

Stock Code : 8028



2020 Annual Shareholders' Meeting
Meeting Agenda
(Translation)

Date : 9:00 a.m., May 25, 2020

Venue : GIS HSP Convention Center-Einstein/Hall

TABLE OF CONTENTS

1. Meeting Procedure.....	1
2. Meeting Agenda.....	2
(1) Report Items	3
(2) Proposed Resolutions	3
(3) Questions and Motions.....	4
(4) Adjournment	4
3. Attachment	
I. Business Report.....	6
II. Audit Committee’s Review Report	9
III. Domestic 1st unsecured Convertible Bonds Report	10
IV. Independent Auditors’ Report and 2019 Financial Statements.....	11
V. Earnings Distribution Proposal	32
4. Appendix	
I. Articles of Incorporation.....	33
II. Rules and Procedures of Shareholders’ Meeting	41
III. Shareholdings of All Directors.....	52

Phoenix Silicon International Corporation

Procedure of 2020 Annual Shareholders' Meeting

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Proposed Resolutions
5. Questions and Motions
6. Adjournment

Phoenix Silicon International Corporation

2020 Annual Shareholders' Meeting Agenda

Time : 9:00 a.m., May 25, 2020

Place : GIS HSP Convention Center - Einstein/Hall

(2F, No. 1. Industrial East Road 2, Hsinchu Science Park, Hsinchu)

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
 - (1) To report the business of 2019
 - (2) Audit Committee's review report of 2019
 - (3) To report 2019 employee's compensation and directors' remuneration
 - (4) To report the related matters of the issuance of the domestic 1st unsecured convertible Bonds
4. Proposed Resolutions
 - (1) To accept 2019 Business Report and Financial Statements
 - (2) To approve the proposal for distribution of 2019 earnings
5. Questions and Motions
6. Adjournment

Report Items

(Proposed by the Board of Directors)

1. To report the business of 2019

Explanatory Notes :

Please refer page 6 to 8 of this handbook (Attachment I).

(Proposed by the Board of Directors)

2. Audit Committee's review report

Explanatory Notes :

Please refer page 9 of this handbook (Attachment II).

(Proposed by the Board of Directors)

3. To report 2019 employee's compensation and directors' remuneration

Explanatory Notes :

(1) The Board of Directors approved 2019 employee's compensation is NTD 77,950,648 and directors' remuneration is NTD 10,393,420 on February 25, 2020. The employee's compensation and directors' remuneration are to be distributed in cash.

(2) The aforesaid remuneration has been expensed in 2019, and the amount of its accounting expenses is not different from the amount approved by the board of directors.

(Proposed by the Board of Directors)

4. To report the related matters of the issuance of the domestic 1st unsecured convertible Bonds

Explanatory Notes :

The company issued domestic 1st unsecured conversion of corporate bonds in 2019. Please refer page 10 of this handbook (Attachment III).

Proposed Resolutions

(Proposed by the Board of Directors)

1. To accept 2019 Business Report and Financial Statements

Explanatory Notes :

- (1) 2019 Financial Statements were audited by PwC Taiwan, Mr. Li, Tien-Yi and Mr. Xie, Zhi-Zheng. The aforementioned and FY 2019 business report have been approved by the board and the audit committee with review report.
- (2) Please refer to the Business Report and the Financial Statements on page 6 to 8 and 11 to 31 of this handbook (Attachments I and IV).

Resolution:

(Proposed by the Board of Directors)

2. To approve 2019 profit distribution proposal

Explanatory Notes :

- (1) 2019 Net income is NTD 332,094,701, the Company proposes to distribute cash dividend for shareholder in NTD 2 per share, totaled NTD 264,816,000.
- (2) The cash dividends will be calculated to the nearest NT dollar. The remainder will be transferred into the account of the Employee Welfare Committee.
- (3) Subject to the approval of the General Shareholders' Meeting, the Chairman is authorized to determine the ex-dividend date and the distribution date for the cash dividends and other related matters.
- (4) Prior to the ex-dividend date for the distribution, if the number of total shares outstanding has changed due to the repurchasing of shares by the Company, the

transfer of treasury shares to employees, or the conversion of shares from domestic convertible bonds, etc., so that the ratio of the cash dividends is changed and needs to be adjusted, the Chairman is authorized to make such adjustments.

(5) Please refer page 32 for 2019 Earning Distribution Statement (Attachments V) .

Resolution:

Questions and Motions

Adjournment

Business Report

1. 2019 Operating Result

Phoenix Silicon International Corporation (Psi) has been listed on Taiwan Stock Exchange since 2018. Over the years, Psi has been growing in the core of semiconductor OEM business, strengthening customers reliability and increasing quality. Meanwhile, Psi committed to investing in research development and building capacity so as to acquire the ability to grow sustainably.

On the trend which is driving by electric vehicles, industrial automation, and green industry application, Psi has been actively expanding wafer thinning service and developing the midpiece and endpiece stage of ultrathin wafer. In response to advanced semiconductor process demand, the productivity of reclaim wafer keeps increasing. In addition, Psi also invests in high specification reclaim wafer development and mass production.

In the first half of 2018, the semiconductor industry is in perfect working situation. In contrast with the first half year, the semiconductor industry was affected by some negative news such as shortage of Intel CPU, weak demand of mineral sources, decreasing need of smart phone, and etcetera in the last half year of 2018 due to the US-China trade war. Psi achieved the following results with the efforts of our team :

Unit: NT\$'000

Year Item	2019	2018	Change (%)
Revenue	2,649,059	2,121,873	24.85
Gross Profit	889,440	720,946	23.37
Operating Income	416,260	276,125	50.75
Profit attributable to Owners of the parent	332,095	232,634	42.75
EPS (NT\$)	2.51	1.87	34.22
ROA (%)	7.99%	6.75%	18.37
Debt ratio (%)	54.27%	32.37%	67.66

2. The outline of 2020 business plan is as follows :

Semiconductor Business :

In addition to strengthening new customers' expansion of Reclaim wafer OEM business, Psi will actively expand 12" wafer's capacity and add high specification quality products to meet customers' needs. Meanwhile, improving process automation technology to reduce costs and continuously developing next-generation polishing, cleaning and testing technologies are our goals as well. And meet customer needs 10nm and below.

Regarding the wafer thinning department, Psi has been expanding the service range, carrying forward to mass production of 25um wafer thinning process and developing wafer-level packaging, testing related technologies to meet customers' demand. As for the

product development of the next generation, we will continue to focus on 5G automotive applications.

In the aspect of MEMS OEM, Psi has been continuously developing acoustics, optics, medical science sensor process, etc. with customers. Additionally, we make efforts to increase customers demand for mass production and expand the scope of process integration services. In terms of biochip sensor business, we will keep expanding application fields of enzyme-free glucose sensing and viral DNA detection.

Battery Business :

Battery energy storage systems started a positive transformation in 2019. In 2020, PBC will continue to focus on business expansion, teams building and business model. As for the business of battery cells and battery module, actively seeking a profitable model has become a top priority.

3. Future development strategy

In response to future industry development trends, Psi simultaneously plans development strategies in three aspects: technology research, capacity growth and new business expansion.

In response to the global energy saving and carbon reduction and renewable energy green power development trends, power semiconductors urgently need to develop a new generation of high-performance materials such as GaN, SiC and other composite materials. Psi actively develops thinning and recycling processes for related composite wafers and verifies the application of vehicle regulations with customers. In addition to the operation of existing high-power lithium batteries in UPS and small energy storage, PBC will build and strengthen R & D and market development of large-scale energy storage system integration.

In terms of capacity growth, Psi continues to increase the energy of smart manufacturing technology and actively expands the capacity of existing factories. At the same time, evaluate the second production base to meet the needs of customers for sustainable operation.

In terms of new business development, with the characteristics of semiconductor technology that can be tested more quickly and accurately, a micro-nano structure sensing platform has been established in the field of micro electro- mechanical bio-detection. Psi has also been expanding biomedicine filed such as enzyme-free glucose sensor and viral DNA detection.

4. Impact of external competition environment, regulation environment and overall operating environment

In 2019, the financial market is highly fluctuating under the influence of multiple factors including the conflict between the United States and China, the chaotic situation of Brexit and geopolitics. However, as the central banks of major countries such as the United States and Europe have adopted accommodative monetary policies, the central banks of emerging

countries have also cut interest rates. This situation also led to capital fermentation. Meanwhile, stocks, bonds, real estate, and infrastructure have all been rising.

In 2020, the outbreak and spreading of COVID-19 has caused serious impact on Chinese and global supply chain, not to mention the severe stagnation of global activities and market consumption. However, all countries in the world, including Taiwan, are proposing positive policies such as loose currency, public construction increasement, and consumption stimulation. Under the influence of the epidemic and the tightening of market demand, the overall economic unfavorable factors still exist. We hope that the economy will reverse in the second half of year.

Regarding the regulations, Psi will continue to pay close attention to laws and regulations amendments like environmental protection, labor security, and corporate governance in order to faithfully follow the laws and regulations. At the same time, Psi will actively participate in public welfare, environmental protection activities to contribute to the society.

In general, under the premise of sound finance, Psi will still expand production capacity cautiously, improve our process and quality, widen the gap with competitors, and keep providing the best services to customers in terms of industrial competition. Prospecting the future, Psi will continue to strengthen the leading position in this field, carry out forward-looking technologies to improve revenue and profit, develop new customers and service scope so that we can ultimately create the best interests of shareholders and employees.

We hope you will continue to support and encourage Psi in the future.

Best regards,

Chairperson : Mike Yang 

President : Tony Tsai 

Chief Account : Eunice Tai 

(Attachment II)

Phoenix Silicon International Corporation

Audit Committee's Review Report

The Board of Directors has prepared the Company's Financial Statements, 2019 Business Report and proposal for distribution of 2019 earnings. Of which, the Financial Statements have been audited by PricewaterhouseCoopers Taiwan. The Financial Statements, 2019 Business Report and proposal for distribution of 2019 earnings have been audited by us as Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

Phoenix Silicon International Corporation

Chairman of the Audit Committee : Huang Hung-Lung



On the date of April 7, 2020

Domestic 1st unsecured Convertible Bonds

Series	Domestic 1st unsecured Convertible Bonds
Approved date by the Board of Director	September 20, 2019
Reasons to raise	Purchase equipment to expand production capacity
Approved No. by the Competent Authority	21 October 2019 Letter No. Financial-Supervisory-Securities-Corporate-1080332879 08 November 2019 Letter No. Securities-Counter-Bond-10800121472
Issuance Date	November 13, 2019
Total Issuance Amount	NTD 1,000,000 thousands
Issuance Period	Three years Issuance Date : November 13, 2019 Maturity Date : November 13, 2022
Denominations	NTD 100 thousands
Number of Bonds Issued	100,000,000 shares
Issue Price	109.92%
Interest	No interest will be payable on the Bond
Initial Conversion Price	NTD 148 per share
Conversion Period	From February 14, 2019 to November 13, 2022
Final Redemption	Unless previously redeemed or converted in the circumstances referred to articles 10 and 18 in “Terms and Conditions of the domestic 1st unsecured convertible bonds” by the holder of the Convertible Bonds, the Bonds will be redeemed at the Principal amount in cash 100.7519%

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(109) Financial Report No. 19002744

To the Board of Directors and Shareholders of Phoenix Silicon International Corporation

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

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

Key audit matters

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

Evaluation of inventories

Description

The lithium ion battery products produced by Phoenix Silicon International Corporation’s

subsidiary (listed using the equity method of investment) produced by Phoenix Battery Corporation, Ltd. (hereinafter referred to as "Phoenix Battery") are yet to be actively promoted by the market. Therefore, the risk of loss on market value decline or obsolescence is higher. Inventories of Phoenix Battery are measured at the lower of cost and net realizable value method. The net realizable value often involves with subjective judgments. In consider the energy division of inventories evaluation results would have a significant impact on financial statements, therefore, we listed the evaluation of inventories as one of the key audit matters.

How our audit addressed the matter

We performed the following key audit procedures in respect of the above key audit matter: Obtained an understanding of accounting policies on the provision of allowance for inventory valuation losses and validated the accuracy of inventory aging report, as well as sampled and confirmed the consistency of quantities and amounts with detailed inventory listings, verified the dates of movements with supporting documents and ensured the proper categorization of inventory aging report. Evaluated and confirmed the reasonableness of net realizable value for inventories through validating respective supporting documents.

Audit of increase of property, plant and equipment (PP&E)

Description

Please refer to Note 4 (13) of the individual financial report for the accounting policy of property, plant and equipment. Please refer to Notes 6(6) of the individual financial report for the accounting account descriptions of property, plant and equipment.

Phoenix Silicon International Corporation mainly provides the professional processing for semiconductor wafer, such as recycling, thinning and the others. In order to meet customers' demands, Company had to build advanced technology capacities and continue developments. Consider the Company's capital expenditures have been increasing tremendously in this year, therefore, we listed the accounting policy of property, plant and equipment as one of the key audit matters.

How our audit addressed the matter

We performed the following key audit procedures in respect of the above key audit matter: Evaluate and test the effectiveness of relevant internal controls related to the addition and depreciation of property, plant and equipment. Validate the relevant purchase orders, invoices, etc. to confirm that transactions have been properly approved and booked with correct amount. Validate the acceptance report to confirm whether the assets are actually available for use and booked in the catalog of fixed assets at the appropriate time, and whether the depreciation calculations have been correctly started.

Responsibilities of management and those charged with governance for the

parent company only financial statements

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

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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

Li, Tien-Yi

Xie, Zhi-Zheng

For and on behalf of PricewaterhouseCoopers, Taiwan February 25, 2020

Phoenix Silicon International Corporation
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,768,882	34	\$ 763,037	25
1110	Financial assets at fair value	6(2)				
	through profit or loss		1,327	-	130	-
1140	Contract assets-current	6(19)	171,059	3	83,876	3
1150	Notes receivable		156	-	-	-
1170	Accounts receivable	6(3)	346,522	7	370,927	12
1180	Accounts receivable-related	6(3) and				
	parties	7	1,071	-	-	-
1200	Other receivables		1,719	-	1,203	-
1210	Other receivables - related parties	7	834	-	893	-
130X	Inventories	6(4)	135,393	3	109,106	3
1410	Prepayments		8,679	-	8,318	-
1470	Other current assets		1,497	-	913	-
11XX	Total current assets		<u>2,437,139</u>	<u>47</u>	<u>1,338,403</u>	<u>43</u>
Non-current assets						
1550	Investments accounted for under	6(5)				
	equity method		88,728	2	126,486	4
1600	Property, plant and equipment	6(6) and	2,259,018	44	1,442,208	47
1755	Right-of-use asset	6(7)	203,679	4	-	-
1780	Intangible assets		32,397	1	29,462	1
1840	Deferred income tax assets	6(25)	16,543	-	12,534	-
1900	Other non-current assets	8	114,514	2	152,963	5
15XX	Total non-current assets		<u>2,714,879</u>	<u>53</u>	<u>1,763,653</u>	<u>57</u>
1XXX	Total assets		<u>\$ 5,152,018</u>	<u>100</u>	<u>\$ 3,102,056</u>	<u>100</u>

(Continued)

Phoenix Silicon International Corporation
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018	
		AMOUNT		AMOUNT	%
Current liabilities					
2120	Financial liabilities at fair value	6(9)			
	through profit or loss		\$ 465	-	\$ 141
2130	Contract liabilities - current	6(19)	3,395	-	360
2170	Accounts payable		126,738	2	101,806
2180	Accounts payable - related parties	7	-	-	337
2200	Other payables	6(10)	391,162	8	240,758
2220	Other payables - related parties	6(10) and 7	-	-	368
2230	Current income tax liabilities	6(25)	52,641	1	58,036
2280	Current lease liabilities		7,216	-	-
2320	Long-term liabilities-current portion	6(12)	341,448	7	207,419
2399	Other current liabilities		393	-	9,149
21XX	Total current liabilities		<u>923,458</u>	<u>18</u>	<u>618,374</u>
Non-current liabilities					
2530	Bonds payable	6(11)	963,499	19	-
2540	Long-term borrowings	6(12)	584,688	11	257,485
2550	Non-current rovisions	6(14)	14,194	-	13,497
2580	Non-current lease liabilities		197,866	4	-
2600	Other non-current liabilities	6(13)	31,043	1	24,278
25XX	Total non-current liabilities		<u>1,791,290</u>	<u>35</u>	<u>295,260</u>
2XXX	Total liabilities		<u>2,714,748</u>	<u>53</u>	<u>913,634</u>
Equity					
Share capital					
3110	Ordinary share	6(16)	1,324,080	26	1,324,080
Capital surplus					
3200	Capital surplus	6(17)	634,768	12	502,474
Retained earnings					
3310	Legal reserve	6(18)	95,022	2	71,759
3350	Unappropriated retained earnings		383,400	7	290,109
3XXX	Total equity		<u>2,437,270</u>	<u>47</u>	<u>2,188,422</u>
Significant contingent liabilities and unrecognized commitments 9					
3X2X	Total liabilities and equity		<u>\$ 5,152,018</u>	<u>100</u>	<u>\$ 3,102,056</u>

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

Phoenix Silicon International Corporation
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
((Expressed in thousands of New Taiwan dollars), Except earnings per share)

Items	Notes	2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19) and7	\$ 2,465,694	100	\$ 2,018,052	100
5000 Operating costs	6(4、23、24) and7	(1,584,322)	(64)	(1,269,858)	(63)
5950 Gross profit		881,372	36	748,194	37
Operating expenses	6(23、24)				
6100 Selling expenses		(48,563)	(2)	(58,484)	(3)
6200 General and administrative expenses		(223,753)	(9)	(189,914)	(9)
6300 Research and development expenses		(124,100)	(5)	(106,155)	(5)
6450 Expected credit gains	12(2)	(47)	-	17	-
6000 Total operating expenses		(396,463)	(16)	(354,536)	(17)
6900 Operating income		484,909	20	393,658	20
Non-operating income and expenses					
7010 Other income	6(20)	8,010	-	6,774	-
7020 Other gains and losses	6(21)	(7,248)	-	3,995	-
7050 Finance costs	6(22)	(16,586)	(1)	(9,843)	-
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	(37,758)	(1)	(84,710)	(4)
7000 Total non-operating income and expenses		(53,582)	(2)	(83,784)	(4)
7900 Profit before income tax, net		431,327	18	309,874	16
7950 Income tax expense	6(25)	(99,232)	(4)	(77,240)	(4)
8200 Net income for the year		\$ 332,095	14	\$ 232,634	12
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Losses on remeasurements of defined benefit plans	6(13)	(\$ 4,610)	-	\$ 270	-
8349 Income tax benefit related to items that will not be reclassified subsequently	6(25)	922	-	245	-
8300 Other comprehensive income (loss) for the year		(\$ 3,688)	-	\$ 515	-
8500 Total comprehensive income (loss) for the year		\$ 328,407	14	\$ 233,149	12
Earnings per share	6(26)				
9750 Basic earnings per share		\$ 2.51		\$ 1.87	
9850 Diluted earnings per share	6(26)	\$ 2.46		\$ 1.85	

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

Phoenix Silicon International Corporation
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Ordinary share	Capital surplus	Retained Earnings		Total equity
				Legal reserve	Unappropriated retained earnings	
Year ended December 31, 2018						
Balance at January 1, 2018		\$ 1,168,280	\$ 190,438	\$ 55,048	\$ 187,298	\$ 1,601,064
Retrospective approach adjustment		-	-	-	38,250	38,250
Balance at January 1, 2018-after restatement		1,168,280	190,438	55,048	225,548	1,639,314
Profit for the year		-	-	-	232,634	232,634
Other comprehensive income (loss) for the year		-	-	-	515	515
Total comprehensive income		-	-	-	233,149	233,149
Distribution of retained earnings of 2017:	6(18)					
Legal reserve		-	-	16,711	(16,711)	-
Cash dividends		-	-	-	(151,877)	(151,877)
Cash dividends from capital surplus	6(17)	-	(35,048)	-	-	(35,048)
Capital increase by cash –employee stock option	6(15、17)	-	8,787	-	-	8,787
Capital increase by cash	6(16、17)	155,800	322,439	-	-	478,239
Changes in subsidiaries accounted for using equity method	6(17、27)	-	15,858	-	-	15,858
Balance at December 31, 2018		\$ 1,324,080	\$ 502,474	\$ 71,759	\$ 290,109	\$ 2,188,422
Year ended December 31, 2019						
Balance at January 1, 2019		\$ 1,324,080	\$ 502,474	\$ 71,759	\$ 290,109	\$ 2,188,422
Profit for the year		-	-	-	332,095	332,095
Other comprehensive income (loss) for the year		-	-	-	(3,688)	(3,688)
Total comprehensive income		-	-	-	328,407	328,407
Distribution of retained earnings of 2018:	6(18)					
Legal reserve		-	-	23,263	(23,263)	-
Cash dividends		-	-	-	(211,853)	(211,853)
Corporate Bond Issuance	6(17)	-	132,294	-	-	132,294
Balance at December 31, 2019		\$ 1,324,080	\$ 634,768	\$ 95,022	\$ 383,400	\$ 2,437,270

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

Phoenix Silicon International Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended 2019	December 31, 2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 431,327	\$ 309,874
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6 · 7 · 23)	343,890	308,368
Amortization	6(23)	13,803	10,047
Expected credit gains	12(2)	47	(17)
Loss on financial assets at fair value through profit or loss	6(2 · 9 · 21)	(1,072)	583
Interest expense	6(22)	16,586	9,843
Interest income	6(20)	(3,430)	(2,489)
Share-based Payment reward	6(15)	-	8,787
Share of profit of subsidiaries and associates accounted for using equity method	6(5)	37,758	84,710
Gain on disposals of property, plant and equipment	6(19 · 21)	(155)	598
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(87,183)	12,040
Accounts note		(156)	-
Accounts receivable		24,358	(63,266)
Accounts receivable, net - related parties		(1,071)	2,142
Other receivables, net		(432)	451
Other receivables, net - related parties		385	(893)
Inventories		(26,287)	(46,764)
Prepayments		(361)	(2,640)
Other current assets		(584)	(838)
Changes in operating liabilities			
Contract liabilities		3,035	(2,147)
Accounts payable		24,932	27,989
Accounts payable - related parties		(337)	(21,462)
Other payables		62,895	41,060
Other payables - related parties		(1)	(3,584)
Other current liabilities		(9,082)	788
Net defined benefit liability		(526)	(438)
Long-term payable		2,309	1,718
Cash inflow generated from operations		830,648	674,460
Interest received		3,346	2,424
Interest paid		(13,703)	(9,371)
Income tax paid		(107,714)	(54,949)
Net cash flows from operating activities		712,577	612,564

Phoenix Silicon International Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended 2019	December 31,2018
(Continued)			
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(29)	(\$ 1,030,562)	(\$ 319,767)
Proceeds from disposal of property, plant and equipment		1,253	15
Acquisition of intangible assets		(12,851)	(10,518)
Increase in Refundable Deposits		(34,691)	-
Decrease in Refundable Deposits		34,665	3,411
Other financial assets –non current		(1,500)	(2,319)
Net cash flows used in investing activities		(1,043,686)	(329,178)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase of Short-term Borrowings		14,990	-
Decrease of Short-term Borrowings		(14,990)	-
Issuance of Convertible Corporate Bonds	6(30)	1,094,015	-
Increase in long-term borrowings	6(30)	781,000	100,000
Repayment of long-term borrowings	6(30)	(319,768)	(349,428)
Increase in guarantee deposits received	6(30)	555	224
Decrease in guarantee deposits received	6(30)	(183)	-
Redemption of lease liabilities	6(30)	(6,812)	-
Cash dividends paid (Cash dividends paid from capital surplus)	6(18)	(211,853)	(186,925)
Capital increase by cash		-	478,239
Net cash flows used in financing activities		1,336,954	42,110
Net increase in cash and cash equivalents		1,005,845	325,496
Cash and cash equivalents at beginning of year	6(1)	763,037	437,541
Cash and cash equivalents at end of year	6(1)	\$ 1,768,882	\$ 763,037

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

(109) Financial Report No. 19002882

To the Board of Directors and Shareholders of Phoenix Silicon International Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations(SIC) endorsed and issued into effect by the Financial Supervisory Commission of Republic of China.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion

on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Evaluation of inventories

Description

Please refer to Note 4 (11) of the consolidated financial report for the accounting policy of evaluation inventories. Please refer to 5(2)1 for the uncertainty of accounting estimates and assumptions applied in inventory valuation. Please refer to Notes 6(4) of the consolidated financial report for the accounting account descriptions of inventories.

The lithium ion battery products produced by the Group's energy division had to be actively promoted in the market so that the risk of loss on market value decline or obsolescence is higher. Inventories of Group are measured at the lower of cost and net realizable value method. The net realizable value often involves with subjective judgments.

In consider the energy division of inventories evaluation results would have a significant impact on financial statements, therefore, we consider the evaluation of inventories as one of the key audit matters.

How our audit addressed the matter

Our key audit procedures performed in respect of the above area included the following:

Obtained an understanding of accounting policies on the provision of allowance for inventory valuation losses and validated the accuracy of inventory aging report, as well as sampled and confirmed the consistency of quantities and amounts with detailed inventory listings, verified the dates of movements with supporting documents and ensured the proper categorization of inventory aging report. Evaluated and confirmed the reasonableness of net realizable value for inventories through validating respective supporting documents.

Audit of increase of property, plant and equipment (PP&E)

Description

Please refer to Note 4 (12) of the consolidated financial report for the accounting policy of property, plant and equipment. Please refer to Notes 6(5) of the consolidated financial report for the accounting account descriptions of property, plant and equipment.

Phoenix Group mainly provides the professional processing for semiconductor wafer, such as recycling, thinning and the others. Consider the group's capital expenditures have been increasing tremendously in this year, we listed the accounting policy of property, plant and

equipment as one of the key audit matters.

How our audit addressed the matter

Evaluate and test the effectiveness of relevant internal controls related to the addition and depreciation of property, plant and equipment. Validate the relevant purchase orders, invoices, etc. to confirm that transactions have been properly approved and booked with correct amount. Validate the acceptance report to confirm whether the assets are actually available for use and booked in the catalog of fixed assets at the appropriate time, and whether the depreciation calculations have been correctly started.

Other Matter - the Parent Company Only Financial Statements

We have also audited the parent company only financial statements of Phoenix Silicon International Corporation 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 the IFRS, IAS, IFRIC, and 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 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.

Auditors' 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 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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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.

Li, Tien-Yi

Xie, Zhi-Zheng

For and on behalf of PricewaterhouseCoopers, Taiwan February 25, 2020

Phoenix Silicon International Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,811,396	34	\$ 864,173	26
1110	Financial assets at fair value	6(2)				
	through profit or loss		1,327	-	130	-
1140	Contract assets-current	6(18)	171,059	3	83,876	2
1150	Notes receivable	6(3)	156	-	9,555	-
1170	Accounts receivable	6(3)	354,606	7	384,297	12
1200	Other receivables		24,644	-	1,205	-
130X	Inventories	6(4)	245,558	5	193,595	6
1410	Prepayments		13,041	-	19,463	1
1470	Other current assets	8	4,736	-	5,609	-
11XX	Total current assets		<u>2,626,523</u>	<u>49</u>	<u>1,561,903</u>	<u>47</u>
Non-current assets						
1600	Property, plant and equipment	6(5) and 8	2,388,908	44	1,536,209	47
1755	Right-of-use asset	6(6)	223,996	4	-	-
1780	Intangible assets		33,238	1	30,801	1
1840	Deferred income tax assets	6(24)	16,543	-	12,534	-
1900	Other non-current assets	8	117,965	2	169,052	5
15XX	Total non-current assets		<u>2,780,650</u>	<u>51</u>	<u>1,748,596</u>	<u>53</u>
1XXX	Total assets		<u>\$ 5,407,173</u>	<u>100</u>	<u>\$ 3,310,499</u>	<u>100</u>

(Continued)

Phoenix Silicon International Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
2100	Short-term borrowings	6(7) and 8	\$ 36,346	1	\$ 20,000	-
2120	Financial liabilities at fair value through profit or loss	6(8)	465	-	141	-
2130	Contract liabilities - current	6(18)	12,988	-	360	-
2170	Accounts payable		142,827	2	124,412	4
2200	Other payables	6(9)	426,987	8	287,840	9
2230	Current income tax liabilities		52,641	1	58,036	2
2250	Current provisions	6(13)	-	-	36	-
2280	Current lease liabilities		13,657	-	-	-
2320	Long-term liabilities-current portion	6(11)	366,572	7	224,392	7
2399	Other current liabilities		563	-	11,136	-
21XX	Total current liabilities		<u>1,053,046</u>	<u>19</u>	<u>726,353</u>	<u>22</u>
Non-current liabilities						
2530	Bonds payable	6(10)	963,499	18	-	-
2540	Long-term borrowings	6(11) and 8	653,236	12	298,951	9
2550	Non-current provisions	6(13)	21,615	-	21,702	-
2580	Non-current lease liabilities		212,138	4	-	-
2600	Other non-current liabilities		31,043	1	24,678	1
25XX	Total non-current liabilities		<u>1,881,531</u>	<u>35</u>	<u>345,331</u>	<u>10</u>
2XXX	Total liabilities		<u>2,934,577</u>	<u>54</u>	<u>1,071,684</u>	<u>32</u>
Equity						
Share capital						
3110	Ordinary share	6(15)	1,324,080	25	1,324,080	40
Capital surplus						
3200	Capital surplus	6(16)	634,768	11	502,474	15
Retained earnings						
3310	Legal reserve	6(17)	95,022	2	71,759	2
3350	Unappropriated retained earnings		383,400	7	290,109	9
31XX	Total Owners' equity belongs to parent		<u>2,437,270</u>	<u>45</u>	<u>2,188,422</u>	<u>66</u>
36XX	Non-controlling interests		<u>35,326</u>	<u>1</u>	<u>50,393</u>	<u>2</u>
3XXX	Total equity		<u>2,472,596</u>	<u>46</u>	<u>2,238,815</u>	<u>68</u>
Significant contingent liabilities and unrecognized commitments						
Significant disaster losses						
3X2X	Total liabilities and equity		<u>\$ 5,407,173</u>	<u>100</u>	<u>\$ 3,310,499</u>	<u>100</u>

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

Phoenix Silicon International Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

((Expressed in thousands of New Taiwan dollars). Except earnings per share)

Items	Notes	2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18)	\$ 2,649,059	100	\$ 2,121,873	100
5000 Operating costs	6(4、22、23)	(1,759,619)	(66)	(1,400,927)	(66)
5950 Gross profit		<u>889,440</u>	<u>34</u>	<u>720,946</u>	<u>34</u>
Operating expenses	6(22、23)				
6100 Selling expenses		(62,214)	(2)	(71,666)	(3)
6200 General and administrative expenses		(244,257)	(9)	(203,291)	(10)
6300 Research and development expenses		(152,054)	(6)	(146,457)	(7)
6450 Expected credit gains	12(2)	(47)	-	17	-
6000 Total operating expenses		(458,572)	(17)	(421,397)	(20)
6900 Operating income		<u>430,868</u>	<u>17</u>	<u>299,549</u>	<u>14</u>
Non-operating income and expenses					
7010 Other income	6(19)	4,896	-	5,541	-
7020 Other gains and losses	6(20)	886	-	(17,387)	(1)
7050 Finance costs	6(21)	(20,390)	-	(11,578)	-
7000 Total non-operating income and expenses		(14,608)	-	(23,424)	(1)
7900 Profit before income tax, net		<u>416,260</u>	<u>17</u>	<u>276,125</u>	<u>13</u>
7950 Income tax expense	6(24)	(99,232)	(4)	(77,240)	(4)
8200 Net income for the year		<u>\$ 317,028</u>	<u>13</u>	<u>\$ 198,885</u>	<u>9</u>
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Losses on remeasurements of defined benefit plans	6(12)	(\$ 4,610)	-	\$ 270	-
8349 Income tax benefit related to items that will not be reclassified subsequently	6(24)	<u>922</u>	-	<u>245</u>	-
8500 Total comprehensive income (loss) for the year		<u>\$ 313,340</u>	<u>13</u>	<u>\$ 199,400</u>	<u>9</u>
Total net income for the year belong to:					
8610 Parent owners		\$ 332,095	14	\$ 232,634	11
8620 Non-controlling interests		(15,067)	(1)	(33,749)	(2)
Total		<u>\$ 317,028</u>	<u>13</u>	<u>\$ 198,885</u>	<u>9</u>
Total comprehensive income for the year belong to :					
8710 Parent owners		\$ 328,407	14	\$ 233,149	11
8720 Non-controlling interests		(15,067)	(1)	(33,749)	(2)
Total		<u>\$ 313,340</u>	<u>13</u>	<u>\$ 199,400</u>	<u>9</u>
Basic earnings per share	6(25)				
9750 Basic earnings per share		<u>\$</u>	<u>2.51</u>	<u>\$</u>	<u>1.87</u>
Diluted earnings per share	6(25)				
9850 Diluted earnings per share		<u>\$</u>	<u>2.46</u>	<u>\$</u>	<u>1.85</u>

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

Phoenix Silicon International Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity Attributable to Shareholders of the Parent				Total	Non-controlling interests	Total equity
		Ordinary share	Capital surplus	Retained Earnings				
				Legal reserve	Unappropriated retained earnings			
Year ended December 31, 2018								
Balance at January 1, 2018		\$ 1,168,280	\$ 190,438	\$ 55,048	\$ 187,298	\$ 1,601,064	\$ -	\$ 1,601,064
Retrospective approach adjustment		-	-	-	38,250	38,250	-	38,250
Balance at January 1, 2018-after restatement		<u>1,168,280</u>	<u>190,438</u>	<u>55,048</u>	<u>225,548</u>	<u>1,639,314</u>	<u>-</u>	<u>1,639,314</u>
Profit for the year		-	-	-	232,634	232,634	(33,749)	198,885
Other comprehensive income (loss) for the year		-	-	-	515	515	-	515
Total comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>233,149</u>	<u>233,149</u>	<u>(33,749)</u>	<u>199,400</u>
Distribution of retained earnings of 2017:	6(17)							
Legal reserve		-	-	16,711	(16,711)	-	-	-
Cash dividends		-	-	-	(151,877)	(151,877)	-	(151,877)
Cash dividends from capital surplus	6(16)	-	(35,048)	-	-	(35,048)	-	(35,048)
Capital increase by cash –employee stock option	6(14、15)	-	8,787	-	-	8,787	-	8,787
Capital increase by cash	6(15、16)	155,800	322,439	-	-	478,239	-	478,239
Changes in subsidiaries accounted for using equity method	6(16、26)	-	15,858	-	-	15,858	(15,858)	-
Non-controlling interest increase by cash –the subsidiaries	6(26)	-	-	-	-	-	100,000	100,000
Balance at December 31, 2018		<u>\$ 1,324,080</u>	<u>\$ 502,474</u>	<u>\$ 71,759</u>	<u>\$ 290,109</u>	<u>\$ 2,188,422</u>	<u>\$ 50,393</u>	<u>\$ 2,238,815</u>
Year ended December 31, 2019								
Balance at January 1, 2019		<u>\$ 1,324,080</u>	<u>\$ 502,474</u>	<u>\$ 71,759</u>	<u>\$ 290,109</u>	<u>\$ 2,188,422</u>	<u>\$ 50,393</u>	<u>\$ 2,238,815</u>
Profit for the year		-	-	-	332,095	332,095	(15,067)	317,028
Other comprehensive income (loss) for the year		-	-	-	(3,688)	(3,688)	-	(3,688)
Total comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>328,407</u>	<u>328,407</u>	<u>(15,067)</u>	<u>313,340</u>
Distribution of retained earnings of 2018:	6(17)							
Legal reserve		-	-	23,263	(23,263)	-	-	-
Cash dividends		-	-	-	(211,853)	(211,853)	-	(211,853)
Corporate Bond Issuance	6(16)	-	132,294	-	-	132,294	-	132,294
Balance at December 31, 2019		<u>\$ 1,324,080</u>	<u>\$ 634,768</u>	<u>\$ 95,022</u>	<u>\$ 383,400</u>	<u>\$ 2,437,270</u>	<u>\$ 35,326</u>	<u>\$ 2,472,596</u>

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

Phoenix Silicon International Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31, 2019	Year ended December 31, 2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 416,260	\$ 276,125
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5 · 6 · 22)	372,095	329,543
Amortization	6(22)	14,602	10,594
Expected credit gains	12(2)	47	(17)
Loss on financial assets at fair value through profit or loss	6(2 · 8 · 20)	(1,072)	583
Interest expense	6(21)	20,390	11,578
Interest income	6(19)	(3,526)	(2,590)
Share-based Payment reward	6(14)	-	8,787
Gain or loss on disposals of property, plant and equipment	6(20)	(83)	2,290
Fire loss on disposals of property, plant and equipment	6(20) and 10	-	29,296
Reversal gain of impairment loss	6(5 · 20)	-	(17)
Provision of liabilities		(1,220)	(1,480)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(87,183)	12,040
Accounts note		9,399	(5,979)
Accounts receivable		29,644	(71,299)
Other receivables, net		(23,355)	554
Inventories		(51,963)	8,459
Prepayments		6,422	(10,100)
Other current assets		3,873	(4,653)
Changes in operating liabilities			
Contract liabilities		12,628	(2,147)
Accounts payable		-	(851)
Inventories		18,415	35,253
Other payables		74,866	42,237
Other current liabilities		(10,609)	6,378
Net defined benefit liability		(526)	(487)
Long-term payable		1,909	1,722
Other non-current liabilities		-	(73,997)
Cash inflow generated from operations		801,013	601,822
Interest received		3,442	2,525
Interest paid		(16,989)	(10,646)
Income tax paid		(107,714)	(54,949)
Net cash flows from operating activities		679,752	538,752

(Continued)

Phoenix Silicon International Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31, 2019	Year ended December 31, 2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(28)	(\$ 1,096,815)	(\$ 369,193)
Proceeds from disposal of property, plant and equipment		1,329	15
Acquisition of intangible assets		(13,152)	(10,866)
Increase in Refundable Deposits		(36,906)	(189)
Decrease in Refundable Deposits		35,165	4,527
Other current financial assets		(3,000)	-
Other financial assets – non current		(1,500)	(2,319)
Net cash flows used in investing activities		(1,114,879)	(378,025)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase of Short-term Borrowings	6(29)	98,410	20,000
Decrease of Short-term Borrowings	6(29)	(82,064)	(10,000)
Issuance of Convertible Corporate Bonds	6(29)	1,094,015	-
Increase in long-term borrowings	6(28)	838,880	152,300
Repayment of long-term borrowings	6(29)	(342,415)	(373,289)
Increase in guarantee deposits received	6(29)	555	242
Decrease in guarantee deposits received	6(29)	(183)	(18)
Redemption of lease liabilities	6(29)	(12,995)	-
Cash dividends paid (Cash dividends paid from capital surplus)	6(17)	(211,853)	(186,925)
Capital increase by cash		-	478,239
Non-current equity of subsidiary capital increase by cash		-	100,000
Net cash flows used in financing activities		1,382,350	180,549
Net increase in cash and cash equivalents		947,223	341,276
Cash and cash equivalents at beginning of year	6(1)	864,173	522,897
Cash and cash equivalents at end of year	6(1)	\$ 1,811,396	\$ 864,173

Phoenix Silicon International Corporation	
Earnings Allocation Table	
Year 2019	
Unit: NT\$	
Accumulated un-appropriated earnings at the beginning of the period	54,992,852
The adjustments of cumulative actuarial gains and losses to Retained Earnings	(3,687,338)
Add: 2019 Net Profit	332,094,701
Minus: Appropriated as legal reserve	(32,840,736)
Earnings available for appropriation	350,559,479
Cash dividends to common share holders (Per share cash dividend distribution NT\$2)	(264,816,000)
Unappropriated retained earnings	85,743,479

Chairperson : Mike Yang



President : Tony Tsai



Chief Account : Eunice Tai



Articles of Incorporation of Phoenix Silicon International Corporation

Section I - General Provisions

- Article 1 The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 昇陽國際半導體股份有限公司 in the Chinese language, and Phoenix Silicon International Corporation in the English language.
- Article 2 The scope of business of the Corporation shall be as follows :
1. CC01080 Electronic Parts and Components Manufacturing
 2. CC01090 Batteries Manufacturing
 3. J101030 Waste removal industry
 4. F401010 International trade
 - (1) Researching, developing, manufacturing and sale of the following products :
Reclaim wafer, test wafer, product wafer, solar cell, energy storage lithium battery (Manufacturing and sales are limited to operations outside Hsinchu Science Park).
 - (2) Concurrently engaged in import and export trade related to the company's business.
- Article 3 The company has a head office in the Hsinchu Science and Technology Park. When necessary, it can set up branches at home and abroad after a resolution of the board of directors.
- Article 4 Public announcements of the Corporation shall be made in accordance with the Company Law and other relevant rules and regulations of the Republic of China.
- Article 5 The Corporation may provide endorsement and guarantee and act as a guarantor.

Article 5-1 The company may invest in other businesses for business needs and the total amount of the Corporation's reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation's paid-up capital as provided in Article 13 of the Company Law.

Section II - Capital Stock

Article 6 The total capital stock of the Corporation shall be in the amount of 2,000,000,000 New Taiwan Dollars, divided into 200,000,000 shares, at 10 New Taiwan Dollars each, and authorized board paid-up in installments.

A total of 200,000,000 New Taiwan Dollars among the above total capital stock should be reserved for issuing employee stock options, 20,000,000 shares in total, at 10 New Taiwan Dollars each, and authorized board paid-up in installments.

Article 7 The share certificates of the Company shall all be name-bearing share certificates and signed or sealed by no less than three directors. The share certificates shall be issued after being certified by authority concerned or its approved certificate organizations. After the company issued shares in public, the Company may not print share certificates for the new issuance. Registers of share certificates shall contact the share certificates' depository and clearing organizations.

Article 8 All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Corporation shall follow the "Guidelines for Stock Operations for Public Companies" unless specified otherwise by law and securities regulations.

Article 9 Registration for transfer of shares shall handle in accordance with Article 165 of the Company Law.

Section III –Shareholders meeting

Article 10 Shareholders' meetings of the Corporation are of two types, namely:

- (1) regular meetings
- (2) special meetings

Regular meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws.

Article 11 The convening of a shareholders' meeting shall be handled in accordance with Article 172 of the Company Law. Notice of the shareholders' meeting can be made electronically with the consent of the counterpart.

Article 12 Except as provided in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders in person or by proxy 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. According to regulatory requirements, shareholders may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Article 13 Each share of stock shall be entitled to one vote, but shareholders who has no voting right and under restrictions consistent with the circumstances set forth in Company Act and related regulations should follow the rules.

Article 14 A shareholder who is unavailable to attend a shareholders' meeting may duly issue a power of attorney expressly bearing the scope of the authorized power to appoint a proxy to attend the meeting on behalf.

Article 15 The shareholders' meeting shall be convened by the board of directors. The chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, pursuant to Article 208 of the Company Act, the shareholders' meeting shall be

convened by others who have the right to convene a meeting and he or she shall be the chairman. If there is more than one person with the rights to convene a shareholders' meeting, they shall nominate a chairman from among themselves.

Article 16 The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting. The proceedings are produced and distributed electronically. After the company's shares were publicly issued, the proceedings are distributed in a public announcement.

Section IV - Directors

Article 17 The Corporation shall have 5 to 11 Directors. Appointed by shareholders with capacity. Directors have a term of three years, Candidate(s) may continue in office if re-elected.

After the company's stock is publicly issued, independent directors may be established in the number of directors mentioned in the preceding paragraph. The number of independent directors shall not be less than three and shall not be less than one fifth of the number of directors. Director election is subject to the provisions of Article 192-1 of the Company Act in that a candidate nomination system shall be adopted, and that shareholders meeting shall elect directors from among the those listed in the slate of independent director candidates.

After the company's stock is listed (counter) · Directors are elected and appointed by the shareholders' meeting from candidates in accordance with the candidate nomination system of Article 192-1 of the Company Act.

When the company chooses to set up an "audit committee" in accordance with Article 14-4 of the Securities Exchange Law, it is not necessary to set up a supervisor. Matters concerning the number, term of office, powers, rules of procedure, etc. of the audit committee shall be formulated separately in accordance with the organizational rules of the audit committee.

Article 18 The resolutions of the board of directors shall be attended by more than half of the directors, and the consent of more than half of the directors shall be implemented

unless otherwise provided in the company law.

Article 19 The Directors shall elect from among themselves a Chairman of the Board of Directors and may elect a Vice Chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman shall not have a second or casting vote at any meeting of the Board of Directors. The Chairman of the Board of Directors shall have the authority to represent the Corporation.

Article 20 Convene a board of directors in accordance with Article 203 of the Company Law. The convening notice of the board of directors shall be handled in accordance with the provisions of Article 204 of the Company Law, must be called at any time in case of emergency. The convening notice of the board of directors can be made in writing or email.

Article 21 If the Chairperson takes leave or is unavailable to perform his/her duties, the proxy method shall be in accordance with the Article 208 of Company Act.

Article 22 Any director who is unable to attend a Board of Directors' meeting shall appoint another director as his proxy by a power of attorney listing the scope of empowerment. A director may serve as proxy for only one absent director. The directors' participation in the meeting by video is deemed to be attended in person.

Article 23 Directors shall exercise their functions and powers in accordance with resolutions adopted by the board of directors and the shareholders' meeting. The Company may buy the liability insurance for all directors to the extent of the compensation responsibility assumed in business execution.

Article 24 In the case that vacancies on the Board of Directors exceed, for any reason, one third of the total number of the Directors, then the Board of Directors shall convene a shareholders' meeting to elect new Directors to fill such vacancies in accordance with relevant laws, rules and regulations. Except for the election of new Directors across the board, the new Directors shall serve the remaining term of the predecessors.

Article 25 The Board of Directors is authorized to determine the salary for the Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.

Article 26 The Board of Directors shall set up functional committees. The Committee members' qualifications, duties and related matters shall be in accordance with the related laws and regulations.

Section V - Management of the Corporation

Article 27 The Company shall have several managers whose appointment, discharge and remuneration shall be in accordance with the Company Act. The general manager shall be responsible for the overall business and operations of the company and submit a report to the board of directors in accordance with the company's policies.

Article 28 Subject to the provisions of the Company Law of the Republic of China and these Articles of Incorporation, all actions of the Corporation's employees shall be in conformance with, and in furtherance of, the directions of the Board of Directors.

Section VI - Financial Reports

Article 29 December 31 of the same year. After the close 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
- (3). Proposal Concerning Appropriation of Earnings or Covering of Losses

Article 30 If there is a surplus in the annual final accounts, it should first make up for the losses, pay taxes, and deposit 10% as the statutory surplus reserve. However, the statutory surplus reserve is not included in the total capital. The Company shall provide or revolve special surplus reserves as needed. The balance plus the previously undistributed surplus is the distributable surplus. Depending on the Company's operating conditions, the Board of Directors shall make the shareholder's dividend and dividend distribution proposal and submit the proposal to the shareholders' meeting for resolution.

When forming its dividend policy, the Corporation considers various factors such as its plans relating to current and future development, the overall investment environment, its financial needs, competition in the domestic and foreign markets, as well as the interest of shareholders and the principles of stability and balance in the distribution of dividends. Each year it will set aside as shareholder dividends an amount of not less than 10% of the earnings available for distribution. Dividends to shareholders may be distributed in cash or shares, but in any event the amount of cash dividends may not be less than 50 % of the total dividends.

Article 30-1 The Company makes a profit, it will pay 10%~15% of the employee's compensation and 2% as remuneration for directors according to the profit status of the current year.

The employee compensation could either be distributed via share or cash, entitled employees include subsidiaries' employees who meet the conditions.

The current year's profit situation referred to in the first item refers to the current year's pre-tax benefits minus the distribution of employee's compensation and directors' remuneration.

The employee's compensation and the directors' remuneration, shall be resolved with a consent of a majority of the directors present at a meeting attended by more than two thirds of the total directors and reported to the shareholder's meeting by the Board.

Section VII - Supplementary Provisions

- Article 31 The internal organization of the Corporation and the detailed procedures of business operation shall be determined by the Board of Directors.
- Article 32 In regard to all matters not provided for in these Articles of Incorporation, the Company Law of the Republic of China shall govern.
- Article 33 This articles of incorporation is established on February 20, 1997. The 1st amendment on December 2, 1997. The 2nd amendment on April 12, 2000. The 3rd amendment on May 30, 2001. The 4th amendment on June 19, 2002. The 5th amendment on June 27, 2006. The 6th amendment on June 26, 2007. The 7th amendment on June 30, 2008. The 8th amendment on June 24, 2009. The 9th amendment on June 27, 2012. The 10th amendment on June 26, 2013. The 11th amendment on June 26, 2014. The 12th amendment on May 26, 2015. The 13th amendment on June 29, 2016. The 14th amendment on May 25, 2017.

Phoenix Silicon International Corporation Rules of Procedure for Shareholders Meetings

Article 1 : Purpose

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 : Range

The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3 : Convening shareholders meetings and shareholders meeting notices

1. Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
2. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting

place.

3. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
4. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
5. A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
6. Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
7. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
8. Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 : Proxy to attend the meeting

1. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.
2. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
3. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 : Principles determining the time and place of a shareholders meeting

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 : Preparation of documents such as the attendance book

1. This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
2. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
3. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other

certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

4. This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
5. This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.
6. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 : The chair and non-voting participants of a shareholders meeting

1. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
2. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.
3. It is advisable that shareholders meetings convened by the board of directors

be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

4. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
5. This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 : Documentation of a shareholders meeting by audio or video

1. This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.
2. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 : Shareholders meeting

1. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
2. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third

of the total number of issued shares, the chair shall declare the meeting adjourned.

3. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.
4. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 : Discussion of proposals

1. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
2. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.
3. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
4. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11 : Shareholder speech

1. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
2. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
3. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
4. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
5. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
6. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 : Calculation of voting shares and recusal system

1. Voting at a shareholders meeting shall be calculated based the number of shares.
2. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
3. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
4. The number of shares for which voting rights may not be exercised under the

preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

5. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 : Vote

1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
2. When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.
3. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
4. After a shareholder has exercised voting rights by correspondence or electronic

means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

5. Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
6. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
7. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.
8. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 : Election of directors and supervisors

1. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.
2. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 : Meeting minutes and signed

1. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
2. This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
3. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

Article 16 : Public disclosure

1. On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.
2. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the

prescribed time period.

Article 17 : Maintaining order at the meeting place

1. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
2. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
3. At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.
4. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 : Recess and resumption of a shareholders meeting

1. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
2. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
3. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 : The procedure was approved on June 17, 1998. The 1st amendment was made on June 26, 2014. The 2nd amendment was made on May 26, 2015.

Phoenix Silicon International Corporation Shareholdings of All Directors

1. Total shares issued as of March 27, 2020: 132,408,000 common shares. The minimum numbers of shares required to be held by all directors is at least 8,000,000 shares.

2. The numbers of shares held by the directors individually as recorded as of the book closure date for that shareholders' meeting (2020/3/27) are shown as below table.

Title	Name	Current Shareholding (Shares)
Chairman	Mike Yang	1,165,317
Director	Cheng Wen Cheng	2,517,157
Director	Min Ho Shuen Investments Inc Representative : Chang Yaw Zen	1,817,520
Director	Ting Dong Liang Investment Co., Ltd Representative : Huang Shin Chin	900,000
Director	An Grace Investment Corporation Ltd. Representative : Samuel chow	1,489,525
Director	Benson Wu	592,984
Director	Lin Kwo Feng	1,435,569
Independent Director	Steven Wu	0
Independent Director	Huang Hung Lung	0
Independent Director	Lin Huan	0
Total		9,918,072