



WIN Semiconductors Corp.

2020 Annual General

Shareholders' Meeting Handbook

Notice to readers

This English version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Time: 9:00 a.m., June 12, Friday, 2020

Place: 2F, No. 68, Wuner 1st St., Guishan District, Taoyuan City, Taiwan, R.O.C.
(Fullon Hotel Linkou)

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I. MEETING PROCEDURE

WIN Semiconductors Corp. Procedure for the 2020 Annual General Shareholders' Meeting

I. Call the Meeting to Order

II. Chairperson Remarks

III. Report Items

IV. Proposed Items

V. Discussion Items

VI. Special Motions

VII. Adjournment

II. MEETING AGENDA

WIN Semiconductors Corp.

Agenda of the 2020 Annual General Shareholders' Meeting

Time: 9:00 a.m., June 12, Friday, 2020

Place: 2F, No. 68, Wuner 1st St., Guishan District, Taoyuan City, Taiwan, R.O.C.
(Fullon Hotel Linkou)

I. Call the Meeting to Order

II. Chairperson Remarks

III. Report Items

1. 2019 Business Report
2. 2019 Audit Committee's review report
3. 2019 Employees' profit sharing bonus and Directors' compensation
4. Status of distribution for cash dividend of 2019 earnings
5. Status of endorsement and/or guarantee of the Company

IV. Proposed Items

1. Adoption of the 2019 Business Report, Financial Statements and Profit Allocation Proposal

V. Discussion Items

1. Proposal for release of Directors from non-competition restrictions

VI. Special Motions

VII. Adjournment

REPORT ITEMS

Report 1: 2019 Business Report

See Attachment I (pages 7-9).

Report 2: 2019 Audit Committee's review report

See Attachment II (page 10).

Report 3: 2019 Employees' profit sharing bonus and Directors' compensation

1. The Company's profit for 2019 was NT\$ 5,942,002,106 (this was the pre-tax profit before deducting the employees' profit sharing bonus and compensation for Directors). The proposed employees' profit sharing bonus and Directors' compensation were NT\$368,400,000 and NT\$106,900,000 respectively, and both will be distributed in cash.
2. These amounts were examined by Remuneration Committee on March 5, 2020 and approved by the Board of Directors meeting on March 18, 2020.

Report 4: Status of distribution for cash dividend of 2019 earnings

1. In accordance with Article 22-1 of the Articles of Incorporation, distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.
2. The proposed dividend to shareholders is a cash dividend of NT\$7 per common share, amounting to NT\$2,968,394,688. Distribution of cash dividend will be rounded down to an integer, and the Chairman will be authorized to distribute the total rounded down amounts to specific persons for adjustment.
3. The proposal was resolved by the Board of Directors and the Chairman of the Board of Directors was authorized to determine the ex-dividend date and payment date. If the total amount of common shares changes and the distribution ratio for the cash dividend needs to be adjusted, the Chairman of the Board of Directors was authorized to make such adjustments.

Report 5: Status of endorsement and/or guarantee of the Company

1. Endorsement and/or guarantees were conducted in accordance with the Company's "Procedures for Endorsement & Guarantee."
2. The Company provided endorsements and guarantees for bank loans of its subsidiaries. The balance of endorsements and guarantees amounted to NT\$5,996,000 thousand as of December 31st, 2019, and did not exceed the limit, below please see the details:

Unit: thousand NT\$

Name of endorsees/guarantees	Remaining balance of endorsement/guarantee (Note 1)	Limit of endorsements/guarantees for any single entity (Note 2)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	495,083	14,828,734
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	1,100,183	14,828,734
Jiangsu Win Yield Agriculture Development Co., Ltd.	1,650,276	14,828,734
Jiangsu Win Shine Agriculture Development Co., Ltd.	550,092	14,828,734
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	1,100,183	14,828,734
Jiangsu Merit/CM Agriculture Development Co., Ltd.	1,100,183	14,828,734
Total	5,996,000	14,828,734 (Aggregate limit of endorsement / guarantee)
<p>Note 1: The aggregate credit line for above endorsees/ guarantees is no more than US\$200 million, the Company provides different limit of endorsements/guarantees for each endorsee/ guarantee based on their credit line and the remaining balance of endorsement/guarantee is calculated by the ratio of each endorsee/ guarantee's credit line to the aggregate credit line. The exchange rate of USD/NTD=29.98 is being used for the calculation.</p> <p>Note 2: The aggregate amount of endorsements and/or guarantees of the Company shall not exceed 50% of net worth of the financial statements audited or reviewed by the CPA. . The limits to any single enterprise shall not exceed 50% of the Company's net worth of the financial statements audited or reviewed by the CPA.</p>		

PROPOSED ITEMS

Proposal 1:

Proposed by the Board

Adoption of the 2019 Business Report, Financial Statements and Profit Allocation Proposal

Explanation:

1. The Company's Financial Statements, including the balance sheets, statements of comprehensive income, statement of changes in equity, and statements of cash flows, have been audited by independent auditors, Chia-Chien Tang and Ya-Ling Chen of KPMG. In addition, the Financial Statements, Business Report and Profit Allocation Proposal have been approved by the Board of Directors and examined by the Audit Committee of the Company.
2. The 2019 Business Report, independent auditors' audit report, Financial Statements and Profit Allocation Proposal are attached hereto as Attachments I (pages 7-9), III, IV and V (pages 11-26).

DISCUSSION ITEMS

Proposal 1:

Proposed by the Board

Proposal for release of Directors from non-competition restrictions

Explanation:

1. According to Article 209 of the Company Law, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. Directors of the Company who participate in the operations of another company, that engages in the same or similar business scope as the Company hereby requests the shareholders' approval to release these directors and their proxies from the non-competition restrictions.
3. The positions that Directors concurrently engage in:

Name of Independent Director	The essential position the director engages in
Chin-Tsai Chen (Dennis Chen, 陳進財)	Chairman, Jiangsu Win Yield Agriculture Development Co., Ltd. Chairman, Jiangsu Win Shine Agriculture Development Co., Ltd
International Fiber Technology Co., Ltd. Representative: Ming-Chien Hsieh (國際纖維科技股份有限公司 代表人：謝明健)	Chairman, Kuo Chang Investment Enterprise Co., Ltd. Director, Kuo Cheng Investment Enterprise Co., Ltd.
Li-Cheng Yeh (葉力誠)	Director Representative, AIMobile Co., Ltd.
Shen-Yi Lee (李伸一)	Independent Director, Capital Securities Corporation

SPECIAL MOTIONS

ADJOURNMENT

III. ATTACHMENT

ATTACHMENT I: 2019 BUSINESS REPORT

The year 2019 was a year of abundance to WIN Semi. Despite the industry being in a slump at the beginning of the year, our revenue began to show an upward trend each quarter following changes in the smartphone market and strong demand from customers, as well as capacity expansion being completed at the right time. This led to our record high revenue, net profit, and EPS for the year. As we enter the year 2020, governments or telecom operators around the world are accelerating the release of the 5G spectrum and construct 5G infrastructures, and smartphone manufacturers are expected to release multiple 5G models to meet the demand. Based on the estimates of numerous research institutes, penetration of 5G smartphones will rise from 1% in 2019 to 15-20% in 2020, and surpass 30% in 2021. Hence, 5G can be expected to formally enter its growth stage this year. WIN Semi. is the global leader of wireless communications power amplifiers, and has long developed related solutions for customers. We have continued to invest production capacity and R&D resources in preparation for future growth.

In spite of this success, we have not forgotten the importance of continuously improving corporate governance. WIN Semi. was selected as an Industry Mover in the Sustainability Yearbook 2020 published by S&P Global and RobecoSAM in 2020, showing that we have taken a great leap in sustainable operation and information disclosures. WIN Semi.'s overall sustainability performance ranked top 10 in the global semiconductor and semiconductor equipment industries, which proves that WIN Semi.'s efforts in implementing sustainable operation is recognized internationally and neck and neck with leaders in the semiconductor industry. The Sustainability Yearbook published by RobecoSAM is compiled based on CSA (SAM Corporate Sustainability Assessment) results for global industries each year. In the 2019 assessment items, WIN Semi. received high scores for innovation management, code of business conduct, customer relationship management, supply chain management, and corporate citizenship and philanthropy.

Furthermore, WIN Semi. has published Chinese and English version CSR reports since 2016, and was recognized in the top 5% of TPEx-listed companies in the Corporate Governance Evaluation co-organized by Taiwan Stock Exchange and Taipei Exchange for 5 consecutive years. The Company will continue dedicate our efforts to corporate governance.

2019 operating results and 2020 outlook are reported as follow:

A. Operating Performance in 2019

1. Operating Performance

The Company's 2019 consolidated revenues totaled NT\$21,377,724 thousand, representing an increase of 23.5% compared to the year 2018. 2019 net profit attributable to owners of parent was NT\$4,474,399 thousand, representing an increase of 43.2% compared to the prior year, and EPS for 2019 was NT\$10.59.

2. Analysis of Receipts, Expenditures, and Profitability

Unit: NT\$ thousands; %

			Unit: NT\$ thousands, %	
Items			2019 (Consolidated)	2018 (Consolidated)
Interest Income & Interest Expense	Interest Income		67,365	59,064
	Interest Expense		50,699	22,456
Profitability	Return on Total Assets (%)		11.45	8.51
	Return on Equity (%)		16.26	12.27
	Ratio to Issued Capital (%)	Operating Income	131.08	75.63
		Pre-tax Income	127.19	88.12
	Profit Ratio (%)		20.59	17.71
	Earnings per Share (NT\$ dollars)		10.59	7.39

3. Budget Implementation

The Company is not required to make public its 2019 financial forecast information; however, the Board of Directors approved the budget plan and the overall operating plan is in good condition.

4. Research and Development Status

WIN continues to provide diversified new technologies to service customers; the primary compound semiconductors materials have expanded from GaAs to GaN with more than 20 processes are available and production-ready in order to satisfy the diverse wireless communication needs. In terms of market application, WIN has actively focused on the R&D for 5G infrastructure and optical communications technologies under the Internet of Things (IoT) trend in order to capture future market opportunities. In addition, WIN developed various optional processes to fulfill various unique application requirements and package technology. That approach enables highly integrated product design and superior performance with advanced packaging. For instance, the interconnection structure of Bump can be used for flip-chip attachment of GaAs die to a variety of substrate material, the optional metal layer for compact interconnection designs and high Q-factor inductors, the optional PN diodes (ESD Diode) for ESD protection, and the pHEMT technology for 0.5um E/D mode for logics circuit design. Moreover, WIN developed Hotvia, the BS via could be designed as GND or for transmitting the RF signals. Hotvia not only eases the installation with die attachment process but also eliminate wire bonding for great RF performance. WIN also provides bumping re-distribution layer (RDL) for flexible bumping.) WIN Semi. will continue to strengthen the development of technologies to provide customers with high-quality and competitive solutions for 5G smartphones, infrastructure, 3D sensing, and other optical devices.

B. Business Plan in 2020

In order to meet the growth in market demand, WIN Semi. has launched a new capacity expansion plan of 5,000 wafers per month in advance at the end of 2019. Even though we immediately faced interference from the pandemic of COVID-19 as soon as we entered 2020, capacity expansion is still in full swing in Fab C, and we expect new capacity to be sequentially released each month from end of the

second quarter. We expect this new capacity to contribute during the peak season this year.

C. Development Strategy

The Company is optimistic about the demand on handheld devices and base stations created by the upgrade of wireless communications spec to 5G and Wi-Fi 6/7. Along with the popularization of the applications of optical devices, these developments will be the two main engines of growth in the next few years. With regard to 5G wireless communications, the Company closely following developments in 5G spectrum, whether it may be the most popular n77, n78, or n79 during early stages of 5G, frequency bands not used by 4G, or the n41 band that overlaps with the 4G spectrum. All of these require redesigned independent 5G power amplifiers. The Company began providing customers with 5G Sub-6GHz power amplifier solutions several years ago, and began to ramp-up production in the second half of 2019. WIN Semi. monitors developments in the release of more 5G bands in countries around the world, and even refarming the 4G spectrum for 5G, developing corresponding processes to meet customers' demand. As for infrastructure such as base stations, WIN Semi. has long applied the GaAs pHEMT process in 4G/5G base station mmWave power amplifiers and low noise amplifiers, as well as SATCOM and VSAT ground stations and MEO and LEO satellites. WIN Semi. also saw the opportunity of 5G LDMOS being replaced by GaN, and began developing GaN technologies 5-10 years in advance. Mass production has already begun to meet market demand, and shipments significantly increased in 2019 compared with the previous year.

With regard to optical devices, 3D sensing continued to maintain market leadership in 2019. Besides increasing smartphone applications and customers this year, automotive 3D sensing device projects, such as LiDAR and gesture recognition, continue to be implemented. After years of development, there will be opportunities to deliver small amounts of optical transceivers for data centers this year, and we look forward to greater contributions in the next few years.

D. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

WIN has always believed that there will always be competition and that the Company needs to stay ahead of the competition to maintain its leadership in the industry. The economic and political situation is volatile, and industry supply and demand fluctuates. This year, we must also face the potential impact of the novel coronavirus pandemic. Besides staying alert and cautiously responding, WIN believes that implementing corporate governance and abiding by the law will always be the right way to operate a business.

Chin-Tsai Chen
Chairman

Kyle Chen
CEO

Linna Su
Accounting Officer

ATTACHMENT II: 2019 AUDIT COMMITTEE'S REVIEW REPORT

AUDIT COMMITTEE'S REVIEW REPORT

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements (parent-company-only & consolidated), and proposal for allocation of earnings. The CPA firm of KPMG was retained to audit WIN's Financial Statements and has issued an audit report relating to the Financial Statements.

The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of WIN Semiconductors Corp. According to relevant Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

WIN Semiconductors Corp.
Chairman of the Audit Committee: Chin-Shih Lin

March 18, 2020

ATTACHMENT III: INDEPENDENT AUDITORS' REPORT AND 2019 CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

To the Board of Directors of WIN Semiconductors Corp.:

Opinion

We have audited the consolidated financial statements of WIN Semiconductors Corp. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and 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 of 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

In 2019, we conducted our audit in accordance with the Regulations Governing Auditing, the Ruling No. 1090360805 issued by the FSC and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. In 2018, we conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in 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 of 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 for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

1. Evaluation of inventory

Please refer to Note 4(h) "Inventories" for accounting policies, Note 5(a) for accounting assumptions, judgments and estimation uncertainty of inventories, and Note 6(e) for the amount of loss on valuation of inventories of the consolidated financial statements.

Due to the high industry demand and rapid fluctuation of the price of precious metals, the Group stored a significant volume of the said material, which resulted in slow turnover of inventories. Therefore, the Group cannot obtain sufficient information on inventories that were sold or used on the reporting date. Since the technology changes rapidly, the inventory may be out of date or may not conform to market demand, resulting in a risk wherein the carrying amount of inventories may exceed its net realizable value. Consequently, the evaluation of inventory is identified as a key matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Testing the accuracy of the estimations of inventories at the lower of cost and net realizable value. Referring to the recent selling price and considering the amount of written-off inventories in the subsequent events to evaluate the appropriateness of the amount of loss on valuation of inventories or obsolescence. Analyzing the historical accuracy of judgments, including inspecting the amount of loss on valuation of inventories or obsolescence recognized in prior year and with reference to actual disposal to assess rationality of the judgments of the current period. Moreover, comparing with the provision for inventories valuation and obsolescence made in the current year to evaluate the appropriateness of the assumptions.

2. Assessment of goodwill impairment

Please refer to Note 4(o) “Impairment of non-financial assets” for accounting policies, Note 5(b) for accounting assumptions, judgments and estimation uncertainty of assessment of goodwill impairment, and Note 6(m) for the intangible assets.

The Group periodically assess and perform their impairment test of goodwill based on the recoverable amount that is calculated by using the value-in-use method. The value-in-use method takes into account by predicting the future cash flow, and is decided by applying the discount rate. Since the assessment of goodwill impairment relies on the subjective judgment and estimation made by the management, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included: Assessing the rationality of method used in measuring the recoverable amount, which is provided by the management of the Group, including evaluating the appropriateness of assumption and estimation on major parameters, such as the forecast of cash flow and discount rate. Comparing with the historical accuracy of judgments, including inspecting the amount of forecast of cash flow in prior year and with reference to actual cash flow to evaluate the appropriateness of the assumptions. Performing the sensitivity analysis on main assumption.

Other Matter

WIN Semiconductors Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion.

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 with the IFRSs, IASs, IFRIC as well as SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 also 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 members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, 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 auditors' 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 auditors' 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 and 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 for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are Chia-Chien Tang and Ya-Ling Chen.

KPMG

Taipei, Taiwan (The Republic of China)

March 18, 2020

Note to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018				December 31, 2019		December 31, 2018	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 5,926,473	14	5,462,173	16	2170	Notes and accounts payable	\$ 1,826,214	4	1,093,074	3
1110	Current financial assets at fair value through profit or loss					2200	Other payables	3,657,585	9	2,469,630	7
	(Note 6(b))	506,849	1	103,263	-	2280	Current lease liabilities (Notes 3(a), 6(q) and 6(ad))	68,740	-	-	-
1170	Notes and accounts receivable, net (Notes 6(c) and 6(x))	2,406,673	6	1,422,365	4	2399	Other current liabilities (Notes 6(x) and 6(ad))	423,161	1	265,679	1
1310	Inventories (Note 6(e))	4,389,156	10	3,907,390	11		Total current liabilities	5,975,700	14	3,828,383	11
1400	Current biological assets (Note 6(f))	21,923	-	103,289	-		Non-current liabilities:				
1470	Other current assets (Notes 3(a), 6(d) and 6(n))	399,076	1	336,049	1	2540	Long-term borrowings (Notes 6(p), 6(ad) and 8)	5,788,125	14	5,802,600	16
	Total current assets	13,650,150	32	11,334,529	32	2580	Non-current lease liabilities (Notes 3(a), 6(q) and 6(ad))	300,587	1	-	-
	Non-current assets:					2600	Other non-current liabilities (Notes 6(s) and 6(ad))	222,158	-	224,235	1
1510	Non-current financial assets at fair value through profit or						Total non-current liabilities	6,310,870	15	6,026,835	17
	loss (Note 6(b))	565,804	1	722,405	2		Total liabilities	12,286,570	29	9,855,218	28
1517	Non-current financial assets at fair value through other						Equity (Notes 6(b), 6(h), 6(s), 6(u) and 6(v)):				
	comprehensive income (Note 6(b))	4,556,205	11	2,356,132	7	3110	Ordinary shares	4,240,564	10	4,238,144	12
1535	Non-current financial assets at amortized cost (Note 6(b))	-	-	29,900	-	3200	Capital surplus	9,244,308	22	9,199,357	26
1550	Investments accounted for using equity method (Note 6(g))	532,591	1	532,808	2	3300	Retained earnings	13,399,189	32	11,178,324	31
1600	Property, plant and equipment (Notes 6(i), 6(j), 6(k), 7 and					3400	Other equity interests	2,773,407	7	763,882	2
	8)	17,866,310	43	15,568,252	44		Total equity attributable to owners of parent	29,657,468	71	25,379,707	71
1755	Right-of-use assets (Notes 3(a) and 6(k))	442,348	1	-	-	36XX	Non-controlling interests	182,064	-	224,678	1
1760	Investment property (Notes 6(l) and 8)	1,401,155	3	1,421,528	4		Total equity	29,839,532	71	25,604,385	72
1780	Intangible assets (Notes 3(a), 6(i) and 6(m))	577,454	2	586,953	2						
1830	Non-current biological assets (Note 6(f))	10,066	-	31,059	-						
1840	Deferred tax assets (Note 6(t))	235,826	1	135,802	-						
1915	Prepayments for business facilities (Note 7)	2,137,914	5	2,643,202	7						
1990	Other non-current assets (Notes 3(a), 6(n), 7 and 8)	150,279	-	97,033	-						
	Total non-current assets	28,475,952	68	24,125,074	68						
	Total assets	\$ 42,126,102	100	35,459,603	100		Total liabilities and equity	\$ 42,126,102	100	35,459,603	100

WIN Semiconductors Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(g) and 6(x))	\$ 21,377,724	100	17,310,716	100
5000	Operating costs (Notes 6(e), 6(f), 6(g), 6(j), 6(k), 6(m), 6(q), 6(r), 6(s), 6(v), 6(y), 7 and 12)	<u>(13,216,850)</u>	<u>(62)</u>	<u>(11,895,545)</u>	<u>(69)</u>
	Gross profit from operating	<u>8,160,874</u>	<u>38</u>	<u>5,415,171</u>	<u>31</u>
	Operating expenses (Notes 6(c), 6(j), 6(k), 6(l), 6(m), 6(q), 6(r), 6(s), 6(v), 6(y), 7 and 12):				
6100	Selling expenses	(339,221)	(2)	(238,957)	(1)
6200	Administrative expenses	(1,153,012)	(5)	(997,791)	(6)
6300	Research and development expenses	(1,107,918)	(5)	(973,921)	(5)
6450	Losses on expected credit impairment (reversal of expected credit impairment)	<u>(2,171)</u>	<u>-</u>	<u>840</u>	<u>-</u>
	Total operating expenses	<u>(2,602,322)</u>	<u>(12)</u>	<u>(2,209,829)</u>	<u>(12)</u>
	Net operating income	<u>5,558,552</u>	<u>26</u>	<u>3,205,342</u>	<u>19</u>
	Non-operating income and expenses (Notes 4(c), 6(b), 6(g), 6(i), 6(j), 6(q), 6(r), 6(z) and 7):				
7010	Other income	274,337	1	245,718	1
7020	Other gains and losses	(187,524)	(1)	415,834	2
7050	Finance costs	(50,699)	-	(22,456)	-
7770	Shares of losses of associates and joint ventures accounted for using equity method	<u>(201,238)</u>	<u>(1)</u>	<u>(109,815)</u>	<u>-</u>
	Total non-operating income and expenses	<u>(165,124)</u>	<u>(1)</u>	<u>529,281</u>	<u>3</u>
7900	Profit before tax	5,393,428	25	3,734,623	22
7950	Tax expense (Note 6(t))	<u>(992,667)</u>	<u>(4)</u>	<u>(668,561)</u>	<u>(4)</u>
	Profit	<u>4,400,761</u>	<u>21</u>	<u>3,066,062</u>	<u>18</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss (Notes 6(s), 6(t) and 6(u))				
8311	Gains (losses) on remeasurements of defined benefit plans	2,492	-	(34,051)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	2,114,856	10	(352,044)	(2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(499)</u>	<u>-</u>	<u>7,730</u>	<u>-</u>
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>2,116,849</u>	<u>10</u>	<u>(378,365)</u>	<u>(2)</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss (Notes 6(g) and 6(u))				
8361	Exchange differences on translation of foreign financial statements	(151,023)	(1)	46,105	-
8370	Shares of other comprehensive income of associates and joint ventures accounted for using equity method	4,263	-	(33,317)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>(146,760)</u>	<u>(1)</u>	<u>12,788</u>	<u>-</u>
8300	Other comprehensive income, net	<u>1,970,089</u>	<u>9</u>	<u>(365,577)</u>	<u>(2)</u>
8500	Total comprehensive income	<u>\$ 6,370,850</u>	<u>30</u>	<u>2,700,485</u>	<u>16</u>
	Profit (loss) attributable to:				
8610	Profit attributable to owners of parent	\$ 4,474,399	21	3,124,454	18
8620	Profit (losses) attributable to non-controlling interests	<u>(73,638)</u>	<u>-</u>	<u>(58,392)</u>	<u>-</u>
		<u>\$ 4,400,761</u>	<u>21</u>	<u>3,066,062</u>	<u>18</u>
	Comprehensive income (loss) attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 6,447,998	30	2,811,518	16
8720	Comprehensive income (loss), attributable to non-controlling interests	<u>(77,148)</u>	<u>-</u>	<u>(111,033)</u>	<u>-</u>
		<u>\$ 6,370,850</u>	<u>30</u>	<u>2,700,485</u>	<u>16</u>
	Earnings per common share (expressed in New Taiwan dollars) (Note 6(w))				
9750	Basic earnings per share	<u>\$ 10.59</u>		<u>7.39</u>	
9850	Diluted earnings per share	<u>\$ 10.53</u>		<u>7.35</u>	

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Other equity interests												
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Other unearned compensation for restricted shares of employees	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings								
Balance at January 1, 2018	\$ 4,226,664	9,052,896	1,379,394	9,442,293	10,821,687	(100,208)	-	1,568,176	-	1,467,968	25,569,215	235,530	25,804,745
Effects of retrospective application and retrospective restatement	-	-	-	166,337	166,337	-	1,401,839	(1,568,176)	-	(166,337)	-	-	-
Equity at beginning of period after adjustments	4,226,664	9,052,896	1,379,394	9,608,630	10,988,024	(100,208)	1,401,839	-	-	1,301,631	25,569,215	235,530	25,804,745
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	376,420	(376,420)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(2,958,665)	(2,958,665)	-	-	-	-	-	(2,958,665)	-	(2,958,665)
	-	-	376,420	(3,335,085)	(2,958,665)	-	-	-	-	-	(2,958,665)	-	(2,958,665)
Profit (losses) for the year ended December 31, 2018	-	-	-	3,124,454	3,124,454	-	-	-	-	-	3,124,454	(58,392)	3,066,062
Other comprehensive income for the year ended December 31, 2018	-	-	-	(26,321)	(26,321)	65,429	(352,044)	-	-	(286,615)	(312,936)	(52,641)	(365,577)
Total comprehensive income for the year ended December 31, 2018	-	-	-	3,098,133	3,098,133	65,429	(352,044)	-	-	(286,615)	2,811,518	(111,033)	2,700,485
Disposal of investments accounted for using equity method	-	(21,163)	-	-	-	(1,421)	-	-	-	(1,421)	(22,584)	-	(22,584)
Change in ownership interest in subsidiaries	-	-	-	(40,573)	(40,573)	-	-	-	-	-	(40,573)	-	(40,573)
Adjustments to share of changes in equity associates	-	635	-	-	-	-	-	-	-	-	635	-	635
Issuance of restricted shares of employees	11,480	163,877	-	-	-	-	-	-	(175,357)	(175,357)	-	-	-
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	17,049	17,049	17,049	-	17,049
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	96,486	96,486
Stock option compensation cost of subsidiary	-	3,112	-	-	-	-	-	-	-	-	3,112	3,695	6,807
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	91,405	91,405	-	(91,405)	-	-	(91,405)	-	-	-
Balance at December 31, 2018	4,238,144	9,199,357	1,755,814	9,422,510	11,178,324	(36,200)	958,390	-	(158,308)	763,882	25,379,707	224,678	25,604,385
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	312,446	(312,446)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(2,118,972)	(2,118,972)	-	-	-	-	-	(2,118,972)	-	(2,118,972)
	-	-	312,446	(2,431,418)	(2,118,972)	-	-	-	-	-	(2,118,972)	-	(2,118,972)
Profit (losses) for the year ended December 31, 2019	-	-	-	4,474,399	4,474,399	-	-	-	-	-	4,474,399	(73,638)	4,400,761
Other comprehensive income for the year ended December 31, 2019	-	-	-	1,993	1,993	(143,250)	2,114,856	-	-	1,971,606	1,973,599	(3,510)	1,970,089
Total comprehensive income for the year ended December 31, 2019	-	-	-	4,476,392	4,476,392	(143,250)	2,114,856	-	-	1,971,606	6,447,998	(77,148)	6,370,850
Disposal of investment accounted for using equity method	-	(1,510)	-	-	-	-	-	-	-	-	(1,510)	-	(1,510)
Changes in ownership interests in subsidiaries	-	(5,161)	-	(119,915)	(119,915)	-	-	-	-	-	(125,076)	-	(125,076)
Adjustments to share of changes in equity associates	-	875	-	-	-	-	-	-	-	-	875	-	875
Issuance of restricted shares of employees	2,620	47,744	-	-	-	-	-	-	(50,364)	(50,364)	-	-	-
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	71,643	71,643	71,643	-	71,643
Purchase and retirement of restricted shares of stock for employees	(200)	200	-	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	31,205	31,205
Stock option compensation cost of subsidiary	-	2,803	-	-	-	-	-	-	-	-	2,803	3,329	6,132
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(16,640)	(16,640)	-	16,640	-	-	16,640	-	-	-
Balance at December 31, 2019	\$ 4,240,564	9,244,308	2,068,260	11,330,929	13,399,189	(179,450)	3,089,886	-	(137,029)	2,773,407	29,657,468	182,064	29,839,532

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 5,393,428	3,734,623
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,348,054	3,158,550
Amortization expense	66,993	63,588
Losses on expected credit impairment (reversal of expected credit impairment)	2,171	(840)
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(246,768)	57,848
Interest expense	50,699	22,456
Interest income	(67,365)	(59,064)
Dividend income	(124,881)	(101,910)
Share-based payments	77,775	23,856
Shares of losses of associates and joint ventures accounted for using equity method	199,856	117,837
Losses (gains) on disposal of property, plant and equipment	375,910	(2,210)
Losses (gains) on disposal of investments	28,115	(286,514)
Changes in biological assets at fair value	(52)	(1,139)
Unrealized foreign exchange gains	(4,386)	-
Losses on lease modification	3,773	-
Prepayments for business facilities transferred to expenses	-	15
Total adjustments to reconcile profit (loss)	3,709,894	2,992,473
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	(240,810)	23,485
Decrease (increase) in notes and accounts receivable	(986,334)	135,566
Increase in inventories	(486,866)	(150,018)
Decrease (increase) in biological assets	88,734	(12,397)
Decrease (increase) in other current assets	(73,847)	81,000
Total changes in operating assets	(1,699,123)	77,636
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	733,140	(607,933)
Increase in other payables	464,709	143,905
Increase in other current liabilities	172,367	10,804
Increase in other non-current liabilities	2,987	1,827
Total changes in operating liabilities	1,373,203	(451,397)
Total changes in operating assets and liabilities	(325,920)	(373,761)
Cash inflow generated from operations	8,777,402	6,353,335
Dividends received	3,091	4,642
Income taxes paid	(696,134)	(878,459)
Net cash flows from operating activities	8,084,359	5,479,518
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(76,775)	(84,704)
Proceeds from disposal of financial assets at fair value through other comprehensive income	17,274	244,675
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,667	-
Proceeds from disposal of non-current financial assets at amortized cost	29,900	32,300
Acquisition of financial assets at fair value through profit or loss	(467,525)	(477,593)
Proceeds from disposal of financial assets at fair value through profit or loss	768,367	1,486,555
Proceeds from capital reduction of financial assets at fair value through profit or loss	35	-
Acquisition of investments accounted for using equity method	(248,320)	(389,970)
Proceeds from disposal of investments accounted for using equity method	-	21,925
Acquisition of property, plant and equipment	(3,516,505)	(3,188,631)
Proceeds from disposal of property, plant and equipment	77,653	4,334
Decrease in other receivables due from related parties	-	181,200
Acquisition of intangible assets	(40,360)	(46,528)
Net cash inflows (outflows) from business combination	(138,256)	56,790
Acquisition of right-of-use assets	(41,018)	-
Decrease (increase) in other non-current assets	(58,298)	24,295
Increase in prepayments for business facilities	(1,789,359)	(2,403,075)
Interest received	68,873	63,792
Dividends received	121,790	97,268
Net cash flows used in investing activities	(5,285,857)	(4,377,367)
Cash flows from (used in) financing activities:		
Proceeds from long-term debt	5,282,865	4,891,000
Repayments of long-term debt	(5,291,600)	(5,346,025)
Decrease in guarantee deposits received	(17,457)	(617)
Repayments of lease liabilities	(68,555)	-
Cash dividends paid	(2,118,972)	(2,958,665)
Interest paid	(30,292)	(22,945)
Changes in non-controlling interests	(38,532)	(68,770)
Net cash flows used in financing activities	(2,282,543)	(3,506,022)
Effect of exchange rate changes on cash and cash equivalents	(51,659)	16,921
Net increase (decrease) in cash and cash equivalents	464,300	(2,386,950)
Cash and cash equivalents at beginning of period	5,462,173	7,849,123
Cash and cash equivalents at end of period	\$ 5,926,473	5,462,173

ATTACHMENT IV: INDEPENDENT AUDITORS' REPORT AND 2019 PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

Independent Auditors' Report

To the Board of Directors of WIN Semiconductors Corp.:

Opinion

We have audited the financial statements of WIN Semiconductors Corp. ("the Company"), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 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

In 2019, we conducted our audit in accordance with the Regulations Governing Auditing, the Ruling No. 1090360805 issued by the FSC and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. In 2018, we conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor' s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in 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 of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report was as follows:

Evaluation of inventory

Please refer to Note 4(g) "Inventories" for accounting policies, Note 5 for accounting assumptions, judgments and estimation uncertainty of inventories, and Note 6(e) for the amount of loss on valuation of inventories of the financial statements.

Due to the high industry demand and rapid fluctuation of the price of precious metals, the Company stored a significant volume of the said material, which resulted in slow turnover of inventories. Therefore, the Company cannot obtain sufficient information on inventories that were sold or used on the reporting date. Since the technology changes rapidly, the inventory may be out of date or may not conform to market demand, resulting in a risk wherein the carrying amount of inventories may exceed its net realizable value. Consequently, the evaluation of inventory is identified as the key matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included: Testing the accuracy of the estimations of inventories at the lower of cost and net realizable value. Referring to the recent selling price and considering the amount of written-off inventories in the subsequent events to evaluate the appropriateness of the amount of loss on valuation of inventories or obsolescence. Analyzing the historical accuracy of judgments, including inspecting the amount of loss on valuation of inventories or obsolescence recognized in prior year and with reference to actual disposal to assess rationality of the judgments of the current period. Moreover, comparing with the provision for inventories valuation and obsolescence made in the current year to evaluate the appropriateness of the assumptions.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is also 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 Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 financial statements for the year ended December 31, 2019 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.

The engagement partners on the audit resulting in this independent auditors' report are Chia-Chien Tang and Ya-Ling Chen.

KPMG

Taipei, Taiwan (The Republic of China)
March 18, 2020

Note to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers". The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

WIN Semiconductors Corp.

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018				December 31, 2019		December 31, 2018	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 3,763,950	9	3,474,932	10	2170	Accounts payable	\$ 1,821,018	4	1,079,252	3
1110	Current financial assets at fair value through profit or loss (Note 6(b))	154,921	-	17,475	-	2200	Other payables	3,559,935	9	2,351,057	7
1170	Accounts receivable, net (Notes 6(c) and 6(u))	2,401,924	6	553,914	1	2220	Other payables to related parties (Note 7)	7,195	-	-	-
1180	Accounts receivable due from related parties, net (Notes 6(c), 6(u) and 7)	-	-	942,499	3	2280	Current lease liabilities (Notes 3(a), 6(n) and 6(aa))	33,526	-	-	-
1210	Other receivables due from related parties (Notes 6(d) and 7)	1,199	-	-	-	2399	Other current liabilities (Notes 6(u) and 7)	<u>397,526</u>	<u>1</u>	<u>217,950</u>	<u>1</u>
1310	Inventories (Note 6(e))	4,358,799	11	3,876,539	11		Total current liabilities	<u>5,819,200</u>	<u>14</u>	<u>3,648,259</u>	<u>11</u>
1470	Other current assets (Notes 3(a), 6(d) and 6(k))	<u>273,994</u>	<u>1</u>	<u>264,180</u>	<u>1</u>		Non-Current liabilities:				
	Total current assets	<u>10,954,787</u>	<u>27</u>	<u>9,129,539</u>	<u>26</u>	2540	Long-term borrowings (Notes 6(m), 6(aa) and 8)	5,226,000	13	5,802,600	17
Non-current assets:						2580	Non-current lease liabilities (Notes 3(a), 6(n) and 6(aa))	15,072	-	-	-
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	565,804	1	722,405	2	2600	Other non-current liabilities (Notes 6(p) and 6(aa))	<u>218,580</u>	<u>1</u>	<u>218,085</u>	<u>-</u>
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	3,585,443	9	1,682,788	5		Total non-current liabilities	<u>5,459,652</u>	<u>14</u>	<u>6,020,685</u>	<u>17</u>
1535	Non-current financial assets at amortized cost (Note 6(b))	-	-	29,900	-		Total liabilities	<u>11,278,852</u>	<u>28</u>	<u>9,668,944</u>	<u>28</u>
1550	Investments accounted for using equity method (Note 6(f))	6,174,200	15	4,379,635	13		Equity (Notes 6(b), 6(p), 6(q), 6(r) and 6(s)):				
1600	Property, plant and equipment (Notes 6(g) and 8)	15,669,777	38	14,784,516	42	3110	Ordinary shares	4,240,564	10	4,238,144	12
1755	Right-of-use assets (Notes 3(a) and 6(h))	48,318	-	-	-	3200	Capital surplus	9,244,308	22	9,199,357	26
1760	Investment property (Notes 6(i) and 8)	1,401,155	4	1,421,528	4	3300	Retained earnings	13,399,189	33	11,178,324	32
1780	Intangible assets (Note 6(j))	122,411	-	94,261	-	3400	Other equity interests	<u>2,773,407</u>	<u>7</u>	<u>763,882</u>	<u>2</u>
1840	Deferred tax assets (Note 6(q))	235,826	1	135,802	-		Total equity	29,657,468	72	25,379,707	72
1915	Prepayments for business facilities	2,129,251	5	2,618,079	8						
1990	Other non-current assets (Notes 6(k) and 8)	<u>49,348</u>	<u>-</u>	<u>50,198</u>	<u>-</u>						
	Total non-current assets	<u>29,981,533</u>	<u>73</u>	<u>25,919,112</u>	<u>74</u>						
	Total assets	<u><u>\$ 40,936,320</u></u>	<u><u>100</u></u>	<u><u>35,048,651</u></u>	<u><u>100</u></u>	Total liabilities and equity		<u><u>\$ 40,936,320</u></u>	<u><u>100</u></u>	<u><u>35,048,651</u></u>	<u><u>100</u></u>

WIN Semiconductors Corp.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2019		2018	
	Amount	%	Amount	%
4000 Operating revenue (Notes 6(u) and 7)	\$ 20,852,558	100	16,757,646	100
5000 Operating costs (Notes 6(e), (g), (h), (j), (n), (o), (p), (s), (v), 7 and 12)	(12,777,640)	(61)	(11,453,327)	(68)
Gross profit from operating	8,074,918	39	5,304,319	32
Operating expenses (Notes 6(g), (h), (i), (j), (n), (o), (p), (s), (v), 7 and 12):				
6100 Selling expenses	(276,128)	(1)	(131,388)	(1)
6200 Administrative expenses	(918,807)	(5)	(802,989)	(5)
6300 Research and development expenses	(1,026,429)	(5)	(916,432)	(5)
Total operating expenses	(2,221,364)	(11)	(1,850,809)	(11)
Net operating income	5,853,554	28	3,453,510	21
Non-operating income and expenses (Notes 6(b), 6(g), 6(n), (o), (w) and 7):				
7010 Other income	225,254	1	208,523	1
7020 Other gains and losses	(169,992)	(1)	377,909	2
7050 Finance costs	(31,564)	-	(22,452)	-
7070 Share of losses of subsidiaries, associates and joint ventures accounted for using equity method	(410,550)	(2)	(224,879)	(1)
Total non-operating income and expenses	(386,852)	(2)	339,101	2
7900 Profit before tax	5,466,702	26	3,792,611	23
7950 Total tax expenses (Note 6(q))	(992,303)	(5)	(668,157)	(4)
Profit	4,474,399	21	3,124,454	19
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss (Notes 6(p), 6(q) and 6(r))				
8311 Remeasurements of defined benefit plans	2,492	-	(34,051)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,845,073	9	(371,497)	(2)
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	269,783	1	19,453	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(499)	-	(7,730)	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	2,116,849	10	(378,365)	(2)
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss (Notes 6(r))				
8361 Exchange differences on translation of foreign financial statements	(112,518)	(1)	120,184	1
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(30,732)	-	(54,755)	(1)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Total components of other comprehensive income that will be reclassified to profit or loss	(143,250)	(1)	65,429	-
8300 Other comprehensive income, net	1,973,599	9	(312,936)	(2)
8500 Total comprehensive income	\$ 6,447,998	30	2,811,518	17
Earnings per common share (expressed in dollars) (Note 6(t))				
9750 Basic earnings per share	\$ 10.59		7.39	
9850 Diluted earnings per share	\$ 10.53		7.35	

WIN Semiconductors Corp.

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Exchange		Unrealized gains (losses) on financial assets at		Other equity interests			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	differences on translation of foreign financial statements	fair value through other comprehensive income	Unrealized gains available-for-sale assets	(losses) on financial	Other unearned compensation for restricted shares of employees	Total other equity interests	
Balance at January 1, 2018	\$ 4,226,664	9,052,896	1,379,394	9,442,293	10,821,687	(100,208)	-	1,568,176	-	-	1,467,968	25,569,215
Effects of retrospective application	-	-	-	166,337	166,337	-	1,401,839	(1,568,176)	-	-	(166,337)	-
Equity at beginning of period after adjustments	4,226,664	9,052,896	1,379,394	9,608,630	10,988,024	(100,208)	1,401,839	-	-	-	1,301,631	25,569,215
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	376,420	(376,420)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(2,958,665)	(2,958,665)	-	-	-	-	-	-	(2,958,665)
	-	-	376,420	(3,335,085)	(2,958,665)	-	-	-	-	-	-	(2,958,665)
Profit for the year ended December 31, 2018	-	-	-	3,124,454	3,124,454	-	-	-	-	-	-	3,124,454
Other comprehensive income for the year ended December 31, 2018	-	-	-	(26,321)	(26,321)	65,429	(352,044)	-	-	-	(286,615)	(312,936)
Total comprehensive income for the year ended December 31, 2018	-	-	-	3,098,133	3,098,133	65,429	(352,044)	-	-	-	(286,615)	2,811,518
Disposal of investments accounted for using equity method	-	(19,746)	-	-	-	(1,165)	-	-	-	-	(1,165)	(20,911)
Adjustments to share of changes in equities of subsidiaries	-	2,330	-	-	-	(256)	-	-	-	-	(256)	2,074
Changes in ownership interests in subsidiaries	-	-	-	(40,573)	(40,573)	-	-	-	-	-	-	(40,573)
Issuance of restricted shares of employees	11,480	163,877	-	-	-	-	-	-	(175,357)	(175,357)	-	-
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	17,049	17,049	17,049	17,049
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	91,405	91,405	-	(91,405)	-	-	-	(91,405)	-
Balance at December 31, 2018	4,238,144	9,199,357	1,755,814	9,422,510	11,178,324	(36,200)	958,390	-	(158,308)	-	763,882	25,379,707
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	312,446	(312,446)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(2,118,972)	(2,118,972)	-	-	-	-	-	-	(2,118,972)
	-	-	312,446	(2,431,418)	(2,118,972)	-	-	-	-	-	-	(2,118,972)
Profit for the year ended December 31, 2019	-	-	-	4,474,399	4,474,399	-	-	-	-	-	-	4,474,399
Other comprehensive income for the year ended December 31, 2019	-	-	-	1,993	1,993	(143,250)	2,114,856	-	-	-	1,971,606	1,973,599
Total comprehensive income for the year ended December 31, 2019	-	-	-	4,476,392	4,476,392	(143,250)	2,114,856	-	-	-	1,971,606	6,447,998
Adjustments to share of changes in equities of subsidiaries	-	2,168	-	(28,253)	(28,253)	-	28,252	-	-	-	28,252	2,167
Changes in ownership interests in subsidiaries	-	(5,161)	-	(119,914)	(119,914)	-	-	-	-	-	-	(125,075)
Issuance of restricted shares of employees	2,620	47,744	-	-	-	-	-	-	(50,364)	(50,364)	-	-
Purchase and retirement of restricted shares of stock for employees	(200)	200	-	-	-	-	-	-	-	-	-	-
Compensation cost arising from restricted shares of employees	-	-	-	-	-	-	-	-	71,643	71,643	71,643	71,643
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	11,612	11,612	-	(11,612)	-	-	-	(11,612)	-
Balance at December 31, 2019	\$ 4,240,564	9,244,308	2,068,260	11,330,929	13,399,189	(179,450)	3,089,886	-	(137,029)	-	2,773,407	29,657,468

WIN Semiconductors Corp.
Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 5,466,702	3,792,611
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,284,900	3,120,537
Amortization expense	57,599	53,836
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(221,437)	32,387
Interest expense	31,564	22,452
Interest income	(45,143)	(40,999)
Dividend income	(95,870)	(79,329)
Compensation cost arising from share-based payments	71,643	17,049
Shares of losses of subsidiaries, associates and joint ventures accounted for using equity method	410,550	224,879
(Gains) losses on disposal of property, plant and equipment	372,900	(2,403)
Gains on disposal of investments	-	(237,129)
Other income	(1,776)	-
Total adjustments to reconcile profit (loss)	<u>3,864,930</u>	<u>3,111,280</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in accounts receivable	(1,848,010)	(99,251)
Decrease in accounts receivable due from related parties	942,499	342,643
Increase in inventories	(487,360)	(148,308)
Decrease (increase) in other current assets	(30,728)	97,199
Total changes in operating assets	<u>(1,423,599)</u>	<u>192,283</u>
Changes in operating liabilities:		
Increase (decrease) in accounts payable	741,766	(603,497)
Increase in other payables	449,122	137,468
Increase in other payable to related parties	7,195	-
Increase in other current liabilities	179,576	6,301
Increase in other non-current liabilities	2,987	1,827
Total changes in operating liabilities	<u>1,380,646</u>	<u>(457,901)</u>
Total changes in operating assets and liabilities	<u>(42,953)</u>	<u>(265,618)</u>
Cash inflow generated from operations	9,288,679	6,638,273
Income taxes paid	(695,697)	(878,240)
Net cash flows from operating activities	<u>8,592,982</u>	<u>5,760,033</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(76,775)	(84,704)
Proceeds from disposal of financial assets at fair value through other comprehensive income	12,526	228,838
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,667	-
Proceeds from disposal of non-current financial assets at amortized cost	29,900	32,300
Acquisition of financial assets at fair value through profit or loss	(467,526)	(477,593)
Proceeds from disposal of financial assets at fair value through profit or loss	708,083	1,451,464
Proceeds from capital reduction of financial assets at fair value through profit or loss	35	-
Acquisition of investments accounted for using equity method	(2,201,490)	(1,705,270)
Proceeds from disposal of investments accounted for using equity method	-	21,925
Acquisition of property, plant and equipment	(1,959,016)	(2,712,970)
Proceeds from disposal of property, plant and equipment	77,466	3,367
Acquisition of intangible assets	(33,468)	(43,538)
Decrease in other non-current assets	850	2,073
Increase in prepayments for business facilities	(1,784,177)	(2,378,658)
Interest received	46,511	42,151
Dividends received	95,870	79,329
Other income received	577	-
Net cash flows used in investing activities	<u>(5,543,967)</u>	<u>(5,541,286)</u>
Cash flows from (used in) financing activities:		
Proceeds from long-term debt	4,715,000	4,891,000
Repayments of long-term debt	(5,291,600)	(5,346,025)
Repayments of lease liabilities	(32,735)	-
Cash dividends paid	(2,118,972)	(2,958,665)
Interest paid	(31,690)	(22,941)
Net cash flows used in financing activities	<u>(2,759,997)</u>	<u>(3,436,631)</u>
Net increase (decrease) in cash and cash equivalents	289,018	(3,217,884)
Cash and cash equivalents at beginning of period	3,474,932	6,692,816
Cash and cash equivalents at end of period	<u><u>\$ 3,763,950</u></u>	<u><u>3,474,932</u></u>

ATTACHMENT V: PROFIT ALLOCATION PROPOSAL

WIN Semiconductors Corp. 2019 Profit Allocation Proposal

Unit: NT\$

Net profit of 2019	4,474,399,081
Less: 10% legal reserve	(447,439,908)
Retained earnings in 2019 available for distribution	4,026,959,173
Distributable item:	
Cash dividends to common share holders (NT\$7 per share)	(2,968,394,688)
Unappropriated retained earnings of 2019	1,058,564,485
Add: Unappropriated retained earnings, Dec. 31, 2018	6,991,092,059
Add: Disposal of investments in equity instruments designated at fair value through other comprehensive income	11,611,929
Add: Remeasurements of defined benefit plans	1,993,600
Less: Adjustments to share of changes in equities of subsidiaries	(28,252,956)
Less: Changes in ownership interests in subsidiaries	(119,913,833)
Unappropriated retained earnings, Dec. 31, 2019	7,915,095,284

If there is any net profit after closing of a fiscal year, the Corporation shall first pay business income tax, offset losses in previous years, set aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Corporation; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. If there is still remaining balance, the Corporation shall set aside at least 50% for shareholders' dividends, the Board of Directors should draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the dividend, in which cash dividend shall not be lower than 10% of entire dividend.

It is authorized the distributable dividends and bonuses or legal capital reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

As the Corporation is a high-tech firm with intensive capital expenditure, conditions, timing, amount and kinds of the above-stated dividend policy may be adjusted, taking into account economic cycles, industry change and the Corporation's growth and cash demand.

Chin-Tsai Chen
Chairman

Kyle Chen
CEO

Linna Su
Accounting Officer

IV. APPENDIX

APPENDIX I: RULES AND PROCEDURES OF SHAREHOLDERS' MEETING

WIN Semiconductors Corp.

Rules and Procedures of Shareholders' Meeting

Approved by the AGM on June 24, 2016

1. Unless otherwise provided for in applicable laws and regulations or the Company's Articles of Incorporation, Shareholders' Meeting Rules and Procedures of the Company shall comply with the following articles.
2. The shareholders or their appointed proxies are referred to as shareholders on these articles.
3. Shareholders' meetings (the "Meeting") shall be held at the Company's premises or at another place that is convenient for shareholders to attend and suitable for a Meeting. The Meeting shall not start earlier than 9:00 AM or later than 3:00 PM.
4. The Company may appoint retained lawyers, certified public accountants or related persons to participate in the Meeting.
5. The Company shall provide a sign-in book allowing attending shareholders to sign in or require attending shareholders to submit attendance cards in lieu of signing in. Shareholders shall be admitted to the Meeting on the basis of attendance passes, attendance cards, or other attendance documents; those persons soliciting proxy forms shall be required to present identification documents for checking identities. When the government or a legal entity is a shareholder, more than one representative may attend the Meeting. However, a legal entity serving as proxy to attend the Meeting may appoint only one representative to attend.
6. Voting and attendance at the Meeting shall be based on number of shares. If a shareholder requests counting of number of the attendees, the chairman may turn it down. After such request was made, a resolution is duly passed should the attendance constitute the quorum if a voting is made on an agenda item.
Shares of shareholders without voting rights shall not be included in the total number of issued and outstanding shares when voting on resolutions. If there is concern that a shareholder's interest may conflict with and adversely affect the Company's interests with regard to any matters discussed at the Meeting, such shareholder may not participate in voting, and may not represent another shareholder to exercise his or her voting rights.
The number of shares of those persons not permitted to exercise their voting rights in the foregoing paragraph shall not be included in counting the total number of voting shares for attending shareholders.

Except in the case of a trust enterprise or securities proxy organization approved by the securities competent authority, the proxy voting rights of a person serving as a proxy for two or more shareholders may not exceed 3% of total issued and outstanding shares voting rights; if it does exceed 3%, the excess portion shall not be counted.

7. The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Vice Chairman of the Board of Directors or one of the Directors shall preside at the Meeting in accordance with Article 208 of the Company Law of the Republic of China.

If the Meeting is convened by any person entitled to convene the Meeting other than the Board of Directors, such person shall be the chairman to preside at the Meeting. If there is more than one such person entitled to convene the Meeting, those persons shall nominate amongst themselves to be the Meeting's chairman.

The notifications and announcements shall state the reasons for the Meeting. The election or discharge of directors, the amendment of this Company's Articles of Incorporation, the dissolution, merger, or spin-off of the Company, or the matters specified in the Article 185, Paragraph 1 of the Company Law, or Article 26-1 or Article 43-6 of the Securities and Exchange Law shall be listed among the reasons for the Meeting, and may not be proposed as provisional motions.

8. The Company shall locate the surveillance video taping at the entrance of the Meeting place, and the proceeding of the Meeting shall be audio recorded and videotaped and these tapes shall be preserved for at least one year. However, the said audio and video tapes shall be preserved until the conclusion of the lawsuit if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law.
9. The chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and the Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements, the number of shares represented by the attending shareholders has not yet constituted more than one-third of all issued and outstanding shares, the chairman shall announce the termination of the Meeting.

If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China, and shareholders shall be notified to attend another shareholders' meeting to approve the tentative resolutions within one month.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

10. The agenda of the Meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the items (including provisional motions) listed in the agenda are completed.

11. When a shareholder attending the meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's account number (or the number of attendance card) and the account name of the shareholder. The chairman shall determine the sequence of shareholder's speeches.

If any attending shareholder at the Meeting submits a speech note but does not speak, no speech should be deemed to have been made by the shareholder. In case the content of the speech of a shareholder is inconsistent with the content of the speech note, the content of actual speech shall prevail.

The same shareholder may not speak more than twice concerning the same item without the chairman's consent, and each speech time may not exceed five minutes. The chairman may stop the speech of any shareholder who violates the above provision or exceeds the scope of the agenda item.

Unless otherwise permitted by the chairman and the speaking shareholder, no shareholder shall interrupt the speech of the speaking shareholder, otherwise the chairman shall stop such interruption.

When a legal-entity shareholder has appointed two or more representatives to attend the Meeting, only one representative can speak for each agenda item.

The chairman may respond himself/herself or designate another person to respond after the speech of attending shareholder.

12. Unless otherwise listed in the agenda items, there shall be no discussion or voting.

The chairman must provide sufficient time for the explanation and discussion of all items on the agenda and amendments and provisional motions submitted by shareholders; the chairman may announce an end of discussion and submit an item for a vote if the chairman deems that the agenda item is ready for voting. If the item(s) discussion of which was ended by the chairman is announced by the chairman to submit for voting(s), the votings may be conducted at same time, but each agenda item shall be voted separately.

13. Except otherwise specified in the Company Law or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the attending shareholders. An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no objection is voiced by all the attending shareholders after solicitation by the chairman.
14. If there is amendment to or substitute for an agenda item, the chairman shall decide the sequence of voting for such original agenda item, the amendment and the substitute. If any one of them has been approved, the others shall be deemed vetoed and no further voting will be necessary.
15. The chairman shall appoint persons to handle checking and counting ballots during votes on agenda items. However, the persons responsible for checking ballots must be shareholders. The ballots shall be publicly counted at the Meeting venue and the results of voting shall be announced at the Meeting and placed on record.
16. During procession of the Meeting, the chairman may announce recession. In case of force majeure, the chairman may determine to suspend the Meeting and announce the time of resuming the Meeting. In accordance with Article 182 of the Company Law of the Republic of China, the shareholders may have resolution to extend or continue the Meetings in five days.

Before the agenda (including provisional motions) set for the Meeting are completed, if the Meeting place cannot continue to be used, a new place will be located for resumption of the Meeting.
17. Persons handling affairs of the Meeting shall wear identification cards or arm badges. The chairman may order disciplinary officers or security guards to assist in keeping order in the Meeting place. Such disciplinary officers or security guards shall wear arm badges marked "Disciplinary Personnel" when assisting in maintaining order in the Meeting place.

If the Meeting place is equipped with loudspeaker equipment, the chairman shall stop any shareholders using equipment not installed by the Company from speaking.

The chairman shall order disciplinary officers or security guard to escort any shareholders who violate these Rules and Procedures and fail to heed the chairman's correction, or disrupt the proceeding of the Meeting and fail to desist, to leave the Meeting place.
18. If the election of directors is conducted during the Meeting, such an election shall be performed in accordance with the Company's Rules for Election of Directors and Supervisors, and the results must be announced at the Meeting.

The ballots casts in the election in the forgoing paragraph shall be sealed and signed by the persons responsible for checking ballots and kept for at least one year. If a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law, ballots shall be kept until the end of the lawsuit.

19. Resolutions made at the Meeting shall be complied in the form of minutes. The chairman shall affix his signature or seal to the minutes, which shall be issued to shareholders within 20 days after the end of the Meeting.

With regard to the issue of minutes in the forgoing paragraph, the minutes may be distributed in the form of an announcement on the Market Observation Post System Website.

The minutes must faithfully record the Meeting's date (year, month, day), place, chairman's name, resolution method, summary of proceeding and results of resolutions.

The minutes of the Meeting shall be preserved for as long as the Company exists.

"There is no objection from any shareholders after solicitation by the chairman and the resolution is passed" shall be recorded in the minutes if no objection is voiced after solicitation by the chairman before an agenda item is put to a vote. If there are any objections, however, the resolution method, the number of approval votes cast and the percentage of the approval votes as to total votes shall be recorded in the minutes.

If any resolutions made by the Meeting are material information pursuant to the applicable laws and regulations or the Taiwan Stock Exchange Corporation's (Taipei Exchange's) regulations, the Company shall transmit the content of such resolutions to the Market Observation Post System Website within the specified period of time.

20. Shareholders attending the Meeting shall have the obligation to observe Meeting rules, obey resolutions and maintain order at the Meeting place.
21. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

APPENDIX II: ARTICLES OF INCORPORATION

WIN Semiconductors Corp.

Articles of Incorporation

Approved by the AGM on June 14, 2019

Section I General Provisions

Article 1

This Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 穩懋半導體股份有限公司 in Chinese.

The Corporation's name shall be WIN Semiconductors Corp. in English.

Article 2

The scope of business of the Corporation shall be as follows:

1. CC01080 - Manufacturing of electronic parts and components.
2. F119010 - Wholesale of electronic materials.
3. ZZ99999 - All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3

The Corporation shall have its principal office in Taoyuan City, Taiwan, and shall be free, whenever necessary and upon approval of the Board of Directors and government authorities in charge, to set up branch offices at various locations within or outside the territory of the Republic of China.

Article 4

The Corporation may provide endorsement and guarantee and act as a guarantor pursuant to the Corporation's Endorsement and Guarantee Procedure, whenever the Corporation deems it necessary to carry out its business.

Section II Capital Stock

Article 5

The total capital stock of the Corporation shall be in the amount of 10,000,000,000 New Taiwan Dollars, divided into 1,000,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments subject to the approval by the meeting of the Board of Directors. The Corporation may issue employee stock options from time to time. A total of 100,000,000 shares (representing 1,000,000,000 New Taiwan Dollars) among the above total capital stock shall be reserved for issuing employee stock options.

Article 6

The Corporation may issue shares without printing share certificates, provided that the stock shall be recorded with the centralized securities custody institution.

Article 7

All transfers of stocks and name changes conducted by shareholders shall follow the Company Law and applicable regulations.

Article 8

All transfers of stocks, pledges of rights, losses, successions, gifts, losses of seal, amendments of seal, changes of address or similar stock transactions conducted by shareholders of the Corporation shall follow the “Guidelines for Stock Operations of Public Companies” unless specified otherwise by securities laws and regulations.

Article 8 – 1

When it is proposed that the Corporation cease public offering of its shares, the Corporation shall submit such proposal for approval by the Shareholders’ Meeting in accordance with the Company Law of the Republic of China, provided that such clause shall not be varied or amended during the period of registration with and/or listing on the Emerging Market of Gre Tai Securities Market, Taiwan Stock Exchange Corporation and/or the Gre Tai Securities Market.

Section III Shareholders Meeting**Article 9**

Shareholders’ Meetings of the Corporation are of two types, namely: (1) regular meetings, and (2) special meetings. Regular meetings shall be convened within six (6) months after the close of each fiscal year. Special meetings shall be convened whenever necessary. The above-stated shareholders’ meetings shall be convened by the Board of Directors unless otherwise provided for in the Company Law of the Republic of China.

Article 10

If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it by signing or sealing a proxy stating scope of authorization. The handling of proxies shall follow Procedures Governing Using Proxies in Shareholders Meetings of a Public Company issued by the government authority in charge.

Article 11

Unless otherwise provided for by laws, each share of stock in the Corporation shall be entitled to one vote.

Article 12

Except as provided in the Company Law of the Republic of China, shareholders' meeting may be held if attended by shareholders representing more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

Section IV Directors of the Board

Article 13

The Corporation shall have seven (7) to nine (9) Directors, who shall be elected in accordance with the nomination system by the shareholders' meeting, and to serve a term of office of three (3) years. All Directors shall be eligible for re-election.

The Corporation shall have Independent Directors, seats of which shall not be less than two (2) or one-fifth of seats of Directors, whichever is higher. Matters relevant to acceptance of candidate nomination, announcement, etc. shall be proceeded pursuant to the Company Law, Securities Exchange Law and the related laws and regulations. The election of Independent Directors and Directors of the Corporation shall be conducted concurrently and the number of the Independent Directors and Directors to be elected shall be calculated separately.

Article 14

The Board of Directors is consisted of Directors. The Directors shall elect from among themselves a Chairman of the Board of Directors and a Vice Chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Board of Directors shall have the authority to undertake all matters on behalf of the Corporation pursuant to the laws and regulations, the Articles of Incorporation of the Corporation, and the resolutions adopted by the Shareholders' meeting and the meeting of the Board of Directors.

Article 14 - 1

The Board of Directors may establish various committees with different functions. The committees subordinated to the Board of Directors shall stipulate charters and rules regarding the exercise of rights and duties and which shall be put in force upon approval by the Board of Directors.

In compliance with laws or regulations, the Corporation shall establish an Audit

Committee, which shall consist of all Independent Directors. The Audit Committee shall be responsible for those responsibilities of supervisors specified in the Company Law of the Republic of China, Securities and Exchange Law and other relevant regulations.

Article 15

The Board of Directors shall hold a meeting at least once every quarter.

The reasons for convention of meetings of the Board of Directors shall be specified in the meeting notice and be given to each Director, provided that a meeting of the Board of Directors may be convened at any time in the event of emergency. The notice for convention of meetings of the Board of Directors shall be given to each Director in writing, in the form of electronic transmission or facsimile.

Article 16

The authorities of the Board of Directors shall follow the Company Law of the Republic of China and other applicable regulations.

Article 17

Meetings of the Board of Directors shall be presided by the Chairman of the Board of Directors. In his absence, acting for him shall be determined in accordance with Article 208 of the Company Law of the Republic of China. Other than the Board of Directors, anyone who has the right to convene a shareholders' meeting shall preside that shareholders' meeting. If there are two (2) or more persons who have the right to convene such meeting, a chairman shall be elected among themselves.

Article 18

Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting. A Director may, by written authorization stating the scope of authority, appoint another Director to attend the meeting, provided that one Director may not be acting for two or more Directors.

Article 19

The Corporation may defray compensation to all the Directors when they perform the duties relevant to the Corporation.

The Board of Directors is authorized to determine the compensation for all Directors based on the standards of the industry, taking into account the individual performance and the long term performance of the Corporation, and the business operation risk of the Corporation. The compensation for Independent Directors may be reasonably different from Directors.

Article 19 - 1

The Corporation may purchase liability insurance for Directors.

Section V Management

Article 20

The Corporation may appoint a Chief Executive Officer, whose appointment, discharge and compensation shall follow Article 29 of the Company Law of the Republic of China and be appointed by a resolution attended by a majority of Directors and adopted with the concurrence of the majority of the Directors present at the meeting.

Section VI Accounting

Article 21

After closing of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular Shareholders' meeting for acceptance:

1. Business Report;
2. Financial Statements, and
3. Proposal Concerning Appropriation of Net Profits or Losses.

If the proposal concerning appropriation of net profits is paid in cash according to the second paragraph of Article 22-1, it shall be reported to the regular Shareholders' meeting.

Article 22 Employees' Profit Sharing Bonus and Compensation of Directors

If there is any net profit after closing of a fiscal year, it shall be allocated according to the following principles:

1. Employee's profit sharing bonus: not less than 5% but no more than 10% and shall be determined and pursuant to Employee Bonus Procedure of the Corporation. In addition, employee's profit sharing bonus shall be distributed in the form of shares or cash. Stock-type employee's profit sharing bonus may be distributed to qualified employees of affiliates of the Corporation.
2. Compensation of Directors: no more than 3%.

However, if there are any accumulated losses of the Corporation, the Corporation shall pre-reserve the amount to offset the loss. The distribution of employees' compensation and compensation of Directors shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.

Article 22 - 1 Profits Distribution

If there is any net profit after closing of a fiscal year, the Corporation shall first pay business income tax, offset losses in previous years, set aside a legal capital reserve at

10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Corporation; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. If there is still remaining balance, the Corporation shall set aside at least 50% for shareholders' dividends, the Board of Directors should draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the dividend, in which cash dividend shall not be lower than 10% of entire dividend.

It is authorized the distributable dividends and bonuses or legal capital reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

As the Corporation is a high-tech firm with intensive capital expenditure, conditions, timing, amount and kinds of the above-stated dividend policy may be adjusted, taking into account economic cycles, industry change and the Corporation's growth and cash demand.

Section VII Supplementary Provisions

Article 23

The amount of re-investment by the Corporation may exceed 40% of its paid-in capital.

Article 24

In regard to all matters not provided for in the Articles of Incorporation, the Company Law and relevant laws and regulations of the Republic of China shall govern.

Article 25

The Article of Incorporation are agreed to and signed on December 12, 1999 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on May 12, 2000, the second Amendment on May 4, 2001, the third Amendment on June 24, 2002, the fourth Amendment on June 24, 2003, the fifth Amendment on October 26, 2004, the sixth Amendment on June 24, 2005, the seventh Amendment on June 2, 2006, the eighth Amendment on June 19, 2008, the ninth Amendment on June 26, 2009, the tenth Amendment on June 24, 2010, the eleventh Amendment on June 10, 2011, the twelfth Amendment on June 5, 2012, the thirteenth Amendment of June 3, 2015, the fourteenth Amendment of June 24, 2016 and the fifteenth Amendment of June 14, 2019.

APPENDIX III: EFFECT UPON BUSINESS PERFORMANCE, EARNINGS PER SHARE AND RETURN ON EQUITY OF ANY STOCK DIVIDEND DISTRIBUTION

No stock dividend distributed, not applicable.

APPENDIX IV: THE ACCEPTANCE OF PROPOSED RESOLUTIONS OR NOMINATION OF CANDIDATES FOR DIRECTORS FROM ELIGIBLE SHAREHOLDERS

1. In accordance with Article 172-1 of the Company Law, the time frame for the acceptance of proposed resolutions or nomination of candidates for directors from eligible shareholders will start from April 6 to April 16, 2020.
2. No proposal was submitted by any shareholders who hold more than one per cent of the company's outstanding shares within this period.

APPENDIX V: SHAREHOLDING OF DIRECTORS

WIN Semiconductors Corp. Shareholding of Directors

Book closure date: April 14, 2020

Position	Name	Shareholding (shares)	Shareholding ratio (%)
Chairman	Chin-Tsai Chen	12,752,953	3.01%
Director	International Fiber Technology Co, Ltd.	3,503,097	0.83%
	Representative: Ming-Chien Hsieh (Note 5)	0	0%
Director	Li-Chen Yeh	7,687,525	1.81%
Director	Yu-Chi Wang	800,000	0.19%
Director	Wen-Ming Chang	296,750	0.07%
Director	Shun-Ping Chen	1,897,993	0.45%
Total	Shareholding of directors (excluding independent directors)	26,938,318	6.36%
Independent Director	Chin-Shih Lin	0	0%
Independent Director	Shen-Yi Lee	30,000	0.01%
Independent Director	Hai-Ming Chen	5,120	0.00%
Total	Shareholding of independent directors	35,120	0.01%

1. Total issued shares: 424,056,384 shares
2. The minimum required combined shareholding of all directors by law: 16,000,000 shares.
3. The shareholding of directors (excluding independent directors) on the book closure date: 26,938,318 shares (6.36%) as of April 14, 2020.
4. The Company has set up Audit Committee, therefore, the minimum numbers of shares required to be held by the entire bodies of supervisors is not applicable.
5. Representative was reappointed on Nov 12th 2019.