



Stock Code: 5457

SPEED TECH CORP.

2020 Annual Shareholders Meeting
Meeting Agenda

Date: June 11, 2020

**Location: No. 568 Sec.1 Minsheng N. Road., Guishan Dist., Taoyuan City
(Conference Room of the Company)**

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SPEED TECH CORP.

2019 Annual Shareholders Meeting Procedures

- 1. Call Meeting to Order**
- 2. Chairman's Statement**
- 3. Company Reports**
- 4. Matters for Ratification**
- 5. Extempore Motion**
- 6. Adjournment**

SPEED TECH CORP.
2019 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m. Thursday, June 11, 2020

Place: No. 568 Sec. 1 Minsheng N. Rd., Guishan Dist., Taoyuan City (Conference Room of the Company).

1 Comencement of meeting, report the number of shares of present in person.

2 Chairman's Statement

3 Company's Report

(1) 2019 Business Report

(2) 2019 Supervisors' Review Report

(3) 2019 Report on Remuneration Distribution for Employees, Directors and Supervisors

(4) 2019 Status of Endorsement and Guarantee

4 Matters for Ratification

(1) To accept 2019 Business Report and Financial Statements

(2) To approve the proposal for Profits Distribution for 2019

5 Extempore Motion

6 Adjournment

Company Reports

1. To accept 2019 Business Report

Explanation: Please refer to Attachment 1, P.5

2. To accept 2019 Supervisors' Review Report

Explanation: Please refer to Attachment 2, P.10

3. To approve 2019 Remuneration Distribution for Employees and Directors and Supervisors

Explanation:

- (1) In accordance with Article 19 of the Articles of Incorporation, this Corporation, before paying dividends or bonuses to shareholders, shall set aside not less than 3% as profit sharing bonuses to its employees and not more than 3% of its annual profits as compensation to its directors and supervisors; provided, however, that this Corporation shall have reserved a sufficient amount to offset its accumulated losses first.
- (2) No compensation to the directors and supervisors will be distributed for this current year. This Corporation intends to designate 3% of the employee's compensation at NTD 12,486,367 to be distributed in cash, and there are no disparity in the recognized expenses in 2019.

4. To accept 2019 Status of Endorsement and Guarantee

Explanation: The net value for this Corporation's total endorsement and guarantee amount on December 31, 2019 was NT\$0, and the details are as follows:

2018 Status of Endorsement and Guarantee

Unit: In Thousands of NTD

Company Name of the Endorsement/Guarantee Provider	Endorsement/Guarantee Recipient	Relationship	The Highest Endorsement/Guarantee Balance of This Period	Ending Endorsement/Guarantee Balance	Ration of Accumulated Endorsement/Guarantee Amount to the Net Value of the Latest Financial Statement	Upper Limit of the Endorsement/Guarantee Amount
SPEED TECH CORP.	SPEEDTECH (LS-ICT) CO., LTD	Subsidiary of 100% Reinvestment	60,086	0	2.5%	4,813,172

Note: In accordance with the Procedure of Endorsement and Guarantee of this Corporation, the total amount of endorsement/guarantee by this Corporation for any one endorsee/guarantee company, the limit shall not exceed the 15% of the net value of the latest financial statement audited or reviewed by the CPA. The limit for the company's total endorsement/guarantee shall not exceed 50% of the net value of the latest financial statement audited or viewed by CPA. Group companies are not subject to 15% limitations stated above. However, the limit of of total amount of endorsement/guarantee shall not exceed twice the net value of the latest financial statement audited by or reviewed by CPA.

Matters for Ratification

Proposal 1

**Subject: To accept 2019 Business Report and Financial Statements
(Proposed by the Board of Directors)**

Explanatory Notes:

- (1) 2019 Individual and Consolidated Financial Statements of this Corporation were audited by independent auditors, Shi-Jun Huang and Certified Cui-Miao Ye of PwC Taiwan and the audit report with an unqualified opinion has been issued.
- (2) The Audit Committee has reviewed the Financial Statements, which state above, and the Business Report, and has issued an audit report. Please refer to Attachment 1 to 3, P.5-38 for a reference.
- (3) Your acceptance is appreciated.

Resolution:

Proposal 2

**Subject: To approve the proposal for distribution of 2019 earnings
(Proposed by Board of Directors)**

Explanatory Notes:

- (1) 2019 net profit after tax of the company is NT\$366,749,559.
- (2) It is proposed that a cash dividend at NT\$0.5 per common share will be distributed, with a total amount of distribution at NT\$84,792,500, and relevant information including dividend allocation and payment date shall be set up by the Board of Directors otherwise.
- (3) Should there be any changes to the interest distribution rate for shareholders which require rectification resulted from number of outstanding shares due to change in this Corporation's stock capital in the future, it is proposed that the shareholders' meeting authorize the Board of Directors to be in full charge of such affairs.
- (4) The cash dividends will be distributed to each shareholder based on shareholding percentages, and be rounded down to the nearest dollar. The amounts under one dollar due to the rounding off are summed and be adjusted by ordering decimals from greatest to least and account numbers from the first to last until to be in accordance with the distribution amounts of cash dividends.
- (5) Your approval is appreciated.

Resolution:

Extempore Motion

Adjournment

Attachment I

Business Report

Dear shareholders,

First of all, we would like to express our deepest gratitude to the shareholders for the support and encouragement over the past year of Seepd Tech. We hereby present the Company's 2018 business status and operation status and future roadmap as follows:

I. 2019 Business Report:

1. Operating Results:

In 2019, our Company made NT\$11,260,075,000 in net consolidated operating revenues, compared to net consolidated operating revenues of NT\$5,133,422,000 in 2018, we saw an approximately 119% revenue increase. The consolidated net income after tax was NT\$653,054,000, of which the net profit after tax attributed to the parent company was NT\$366,750,000. The earnings per share was NT\$2.19.

2. Budget Implementation:

Our company did not disclose financial forecast in 2019, there is no need to report the budget implementation.

3. Revenues, Expenses and Profitability Analysis:

Unit: In Thousands of NTD; %

Items		Year	2019	2018
Revenue and Expenses	Interest income		9,469	7,162
	Interest expense		39,098	26,302
Profitability	Return on assets (%)		1.39	0.95
	Return on equity (%)		20.23	12.31
	Operating income to the paid-in capital ratio (%)		49.97	19.25
	Pre-tax net profit to paid-in capital ratio (%)		51.27	25.85
	Net profit margin (%)		5.80	6.03
	Earnings per share (Loss) / (NT\$)(Note)		2.19	1

4. Research and Development:

Our company has invested about 10% of net sales revenue in Research and Development in the past years. There are great development achievements in various areas. The focus of Research and Development includes developing new products, equipments and new technology. The development of new products includes the following categories:

- (1) RF Switch, RF Coaxial Connector and RF Cable, and USB C Type, can be used in smart phones, tablet PCs, Ultrabook, wearable devices, Game Console, Netcom and information appliances and other products
- (2) RJ 1G/2.5G/5G/10G +30WPoE/60WPoE/90W PoE/130WPoe, etc. -- wired network interface connector, can be applied to Small Cell, Switch, AP, PC, AIO, Game Console, Server, Workstation and other products.
- (3) SAS Connector, mini SAS HD Connector, Slimline SAS, and OCulink Connector, these high-speed connectors can be used in cloud computing technology.
- (4) Sensor Connector, Lan Transformer, glucose meter connector and other precision parts can be used in medical and consumer markets.
- (5) Using advanced equipments, stable and high-quality automatic production line to customized SMT parts service to Group and clients.
- (6) Liquified silicon rubber manufactured through compression molding used in automotive, medical and consumer electronic products.
- (7) Development on relevant product line for system assembly FATP used in relevant USB4.0 &TBT4 products application.

II. 2019 Annual Operating Plan Summary

1. 2020 Business Policy

- (1) Our company will actively develop niche products such as high frequency high-speed transmission connectors and strengthen automated production control to create growth in performance and profits.
- (2) Our company, in combination with Luxshare Precision Industry's distribution channels and product advantages, will devote to the early stage development with other associations and will participate in innovative design for brand clients from Europe, America, and mainland China, in order to take the preemptive opportunities in the market.
- (3) In response to rising costs of all parties, our company will strengthen cost management and adjust manufacturing model to reduce the cost effectively and to maximize profits.
- (4) Comply with the market trend for the future, our company will continue to exploit new markets, strengthen the market competitiveness, and increase the company's operating performance.

2. The Expected Number of Sales and Its Basis

Market research firm IDC predicted that 2020 will be an important year to “the Race to Reinvent for Multiplied Innovation”. If future company cannot accelerate its digital innovation, they will lose two-thirds of market opportunities by 2022. In the new digital economy, technology application will be the key. IDC predicts that the market trend will be subject to the following effects:

- (1) AI Conversational platform and "Federated AI" is formed

The innovation of artificial intelligence technology is dramatically changing the way the industry operates. The Conversational Platform, which integrates natural language processing (NLP) and chatbot (Chatbot), has a greater impact on the industry. The main application areas will appear in five areas: personalized recommendations, automated documents Search, work automation, workforce enhancement and enhancement, and entertainment application services. From the perspective of industry, it is the most advanced in the application of industries such as finance, professional services, retail catering and media entertainment. With the upgrade and evolution of hardware devices, the development of chip computing, performance utilization, power management, etc. is becoming more complete, and personal privacy and security protection is becoming more and more high, including identity recognition, intelligent assistant, advanced photography, and reduced power. The functions and instructions that need to be manually set in the past, such as consumption and extended battery life, have become more powerful, smart, and self-sponsoring as the AI has entered the edge. IDC predicts that by 2020, 50% of smartphones will be equipped with AI chips; in 2022, 25% of global terminals will have AI edge computing capabilities. By collecting, analyzing and learning the movements and usage habits of these AI terminal devices, and matching machine learning in the cloud, it will further help and accelerate the development of new state-of-the-art wafers.

- (2) Cloud native IT (Cloud Native IT) full conversion

The high growth of public cloud services has led to the evolution of high kinetic energy of public cloud information technology, and at the same time it has expanded to multiple layers. For the continuous internalization of the refined system technology, the cloud machine room to add more heterogeneous exclusive processing chips, virtualization pursuit of lightweight, intangible, virtual architecture turned to open specifications. The application of technology is no longer limited to the service provider's computer room, but can also be deployed to the enterprise side from the organic room or the Internet of Things front-end system.

- (3) From artificial intelligence to the environment intelligence

With mobile devices, IPV6, IoT Internet of Things, and the deployment of various types of sensors, IDC expects artificial intelligence applications to spread from enterprise/consumer applications to the next stage – Ambient Intelligence. The user must be highly connected with the use of the situation / life style, there is a high demand for end user behavior and prediction, so the application and import of artificial intelligence is extremely important.

- (4) 5G era is coming

IDC expects SA's independent network to be adopted by telecom operators in 2020. With the introduction of high-, medium-, and low-frequency 5G base stations and the introduction of

technologies such as network slicing, remote remote control unmanned factories, remote wisdom medical, and self-control The automatic management of driving and large-scale fleets, the mass transit intelligent transportation system and the operation of smart cities will continue.

The world's urban population is expanding. In 2050 the world will have 66% of the population lives in cities. In order to reduce growing traffic congestion, governments and automakers are cooperating to promote intelligence services and car sharing. Many automakers took this opportunity in promoting the electric vehicle applications, by increasing driver assistance and networking function as feature highlights. Offering test drive for customers to experience the advantages of electric vehicle, to attract people to purchase, while improving brand image and promotion efficiency. Due to the inconvenience of short-mileage of electric vehicles in the past, the automakes significantly enhance the convenience and safety of electric vehicles, by equipped with advanced driver assistance and intelligence systems of Internet of Vehicles, combining with high degree of integration of operating environment, to rebuild customer's confidence. Speed Tech, started with Netcom connector products, has many years of experience in research and development in the high-frequency and RF connector. Through the excellent development ability to catch up with this wave of Internet of Vehicles and connector needs, we believe Speed Tsch will make great achievement again.

In summary, with the higher entry barrier of competition, connector manufacturers need to transform into a high-order and centralized industrial structure. Our company will be improving qualitatively and quantitatively, and in collaboration with various market segments to introduce new products continuously. As the whole industry growth remains, therefore our business growth can be expected.

3. The Important Marketing Policy

- (1) In collaboration with Luxshare Precision Group, our company will use their resources effectively, to maximize cost-effective, accurate inventory control and future market demand, to reduce inventory costs and management risk.
- (2) Our company will strengthen the divisional cooperation within the Group, and continue to improve production process, in order to effectively control costs and improve operational mechanisms in production and marketing.
- (3) Our company will continue to develop new products, combined with automated production, to exploit high value-added products markets, and to increase product competitiveness and gross margin.

III. Company's Future Development Strategy

In the past two years, our company continued to adjust strategy and direction, and has developed multiple new products. The "niche products", "high-frequency high-speed products" and "automation" will be the future products. It has shown its effectiveness now, transforming from low-end products to mid to high-end products.

Our overall future strategy will be "automated production technology as the core competence", "matching technology and integrated production benefits", "integrating production resources to increase efficiency and decrease cost", and "integrating Group resources to expand the market". We will fully apply these four polices to make Taiwan as a R&D, business, and automated production base. The overseas production base will combine with local resources, to expand the local market and target customers, to expanding the economies of scale, to enhance competitiveness and increase profitability.

IV. External Competitive Environment, Regulatory Environment and the Impact on the Overall Business

1. On the external competitive environment: In response to price-cutting competition in the industry, which squeez the profit margins, our company has moved towards cloud computing applications and new development of high-order transmission interface connector. We also develop and expand the precision connectors to relevant markets, to enhance the product competition threshold, decentralized irrational IT industry competitive environment, and reduce operating risk.

2. On the regulatory environment: Our company did not have any significant financial or business impact affected by any domestic/foreign policies or laws.
3. On the overall business environment: Though the mainland China market is big, the competition is relatively intense. Therefore, our company will unite with the local resources of Luxshare Precision group, focus on business sales, and adjust strategy at any time, and actively develop niche products, in order to get more benefit in this wave of change.

In the past two years, our company has established product positioning and business strategy by constantly adjustments-- speed up disposal of loss-making overseas subsidiaries and focus on the development of this industry connectors. Based on these polices, our company has developed multiple new products and has some remarkable achievements.

Our outlook in 2020, the company staffs will continue to make unremitting efforts, along with mass production and better management performance, the great profit improvment can be expected. Our company expect to make good achievement again, and share business results with shareholders.

We appreciate your continuous support and encouragement as our shareholders. Wish you good health and good luck respectfully.

SPEED TECH CORP.

Chairman TSAI, CHEN-LUNG

Manager TSAI, CHEN-LUNG

Director of Accounting CHUANG, YUEN-TUNG

Attachment II

SPEED TECH CORP. Supervisors Review Report

Hereby approve

The Board of Directors has prepared and submit 2019 Business Report, Earnings Distribution Table and Consolidated Financial Statements (including Balance Sheet, Statement of Comprehensive Income, Statement of Shareholders Equity, and Statement of Cash flows) which was audited by Accountant Shi-Jun Huang and Certified Public Accountant Cui- Miao Ye of PwC Taiwan and inspected by Supervisors who affirmed that there is no violation against the law and has followed the regulation of Article 219 in Company Act.

Hereby submit it for inspection.

Sincerely,

2020 Speed Tech Corp. Annual Shareholders' Meeting

The Supervisor: Asus Investment co., LTD.

Representative LIN, CHIU-TAN

The Supervisor: HSU, CHIA-TE

The Supervisor: TSAI, CHIA-WEI

March 20, 2020

SPEED TECH CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2019 AND 2018

For the convenience of readers and for information purpose only, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

SPEED TECH CORP. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

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

Hereby declare,

SPEED TECH CORP.

Tsai, Chen-Lung

March 20, 2020

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR19000503

To the Board of Directors and Shareholders of Speed Tech Corp.

Opinion

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

In our opinion, based on our audits and the reports of other independent accountants (please refer to ‘Other matter’ section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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

Key audit matter - Impairment evaluation on property, plant and equipment

Description

Please refer to Note 4(15) for accounting policies on property, plant and equipment, Note 4(20) for accounting policies on impairment of non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions related to impairment of property, plant and equipment, and Note 6(6) for details of property, plant and equipment.

The Group owns property, plant and equipment primarily for office, plant and machinery and equipment for production. The operation of the Group may change with the changes in the economic conditions and corporate strategies, which affects the impairment evaluation on property, plant and equipment. The Group evaluates the recoverable amount of property, plant and equipment based on the evaluation information prepared by the management and appraisal report prepared by the appointed external appraiser. Considering the amounts of property, plant and equipment are significant and the evaluation processes involve professional judgements. Thus, we consider the impairment evaluation on property, plant and equipment as a key audit matter.

How our audit addressed the matter

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

1. Inspected the evaluation information prepared by the management and reconciled with relevant information.
2. Inspected the relevant documentations regarding the professionalism, competence and objectivity of the external appraiser.
3. Interviewed the external appraiser and management to understand the evaluation method and data source used.
4. Inspected the appraisal report prepared by the external appraiser, sampled and tested the data used with relevant information.

Key audit matter - Evaluation on inventories

Description

Please refer to Note 4(13), for accounting policies on inventory evaluation, Note 5(2) for the uncertainty

of accounting estimates and assumptions applied on inventory evaluation, and Note 6(4) for details of inventories.

The Group's revenue is primarily from processing and manufacturing as well as selling of electronic connectors. The inventory value changes arising from technical transformations, environmental changes and sales situations that affect the inventory evaluation. The Group evaluates the inventory net realisable values based on judgements, identifying net realisable values for each inventory, comparing the lower of costs and net realisable values and identifying the serviceability of obsolete inventories individually, then decides the allowance for inventory evaluation losses. The inventory amounts are significant and the evaluation processes involve judgements, thus, we consider the inventory evaluation as a key audit matter.

How our audit addressed the matter

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

1. Obtained the policies of inventory evaluation and evaluate the reasonableness and consistency of these policies.
2. Observed physical inventory count at the end of the period to identify whether there are obsolete, damaged or unsalable inventories.
3. Obtained ageing statements of each kind of inventory and tested the changes in ages of inventory. Selected samples with inventory number and verified with change records, checked the accuracy of classification range of inventory ages and assessed the effect on inventory value.
4. Obtained net realisable value statement of each kind of inventory and checked whether the applied calculation logic agreed to all inventory. Sampled and tested relevant data with the relevant documentations. In addition, recalculated the allowance for inventory valuation losses that the Group should provision by comparing the lower of costs and net realisable values individually.

Other matter - Scope of the audit

We did not audit the financial statements of certain Subsidiaries and investees accounted for using equity method that are included in the consolidated financial statements. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants. On December 31, 2019 and 2018, the Group recognised the investments accounted for using equity method for aforementioned investees amounting to NT\$245,574 thousand and NT\$2,206 thousand, respectively, constituting 2.43% and 0.04% of the total consolidated assets, respectively; and recognised comprehensive income amounting to NT\$322,344 thousand and NT\$0 thousand, constituting 2.86% and 0% of the consolidated comprehensive income for the years then ended, respectively.

Other matter - Parent company only financial reports

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

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

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

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

Those charged with governance, including the supervisors, are responsible for overseeing the Group’s financial reporting process.

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Yeh, Tsui-Miao

Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 20, 2020

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

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

SPEED TECH CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		<u>Assets</u>	<u>Notes</u>	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
				<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets							
1100	Cash and cash equivalents		6(1)	\$ 833,003	8	\$ 531,731	9
1110	Financial assets at fair value through profit or loss-current		6(2)	241,284	3	2,602	-
1136	Financial assets measured by amortized cost-current		8	29,181	-	28,959	-
1150	Notes receivable, net		6(3)	1,546	-	7,143	-
1160	Notes receivable, net-related parties		6(3), 7(3) and 8	522,084	5	138,570	2
1170	Accounts receivable, net		6(3)	853,002	9	769,932	13
1180	Accounts receivable, net-related parties		6(3) and 7(3)	3,359,065	33	1,567,895	26
1200	Other receivables			26,812	-	15,758	-
1210	Other receivables - related parties		7(3)	139,811	1	21,464	-
1220	Current income tax assets		6(27)	1,255	-	1,403	-
130X	Inventories		6(4)	577,668	6	423,885	7
1410	Prepayments			31,218	-	54,236	1
1470	Other current assets			<u>1,589</u>	-	<u>2,754</u>	-
11XX	Total current assets			<u>6,617,518</u>	<u>65</u>	<u>3,566,332</u>	<u>58</u>
Non-current assets							
1550	Investments accounted for using equity method		6(5)	333,684	3	284,970	5
1600	Property, plant and equipment		6(6), 7(3) and 8	2,588,501	26	1,854,600	30
1755	Right-of-use asset		6(7)	18,641	-	-	-
1760	Investment property - net		6(9) and 8	100,937	1	176,741	3
1780	Intangible assets			209,617	2	2,764	-
1840	Deferred income tax assets		6(27)	103,581	1	104,357	2
1900	Other non-current assets		6(10)	<u>141,752</u>	<u>2</u>	<u>106,241</u>	<u>2</u>
15XX	Total non-current assets			<u>3,496,713</u>	<u>35</u>	<u>2,529,673</u>	<u>42</u>
1XXX	Total assets			<u>\$ 10,114,231</u>	<u>100</u>	<u>\$ 6,096,005</u>	<u>\$ 100</u>

(Continued)

SPEED TECH CORP. 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 liabilities						
2100	Short-term borrowings	6(11)	\$1,522,921	15	\$ 852,357	14
2110	Short-term tickets payable		99,867	1	-	-
2130	Contract liabilities-current	6(21)	60	-	314	-
2150	Notes payable		20,263	-	24,998	-
2170	Accounts payable		2,890,006	29	1,318,756	22
2180	Accounts payable - related parties	7(3)	374,190	4	308,690	5
2200	Other payables	6(12)	625,669	6	306,983	5
2220	Other payables - related parties	7(3)	249,577	2	30,579	1
2230	Current income tax liabilities	6(27)	105,296	1	20,432	-
2280	Lease liabilities-current	7(3)	5,652	-	-	-
2300	Other current liabilities	6(13) and 7(3)	<u>33,819</u>	-	<u>301,862</u>	<u>5</u>
21XX	Total current liabilities		<u>5,927,320</u>	<u>58</u>	<u>3,164,971</u>	<u>52</u>
Non-current liabilities						
2540	Long-term borrowings	6(14)	250,000	3	-	-
2570	Deferred income tax liabilities	6(27)	217,417	2	153,392	3
2580	Lease liabilities-non-current		12,265	-	-	-
2600	Other non-current liabilities		<u>13,973</u>	-	<u>13,353</u>	-
25XX	Total non-current liabilities		<u>493,655</u>	<u>5</u>	<u>166,745</u>	<u>3</u>
2XXX	Total Liabilities		<u>6,420,975</u>	<u>63</u>	<u>3,331,716</u>	<u>55</u>
Equity attributable to owners of parent						
Share capital						
3110	Common shares	6(17)	1,696,450	17	1,678,000	28
Capital surplus						
3200	Capital surplus		206,483	1	76,815	1
Retained earnings						
3310	Legal reserve		48,402	1	31,552	1
3320	Special reserve		93,208	1	79,645	1
3350	Unappropriated retained earnings		560,171	6	222,853	4
Other equity						
3400	Other equity interest	6(20)	<u>(199,806)</u>	<u>(2)</u>	<u>(93,208)</u>	<u>(2)</u>
31XX	Equity attributable to owners of the parent		2,404,908	24	1,995,657	33
36XX	Non-controlling interest		<u>1,288,348</u>	<u>13</u>	<u>768,632</u>	<u>12</u>
3XXX	Total equity interest		<u>3,693,256</u>	<u>37</u>	<u>2,764,289</u>	<u>45</u>
Significant contingent liabilities and unrecognised contract commitments						
		9				
Significant events after the balance sheet date						
		11				
3X2X	Total liabilities and equity		<u>\$ 10,114,231</u>	<u>100</u>	<u>\$ 6,096,005</u>	<u>100</u>

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

SPEED TECH CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNT)

		<u>Years ended December 31,</u>			
		<u>2019</u>		<u>2018</u>	
<u>Items</u>	<u>Notes</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue	\$ 11,260,075	100	\$ 5,133,422	100
5000	Operating costs	<u>(9,357,558)</u>	<u>(83)</u>	<u>(4,083,487)</u>	<u>(80)</u>
5900	Gross profit	<u>1,902,517</u>	<u>17</u>	<u>1,049,935</u>	<u>20</u>
	Operating expenses				
6100	Selling expenses	(108,990)	(1)	(90,591)	(2)
6200	General and administrative expenses	(145,161)	(1)	(97,936)	(2)
6300	Research and development expenses	(795,787)	(7)	(528,088)	(10)
6450	Expected credit impairment loss	<u>(4,814)</u>	-	<u>(10,338)</u>	-
6000	Total operating expenses	<u>(1,054,752)</u>	<u>(9)</u>	<u>(726,953)</u>	<u>(14)</u>
6900	Operating profit	<u>847,765</u>	<u>8</u>	<u>322,982</u>	<u>6</u>
	Non-operating income and expenses				
7010	Other income	101,397	1	61,500	1
7020	Other gains and losses	(136,492)	(1)	(1,365)	-
7050	Finance costs	(39,098)	(1)	(26,302)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	<u>96,193</u>	<u>1</u>	<u>77,028</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>22,000</u>	-	<u>110,861</u>	<u>2</u>
7900	Profit before income tax	869,765	8	433,843	8
7950	Income tax expense	<u>(216,711)</u>	<u>(2)</u>	<u>(124,249)</u>	<u>(2)</u>
8200	Profit for the year	<u>\$ 653,054</u>	<u>6</u>	<u>\$ 309,594</u>	<u>6</u>

(Continued)

SPEED TECH CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNT)

	<u>Items</u>	<u>Notes</u>	<u>Years ended December 31</u>			
			<u>2019</u>	<u>%</u>	<u>2018</u>	<u>%</u>
			<u>Amount</u>		<u>Amount</u>	
Other comprehensive income (loss) , net						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Gains (losses) on remeasurements of defined benefit plans		1,325	-	(\$ 176)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(79)	-	421	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(27)	<u>(265)</u>	-	<u>(38)</u>	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>981</u>	-	<u>207</u>	-
Components of other comprehensive income that may be reclassified to profit or loss						
8361	Exchange differences on translation of foreign financial statements	6(20)	(43,979)	<u>(1)</u>	(44,453)	<u>(1)</u>
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	6(20)				
8399	Income tax relating to components of other comprehensive income (loss) that may be reclassified to profit or loss	6(27)	(9,665)	-	3,879	-
8360	Total components of other comprehensive (loss) income that may be reclassified to profit or loss		<u>535</u>	-	<u>7,580</u>	-
8300	Other comprehensive (loss) income for the year, net		<u>(\$ 52,128)</u>	<u>(1)</u>	<u>(\$ 32,787)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 600,926</u>	<u>5</u>	<u>\$ 276,807</u>	<u>5</u>
Profit, attributable to:						
8610	Owners of the parent		<u>\$ 366,750</u>	<u>3</u>	<u>\$ 168,496</u>	<u>3</u>
8620	Non-controlling interest		<u>\$ 286,304</u>	<u>3</u>	<u>\$ 141,098</u>	<u>3</u>
Comprehensive income attributable to:						
8710	Owners of the parent		<u>\$ 355,922</u>	<u>3</u>	<u>\$ 155,140</u>	<u>3</u>
8720	Non-controlling interest		<u>\$ 245,004</u>	<u>2</u>	<u>\$ 121,667</u>	<u>2</u>
Basic earnings per share						
9750	Total basic earnings per share	6(28)	<u>\$ 2.19</u>		<u>\$ 1.00</u>	
Diluted earnings per share						
9850	Total diluted earnings per share	6(28)	<u>\$ 2.12</u>		<u>\$ 1.00</u>	

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

SPEED TECH CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Equity attributable to owners of the parent		Capital surplus Difference between consideration and carrying amount of subsidiaries acquired or disposed	Retained earnings			Other equity Exchange differences on translation of foreign financial statements	Unearned compensation	Total	Non-control ling interest	Total equity	
		Common shares	Share premium		Legal reserve	Special reserve	Unappropri- ated retained earnings						
Year 2018													
Balance at January 1, 2018		\$ 1,678,000	\$ 27,280	\$ 46,184	\$ -	\$ 25,887	\$ 81,960	\$ 69,473	(\$79,645)	\$ -	\$ 1,849,139	\$ 416,705	\$ 2,265,844
Net income for 2018		-	-	-	-	-	-	168,496	-	-	168,496	141,098	309,594
Other comprehensive income (loss)	6(20)	=	=	=	=	=	=	207	(13,563)	=	(13,356)	(19,431)	(32,787)
Total comprehensive income (loss)		=	=	=	=	=	=	168,703	(13,563)	=	155,140	121,667	276,807
Appropriation and distribution of 2017 retained earnings	6(19)												
Legal reserve appropriated		-	-	-	-	5,665	-	(5,665)	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	(2,315)	2,315	-	-	-	-	-
Changes in ownership interests in associates		-	-	-	-	-	-	(11,973)	-	-	(11,973)	-	(11,973)
Compensation cost of employee stock options		-	-	-	3,351	-	-	-	-	-	3,351	4,504	7,855
Increase in non-controlling interests-capital increase of subsidiaries	6(29)	-	-	-	-	-	-	-	-	-	-	225,756	225,756
Balance at December 31, 2018		\$ 1,678,000	\$ 27,280	\$ 46,184	\$ 3,351	\$ 31,552	\$ 79,645	\$ 222,853	(\$93,208)	\$ -	\$ 1,995,657	\$ 768,632	\$ 2,764,289
Year 2019													
Balance at January 1, 2019		\$ 1,678,000	\$ 27,280	\$ 46,184	\$ 3,351	\$ 31,552	\$ 79,645	\$ 222,853	(\$93,208)	\$ -	\$ 1,995,657	\$ 768,632	\$ 2,764,289
Net income for 2019		-	-	-	-	-	-	366,750	-	-	366,750	286,304	653,054
Other comprehensive income (loss)	6(20)	=	=	=	=	=	=	981	(11,809)	=	(10,828)	(41,300)	(52,128)
Total comprehensive income (loss)		=	=	=	=	=	=	367,731	(11,809)	=	355,922	245,004	600,926
Appropriation and distribution of 2018 retained earnings	6(19)												
Legal reserve appropriated		-	-	-	-	16,850	-	(16,850)	-	-	-	-	-
Special reserve appropriated		-	-	-	-	-	13,563	(13,563)	-	-	-	-	-
Issuance of employee restricted stocks	6(16)	18,450	-	-	110,972	-	-	-	-	(110,972)	18,450	-	18,450
Compensation cost of employee restricted stocks	6(16)	-	-	-	-	-	-	-	-	16,183	16,183	-	16,183
Compensation cost of employee stock options	6(16)	-	-	-	18,696	-	-	-	-	-	18,696	33,281	51,977
Increase in non-controlling interests-capital increase of subsidiaries		-	-	-	-	-	-	-	-	-	-	109,593	109,593
Increase in non-controlling interests-acquired from business combinations	6(30)	=	=	=	=	=	=	=	=	=	=	131,838	131,838
Balance at December 31, 2019		\$ 1,696,450	\$ 27,280	\$ 46,184	\$ 133,019	\$ 48,402	\$ 93,208	\$ 560,171	(\$ 105,017)	(\$94,789)	\$ 2,404,908	\$ 1,288,348	\$ 3,693,256

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

SPEED TECH CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Notes</u>	<u>Years ended December 31,</u>	
		<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 869,765	\$ 433,843
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	4,814	10,338
Depreciation on property, plant and equipment	6(25)	379,542	320,217
Depreciation on investment property	6(23)	1,184	1,862
Depreciation charges on right-of-use assets	6(25)	6,753	-
Amortisation on intangible assets	6(25)	10,694	2,194
Interest expense	6(24)	39,098	26,302
Interest income	6(22)	(9,469)	(7,162)
Loss on disposal of property, plant and equipment	6(23)	38,955	1,946
Property, plant and equipment transferred to expenses		29,060	25,621
Share of profit of associates accounted for using equity method	6(5)	(96,193)	(77,028)
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	6(23)	(2,543)	4,793
Impairment loss on property, plant and equipment	6(23)	20,148	-
Share-based payments	6(16)	68,160	7,855
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		(236,139)	(6,381)
Notes receivable, net		5,597	(2,726)
Notes receivable due from related parties, net		138,570	(138,160)
Accounts receivable		79,783)	11,768
Accounts receivable due from related parties		(2,179,801)	(1,107,464)
Other receivables		(8,873)	15,327
Other receivables due from related parties		(118,347)	(12,618)
Inventories		(139,428)	(88,526)
Prepayments		34,165	(23,216)
Other current assets		1,353	(285)
Other non-current assets		7,528	13,086
Changes in operating liabilities			
Current contract liabilities		(264)	(293)
Notes payable		(6,644)	(5,068)
Accounts payable		1,566,299	619,030
Accounts payable to related parties		(39,815)	180,066
Other payables		200,318	83,711
Other payables to related parties		27,960	16,396
Other current liabilities		(3,205)	4,101
Other non-current liabilities		<u>426</u>	<u>5,141</u>
Cash inflow generated from operations		529,885	314,670
Income taxes received		9,498	508
Income taxes paid		(103,044)	(58,907)
Interest received		<u>9,469</u>	<u>7,162</u>
Net cash provided by operating activities		<u>445,808</u>	<u>263,433</u>

(Continued)

SPEED TECH CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Notes</u>	<u>Years ended December 31,</u>	
		<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Dividends received from investments accounted for using equity method	6(5) and 7(3)	\$37,735	\$22,197
Acquisition of property, plant and equipment	6(32)	(918,846)	(742,863)
Proceed from disposal of property, plant and equipment		54,075	88,942
Acquisition of intangible assets		(422)	(351)
Increase in prepayments for business facilities		(75,419)	(35,327)
Decrease (increase) in refundable deposits	6(10)	874	(2,553)
(Increase) decrease in financial assets at amortised cost-current		(222)	139,743
Net cash flow from acquisition of subsidiaries	6(30)	<u>(91,358)</u>	-
Net cash used in investing activities		<u>(993,583)</u>	<u>(530,212)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term notes and bills payable	6(33)	240,000	-
Decrease in short-term notes and bills payable	6(33)	(140,133)	-
Proceeds from short-term loans	6(33)	6,110,126	5,409,590
Repayments of short-term loans	6(33)	(5,454,637)	(5,447,089)
Proceeds from long-term loans	6(33)	280,000	-
Repayments of long-term loans	6(33)	(295,000)	(30,000)
Decrease in guarantee deposits received		(300)	(924)
Increase in other payables to related parties	6(33)	54,437	-
Decrease in other payables to related parties	6(33)	(38,710)	-
Payments of lease liabilities	6(33)	(6,558)	-
Interest paid		(39,098)	(26,246)
Cash received from issuance of employee restricted stocks	6(16)	18,450	-
Increase in non-controlling interest-capital increase of subsidiaries		<u>109,593</u>	<u>225,756</u>
Net cash from financing activities		<u>838,170</u>	<u>131,087</u>
Effect of exchange rate		<u>10,877</u>	<u>(20,610)</u>
Net increase (decrease) in cash and cash equivalents		301,272	(156,302)
Cash and cash equivalents at beginning of the year	6(1)	<u>531,731</u>	<u>688,033</u>
Cash and cash equivalents at end of the year	6(1)	<u>\$833,003</u>	<u>\$531,731</u>

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

SPEED TECH CORP.
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2019 AND 2018

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR19000436

To the Board of Directors and Shareholders of Speed Tech Corp.

Opinion

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

In our opinion, based on our audits and the reports of other independent accountants (please refer to ‘Other matter’ section of our report), 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 *Auditor’s Responsibilities for the Audit of the 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. Based on our audits and the audit reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

For accounting policies on investments accounted for using equity method, please refer to Note 4(12); For details of investments accounted for using equity method, please refer to Note 6(4). The financial condition and financial performance of the subsidiaries held by the Company, either directly or

indirectly, has significant influence over the parent company only financial statements of the Company. Thus, we consider the aforementioned balance of investments accounted for using equity method and recognition of investment gain or loss including inventory valuation as key audit matters as follows:

Key audit matter –Impairment evaluation on property, plant and equipment

Description

Please refer to Note 4(13) for accounting policies on property, plant and equipment, Note 4(18) for accounting policies on impairment of non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions related to impairment of property, plant and equipment, and Note 6(5) for details of property, plant and equipment.

The Company owns property, plant and equipment primarily for office, plant and machinery and equipment for production. The operation of the Company may change with the changes in the economic conditions and corporate strategies, which affects the impairment evaluation on property, plant and equipment. The Company evaluates the recoverable amount of property, plant and equipment based on the evaluation information prepared by the management and appraisal report prepared by the appointed external appraiser. Considering the amounts of property, plant and equipment are significant and the evaluation processes involve professional judgements. Thus, we consider the impairment evaluation on property, plant and equipment as a key audit matter.

How our audit addressed the matter

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

1. Inspected the evaluation information prepared by the management and reconciled with relevant information.
2. Inspected the relevant documentations regarding the professionalism, competence and objectivity of the external appraiser.
3. Interviewed the external appraiser and management to understand the evaluation method and data source used.
4. Inspected the appraisal report prepared by the external appraiser, sampled and tested the data used with relevant information.

Key audit matter –Evaluation on inventories

Description

Please refer to Note 4(11), for accounting policies on inventory evaluation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory evaluation, and Note 6(3) for details of inventories.

The Company and its subsidiaries' revenue is primarily from processing and manufacturing as well as selling of electronic connectors. The inventory value changes arising from technical transformations, environmental changes and sales situations that affect the inventory valuation of investments accounted for using equity method of the Company and its subsidiaries. The Company and its subsidiaries value the inventory net realisable values based on judgements, identifying net realisable values for each inventory, comparing the lower of costs and net realisable values and identifying the serviceability of obsolete inventories individually, then decides the allowance for inventory valuation losses. The inventory amounts are significant and the valuation processes involve judgements, thus, we consider the inventory valuation as a key audit matter.

How our audit addressed the matter

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

1. Obtained the policies of inventory evaluation and evaluate the reasonableness and consistency of these policies.
2. Observed physical inventory count at the end of the period to identify whether there are obsolete, damaged or unsalable inventories.
3. Obtained ageing statements of each kind of inventory and tested the changes in ages of inventory. Selected samples with inventory number and verified with change records, checked the accuracy of classification range of inventory ages and assessed the effect on inventory value.
4. Obtained net realisable value statement of each kind of inventory and checked whether the applied calculation logic agreed to all inventory. Sampled and tested relevant data with the relevant documentations. In addition, recalculated the allowance for inventory valuation losses that the

Company should provision by comparing the lower of costs and net realisable values individually.

Other matter – Scope of the audit

We did not audit the financial statements of certain subsidiaries (shown as investment accounted for using equity method) and investees accounted for using equity method that are included in the only financial statements. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants. On December 31, 2019 and 2018, the Company recognised the investments accounted for using equity method for aforementioned investees amounting to NT\$126,267 thousand and NT\$2,206 thousand, respectively, constituting 2.65% and 0.06% of the total parent company only assets, respectively; and recognised comprehensive income for aforementioned investees amounting to NT\$471 thousand and NT\$2,206 thousand, constituting 0.13% and 1.42% of the parent company only comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the 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 supervisors, are responsible for overseeing the Company’s financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances,

we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yeh, Tsui-Miao

Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 20, 2020

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

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

SPEED TECH CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Assets</u>	<u>Notes</u>	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 497,064	11	\$ 174,712	5
1136	Financial assets measured by amortized cost-current	8	3,000	-	3,000	-
1170	Accounts receivable, net	6(2)	678,212	14	593,825	16
1180	Accounts receivable - related parties, net	6(2) and 7(3)	303,947	6	97,156	2
1200	Other receivables		9,210	-	6,872	-
1210	Other receivables - related parties	7(3)	12,167	-	28,379	1
1220	Current income tax assets	6(26)	-	-	103	-
130X	Inventories	6(3)	124,220	3	105,561	3
1410	Prepayments		2,507	-	2,730	-
1470	Other current assets		<u>1,374</u>	-	<u>5,753</u>	-
11XX	Total current assets		<u>1,631,701</u>	<u>34</u>	<u>1,018,091</u>	<u>27</u>
	Non-current assets					
1550	Investments accounted for using equity method	6(4) and 7(3)	2,096,375	44	1,631,358	43
1600	Property, plant and equipment	6(5), 7(3) and 8	770,933	16	778,001	20
1755	Right-of-use asset	6(6)	14,697	1	-	-
1760	Investment property - net	6(8) and 8	100,937	2	176,741	5
1780	Intangible assets		1,470	-	1,532	-
1840	Deferred income tax assets	6(26)	96,083	2	99,602	3
1900	Other non-current assets	6(9)(14)	<u>58,064</u>	<u>1</u>	<u>78,461</u>	<u>2</u>
15XX	Total non-current assets		<u>3,138,559</u>	<u>66</u>	<u>2,765,695</u>	<u>73</u>
1XXX	Total assets		<u>\$ 4,770,260</u>	<u>100</u>	<u>\$ 3,783,786</u>	<u>100</u>

(Continued)

SPEED TECH CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Liabilities and Equity</u>		<u>Notes</u>	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current liabilities						
2100	Short-term loans	6(10)	\$ 1,000,838	21	\$ 713,787	19
2110	Short-term tickets payable		99,867	2	-	-
2130	Contract liabilities-current	6(20)	57	-	314	-
2150	Notes payable		-	-	362	-
2170	Accounts payable		233,149	5	99,136	3
2180	Accounts payable - related parties	7(3)	394,562	8	392,647	10
2200	Other payables	6(11)	122,532	3	120,016	3
2220	Other payables-related parties	7(3)	31,639	1	-	-
2230	Current income tax liabilities	6(26)	1,969	-	5,204	-
2280	Lease liabilities-current		2,778	-	-	-
2300	Other current liabilities	6(12) and 7(3)	<u>34,846</u>	<u>1</u>	<u>302,233</u>	<u>8</u>
21XX	Total current liabilities		<u>1,922,237</u>	<u>41</u>	<u>1,633,699</u>	<u>43</u>
Non-current liabilities						
2540	Long-term loans	6(13)	250,000	5	-	-
2570	Deferred income tax liabilities	6(26)	181,088	4	151,130	4
2580	Lease liabilities-non-current		12,027	-	-	-
2600	Other non-current liabilities		-	-	<u>300</u>	<u>-</u>
25XX	Total non-current liabilities		<u>443,115</u>	<u>9</u>	<u>151,430</u>	<u>4</u>
2XXX	Total Liabilities		<u>2,365,352</u>	<u>50</u>	<u>1,785,129</u>	<u>47</u>
Equity						
Share capital						
3110	Common shares	6(16)	1,696,450	35	1,678,000	44
Capital surplus						
3200	Capital surplus	6(17)	206,483	4	76,815	2
Retained earnings						
3310	Legal reserve	6(18)	48,402	1	31,552	1
3320	Special reserve		93,208	2	79,645	2
3350	Unappropriated retained earnings		560,171	12	222,853	6
Other equity interest						
3400	Other equity interest	6(19)	<u>(199,806)</u>	<u>(4)</u>	<u>(93,208)</u>	<u>(2)</u>
3XXX	Total equity interest		<u>2,404,908</u>	<u>50</u>	<u>1,995,657</u>	<u>53</u>
Significant contingent liabilities and unrecognised contract commitments						
		9				
Significant events after the balance sheet date						
		11				
3X2X	Total liabilities and equity		<u>\$ 4,770,260</u>	<u>100</u>	<u>\$3,780,786</u>	<u>100</u>

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

SPEED TECH CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNT)

		<u>For the years ended December 31,</u>				
		<u>2019</u>		<u>2018</u>		
<u>Items</u>	<u>Notes</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
4000	Operating revenue	6(20) and 7(3)	\$2,419,748	100	\$1,817,877	100
5000	Operating costs	6(3)(24) and 7(3)	<u>(2,172,308)</u>	<u>(90)</u>	<u>(1,698,716)</u>	<u>(93)</u>
5900	Gross profit		<u>247,440</u>	<u>10</u>	<u>119,161</u>	<u>7</u>
5950	Net gross profit		<u>247,440</u>	<u>10</u>	<u>119,161</u>	<u>7</u>
	Operating expenses	6(23)(24) and 7(3)				
6100	Selling expenses		(72,237)	(3)	(60,584)	(3)
6200	General and administrative expenses		(55,127)	(2)	(45,683)	(3)
6300	Research and development expenses		(93,572)	(4)	(87,799)	(5)
6450	Expected credit impairment loss	12(2)	<u>—</u>	<u>—</u>	<u>(1,676)</u>	<u>—</u>
6000	Total operating expenses		<u>(220,936)</u>	<u>(9)</u>	<u>(195,742)</u>	<u>(11)</u>
6900	Operating loss		<u>26,504</u>	<u>1</u>	<u>(76,581)</u>	<u>(4)</u>
	Non-operating income and expenses					
7010	Other income	6(21) and 7(3)	35,107	2	36,407	2
7020	Other gains and losses	6(22) and 7(3)	(38,789)	(2)	5,510	1
7050	Finance costs	6(23)	(22,187)	(1)	(19,912)	(1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(4)	<u>403,091</u>	<u>17</u>	<u>276,252</u>	<u>15</u>
7000	Total non-operating income and expenses		<u>377,222</u>	<u>16</u>	<u>298,257</u>	<u>17</u>
7900	Profit before income tax		403,726	17	221,676	13
7950	Income tax expense	6(26)	<u>(36,976)</u>	<u>(2)</u>	<u>(53,180)</u>	<u>(3)</u>
8200	Profit for the year		<u>366,750</u>	<u>15</u>	<u>168,496</u>	<u>10</u>
	Other comprehensive income (loss), net					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(14)	1,325	-	(176)	-
8330	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(79)	-	421	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(26)	<u>(265)</u>	<u>—</u>	<u>(38)</u>	<u>—</u>
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>981</u>	<u>—</u>	<u>207</u>	<u>—</u>
	Components of other comprehensive income that may be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements	6(19)	(2,679)	-	(25,022)	(1)
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss		(9,665)	-	3,879	-
8399	Income tax relating to components of other comprehensive income (loss) that may be reclassified to profit or loss	6(26)	<u>535</u>	<u>—</u>	<u>7,580</u>	<u>—</u>
8360	Components of other comprehensive (loss) income that may be reclassified to profit or loss		<u>(11,809)</u>	<u>—</u>	<u>(13,563)</u>	<u>(1)</u>
8300	Other comprehensive (loss) income, net		<u>(10,828)</u>	<u>—</u>	<u>(13,356)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>355,922</u>	<u>15</u>	<u>155,140</u>	<u>9</u>
	Basic earnings per share					
9750	Total basic earnings per share	6(27)		<u>\$ 2.19</u>		<u>\$ 1.00</u>
	Diluted earnings per share					
9850	Total diluted earnings per share	6(27)		<u>\$ 2.12</u>		<u>\$ 1.00</u>

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

SPEED TECH CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	<u>Capital surplus</u>				<u>Retained earnings</u>		<u>Other equity</u>		<u>Total equity</u>	
		<u>Common shares</u>	<u>Share premium</u>	<u>Difference between the price for acquisition or disposal of subsidiaries and carrying amount</u>	<u>Others</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Exchange differences on translation of foreign financial statements</u>		<u>Unearned compensation</u>
<u>Year 2018</u>											
Balance at January 1, 2018		<u>\$ 1,678,000</u>	<u>\$ 27,280</u>	<u>\$ 46,184</u>	<u>\$ -</u>	<u>\$ 25,887</u>	<u>\$ 81,960</u>	<u>\$ 69,473</u>	<u>(\$ 79,645)</u>	<u>\$ -</u>	<u>\$ 1,849,139</u>
Net income for 2018		-	-	-	-	-	-	168,496	-	-	168,496
Other comprehensive income (loss) for 2018	6(19)	=	=	=	=	=	=	<u>207</u>	<u>(13,563)</u>	=	<u>(13,356)</u>
Total comprehensive income (loss) for 2018		=	=	=	=	=	=	<u>168,703</u>	<u>(13,563)</u>	=	<u>155,140</u>
Appropriation and distribution of 2017 retained earnings	6(18)										
Legal reserve appropriated		-	-	-	-	5,665	-	(5,665)	-	-	-
Reversal of special reserve		-	-	-	-	-	(2,315)	2,315	-	-	-
Changes in ownership interests in associates		-	-	-	-	-	-	(11,973)	-	-	(11,973)
Compensation cost of employee stock options	6(15)	=	=	=	<u>3,351</u>	=	=	=	=	=	<u>3,351</u>
Balance at December 31, 2018		<u>\$ 1,678,000</u>	<u>\$ 27,280</u>	<u>\$ 46,184</u>	<u>\$ 3,351</u>	<u>\$ 31,552</u>	<u>\$ 79,645</u>	<u>\$ 222,853</u>	<u>(\$ 93,208)</u>	<u>\$ -</u>	<u>\$ 1,995,657</u>
<u>Year 2019</u>											
Balance at January 1, 2019		<u>\$ 1,678,000</u>	<u>\$ 27,280</u>	<u>\$ 46,184</u>	<u>\$ 3,351</u>	<u>\$ 31,552</u>	<u>\$ 79,645</u>	<u>\$ 222,853</u>	<u>(\$ 93,208)</u>	<u>\$ -</u>	<u>\$ 1,995,657</u>
Net income for 2019		-	-	-	-	-	-	366,750	-	-	366,750
Other comprehensive income (loss) for 2019	6(19)	=	=	=	=	=	=	<u>981</u>	<u>(11,809)</u>	=	<u>(10,828)</u>
Total comprehensive income (loss) for 2019		=	=	=	=	=	=	<u>367,731</u>	<u>(11,809)</u>	=	<u>355,922</u>
Appropriation and distribution of 2018 retained earnings	6(18)										
Legal reserve appropriated		-	-	-	-	16,850	-	(16,850)	-	-	-
Special reserve appropriated		-	-	-	-	-	13,563	(13,563)	-	-	-
Issuance of employee restricted stocks	6(16)	18,450	-	-	110,972	-	-	-	-	(110,972)	18,450
Compensation cost of employee restricted stocks	6(15)	-	-	-	-	-	-	-	-	16,183	16,183
Compensation cost of employee stock options	6(15)	=	=	=	<u>18,696</u>	=	=	=	=	=	<u>18,696</u>
Balance at December 31, 2019		<u>\$ 1,696,450</u>	<u>\$ 27,280</u>	<u>\$ 46,184</u>	<u>\$ 133,019</u>	<u>\$ 48,402</u>	<u>\$ 93,208</u>	<u>\$ 560,171</u>	<u>(\$ 105,017)</u>	<u>(\$ 94,789)</u>	<u>\$ 2,404,908</u>

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

SPEED TECH CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Notes</u>	<u>For the years ended</u> <u>December 31,</u>	
		<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 403,726	\$ 221,676
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss		-	1,676
Depreciation on property, plant and equipment	6(24)	105,564	116,934
Depreciation on investment property	6(22)	1,184	1,862
Depreciation charges on right-of-use assets	6(24)	2,845	-
Amortisation on intangible assets	6(24)	1,118	1,762
Interest expense	6(23)	22,187	19,912
Interest income	6(21)	(1,300)	-
Share-based payments	6(15)	16,183	(476)
Loss (gain) on disposal of property, plant and equipment	6(22)	780	(5,111)
Property, plant and equipment transferred to costs and expenses		29,060	5,969
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(4)	(403,091)	(276,252)
Impairment loss on property, plant and equipment	6(22)	20,080	-
Gain on disposal of assets from affiliated company		-	(1,903)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable due from related parties, net		-	410
Accounts receivable, net		(84,387)	(116,885)
Accounts receivable due from related parties, net		(206,791)	17,023
Other receivables		(2,338)	23,603
Other receivables due from related parties		16,212	(13,067)
Inventories		(18,659)	23,394
Prepayments		223	(688)
Other current assets		1,379	(284)
Other non-current assets		2,689	2,666
Changes in operating liabilities			
Current contract liabilities		(257)	(126)
Notes payable		(362)	7
Accounts payable		134,013	(51,429)
Accounts payable to related parties		1,915	101,244
Other payables		11,294	(4,356)
Other payables to related parties		28	-
Other current liabilities		(2,387)	3,670
Cash inflow generated from operations		50,908	71,231
Income taxes paid		(6,361)	(1,153)
Interest received		1,300	476
Net cash provided by operating activities		<u>45,847</u>	<u>70,554</u>

(Continued)

SPEED TECH CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

For the years ended December 31,

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Dividends received from investments accounted for using equity method	7(3)	\$ 114,652	\$ 22,197
Acquisition of property, plant and equipment	6(29)	(70,438)	(76,175)
Proceed from disposal of property, plant and equipment		11,287	44,120
Increase in prepayments for business facilities		(5,024)	(16,213)
Acquisition of intangible assets		(422)	(351)
Acquisition of investments accounted for under equity method		(237,655)	-
Proceeds from capital reduction of subsidiaries		<u>67,350</u>	<u>-</u>
Net cash used in investing activities		<u>(120,250)</u>	<u>(26,422)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term notes and bills payable	6(30)	240,000	-
Decrease in short-term notes and bills payable	6(30)	(140,133)	-
Proceeds from short-term loans	6(30)	5,559,334	5,090,231
Repayments of short-term loan	6(30)	(5,272,283)	(5,162,684)
Proceeds of long-term loans	6(30)	280,000	-
Repayments of long-term loans	6(30)	(295,000)	(30,000)
Decrease in guarantee deposits received		(300)	(924)
Increase in other payables to related parties	6(30)	31,611	-
Payments of lease liabilities	6(30)	(2,737)	-
Interest paid		(22,187)	(19,856)
Cash received from issuance of employee restricted stocks	6(16)	<u>18,450</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>396,755</u>	<u>(123,233)</u>
Net increase (decrease) in cash and cash equivalents		322,352	(79,101)
Cash and cash equivalents at beginning of the year	6(1)	<u>174,712</u>	<u>253,813</u>
Cash and cash equivalents at end of the year	6(1)	<u>\$ 497,064</u>	<u>\$ 174,712</u>

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

Attachment IV

SPEED TECH CORP.

2019 Annual Earnings Distribution Table

Unit: NT \$

Items	Amount
Beginning retained earnings	\$ 20,413,925
Plus: actuarial gains and losses to changes in the current period and adjustments to other retained earnings	(10,992,500)
Plus: net income after tax this year	366,749,559
Less: 10% of legal reserve	(36,773,021)
Less: special reserves	(11,808,415)
Distributable net profit	511,589,548
Distributable items:	
Shareholders' dividends-Cash (temporarily set as NT\$ 0.5 per share)	84,792,500
Unappropriated retain earnings	\$ 426,797,048

Chairman: TSAI, CHEN-LUNG Manager: TSAI, CHEN-LUNG Director of Accounting : CHUANG, YUEN-TUNG

Appendix I

SPEED TECH CORP.

Rules and Procedures of Shareholders' Meeting

Shareholders resolution on June 15, 2012

Article 1 (Rule Basis)

To develop a good governance system, supervision capabilities and management mechanism of this Corporation Board of Directors, these rules and procedures are established in accordance with Article 5 of the Taiwan "Corporate Governande Best Practice Principle for TWSE/TPEX Listed Companies".

Article 2 Unless otherwise provided by relevant laws or regulations, the Company's shareholders' meetings shall be conducted in accordance with these Rules and Procedures of Shareholders' Meetings.

Article 3 (Convening shareholders meetings and shareholders meeting notices)

Unless otherwise provided by law or regulation, the shareholders meetings shall be convened by the Board of Directors.

The convening of the shareholders' general meeting shall be notified to the shareholders 30 days before the date. To notify the shareholders holding less than one thousand shares of the registered shares, the corporation shall upload the information to the Market Observation Post System (MOPS) 30 days before the meeting. The convening of the special shareholders meeting shall be notified to the shareholders 15 days before the meeting. To notify the shareholders holding less than one thousand shares of the registered shares, the corporation shall upload the information to MOPS 15 days before the meeting date.

The notification and the announcement shall state the purpose of the meeting.

Re-election of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, 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.

Article 4 (Proxy appointing)

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.

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.

Article 5 (The principles of the time and place of a shareholders meeting)

The Meeting shall be held at the head office of the Company or at any other appropriate

place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

Article 6 (Preparation of documents such as the attendance book)

This Corporation shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. Attendance and voting rights 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.

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.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman 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 chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

It is advisable that shareholders meetings convened by the Board of Directors, more than a half of the Board of Directors shall present at the meeting. 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.

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. The Company may appoint counsel appointed, accountant or personnel to attend the shareholders' meeting.

Article 8 (Taperecoreded or videotaped shareholders' meeting process)

All shareholders' meetings shall be taperecorded or videotaped, and these tapes shall be preserved for at least one year; provided however, if there is any Shareholder bringing any proceeding against the Company pursuant to Article 189 of the Company Act, the relevant tapes shall be preserved till the end of the proceedings.

Article 9 (Calculation of the number of shareholders attendance)

The 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.

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.

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.

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)

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.

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.

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.

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)

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.

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.

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.

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.

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.

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)

Voting at a shareholders meeting shall be calculated based the number of shares.

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.

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.

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.

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 (Voting and methods for vote monitoring and counting)

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.

The passage of a proposal, except as otherwise provided in the Company Act and Articles of Incorporation of this Corporation, 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.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

Other than listing proposals in the procedure, the proposal or an amendment or alternative to a proposal proposed by the shareholder shall be seconded by other shareholders. Total shares of proposer and resolutioners shall reach 1% of total voting shares.

When there is an amendment or 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. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be shareholders. Vote counting shall be conduct in the meeting in public. Voting results shall be made known on-site immediately and recorded in writing.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. 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.

When there is an amendment or 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. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

Article 14 (Election of directors and supervisors)

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.

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 (Conference record and signed Matters)

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 distribute of the preceding paragraph in accordance by the Company Act.

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.

The methods of proceeding resolution, of which is by an inquiry by the chair with no attending director voices an objection, shall be recorded “ by an inquiry by the chair with no attending director voices an objection”, if there is an objection following an inquiry by the chair, shall be recorded the method of resolution and the ratio of resolution and the votes.

Article 16 (Public disclosure)

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.

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)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

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."

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.

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)

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.

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.

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 matters are not covered by the Rules, it shall follow by the chair's deed.

Article 20 (Supplementary Provisions)

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix II

SPEED TECH CORP. Shareholding of Directors and Supervisors

1. Total common stocks issued: 169,645,000 shares
2. In compliance with the provisions of Article 26 of the Securities Exchange Act, all directors, supervisors should hold a minimum number of shares as follows:
 - (1) The minimum required combined shareholding of all directors: 10,178,700 shares

Book closure date: April 13, 2020

Title	Name	Shareholdings	Shareholdings Ratio (%)
Chairman	Hong Kong Lian Tao Electronics Co., Ltd Representative: Zhen-Long Cai	51,989,551	30.65%
Director	Hong Kong Lian Tao Electronics Co., Ltd Representative: Yi-Ling Ye		
Director	Hong Kong Lian Tao Electronics Co., Ltd Representative: Zhao-Ren Huang		
Director	Hong Kong Lian Tao Electronics Co., Ltd Representative: Zhih-Ren Chang		
Director	Guo-Ji Fan	0	0
Independent Director	Ho-Bo Zhang	0	0.00%
Independent Director	Ding-Jun Zhong	5,000	0.003%
Shareholdings of all Directors and Ratio		51,989,551	30.98%
Supervisor	Wei Hua Investment Co., Ltd. Representative: Qiu-Tan Lin	8,000,000	4.72%
Supervisor	Jia-de Xu	0	0.00%
Supervisor	Chia-Wei Tsia	0	0.00%
Shareholdings of all Supervisors and Ratio		8,000,000	4.77%

Note: In compliance with "Rules and Review Procedures for Directors and Supervisors Share Ownership Ratio at Public Companies" provisions of Article 2, if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent.

- (2) The minimum required combined shareholding of all supervisors: 1,017,870 shares