being passed on.

C. To cultivate ample interaction with research institutes and academic units. With the aid and guide by the leading experts and scholars, the R&D capabilities can be strengthened step by step.

D. To build a strategic alliance with technical developers, to guide the R&D direction or develop new technologies, and reduce R&D costs and risks.

E. To collaborate with foreign professional equipment manufacturers on developing new products. The gradual transfer of technologies shall make possible the independence of the company in the long term.

(2) The company has upheld the belief that core technologies must be developed by its R&D personnel. To this end, NT$314,077 thousand is to be allocated

for R&D development in 2020.

4. Effect on the company's financial operations of relevant policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

   The company has paid great attention to changes in major domestic/overseas policies and regulations and has taken necessary actions in response to these changes. Present changes in major domestic/overseas policies and regulations have no significant impact on the company's financial business.

5. Impact of changes in technologies and industries on the company's finance and business, and the countermeasures thereof

   Continuous advancement and rapid daily change of technology have brought competitors to the company today. Being aware of the market demands, the company has constantly strengthened R&D for quality improvement. Therefore there has been no risk caused by changes in technology and industry in recent years. Our countermeasures are as below:

   (1) To keep updated with commercial, scientific, and industrial literature by way of extensive journals and online information. The company sends staffs regularly to participate in research programs, scientific and technological seminars, workshops, trade conferences, exhibitions, and training for expatriates.

   (2) To ensure that managers and competent personnel, with the help of Information exchange through unscheduled meetings, are acquainted with current technology development.

6. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response

   The company commits to maintaining a high degree of professional ethics and management operations. No unethical behavior will be allowed under the established integrity standards. In the event of a crisis, the relevant analysis shall be conducted, and countermeasures shall be taken to minimize the impact and smooth the operation.

7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

   In the most recent year up to the publication date of the Annual Report, the company had no plans for mergers and acquisitions. The benefits of any future merger and acquisition plans will be evaluated carefully to ensure the shareholders' interests.

8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

   The construction of the second-phase new plant has been completed. This new plant is set to meet the growth of downstream industries and demands on new products. The company's revenue and customer satisfaction are expected to increase, while its competitiveness in the market is strengthened. No relevant risks are to be concerned with.

9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken
   (1) Purchase:
   The company maintains a steady long-term collaboration with suppliers. Once a certain supplier fails to be a stable supplier or fails to deliver on time, the company will first seek other suppliers or suitable alternative materials. All suppliers have no market monopoly over the main raw materials provided to the company. Instead, a long-term, stable partnership of good quality has been established between the company and the suppliers. Meanwhile, the company also reviews the quality of supplied raw materials from time to time and inquires about other good suppliers to disperse the risk of concentrated purchase.
   (2) Sales:
   To avoid the impact from the environmental fluctuations in specific industries, the company has, in addition to developing manufacturing equipment for passive components (resistance, capacitance, and inductance) and semiconductor equipment, succeeded to expand its business on LEDs and testing equipment. Furthermore, judging from the fact that the top ten sale customers of the company for the past three years are mostly well-known manufacturers, and from the fact that the capital expenses of large semiconductor package companies have gone up to meet the current trend toward thin and light electronic products, there is no risk of concentrated sales at the present moment.
10. The effect upon and risk to the company in the event a significant quantity of shares belonging to a Director, Supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken
   There was no such concern in the most recent year up to the publication date of the Annual Report.
11. Impact and risk of change in management right, and the countermeasures thereof
   There was no such concern in the most recent year up to the publication date the Annual Report.
12. Other significant risks, and mitigation measures being or to be taken
   There was no such concern in the most recent year up to the publication date the Annual Report.

(II) Litigation or Non-litigation Cases

1. For litigation cases that have been settled or are still ongoing, and non-litigation cases or administrative disputes, which occurred during the most recent two years up to the publication date of the Annual Report, the company shall disclose the

disputed facts, monetary amount involved, proceeding starting date, main involved parties, and the current handling status if these matters have a significant impact on the shareholders' interests or securities prices: None.

2. For the company's Directors, Supervisors, President, person in charge, and shareholders who own 10% or more of the company's stock having, in the most recent two years up to the publication date of the Annual Report, been involved in litigation cases that have been settled or are still ongoing, and non-litigation cases or administrative disputes, the company shall disclose their possible impacts on the shareholders' equity or securities prices: None.
3. For the company's Directors, Supervisors, managerial officers, and shareholders who own 10% or more of the company's stock having, in the most recent two years up to the publication date of the Annual Report, been involved in the affairs specified in Article 157 of the Securities Exchange Act, the company shall disclose how it handles the matter at the present moment: None.

(III) For the company's Directors, Supervisors, Managerial Officers, and Shareholders who Own 10% or More of the company's Stock Having, in the Most Recent Two Years up to the Publication Date of the Annual Report, Had Any Financial Difficulties or Loss of Credit Standing, the company shall Disclose How It Handles the Matter at the Present Moment: None.

VII. Other Important Matters

The company is led by the Chairman, President, Chief Operating Officer, and senior executives, and continues to achieve success in R&D, business, management, manufacturing, and finance. As for the successor to the Chairman and President, it is necessary to have a deeper understanding of the personality traits, professional learning ability, and the degree of fit with the company. It is also essential to evaluate the willingness of the successor to take over the company, and then decide the appropriate successor. Also, according to their professional ability and qualifications, appropriate experience and cultivation will be given, and proper guidance will be provided in the process. In this process, the target successor will be given greater operational flexibility and latitude to improve its performance and credibility inside and outside the organization, helped to establish a team that can cooperate and proposes future development directions for the company, for a successful transition.

In the planning succession plan, in addition to the excellent workability, successors must conform to the company's values. Personality traits must include integrity, commitment, innovation, and customer trust. The company's demand for its all-level personnel has been increasing, and the company has paid more and more attention to management and interpersonal skills. The company has the following three priorities in planning the entire successor team:

1. Determine the continuation of leadership style and understand the wishes, motivations, ideas, and values of successors through careful observation and performance appraisal

reports daily, hoping that when taking over a plan in the future, the entire successor team can have a consistent view on the tasks to be implemented.

2. Confirm that the ability and skills of the candidate for succession are sufficient and give appropriate training. Appropriate training courses should be arranged for different personality traits, together with a review of the learning progress. Through professional ability training, it is hoped that its integration can apply for the establishment of judgment ability in decision-making.
3. Maximize the talent database. In choosing successor candidates, efforts shall be made to expand the source of candidates as much as possible. Do not simply pick people who are in the same field, personality, or thinking mode.

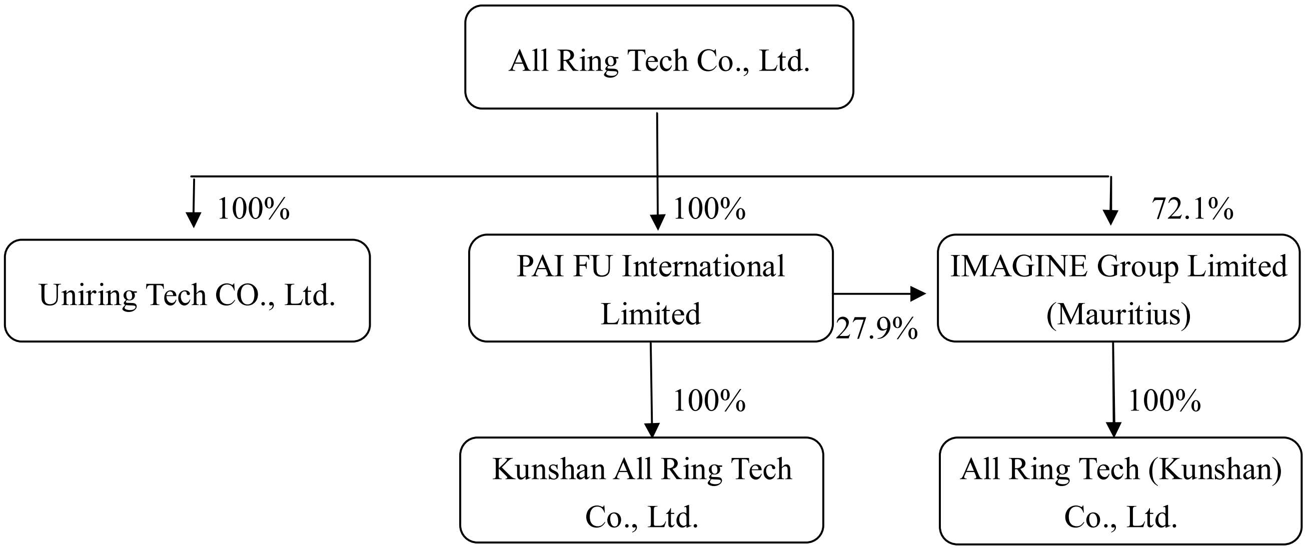
Chapter 8 Special Notes

I. Information regarding Affiliated Companies

(I) Consolidated Business Report of Affiliated Companies

1. Organizational chart of affiliated companies

The company's organizational chart as of December 31, 2019, is as follows:



2. Information on affiliated companies

December 31, 2019

Affiliated Company	Relationship with the company	Reciprocal Shareholding Ratio	Actual Investment Amount of the company
PAI FU International Limited (BVI)	A 100% subsidiary of the company	Does not hold any shares of the company	NT$65,263 thousand
IMAGINE Group Limited (Mauritius) (Note 1)	A 100% subsidiary of the company	Does not hold any shares of the company	NT$182,840 thousand
Uniring Tech CO., Ltd.	A 100% subsidiary of the company	Does not hold any shares of the company	NT$200,000 thousand
Kunshan All Ring Tech Co., Ltd.	A 100% sub-subsidiary	Does not hold any shares of the company	US$1,500 thousand
All Ring Tech (Kunshan) Co., Ltd.	A 100% sub-subsidiary	Does not hold any shares of the company	US$7,200 thousand

Note 1: The company also reinvested in IMAGINE Group Limited US$2,020 thousand via its subsidiary PAI FU International Limited, holding 27.9% of the shares.

3. Shareholders presumed to have a relationship of control and subordination: None.

4. Overall business scope of affiliated companies: The business of the company and its affiliated companies includes design, manufacturing, and sale of machinery and equipment, optical equipment manufacturing, data storage media units manufacturing, and software design services, etc.
5. Names of the Directors, Supervisors, and Presidents of affiliated companies:

Company Name	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholding Percentage
PAI FU International Limited	Director	Ching-Lai Lu	-	-
Kunshan All Ring Tech Co., Ltd.	Director	Ching-Lai Lu	-	-
IMAGINE Group Limited	Director	Hsin-Yao Cheng	-	-
All Ring Tech (Kunshan) Co., Ltd.	Director	Ching-Lai Lu	-	-
Uniring Tech CO., Ltd.	Director	Ching-Lai Lu	-	-

6. Overview of the operations of affiliated companies:

2019

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Value	Revenue	Operating Profit	Profit after Tax	Earnings per Share (NT$) (after Tax)
PAI FU International Limited (Note 1)	1,930	4,328	0	4,328	0	(4)	(379)	Not applicable
IMAGINE Group Limited (Note 1)	7,240	9,278	0	9,278	0	(3)	(675)	Not applicable
All Ring Tech (Kunshan) Co., Ltd. (Note 2)	51,078	74,418	9,875	64,543	23,320	(5,239)	(4,650)	Not applicable
Kunshan All Ring Tech Co., Ltd. (Note 2)	12,406	9,943	297	9,646	15	(1,509)	(1,401)	Not applicable
Uniring Tech CO., Ltd.	78,559	40,391	5,333	35,058	7,958	(11,206)	(11,120)	(1.63)

Note 1: In thousand USD.
Note 2: In thousand CNY.
Note 3: In thousand NTD.

(II) Consolidated Financial Statements of Affiliated Companies: Please refer to Pages 114~179.

(III) Declaration of Consolidated Financial Statements of Affiliated Companies: Please refer to Page 113.

II. Private Placement of Securities in the Most Recent Fiscal Year up to the Publication Date of the Annual Report: None.

III. Holding or Disposal of Company Shares in the Most Recent Fiscal Year up to the Publication Date of the Annual Report: None.

IV. Other Matters that Require Additional Description: None.

V. Any of the Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the company's Securities, Having Occurred during the Most Recent Fiscal Year or in the Current Fiscal Year up to the Publication Date of the Annual Report: None.

All Ring Tech Co., Ltd.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2019, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company that is required to be included in the consolidated financial statements of affiliates, is the same as the Company required to be included in the consolidated financial statements under International Financial Reporting Standards 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

All Ring Tech Co., Ltd.

February 26, 2020

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of All Ring Tech Co., Ltd.

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Cutoff of revenue

Description

Refer to Note 4(28) for accounting policies on revenue recognition.

The sales revenue of the Group is primarily from the assembly and sale of equipment. Based on the terms of the sale agreement, sales revenue is recognised when the control of the goods sold is transferred to the customer after the installation of the goods or the acceptance of the goods by the customer, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. As the transfer of control of the goods to the customer in a sale transaction involves manual process and judgement, there exists a risk of material misstatement that may arise from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material. Thus, we consider the cutoff of revenue a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding and assessed the accounting policy on revenue recognition.
2. Understood and assessed internal control over revenue recognition, tested the effectiveness of the internal controls over the shipment of goods and verified of the timing of revenue recognition.
3. Tested the cutoff of transactions that occurred a certain time before or after the balance sheet date in order to verify whether the control of the goods for which revenue has been recognised was transferred, and whether the revenue was recorded in the appropriate period.

Evaluation of inventories

Description

Refer to Note 4(10) to the consolidated financial statements for the accounting policy on inventory valuation, Note 5(2) for information on the uncertainty of accounting estimates and assumptions on inventory valuation, and Note 6(5) for information on allowance for inventory valuation losses. As of December 31, 2019, inventory and allowance for inventory valuation losses were NT$265,400 thousand and NT$64,313 thousand, respectively.

The Group develops, manufactures, and assembles production equipment for semiconductors and passive components. Due to rapid changes in technology, the risk of the materials inventory of related equipment incurring valuation losses or becoming obsolete is high. Inventories are stated at the lower of cost and net realisable value. The net realisable value of inventory that is over a certain age or individually identified as obsolete is determined based on the historical information on inventory obtained by management from periodic inspections.

The technology related to the Group's products is rapidly changing, and the determination of the net realisable value of inventory identified as obsolete involves subjective judgement. Thus, we consider the evaluation of inventories a key audit matter.

How our audit addressed the matter

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

1. Assessed the reasonableness of the Group's policies and procedures on setting allowance for inventory valuation losses according to applicable accounting principles and the auditor's understanding of the nature of the Group's industry. This included assessing the reasonableness of the source of the historical information on inventory used in determining net realisable value and assessing the reasonableness of judgments of obsolete inventory items.
2. Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count in order to assess the classification of obsolete inventory and effectiveness of internal control over obsolete inventory.
3. Tested the appropriateness of the logic used in evaluating the net realisable value of inventory and inventory aging report to verify the reasonableness of the allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of All Ring Tech Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

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

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

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

Those charged with governance, including the board of directors (including independent directors) and the supervisors, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liu Tzu-Meng

Independent Accountants

Lin Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

February 26, 2020

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers 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.

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 824,336	38	$ 880,090	35
1136	Financial assets at amortised cost - current	6(3)	32,424	2	-	-
1150	Notes receivable, net	6(4)	115,335	5	73,977	3
1170	Accounts receivable, net	6(4) and 12	300,954	14	655,099	26
1200	Other receivables		868	-	649	-
1220	Current income tax assets	6(21)	6,098	-	-	-
130X	Inventory	5(2) and 6(5)	201,087	9	253,378	10
1410	Prepayments		8,433	1	7,510	-
1479	Other current assets		-	-	572	-
11XX	**Total current Assets**		1,489,535	69	1,871,275	74
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	88,812	4	78,656	3
1600	Property, plant and equipment	6(7) and 8	402,069	19	403,255	16
1755	Right-of-use assets	3(1) and 6(8)	72,458	3	-	-
1780	Intangible assets		4,743	-	6,187	-
1840	Deferred income tax assets	6(21)	70,719	3	89,918	4
1920	Guarantee deposits paid		6,609	-	5,716	-
1960	Prepayments for investments - non-current		10,000	1	-	-
1985	Long-term prepaid rents	3(1)	-	-	32,316	1
1990	Other non-current assets	8	24,124	1	32,483	2
15XX	**Total non-current assets**		679,534	31	648,531	26
1XXX	**Total assets**		$ 2,169,069	100	$ 2,519,806	100

(Continued)

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(15)	$ 22,320	1	$ 19,174	1
2150	Notes payable		1,151	-	1,360	-
2170	Accounts payable	7	218,487	10	290,474	12
2200	Other payables	6(9) and 7	136,440	6	249,940	10
2230	Current income tax liabilities	6(21)	-	-	24,491	1
2250	Provisions for liabilities - current	6(10)	12,789	1	12,793	-
2280	Lease liabilities - current	3(1) and 8	4,635	-	-	-
2310	Advance receipts		-	-	363	-
21XX	**Total current liabilities**		395,822	18	598,595	24
	Non-current liabilities					
2570	Deferred income tax liabilities	6(21)	25,707	1	32,264	1
2580	Lease liabilities - non-current	3(1) and 8	36,560	2	-	-
2640	Net defined benefit liabilities - non-current	6(11)	22,510	1	19,799	1
25XX	**Total non-current liabilities**		84,777	4	52,063	2
2XXX	**Total liabilities**		480,599	22	650,658	26
	Equity					
	Share capital					
3110	Share capital - common stock	6(12)	833,239	38	842,389	33
3200	**Capital surplus**	6(12)(13)	377,196	17	378,920	15
	Retained earnings	6(12)(14)				
3310	Legal reserve		248,195	11	216,754	9
3320	Special reserve		22,672	1	22,672	1
3350	Unappropriated retained earnings		229,905	11	472,994	19
3400	**Other equity interest**	6(6)	(22,737)	-	(18,649)	(1)
3500	**Treasury stocks**	6(12)	-	-	(45,932)	(2)
3XXX	**Total equity**		1,688,470	78	1,869,148	74
	Contingent liabilities and commitments	6(23) and 9				
3X2X	**Total liabilities and equity**		$ 2,169,069	100	$ 2,519,806	100

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	2019 AMOUNT	2019 %	2018 AMOUNT	2018 %
4000	**Operating revenue**	6(15)	$ 1,032,376	100	$ 1,925,869	100
5000	**Operating costs**	6(5)(8)(11)(19)(20)(23) and 7	(566,338)	(55)	(1,125,936)	(58)
5900	**Net operating margin**		466,038	45	799,933	42
	Operating expenses	6(8)(11)(19)(20)(23), 7 and 12				
6100	Selling expenses		(57,321)	(5)	(81,135)	(4)
6200	General and administrative expenses		(84,145)	(8)	(103,413)	(6)
6300	Research and development expenses		(234,040)	(23)	(285,166)	(15)
6450	Expected credit losses		(7,028)	(1)	(2,087)	-
6000	**Total operating expenses**		(382,534)	(37)	(471,801)	(25)
6900	**Operating profit**		83,504	8	328,132	17
	Non-operating income and expenses					
7010	Other income	6(6)(16)	17,763	2	19,920	1
7020	Other gains and losses	6(2)(17) and 12	(6,702)	(1)	21,871	1
7050	Finance costs	6(8)(18)	(586)	-	(105)	-
7000	**Total non-operating income and expenses**		10,475	1	41,686	2
7900	**Profit before income tax**		93,979	9	369,818	19
7950	Income tax expense	6(21)	(10,538)	(1)	(55,402)	(3)
8200	**Profit for the year**		$ 83,441	8	$ 314,416	16
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurement of defineded benefit obligations	6(11)	($ 2,159)	-	($ 68)	-
8316	Unrealised gains on valuation of financial assets at fair value through other comprehensive income	6(6)	10,156	1	3,364	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	432	-	57	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(14,244)	(1)	(3,367)	-
8300	**Total other comprehensive loss for the year**		($ 5,815)	-	($ 14)	-
8500	**Total comprehensive income for the year**		$ 77,626	8	$ 314,402	16
	Profit attributable to:					
8610	Owners of the parent		$ 83,441	8	$ 314,416	16
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 77,626	8	$ 314,402	16
	Earnings per share (in dollars)	6(22)				
9750	**Basic**		$ 1.00		$ 3.74	
9850	**Diluted**		$ 1.00		$ 3.71	

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves		Retained Earnings			Other Equity Interest				
	Notes	Share capital - common stock	Additional paid-in capital	Stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on valuation of financial assets at fair value through other comprehensive income	Unrealised gain (loss) on valuation of available-for-sale financial assets	Treasury stocks	Total equity
For the year ended Decemebr 31, 2018												
Balance at January 1, 2018		$ 842,389	$ 378,812	$ 108	$ 186,434	$ 22,672	$ 448,824	($ 15,507)	$ -	($ 1,913)	$ -	$ 1,861,819
Effect of retrospective application		-	-	-	-	-	1,318	-	(3,231)	1,913	-	-
Adjusted balance at January 1, 2018		842,389	378,812	108	186,434	22,672	450,142	(15,507)	(3,231)	-	-	1,861,819
Net income for the year ended December 31, 2018		-	-	-	-	-	314,416	-	-	-	-	314,416
Other comprehensive income (loss) for the year ended December 31, 2018	6(6)	-	-	-	-	-	(11)	(3,367)	3,364	-	-	(14)
Total comprehensive income (loss) for the year ended December 31, 2018		-	-	-	-	-	314,405	(3,367)	3,364	-	-	314,402
Loss on disposal of financial assets at fair value through other comprehensive imcome	6(6)	-	-	-	-	-	(92)	-	92	-	-	-
Distribution of 2017 net income												
Legal reserve		-	-	-	30,320	-	(30,320)	-	-	-	-	-
Cash dividends	6(14)	-	-	-	-	-	(261,141)	-	-	-	-	(261,141)
Treasury stocks acquired	6(12)	-	-	-	-	-	-	-	-	-	(45,932)	(45,932)
Balance at December 31, 2018		$ 842,389	$ 378,812	$ 108	$ 216,754	$ 22,672	$ 472,994	($ 18,874)	$ 225	$ -	($ 45,932)	$ 1,869,148
For the year ended Decemebr 31, 2019												
Balance at January 1, 2019		$ 842,389	$ 378,812	$ 108	$ 216,754	$ 22,672	$ 472,994	($ 18,874)	$ 225	$ -	($ 45,932)	$ 1,869,148
Net income for the year ended December 31, 2019		-	-	-	-	-	83,441	-	-	-	-	83,441
Other comprehensive income (loss) for the year ended December 31, 2019	6(6)	-	-	-	-	-	(1,727)	(14,244)	10,156	-	-	(5,815)
Total comprehensive income (loss) for the year ended December 31, 2019		-	-	-	-	-	81,714	(14,244)	10,156	-	-	77,626
Distribution of 2018 net income												
Legal reserve		-	-	-	31,441	-	(31,441)	-	-	-	-	-
Cash dividends	6(14)	-	-	-	-	-	(258,304)	-	-	-	-	(258,304)
Treasury stocks retired	6(12)	(9,150)	(1,724)	-	-	-	(35,058)	-	-	-	45,932	-
Balance at December 31, 2019		$ 833,239	$ 377,088	$ 108	$ 248,195	$ 22,672	$ 229,905	($ 33,118)	$ 10,381	$ -	$ -	$ 1,688,470

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

LL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 93,979	$ 369,818
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses	12	7,028	2,087
Provision for inventory market price decline	6(5)	31,504	568
Depeciation	6(7)(8)(19)	30,967	25,870
(Gain) loss on disposal of property, plant and equipment	6(17)	(22)	75
Amortisation	6(19)	3,394	3,893
Amortisation of long-term prepaid rents		-	351
Dividend income	6(6)(16)	(8,168)	(4,506)
Interest income	6(16)	(6,203)	(9,234)
Interest expense	6(18)	586	105
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(41,358)	(29,160)
Accounts receivable		347,137	(52,323)
Other receivables		(219)	2,918
Inventory		20,641	79,047
Prepayments		(923)	4,627
Other current assets		572	(531)
Changes in operating liabilities			
Current contract labilities		3,146	12,581
Notes payable		(209)	491
Accounts payable		(71,987)	(68,674)
Other payables		(113,490)	8,975
Provisions for liabilities - current		(4)	3,920
Advance receipts		(363)	363
Net defined benefit liabilities - non-current		552	516
Cash inflow generated from operations		296,560	351,777
Dividends received		8,168	4,506
Interest received		6,203	9,234
Interest paid		(586)	(105)
Income taxes refund		670	931
Income taxes paid		(29,209)	(36,051)
Net cash flows from operating activities		281,806	330,292

(Continued)

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assests at amortised cost	6(3)	($ 32,424)	$ -
Acquisition of financial assets at fair value through other comprehensive income		-	(21,028)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	631
Cash paid for acquisition of property, plant and equipment	6(24)	(27,062)	(8,851)
Proceeds from disposal of property, plant and equipment		47	37
Acquisition of intangible assets		(1,983)	(5,534)
Increase in guarantee deposits paid		(893)	(1,110)
Increase in prepayments for investments		(10,000)	-
Decrease in other non-current assets		8,359	3,310
Net cash flows used in investing activities		(63,956)	(32,545)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease principal	6(25)	(4,581)	-
Cash dividends paid	6(14)	(258,304)	(261,141)
Acquisition of treasury stocks	6(12)	-	(45,932)
Net cash flows used in financing activities		(262,885)	(307,073)
Effect of foreign exchange rate changes on cash and cash equivalents		(10,719)	(292)
Net decrease in cash and cash equivalents		(55,754)	(9,618)
Cash and cash equivalents at beginning of year	6(1)	880,090	889,708
Cash and cash equivalents at end of year	6(1)	$ 824,336	$ 880,090

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) All Ring Tech Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on May 24, 1996. Its primary business includes the design, manufacturing, and assembly of automation machines, the research, development, and design of computer software, and the manufacturing of optical instruments.

(2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on February 26, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

IFRS 16 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations effective in 2019 as endorsed by the FSC (collectively refered herein as the "IFRSs"). Accordingly, the Group increased 'right-of-use asset' and 'lease liability' both by $45,776, and reclassified 'long-term prepaid rent' of $32,316 as 'right-of-use assets' with respect to lease contracts of lessees as of January 2019.

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

(a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

(b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

(d) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 1.16%.

E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate is the same with the lease liabilities recognised as of January 1, 2019.

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and "IFRSs".

(2) Basis of preparation

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

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

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of the subsidiary begins from the date the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

The consolidated subsidiaries and changes of the current period are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
All Ring Tech Co., Ltd.	PAI FU INTERNATIONAL LIMITED	Mechanical engineering automation, and research, development and design of software	100.00	100.00	–
All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	Other machine manufacture industry, electrical appliances, audio visual electronics and international trading industry	100.00	100.00	–
All Ring Tech Co., Ltd.	IMAGINE GROUP LIMITED	Investment business	72.10	73.81	Note 1 Note 2
PAI FU INTERNATIONAL LIMITED	Kunshan All Ring Tech Co., Ltd.	Research, development, and manufacture of specialized electronic equipment used for cutting capacitance and inductance; sales of self-manufactured products and provision of corresponding technology testing services	100.00	100.00	–
PAI FU INTERNATIONAL LIMITED	IMAGINE GROUP LIMITED	Investment business	27.90	26.19	Note 1 Note 2
IMAGINE GROUP LIMITED	All Ring Tech (Kunshan) Co., Ltd.	Research, development, and manufacture of specialized electronic equipment, testing of instruments and accessories; sales of self-manufactured products and provision of corresponding technology testing services	100.00	100.00	–

Note 1: The Company and its subsidiaries own, directly or indirectly, more than 50% of the shares of these companies.

Note 2: The Company and PAI FU INTERNATIONAL LIMITED did not participate in cash capital increase of IMAGINE GROUP LIMITED based on its percentage of ownership on July 31, 2019, so the percentage of ownership has changed.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The financial performance and financial position of all the group entities, and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

I. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

II. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

III. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(9) Accounts and notes receivable

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

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventories exceeds the net realisable value, the amount of any write-down of inventories is recognised as cost of sales during the period; and the amount of any reversal of inventory write-down is recognised as a reduction in cost of sales during the period.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

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

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(12) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(13) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset	Estimated useful lives
Buildings and structures	15～35 years
Machinery and equipment	3～13 years
Transportation equipment	5 years
Office equipment	2～10 years
Assets leased to others	3 years
Other facilities	1～10 years

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(16) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities (Effective 2019)

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

(17) Operating leases (lessee) (Prior to 2019)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

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

(20) Accounts and notes payable

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

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

For the defined contribution plan, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

I. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

II. Remeasurement arising on defined benefit plan is recognised in other comprehensive income in the period in which they arise and is recorded as retained earnings.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Group calculated the number of shares based on the closing market price at the previous day of the board meeting resolution.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings of the company and domestic subsidiary and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) <u>Share capital</u>

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

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

(28) Revenue recognition

Sales of goods

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated output tax, sales returns, and sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Collection terms of sales are as follows: the first payment is collected 30 to 130 days after delivery of the machines, and the second payment is collected 30 to 190 days after acceptance of the machines.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(29) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As at December 31, 2019, the carrying amount of inventories was $201,987.

B.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash:		
Cash on hand	$ 2,903	$ 1,619
Checking accounts and demand deposits	392,715	407,281
	395,618	408,900
Cash equivalents:		
Time deposits	428,718	471,190
	$ 824,336	$ 880,090

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

B. Please refer to Note 8 'Pledged Assets' for information on the Group's cash and cash equivalents that were pledged as collateral (shown as in 'Other non-current assets') as at December 31, 2019 and 2018.

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

	December 31, 2019	December 31, 2018
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 21,184	$ 21,184
Valuation adjustment	(21,184)	(21,184)
	$ -	$ -

A. The Group recognised net gain (shown as "Other gains and losses") on financial assets at fair value through profit or loss amounting to \$－ and \$150 for the years ended December 31, 2019 and 2018, respectively.

B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral as at December 31, 2019 and 2018.

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

(3) Financial assets at amortised cost

	December 31, 2019
Current items:	
Negotiable certificates of deposits	\$ 32,424

A. As at December 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$32,424.

B. The Group has no financial assets at amortised cost pledged to others as collateral as of December 31, 2019.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

D. The Group has no financial assets at amortised cost as at December 31, 2018.

(4) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	\$ 115,335	\$ 73,977
Accounts receivable	\$ 312,860	\$ 659,997
Less: Allowance for uncollectible accounts	(11,906)	(4,898)
	\$ 300,954	\$ 655,099

A. The ageing analysis of notes and accounts receivable that were past due is as follows:

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Less than 30 days	\$ 63,334	\$ 21,791	\$ 86,445	\$ 73,977
31～90 days	70,745	86,180	233,801	－
91～180 days	62,486	7,364	237,803	－
181～360 days	58,336	－	65,711	－
Over 360 days	57,959	－	36,237	－
	\$ 312,860	\$ 115,335	\$ 659,997	\$ 73,977

The above ageing analysis was based on invoice date.

B. As at December 31, 2019 and 2018, accounts and notes receivable were all from contracts with customers. As at January 1, 2018, the balance of receivables from contracts with customers amounted to \$652,491.

C. The Group has no notes and accounts receivable pledged to others as collateral as at

December 31, 2019 and 2018.

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were the book value.

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

(5) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 35,794	($ 11,069)	$ 24,725
Work in process	178,092	(37,936)	140,156
Finished goods	51,514	(15,308)	36,206
	$ 265,400	($ 64,313)	$ 201,087

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 34,683	($ 9,699)	$ 24,984
Work in process	208,016	(10,922)	197,094
Finished goods	43,985	(12,685)	31,300
	$ 286,684	($ 33,306)	$ 253,378

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2019	2018
Cost of goods sold	$ 534,834	$ 1,125,368
Provision for inventory market price decline	31,504	568
	$ 566,338	$ 1,125,936

(6) Financial assets at fair value through other comprehensive income - non-current

Items	December 31, 2019	December 31, 2018
Equity instruments		
Emerging stocks	$ 78,431	$ 78,431
Valuation adjustment	10,381	225
	$ 88,812	$ 78,656

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $88,812 and $78,656 as at December 31, 2019 and 2018,.

B. Aiming to satisfy the capital expenditure needs, the Group sold $631 of equity instruments investments at fair value which resulted in cumulative loss of $92 on disposal during the year ended December 31, 2018, and was reclassified to retained earnings.

C. Amounts recognised in profit or loss and other comprehensive income in relation to financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 10,156	$ 3,364
Cumulative losses reclassified to retained earnings due to derecognition	$ -	($ 92)
Dividend income recognised in profit or loss	$ 8,168	$ 4,506

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were $88,812 and $78,656, respectively.

E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(7) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Assets leased to others	Other facilities	Construction in progress and equipment under acceptance	Total
January 1, 2019								
Cost	$ 466,435	$ 22,102	$ 16,543	$ 16,866	$ -	$ 42,416	$ -	$ 564,362
Accumulated depreciation	(108,289)	(9,550)	(9,768)	(11,891)	-	(21,609)	-	(161,107)
	$ 358,146	$ 12,552	$ 6,775	$ 4,975	$ -	$ 20,807	$ -	$ 403,255
For the year ended December 31, 2019								
At January 1	$ 358,146	$ 12,552	$ 6,775	$ 4,975	$ -	$ 20,807	$ -	$ 403,255
Additions	-	-	-	2,483	-	718	23,851	27,052
Transferred from inventories	-	-	-	-	643	-	-	643
Depreciation	(15,054)	(2,199)	(1,917)	(2,093)	(43)	(4,503)	-	(25,809)
Disposals－Cost	-	-	-	(212)	-	(212)	-	(424)
－Accumulated depreciation	-	-	-	208	-	191	-	399
Net currency exchange differences	(2,648)	(294)	(64)	(33)	-	(8)	-	(3,047)
At December 31	$ 340,444	$ 10,059	$ 4,794	$ 5,328	$ 600	$ 16,993	$ 23,851	$ 402,069
December 31, 2019								
Cost	$ 462,201	$ 21,449	$ 16,259	$ 18,955	$ 643	$ 42,829	$ 23,851	$ 586,187
Accumulated depreciation	(121,757)	(11,390)	(11,465)	(13,627)	(43)	(25,836)	-	(184,118)
	$ 340,444	$ 10,059	$ 4,794	$ 5,328	$ 600	$ 16,993	$ 23,851	$ 402,069

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Total
January 1, 2018						
Cost	$ 468,917	$ 19,951	$ 12,103	$ 16,385	$ 42,498	$ 559,854
Accumulated depreciation	(93,936)	(7,669)	(8,284)	(10,748)	(17,056)	(137,693)
	$ 374,981	$ 12,282	$ 3,819	$ 5,637	$ 25,442	$ 422,161
For the year ended December 31, 2018						
At January 1	$ 374,981	$ 12,282	$ 3,819	$ 5,637	$ 25,442	$ 422,161
Additions	-	2,499	4,574	1,849	37	8,959
Depreciation	(15,163)	(2,056)	(1,605)	(2,394)	(4,652)	(25,870)
Disposals－Cost	-	-	-	(1,263)	(65)	(1,328)
－Accumulated depreciation	-	-	-	1,163	53	1,216
Net currency exchange differences	(1,672)	(173)	(13)	(17)	(8)	(1,883)
At December 31	$ 358,146	$ 12,552	$ 6,775	$ 4,975	$ 20,807	$ 403,255
December 31, 2018						
Cost	$ 466,435	$ 22,102	$ 16,543	$ 16,866	$ 42,416	$ 564,362
Accumulated depreciation	(108,289)	(9,550)	(9,768)	(11,891)	(21,609)	(161,107)
	$ 358,146	$ 12,552	$ 6,775	$ 4,975	$ 20,807	$ 403,255

A. Except for the assets classified as ‘Assets leased to others’, the Group’s property, plant and equipment are all occupied by the owner for operating purpose as at December 31, 2019 and 2018.

B. The Group has not capitalised any interest for the years ended December 31, 2019 and 2018.

C. Please refer to Note 8, ‘Pledged assets’ for information on the Group’s property, plant and equipment that were pledged as collateral as at December 31, 2019 and 2018.

(8) Leasing arrangements－lessee (Effective 2019)

A. The Group leased parcels of land located in the Luzhu Science Park from the Southern Taiwan Science Park Bureau and signed a contract with the government of the People's Republic of China to lease a designated parcel of land in Kunshan City of Jiangsu Province. Rental contracts are typically made for periods of 15 to 45 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2019	For the year ended December 31, 2019
	Carrying amount	Depreciation charge
Land	$ 72, 458	($ 5, 158)

C. For the year ended December 31, 2019, the Group has no additions to right-of-use assets.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 507
Expense on short-term lease contracts	4, 038
Expense on leases of low-value assets	104

E. For the year ended December 31, 2019, the Group's total cash outflow for leases was $9,230.

(9) Other payables

	December 31, 2019	December 31, 2018
Accrued salaries and bonuses	$ 72, 861	$ 100, 311
Compensation payable to employees, directors and supervisors	9, 212	30, 085
Provisions for employee benefits	7, 804	7, 652
Others	46, 563	111, 892
	$ 136, 440	$ 249, 940

(10) Provisions for liabilities

	For the years ended December 31,	
	2019	2018
Balance at beginning of year	$ 12,793	$ 8,873
Additional provisions	6,071	11,143
Used during the year	(6,075)	(7,223)
Balance at end of year	$ 12,789	$ 12,793

The Group's warranty provision is primarily related to the sales of semiconductor equipment, passive component equipment, and light-emitting diode equipment. The amount of the provision is estimated according to historical warranty data. The Group expects the costs related to the provision to be realised in the next two years.

(11) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Related information on the defined benefit pension plan disclosed above is as follows:

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	($ 32,150)	($ 29,497)
Fair value of plan assets	9,640	9,698
Net defined benefit liability	($ 22,510)	($ 19,799)

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

	For the year ended December 31, 2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 29,497)	$ 9,698	($ 19,799)
Current service cost	(397)	-	(397)
Interest (expense) income	(266)	87	(179)
	(30,160)	9,785	(20,375)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	370	370
Change in financial assumptions	(561)	-	(561)
Experience adjustments	(1,968)	-	(1,968)
	(2,529)	370	(2,159)
Pension fund contribution	-	24	24
Paid pension	539	(539)	-
Balance at December 31	($ 32,150)	$ 9,640	($ 22,510)

	For the year ended December 31, 2018		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 28,970)	$ 9,755	($ 19,215)
Current service cost	(329)	-	(329)
Interest (expense) income	(318)	107	(211)
	(29,617)	9,862	(19,755)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	295	295
Change in financial assumptions	(558)	-	(558)
Experience adjustments	195	-	195
	(363)	295	(68)
Pension fund contribution	-	24	24
Paid pension	483	(483)	-
Balance at December 31	($ 29,497)	$ 9,698	($ 19,799)

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

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

	For the years ended December 31,	
	2019	2018
Discount rate	0.70%	0.90%
Future salary increases	3.50%	3.50%

For the years ended December 31, 2019 and 2018, assumptions regarding future mortality experience are set based on actuarial advice in accordance with Taiwan Life Insurance Industry 5th Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 699)	$ 723	$ 623	($ 606)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 694)	$ 719	$ 627	($ 609)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(e) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2020 amount to $24.

(f) As of December 31, 2019, the weighted average duration of the retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	1,260
2-5 years		11,376
6 years and above		10,426
	$	23,062

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company and its domestic subsidiaries for the years ended December 31, 2019 and 2018 were $10,232 and $9,686, respectively.

C. In accordance with the pension and insurance laws of the People's Republic of China, Kunshan All Ring Tech Co., Ltd. and All Ring Tech (Kunshan) Co., Ltd. contribute 19% of each employee's salary every month to a pension account managed by the government. Aside from the monthly contributions, the companies have no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were $1,708 and $2,006, respectively.

(12) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2019	2018
At January 1	83,324	84,239
Treasury stock reacquired	-	(915)
At December 31	83,324	83,324

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (in thousands of shares):

	For the year ended December 31, 2019		
Reason for reacquisition	Opening Balance	Decrease	Ending Balance
To enhance the Company's credit rating and the stockholders' equity	915	(915)	-

Reason for reacquisition	For the year ended December 31, 2018 Opening Balance	Additions	Ending Balance
To enhance the Company's credit rating and the stockholders' equity	–	915	915

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) For the year ended December 31, 2019, treasury shares amounting to $45,932 (915 thousand shares) was retired by the Company. As of December 31, 2019 and 2018, the balance of the Company's treasury shares was $－and $45,932, respectively.

C. As at December 31, 2019, the Company's authorised capital was $1,500,000 (including $80,000 reserved for employee stock options), and the paid-in capital was $833,239 with a par value of $10 per share. The 83,324 thousand shares were issued over several installments. All proceeds from shares issued have been collected.

(13) Capital reserves

A. Pursuant to the R.O.C Company Act, capital reserves arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserves to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. On February 26, 2020, the Board of Directors proposed for the distribution of dividends from the capital reserves in the amount of $49,994 ($0.6 (in dollars) per share).

(14) Retained earnings

A. Pursuant to the R.O.C. Company Act, the Company shall set aside 10% of its after-tax profits as legal reserve until the balance is equal to the paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, considering the Company is operating in a volatile environment and in the stable growth stage of its life cycle, the Board of Directors shall determine earnings appropriation based on the Company's future capital expenditures and demand for capital, as well as the necessity of using retained earnings to meet capital needs, and set the amount of dividends to be distributed to stockholders and the portion of dividends to be paid in cash. The Company's current year earnings shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Then, either a portion of the remaining amount is set aside as special reserve or an amount is reversed from the special reserve account and added to the remaining amount in accordance with applicable laws and regulations. The final leftover amount of current year earnings is added to the unappropriated earnings from the prior year and the total is the accumulated distributable earnings. At least 30% of the accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of total dividends distributed. The Board of Directors drafts a proposal on earnings appropriation according to future operational and investment needs and sends it to the stockholders during their meeting for approval.

C. Special reserve

(a)In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b)The amounts previously set aside by the Company as special reserve in the amount of $22,672 on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised dividends distributed to owners amounting to $258,304 ($3.1 (in dollars) per share) and $261,141 ($3.1 (in dollars) per share) for the years ended December 31, 2019 and 2018, respectively. On February 26, 2020, the Board of Directors proposed for the distribution of dividends from 2019 earnings in the amount of $74,992 ($0.9 (in dollars) per share).

(15) Operating revenue

	For the years ended December 31,	
	2019	2018
Revenue from contracts with customers	$ 1,032,376	$ 1,925,869

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time. Revenue is primarily from sales of automation machinery and equipment. Related disclosures for operating revenue are provided in Note 14.

B. Contract liabilities

(a) The Group has recognised revenue-related contract liabilities amounting to $22,320 and $19,174 as of December 31, 2019 and 2018, respectively.

(b) As of January 1, 2019 and 2018, the Group's contract liabilities were $19,174 and $6,593, respectively. Revenue recognised that were included in the contract liability balance at the beginning of 2019 and 2018 for the years ended December 31, 2019 and 2018 were $4,290 and $5,102, respectively.

(16) Other income

	For the years ended December 31, 2019	For the years ended December 31, 2018
Dividend income	$ 8,168	$ 4,506
Interest income from bank deposits	6,203	9,234
Rent income	54	82
Other income	3,338	6,098
	$ 17,763	$ 19,920

(17) Other gains and losses

	For the years ended December 31, 2019	For the years ended December 31, 2018
Net gains on financial assets at fair value through profit or loss	$ -	$ 150
Net foreign exchange (losses) gains	(6,637)	22,104
Net gains (losses) on disposal of property, plant and equipment	22	(75)
Miscellaneous disbursements	(87)	(308)
	($ 6,702)	$ 21,871

(18) Finance costs

	For the years ended December 31, 2019	For the years ended December 31, 2018
Interest expense:		
Bank borrowings	$ 40	$ 51
Interest expense on lease liabilities	507	-
Other interest expense	39	54
	$ 586	$ 105

(19) Expenses by nature

	For the year ended December 31, 2019		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 35,140	$ 236,962	$ 272,102
Depreciation	15,715	15,252	30,967
Amortisation	463	2,931	3,394
	$ 51,318	$ 255,145	$ 306,463

	For the year ended December 31, 2018		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 56,388	$ 309,773	$ 366,161
Depreciation	14,341	11,529	25,870
Amortisation	475	3,418	3,893
	$ 71,204	$ 324,720	$ 395,924

(20) Employee benefit expense

	For the year ended December 31, 2019		
	Operating cost	Operating expense	Total
Wages and salaries	$ 28,449	$ 202,489	$ 230,938
Labour and health insurance expenses	3,023	15,296	18,319
Pension costs	2,104	10,412	12,516
Other personnel expenses	1,564	8,765	10,329
	$ 35,140	$ 236,962	$ 272,102

	For the year ended December 31, 2018		
	Operating cost	Operating expense	Total
Wages and salaries	$ 47,867	$ 274,072	$ 321,939
Labour and health insurance expenses	3,037	15,460	18,497
Pension costs	2,206	10,026	12,232
Other personnel expenses	3,278	10,215	13,493
	$ 56,388	$ 309,773	$ 366,161

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $7,290 and $26,560, respectively; while directors' and supervisors' remuneration was accrued at $1,922 and $3,525, respectively. The aforementioned amounts were recognised in salary expenses and estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. Employees' compensation and directors' and supervisors' remuneration for 2018 amounting to $30,085, as resolved by the Board of Directors were in agreement with these amount recognised in the 2018 financial statements. The employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	$ 10,585	$ 53,746
Tax on undistributed earnings	1,294	805
Prior year income tax overestimation	(14,415)	(11,954)
Total current tax	(2,536)	42,597
Deferred tax:		
Origination and reversal of temporary differences	13,074	24,785
Impact of change in tax rate	-	(11,980)
Total deferred tax	13,074	12,805
Income tax expense	$ 10,538	$ 55,402

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

	For the years ended December 31,	
	2019	2018
Remeasurements of defined benefit obligations	($ 432)	($ 13)
Impact of change in tax rate	-	(44)
	($ 432)	($ 57)

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	$ 11,926	$ 70,870
Effect from items adjusted in accordance with tax regulation	(1,674)	4,797
Tax on undistributed earnings	1,294	805
Prior year income tax overestimation	(14,415)	(11,954)
Impact of change in tax rate	-	(11,980)
Taxable loss not recognised as deferred tax assets	6,627	4,225
Effect from loss carryforward	13,647	12,103
Effect from investment tax credits	(6,867)	(13,464)
Income tax expense	$ 10,538	$ 55,402

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	For the year ended December 31, 2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 825	$ 1,978	$ -	$ 2,803
Loss on dicline in market value of inventories	5,728	6,053	-	11,781
Unrealised cost to provide after-sale service	2,559	(1)	-	2,558
Unrealised compensated absences	1,530	31	-	1,561
Pension costs	3,960	110	432	4,502
Unrealised sales discounts and allowances	15,606	(10,627)	-	4,979
Unrealised expenses and losses	1,400	(940)	-	460
Investment losses	1,249	-	-	1,249
Foreign currency exchange difference	-	1,450	-	1,450
Lease expense	-	46	-	46
Loss carryforward	57,061	(17,731)	-	39,330
	$ 89,918	($ 19,631)	$ 432	$ 70,719
Deferred income tax liabilities				
Temporary differences:				
Foreign currency exchange difference	($ 6,557)	$ 6,557	$ -	$ -
Investment income	(25,707)	-	-	(25,707)
	($ 32,264)	$ 6,557	$ -	($ 25,707)
	$ 57,654	($ 13,074)	$ 432	$ 45,012

	For the year ended December 31, 2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 606	$ 219	$ -	$ 825
Loss on dicline in market value of inventories	4,880	848	-	5,728
Unrealised cost to provide after-sale service	1,509	1,050	-	2,559
Unrealised compensated absences	1,323	207	-	1,530
Pension costs	3,267	636	57	3,960
Employee benefits	31	(31)	-	-
Unrealised sales discounts and allowances	12,876	2,730	-	15,606
Unrealised expenses and losses	1,122	278	-	1,400
Investment losses	1,061	188	-	1,249
Foreign currency exchange difference	7,168	(7,168)	-	-
Loss carryforward	58,416	(1,355)	-	57,061
	$ 92,259	($ 2,398)	$ 57	$ 89,918
Deferred income tax liabilities				
Temporary differences:				
Foreign currency exchange difference	($ 6)	($ 6,551)	$ -	($ 6,557)
Investment income	(21,851)	(3,856)	-	(25,707)
	($ 21,857)	($ 10,407)	$ -	($ 32,264)
	$ 70,402	($ 12,805)	$ 57	$ 57,654

D. Expiration dates of unused loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2019

Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 438, 100	$ 171, 670	$ 6, 878	2022
2013	21, 180	21, 180	-	2023
2014	42, 523	42, 523	32, 896	2024
2015	53, 725	53, 725	53, 725	2025
2016	24, 427	24, 427	24, 427	2026
2017	28, 645	28, 645	28, 645	2027
2018	23, 997	23, 997	23, 997	2028
2019	35, 328	35, 328	35, 328	2029
		$ 401, 495	$ 205, 896	

December 31, 2018

Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 438, 100	$ 259, 903	$ 6, 878	2022
2013	21, 180	21, 180	-	2023
2014	42, 523	42, 523	32, 896	2024
2015	53, 725	53, 725	53, 725	2025
2016	24, 427	24, 427	24, 427	2026
2017	28, 645	28, 645	28, 645	2027
2018	23, 119	23, 119	23, 119	2028
		$ 453, 522	$ 169, 690	

E. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority. As at February 26, 2020, no administrative relief has occurred.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(22) Earnings per share

	For the year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 83,441	83,324	$ 1.00
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 83,441	83,324	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	279	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 83,441	83,603	$ 1.00

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 314,416	84,046	$ 3.74
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 314,416	84,046	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	731	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 314,416	84,777	$ 3.71

(23) Operating leases (Prior to 2019)

In January 2009 and November 2014, the Company leased parcels of land located in the Luzhu Science Park from the Southern Taiwan Science Park Bureau. The former lease is from January 1, 2009 to December 31, 2023. The latter lease is from November 1, 2014 to October 31, 2034. The leases are both classified as operating leases and are renewable at the end of the lease period. Monthly rents per square meter will be adjusted in the following month if the government adjusts the announced land value, rental rate of national land approved by Executive Yuan is adjusted and other reasons that the monthly rents must be adjusted. The Company shall recover or refund additional rents during the payment period. For the year ended December 31, 2018, rent expense was $5,088 ($3,045 shown as 'operating costs' and $2,043 shown as 'operating expenses'). The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018
Not later than one year	$ 5,088
Later than one year but not later than five years	20,352
Later than five years	23,772
	$ 49,212

(24) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the years ended December 31, 2019	2018
Purchase of property, plant and equipment	$ 27,052	$ 8,959
Add: Opening balance of payable on equipment (shown as 'other payables')	118	10
Less: Ending balance of payable on equipment (shown as 'other payables')	(108)	(118)
Cash paid for acquisition of property, plant and equipment	$ 27,062	$ 8,851

B. Financing activities with no cash flow effects

	For the years ended December 31, 2019	2018
Inventories transferred to property, plant and equipment	$ 643	$ -

(25) Changes in liabilities from financing activities

	For the year ended December 31, 2019	
	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2019	$ -	$ -
Effect of retrospective application	45,776	45,776
Changes in cash flow from financing activities	(4,581)	(4,581)
At December 31, 2019	$ 41,195	$ 41,195

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Jie Kuen Enterprise Inc.	Other related party (Note 1)
Jie Kuen Precision Technologies Co., Ltd.	Other related party (Note 1) (Note 2)
Ding Ji Electrical Engineering Co., Ltd.	Other related party (Note 1)
Nan Feng Mechanical Electrical Co., Ltd.	Other related party (Note 1)

(Note 1) This company's responsible person is the Company's supervisor.

(Note 2) In January 2019, this company replaced its responsible person, and hence is no longer the Company's related party.

(2) Significant transactions and balances with related parties

A. Purchases of goods

	For the years ended December 31,	
	2019	2018
Other related parties	$ 15,774	$ 31,050

Payment terms of purchases from other related parties were 120 days after receipt. Payment terms of purchases from normal vendors are 60 to 180 days. Except for the payment terms mentioned above, other terms of purchases were the same with third parties.

B. Payables to related parties

	December 31, 2019	December 31, 2018
Accounts payable:		
Other related parties	$ 4,482	$ 8,442
Other payables:		
Other related parties	$ 100	$ 44

The payables to related parties arise mainly from purchase transactions and are due 120 days after the date of purchase. The payables bear no interest.

(3) Key management compensation

	For the years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 33, 485	$ 43, 629
Post-employment benefits	914	951
	$ 34, 399	$ 44, 580

8. PLEDGED ASSETS

The Group’s assets pledged as collateral were as follows:

Pledged asset	December 31, 2019	December 31, 2018	Purpose
Pledged time deposits (shown as ‘other non-current assets’)	$ 1, 820	$ 1, 820	Guarantee for land leases
Buildings and structures (shown as ‘property, plant and equipment, net’)	272, 557	282, 466	Guarantee for short-term borrowings (Note)
	$ 274, 377	$ 284, 286	

Note: The associated debt has been repaid but the designation of ‘property, plant and equipment’ as collateral has not yet been removed.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of December 31, 2019 and 2018, the Group’s guarantees and endorsements were as follows:

Endorser	Endorsee	December 31, 2019	December 31, 2018	Purpose
All Ring Tech Co., Ltd.	Uni- Ring Tech Co., Ltd.	$ 50, 000	$ 50, 000	Pledged for borrowing facilities

As of December 31, 2019 and 2018, the actual amount of the endorsement used by the subsidiary, Uni- Ring Tech Co., Ltd., was $－.

(2) For more information about operating lease, please refer to Note 6 (23) ‘Operating leases’.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Group are described in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.

iv. The Group's businesses involve some non-functional currency operations (The functional currency of the Company and several subsidiaries is the NTD; the functional currency of several subsidiaries is the USD and RMB). Information on assets and liabilities subject to significant foreign exchange risk is as follows:

	December 31, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 12,620	29.98	$ 378,348
USD:RMB	882	6.96	26,427
Financial liabilities			
Monetary items			
USD:NTD	1,402	29.98	42,032

	December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 17,605	30.72	$ 540,826
USD:RMB	454	6.87	13,948
Financial liabilities			
Monetary items			
USD:NTD	2,880	30.72	88,474

v. The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1%, the Group's net income for the years ended December 31, 2019 and 2018 would have decreased/increased by $2,902 and $3,730, respectively.

vi. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018 amounted to ($6,637) and $22,104, respectively.

II. Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group has set various stop loss points to ensure not to be exposed to significant risk. Accordingly, no material market risk was expected.

ii. The Group's investments in equity securities comprise domestic stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2019 and 2018 would have increased/decreased by $888 and $771, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

III. Cash flow and fair value interest rate risk

If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, there is no significant effect on after-tax profit for the years ended December 31, 2019 and 2018.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is requlariy monitored.

III. The Group adopts the historical experience of collection and the level of customers' risk to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the payments were past invoice date over 180 days, there has been a significant increase in credit risk on that instrument since initial recognition.

IV. According to the historical experience of collection by the Group and the level of customers' risk, the default occurs when the payments are past invoice date over 720 days.

V. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the modified approach using loss rate methodology to estimate expected credit loss under the loss rate basis. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, and the expected loss rate is within the range of 1%~100%. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the year ended December 31, 2019	
	Accounts receivable	
At January 1	$	4,898
Provision for impairment		7,028
Net exchange differences	(	20)
At September 30	$	11,906

	For the year ended December 31, 2018	
	Accounts receivable	
At January 1_IAS 39	$	2,811
Adjustments under new standards		-
At January 1_IFRS 9	$	2,811
Provision for impairment		2,087
At December 31	$	4,898

(c) Liquidity risk

I. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to ensure the sufficient financial flexibility of the Group.

II. Group treasury invests surplus cash in interest bearing current accounts, time deposits and beneficiary certificates, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and readily generate cash flows to manage liquidity risk.

III. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the following table are undiscounted contractual cash flows.

December 31, 2019	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 1,151	$ -	$ -	$ -
Accounts payable	218,487	-	-	-
Other payables	136,440	-	-	-
Lease liabilities	5,088	5,088	12,370	21,577

December 31, 2018	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 1,360	$ -	$ -	$ -
Accounts payable	290,474	-	-	-
Other payables	249,940	-	-	-

IV. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in equity securities are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The Group's financial instruments not measured at fair value which includes the carrying amounts of cash and cash equivalents, Financial Assets at amortised cost-current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 88, 812	$ -	$ -	$ 88, 812

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 78, 656	$ -	$ -	$ 78, 656

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The following financial assets use quoted market prices as inputs for fair value measurement (level 1): for emerging stocks, the average trading price at the balance sheet date is used.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2019.)

(1) Significant transactions information

A. Loans to others: Please refer to Table 1.

B. Provision of endorsements and guarantees to others: Please refer to Table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Significant inter-company transactions during the reporting period: Please refer to Table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Table 7.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Group's chief operating decision maker that are used to make strategic decisions. The Group's operating decision-maker manages each entity in the organisation according to its role. There is no material change in the basis for information of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The Group's operational decision-maker evaluates the performance of each department based on its pre-tax income. This metric excludes nonrecurring expenses of the department and unrealized gains or losses from financial products. Interest income and expense are not allocated to operating segments, as this type of activity is driven by the Group's central treasury function, which manages the cash position of the Group.

(3) Segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

For the year ended December 31, 2019					
	All Ring Tech Co., Ltd.	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Others	Total
Total segment revenue	$ 935,563	$ 68	$ 104,230	$ 7,958	$ 1,047,819
Inter-segment revenue	5,251	-	4,662	5,530	15,443
Revenue from external customers	930,312	68	99,568	2,428	1,032,376
Interest income	5,601	480	107	15	6,203
Depreciation and amortisation	25,307	320	8,321	413	34,361
Interest expense	577	-	-	9	586
Segment income (loss) before tax	96,371	(6,260)	(23,116)	(11,064)	55,931
Segment assets	2,131,865	42,806	320,379	46,505	2,541,555
Segment liabilities	443,395	1,277	42,514	5,345	492,531

For the year ended December 31, 2018					
	All Ring Tech Co., Ltd.	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Others	Total
Total segment revenue	$ 1,684,162	$ 1,202	$ 269,896	$ 3,844	$ 1,959,104
Inter-segment revenue	29,267	-	3,833	135	33,235
Revenue from external customers	1,654,895	1,202	266,063	3,709	1,925,869
Interest income	8,550	623	51	10	9,234
Depreciation and amortisation	21,198	346	7,931	288	29,763
Interest expense	105	-	-	-	105
Segment income (loss) before tax	368,881	(9,056)	14,512	(17,132)	357,205
Segment assets	2,469,963	50,741	347,422	49,079	2,917,205
Segment liabilities	600,815	1,329	106,852	5,260	714,256

The adoption of IFRS 16, 'Leases', had the following impact on the segment information in 2019.

	For the year ended December 31, 2019				
	All Ring Tech Co., Ltd.	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Others	Total
Depreciation expense increased	$ 4,814	$ -	$ 344	$ -	$ 5,158
Segment assets increased	40,962	-	-	-	40,962
Segment liabilities increased	41,195	-	-	-	41,195

(4) Reconciliation about segment profit or loss, assets and liabilities

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations is provided as follows:

	For the years ended December 31,	
	2019	2018
Reportable segments income/(loss) before tax	$ 66,995	$ 374,337
Other segments income/(loss) before tax	(11,064)	(17,132)
Add: Inter-segment income	38,048	12,613
Profit from continuing operations before tax	$ 93,979	$ 369,818

B. The amounts provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that of the financial statements. A reconciliation of assets of reportable segment and total assets is as follows:

	December 31, 2019	December 31, 2018
Assets of reportable segments	$ 2,495,050	$ 2,868,126
Assets of other operating segments	46,505	49,079
Less: Inter-segment transaction	(372,486)	(397,399)
Total assets	$ 2,169,069	$ 2,519,806

C. The amounts provided to the chief operating decision maker with respect to total liabilities are measured in a manner consistent with that of the financial statements. A reconciliation of liabilities of reportable segment and total liabilities is as follows:

	December 31, 2019	December 31, 2018
Liabilities of reportable segments	$ 487,186	$ 708,996
Liabilities of other operating segments	5,345	5,260
Less: Inter-segment transaction	(11,932)	(63,598)
Total liabilities	$ 480,599	$ 650,658

(5) Information on products and services

Income from external customers is primarily from sales of automation machinery and equipment, therefore it is not necessary to disclose the details of this amount.

(6) Geographical information

Geographical information for the years ended December 31, 2019 and 2018 are as follows:

	For the years ended December 31,			
	2019		2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 932,740	$ 352,429	$ 1,658,604	$ 324,451
China	99,636	157,574	267,265	155,506
	$ 1,032,376	$ 510,003	$ 1,925,869	$ 479,957

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2019 and 2018 are as follows:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Revenue	Segment	Revenue	Segment
Company A	$ 227,400	All Ring Tech Co., Ltd.	$ 155,965	All Ring Tech Co., Ltd.
Company B	194,176	All Ring Tech Co., Ltd.	309,970	All Ring Tech Co., Ltd.
Company C	111,770	All Ring Tech Co., Ltd.	42,923	All Ring Tech Co., Ltd.
Company D	36,996	All Ring Tech Co., Ltd.	406,119	All Ring Tech Co., Ltd.

All Ring Tech Co., Ltd. and Subsidiaries

Loans to others

For the year ended December 31, 2019

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance	Ending balance	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Note
													Item	Value			
1	PAI FU INTERNATIONAL LIMITED	All Ring Tech (Kunshan) Co., Ltd.	Other receivables	Y	$ 22,465	$ -	$ -	2%	Short-term financing	$ -	Operating	$ -	—	$ -	$ 259,507	$ 259,507	—
2	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Other receivables	Y	55,965	34,440	-	2%	Short-term financing	-	Operating	-	—	-	63,149	63,149	—

(Note 1) Calculation of limit on loans granted to a single party and ceiling on total loans granted:The total loan amount cannot exceed 40% of the company's net worth. There are three possible circumstances:

1. Loan is made to company with which the Company has a business relationship. The total loan amount cannot exceed 20% of the company's net worth.
   The individual loan amount cannot exceed the total amount of business transactions between the two parties in the past year.
2. Loan is made to companies who need short-term financing. The total loan amount cannot exceed 20% of the company's net worth. The individual loan amount cannot exceed 10% of the net worth of the company.
3. The aforementioned limit does not apply if the loan is made to a company of which the parent company owns, directly or indirectly, 100% of the voting equity.
   Both the total and individual loan amounts do not exceed 200% of the net worth of the creditor based on the most recent financial statements.

(Note 2) Foreign currency amounts in the table are converted into NTD according to the exchange rates on the financial reporting date (USD: NTD = 1:29.98; RMB:NTD = 1:4.305).

All Ring Tech Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

For the year ended December 31, 2019

Table 2

Expressed in thousands of NTD

Number	Endorser/ guarantor	endorsed/guaranteed Company name	endorsed/guaranteed Relationship with the endorser/ guarantor	Limit on endorsements / guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	Ceiling on total amount of endorsements / guarantees provided (Note 2)	Provision of endorsements /guarantees by parent company to subsidiary	Provision of endorsements /guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Note
0	All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	(Note 1)	$ 337,694	$ 100,000	$ 50,000	$	$ -	2.96%	$ 675,388	Y	N	N	—

(Note 1) Companies where the Company owns more than 50% of voting shares (direct or indirect).

(Note 2) The total endorsements and guarantees of external parties by the Company cannot exceed 40% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth

The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period.

The total endorsements and guarantees of external parties by the Group cannot exceed 50% of the net worth as measured in the current period.

The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. If the endorsement and guarantee are made for the purpose of conducting business,

then the amount of endorsement and guarantee cannot exceed the total amount of business transactions between the guaranteed party and the Company in the past year.

as measured in the current period. The total endorsements and guarantees of external parties by the Group cannot exceed 50% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. If the endorsement and guarantee are made for the purpose of conducting business, then the amount of endorsement and guarantee cannot exceed the total amount of business transactions between the guaranteed party and the Company in the past year.

All Ring Tech Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2019

Table 3

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Note
				Number of shares	Book value	Ownership (%)	Fair value	
All Ring Tech Co., Ltd.	Stocks:							
	Egiga Source Technology Co., Ltd.	–	Financial assets at fair value through profit or loss - non- current	1,296	$ -	14.66%	$ -	–
	Tai-Tech Advanced Electronics Co., Ltd	–	Financial asset measured at fair value through other comprehensive income - non- current	2,552	67,370	2.60%	67,370	–
	Tecstar Technology Co., Ltd.	–	Financial asset measured at fair value through other comprehensive income - non- current	276	1,442	0.79%	1,442	–

All Ring Tech Co., Ltd. and Subsidiaries

Significant inter-company transactions during the reporting period

For the year ended December 31, 2019

Table 4

Expressed in thousands of NTD

				Transaction			
Number	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	1	Sales	$ 5,251	–	1%
				Purchases	4,662	–	–
				Accounts receivable	5,700	–	–
		Uni-Ring Tech Co., Ltd.	1	Purchases	4,373	–	–
				Accounts payable	1,714	–	–
				Rental income	1,011	–	–
				Endorsements and guarantees	50,000	–	2%

(Note 1) Business and other transactions between the parent company and its subsidiaries or between subsidiaries are not separately disclosed since the circumstances and amounts of each transaction is the same on each side. In addition, the disclosure threshold for significant transactions is set at 1 million dollars.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories;

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 3) The ratio of a transaction amount to total revenue or total assets is calculated as follows: balance sheet items are calculated by dividing the ending balance by total consolidated assets; profit or loss items are calculated by dividing the accumulated ending balance by total consolidated revenue.

(Note 4) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD = 1:29.98; RMB:USD = 1:0.1436); profit or loss items are converted using the average exchange rate for the year ended December 31, 2019 (USD:NTD = 1:30.91; RMB:USD = 1:0.1446).

All Ring Tech Co., Ltd. and Subsidiaries

Information on investees

For the year ended December 31, 2019

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018 (Note 1)	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Note
All Ring Tech Co., Ltd.	PAI FU INTERNATIONAL LIMITED	British Virgin Islands	Mechanical engineering automation, and research, development and design of software	$ 65,263	$ 65,263	1,930,000	100.00	$ 129,742	($ 11,702)	($ 11,702)	Subsidiary
All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	Taiwan	Other machine manufacture industry, electrical appliances, audio visual electronics and international trading industry	200,000	170,000	7,855,947	100.00	34,182	(11,120)	(10,812)	Subsidiary
All Ring Tech Co., Ltd.	IMAGINE GROUP LIMITED	Mauritius	Investment business	182,840	136,100	5,220,000	72.10	231,893	(20,878)	(15,185)	Subsidiary
PAI FU INTERNATIONAL LIMITED	IMAGINE GROUP LIMITED	Mauritius	Investment business	60,560	39,574	2,020,000	27.90	82,395	(20,878)	-	Subsidiary (Note 2)

(Note 1) This was the balance on December 31, 2018.

(Note 2) The investment gains (losses) do not need to be disclosed per the rules.

(Note 3) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD = 1:29.98); profit or loss items are converted using the average exchange rate for the year ended December 31, 2019 (USD:NTD = 1:30.91).

All Ring Tech Co., Ltd. and Subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2019

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 3)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Kunshan All Ring Tech Co., Ltd.	Research, development, and manufacture of specialized electronic equipment used for cutting capacitance and inductance; sales of self-manufactured products and provision of corresponding technology testing services	$ 44,970	(Note 1)	$ 44,970	$ -	$ -	$ 44,970	($ 6,260)	100.00	($ 6,260)	$ 41,529	$ -	-
All Ring Tech (Kunshan) Co., Ltd.	Research, development, design, and manufacture of specialized electronic equipment, testing instruments and accessories; sales of self-manufactured products and provision of corresponding technology testing services	215,856	(Note 2) (Note 4)	136,430	44,970	-	181,400	(20,785)	100.00	(20,785)	277,865	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)
All Ring Tech Co., Ltd.	$ 226,370	$ 560,745	$ 1,013,082

(Note 1) Additional investment in Chinese company through a subsidiary in a third region (PAI FU INTERNATIONAL LIMITED).

(Note 2) Additional investment in Chinese company through a subsidiary in a third region (IMAGINE GROUP LIMITED).

(Note 3) Recognized according to the audited financial statements of the investee.

(Note 4) $59,960 (USD $2,000 thousand) was invested in the Chinese company through PAI FU INTERNATIONAL LIMITED, located in a third region.

(Note 5) The limit is the net worth or 60% of the consolidated net worth, whichever is greater.

(Note 6) Foreign currency amounts in the table are converted into TWD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:TWD = 1:29.98; RMB:USD = 1:0.1436); profit or loss items are converted using the average exchange rate for the year ended December 31, 2019 (USD:TWD = 1:30.91; RMB:USD = 1:0.1446).

All Ring Tech Co., Ltd. and Subsidiaries

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area

For the year ended December 31, 2019

Table 7

Expressed in thousands of NTD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2019	%	Balance at December 31, 2019	Purpose	Maximum balance during the year ended December 31, 2019	Balance at December 31, 2019 (Note)	Interest rate	Interest during the year ended December 31, 2019	Others
All Ring Tech (Kunshan) Co., Ltd.	$ 5,251	1%	$ -	-	$ 5,700	-	$ -	-	$ 22,465	$ -	2%	$ -	-
	(4,662)	-											

Note: Actual drawn amount $－.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of All Ring Tech Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of All Ring Tech Co., Ltd. (the "Company") as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 matters for the Company's parent company only financial statements of the current period are stated as follows:

Cutoff of revenue

Description

Refer to Note 4(26) for accounting policies on revenue recognition.

The sales revenue of the Company is primarily from the assembly and sales of equipment. Based on the terms of the sale agreement, sales revenue is recognised when the control of the goods sold is transferred to the customer after the installation of the goods or the acceptance of the goods by the customer, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. As the transfer of control of the goods to the customer in a sale transaction involves manual process and judgement, there exists a risk of material misstatement that may arise from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material. Thus, we consider the cutoff of revenue a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding and assessed the accounting policy on revenue recognition.
2. Understood and assessed internal control over revenue recognition, tested the effectiveness of the internal controls over the shipment of goods and verified the timing of revenue recognition.
3. Tested the cutoff of transactions that occurred a certain time before or after the balance sheet date in order to verify whether the control of the goods for which revenue has been recognised was transferred, and whether revenue was recorded in the appropriate period.

Evaluation of inventories

Description

Refer to Note 4(8) to the parent company only financial statements for the accounting policy on inventory valuation, Note 5(2) for information on the uncertainty of accounting estimates and assumptions on inventory valuation, and Note 6(4) for information on allowance for inventory valuation losses. As of December 31, 2019, inventory and allowance for inventory valuation losses were NT$208,178 thousand and NT$51,180 thousand, respectively.

The Company develops, manufactures, and assembles production equipment for semiconductors and passive components. Due to rapid changes in technology, the risk of the materials inventory of related equipment incurring valuation losses or becoming obsolete is high. Inventories are stated at the lower of cost and net realisable value. The net realisable value of inventory that is over a certain age or individually identified as obsolete is determined based on the historical information on inventory obtained by management from periodic inspections.

The technology related to the Company's products is rapidly changing, and the determination of the net realisable value of inventory identified as obsolete involves subjective judgement. Thus, we consider the evaluation of inventories a key audit matter.

How our audit addressed the matter

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

1. Assessed the reasonableness of the Company's policies and procedures on setting allowance for inventory valuation losses according to applicable accounting principles and the auditor's understanding of the nature of the Company's industry. This included assessing the reasonableness of the source of the historical information on inventory used in determining net realisable value and assessing the reasonableness of judgments of obsolete inventory items.
2. Obtained an understanding of the Company's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count in order to assess the classification of obsolete inventory and effectiveness of internal control over obsolete inventory.
3. Tested the appropriateness of the logic used in evaluating the net realisable value of inventory and inventory aging report to verify the reasonableness of the allowance for inventory valuation losses.

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

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

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

Those charged with governance, including the board of directors (including independent directors) and the supervisors, are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liu Tzu-Meng

Independent Accountants

Lin Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

February 26, 2020

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers 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.

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 737,829	35	$ 800,497	32
1150	Notes receivable, net	6(3)	114,028	5	67,348	3
1170	Accounts receivable, net	6(3), 7 and 12	211,108	10	539,130	22
1200	Other receivables		499	-	347	-
1220	Current income tax assets	6(21)	6,098	-	-	-
130X	Inventory	5(2) and 6(4)	156,998	8	204,908	8
1410	Prepayments		3,582	-	3,202	-
11XX	**Total current assets**		1,230,142	58	1,615,432	65
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	88,812	4	78,656	3
1550	Investments accounted for under equity method	6(6) and 7	395,817	19	371,020	15
1600	Property, plant and equipment	6(7) and 8	297,441	14	314,244	13
1755	Right-of-use assets	3(1) and 6(8)	40,962	2	-	-
1780	Intangible assets		3,036	-	4,961	1
1840	Deferred income tax assets	6(21)	57,532	3	77,279	3
1920	Guarantee deposits paid		4,646	-	4,734	-
1960	Prepayments for investments - non-current		10,000	-	-	-
1990	Other non-current assets	8	3,477	-	3,637	-
15XX	**Total non-current assets**		901,723	42	854,531	35
1XXX	**Total assets**		$ 2,131,865	100	$ 2,469,963	100

(Continued)

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(15)	$ 15,833	1	$ 12,619	-
2150	Notes payable		1,151	-	1,360	-
2170	Accounts payable	7	204,037	9	267,956	11
2200	Other payables	6(9) and 7	120,173	6	230,891	9
2230	Current income tax liabilities	6(21)	-	-	23,133	1
2250	Provisions for liabilities - current	6(10)	12,789	1	12,793	1
2280	Lease liabilities - current	3(1) and 8	4,635	-	-	-
21XX	**Total current liabilities**		358,618	17	548,752	22
	Non-current liabilities					
2570	Deferred income tax liabilities	6(21)	25,707	1	32,264	1
2580	Lease liabilities - non-current	3(1) and 8	36,560	2	-	-
2640	Net defined benefit liabilities - non-current	6(11)	22,510	1	19,799	1
25XX	**Total non-current liabilities**		84,777	4	52,063	2
2XXX	**Total liabilities**		443,395	21	600,815	24
	Equity					
	Share capital					
3110	Share capital - common stock	6(12)	833,239	39	842,389	34
3200	**Capital surplus**	6(12)(13)	377,196	18	378,920	16
	Retained earnings	6(12)(14)				
3310	Legal reserve		248,195	12	216,754	9
3320	Special reserve		22,672	1	22,672	1
3350	Unappropriated retained earnings		229,905	11	472,994	19
3400	**Other equity interest**	6(5)(6)	(22,737)	(2)	(18,649)	(1)
3500	**Treasury stocks**	6(12)	-	-	(45,932)	(2)
3XXX	**Total equity**		1,688,470	79	1,869,148	76
	Contingent liabilities and commitments	6(23), 7 and 9				
3X2X	**Total liabilities and equity**		$ 2,131,865	100	$ 2,469,963	100

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

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount

	Items	Notes	Year ended December 31 2019 AMOUNT	%	2018 AMOUNT	%
4000	**Operating revenue**	6(15) and 7	$ 935,563	100	$ 1,684,162	100
5000	**Operating costs**	6(4)(11)(19)(20)(23) and 7	(496,645)	(53)	(950,224)	(57)
5900	**Net operating margin**		438,918	47	733,938	43
	Operating expenses	6(8)(11)(19)(20)(23), 7 and 12				
6100	Selling expenses		(41,078)	(5)	(60,094)	(4)
6200	General and administrative expenses		(59,065)	(6)	(72,445)	(4)
6300	Research and development expenses		(208,421)	(22)	(259,558)	(15)
6450	Expected credit losses		(6,676)	(1)	(1,970)	-
6000	**Total operating expenses**		(315,240)	(34)	(394,067)	(23)
6900	**Operating profit**		123,678	13	339,871	20
	Non-operating income and expenses					
7010	Other income	6(5)(16) and 7	17,920	2	17,583	1
7020	Other gains and losses	6(2)(17) and 12	(6,951)	(1)	23,793	2
7050	Finance costs	6(8)(18)	(577)	-	(105)	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for under equity method, net	6(6)	(37,699)	(4)	(12,261)	(1)
7000	**Total non-operating income and expenses**		(27,307)	(3)	29,010	2
7900	**Profit before income tax**		96,371	10	368,881	22
7950	Income tax expense	6(21)	(12,930)	(1)	(54,465)	(3)
8200	**Profit for the year**		$ 83,441	9	$ 314,416	19
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligations	6(11)	($ 2,159)	-	($ 68)	-
8316	Unrealised gains on valuation of financial assets at fair value through other comprehensive income	6(5)	10,156	1	3,364	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	432	-	57	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(6)	(14,244)	(2)	(3,367)	-
8300	**Total other comprehensive loss for the year**		($ 5,815)	(1)	($ 14)	-
8500	**Total comprehensive income for the year**		$ 77,626	8	$ 314,402	19
	Earnings per share (in dollars)	6(22)				
9750	**Basic**		$ 1.00		$ 3.74	
9850	**Diluted**		$ 1.00		$ 3.71	

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

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves		Retained Earnings			Other Equity Interest				
	Notes	Share capital - common stock	Additional paid-in capital	Stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on valuation of financial assets at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Treasury stocks	Total
For the year ended December 31, 2018												
Balance at January 1, 2018		$ 842,389	$ 378,812	$ 108	$ 186,434	$ 22,672	$ 448,824	($ 15,507)	$ -	($ 1,913)	$ -	$ 1,861,819
Effects of retrospective application		-	-	-	-	-	1,318	-	(3,231)	1,913	-	-
Adjusted balance at January 1, 2018		842,389	378,812	108	186,434	22,672	450,142	(15,507)	(3,231)	-	-	1,861,819
Net income for the year ended December 31, 2018		-	-	-	-	-	314,416	-	-	-	-	314,416
Other comprehensive income (loss) for the year ended December 31, 2018	6(5)(6)	-	-	-	-	-	(11)	(3,367)	3,364	-	-	(14)
Total comprehensive income (loss) for the year ended December 31, 2018		-	-	-	-	-	314,405	(3,367)	3,364	-	-	314,402
Loss on disposal of financial assets at fair value through other comprehensive income	6(5)	-	-	-	-	-	(92)	-	92	-	-	-
Distribution of 2017 net income												
Legal reserve		-	-	-	30,320	-	(30,320)	-	-	-	-	-
Cash dividends	6(14)	-	-	-	-	-	(261,141)	-	-	-	-	(261,141)
Treasury stocks acquired		-	-	-	-	-	-	-	-	-	(45,932)	(45,932)
Balance at December 31, 2018		$ 842,389	$ 378,812	$ 108	$ 216,754	$ 22,672	$ 472,994	($ 18,874)	$ 225	$ -	($ 45,932)	$ 1,869,148
For the year ended December 31, 2019												
Balance at January 1, 2019		$ 842,389	$ 378,812	$ 108	$ 216,754	$ 22,672	$ 472,994	($ 18,874)	$ 225	$ -	($ 45,932)	$ 1,869,148
Net income for the year ended December 31, 2019		-	-	-	-	-	83,441	-	-	-	-	83,441
Other comprehensive income (loss) for the year ended December 31, 2019	6(5)(6)	-	-	-	-	-	(1,727)	(14,244)	10,156	-	-	(5,815)
Total comprehensive income (loss) for the year ended December 31, 2019		-	-	-	-	-	81,714	(14,244)	10,156	-	-	77,626
Distribution of 2018 net income												
Legal reserve		-	-	-	31,441	-	(31,441)	-	-	-	-	-
Cash dividends	6(14)	-	-	-	-	-	(258,304)	-	-	-	-	(258,304)
Treasury stocks retired	6(12)	(9,150)	(1,724)	-	-	-	(35,058)	-	-	-	45,932	-
Balance at December 31, 2019		$ 833,239	$ 377,088	$ 108	$ 248,195	$ 22,672	$ 229,905	($ 33,118)	$ 10,381	$ -	$ -	$ 1,688,470

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

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 96,371	$ 368,881
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses	12	6,676	1,970
Provision (reversal of allowance) for inventory market price decline	6(4)	27,360	(4,854)
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	37,699	12,261
Depreciation	6(7)(8)(19)	22,403	17,535
Gain on disposal of property, plant and equipment	6(17)	-	(4)
Amortisation	6(19)	2,904	3,663
Dividend income	6(5)(16)	(8,168)	(4,506)
Interest income	6(16)	(5,601)	(8,550)
Interest expense	6(18)	577	105
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(46,680)	(32,117)
Accounts receivable		321,346	(52,458)
Other receivables		(152)	3,016
Inventories		20,550	80,321
Prepayments		(380)	1,466
Changes in operating liabilities			
Current contract liabilities		3,214	6,106
Notes payable		(209)	491
Accounts payable		(63,919)	(57,678)
Other payables		(110,708)	11,608
Provisions for liabilities - current		(4)	3,920
Net defined benefit liabilities - non-current		552	516
Cash inflow generated from operations		303,831	351,692
Cash dividends received		8,168	4,506
Interest received		5,601	8,550
Interest paid		(577)	(105)
Income taxes paid		(28,539)	(32,075)
Net cash flows from operating activities		288,484	332,568

(Continued)

ALL RING TECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		$ -	($ 21,028)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	-	631
Acquisition of investment accounted for under equity method-subsidiary	6(6)	(76,740)	-
Cash paid for acquisition of property, plant and equipment	6(24)	(796)	(4,920)
Proceeds from disposal of property, plant and equipment		-	37
Acquisition of intangible assets		(979)	(4,083)
Decrease (increase) in guarantee deposits paid		88	(199)
Increase in prepayments for investments		(10,000)	-
Decrease in other non-current assets		160	160
Net cash flows used in investing activities		(88,267)	(29,402)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease principal	6(25)	(4,581)	-
Cash dividends paid	6(14)	(258,304)	(261,141)
Acquisition of treasury stocks	6(12)	-	(45,932)
Net cash flows used in financing activities		(262,885)	(307,073)
Net decrease in cash and cash equivalents		(62,668)	(3,907)
Cash and cash equivalents at beginning of year	6(1)	800,497	804,404
Cash and cash equivalents at end of year	6(1)	$ 737,829	$ 800,497

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

ALL RING TECH CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

1. HISTORY AND ORGANISATION

(1) All Ring Tech Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on May 24, 1996. Its primary business includes the design, manufacturing, and assembly of automation machines, the research, development, and design of computer software, and the manufacturing of optical instruments.

(2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 26, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations effective in 2019 as endorsed by the FSC (collectively referred herein as the "IFRSs"). Accordingly, the Company increased 'right-of-use asset' and 'lease liability' both by $45,776 with respect to lease contracts of lessees as of January 1, 2019.

C. The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

(a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

(b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

(d)The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 1.16%.

E. The Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate is the same with the lease liabilities recognised as of January 1, 2019.

(4) <u>Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company</u>

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7 ,'Interest rate benchmark reform'	January 1, 2020

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

C. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

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

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

D. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(e) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(f) Assets held mainly for trading purposes;

(g) Assets that are expected to be realised within twelve months from the balance sheet date;

(h) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(e) Liabilities that are expected to be paid off within the normal operating cycle;

(f) Liabilities arising mainly from trading activities;

(g) Liabilities that are to be paid off within twelve months from the balance sheet date;

(h) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

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

(8) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventories exceeds the net realisable value, the amount of any write-down of inventories is recognised as cost of sales during the period; and the amount of any reversal of inventory write-down is recognised as a reduction in cost of sales during the period.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(c) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(d) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

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

(d) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Investments accounted for using equity method/ subsidiaries and associates

A. A subsidiary is an entity where the Company has the right to dominate its finance and operating policies (including special purpose entities), normally the Company owns more than 50% of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's parent company only financial statements.

B. Unrealised gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognises proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company’s interest in that subsidiary, the Company continues to recognise its share in the subsidiary's loss proportionately.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

E. The Company’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

F. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company’s ownership percentage of the associate, the Company recognises change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company’s ownership percentage of the associate but maintains significant influence on the associate, then “Capital surplus” and “Investments accounted for under the equity method” shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

I. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

K. According to “Regulations Governing the Preparation of Financial Statements by Securities Issuers”, “Profit for the year” and “Other comprehensive income for the year” reported in an entity's parent company only statement of comprehensive income, shall equal to “profit for the year” and “Other comprehensive income” attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset	Estimated useful lives
Buildings and structures	15～35 years
Machinery and equipment	3～13 years
Transportation equipment	5 years
Office equipment	2～7 years
Other facilities	3～10 years

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities (Effective 2019)

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

(16) Operating leases (lessee) (Prior to 2019)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Accounts and notes payable

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

(19) Derecognition of financial liabilities

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

(20) Offsetting financial instruments

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

(21) Provisions

Provisions (including warranties) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(c) Defined contribution plan

For the defined contribution plan, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(d) Defined benefit plan

I. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the

Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

II. Remeasurement arising on defined benefit plan is recognised in other comprehensive income in the period in which they arise and is recorded is retained earnings.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Company calculated the number of shares based on the closing market price at the previous day of the board meeting resolution.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings of the company and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

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

(26) Revenue recognition

Sales of goods

A. Sales are recognised when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products.

B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated output tax, sales returns, and sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Collection terms of sales are as follows: the first payment is collected 30 to 130 days after delivery of the machines, and the second payment is collected 30 to 190 days after acceptance of the machines.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

(1) Critical judgments in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2019, the carrying amount of inventories was $156,998.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash:		
Cash on hand	$ 2,406	$ 1,203
Checking accounts and demand deposits	327,918	339,544
	330,324	340,747
Cash equivalents:		
Time deposits	407,505	459,750
	$ 737,829	$ 800,497

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

B. Please refer to Note 8 ‘Pledged Assets’ for information on the Company’s cash and cash equivalents that were pledged as collateral (shown as in ‘Other non-current assets’) as of December 31, 2019 and 2018.

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

	December 31, 2019	December 31, 2018
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 21,184	$ 21,184
Valuation adjustment	(21,184)	(21,184)
	$ -	$ -

A. The Company recognised net gain (shown as “Other gains and losses”) on financial assets at fair value through profit or loss amounting to $—and $150 for the years ended December 31, 2019 and 2018, respectively..

B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral as of December 31, 2019 and 2018.

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

(3) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 114,028	$ 67,348
Accounts receivable	$ 222,565	$ 543,911
Less: Allowance for uncollectible accounts	(11,457)	(4,781)
	$ 211,108	$ 539,130

A. The ageing analysis of notes and accounts receivable that were past due is as follows:

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Less than 30 days	$ 46,966	$ 21,791	$ 73,841	$ 67,348
31～90 days	51,288	84,873	168,804	-
91～180 days	38,321	7,364	188,046	-
181～360 days	31,585	-	63,325	-
Over 360 days	54,405	-	49,895	-
	$ 222,565	$ 114,028	$ 543,911	$ 67,348

The above ageing analysis was based on invoice date.

B. As of December 31, 2019 and 2018, accounts and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables from contracts with customers amounted to $526,684.

C. The Company has no notes and accounts receivable pledged to others as collateral as of December 31, 2019 and 2018.

D. As of December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was the book value.

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

(4) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 20,315	($ 6,601)	$ 13,714
Work in process	144,377	(34,145)	110,232
Finished goods	43,486	(10,434)	33,052
	$ 208,178	($ 51,180)	$ 156,998

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 24,246	($ 5,991)	$ 18,255
Work in process	167,256	(9,432)	157,824
Finished goods	37,226	(8,397)	28,829
	$ 228,728	($ 23,820)	$ 204,908

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2019	2018
Cost of goods sold	$ 469,285	$ 955,078
Provision (reversal of allowance) for inventory market price decline (Note)	27,360	(4,854)
	$ 496,645	$ 950,224

(Note) For the year ended December 31, 2018, the Company sold inventories for which a valuation loss was recognised in the prior year, resulting in a gain on the reversal of the loss, which was recorded as a reduction in cost of sales.

(5) Financial assets at fair value through other comprehensive income - non-current

Items	December 31, 2019	December 31, 2018
Equity instruments		
Unlisted stocks	$ 78, 431	$ 78, 431
Valuation adjustment	10, 381	225
	$ 88, 812	$ 78, 656

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $88,812 and $78,656 at December 31, 2019 and 2018, respectively.

B. Aiming to satisfy the capital expenditure needs, the Company sold $631 of equity instruments investments at fair value which resulted in cumulative loss of $92 on disposal during the year ended December 31, 2018, and was reclassified to retained earnings.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 10, 156	$ 3, 364
Cumulative losses reclassified to retained earnings due to derecognition	$ -	($ 92)
Dividend income recognised in profit or loss	$ 8, 168	$ 4, 506

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was $88,812 and $78,656, respectively.

E. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(6) Investments accounted for under equity method

A. Movements of investments accounted for under equity method:

	For the years ended December 31,	
	2019	2018
At January 1	$ 371,020	$ 386,648
Acquisition of investments accounted for under equity method	76,740	-
Share of profit or loss of investments accounted for under equity method	(37,699)	(12,261)
Other equity－financial statements translation differences of foreign operations	(14,244)	(3,367)
At December 31	$ 395,817	$ 371,020

B. Details of investments accounted for under equity method are as follows:

	December 31, 2019	December 31, 2018
PAI FU INTERNATIONAL LIMITED	$ 129,742	$ 145,211
Uni-Ring Tech Co., Ltd.	34,182	14,994
IMAGINE GROUP LIMITED	231,893	210,815
	$ 395,817	$ 371,020

C. Information on the Company's subsidiaries is provided in Note 4(3) of the Company's 2019 consolidated financial report.

D. As of December 31, 2019 and 2018, no investment accounted for under equity method was pledged as collateral.

(7) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Total
January 1, 2019						
Cost	$ 353,520	$ 5,104	$ 8,941	$ 11,454	$ 37,747	$ 416,766
Accumulated depreciation	(71,054)	(1,546)	(4,293)	(7,960)	(17,669)	(102,522)
	$ 282,466	$ 3,558	$ 4,648	$ 3,494	$ 20,078	$ 314,244
For the year ended December 31, 2019						
At January 1	$ 282,466	$ 3,558	$ 4,648	$ 3,494	$ 20,078	$ 314,244
Additions	-	-	-	645	141	786
Depreciation	(9,909)	(618)	(1,490)	(1,480)	(4,092)	(17,589)
Disposals－Cost	-	-	-	(170)	-	(170)
－Accumulated depreciation	-	-	-	170	-	170
At December 31	$ 272,557	$ 2,940	$ 3,158	$ 2,659	$ 16,127	$ 297,441
December 31, 2019						
Cost	$ 353,520	$ 5,104	$ 8,941	$ 11,929	$ 37,888	$ 417,382
Accumulated depreciation	(80,963)	(2,164)	(5,783)	(9,270)	(21,761)	(119,941)
	$ 272,557	$ 2,940	$ 3,158	$ 2,659	$ 16,127	$ 297,441

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Total
January 1, 2018						
Cost	$ 353, 520	$ 4, 244	$ 5, 891	$ 10, 937	$ 37, 747	$ 412, 339
Accumulated depreciation	(61, 145)	(1, 009)	(3, 015)	(6, 873)	(13, 513)	(85, 555)
	$ 292, 375	$ 3, 235	$ 2, 876	$ 4, 064	$ 24, 234	$ 326, 784
For the year ended December 31, 2018						
At January 1	$ 292, 375	$ 3, 235	$ 2, 876	$ 4, 064	$ 24, 234	$ 326, 784
Additions	-	860	3, 050	1, 118	-	5, 028
Depreciation	(9, 909)	(537)	(1, 278)	(1, 655)	(4, 156)	(17, 535)
Disposals－Cost	-	-	-	(601)	-	(601)
－Accumulated depreciation	-	-	-	568	-	568
At December 31	$ 282, 466	$ 3, 558	$ 4, 648	$ 3, 494	$ 20, 078	$ 314, 244
December 31, 2018						
Cost	$ 353, 520	$ 5, 104	$ 8, 941	$ 11, 454	$ 37, 747	$ 416, 766
Accumulated depreciation	(71, 054)	(1, 546)	(4, 293)	(7, 960)	(17, 669)	(102, 522)
	$ 282, 466	$ 3, 558	$ 4, 648	$ 3, 494	$ 20, 078	$ 314, 244

A. The Company's property, plant and equipment are all occupied by the owner for operating purpose at December 31, 2019 and 2018.

B. The Company has not capitalised any interest for the years ended December 31, 2019 and 2018.

C. Please refer to Note 8, 'Pledged assets' for information on the Company's property, plant and equipment that were pledged as collateral as of December 31, 2019 and 2018.

(8) Leasing arrangements－lessee (Effective 2019)

A. The Company leases parcels of land located in the Luzhu Science Park from the Southern Taiwan Science Park Bureau.Rental contracts are typically made for periods of 15 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2019	For the year ended December 31, 2019
	Carrying amount	Depreciation charge
Land	$ 40,962	$ 4,814

C. For the year ended December 31, 2019, the Company has no additions to right-of-use assets.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the year ended December 31, 2019
Interest expense on lease liabilities	$ 507
Expense on short-term lease contracts	4,038
Expense on leases of low-value assets	104

E. For the year ended December 31, 2019, the Company's total cash outflow for leases was $9,230.

(9) Other payables

	December 31, 2019	December 31, 2018
Accrued salaries and bonuses	$ 61,267	$ 89,496
Compensation payable to employees, directors and supervisors	9,212	30,085
Provision for employee benefits	7,804	7,652
Others	41,890	103,658
	$ 120,173	$ 230,891

(10) Provisions for liabilities

	For the years ended December 31,	
	2019	2018
Balance at beginning of year	$ 12,793	$ 8,873
Additional provisions	6,071	11,143
Used during the year	(6,075)	(7,223)
Balance at end of year	$ 12,789	$ 12,793

The Company's warranty provision is primarily related to the sale of semiconductor equipment, passive component equipment, and light-emitting diode equipment. The amount of the provision is estimated according to historical warranty data. The Company expects the costs related to the provision to be realised in the next two years.

(11) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Related information on the defined benefit pension plan disclosed above is as follows:

(a)The amounts recognised in the balance sheet are as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	($ 32,150)	($ 29,497)
Fair value of plan assets	9,640	9,698
Net defined benefit liability	($ 22,510)	($ 19,799)

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

	For the year ended December 31, 2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 29,497)	$ 9,698	($ 19,799)
Current service cost	(397)	-	(397)
Interest (expense) income	(266)	87	(179)
	(30,160)	9,785	(20,375)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	370	370
Change in financial assumptions	(561)	-	(561)
Experience adjustments	(1,968)	-	(1,968)
	(2,529)	370	(2,159)
Pension fund contribution	-	24	24
Paid pension	539	(539)	-
Balance at December 31	($ 32,150)	$ 9,640	($ 22,510)

	For the year ended December 31, 2018		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 28,970)	$ 9,755	($ 19,215)
Current service cost	(329)	-	(329)
Interest (expense) income	(318)	107	(211)
	(29,617)	9,862	(19,755)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	295	295
Change in financial assumptions	(558)	-	(558)
Experience adjustments	195	-	195
	(363)	295	(68)
Pension fund contribution	-	24	24
Paid pension	483	(483)	-
Balance at December 31	($ 29,497)	$ 9,698	($ 19,799)

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

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

	For the years ended December 31,	
	2019	2018
Discount rate	0.70%	0.90%
Future salary increases	3.50%	3.50%

For the years ended December 31, 2019 and 2018, assumptions regarding future mortality experience are set based on actuarial advice in accordance with Taiwan Life Insurance Industry 5th Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 699)	$ 723	$ 623	($ 606)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 694)	$ 719	$ 627	($ 609)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2020 amount to $24.

(f) As of December 31, 2019, the weighted average duration of the retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	1,260
2 ～ 5 years		11,376
6 years and above		10,426
	$	23,062

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2019 and 2018 were $9,872 and $9,373, respectively.

(12) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2019	2018
At January 1	83,324	84,239
Treasury stock reacquired	－	(915)
At December 31	83,324	83,324

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (in thousands of shares):

	For the year ended December 31, 2019		
Reason for reacquisition	Opening Balance	Decrease	Ending Balance
To enhance the Company's credit rating and the stockholders' equity	915	(915)	－

	For the year ended December 31, 2018		
Reason for reacquisition	Opening Balance	Additions	Ending Balance
To enhance the Company's credit rating and the stockholders' equity	－	915	915

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) For the year ended December 31, 2019, treasury shares amounting to $45,932 (915 thousand shares) was retired by the Company. As of December 31, 2019 and 2018, the balance of the Company's treasury shares was $－and $45,932, respectively.

C. As of December 31, 2019, the Company's authorised capital was $1,500,000 (including $80,000 reserved for employee stock options), and the paid-in capital was $833,239 with a par value of $10 per share. The 83,324 thousand shares were issued over several installments. All proceeds from shares issued have been collected.

(13) Capital reserves

A. Pursuant to the R.O.C Company Act, capital reserves arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserves to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. On February 26, 2020, the Board of Directors proposed for the distribution of dividends from capital reserves in the amount of $49,994 ($0.6 (in dollars) per share).

(14) Retained earnings

A. Pursuant to the R.O.C. Company Act, the Company shall set aside 10% of its after-tax profits as legal reserve until the balance is equal to the paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, considering the Company is operating in a volatile environment and in the stable growth stage of its life cycle, the Board of Directors shall determine earnings appropriation based on the Company's future capital expenditures and demand for capital, as well as the necessity of using retained earnings to meet capital needs, and set the amount of dividends to be distributed to stockholders and the portion of dividends to be paid in cash. The Company's current year earnings shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Then, either a portion of the remaining amount is set aside as special reserve or an amount is reversed from the special reserve account and added to the remaining amount in accordance with applicable laws and regulations. The final leftover amount of current year earnings is added to the unappropriated earnings from the prior year and the total is the accumulated distributable earnings. At least 30% of the accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of total dividends distributed. The Board of Directors drafts a proposal on earnings appropriation according to future operational and investment needs and sends it to the stockholders during their meeting for approval.

C. Special reserve

(a)In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b)The amounts previously set aside by the Company as special reserve in the amount of $22,672 on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised dividends distributed to owners amounting to $258,304 ($3.1 (in dollars) per share) and $261,141 ($3.1 (in dollars) per share) for the years ended December 31, 2019 and 2018, respectively. On February 26, 2020, the Board of Directors proposed for the distribution of dividends from 2019 earnings in the amount of $74,992 ($0.9 (in dollars) per share).

(15) Operating revenue

	For the years ended December 31,	
	2019	2018
Revenue from contracts with customers	$ 935,563	$ 1,684,162

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time. Revenue is primarily from sales of automation machinery and equipment.

B. Contract liabilities

(a) The Company has recognised revenue-related contract liabilities amounting to $15,833 and $12,619 as of December 31, 2019 and 2018, respectively.

(b) As of January 1, 2019 and 2018, the Company's contract liabilities were $12,619 and $6,513, respectively. Revenue recognised that were included in the contract liability balance at the beginning of 2019 and 2018 for the years ended December 31, 2019 and 2018 were $3,150 and $5,102, respectively.

(16) Other income

	For the years ended December 31, 2019	For the years ended December 31, 2018
Dividend income	$ 8,168	$ 4,506
Interest income from bank deposits	5,601	8,550
Rent income	1,011	1,011
Other income	3,140	3,516
	$ 17,920	$ 17,583

(17) Other gains and losses

	For the years ended December 31, 2019	For the years ended December 31, 2018
Net gains on financial assets at fair value through profit or loss	$ -	$ 150
Net foreign exchange (losses) gains	(6,951)	23,639
Net gains on disposal of property, plant and equipment	-	4
	($ 6,951)	$ 23,793

(18) Finance costs

	For the years ended December 31, 2019	For the years ended December 31, 2018
Interest expense:		
Bank borrowings	$ 31	$ 51
Interest expense on lease liabilities	507	-
Other interest expense	39	54
	$ 577	$ 105

(19) Expenses by nature

	For the year ended December 31, 2019		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 31,882	$ 217,952	$ 249,834
Depreciation	10,891	11,512	22,403
Amortisation	370	2,534	2,904
	$ 43,143	$ 231,998	$ 275,141

	For the year ended December 31, 2018		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 37,512	$ 267,649	$ 305,161
Depreciation	9,740	7,795	17,535
Amortisation	429	3,234	3,663
	$ 47,681	$ 278,678	$ 326,359

(20) Employee benefit expense

	For the year ended December 31, 2019		
	Operating cost	Operating expense	Total
Wages and salaries	$ 26,282	$ 184,888	$ 211,170
Labour and health insurance fees	2,637	14,073	16,710
Pension costs	1,398	9,050	10,448
Directors' remuneration	–	1,890	1,890
Other personnel expenses	1,565	8,051	9,616
	$ 31,882	$ 217,952	$ 249,834

	For the year ended December 31, 2018		
	Operating cost	Operating expense	Total
Wages and salaries	$ 31,891	$ 233,848	$ 265,739
Labour and health insurance fees	2,543	14,187	16,730
Pension costs	1,361	8,552	9,913
Directors' remuneration	–	3,184	3,184
Other personnel expenses	1,717	7,878	9,595
	$ 37,512	$ 267,649	$ 305,161

A. As of December 31, 2019 and 2018, the Company had 222 and 213 employees, respectively. There were 5 non-employee directors for both years.

B. The employee benefit expenses were $1,143 and $1,452, while the average employee wages and salaries were $973 and $1,278 for the years ended December 31, 2019 and 2018, respectively. The average employee wages and salaries for the year ended December 31, 2019 decreased by approximately 23.87% compared to the year ended December 31, 2018.

C. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

D. For the years ended December 31, 2019 and 2018, employees' compensation were accrued at $7,290 and $26,560, respectively; while directors' and supervisor's remuneration were accrued at $1,922 and $3,525, respectively. The aforementioned amounts were recognised in salary expenses and estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. Employees' compensation and directors' and supervisors' remuneration for 2018 amounting to $30,085, as resolved by the Board of Directors were in agreement with the amount recognised in the 2018 financial statements. The employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31, 2019	For the years ended December 31, 2018
Current tax:		
Current tax on profits for the year	$ 37,972	$ 50,584
Tax on undistributed earnings	1,294	805
Prior year income tax overestimation	(12,714)	(10,877)
Total current tax	26,552	40,512
Deferred tax:		
Origination and reversal of temporary differences	(13,622)	24,303
Impact of change in tax rate	-	(10,350)
Total deferred tax	(13,622)	13,953
Income tax expense	$ 12,930	$ 54,465

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

	For the years ended December 31, 2019	For the years ended December 31, 2018
Remeasurements of defined benefit obligations	($ 432)	($ 13)
Impact of change in tax rate	-	(44)
	($ 432)	($ 57)

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31, 2019	For the years ended December 31, 2018
Tax calculated based on profit before tax and statutory tax rate	$ 19,274	$ 73,776
Effects from items adjusted in accordance with tax regulation	(1,704)	4,736
Tax on undistributed earnings	1,294	805
Prior year income tax overestimation	(12,714)	(10,877)
Impact of change in tax rate	-	(10,350)
Effects from loss carryforward	13,647	9,839
Effect from investment tax credits	(6,867)	(13,464)
Income tax expense	$ 12,930	$ 54,465

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	For the year ended December 31, 2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 808	$ 1,927	$ -	$ 2,735
Loss on decline in market value of inventories	4,764	5,472	-	10,236
Unrealised cost to provide after-sale service	2,559	(1)	-	2,558
Unused compensated absences	1,530	31	-	1,561
Pension costs	3,960	110	432	4,502
Unrealised sales discounts and allowances	15,606	(10,627)	-	4,979
Unrealised expenses and losses	1,400	(940)	-	460
Investment losses	1,249	-	-	1,249
Foreign currency exchange difference	-	1,450	-	1,450
Lease expense	-	46		46
Loss carryforward	45,403	(17,647)	-	27,756
	$ 77,279	($ 20,179)	$ 432	$ 57,532
Deferred income tax liabilities				
Temporary differences:				
Foreign currency exchange difference	($ 6,557)	$ 6,557	$ -	$ -
Investment income	(25,707)	-	-	(25,707)
	($ 32,264)	$ 6,557	$ -	($ 25,707)
	$ 45,015	($ 13,622)	$ 432	$ 31,825

			For the year ended December 31, 2018	
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 606	$ 202	$ -	$ 808
Loss on decline in market value of inventories	4,875	(111)	-	4,764
Unrealised cost to provide after-sale service	1,509	1,050	-	2,559
Unused compensated absences	1,323	207	-	1,530
Pension costs	3,267	636	57	3,960
Unrealised sales discounts and allowances	12,876	2,730	-	15,606
Unrealised expenses and losses	1,122	278	-	1,400
Investment losses	1,061	188	-	1,249
Foreign currency exchange difference	7,168	(7,168)	-	-
Loss carryforward	46,955	(1,552)	-	45,403
	$ 80,762	($ 3,540)	$ 57	$ 77,279
Deferred income tax liabilities				
Temporary differences:				
Foreign currency exchange difference	$ -	($ 6,557)	$ -	($ 6,557)
Investment income	(21,851)	(3,856)	-	(25,707)
	($ 21,851)	($ 10,413)	$ -	($ 32,264)
	$ 58,911	($ 13,953)	$ 57	$ 45,015

D. Expiration dates of unused loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2019				
Year incurred	Amount assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 405,210	$ 138,780	$ -	2022

December 31, 2018				
Year incurred	Amount assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 405,210	$ 227,014	$ -	2022

E. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority. As of February 26, 2020, no administrative relief has occurred.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(22) Earnings per share

	For the year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 83,441	83,324	$ 1.00
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 83,441	83,324	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	279	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 83,441	83,603	$ 1.00

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 314,416	84,046	$ 3.74
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 314,416	84,046	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	731	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 314,416	84,777	$ 3.71

(23) Operating leases (Prior to 2019)

In January 2009 and November 2014, the Company leased parcels of land located in the Luzhu Science Park from the Southern Taiwan Science Park Bureau. The former lease is from January 1, 2009 to December 31, 2023. The latter lease is from November 1, 2014 to October 31, 2034. The leases are both classified as operating leases and are renewable at the end of the lease period. Monthly rents per square meter will be adjusted in the following month if the government adjusts the announced land value, rental rate of national land approved by Executive Yuan is adjusted and other reasons that the monthly rents must be adjusted. The Company shall recover or refund additional rents during the payment period. For the year ended December 31, 2018, rent expense was $5,088 ($3,045 shown as 'operating costs' and $2,043 shown as 'operating expenses').The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018
Not later than one year	$ 5,088
Later than one year but not later than five years	20,352
Later than five years	23,772
	$ 49,212

(24) Supplemental cash flow information

Investing activities with partial cash payments

	For the years ended December 31, 2019	2018
Purchase of property, plant and equipment	$ 786	$ 5,028
Add: Opening balance of payable on equipment (shown as 'other payables')	118	10
Less: Ending balance of payable on equipment (shown as 'other payables')	(108)	(118)
Cash paid for acquisition of property, plant and equipment	$ 796	$ 4,920

(25) Changes in liabilities from financing activities

	For the year ended December 31, 2019 Lease liabilities	Liabilities from financing activities-gross
At January 1, 2019	$ -	$ -
Effect of retrospective application	45,776	45,776
Changes in cash flow from financing activities	(4,581)	(4,581)
At December 31, 2019	$ 41,195	$ 41,195

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Uni-Ring Tech Co., Ltd.	Subsidiary
Kunshan All Ring Tech Co., Ltd.	Subsidiary
All Ring Tech (Kunshan) Co., Ltd.	Subsidiary
Jie Kuen Enterprise Inc.	Other related party (Note 1)
Jie Kuen Precision Technologies Co., Ltd.	Other related party (Note 1) (Note 2)
Ding Ji Electrical Engineering Co., Ltd.	Other related party (Note 1)
Nan Feng Mechanical Electrical Co., Ltd.	Other related party (Note 1)

(Note 1) This company's responsible person is the Company's supervisor.

(Note 2) In January 2019, this company replaced its responsible person, and hence is no longer the Company's related party.

(2) Significant transactions and balances with related parties

A. Sales of goods

	For the years ended December 31,	
	2019	2018
Subsidiaries	$ 5,251	$ 29,267

The collection period for subsidiaries was 120 days after sales of goods. The collection periods for third parties were as follows: the first payment is collected 30 to 130 days after delivery of the machines, and the second payment is collected 30 to 190 days after acceptance of the machines. Except for the collection periods mentioned above, other terms of sales were the same with third parties.

B. Purchases of goods

	For the years ended December 31,	
	2019	2018
Other related parties	$ 15,774	$ 31,050
Subsidiaries	9,035	3,807
	$ 24,809	$ 34,857

The payment terms of purchases were 45 days after receipt to subsidiaries and 120 days to other related parties. Payment terms from purchases from normal vendors were 60 to 180 days. Except for the payment terms mentioned above, other terms of purchases were the same with third parties.

C. Rental income

	Location of the premises	Determination of rental	Collection frequency	For the year ended December 31, 2019
Uni-Ring Tech Co., Ltd.	Office in Luzhu, Kaohsiung	Negotiation	Monthly	$ 1,011

	Location of the premises	Determination of rental	Collection frequency	For the year ended December 31, 2018
Uni-Ring Tech Co., Ltd.	Office in Luzhu, Kaohsiung	Negotiation	Monthly	$ 1,011

D. Equity transactions

The Company participated in cash capital increase of the subsidiary, Uni-Ring Tech Co., Ltd., by investing $30,000 in May 2019, and participated in cash capital increase of the subsidiary, IMAGINE GROUP LIMITED Co., Ltd., by investing $46,740 (USD 1,500 thousand dollars) in July 2019. There was no such situation during 2018.

E. Receivables from related parties

	December 31, 2019	December 31, 2018
Subsidiaries	$ 5,700	$ 35,287

The receivables from related parties arise mainly from sales transactions. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

F. Payables to related parties

	December 31, 2019	December 31, 2018
Accounts payable		
Other related parties	$ 4,482	$ 8,442
Subsidiaries	2,624	1,325
	7,106	9,767
Other payables		
Other related parties	100	44
Subsidiaries	6	6
	106	50
	$ 7,212	$ 9,817

The payables to related parties arise mainly from purchase transactions and are due 120 days after the date of purchase. The payables bear no interest.

G. Endorsements and guarantees provided to related parties

Endorser/guarantor	Endorsee/guarantee	December 31, 2019	December 31, 2018	Purpose
All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	$ 50,000	$ 50,000	Loan financing secured

As of December 31, 2019 and 2018, the actual amount of the endorsement/guarantee provided by the Company for its subsidiary, Uni-Ring Tech Co., Ltd., was $－.

(3) Key management compensation

	For the years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 33,138	$ 42,632
Post-employment benefits	914	951
	$ 34,052	$ 43,583

8. PLEDGED ASSETS

The Company's assets pledged as collateral were as follows:

Pledged asset	December 31, 2019	December 31, 2018	Purpose
Pledged time deposits (shown as 'other non-current assets	$ 1,820	$ 1,820	Guarantee for land leases
Buildings and structures (shown as 'property, plant and equipment, net')	272,557	282,466	Guarantee for short-term borrowings (Note)
	$ 274,377	$ 284,286	

Note: The associated debt has been repaid but the designation of "property, plant, and equipment' as collateral has not yet been removed.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) For the details of significant contingent liabilities and unrecognised contract with related

parties, please refer to Note 7 'Related party transactions.'

(2) For more information about operating lease, please refer to Note 6 (23) 'Operating leases'.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Company are described in Note 6.

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange rate risk arising from the transactions of the Company in various functional currency, primarily with respect to the USD. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require the Company to manage its foreign exchange risk against the functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the Company treasury. To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company uses forward foreign exchange contracts, transacted with Company treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.

iv. The Company's businesses involve some non-functional currency operations (The functional currency of the Company is the NTD). Information on assets and liabilities subject to significant foreign exchange risk is as follows:

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 12,808	29.98	$ 383,984
Investment accounted for under equity method			
USD:NTD	13,605	29.98	407,878
Financial liabilities			
Monetary items			
USD:NTD	1,433	29.98	42,961

	December 31, 2018				
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	17,658	30.72	$	542,454
Investment accounted for under equity method					
USD:NTD		12,570	30.72		386,150
Financial liabilities					
Monetary items					
USD:NTD		2,924	30.72		89,825

v. The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1%, the Company's net income for the years ended December 31, 2019 and 2018 would have increased/decreased by $5,991 and $6,710, respectively.

vi. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2019 and 2018 amounted to ($6,951) and $23,639, respectively.

II. Price risk

i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the parent company only balance sheet as financial asset at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company has set various stop loss points to ensure not to be exposed to significant risks. Accordingly, no material market risk is expected.

ii. The Company's investments in equity securities comprise domestic stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2019 and 2018 would have increased/decreased by $888 and $771, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

III. Cash flow and fair value interest rate risk

If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, there is no significant effect on after-tax profit for the years ended December 31, 2019 and 2018.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is reqularly monitored.

III. The Company adopts the historical experience of collection and the level of customers' risk to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the payments were past invoice date over 180 days, there has been a significant increase in credit risk on that instrument since initial recognition.

IV. According to the historical experience of collection by the Company and the level of customers' risk, the default occurs when the payments are past invoice date over 720 days.

V. The Company classifies customer's accounts receivable in accordance with credit risk on trade. The Company applies the modified approach using loss rate methodology to estimate expected credit loss under the loss rate basis. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, and the expected loss rate is within the range of 1%~100%. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the year ended December 31, 2019
	Accounts receivable
At January 1	$ 4,781
Provision for impairment	6,676
At December 31	$ 11,457

	For the year ended December 31, 2018
	Accounts receivable
At January 1_IAS 39	$ 2,811
Adjustments under new standards	-
At January 1_IFRS 9	2,811
Provision for impairment	1,970
At December 31	$ 4,781

(c) Liquidity risk

I. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to ensure the sufficient financial flexibility of the Company.

II. Company treasury invests surplus cash in interest bearing current accounts, time deposits and beneficiary certificates, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and readily generate cash flows to manage liquidity risk.

III. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the following table are undiscounted contractual cash flows.

December 31, 2019	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 1,151	$ -	$ -	$ -
Accounts payable	204,037	-	-	-
Other payables	120,173	-	-	-
Lease liabilities	5,088	5,088	12,370	21,577

December 31, 2018	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 1,360	$ -	$ -	$ -
Accounts payable	267,956	-	-	-
Other payables	230,891	-	-	-

IV. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in beneficiary certificates and equity securities are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The Company's financial instruments not measured at fair value which includes the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 88, 812	$ -	$ -	$ 88, 812

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 78, 656	$ -	$ -	$ 78, 656

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) The following financial assets use quoted market prices as inputs for fair value measurement (level 1): for emerging stocks, the average trading price at the balance sheet date is used.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to Table 1.

B. Provision of endorsements and guarantees to others: Please refer to Table 2.

C. Holding of marketable securities at the end of the period (not including subsidiary, associates and joint ventures): Please refer to Table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to Table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Table 7.

14. SEGMENT INFORMATION

Not applicable.

All Ring Tech Co., Ltd.

Loans to others

For the year ended December 31, 2019

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance	Ending balance	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Note
													Item	Value			
1	PAI FU INTERNATIONAL LIMITED	All Ring Tech (Kunshan) Co., Ltd.	Other receivables	Y	$ 22,465	$ -	$ -	2%	Short-term financing	$ -	Operating	$ -	—	$ -	$ 259,507	$ 259,507	—
2	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Other receivables	Y	55,965	34,440	-	2%	Short-term financing	-	Operating	-	—	-	63,149	63,149	—

(Note 1) Calculation of limit on loans granted to a single party and ceiling on total loans granted:The total loan amount cannot exceed 40% of the company's net worth. There are three possible circumstances:

1. Loan is made to company with which the Company has a business relationship. The total loan amount cannot exceed 20% of the company's net worth.
   The individual loan amount cannot exceed the total amount of business transactions between the two parties in the past year.
2. Loan is made to companies who need short-term financing. The total loan amount cannot exceed 20% of the company's net worth. The individual loan amount cannot exceed 10% of the net worth of the company.
3. The aforementioned limit does not apply if the loan is made to a company of which the parent company owns, directly or indirectly, 100% of the voting equity.
   Both the total and individual loan amounts do not exceed 200% of the net worth of the creditor based on the most recent financial statements.

(Note 2) Foreign currency amounts in the table are converted into NTD according to the exchange rates on the financial reporting date (USD: NTD = 1:29.98; RMB:NTD = 1:4.305).

All Ring Tech Co., Ltd.

Provision of endorsements and guarantees to others

For the year ended December 31, 2019

Table 2

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
0	All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	(Note 1)	$ 337,694	$ 100,000	$ 50,000	$ -	$ -	2.96%	$ 675,388	Y	N	N	—

(Note 1) Companies where the Company owns more than 50% of voting shares (direct or indirect).

(Note 2) The total endorsements and guarantees of external parties by the Company cannot exceed 40% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. The total endorsements and guarantees of external parties by the Group cannot exceed 50% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. If the endorsement and guarantee are made for the purpose of conducting business, then the amount of endorsement and guarantee cannot exceed the total amount of business transactions between the guaranteed party and the Company in the past year.

All Ring Tech Co., Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2019

Table 3

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Note
				Number of shares	Book value	Ownership (%)	Fair value	
All Ring Tech Co., Ltd.	Stocks:							
	Egiga Source Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - non- current	1,298	$ -	14.86%	$ -	—
	Tai-Tech Advanced Electronics Co., Ltd	—	Financial asset measured at fair value through other comprehensive income - non- current	2,552	87,370	2.80%	87,370	—
	Tecstar Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non- current	276	1,442	0.79%	1,442	—

All Ring Tech Co., Ltd.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2019

Table 4

Expressed in thousands of NTD

Number	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	1	Sales	$ 5,251	–	1%
				Purchases	4,662	–	–
				Accounts receivable	5,700	–	–
		Uni-Ring Tech Co., Ltd.	1	Purchases	4,373	–	–
				Accounts payable	1,714	–	–
				Rental income	1,011	–	–
				Endorsements and guarantees	50,000	–	2%

(Note 1) Business and other transactions between the parent company and its subsidiaries or between subsidiaries are not separately disclosed since the circumstances and amounts of each transaction is the same on each side. In addition, the disclosure threshold for significant transactions is set at 1 million dollars.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories;

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 3) The ratio of a transaction amount to total revenue or total assets is calculated as follows: balance sheet items are calculated by dividing the ending balance by total consolidated assets; profit or loss items are calculated by dividing the accumulated ending balance by total consolidated revenue.

(Note 4) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD = 1:29.98; RMB:USD = 1:0.1436); profit or loss items are converted using the average exchange rate for the year ended December 31, 2019 (USD:NTD = 1:30.91; RMB:USD = 1:0.1446).

All Ring Tech Co., Ltd.

Information on investees

For the year ended December 31, 2019

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018 (Note 1)	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Note
All Ring Tech Co., Ltd.	PAI FU INTERNATIONAL LIMITED	British Virgin Islands	Mechanical engineering automation, and research, development and design of software	$ 65,263	$ 65,263	1,930,000	100.00	$ 129,742	($ 11,702)	($ 11,702)	Subsidiary
All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	Taiwan	Other machine manufacture industry, electrical appliances, audio visual electronics and international trading industry	200,000	170,000	7,855,947	100.00	34,182	(11,120)	(10,812)	Subsidiary
All Ring Tech Co., Ltd.	IMAGINE GROUP LIMITED	Mauritius	Investment business	182,840	136,100	5,220,000	72.10	231,893	(20,878)	(15,185)	Subsidiary
PAI FU INTERNATIONAL LIMITED	IMAGINE GROUP LIMITED	Mauritius	Investment business	60,560	39,574	2,020,000	27.90	82,395	(20,878)	-	Subsidiary (Note 2)

(Note 1) This was the balance on December 31, 2018.

(Note 2) The investment gains (losses) do not need to be disclosed per the rules.

(Note 3) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD = 1:29.98); profit or loss items are converted using the average exchange rate for the year ended December 31, 2019 (USD:NTD = 1:30.91).

All Ring Tech Co., Ltd.

Information on investments in Mainland China

For the year ended December 31, 2019

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 3)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Note
Kunshan All Ring Tech Co., Ltd.	Research, development, and manufacture of specialized electronic equipment used for cutting capacitance and inductance; sales of self-manufactured products and provision of corresponding technology testing services	$ 44,970	(Note 1)	$ 44,970	$ -	$ -	$ 44,970	($ 6,260)	100.00	($ 6,260)	$ 41,529	$ -	—
All Ring Tech (Kunshan) Co., Ltd.	Research, development, design, and manufacture of specialized electronic equipment, testing instruments and accessories; sales of self-manufactured products and provision of corresponding technology testing services	215,856	(Note 2) (Note 4)	136,430	44,970	-	181,400	(20,785)	100.00	(20,785)	277,865	-	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)
All Ring Tech Co., Ltd.	$ 226,370	$ 560,745	$ 1,013,082

(Note 1) Additional investment in Chinese company through a subsidiary in a third region (PAI FU INTERNATIONAL LIMITED).
(Note 2) Additional investment in Chinese company through a subsidiary in a third region (IMAGINE GROUP LIMITED).
(Note 3) Recognized according to the audited financial statements of the investee.
(Note 4) $59,960 (USD $2,000 thousand) was invested in the Chinese company through PAI FU INTERNATIONAL LIMITED, located in a third region.
(Note 5) The limit is the net worth or 60% of the consolidated net worth, whichever is greater.
(Note 6) Foreign currency amounts in the table are converted into TWD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:TWD = 1:29.98; RMB:USD = 1:0.1436); profit or loss items are converted using the average exchange rate for the year ended December 31, 2019 (USD:TWD = 1:30.91; RMB:USD = 1:0.1446).

All Ring Tech Co., Ltd.

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area

For the year ended December 31, 2019

Table 7

Expressed in thousands of NTD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2019	%	Balance at December 31, 2019	Purpose	Maximum balance during the year ended December 31, 2019	Balance at December 31, 2019 (Note)	Interest rate	Interest during the year ended December 31, 2019	Others
All Ring Tech (Kunshan) Co., Ltd.	$ 5,251	1%	$ -	-	$ 5,700	-	$ -	-	$ 22,485	$ -	2%	$ -	-
	(4,662)	-											

Note: Actual drawn amount $—.