Stock Code: 3062

CyberTAN Technology Inc.

2020

Annual Report

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MOPS Website: http://mops.twse.com.tw

This Is A Translation Of The 2020 Annual Report (The "Annual Report') Of Cybertan Technology Inc. (The "Company").

This Translation Is Intended For Reference Only And Nothing Else, The Company Hereby Disclaims Any And All Liabilities Whatsoever For The Translation. The Chinese Text Of The Annual Report Shall Govern Any And All Matters Related To The Interpretation Of The Subject Matter Stated Herein.

I. Names, titles, phone numbers and e-mail addresses of the spokesperson and deputy spokesperson.

(I) Spokesperson: Sammie Huang Title: CFO and Chief Corporate Governance Officer
Tel: (03)577-7777 E-mail address:ir@cybertan.com.tw

(II) Deputy Spokesperson: Maxon Huang Title: Vice President
Tel: (03)577-7777 E-mail address:ir@cybertan.com.tw

II. Addresses and phone numbers of the headquarters, branches and factories.

Headquarters address: Hsinchu Science Park, No. 99, Yuanqu 3rd Rd., Baoshan Township, Hsinchu County
Tel: (03)577-7777

III. Names, addresses, websites and phone numbers of the stock transfer agent.

Stock Transfer Agent: Stock Affairs Department of Grand Fortune Securities Co., Ltd.
Address: 6F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City
Website: http://www.gfortune.com.tw
Tel: (02)2371-1658

IV. Names of CPAs, and name, address, website and phone number of the CPA firm for the latest financial statement.

Name of CPA: CPA Yung-Chien Hsu, CPA Min-Chuan Feng
Name of CPA firm: PricewaterhouseCoopers Taiwan
Address: 27F., No. 333, Sec. 1, Keelung Rd., Taipei City
Website: http://www.pwc.com/tw
Tel: (02)2729-6666

V. Name of any exchange where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Company website: http://www.cybertan.com.tw

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One. Report to Shareholders

Dear Shareholders:

We sincerely appreciate your great support for CyberTAN Technology over the past year. We hereby provide a report on the 2020 operational outcome and the 2021 future outlook of the Company:

Financial and Operational Outcomes

Due to the impact of the COVID-19 global pandemic, the introduction of new products at the customer end was delayed, and the 2020 revenue of the Company decreased from last year. The overall operation result is summarized in the following:

In 2020, the net operating revenue was NTD 4,834,151,000; the operating loss was NTD 25,482,000; the profit after tax was NTD 23,575,000; and the earnings per share (EPS) were NTD 0.07. For the financial operation, the Company has maintained the principle of stability as always and has planned long- and short-term capital utilization according to the business status of the Company. In 2020, the current ratio was 257%; the debt ratio was 33%. Our working capital has been sufficient, and the financial structure has been sound.

Business, R&D, and Operational Focuses

Looking into the year of 2021, due to the continuous impact of the global pandemic, new living and working styles are thereby created, which also promotes and accelerates the corporate digitization and cloud development. We will expedite the technology, product development and market promotion of 5G FWA (fixed wireless access equipment), WiFi 6/6E and SD-WAN to provide high quality wireless transmission user experience, thereby linking families/corporates and life/work closely with IoT applications through the technology and creating new growth momentum for the Company. In addition, the Company will continue to develop new customers. Last year, we successfully implemented relevant new customer products which will be in mass production for market sale in this year.

In terms of 5G technology development, the technology has advanced from Sub 6GHz to mmWave of higher frequency and faster speed such that the mobile access network performance of faster speed and low latency is improved. In addition, the integration with the WIFI 6/6E and optical fiber module architecture also creates new business opportunities for multi-bandwidth access, thereby establishing the foundation for the Company’s development of SD-WAN (software-defined wide area network) technologies and products. We will continue to develop NFV (network functions virtualization) technology in order to allow the software and hardware of the network communication to head toward an open platform architecture, thereby satisfying the demand and trend for fast deployment of telecommunication operators and enterprises. By improving the added value of products through software technology improvement, we can create business opportunities of transformation for the Company. For existing satellite bandwidth products, the Company has extended from the technology of GEO (geostationary satellites) to LEO (low earth orbit) technology. The new LEO satellite bandwidth products are able to allow users to break through the regional restrictions with increased transmission speed and reduced latency such that its application can be more developed and broader.

To expand the market’s development, the Company has transformed from the current main business model of ODM (original design manufacturer) customers to the IDM (innovative design manufacturing) model. The specifications are closer to user demands with the expansion of the product market share, thereby continuously heading toward the next generation of high-speed wireless, wired and regional, wide area full-domain network product technology development, and truly achieving our business philosophy of “Bringing Broadband to Life.”

The Company will continue to promote the optimization of supply chain and select quality suppliers in order to cope with the issues of raw material shortages and increase in purchase price. We will implement strategic purchasing according to the market trend in order to stabilize the prices and sources of goods. In terms of the manufacturing management, the Company will accelerate the integration of the two plants in Chongqing and Vietnam, and will continue to implement automatic and intelligent manufacturing so as to improve the manufacturing efficiency and competitiveness.

In 2021, our business will focus on the development of new markets, successful introduction of new products, and continuous optimization of cost management structure as the priority. In addition, the Company will pay attention to rapid external changes in order to achieve the greatest benefits for the shareholders, the Company, and employees. Finally, we sincerely appreciate the long-term support and encouragement from all shareholders, customers, suppliers, and employees for the Company.

All the best!

Chairman: Teddy Chen President: Roger Wu

Two. Company Profile

I. Date of incorporation: June 10, 1998

II. Company milestones:

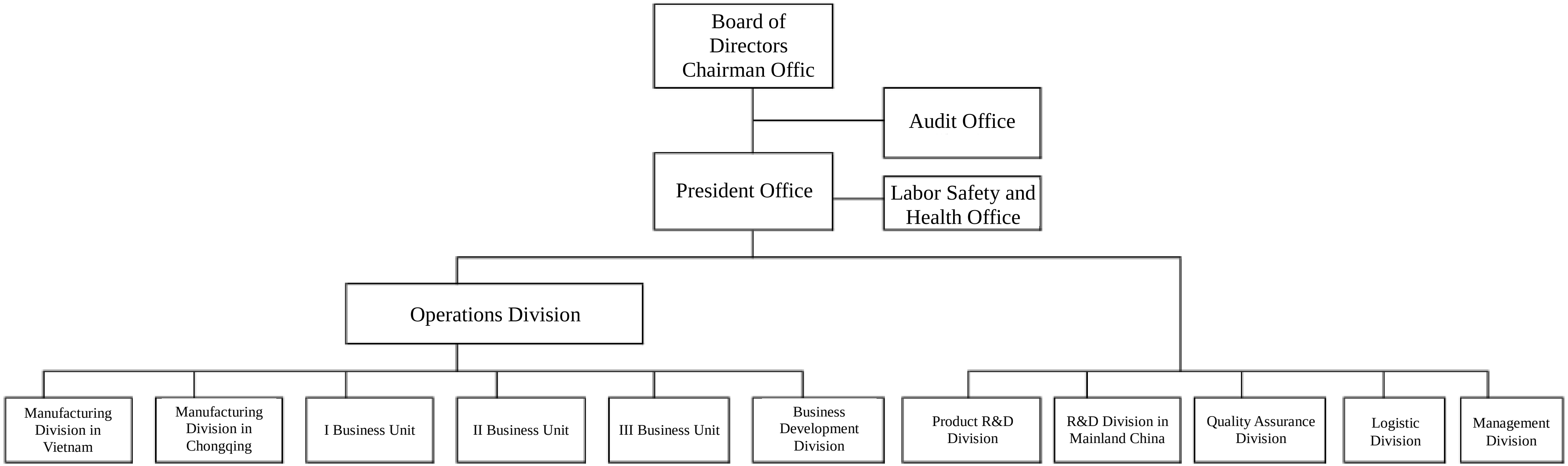
The Company was established with the capital of NTD 75 million in June 1998. We have engaged in wired communication mechanical equipment manufacturing, electronic components manufacturing, and the R&D, development and sales of broadband Internet routers/gateways, virtual private networks, firewalls, Layer 3/Layer 4 switches.

Time	Milestone
June 1998	1-port 10M Ethernet/IP Gateway was successfully developed
July 1998	8-port 10M Ethernet/IP Gateway was successfully developed
November 1998	4-port 10/100M Ethernet/IP Gateway was successfully developed
February 1999	8-port 10/100M Ethernet/IP Gateway was successfully developed
July 1999	Smart Ethernet Gateway was successfully developed
September 1999	The paid-in capital was increased out of cash to NTD 135,000,000
October 1999	We were approved at the 147th meeting by the Steering Committee of the National Science Council to set up a plant in the Hsinchu Science Park
October 1999	4-port 10/100M Switched Ethernet Router was successfully developed
February 2000	1-port 10/100M High-speed Ethernet Router was successfully developed
April 2000	8-port 10/100M Switched Ethernet Router was successfully developed
June 2000	USB Interface 10/100M Switched Ethernet Router was successfully developed
October 2000	10M HPNA Home Network Router was successfully developed
November 2000	The plant at No.99, Park Avenue 3rd, Hsinchu Science Park was purchased
December 2000	The paid-in capital was increased out of cash to NTD 350,000,000
February 2001	Broadband VoIP Router was successfully developed
March 2001	ADSL Router was successfully developed
June 2001	The paid-in capital was increased out of earnings and capital reserves to NTD 693,000,000.
August 2001	VPN Router was successfully developed.
October 2001	The public issuance was approved with the Letter (90) Tai-Cai-Zheng (1) No.162322 of the Securities and Futures Institute
November 2001	4-port 10/100M Switched Wireless 802.11b Ethernet Router was successfully developed
January 2002	Our stock was listed for trading on the emerging stock market
January 2002	Powerline/Ethernet Bridge was successfully developed
February 2002	Powerline/USB Bridge was successfully developed
March 2002	Firewall Bridge was successfully developed
May 2002	4-port 10/100M Switched VPN/Firewall Router was successfully developed
June 2002	We signed a letter of intent with BroMax Communications to officially announce a strategic partnership to public

July 2002	4-port 10/100M Switched Wireless 802.11b VPN/Firewall Router was successfully developed
August 2002	4-port 10/100M Switched Powerline Router was successfully developed
October 2002	2-port WAN/ 4-port LAN Switched VPN/Firewall Router was successfully developed
November 2002	USB VPN/Firewall Network Gateway was successfully developed
November 2002	New shares related to acquisition of the shares of BroMax Communications, Inc. were issued. BroMax Communications was an investee in which the Company had a 100% shareholding. The paid-in capital was increased to NTD 1,463,587,510
December 2002	4-port 10/100M Switched Wireless 802.11g Ethernet Router was successfully developed
March 2003	The Company officially merged with BroMax Communications, Inc. on March 1 set as the merger record date.
March 2003	11b Powerline/Wireless Network Bridge, 11b Wireless Presentation Server, 11g Wireless Network Card, and 11g Wireless Access Point were successfully developed
April 2003	11g Wireless Network Bridge was successfully developed
July 2003	11g ADSL Wireless Router was successfully developed
July 2003	Our stock was listed on the TWSE for trading
February 2004	802.11a/g WLAN product series was successfully developed
March 2004	Wireless Streaming Music Player Supporting Music Downloading and Playing was successfully developed
April 2004	VoIP and ADSL-integrated Wireless Router, Wireless DVD Player, and Wireless PCI Network Card and PCMCIA Network Card in line with the WAPI standard were successfully developed
April 2004	We were the first WAPI (WLAN Authentication and Privacy Infrastructure)-certified network communication company
April 2004	Digital Home Audio Media Adapter was officially shipped.
August 2004	We passed the TL 9000 international certification
September 2004	We passed the WPA2 (Wireless Protected Access 2) and WMM (Wi-Fi Multimedia) certifications.
October 2004	We were the only company in the Greater China that passed the “Designed to DLNA Guidelines” test of the “Digital Living Network Alliance” (DLNA).
November 2004	11a/b/g MIMO Wireless Network Card was successfully developed
December 2004	11a+g Router was successfully developed
January 2005	11b Miniaturized Wireless Module was successfully developed
March 2005	11g Miniaturized Wireless Module was successfully developed
September 2005	Our DMA passed the first official version of the interoperability test of the Digital Living Network Alliance (DLNA)
September 2005	We won the Excellent Enterprise Award of the Industrial Technology Advancement Award which was known as the “Oscars of the tech industry”
April 2014	Wi-Fi 802.11ac 3x3/2x2 Dual-mode Indoor Base Station for Small Businesses was shipped
April 2014	Wi-Fi 802.11ac 3x3/3x3 Dual-mode Indoor Base Station for Small Businesses was shipped

January 2015	DTA HD Gen2 Set-top Box was shipped
April 2015	First batch of 802.11ac Wave-2 Dual-band Dual-mode High-speed Wireless Router was shipped.
September 2015	Ka-band Satellite Broadband Router was shipped
March 2016	Docsis 3.0 Cable Modem was shipped
November 2016	4K Set-top Box was shipped
October 2016	First batch of IoT Wireless Smart Home Sensor Kits was shipped to North American distributors
December 2016	First batch of Home Mesh Wi-Fi Router Kits was shipped
January 2017	Mesh Wi-Fi Router won several awards of the CES Awards – PC Magazine: "The Best Wi-Fi Mesh Network System of 2017"; Last Gadget Standing: "2017 Winner"; ZDNet: "The best smart home, IoT products of CES 2017"; Gotta Be Mobile: "2017 CES Excellence Awards"
March 2018	High-class SD-WAN /vCPE Router was delivered to operators for certification
December 2018	Sample of LEO Satellite Broadband Router was delivered
January 2019	Ka-band Satellite Broadband Mesh Wi-Fi Router was shipped
February 2019	First version of High-speed Satellite Broadband Wireless Extender
March 2019	Mesh Wi-Fi Router for Chinese customers NB-IoT Tracker was delivered to telecommunication operators for certification
April 2019	NB-IoT Tracker for North American customers
April 2020	Wi-Fi 6 Router was shipped
October 2020	5G FWA sample was delivered to customers for testing
November 2020	BMC support VCPE was delivered to customers for certification

Three. Corporate Governance Report
I. Organization
(I) Organizational structure



(II) Operations of main divisions

Main Department	Business
Audit Office	Audit the Company's internal regulations and systems and provide improvement suggestions.
President Office	1. Establish the Company's quality policies and goals. 2. Review/approve and supervise the establishment and implementation of the quality assurance manual. 3. Evaluate the functionality of the quality system and coordinate/supervise the operation of the functions. 4. Take charge of the Company's operation, management and quality.
Legal Affairs Office	Review and draft legal documents, resolve legal issues, apply for and maintain patents, and settle the related problems.
Labor Safety and Health Office	Establish and implement the environmental, health and safety, and fire safety policies for workplace, and promote the safety and health management system, and environmental protection and green projects.
Product R&D Division /R&D Division in Mainland China	1. Design the software and hardware in the R&D work. 2. Take charge of the mechanism design and product layout. 3. Certify the safety design in the R&D work.
I Business Unit/ II Business Unit/ III Business Unit	1. Handle the Company's new product development and existing product update, research and develop alternative materials, manage projects for introduction, R&D, review, certification of new products, and hold product project review meetings. 2. Plan and promote the development of products according to the proposed customer or market demand for product specifications and design.
Business Development Division	1. Handle the Company's customer development, sale of products, and customer service affairs. 2. Take charge of the planning, implementation, analysis, management and personnel arrangement of the Company's sale of products 3. Handle the Company's product development, marketing, research and planning affairs. 4. Plan and research future product orientation, as well as set and promote specifications. 5. Integrate upstream and downstream strategic technical partners, and plan technical strategies for products to support the technical research and development of future products. 6. Collect and organize market information, and determine production specifications, marketing strategies and prices.
Quality Assurance Division	1. Certify the safety design in the R&D work. 2. Certify the compatibility of software in the R&D work. 3. Test products and systems in the R&D work. 4. Handle the Company's quality management, product assurance and RMA service affairs.
Manufacturing Division in Chongqing	1. Deal with production, material and outsourcing plans, control material stocks, products in process and finished products, and meet production and sales demand. 2. Produce products meeting quality requirements in a timely manner according to the production scheduling. 3. Improve the management of production, cost, quality assurance and personnel to enhance our production and operating performance.
Manufacturing Division in Vietnam	1. Deal with production, material and outsourcing plans, control material stocks, products in process and finished products, and meet production and sales demand. 2. Produce products meeting quality requirements in a timely manner according to the production scheduling. 3. Improve the management of production, cost, quality assurance and personnel to enhance our production and operating performance.
Logistic Division	1. Take charge of supplier management, annual supplier review, and supplier rewards and penalties. 2. Prepare and review purchase contracts and orders, and manage the changes in the contracts and orders. 3. Handle the claims, return or exchange of defective products. 4. Review and approve purchase orders, acceptance documents and invoices.

	5. Deliver new material samples and develop a second material source. 6. Review periodic costs and keep the cost down. 7. Handle the Company's strategic material procurement and supplier management businesses.
Management Division	1. Handle the Company's administrative, personnel, salary, training, public relation, financial, accounting and stock affairs. 2. Establish the overall management system based on the Company's operating goals. 3. Develop and maintain the Company's information system, and formulate, assess and implement projects based on the information demand.

II.Information about Directors, President, Vice President, Assistant Vice President, and officers of departments and branches

(I)Directors

1. Shareholding information of Directors

Title	Nationality or place of registration	Name	Gender	Date of election (appointment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Academic and career achievements	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	ROC	Hyield Venture Capital Co., Ltd	-	2018.6.22	3	2006.1.20	10,035,348	3.08%	10,035,348	3.05%	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Teddy Chen	Male	-	-	-	-	-	-	-	-	-	-	-	1. M.B.A., Tulane University, U.S.A. 2. Chairman of Fortune Information Systems Corporation 3. Director of China Airlines	1. Consultant of Cloud Network Technology Singapore PTE. LTD. 2. Director of Nanning Fugui Precision Industrial Co., Ltd. 3. Chairman of Cyber Touch Investment Inc. 4. Director of Foxfortune Technology Ventures Limited	-	-	-	-
Director	ROC	Jia Lian Investment Co., Ltd	-	2018.6.22	3	2006.1.20	227,224	0.07%	227,224	0.07%	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Roger Wu	Male	-	-	-	-	-	400,000	0.12%	-	-	-	-	1. Master of Information Management, Lawrence Technological University, U.S.A. 2. Vice President of Foxconn Network Communication Business Group 3. Assistant Vice President of R&D Division, Ambit Microsystems Corp.	1. President of CyberTAN Technology Inc. 2. Director of Microelectronics Technology Inc. 3. Chairman of Fuhongkang Technology (Shenzhen) Co., Ltd. 4. Chairman of Chongqing Hongdaofu Technology Co., Ltd. 5. Director of Cyber Touch Investment Inc. 6. Director of Mega Power Ventures Inc. 7. Chairman of CyberTAN (BVI) Investment Corp. 8. Chairman of CyberTAN Technology (Hongkong) Limited 9. Chairman of HON YAO FU Technology Company Limited	-	-	-	-

Title	Nationality or place of registration	Name	Gender	Date of election (appointment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Academic and career achievements	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	ROC	Foxconn Technology Co., Ltd	-	2018.6.22	3	2006.1.20	10,035,348	3.08%	10,035,348	3.05%	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Kuoliang. Ho	Male	-	-	-	-	-	-	-	-	-	-	-	1. Department of Communications Engineering, National Chiao Tung University 2. Institute of Communications Engineering, National Chiao Tung University 3. Manager of Strategic Investment Division, Hon Hai Precision Industry Co., Ltd.	1. Director of Strategic Investment Division, Hon Hai Precision Industry Co., Ltd. 2. Director of Microelectronics Technology Inc. 3. Corporate Director Representative of Taiwan Intelligent Fiber Optic Network Co., Ltd. 4. Chairman of Fu Hua Ke Precision Industry (Shenzhen) Co., Ltd. 5. Director of Chengdu NUWA Robotics Corp. 6. Director of NUWA Robotics Corp. 7. Director of FG Innovation IP Company Limited 8. Director of PCCW International OTT (Cayman Islands) Holdings Limited	-	-	-	-

Title	Nationality or place of registration	Name	Gender	Date of election (appointment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Academic and career achievements	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	ROC	Lin Ching-Wei	Female	2018.6.22	3	2015.6.22	-	-	-	-	-	-	-	-	1. Bachelor, Department of Accounting, National Taiwan University 2. Master in Accounting, National Chengchi University 3. Supervisor of Hon Hai Precision Industry Co., Ltd. 4. Supervisor of Innolux Corporation 5. CFO of Arrow Cinematic Group Co., Ltd. 6. Independent Director of Pan-International Industrial Corp.	Director of Great Dream Pictures, Inc.	-	-	-	-
Independent Director	ROC	Lin Ying-Shan	Male	2018.6.22	3	2015.6.22	-	-	-	-	-	-	-	-	1. EMBA, National Sun Yat-sen University 2. Master of Management Science, Kaohsiung Technology University	1. Chairman and President of Mildex Optical Inc. 2. Independent Director and Remuneration Committee Member of Tayih Kenmos Auto Parts Co., Ltd. 3. Independent Director and Remuneration Committee Member of ShunSin Technology Holdings Limited	-	-	-	-

Title	Nationality or place of registration	Name	Gender	Date of election (appointment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Academic and career achievements	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	ROC	Judy Y.C. Chang	Female	2018.6.22	3	2015.6.22	-	-	-	-	-	-	-	-	1. Doctor of Law, China University of Political Science and Law; Master of Information Management, Lawrence Institute of Technology; Master of Law, American University; Bachelor, Department of Law, Fu Jen Catholic University 2. Partner, Lee & Lee Attorneys-At-Law 3. Lecturer of Fu Jen Catholic University	Senior Advisor of Wu & Partners, Attorneys-At-Law	-	-	-	-
Independent Director	ROC	Ting Hung-Hsun	Male	2018.6.22	3	2015.6.22	-	-	-	-	-	-	-	-	1. Department of Accounting, Chinese Culture University 2. Manager of Certification Department and Project Department, and Partner and Accountant of Baker Tilly Clock & Co 3. Small- and Medium-sized Enterprise Emeritus Instructor 4. Director of Pacific SOGO Department Stores Co., Ltd. 5. Independent Director of HOLA Taiwan 6. Independent Supervisor of Tien Lian Biotech Co., Ltd. 7. Supervisor of Emerging Display Technologies Co., Ltd.	1. Partner and Accountant, Baker Tilly Clock & Co 2. Independent Director, Remuneration Committee Member, and Accounting and Audit Committee Member and Chair of ShunSin Technology Holdings Limited 3. Supervisor of Emerging Display Technologies Co., Ltd. 4. Director of Cen Link Co., Ltd.	-	-	-	-

2. Major shareholders of corporate shareholders

(1) Major shareholders of corporate shareholders

Names of corporate shareholders	Major shareholders of corporate shareholders	Shareholding ratio
Hyield Venture Capital Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	97.95%
	Bao Shin International Investment Co., Ltd.	2.05%
Foxconn Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	9.88%
	Bao Shin International Investment Co., Ltd.	8.92%
	Hyield Venture Capital Co., Ltd.	6.01%
	Xin Sheng Investment Limited	5.25%
	Hon Yuan International Investment Co., Ltd.	2.41%
	Hon Chi International Investment Co., Ltd.	2.25%
	Vanguard Total International Stock Vanguard Star Index in custody of J.P. Morgan	1.51%
	Chunghwa Post Co., Ltd.	1.14%
	Norges Bank Investment Account in custody of Citibank	1.14%
	Vanguard Emerging Markets Stock Index Fund in custody of J.P. Morgan	1.12%
Jia Lian Investment Co., Ltd.	Super Venture Investments Limited	100.00%

(2) Major shareholders of major corporate shareholders

Names of corporates	Major shareholders of corporates	Shareholding ratio
Hon Hai Precision Industry Co., Ltd.	Gou, Tai –ming(Terry Gou)	9.68%
	CTBC Hosting Gou, Tai –ming(Terry Gou) Trust Treasury Account	2.89%
	Singapore Government Investment Account in custody of Citibank	1.90%
	Hon Hai Precision Industry Co., Ltd. Depositary Receipt Account in custody of Citibank	1.40%
	Norges Bank Investment Account in custody of Citibank	1.21%
	Labor pension funds under the new labor pension system	1.18%
	Vanguard Emerging Markets Stock Index Fund in custody of J.P. Morgan	1.18%
	Vanguard Total International Stock Vanguard Star Index in custody of J.P. Morgan	1.08%
	Fidelity Puritan Fund: Fidelity Low-Priced Stock Fund in custody of J.P. Morgan	1.03%
	Fubon Life Insurance Co. Ltd.	0.92%
Bao Shin International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100%
Hyield Venture Capital Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	97.95%
Xin Sheng Investment Limited	Hopetown Properties Limited	100%
Hon Yuan International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100%
Hon Chi International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100%

3. Expertise and independence of the Directors

Qualifications / Name	Having more than five years of experience and the following professional qualifications			Compliance of independence (Note 1)												Number of publicly listed companies in which the director concurrently serves as an independent director
	Lecturer or above in commerce, law, finance, accounting or subjects required by the Company’s business in public or private colleges or universities	Judge, public prosecutor, attorney, accountant, or other professional or technical specialists who have passed a national examination and received a certificate in a profession necessary for the Company’s business	Commercial, legal, financial, accounting, or other work experience required by the Company’s business	1	2	3	4	5	6	7	8	9	10	11	12	
Teddy Chen			✓			✓	✓		✓	✓	✓	✓	✓	✓		None
Roger Wu			✓			✓	✓		✓	✓	✓	✓	✓	✓		None
Kuoliang. Ho			✓			✓	✓		✓	✓	✓	✓	✓	✓		None
Lin Ching-Wei		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Judy Y.C. Chang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Lin Ying-Shan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Ting Hung-Hsun		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: A “✓” is placed in the box if the Director or Supervisor met the following conditions during active duty and two years prior to the election.

(1) Not employed by the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(3) Not a natural person holding 1% or more of the Company’s total issued shares together with his/her spouse and minor children, or holding 1% or more of the Company’s total issued shares under others’ names, or ranking in the top 10 in shareholdings.

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

(5) Not a director, supervisor, or employee holding 5% or more of the total number of the Company’s issued shares, ranking in the top 5 in shareholdings or being the director, supervisor, or employee of corporate shareholders who designate their representatives as the Company’s directors or supervisors in accordance with Paragraph 1 or 2, Article 27 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(6) Not a director, supervisor or employee of another company in which the number of directors or more than half of the voting shares is under the control of the same person. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(7) Not a director, supervisor or employee of another company or institution in which the Chairman, President or personnel with equivalent position are the same person or have spouse relationship. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(8) Not a director, supervisor, manager or shareholder holding more than 5% of the shares of a specific company or institution in a business or financial relationship with the Company. (The same does not apply, however, in cases the specific company or institution holds more than 20% and less than 50% of the

Company's total issued shares, and the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(9) Not a professional who provides audits or commercial, legal, financial, accounting or consulting services accumulating more than NTD 500,000 of remuneration obtained in recent two years to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. However, this shall not apply to the members of the Remuneration Committee, Review Committee for Public Acquisitions or Special Committee for Mergers executing their duties in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.

(10) Not the spouse or a relative within the second degree of kinship of any other directors.

(11) Does not meet any of the conditions specified in Article 30 of the Company Act.

(12) No government agency, juristic person or their representatives are elected under Article 27 of the Company Act.

(II) President, Vice President, Assistant Vice President, and officers of departments and branches

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares held by spouse and minor children		Shares held in the names of others		Academic and career achievements	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	ROC	Roger Wu	Male	2013.7.19	400,000	0.12%	-	-	-	-	1.Master of Information Management, Lawrence Technological University, U.S.A. 2.Vice President of Network Communication Business Unit, Hon Hai Precision Industry Co., Ltd. 3.Assistant Vice President of R&D Division, Ambit Microsystems Corp.	1.Director of Microelectronics Technology Inc. 2.Chairman of Fu Hong Kang Technology Precision Industry(Shenzhen) Co., Ltd. 3.Chairman of Chongqing Hongdaofu Technology Co.,Ltd. 4.Director of Cyber Touch Investment Inc. 5.Chairman of CyberTAN (BVI) Investment Corp. 6.Director of Mega Power Ventures Inc. 7.Chairman of CyberTAN Technology (Hongkong) Limited 8.Chairman of HON YAO FU Technology Company Limited	-	-	-	-
Vice President	ROC	Maxon Huang	Male	2019.10.14	-	-	-	-	-	-	1.Bachelor, Industrial Design, San Jose State University 2.Senior Director of Network Communication Business Group, Foxconn Technology Group	None	-	-	-	-
Senior Director	ROC	Deaxy Wang	Male	2011.8.27	93,962	0.03%	-	-	-	-	Master's Program of Electronic Engineering, Yuan Ze University	1.Supervisor of Ta Tang Investment Co., Ltd. 2.Supervisor of Fuhongkang Technology (Shenzhen) Co., Ltd. 3.Supervisor of Chongqing Hongdaofu Technology Co., Ltd. and Responsible Person of its Guangzhou Branch	-	-	-	

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares held by spouse and minor children		Shares held in the names of others		Academic and career achievements	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Finance & Accounting Officer	ROC	Sammie Huang	Female	2012.1.1	120,678	0.04%	-	-	-	-	Bachelor, Department of Accountancy, National Cheng Kung University	None	-	-	-	-

III. Remuneration to Directors, President, Vice President in the most recent year

(I) Remuneration to directors and independent directors

December 31, 2020 Unit: NTD thousand

Title	Name	Remuneration to Directors								Ratio of sum of A, B, C, and D to profit after tax %		Remuneration to directors who are employees								Ratio of sum of A, B, C, D, E, F and G to profit after tax %		Remuneration from investees beyond subsidiaries or the parent company
		Remuneration (A) (Note 1)		Retirement pension (B)		Remuneration to directors (C)		Business execution expenses (D) (Note 1)				Salaries, bonuses, special allowances, etc. (E)		Retirement pension (F) (Note 2)		Remuneration to employees (G) (Note 3)						
		The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company		All the companies included in the financial statements		The Company	All the companies included in the financial statements	
																Cash	Stocks	Cash	Stocks			
Chairman	Hyield Venture Capital Co., Ltd. Representative: Teddy Chen	0	0	0	0	0	0	420	420	1.78	1.78	2,780	2,780	108	108	(Note 4)	0	(Note 4)	0	14.03	14.03	None
Director	Jia Lian Investment Co., Ltd. Representative: Roger Wu																					
Director	Foxconn Technology Co., Ltd. Representative: Kuoliang. Ho																					
Director	Lin Ching-Wei																					
Independent Director	Ting Hung-Hsun	0	0	0	0	0	0	1,262	1,262	5.35	5.35	0	0	0	0	0	0	0	0	5.35	5.35	None
Independent Director	Judy Y.C. Chang																					
Independent Director	Lin Ying-Shan																					

1. Please describe the policy, system, standard and structure of remuneration payment for independent directors and specify the correlation with the remuneration payment amount based on the directors' responsibility, risk, and involvement duration:
   The Company paid remunerations to the directors in consideration of the peer level in accordance with Article 16 of the Articles of Incorporation.
2. In addition to what is disclosed in the above table, the remuneration to the Company's directors for providing services (such as assuming a non-employee advising post) for all the companies included in the financial statement in the most recent year: None.

Note 1: The Company's directors did not receive any compensation from earning distribution but only received their business execution remuneration.
Note 2: The data represent the contribution to expensed incurred retirement pension.
Note 3: The remuneration to the Company's directors who are the Company's employees has taken effect after review and approval of the Company's Remuneration Committee.
Note 4: Not available because the list for the distribution of employces' profit-sharing bonuses was not determined as of the completion date of the annual report; if the percentage used last year is adopted, the estimated bonus will be NTD106,000 in cash.

Range of Remuneration

Range of remuneration to the Company's directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All the companies included in the financial statements H	The Company	All the companies included in the financial statements I
Below NTD 1,000,000	Teddy Chen、Roger Wu、Kuoliang. Ho、Lin Ching-Wei、Ting Hung-Hsun、Judy Y.C. Chang、Lin Ying-Shan	Teddy Chen、Roger Wu、Kuoliang. Ho、Lin Ching-Wei、Ting Hung-Hsun、Judy Y.C. Chang、Lin Ying-Shan	Teddy Chen、Kuoliang. Ho、Lin Ching-Wei、Ting Hung-Hsun、Judy Y.C. Chang、Lin Ying-Shan	Teddy Chen、Kuoliang. Ho、Lin Ching-Wei、Ting Hung-Hsun、Judy Y.C. Chang、Lin Ying-Shan
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	-	-	-	-
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	-	-	Roger Wu	Roger Wu
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	-	-	-	-
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)	-	-	-	-
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	-	-	-	-
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)	-	-	-	-
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)	-	-	-	-
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)	-	-	-	-
Over NTD 100,000,000	-	-	-	-
Total	7 persons	7 persons	7 persons	7 persons

(II) Remuneration to the President and Vice President

December 31, 2020 Unit: NTD thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, special allowances, etc. (C)		Employee remuneration amount (D) (Note 3)				Ratio of sum of A, B, C and D to profit after tax (%)		Remuneration from investees beyond subsidiaries or the parent company
								The Company		All the companies included in the financial statements				
		The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	The Company	All the companies included in the financial statements	
President	Roger Wu	5,320	5,320	216	216	470	470	Note	None	Note	None	25.48	25.48	None
Vice President (Note 2)	Maxon Huang													

Note:Not available because the list for the distribution of employces' profit-sharing bonuses was not determined as of the completion date of the annual report; if the percentage used last year is adopted, the estimated bonus will be NTD106,000 in cash.

Range of Remuneration

Range of remuneration to the President and Vice President	Names of the President and Vice President	
	The Company	All the companies included in the financial statements E
Below NTD 1,000,000	-	-
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	-	-
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	Roger Wu、Maxon Huang	Roger Wu、Maxon Huang
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	-	-
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)	-	-
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	-	-
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)	-	-
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)	-	-
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)	-	-
Over NTD 100,000,000	-	-
Total	2 persons	2 persons

(III) Names of the managers receiving employee remuneration and the distribution thereof

December 31, 2020 Unit: NTD thousand

	Title	Name	Amount paid in shares	Amount paid in cash (Note 2)	Total	Ratio of total amount to profit after tax (%)
Manager	President	Roger Wu	0	Note	Note	0
	Vice President (Note 1)	Maxon Huang				
	Senior Director	Deaxy Wang				
	Finance & Accounting Officer	Sammie Huang				

Note: Not available because the list for the distribution of employces' profit-sharing bonuses was not determined as of the completion date of the annual report; if the percentage used last year is adopted, the estimated bonus will be NTD166,000 in cash.

(IV) Comparison and analysis of the total remuneration to directors, supervisors, the President and Vice President of the Company in proportion to the profit after tax from the Company and companies included in the consolidated statements in the most recent two years shown in the separate or individual financial statements, and the policies, standards, and packages based on which they were paid, procedures of determining remunerations, and their correlation with operating performance and future risks.

1. Analysis of ratio of total remuneration to profit after tax

Unit: NTD thousand

Year / Title	Total remuneration		Ratio of total remuneration to profit after tax	
	2020	2019	2020	2019
Director	4,570	4,648	19.38%	9.05%
President and Vice President	6,006	4,978	25.48%	9.69%

Note: The Company and all the companies included in the financial statement paid the same amount for the remunerations.

2. Policies, standards, and packages based on which remunerations are paid, procedures of determining remunerations, and their correlation with operating performance and future risks

Director:

(1) The Company's directors did not receive any director compensation from earning distribution.

(2) The Company paid remunerations to the directors in consideration of the peer level in accordance with Article 16 of the Articles of Incorporation.

(3) Some of the Company's directors were paid employee remuneration for concurrently serving as the Company's managers.

President and Vice President:

(1) Remunerations paid to the managers were determined based on their business performance results after evaluation, submitted to the Remuneration Committee for review and then approved after being discussed and resolved at Board of Directors meetings.

(2) The Company paid remunerations to the managers in consideration of the peer level.

IV. Corporate Governance Implementation

(I) Operation of the Board of Directors

The Board of Directors convened four meetings in the most recent year (2020). The attendance record of the directors is listed as follows:

Title	Name	Actual attendance	Proxy attendance	Actual attendance rate (%)	Remarks
Chairman	Hyield Venture Capital Co., Ltd. Representative: Teddy Chen	4	0	100	
Director	Jia Lian Investment Co., Ltd. Representative:Roger Wu	4	0	100	
Director	Foxconn Technology Co., Ltd. Representative:Kuoliang. Ho	4	0	100	
Director	Lin Ching-Wei	4	0	100	
Independent Director	Ting Hung-Hsun	4	0	100	
Independent Director	Judy Y.C. Chang	3	1	75	
Independent Director	Lin Ying-Shan	2	2	50	

Other particulars:

1. Where the operations of the Board of Directors meet any of the following circumstances, the minutes concerned shall clearly state the meeting date, session, contents of proposals, opinions of all independent directors, and the Company's resolution of said opinions:
   (1) Matters specified in Article 14-3 of the Securities and Exchange Act: Not applicable, The Company has established the Audit Committee.
   (2) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing other than those described above: None.
2. Directors' avoidance of the proposals involving any conflict of interest, information including the director's name, contents of the proposals, causes of recusal, and participation in the voting process should be stated: According to Paragraph 2, Article 206 of the Company Act, each director recused himself/herself from the discussion and voting concerning his/her remuneration. Such proposals were unanimously approved by all the other attending directors.

3. Information including the cycle, period, scope, method, and contents of the self-evaluation for the Board of Directors:

Cycle	Once a year
Period	January 1, 2020 – December 31, 2020
Scope	Evaluation of the performances of the Board of Directors, individual director and functional committees
Method	Self-evaluation for the Board of Directors and the members thereof
Item	Items of the internal self-evaluation of the Board of Directors' overall performance include the following five major targets: 1. Participation in the Company's operation; 2. Improvement of the Board's decision quality; 3. The Board's composition and structure; 4. Election and continuous training of the directors; 5. Internal control; Items of the performance evaluation for the directors include the following six major targets: 1. Understanding of the Company's goals and tasks; 2. Knowledge of directors' duties; 3. Participation in the Company's

	operation; 4. Internal relation maintenance and communication; 5. Directors' professional qualification and continuous training; 6. Internal control; Items of the performance evaluation for the functional committees include the following five major targets: 1. Participation in the Company's operation; 2. Knowledge of the functional committees' duties; 3. Improvement of the functional committees' decision quality; 4. Composition and member election of the functional committees; 5. Internal control.

4. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. establishment of an audit committee, improvement of information transparency), and the progress of such enhancements: The Company established the Remuneration Committee and Audit Committee to enhance the functionality of the Board of Directors.

(II) Operation of the Audit Committee

The Company's Audit Committee consists of three independent directors and shall convene at least one meeting per quarter. The independent directors are responsible for the adequate expression of the Company's financial statements, election (dismissal), independence and performance of CPAs, effective implementation of internal control, compliance with laws and rules and control over existing or potential risks. Their main responsibilities are described as follows:

◎ Establishment or amendment of the Company's internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
◎ Assessment of the validity of the internal control system.
◎ Establishment or amendment of the handling procedures regarding significant financial business behaviors, including the acquisition and disposal of assets, trading of financial derivatives, loaning of funds to others, and endorsement/guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
◎ Matters involving any directors' personal interests.
◎ Significant transactions of assets or financial derivatives.
◎ Significant loans of funds, and endorsement/guarantees.
◎ The offering, issuance, or private placement of equity-type securities.
◎ The hiring or dismissal of CPAs, or the compensation given thereto.
◎ The appointment or discharge of a financial, accounting, or internal audit officer.
◎ Annual financial statements
◎ Any other material matter required by the Company or the competent authority.

The Audit Committee held four meetings in the most recent year (2020). The attendance record of the independent directors is listed below:

Title	Name	Actual attendance	Proxy attendance	Actual attendance rate (%)	Remarks
Independent Director	Ting Hung-Hsun	4	0	100	
Independent Director	Judy Y.C. Chang	3	1	75	
Independent Director	Lin Ying-Shan	2	2	50	

Other particulars:

1. Where the operations of the Audit Committee meet any of the following circumstances, the minutes concerned shall clearly state the meeting date, session, contents of proposals,

resolutions made by the Audit Committee and the Company's resolution of the Audit Committee's opinions.

(1) Matters specified in Article 14-5 of the Securities and Exchange Act.

Meeting date (session)	Proposal
March 23, 2020 (1st meeting in 2020)	Proposal of the Company's "Declaration of Internal Control System"
	Proposal of the 2019 financial statements
May 11, 2020 (2nd meeting in 2020)	Proposal of the 2019 business report
	Proposal for 2019 earnings distribution
November 06, 2020 (4th meeting in 2020)	Proposal for revision of the Company's "accounting system"
	Proposal of the 2021 audit plan
	Revision of the Company's "internal audit system," "internal control system _ property, plant, and equipment cycle," "internal control system _ financing cycle"
	Proposal for assessment of the independence of the Company's CPAs
	Proposal for determination of the significant amount for disguised financing

If none of the independent directors objects or expresses qualified opinions to the proposals mentioned above, such proposals shall be approved unanimously by all attending members.

(2) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of all the directors: None.

2. Independent directors' avoidance of proposals involving any conflict of interest, information including the director's name, contents of the proposals, causes of recusal, and participation in the voting process should be stated: None.
3. Communication of the independent directors with the internal audit officer and CPAs (e.g. the major matters, methods, and results of communication with regard to the financial and business affairs of the Company):
   - ◎ Policies of the communication between the independent directors and the internal audit officer: The internal audit officer shall submit audit reports to the independent directors on a regular basis and report the progress of the audit work thereto at least once per quarter. When any material irregularities occur, a report must be immediately prepared for review, and the independent directors shall be notified.
   - ◎ Policies of the communication between the independent directors and CPAs: CPAs shall meet with the independent directors at least once a year (at an Audit Committee meeting or a communication meeting) to report the Company's financial position and internal control implementation to the independent directors and explain accounting practice principles and matters causing major impacts on profits or losses and any recent amendments to relevant laws and regulations. In case of any material circumstances, such meeting may be convened at any time.

(III) Corporate governance implementation, any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance principles based on Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established the "Corporate Governance Best-Practice Principles" in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and disclosed the same on the Company's website and MOPS after the approval of the Board of Directors.	No major difference.
II. Company's equity structure and shareholders' equity				
(I) Does the Company have any internal operating procedures regulated to deal with suggestions, questions, disputes, and legal actions from shareholders and implement the procedures?	✓		The Company has established the "Regulations on Shareholder Services Management" and the spokesperson, deputy spokesperson and designated personnel to handle the suggestions, questions, disputes and legal actions of shareholders.	(I) No major difference.
(II) Does the Company have a list of the major shareholders who actually control the Company and the persons who are their ultimate controllers?	✓		Part of the Company's directors are the major shareholders of the Company and the changes in shareholding of the Company's major shareholders, directors and managers are reported and disclosed on the MOPS according to laws. The Company also has a list of the major shareholders who actually control the Company and the persons who are their ultimate controllers.	(II) No major difference.
(III) Does the Company establish or implement any risk control measures and firewall mechanisms between the Company and the affiliates?	✓		As a listed company, the Company has established a comprehensive internal control system. The Company and its affiliates are individual legal entities with independent finance and business.	(III) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(IV) Does the Company establish internal regulations to prohibit Company insiders from using information not available to the market to trade securities?	✓		The Company has established promotion information to prevent insider trading and the “Code of Ethical Conduct for Directors and Managers” to prevent the Company insiders from using information not available to the market to trade securities.	(IV) No major difference.
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors formulate a diversified approach regarding the composition of its members and implement it?	✓		Article 20 of the Company’s “Corporate Governance Best-Practice Principles” has specified the diversity policy for the composition of the Board of Directors. Currently, there are seven directors consisting of professional and diversified members of attorneys, CPAs, lecturers in colleges or universities and professional managers. Directors who are also employees of the Company represent 14% of the Board and the independent directors represent 43% of the Board. The Company also pays attention to gender equality regarding the composition of Board members. The targeted ratio of female directors is above 25% and the female directors currently account for about 29%. The independent directors have about six years of directorship experience up to the publication date of the annual report and the independent directors under 60 account for 71%. Related implementation is shown in Attachment 1.	(I) No major difference.
(II) Is the Company, in addition to establishing the Remuneration Committee and Audit Committee, pursuant to laws, willing to voluntarily establish any other functional committees?	✓		The Company has established the Remuneration Committee and Audit Committee pursuant to laws and will establish other functional committees depending on the operation status.	(II) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Does the Company establish policies and methods for evaluating the performance of the Board of Directors, conduct regular performance evaluations every year and report the results to the Board of Directors? Does the Company utilize the results as the reference for the individual remuneration and reelection nomination of directors?	✓		The Company adopted the resolution by the Board of Directors to establish the “Regulations on the Performance Evaluation of the Board of Directors” on November 12, 2019. Please refer to Page 22 of the annual report for the evaluation method and contents. The evaluation results of 2020 have been reported to the Board of Directors in Q1, 2021. The performance of the Board of Directors (Functional Committee) was evaluated as excellent while the self-evaluations regarding the performance of Board members were also excellent. The overall Board of Directors (Functional Committee) functions effectively. For detailed information, please refer to the corporate governance section of the Company’s website.	(III) No major difference.
(IV) Does the Company assess the CPAs for their independence on a regular basis?	✓		The Audit Committee of the Company regularly assess the independence of the CPAs and reports the assessment result to the Board of Directors every year. After confirmation, besides charges for audit and public finance taxation cases the CPAs have no other financial interests or business relationships with the Company. After confirming the family members of the CPAs did not violate the independent requirement, the result regarding the independent assessment of the CPA in the most recent year discussed and approved by the Audit Committee on November 6, 2020 was reported and resolved by the Board of Directors on November 6, 2020.	(IV) No major difference.
IV. If the Company is a TWSE/TPEX listed company, does the Company have qualified governance personnel in an appropriate number and designate one	✓		As the corporate governance unit of the Company, the finance department is responsible for matters related to corporate governance and the finance & accounting officer was designated to concurrently serve as the Corporate	No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
chief corporate governance officer to oversee corporate governance affairs (including but not limited to providing the directors and supervisors with information needed to perform their duties, assisting the legal compliance of the directors and supervisors, handling matters related to board meetings and shareholders' meetings according to laws and preparing minutes of board and shareholders' meetings)?			Governance Officer based on the resolution of Board of Directors on May 8, 2019. The major duties include handling matters related to board meetings and shareholders' meetings according to laws, preparing minutes of board and shareholders' meetings, assisting assumption of office and continuing education of directors, providing the directors with information needed to perform their duties, assisting the legal compliance of the directors, and other matters regulated in the Articles of Incorporation or contracts. The business implementation of the Company's corporate governance unit in 2020 is as follows: (I) Dealing with change in registration of the Company. (II) Arranging matters regarding the continuing education for directors regularly, provision of information required for performance of duties by the directors and latest development of laws and regulations related to company management to assist the directors in legal compliance. (III) Implementing meeting procedures of the Board of Directors and the shareholders' meeting and resolution regarding legal compliance matters. (IV) Responsible for announcing material information of important resolutions after the Board meeting to ensure the legitimacy and accuracy of material information and secure the information equivalence in investor trading. Continuing education of the first corporate governance officer: Participation in the continuing education program for accounting officer of issuers, securities firms, and securities exchanges for 12 hours on January 6–7, 2020, and the policy	

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			analysis of "assisting the companies in promoting their financial report preparation capabilities" and internal control management practice on May 5, 2020.	
V. Does the Company build communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), establish a stakeholder section on the Company's website, and duly respond to the stakeholders' concerns on issues related to corporate social responsibilities?	✓		The Company has established a stakeholder section on the Company's website to build the communication channels with stakeholders and duly respond to the stakeholders' concerns on important issues.	No major difference.
VI. Does the Company commission a professional registrar to deal with the affairs of shareholders' meetings?	✓		The Company has appointed the Share Administration Department of Grand Fortune Securities as the registrar to deal with the affairs of shareholders' meetings of the Company.	No major difference.
VII. Information disclosure (I) Does the Company establish a corporate website to disclose information concerning financial affairs and corporate governance? (II) Does the Company use other information disclosure methods (e.g. establishment of an English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, and the broadcasting of	 ✓ ✓		 The Company has established Chinese and English websites of the Company and disclosed information concerning financial affairs and corporate governance. The Company has assigned specific personnel responsible for the collection and disclosure of corporate information and implemented a spokesperson system. We also have established an English website and held the investor conference to disclose information concerning financial affairs and business on December 18, 2020.	 (I) No major difference. (II) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
investor conferences via the company website)? (III) Does the Company publicly announce and file the annual financial report within two months after the close of fiscal year and announce and file the financial reports of the first, second and third quarters and the monthly operation status prior to the regulated deadline?	✓		The Company publicly announces the annual financial report, quarterly financial reports and monthly operation status within the deadline according to the regulations without any announcement in advance.	(III) No major difference.
VIII. Does the Company have additional important information that is helpful to understand the implementation of the corporate governance (including but not limited to the interests and care of employees, investor relationships, supplier relationships, rights of stakeholders, continuing training of directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of customer policies, and liability insurance coverage for directors and supervisors)?	✓		1.The Company pays attention to the interests of employees and relations between the employer and employee by irregularly holding labor–management communication meetings. 2.Focusing on the investor relationships, supplier relationships and the rights of stakeholders, the Company has established the spokesperson and designated personnel to handle the inquiry of the shareholders, suppliers and all stakeholders. 3.The directors of the Company participate in the continuing education courses to strengthen their professional capabilities. Please refer to Attachment 2 and 3 for the continuing education status of directors and managers in 2020. 4.The directors of the Company pay attention to proposals involving personal interests and avoid participation due to conflict of interests in accordance with the laws. The Board of Directors' meetings of the Company are	No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			convened at least once every quarter with good participation of the directors. The internal control policies, risk management systems and necessary regulations of the Company are implemented faithfully after reported and approved by the Board of Directors. 5.The Company has purchased liability insurance for all directors and relevant information is disclosed on MOPS.	

IX. Please explain the improvements made based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures for any issues that are yet to be rectified:

1.The Company participates in the corporate governance evaluation every year seven consecutive times.

2.The Company has enhanced the following corporate governance matters in 2020:

(1)The Company has reported the material information in English at the same time in 2020.

(2)The Company has completed the performance evaluation of the Board of Directors and functional committees.

3.The Company takes priority corrective actions for the following matters based on the result of corporate governance evaluation:

Reporting the agenda handbook for the shareholders' meeting, annual report and annual financial report in English in 2021.

Attachment 1: Diversity of the Board members

Item / Name of director	Gender	Operational judgment ability	Accounting, financial and legal analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	Insight of international markets	Leadership	Decision-making ability
Hyield Venture Capital Co., Ltd. Representative: Teddy Chen	Male	✓		✓	✓	✓	✓	✓	✓
Jia Lian Investment Co., Ltd. Representative: Roger Wu	Male	✓		✓	✓	✓	✓	✓	✓
Foxconn Technology Co., Ltd. Representative:Kuoliang. Ho	Male	✓		✓	✓	✓	✓	✓	✓
Lin Ching-Wei	Female	✓	✓		✓	✓	✓	✓	✓
Judy Y.C. Chang	Female	✓	✓		✓	✓	✓	✓	✓
Lin Ying-Shan	Male	✓		✓	✓	✓	✓	✓	✓
Ting Hung-Hsun	Male	✓	✓		✓	✓	✓	✓	✓

Attachment 2: In-service training of the Company’s Directors in 2020

Name	Course	Organizer	Date of Course	Hours
Director：Teddy Chen	“2020 Director and Supervisor Promotion of Corporate Governance and Ethics”	Taiwan Stock Exchange	2020/10/23	3
	Case analysis of financial statements misstatement and how to see through key information in the financial statements	Accounting Research and Development Foundation	2020/12/10	3
Director：Roger Wu	Audit control practice of corporate “Cost savings” and “Competition strategies”	Accounting Research and Development Foundation	2020/12/01	6
Director：Kuoliang. Ho	Forum of “Observation of the Shareholders’ equity – Discussion on the chaos of the competition for management rights”	Corporate Organization Association	2020/08/04	3
	“2020 Director and Supervisor Promotion of Corporate Governance and Ethics”	Taiwan Stock Exchange	2020/10/16	3
Director：Lin Ching-Wei	Forum of “Observation of the Shareholders’ equity – Discussion on the chaos of the competition for management rights”	Corporate Organization Association	2020/08/04	3
	“2020 Director and Supervisor Promotion of Corporate Governance and Ethics”	Taiwan Stock Exchange	2020/10/16	3

Independent Director：Ting Hung-Hsun	Introduction of corporate governance and social responsibilities into corporate culture	Zhong Dao Association of Leadership & Culture	2020/05/15	3
	Talent cultivation and succession plan for corporate governance	Zhong Dao Association of Leadership & Culture	2020/05/22	3
Independent Director：Judy Y.C. Chang	Countermeasure for corporate reformation	Taiwan Corporate Governance Association	2020/03/10	3
	Forum of “Observation of the Shareholders’ equity – Discussion on the chaos of the competition for management rights”	Corporate Organization Association	2020/08/04	3
Independent Director：Lin Ying-Shan	Group goverance and performance management	Taiwan Institute of Directors	2020/07/24	3
	Corporate governance lecture	Taiwan Academy of Banking and Finance	2020/08/10	3

Attachment 3: In-service training of the Company's managers and their proxies in 2020:

Name	Course	Organizer	Date of Course	Hours
Accounting Officer: Sammie Huang	Continuing Education Program for the Accounting Managers of Issuers, Securities Firms and Exchanges	Accounting Research and Development Foundation	2020/12/07 to 2020/12/08	12
Deputy Accounting Officer: Sam Huang	Continuing Education Program for the Accounting Managers of Issuers, Securities Firms and Exchanges	Accounting Research and Development Foundation	2020/11/19 to 2020/11/20	12
Audit Office: Rita Shang	Analysis of the Conpetent Authority's Policies for "Enhancing Companies" Fiancial Statement Prepartion Capability" and Internal Control Management Practice	Accounting Research and Development Foundation	2020/04/16	6
	Audit Techniques in Practice	The Institute of Taiwan Auditors-Chinese Taiwan	2020/06/19	6
Deputy Auditor: Kio Chiang	Introduction to Ethical Management Principles and ISO 37001 Practice Establishment	The Institute of Taiwan Auditors-Chinese Taiwan	2020/10/23	6
	Analysis of Policies for Enhancing Companies' Fiancial Statement Prepartion Capability and Discussion of the Focuses of Internal Audit and Internal Control Practices	The Institute of Taiwan Auditors-Chinese Taiwan	2020/10/26	6

(IV) Disclosure of the composition, responsibility, operation of the Remuneration Committee (if any)

1. Information about Remuneration Committee members

Identity	Qualifications / Name	Having more than five years of experience and the following professional qualifications			Compliance of independence (Note)										Number of publicly listed companies in which the member concurrently serves as a remuneration committee member	Remarks
		Lecturer or above in commerce, law, finance, accounting, or subjects required by the Company's business in public or private colleges or universities	Judge, public prosecutor, attorney, accountant, or other professional or technical specialists who have passed a national examination and received a certificate in a profession necessary for the Company's business	Commercial, legal, financial, accounting or other work experience required by the Company's business	1	2	3	4	5	6	7	8	9	10		
Independent Director	Lin Ying-Shan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	-
Independent Director	Judy Y.C. Chang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	Ting Hung-Hsun		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-

Note: A "✓" is placed in the box if Audit Committee members met the following conditions during active duty and two years prior to the election.

(1) Not employed by the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(3) Not a natural person holding 1% or more of the Company's total issued shares together with his/her spouse and minor children, or holding 1% or more of the Company's total issued shares under others' names, or ranking in the top 10 in shareholdings.

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

(5) Not a director, supervisor, or employee holding 5% or more of the total number of the Company's issued shares, ranking in the top 5 in shareholdings or being the director, supervisor, or employee of corporate shareholders who designate their representatives as the Company's directors or supervisors in accordance with Paragraph 1 or 2, Article 27 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(6) Not a director, supervisor or employee of another company in which the number of directors or more than half of the voting shares is under the control of the same person. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(7) Not a director, supervisor or employee of another company or institution in which the Chairman, President or personnel with equivalent position are the same person or have spouse relationship. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(8) Not a director, supervisor, manager or shareholder holding more than 5% of the shares of a specific company or institution in a business or financial relationship with the Company. (The same does not apply, however, in cases the specific company or institution holds more than 20% and less than 50% of the Company's total issued shares, and the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(9) Not a professional who provides audits or commercial, legal, financial, accounting or consulting services accumulating more than NTD 500,000 of remuneration obtained in recent two years to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. However, this shall not apply to the members of the Remuneration Committee, Review Committee for Public Acquisitions or Special Committee for Mergers executing their duties in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.

(10) Does not meet any of the conditions specified in Article 30 of the Company Act.

2. Operation of the Remuneration Committee

(1) The Company's Remuneration Committee consists of three independent directors (Ted Lin, Judy Y.C.Chang and Hung-Hsun Ting).

(2) Term of office: 2018/06/22–2021/06/21. The Remuneration Committee convened two meetings (A) in 2020, and the attendance of the Committee members are listed as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) (B/A)	Remarks
Convener	Lin Ying-Shan	1	1	50	
Independent Director	Judy Y.C. Chang	1	1	50	
Independent Director	Ting Hung-Hsun	2	0	100	

Other particulars:

1. Scope of Duties of the Remuneration Committee:
   (1) Establish and periodically review the policies, standards and structure of the performance evaluation and remuneration for the directors and managers of the Company.
   (2) Regularly review and adjust the remunerations to the directors and managers.
2. If the Board of Directors does not adopt or amend the suggestions from the Remuneration Committee, the date and session of the Board meeting, contents of the proposals, meeting resolutions, and the Company's handling of the Remuneration Committee's opinions shall be specified (if the remuneration passed by the Board of Directors is higher than that suggested by the Remuneration Committee, the deviation and causes thereof shall be specified): None.
3. If any member objects or expresses qualified opinions to the resolution made by the Remuneration Committee, whether on-the-record or in writing, the date and session of the meeting, contents of the proposal, the entire members' opinions, and how their opinions are addressed shall be specified: None.

Meeting date (session)	Proposal
March 23, 2020 (1st meeting in 2020)	Proposal for distribution of the remuneration to employees in 2019
November 06, 2020 (3rd meeting in 2020)	Proposal of the bonus to managers in 2020

(V) Fulfillment of corporate social responsibilities

Evaluation item	Implementation			Nonconformities to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
I. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?	✓		1. Environment: We assess risks with respect to the environment, safety and health, and energy and greenhouse gas reduction. Our risk management policy or strategy related to the environment, safety and health specifies that any business activities affecting the environment, safety and health must comply with laws and regulations and that the negative impact on the environment, safety and health must be minimized, in the hope to increase the recycling rate. 2. Society: We assess risks related to green products. Our risk management policy or strategy requires that our suppliers must sign a "commitment" to environmental protection issues and material composition declaration after entering the supplier chain system. The Company evaluates the suppliers based on indicators on a monthly basis according to the Group's supplier performance evaluation regulations. If any of the suppliers fails to reach the targets, the supplier is warned, fined or suspended from trading with the Company to ensure green production in our supplier chain system, reduce pollution, maintain the environment and fulfill our social responsibility. 3. Corporate governance: We assess risks with regard to the compliance with laws and regulations. As for the risk management policy or strategy, we pay attention to changes in policies and laws and implement our internal control system in order to improve	No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
			the ethical management.	
II. Does the Company establish a unit dedicated to (concurrently engaged in) promoting CSRs under supervision by high-ranking management authorized by the Board of Directors who shall be responsible for reporting the implementation thereof to the Board?	✓		The Company assigns the Management Division as a unit dedicated to (concurrently engaged in) CSR affairs. The unit is responsible for establishing CSR policies or systems, promoting relevant activities, and reporting the implementation to the Board of Directors annually.	No major difference.
III. Environmental issue (I) Has the Company established environmental policies suitable for the Company's industrial characteristics? (II) Does the Company endeavor to upgrade the efficient use of available resources and the use of environmentally friendly materials? (III) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues? (IV) Does the Company gather	✓ ✓ ✓ ✓		We have established the safety and health management system in accordance with the labor safety and health regulations. We have always complied with environmental protection laws and regulations. The Company contracts with a legal cleaning company for legal and regular waste treatment and recycling to protect the environment and the planet as well as recycle resources. To reduce the impact of our business activities on the environment, we promote and implement resource and energy reduction in our daily operation, conduct a greenhouse gas inventory regularly, review the data of water consumption and the total amount of waste, so as to mitigate the risk of climate change. 1. For our greenhouse gas emission, water consumption, and total weight of waste in 2019 and 2020, please refer to Attachment 1. 2. The global greenhouse effect has resulted in abnormal	(I) No major difference. (II) No major difference. (III) No major difference. (IV) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
statistics of the greenhouse gas emission, water consumption and the gross weight of waste of the past 2 years and establish policies for energy saving, carbon reduction, reduction of greenhouse gas emission and water consumption or other waste management?			weather phenomenon such as stronger typhoons, floods, droughts, etc. We have been dedicated to energy saving, and carbon and greenhouse gas reduction. We aim to reduce our electricity consumption/expense by 5% per year. (From 2014 to 2018, the target was achieved. Even though we have had difficulty in saving energy since 2019, the electricity consumption/expense has been maintained at the same level as in 2018.) A. We conduct air quality improvement measures even though we are not in the first batch of announced premises conforming to the Indoor Air Quality Act. Considering our employees stay in indoor environments (including homes, offices or other buildings) at least for eight hours every day and the indoor air quality directly affects the working quality and efficiency, we should pay attention to the impact of indoor air pollutants on human health. B. Therefore, in addition to granting subsidies for employees to earn certifications, we have set the maintenance frequency and measures for our air conditioning system, for example, cleaning the filter of the indoor blower, planting indoor/outdoor plants (around 200 trees and hedgerows are planted outdoors to form a greenbelt), increasing/decreasing outdoor air circulation based on the air quality provided by the Central Weather Bureau, and moving printers to non-office areas or installing air extractors. For indoor decoration, we have asked contractors to use materials and paint that are the "Green	

Evaluation item	Implementation			Nonconformities to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
			Building Material" in the hope to improve the quality of indoor/outdoor air. C. Our labor safety unit purchases portable CO_2 detectors and monitors the indoor air quality at any time to provide employees with the good air quality. 3. Water improvement measures: Our water consumption is generated mainly from domestic water for employees (water for drinking and bathrooms) and air conditioner water. The water used is running water originating from the Baoshan Second Reservoir in Hsinchu. There is no wastewater generated from production. Clean rainwater in plants is drained to rainwater ditches on the ground to ensure the separation of rainwater and wastewater. Water saving measures: A. Suspend the cleaning of walls B. Reduce the frequency of cleaning cooling towers (from twice a year to a frequency as appropriate) C. Plant drought-enduring plants D. Install water economizers for taps in bathrooms and reduce the amount of water used for a flush E. Assign security to record water meter readings and keep an eye on any leaks in water facilities to avoid waste of water resources F. Further maintain water facilities with leaks G. Reduce the operational time of the water chiller and bring in outdoor fresh air in all the seasons other than summer to reduce the operational time of the water chiller or avoid the use of the water chiller (the operational time is	

Evaluation item	Implementation			Nonconformities to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
			reduced from 24 hours to 0–12 hours). The measures mentioned above have been implemented since 2013 to effectively control the running water consumption. Although we have not been able to reduce the water consumption up to 2020, the water consumption has not increased significantly. 4. For the waste management policy, the Company has actively reduced wastes by improving the design and manufacturing, use of materials, and packaging materials, effectively performed internal waste sorting, and formulated waste disposal plans. Target: 80% waste recycling rate or above. Measures for reduction: A. Control the printing paper consumption and encourage employees to reuse paper printed on one side. B. Implement waste and sorting and recycling C. Recycle or return cartons, styrofoam and pallets to suppliers. D. Reuse coffee grounds as a fertilizer for trees. E. Provide wastepaper to the Yuen Foong Yu Paper Factory for recycling.	
IV. Social issue (I) Does the Company develop management policies and procedures in accordance with the relevant regulations and international human rights conventions?	✓		The Company observes related labor laws and respects the basic and internationally recognized basic labor rights. Our employees are covered by labor and health insurance, and their pension is contributed in accordance with law, in order to guarantee their legitimate rights. All of our management systems comply with the local labor laws and regulations, and	(I) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
			the relevant systems are announced on our internal website for employees' reference.	
(II) Does the Company establish and implement proper employee welfare measures (including the salary, holidays and other welfare) and reflect the corporate business performance or achievements in the employee remuneration?	✓		We establish salary and benefit measures for employees in accordance with the Labor Standards Act and relevant laws and regulations.	(II) No major difference.
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		1. Our two plants are engaged in R&D, and thus, there is no use of toxic chemicals in production or manufacturing. The measures for personnel safety and environmental control are as follows: (1) Personnel safety measures: A. Our security guards work 24-hour shifts and inspect the plant after hours on a regular basis (every 2 hours from 22:00) to ensure the safety of employees working overtime and check if the electronic equipment in unused areas is turned off. B. Eight emergency push-buttons are installed in the motorcycle parking shed and car parking lot. Once a button is pressed, a call for assistance is sent to the security station. C. The entrances and exits of offices in each floor are equipped with an access control system. Surveillance equipment is also installed at entrances and exits. We provide an extension phone for	(III) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
			employees to contact security or other employees in case they forget to bring their access card or are locked out. D. Our occupational safety personnel inspect the plant once or twice every day and sign in at each area that needs to be inspected. E. We conduct new personnel training (3 hours) and on-job employee training (3 hours for 3 years) according to the Occupational Safety and Health Act. We teach new employees the environmental safety/ traffic safety/ emergency evacuation location (in case of fire). In the on-job employee training, employees are taught electronic device/fire safety. F. We perform fire safety training twice a year. The training includes the firefighting team training and the evacuation drill for all employees. G. Stairs are equipped with anti-slip strips, and safety nets and anti-collision cushions are placed in the stairwells. (2) Workplace protection measures: A. We conduct the operational environment inspection (CO_2 and illumination) twice every year pursuant to the Occupational Safety and Health Act. The inspection report is regularly announced/reviewed, and all the inspection results are better than the requirement of the law. B. CO_2 detectors are installed on each floor. We monitor the indoor air quality at any time, and	

Evaluation item	Implementation			Nonconformities to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
			employees may observe the air quality on their own, in order to provide the employees with the good air quality. C. Induction lamps are installed in the basement for energy saving/safety purpose. D. We encourage employees to exercise by setting up a gym. The usage survey shows that around 20 to 40 people go to the gym for exercise every day. 2. Occupational Health and Safety Management Systems (OHSAS): We establish our own occupational safety management system. Even though the system has not passed the OHSAS 18001 or TOSHMS certification, we formulate regulations and systems consistent with the occupational safety system in accordance with the said certification systems, draw up the annual occupational safety work plan, and conduct regular inspection according to the plan every month.	
(IV) Does the Company have an effective career capacity development training program established for the employees?	✓		Our HR unit have an effective career capacity development training program established for the employees based on their specialties.	(IV) No major difference.
(V) Does the Company have related customer interest protection policies and complaint procedures established for customer health and safety, client privacy, marketing and labeling of the products and services in	✓		To protect consumers' rights, complaint channels are provided on the Company's website for the consumers to contact our R&D, procurement, production, operational and service personnel. The Company complies with relevant laws and international standards with regard to marketing and labeling in relation to our products and services.	(V) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
accordance with related laws and regulations and international standards?				
(VI) Does the Company establish supplier management policies and require them to follow relevant regulations on the issues of environmental protection, occupational safety and health, or labor rights? How is the implementation?	✓		Before executing a contract with a supplier, the Company evaluates the supplier in accordance with the internal control system and internal management regulations. As long as the supplier passes the evaluation, it may be one of our qualified suppliers. When any supplier is involved with any violation of the corporate social responsibility and the violation has a significant impact on the environment and society, we exclude the unqualified supplier in the regular supplier evaluation. The procurement unit takes necessary actions against the said suppliers when selecting suppliers, for example, selecting other excellent suppliers, and terminating or dissolving the procurement contract with such suppliers.	(VI) No major difference.
V. Does the Company prepare the CSR report or other reports that disclose non-financial information of the Company with reference to internationally accepted report preparation guidelines or guides? Is any third-party assurance or verification opinion acquired for the above-mentioned reports?	✓		We voluntarily prepare the CSR report based on the GRI Standards and disclose the report on the Company’s website and MOPS. We have not acquired any third-party assurance or verification opinion for the report.	No major difference.
VI. If the Company has established its own corporate social responsibility best practice principles in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies,” specify any discrepancy between the implementation and the principles established by the Company:				

Evaluation item	Implementation			Nonconformities to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
The Company established the "Corporate Social Responsibility Best Practice Principles" to fulfill corporate social responsibilities. The actual operation has been consistent with such Principles.				
VII. Other information useful to the understanding of the corporate social responsibility implementation: The Company has been devoted to implementation of waste management policies, such as actively reducing wastes from design and manufacturing and the use of materials, improving packaging materials, effectively performing internal waste sorting, and establishing waste disposal programs. (I) The Company produces an average of 1.5 metric tons of business waste monthly. We provide recyclable bottles, cartons and batteries to charities for recycling without compensation in the hope to realize the reuse of resources and engage in public welfare. (II) Every year, our welfare committee collects books, secondhand clothes and cups or plates provided by the Company and employees and gives them to social welfare organizations to enable effective reuse of resources.				

Attachment 1: The Company’s Greenhouse Gas Emission, Water Consumption and Total Weight of Waste in 2019 and 2020

◎Whole year electricity expense and consumption

CyberTAN Plant	2019	2020
Whole year electricity expense (NTD)	3,221,115	2,638,128
Whole year electricity consumption (NTD)	974,990	945,500
Whole year KGCO2e emission	519,670	481,259

◎Whole year water expense and consumption

Year	2019	2020
CO2 emission (equivalent/kg) from water consumption in the period (whole year)	938	896
Water consumption in the period (whole year)	5,829	5,598

◎Whole year waste tonnage

Year	2019	2020
Whole year waste tonnage	12.996	13.708

(VI) Fulfillment of integrity management and measures taken

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
I. Enactment of ethical management policy and program				
(I) Does the Company establish ethical corporate management policies that are adopted by the Board of Directors and explicitly state such policies and the implementation methods in its Articles of Incorporation and external documents? Do the Board of Directors and top management actively implement their commitment to implementing the operating policies?	✓		The Company is committed to ethical corporate management and complies with relevant laws and regulations. We adopted the “Ethical Corporate Management Best-Practice Principles” approved by the Board of Directors as the corporate management policies of the Company and disclosed the same on the Company’s website and MOPS to actively fulfill and supervise the execution of ethical corporate management policies committed.	(I) No major difference.
(II) For the risk of unethical conduct, does the Company establish an assessment mechanism and regularly analyze and assess the business activities within its business scope which are possibly at a higher risk of being involved in unethical conduct to establish preventive solutions that at least cover the conduct specified in each subparagraph under Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed	✓		The Company adopts proper preventive measures such as the establishment of “Code of Ethical Conduct for Directors and Managers” and “Employee Work Rules.”	(II) No major difference.

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
Companies"? (III) Whether the Company explicitly defines procedures, guides of conduct, and disciplinary and reporting systems in case of a violation in the preventive solutions of unethical conduct, implements them accordingly, and carries out reviews and modifications of these solutions?	✓		The Company has established the "Employee Work Rules" to specify that employees shall be ethical and fulfill their duties without accepting bribes and keeping a disorderly house to enhance the prevention of unethical conduct. We also conduct irregular promotions and have established the "Code of Ethical Conduct for Directors and Managers." The Board of Directors and management also commits to actively fulfill and supervise the execution of ethical corporate management policies.	(III) No major difference.
II. Implementation of ethical business practices (I) Does the Company have the integrity record of the trading counterparty assessed and with the clauses of ethical conduct expressed in the contract signed between them? (II) Whether the Company establishes a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors and whether such unit reports the ethical corporate management policies and the preventive solutions of unethical conduct, as well as the supervision of the implementation effectiveness to the Board of Directors	 ✓ ✓		 The business unit and procurement unit of the Company has respectively conducted the credit and loan investigations of the customers based on the internal control system of the Company and conducted the service quality control of the suppliers. To implement the supervision responsibility of ethical corporate management, the HR unit of the Company is dedicated to managing operations related to the amendments, explanations and consultation services of relevant operating procedures and guides of conduct. The unit also conducts audit and follow-up based on the "Ethical Corporate Management Best-Practice Principles" and regularly reports the implementation status to the Board of Directors once every year. In addition, the Audit Committee of the Company has established regulations regarding the	 (I) No major difference. (II) No major difference.

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
(at least once a year)?			supervision and implementation of accounting, audit, financial report procedures to ensure the internal control procedure and integrity.	
(III) Does the Company define any policy against conflict of interest, provide adequate channels thereof, and fulfill the same precisely?	✓		The "Rules of Procedure for Board of Directors Meetings" of the Company has specified the policy against conflict of interests and the Company's website also provides adequate channels thereof to prevent conflict of interest and implement accordingly. Also, the Company has established the "Code of Ethical Conduct" specifying that employees shall not exploit their authorities for improper gains.	(III) No major difference.
(IV) Has the Company fulfilled ethical management by establishing an effective accounting system and internal control system, and had an internal audit unit develop relevant audit plans according to the risk assessment results of unethical conduct and audited the compliance with the preventive solutions of unethical conduct accordingly, or appointed a CPA to do so?	✓		To fulfill the ethical corporate management, the Company has established effective accounting system and internal control system, and had an internal audit unit to conduct the audit. In the future, we may appoint the CPA to perform the audit depending on the situation.	(IV) No major difference.
(V) Has the Company organized internal/external educational training for ethical management periodically?	✓		The Company has conducted the promotion and education of the employee management rules during the new employee training; the Company promotes the prevention of insider trading for the employees on the internal website of the Company on an irregular basis; we also promote the notices of "Personal Data Protection Act" for the employees on a irregular basis.	(V) No major difference.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation</th><th rowspan="2">Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>III. Implementation of the Company’s whistleblowing system
(I) Does the Company define a specific whistleblowing and rewarding system, and establish convenient whistleblowing channels, and assign competent dedicated personnel to deal with the situation?
(II) Has the Company defined the standard operating procedure for investigation after acceptance of a reported misconduct, the follow-up actions to be taken after the investigation, and relevant confidentiality mechanism?
(III) Has the Company adopted any measures to prevent the whistleblowers from being abused after reporting misconduct?</td><td>✓
✓
✓</td><td></td><td>The HR unit of the Company has established a specific whistleblowing mechanism and channel to handle various whistleblowing matters and assigned dedicated personnel to deal with the situation.
The HR unit of the Company has established a specific whistleblowing mechanism and channel with confidentiality measures throughout the process.
The Company has adopted measures to prevent the whistleblowers from being abused after reporting misconduct.</td><td>(I) No major difference.
(II) No major difference.
(III) No major difference.</td></tr>
<tr><td>(IV) Enhancing information disclosure
Has the Company disclosed the Ethical Management Best Practice Principles and the effect of implementation thereof on its website and Market Observation Post System?</td><td>✓</td><td></td><td>The Company has established the Ethical Corporate Management Best-Practice Principles and disclosed thereof on the Company’s website and MOPS.</td><td>None 重大差異。</td></tr>
<tr><td colspan="5">If the Company has established ethical management best practice principles based on “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” please describe any discrepancy between the principles and their implementation:
The Company formulated the “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct for Directors and Managers.”</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation</th><th rowspan="2">Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">The actual operation has been consistent with such Principles and Code.</td></tr>
<tr><td colspan="5">VI. Other important information useful to the understanding of the corporate ethical management implementation: (e.g. the Company's review and amendment of the Ethical Corporate Management Best Practice Principles established thereby)
Please refer to the Company's website and Market Observation Post System (MOPS).</td></tr>
</table>

(VII) If the Company has corporate governance principles and related regulations in place, the access to such principles and regulations shall be disclosed: Please refer to the Company's website and MOPS.

(VIII) Other important information enabling better understanding of the Company's corporate governance implementation may also be disclosed: Please refer to the Company's website and MOPS.

(IX) Implementation of the internal control system:

1. Declaration of an Internal Control System: please refer to page 106 of this annual report.
2. If a CPA is appointed to review the Company's internal control system, the CPA's review report shall be disclosed: None.

(X) Any legal penalty against the Company or its internal personnel, any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, or any main deficiencies and improvements therein, in the most recent year up to the publication date of this annual report: None.

(XI) Major resolutions made by shareholders' meetings and the Board of Directors in the most recent year up to the publication date of this annual report:

1. Important resolutions made by the shareholders' meeting in 2020

Important resolution:	Implementation
Proposal for ratification of the 2019 business report and financial statements	Ratified by the shareholders' meeting
Proposal for ratification of earnings distribution in 2019	August 11, 2020 was set as the ex-dividend date and August 28, 2020 was set as the distribution date (at NTD 0.15 cash dividend per share)
Proposal for amendment of the Company's "Rules of Procedure for Shareholders' Meetings"	Amended in accordance with the amended Articles of Incorporation and announced on the Company's website

2. Important resolutions made by the Board of Directors

Date	Important resolution:	Implementation
March 23, 2020	● Proposal of the Company's "Declaration of Internal Control System" ● Proposal of the Company's 2020 budget. ● Proposal for distribution of the remuneration to employees in 2019 ● Proposal of the 2019 financial statements ● Proposal for amendment of the Company's "Rules of Procedure for Shareholders' Meetings" ● Proposal for holding the annual meeting of shareholders in 2020 ● Proposal for acceptance of shareholders' proposals to the annual meeting of shareholders ● Proposal of contracts with financial institutions ● Proposal for subsidiary HR planning	Completed in accordance with the resolution
May 11, 2020	● Proposal of the 2019 business report ● Proposal for 2019 earnings distribution ● Proposal for amendment of the Company's "Corporate Governance Best-Practice Principles" ● Proposal for amendment of the Company's "Corporate Social Responsibility Best-Practice Principles" ● Proposal for amendment of the Company's "Ethical Corporate Management Best-Practice Principles"	Completed in accordance with the resolution
August 10, 2020	● Proposal for amendment of the Company's "Rules of Procedure for Board of Directors Meetings" ● Proposal for amendment of the Company's "Organizational Rules of the Audit Committee" ● Proposal for amendment of the Company's "Organizational Rules of the Remuneration Committee" ● Proposal for amendment of the Company's "Regulations on the Performance Evaluation of the Board of Directors" ● Proposal for amendment of the Company's "Code of Ethical Conduct for Directors and Managers"	Completed in accordance with the resolution

November 6, 2020	● Proposal for revision of the Company's "accounting system" ● Proposal of the 2021 audit plan ● Revision of the Company's "internal audit system," "internal control system _ property, plant, and equipment cycle," "internal control system _ financing cycle" ● Proposal for assessment of the independence of the Company's CPAs ● Proposal for determination of the significant amount for disguised financing ● Proposal of contracts with financial institutions ● Proposal of the bonus to managers in 2020	Completed in accordance with the resolution
March 25, 2021	● Proposal of the Company's "Declaration of Internal Control System" ● Proposal of the Company's 2021 budget ● Proposal for distribution of the remuneration to employees in 2020 ● Proposal of the 2020 financial statements ● Proposal for amendment of the Company's "Rules Governing the Election of Directors" ● Proposal for holding the annual meeting of shareholders in 2021 ● Proposal for acceptance of shareholders' proposals to the annual meeting of shareholders and of the list of nominated candidates for directors (including independent directors) ● Proposal for reelection of the Company's directors ● Proposal for nomination of candidates for directors (including independent directors) ● Proposal of contracts with financial institutions	Completed in accordance with the resolution
May 12, 2021	● Proposal of the 2020 business report ● Proposal for 2020 earnings distribution ● Proposal for removal of the non-competition restrictions against new directors and their representatives ● Proposal for the 2020 remuneration to the Company's Vice President, Maxon Huang ● Proposal for the 2021 remuneration to the Company's Vice President, Maxon Huang ● Proposal for promotion of the Company's senior director, Tseng-Chih Wang	Completed in accordance with the resolution

(XII) Documented opinions or declarations in writing made by directors against important board resolutions in the most recent year up to the publication date of this annual report: None.

(XIII) Resignation and dismissal of the Chairman, President, Accounting Officer, Financial Officer, Internal Audit Officer and Chief R&D Officer in the most recent year up to the publication date of this annual report: None.

V. Information of CPA Fees

Range of CPA Fees

Unit: NTD thousand

Range	Item	Audit fees	Non-audit fees (Note)	Total
1	Below NTD 2,000,000		✓	
2	NTD 2,000,000 (inclusive) ~ NTD 4,000,000			
3	NTD 4,000,000 (inclusive) ~ NTD 6,000,000	✓		✓
4	NTD 6,000,000 (inclusive) ~ NTD 8,000,000			
5	NTD 8,000,000 (inclusive) ~ NTD 10,000,000			
6	Over NTD 10,000,000			

(Note): The Company paid about NTD 530,000 to the CPAs and the CPA firm's affiliates as non-audit fees mainly for the transfer pricing report.

(I) If non-audit fees are paid to a CPA or CPA firm or its affiliates account for a proportion equal to or more than one-quarter of audit fees, the fees for audit and non-audit services as well as the contents of the non-audit service shall be disclosed: None.

(II) If replacement of a CPA firm results in a lower audit fee in that year compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: None.

(III) If an audit fee is reduced by more than 15% compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: None.

VI. Information on Replacement of CPA

(I) Former CPA

<table>
<tr><td>Date of replacement</td><td colspan="4">March 28, 2019</td></tr>
<tr><td>Reason and explanation of replacement</td><td colspan="4">Due to the auditor rotation of PricewaterhouseCoopers Taiwan, the CPAs auditing the Company's financial statements have been replaced with CPA Hsu,Yung-Chien and CPA Feng, Min-Chuan since the first quarter in 2019.</td></tr>
<tr><td rowspan="3">Explain the replacement as a result of a termination by the Company, or by the CPA</td><td colspan="2">Counterparty / Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Service terminated by</td><td></td><td>✓</td></tr>
<tr><td colspan="2">Service no longer accepted (continued) by</td><td></td><td></td></tr>
<tr><td>Opinions on audit reports other than unqualified opinions issued in the last two years, and the reason for such opinions</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Any disagreement with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit coverage or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosures (Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph VI, Article 10 of the Guidelines)</td><td colspan="4">None</td></tr>
</table>

(II) Succeeding CPA:

Name of CPA firm	PricewaterhouseCoopers Taiwan
Name of CPA	Hsu,Yung-Chien、Feng, Min-Chuan
Date of appointment	March 28, 2019
Inquiries regarding accounting practices or principles on certain transactions, or any possible opinions to be issued on the financial reports prior to appointment of the CPAs, and the results	None
Written opinions of the succeeding CPAs different with the opinions of the former CPAs	None

(III) The former CPA's written response to the items referred to in Items 1 and 2-3, Subparagraphs 6, Article 10 of the Guidelines: None.

VII. The Company's Chairman, President, or any financial or accounting managers who have been employed by a CPA firm or any of its affiliated companies in the most recent year: None.

VIII. Any transfer of equities and/or pledge of or change in equities by a director, supervisor, manager, or shareholder with a stake of more than 10% in the most recent year up to the publication date of this annual report

(I) Any change in equities of directors, managers, and major shareholders:

Unit: Shares

Title	Name	2020		Up to April 27, 2021	
		No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged	No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged
Director	Hyield Venture Capital Co., Ltd.	—	—	—	—
	Representative: Teddy Chen	—	—	—	—
	Jia Lian Investment Co., Ltd	—	—	—	—
	Representative: Roger Wu	—	—	—	—
	Foxconn Technology Co., Ltd.	—	—	—	—
	Representative: Kuoliang. Ho	—	—	—	—
	Lin Ching-Wei	—	—	—	—
	Judy Y.C. Chang	—	—	—	—
	Lin Ying-Shan	—	—	—	—
	Ting Hung-Hsun	—	—	—	—
President	Roger Wu	—	—	—	—
Vice President	Maxon Huang	—	—	—	—
Senior Director	Deaxy Wang	(14,000)	—	(6,000)	—
Finance & Accounting Officer	Sammie Huang	—	—	—	—

(II) Counterparts of the shares transferred or pledged are related parties: None.

IX. Information on the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship

Name	Shares held by the shareholder		Shares held by spouse and minor children		Total shares held in the names of others		The title or name and relation in case of the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
Hon Yuan International Investment Co., Ltd.	10,035,348	3.05%	0	0	0	0	Hon Hai Precision Industry Co., Ltd.	Hon Yuan is a 100% invested company of Foxconn	
Representative: Huang Te-Tsai	0	0	0	0	0	0	None	None	
Lin Yih International Investment Co., Ltd.	10,035,348	3.05%	0	0	0	0	Hon Hai Precision Industry Co., Ltd.	Lin Yih is a 100% invested company of Foxconn	
Representative: Huang Te-Tsai	0	0	0	0	0	0	None	None	
Foxconn Technology Co., Ltd.	10,035,348	3.05%	0	0	0	0	Hon Yuan International Investment Co., Ltd.	The chairman of Foxconn is the representative of Hongyang	
Representative: Lee Kuang-Yao	0	0	0	0	0	0	None	None	
Hyield Venture Capital Co., Ltd.	10,035,348	3.05%	0	0	0	0	Foxconn Technology Co., Ltd.	The chairman of Foxconn is the representative of Hongyang	
Representative: Huang Te-Tsai	0	0	0	0	0	0	None	None	
LGT Bank AG	9,982,000	3.04%	0	0	0	0	None	None	
Shi Teng Investment Co., Ltd.	6,004,000	1.83%	0	0	0	0	None	None	
Representative: Hsu Li-Chu	0	0	0	0	0	0	None	None	
Hsiung Chih Investment Co., Ltd.	5,816,908	1.77%	0	0	0	0	None	None	
Representative: Chen Chih-Hui	0	0	0	0	0	0	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	4,601,006	1.40%	0	0	0	0	None	None	
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	4,414,000	1.34%	0	0	0	0	None	None	
Hon Chi International Investment Co., Ltd.	2,834,619	0.86%	0	0	0	0	Hon Hai Precision Industry Co., Ltd.	Hon Chi is a 100% invested company of Foxconn	

X. For the total number of shares held in any single enterprise invested in by the Company, its directors and supervisors, managers, and any enterprises controlled directly or indirectly by the Company, the general shareholding ratio is calculated in a consolidated manner

December 31, 2020

Invested enterprise	The Company's investment		Investment by directors, supervisors and managers, or by directly or indirectly controlled enterprises		Combined investment	
	Amount of investment	Shareholding ratio	Amount of investment	Shareholding ratio	Amount of investment	Shareholding ratio
CyberTAN(B.V.I) Investment Corp.	USD22,044,000	100%	—	—	USD22,044,000	100%
CyberTAN Corp.(USA)	USD600,000	100%	—	—	USD600,000	100%
Cyber Touch Investment Inc.	NTD100,000,000	100%	—	—	NTD100,000,000	100%
CyberTAN Technology (Hong Kong)Limited	—	—	USD6,344,000	100%	USD6,344,000	100%
Fu Hong Kang Technology Precision Industry(Shenzhen) Co., Ltd.	—	—	USD6,344,000	100%	USD6,344,000	100%
Chongqing Hongdaofu Technology Co.,Ltd.	—	—	CNY53,500,000	100%	CNY53,500,000	100%
HON YAO FU TECHNOLOGY COMPANY LIMITED	—	—	USD9,000,000	100%	USD9,000,000	100%

Four. Financing Status

I. Capital and shares

(I) Source of capital

1. Formation of capital

Date	Issue price (dollars)	Authorized capital		Paid-in capital		Remarks	
		Number of shares (thousand shares)	Amount (thousand dollars)	Number of shares (thousand shares)	Amount (thousand dollars)	Source of capital	Offset against payments of shares by any property other than cash
April 2018	10	363,000	3,630,000	328,605	3,286,054	Decrease of 146,000 shares out of revocation of new restricted employee shares (Note 1)	

Note 1: The capital decrease was approved by the Zhu-Shang-Zi Letter No.1070012118 issued by the Hsinchu Science Park Bureau, MOST on April 25, 2018.

2. Type of issued shares

Shares / Type	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	328,605,418 shares	34,394,582 shares	363,000,000 shares	-

3. Information relevant to reporting: None.

(II) Composition of shareholders

Composition of shareholders / Quantity	Government agency	Financial institution	Other corporates	Foreign institutions and foreigners	Individual	Total
Number of persons	0	3	131	89	50,830	51,053
Number of shares held	0	21,921	70,472,527	34,061,848	224,049,122	328,605,418
Shareholding ratio	0.00%	0.01%	21.45%	10.36%	68.18%	100.00%

(III) Distribution of equity

Range of shareholding	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	17,866	1,135,950	0.35%
1,000 to 5,000	25,002	54,944,442	16.72%
5,001 to 10,000	4,449	36,298,717	11.05%
10,001 to 15,000	1248	15,703,073	4.78%
15,001 to 20,000	868	16,328,915	4.97%
20,001 to 30,000	620	16,170,428	4.92%
30,001 to 40,000	271	9,876,224	3.01%
40,001 to 50,000	178	8,476,524	2.58%
50,001 to 100,000	328	24,143,486	7.35%
100,001 to 200,000	120	16,476,110	5.01%
200,001 to 400,000	48	13,332,224	4.06%
400,001 to 600,000	18	9,352,715	2.84%
600,001 to 800,000	6	4,336,555	1.32%
800,001 to 1,000,000	5	4,522,134	1.37%
1,000,001 and above	26	97,507,921	29.67%
Total	51,053	328,605,418	100.00%

Note: The Company did not issue preferred stock.

(IV) List of major shareholders

Shares / Names of major shareholders	Number of shares held	Shareholding ratio
Hon Yuan International Investment Co., Ltd.	10,035,348	3.05%
Lin Yih International Investment Co., Ltd.	10,035,348	3.05%
Foxconn Technology Co., Ltd.	10,035,348	3.05%
Hyield Venture Capital Co., Ltd.	10,035,348	3.05%
LGT Bank AG	9,982,000	3.04%
Shi Teng Investment Co., Ltd.	6,004,000	1.83%
Hsiung Chih Investment Co., Ltd.	5,816,908	1.77%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	4,601,006	1.40%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	4,414,000	1.34%
Hon Chi International Investment Co., Ltd.	2,834,619	0.86%

(V) Market price, net value, earnings, and dividends per share in the most recent two years and information thereof

Unit: NTD

Item			2021.03.31 (Note 1)	2020	2019
Market price per share	Highest		23.20	19.35	19.95
	Lowest		17.25	10.20	13.95
	Average		20.13	14.98	16.28
Net value per share	Before distribution		16.40	16.41	16.60
	After distribution		-	16.26(Note 2)	16.45
Earnings per share	Weighted average number of shares		328,605 thousand shares	328,605 thousand shares	328,605 thousand shares
	EPS before retroactive adjustment		(0.05)	0.07	0.16
	EPS after retroactive adjustment		-	0.07	0.16
Dividends per share	Cash dividends		-	0.15(Note 2)	0.15
	Stock dividends	Dividends from retained earnings	None	None	None
		Dividends from capital reserves	None	None	None
	Accumulated unpaid dividends		-	None	None
ROI analysis	P/E ratio		-	214.00	101.75
	P/D ratio		-	99.87(Note 2)	108.53
	Cash dividend yield %		-	1.00%(Note 2)	0.92%

Note 1: The data of the market price per share are as of March 31, 2021. The EPS data in the first quarter of 2021 were reviewed by the CPA.

Note 2: The distribution in 2020 was to be submitted to the shareholders' meetings in 2021 after it was resolved at the board meeting held on May 12, 2021.

Note 3: P/E ratio = Average closing price per share in current year/earnings per share

Note 4: P/D ratio = Average closing price per share in current year/cash dividend per share

Note 5: Cash dividend yield = Cash dividend per share/average closing price per share in current year

Note 6: The Company's net value per share and EPS data in the most recent quarter or in the most recent year were audited (reviewed) by the CPA.

(VI) Dividend policy and implementation thereof

1. Dividend policy defined by the Articles of Incorporation

The dividend policy defined by Article 20-1 of the Company's Articles of Incorporation is specified as follows:

If the Company has profit at the year's final accounting, it shall first be used to pay the income tax and make up any cumulative losses in accordance with laws, and 10% of the balance shall be appropriated as legal reserve, unless the existing legal reserve reaches the amount of the Company's paid-in capital. The rest of the balance shall be used for provision/reversal of special reserves pursuant to laws. The residual balance, if any, shall be added to cumulative undistributed earnings. The Board of Directors shall draft a proposal for allocation of the residual balance plus the undistributed earnings, and submit the same to the shareholders' meeting to resolve whether shareholder bonuses shall be distributed.

The Company authorizes the Board of Directors to make a resolution with respect to payment of all or part of the distributable dividends, bonuses, capital reserves or legal reserves in cash by a majority vote at a meeting attended by over two-thirds of the directors and report such payment to the shareholders' meeting without being subject to the resolution of the shareholders' meeting referred to in the preceding paragraph.

The Company is now in the growth stage. As such, the dividend distribution policy shall be conditioned by the investment environment, capital needs, domestic and international competition, and capital budgeting of the Company at present moment and in the future. Shareholders' interests and long-term financial planning of the Company shall also be considered. The cumulative distributable earnings for shareholders' dividends shall be appropriated at no less than 15% of the distributable earnings in the current year. The dividends in cash shall not be less than 10% of the dividends for the shareholders.

2. Dividend distribution proposed at the shareholders' meeting

The Company resolved at the board meeting held on May 11, 2020 to allocate NTD 49,290,813 from the distributable earnings in 2019 to distribution of shareholders' cash dividends at NTD 0.15/share.

3. Explain the effect of expected significant changes in the dividend policy:

None.

(VII) Impacts of stock dividends proposed at the shareholders' meeting on the Company's business performance and EPS: N/A.

(VIII) Remuneration to employees and directors

1. Percentage and range of the remuneration to employees, directors, and supervisors stated in the Articles of Incorporation:

Article 20 (Note) of the Company's Articles of Incorporation is shown below:
7%–9% of the annual earnings of the Company, if any, shall be set aside as the remuneration to employees. The Board of Directors shall decide whether such remuneration to the employees is distributed in shares or in cash. The employees to whom remuneration may be distributed include those of the controlled or affiliate companies who meet specific conditions. The Board of Directors is authorized to define these conditions and the distribution methods. Distribution of remuneration to the employees shall be reported to the shareholders' meeting.

However, earnings must first be used to offset cumulative losses, if any, before being distributed to the employees and directors as their remuneration at the percentage mentioned above.

2. The basis of estimating the amount of employee, director and supervisor remuneration, the basis for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of any difference between the actual distributed amount and the estimated figure, in the current period: Such differences were treated as changes in accounting estimates and recognized as the profit or loss in the year of distribution.

3. Distribution of the remuneration approved by the Board of Directors:

(1) The Company's Board of Directors resolved to distribute NTD 6,178,323 as employee remuneration and NTD 0 as director remuneration in 2019.

(2) The Company expected to allocate NTD 6,185,583 and NTD 0 to employee bonuses and director remuneration in 2019, respectively.

(3) The accounting treatment of any difference between the actual distributed amount and the estimated figure: The differences were treated as changes in accounting estimates and recognized as the profit or loss in the year of distribution.

(4) The proposed amount of employee remuneration paid in shares and the ratio thereof to the total of profit after tax and employee bonuses in the current year: The Company did not distribute stock dividends to employees.

(5) Estimated earnings per share after distribution of the proposed employee remuneration and director remuneration:

Since the employee remuneration was recognized as expenses and the Company was to distribute NTD 0 as director remuneration, the earnings per share were not affected.

4. **Actual distribution of remuneration to employees, directors, and supervisors in the previous year:**
   (1) NTD 19,272,087 for employee bonuses; NTD 0 for director remuneration.
   (2) The Company's estimated amount of allocation for employee bonuses and director remuneration in 2018 was NTD 20,405,739 and NTD 0 respectively (Both amounts were estimated in consideration of legal reserves and calculated based on the profit after tax up to the current period and the percentage specified in the Articles of Incorporation).
   (3) The differences between the actual distribution amount and the estimated figure were recognized as the profit or loss in 2019.

(IX) Repurchase of the Company's shares: None.

II. Issuance of corporate bonds: None.
III. Issuance of preferred shares: None.
IV. Issuance of overseas depository receipts: None.
V. Issuance of employee stock option certificates: None.
VI. Issuance of restricted stock awards for employees: None.
VII. Issuance of new shares in connection with mergers or acquisitions or with the acquisition of shares of another company: None.
VIII. Implementation of Capital Utilization Plan: None.

Five. Business Operation

I. Capital and shares

(I) Scope of Business

1. Principal business activities
   (1) Wired communication equipment and apparatus manufacturing
   (2) Manufacturing of electronics components
   (3) Restrained telecom radio frequency equipments and materials manufacturing (radio transceiver only)
   (4) Restrained telecom radio frequency equipments and materials import (radio transceiver only)
   (5) Computer and peripheral equipment manufacturing.
   (6) Data storage media manufacturing and duplicating.
   (7) Wireless communication equipment and apparatus manufacturing
   (8) International trade
   (9) Software design services

   Research, development, production, manufacturing and sale of the following products:
   (1) Broadband Internet router/gateway
   (2) Virtual private network
   (3) Firewall
   (4) Layer 3/Layer 4 switch
   (5) Wired high-end broadband network security router
   (6) Wireless high-end broadband network security router
   (7) Network service matching platform
2. The Company's major products and their weights:

Unit: NTD thousand

Product type	2020 turnover	Weight of business
Communication product	4,631,172	95.80%
Others	202,979	4.20%
Net operating revenue	4,834,151	100.00%

3. Present products of the Company:
   (1) 4K HD/UHD Set-top Box
   (2) Digital Cable Set-top Box
   (3) DOCSIS 3.0/3.1 Cable Modem
   (4) IoT Module/Gateway/Sensor
   (5) Digital IP Set-top Box
   (6) Miracast Wireless Display
   (7) M2M Module
   (8) Mesh Wi-Fi Router
   (9) OTT Set-top Box
   (10) PON Gateway
   (11) 4G Small Cell
   (12) VoIP Gateway Series
   (13) Outdoor WiFi AP
   (14) Security Router
   (15) Video Bridge
   (16) Wireless xDSL Router
   (17) Wireless AP/Bridge/Router
   (18) Wireless Module/SiP Module
   (19) Smart Router
   (20) Broadband Cable/DSL/PON Router
   (21) VPN Router
   (22) VoIP Gateway/Router

(23) Satellite Gateway
(24) Satellite Router
(25) SMB Indoor/Outdoor AP
(26) Wi-Fi 6 Router/Gateway
(27) NB IOT Tracker

4. New products planned for development
   (1) 5G FWA
   (2) NFV: Network Functions Virtualization
   (3) Smart Home Media Center
   (4) Wi-Fi 6E Router/Gateway
   (5) SD-WAN

(II) Industry Overview

1. Current status and development of the industry:

According to the 2021 Global Economic Prospects Report of IMF, the global macro-economy declined by 3.3% and the advanced economies declined by 4.9% in 2020. Looking back on 2020, the epidemic situation of COVID-19 was a significant disaster for people around the world, causing more than 117 million confirmed cases in the world with death toll above 2.6 million people to date (statistics as of March 9, 2021). After the beginning of vaccination, global confirmed cases declined about 50% with a decline of 70% in the U.S. However, the variant of coronavirus also began to emerge. The epidemic had greater impact on global economy than the financial crisis in 2008, with disrupting production chains and recession of demand. The economy is expected to recover after the climax of the epidemic but the status still remains to be seen since it has diverged from the original growth forecast.

According to the MIC report: In 2020, the output value of the communication equipment industry in Taiwan was NTD 835 billion with a decrease of 14.2% compared with 2019. The main cause of recession is due to the decrease in the sales volume of mobile phones in the world, causing the decrease in ODM orders of mobile phones in Taiwan. Also, the increased weight of mobile phone EMS orders transforming from ODM orders in Taiwan resulted in the significant decrease in the output value of mobile phones, causing impact on the output value of the overall communication equipment industry; even though Wi-Fi 6 and Ethernet LAN Switch has promoted the consumption of remote network service and driven the product upgrading and demand for new mobile phones, the output value increased thereof still could not make up for the recession caused by the output value of mobile phones.

In 2021, the output value of the communication equipment industry in Taiwan is expected to reach NTD 868 billion with an increase by 4% compared with 2020. The market demand for Wi-Fi 6 products will continue to increase; for Ethernet LAN Switch, due to the optimistic attitude toward the demand of network equipment by enterprises and large data centers, the demand for switch equipment is expected to grow stably; for the mobile phone industry, the continuous launching of 5G commercial services in markets of various counties may benefit the shipment of local mobile phone brands.

In the aspect of the domestic network communication industry, the major markets of demand include the U.S. (29.5%), China (21.5%) and Europe (23%) while the domestic demand market only accounts for about 2%.

MIS predicted that 2021 will be a year of reorganization for the order in the network communication industry with significant changes in technological development due to factors such as the impact of the COVID-19, U.S.–China technology war and massive 5G commercialization around the world. As the rapid commercial operation due to global 5G, 409 operators around the world announced to invest in 5G while 125 operators introduced 5G commercial network in 52 countries and the 5G households was expected to reach the scale of 220 million households in 2020. The Market Intelligence & Consulting Institute also indicated that looking into 2021, the penetration rate of 5G mobile phones may reach about 40% and Wi-Fi 6 may follow 5G to become the mainstream networking technology.

Wi-Fi 6 technology as the mainstream

In 2020, the output value of domestic WLAN reached NTD 132.9 billion with the annual growth rate of 2.9%. As the increasing popularization of Wi-Fi 6 in 2021, the equipment price also decreased to increase the inclination to replace new mobile phone or upgrading by the family or enterprise. Also, because of the resurgence concerning the second wave of COVID-19, the consumption of remote network service by the public may increase due to the changes in lifestyle, which will drive the shipment of WLAN module and AP router in the form of Wi-Fi 6 technology. The output value of domestic WLAN is expected to reach NTD136.3 billion with the annual growth rate of 2.5% in 2021. In 2021, Wi-Fi 6 may account for more than 50% of shipment penetration rate in the overall Wi-Fi chip. The performance of Wi-Fi 6 is the significant upgrading of Wi-Fi in previous generations and the greatest change is the acceleration in connection speed. The highest speed of Wi-Fi 5 is 3.5 Gbps while the maximum throughput of Wi-Fi 6 across multiple channels is 9.6 Gbps. Besides reducing about 75% of latency at most, Wi-Fi 6 can make the wired and wireless signals almost the same. Wi-Fi 6 technology provides more effective data encoding and makes the use of radio spectrum more reasonable via a stronger processor.

Upon the pandemic situation of COVID-19, Wi-Fi played a crucial role by providing digitalized infrastructure for the increasing connection demand. It is likely that 6GHz may be more popular around the world this year. The WPA3™ security technology may be widely adopted while Wi-Fi 6 may present strong momentum across more enterprises and vertical markets. It is expected that the delivery amount may reach about 2 billion Wi-Fi 6 equipment in 2021.

Users will acquire the advantage of 6GHz from Wi-Fi 6E

Because the regulatory authorities in various countries open up 6GHz, there are more unlicensed spectrums available for Wi-Fi in the world in 2021. Recently, the U.S. approved the unlicensed use of 1200MHz spectrum in 6GHz frequency band. The U.K., Europe, Korea, Chile, Brazil and United Arab Emirates expects to provide 6GHz for their citizens before the end of this year, followed by many other countries. The user will observe the launching of Wi-Fi 6E equipment around the world as numerous vendors begin to accept 6GHz. This new spectrum can use a maximum of seven ultra-wide 160Mhz channels that trigger the development and innovation of wider bandwidth application, including the applications of unified communications, AR/VR and holography.

New applications need to rely on the high speed and low latency advantages of Wi-Fi 6E to support applications such as telemedicine and online learning. As OFDMA function expands to uncrowded 6GHz frequency band, Wi-Fi 6E will help to satisfy the reliability and certainty required by industrial applications and further promote the environmental changes from wired to wireless IIoT. The Wi-Fi 6E certificate of Wi-Fi Alliance will ensure the safety and interoperability of Wi-Fi CERTIFIED™ equipment operating in the 6GHz frequency band within the world and will become the turning point for the wider population of Wi-Fi. As the complement of each other, Wi-Fi 6 will follow 5G to become the mainstream specifications of IoT while supporting more diversified, high speed and low latency applications. Though the epidemic had impact on many industries, the supply chain of Wi-Fi industry continued to benefit from the epidemic. The market predicts that the shipment demand for IoT products will defer to the first quarter of 2021. Chip manufactuers including Qualcomm, Mediatek, Broadcom and Realtek, all provide chip solutions for Wi-Fi 6. According to the trend observation of end products with Wi-Fi 6 in 2021, the penetration rate of 5G mobile phone reached 53% and the 5G mobile phones of brand businesses are equipped with Wi-Fi 6 standards, including Apple and Samsung; the penetration rate of laptops also reached 10%. For example, the 9th and 10th Gen processors of Intel all are equipped with Wi-Fi 6. The Wi-Fi 6 penetration rate of broadband CPE and wireless routers will reach 9% net year and the mid- and high-end gateway will be equipped with Wi-Fi 6. It is expected that the shipment of Wi-Fi 6 router in advanced countries may exceed 50%.

FWA becomes the new choice for the last mile of broadband

In 2020, the output value of domestic mobile broadband access products reached NTD 18.6 billion and grew by 9.23% compared with 2019. As the types of 5G smart phones increases with the increasing fair prices, the corresponding 5G device of carriers will focus on smart phones. The 5G mobile broadband access products will aim at the niche market, including wireless fixed-line service, replacement of fiber optic network in remote areas, data collection relay station of AIoT applications and main 5G terminal of vertical applications. Due to the stable growth of demands in these markets, it is estimated that due to the drive of 5G mobile broadband access products, the mobile broadband access product will reach NTD 19.5 billion with a growth of 4.84% in 2021 compared with 2020. 5G CPE will become the target for new product development of the carriers. On one hand, 5G FWA obtains the favor of carriers in several countries as a supplement or alternative solution for the last mile of the fixed-line deployment to eliminate the out-of-date DSL technology; on the other hand, Mi-Fi users will gradually upgrade to 5G products.

The U.S. Government strongly subsidizes the network establishment in rural and remote areas to accelerate the market development of 5G FWA. In 2020, the FCC of the U.S. proposed the rural digital opportunity fund (RDOF) to assist carriers in providing internet services in regions with uncompleted broadband network by firstly providing a subsidy of USD 16 billion. After the end of RS spectrum auction in the U.S. this year, many winning tenderers planned to apply for subsidy by FWA service and the participated vendors included the cable television operators, carriers and satellite broadband operators. The advantages and potentials of FWA is revealed due to the difficulty in optical fiber establishment at remote areas in the U.S. with the consideration of high cost regarding initial establishment and maintenance in the later period. Thus, service providers are attracted to replace optical fibers with 5G FWA for the last mile. It is expected that the U.S. will become the 5G FWA market with most potential in 2021. Therefore, the network communication operators continue to introduce products related to 5G FWA.

The leading carrier AT&T of the U.S. announced the termination of the DSL service and devoted itself to optical fiber and Wi-Fi services. As the main competitor of AT&T, T-Mobile also held an optimistic attitude toward the development potentiality of FWA and began to introduce 4G FWA services to win over traditional fixed-line users and gradually update to 5G network in the future; the carriers in Europe started to enhance the optical fiber network, 5G FWA or the network establishment mode collocating both parties. These establishments will expand the 5G FWA market in 2021.

2. Correlation among upstream, midstream and downstream in the industry:
The Company is a professional supplier of network equipment. The upstream of the product includes materials such as microprocessor, network chip switch, data encryption chip, power supply and printed circuit board and the downstream includes network equipment distributors and regional carriers.

3. Development trends of products:
Prospects of the network communication industry
IDC: The epidemic has caused significant impact on the global markets this year, regardless of industry. During the gradual recovery from the turbulent state of the overall economy, the new normal gradually became the mainstream in various markets and commercial practices. IDC estimated that the priorities of IT investment decision by the enterprise in the next five years will be reformed and focus on the "recovery of growth" and adaptation to the "new normal" technology investment and operation/business model. The epidemic accelerated the power of corporate transformation. As the increasing recovery of the organizations, the new wave of competition will be more severe than ever. In the future, the enterprise must actively strengthen the development of the organization via digital technology to fasten the growth and reconstruct the leading capability.
IHS: According to the updated "5G Economy" report of IHS Markit, 5G will create about USD 1.31 billion of global economic yield and 22.8 million of new job openings as of 2035 with great opportunity hidden inside. 5G is the largest development opportunity for the network communication companies of all time and its development far exceeds the development speed of any mobile phone generation. There are about 60 countries/regions and 130 carriers providing 5G commercial services to date.
TrendForce: The global mobile network operators will focus on network coverage and service expansion in 2021. As mobile networks see an increase in data transfer demand and support various emerging applications as well as service areas, 5G networks will need to provide bandwidth support for an enormous amount of data. Therefore, global carriers have been seeking partnership opportunities with third-party equipment suppliers to push the communication interface of 5G network as an "open and interoperable standard," in turn minimizing the costs of mobile network equipment and ensuring that 5G RAN infrastructure develops towards a trend of "virtualization, high flexibility, open standard, and power conservation." In an effort to raise the spectrum efficiency of 5G networks, 3GPP has proposed several solutions. Through the dynamic spectrum sharing (DSS) implementation, more carriers can deploy their 4G and 5G network within the same frequency band starting in 2021 and allocate spectrum resources between the two networks according to user demand. In addition to its minimum total cost of ownership, DSS technology has gradually become the key to carriers' 5G strategies because it allows operators to quickly achieve nationwide 5G coverage by activating their 5G networks in the 4G frequency band.
GSA: According to the latest published 5G device adoption report, there were about 335 commercial and industrial 5G devices came out. As the commercialization of 5G in the world, more and more terminal devices began to build in 5G communication to support high-speed connection services and diversified applications. According to the latest data, 108 equipment suppliers introduced or launched about 559 devices or equipment supporting 5G last year, of which almost 60% (about 335 products) were understood to be commercially available. Mobile phones occupied the highest proportion in these commercial 5G devices with the number of 278 phones and the next was the 108 types of

outdoor/indoor CPE with FWA. Some enterprise grade equipment also began to support 5G, such as enterprise router, industrial gateway and wireless AP. Currently, there were dozens of commercial products available for selection. Other peripheral equipment supporting 5G includes drones, AR/VR head-mounted displays, robots, cameras, 5G USB network cards and OBU.

(1) Fixed Wireless Access (FWA)

Due to the difficulty in the optical fiber establishment at remote areas in some of the countries, the service providers are attracted to use 5G FWA (Fixed Wireless Access) as the option for the last mile of fixed line and eliminate the out-of-date digital subscriber line (DSL) technology. The MIC estimated that this will drive the shipment of 5G CPE (Mi-Fi and FWA) industry to reach 5.6 million units with growth rate exceeding 143% in 2021. Besides the traditional Cable, DSL and FTT, 5G FWA will be another option for home networking in the future, especially suitable for regions with difficulty in the establishment of wired network or with high establishment cost.

According to the estimation of ITU1 2019, only 57.8% of households have a network connection.

- Fiber + 5G FWA can greatly increase the coverage of network to more than 90% of households, including the cities and suburbs.
- The shipments of 5G FWA/CPE are estimated to reach about 25 million units at the end of 2025 with a compound annual growth rate exceeding 57% from 2019 to 2025.
- The output value of 5G FWA is estimated to grow increasingly from USD 788 million in 2020 to USD 46.366 billion in 2026 with a compound annual growth rate of 97.47%.

The main development of the 5G FWA market is at places near the suburbs in the first few years and will have greater impact on the suburbs subsequently.

(2) Wi-Fi 6 Wireless communication technology

Wi-Fi 6 technology is similar to the 5G technology, causing the concern of whether 5G will replace Wi-Fi. It seems like the answer is no, but 5G may promote the shipments of Wi-Fi instead. 5G NR provides rapid transmission speed in mmWave band that reaches about 10Gbps, but with poor signal transmittance, rapid decrease in strength and short transmission distance. Therefore, this requires more APs for coverage. More than 9 billion Wi-Fi devices were established loading most data traffic in the world while the new generation Wi-Fi 6 will provide higher throughput (9.6Gbps) and the next generation Wi-Fi 7 may support maximum speed of 46.1Gbps. The lower latency and better network management can support applications such as the VR/AR, HD videos and enterprise IoT in the future 5G era. The present Wi-Fi can be upgraded to Wi-Fi 6 by upgrading or expansion packs without investing great amount in the network establishment like 5G. This can share the pressure of the expensive 5G deployment borne by the operators. Wi-Fi is irreplaceable without respect to aspects of scale, economy and easy deployment.

According to the forecast of Reserch&Market, the global Wi-Fi market is expected to increase from USD 9.437 billion in 2020 to USD 25.244 billion in 2026 with a compound annual growth rate (CAGR) of 17.8% in the forecast period. The main motivator for market growth includes stable growth of the demand for network connection and the increasing growth of demands for Wi-Fi solutions in fields of education, medical health care, life sciences, retail sale and e-commerce, IT and telecommunications. The Wi-Fi hardware part includes access points, controllers and wireless hotspot gateways and other parts like the repeater. The integration of Wi-Fi with other equipment improves the connectivity. For example, some vertical fields such as medical healthcare and life sciences highly depend on wireless connection and any form of connection loss may disturb the daily operation.

The Wi-Fi technology may evolve again as countries expect to open 6GHz frequency band for the use of Wi-Fi technology, providing new chances for Wi-Fi 6E. This not only solves the lack of Wi-Fi spectrum but also expands the Wi-Fi applications to the audiovisual, industrial and business fields to start the trend of IoE. The IDC expects that more than 338 million of devices supporting Wi-Fi 6E will enter the market this year and there will be near 20% of Wi-Fi 6 devices supporting Wi-Fi 6E in the following year.

The new generation Wi-Fi 6 technology is the basis of Wi-Fi 6E framework. Besides the available 2.4GHz and 5Ghz frequency bands, it also supports 6GHz frequency band. Currently, the U.S. competent authorities such as the FCC had approved the use of 6Ghz as unlicensed spectrum (including Wi-Fi). 6 Ghz is important because it can solve the present lack of Wi-Fi spectrum. By the broad continuous spectrum, it can contain 14 additional 80MHz channels or 7 additional 160 MHz channels; in addition, due to its clear spectrum, 6 GHz is not subject to the interference of existing Wi-Fi 4 or Wi-Fi 5 devices. The regulatory authorities in various countries are expected to release the use of 6GHz frequency band to promote WiFi 6E AP routers, smart phones, enterprise grade AP router and expand the application of new fields.

The Wi-Fi Alliance considers that Wi-Fi 6E may support network transmission applications such as that HD viedo transmission and virtual reality that requires faster and larger bandwidth capacity as well as lower latency via additional bandwidth capacity. The market also considers that the WiFi 6E may be widely applied to machine analysis, remote maintenance or virtual employee training in the industrial environment in the future.

(3) Software-defined networking in a wide area network (SDWAN)

Everyone notice the dilemma encountered by all carries since 4G is not retrieved while 5G is deployed in advance in response to the trend. This is an inevitable direction for all. According to the estimation, it may take at least 15 years to break even if only focusing on the consumer market. Therefore, the consumption of 5G is merely used by the operators to reduce the decrease in APRU (Average Revenue Per User) while the industrial telecommunication and digital transformation of enterprise are the major sources for operators to increase the operating revenue and profitability. The market of SD-WAN exceeded USD 1 billion last year and the compound annual growth rate was expected to reach 60% in 2020–2026. The cause of growth is due to the demand to simplify network management by all organizations. Traditional routers, network architecture, cloud and data centers often encounter the problem of bandwidth and reliability when connecting, but SD-WAN can proceed with rapid deployment.

In fact, SD-WAN is one of the SDN that provides open architecture for the hardware and software of network communication. The concept of virtual network functions (i.e. virtualization software) overthrows the traditional architecture that network functions must be included in certain hardware equipment by presenting the network functions of physical equipment in the form of software. By establishing faster and more reliable WAN network via software and virtual technologies, SD-WAN mainly exists between the connection device and WAN. The SD-WAN architecture is based on the software-defined networking in WAN router technology. This technology can separate network software service from underlying hardware to achieve the best efficiency of applications transmitted via internet and multiple-WAN. Due to the appearance of SDN and NFV technologies, the new network services no longer need to rely on the present hardware while the layout and maintenance cost is also simplified to increase the speed of deployment. Thus, SD-WAN subsequently comes into being.

(4) **LEO satellite communication**

Due to the gradual development of the LEO satellite market, MIC estimated that market scale will reach USD 24.78 billion in 2027. Analysis of Euroconsult: The demand for broadband communications satellite will increase 5 times in the future 10 years and 1,250 satellites will be launched per year. Compared to the 260 satellites launched in the previous 10 years, the rapid increase of number clearly proved the prospering development of the satellite broadband market and industry. This change not only reflected on the demand for satellites but also reflected on the main usage of satellite and the current status of satellite broadband operators regarding the government and purpose.

The 5G mobile communication era begins and how to meet the demand for 5G communication in various terrains and regions around the world while maintaining good 5G communication quality becomes the new issue for vendors in various industrial supply chains strive to conquer. The development of LEO satellite attracts much attention because the satellite signal can travel over mountains and oceans to make up for the deficiency of 5G wave. However, due to the restriction of geographical space, there are about 70% of regions without network coverage in the world. In most of these places, this is due to factors such as precipitous geographic environment, remote location or being located at sea or in the mountains; these areas increase the difficulty and cost for network infrastructure establishment and maintenance. Also, most internet service providers are unwilling to invest in these areas due to the low population, meaning poor potential user number and network traffic.

The satellite communication can be classified from high to low as HEO, MEO and LEO according to the orbit distance. Featured with low latency and increasingly low cost due to the investment of multiple vendors, LEO can assist in strengthening the disadvantage of difficult establishment of 5G AP in harsh environments since its transmission rate is better than 4G communication after testing.

The orbit distance of GEO satellite is about 36,000km from earth. Therefore, GEO satellite provides wider signal coverage on earth due to the long distance between the orbit and the earth. Thus, only three broadband satellites are required for orbiting to cover the world with broadband signal. The establishment and maintenance cost of the satellite is greatly reduced because its lifetime can reach 15 years. However, the long delay time of data communication is the disadvantage of the satellite.

The orbit distance of MEO satellite is about 8,000km from earth. The required satellite numbers in the system are slightly higher than the GEO system due to its closer orbit distance from earth. Every satellite has shorter service time than the GEO satellite in the covering region. Thus, the control and switching of system is simpler, the satellite and earth station cost is lower and the satellite lifetime is slightly shorter than GEO.

The orbit distance of LEO satellite is about 1,000km from earth. The low orbit distance of the satellite provides shorter transmission delay time and less path loss. However, this requires thousands of satellites to form the network structure to realize true global coverage. Therefore, due to the feature of shortest transmission delay time, LEO satellite broadband technology is considered as the satellite broadband technology with most development potentiality.

However, the LEO system requires more satellites, has higher launching cost with relatively short satellite lifetime and complicated system technology. This is also the problem that present LEO satellite operators striving to conquer.

The market scale of global broadband satellite service was settled to be USD 226.5 million in 2019. The analysis of MarketWatch estimated that the industrial scale will be promoted with a compound annual growth rate of 6.0% from 2021 to 2026. It is expected to reach USD 3.8162 billion at the end of 2026. Therefore, many emerging broadband satellite service providers are established one after another and the entire industrial chain of broadband satellite service begins to enter the ascending stage.

4. Competition

The Company has a complete product line, including wired/wireless broadband, wireless client, telecommunication client, digital home, IoT and SMB products. The Company has routing and wireless RF technology, broadband router, xDSL, PON and Cable routers, integrated access device (IAD) and VoIP router. The main competitors are Sercomm Corp., Arcadyan and Wistron NeWebl the main competitors of wireless network card/module are AZUREWAVE and Gemtek; the main competitors of digital home products are Alpha Networks, Arcadyan and Pegatron. Looking to the future, the Company will continue to research and develop new products meeting the fashion and trend of the market in the hope of pulling the distance from the competitors to create better performance.

(III) Overview of Technology and R&D

1. R&D expenses during the most recent year and up to the publication date of this annual report:

Unit: NTD thousand

Item/Year	Up to March 31, 2021	2020
R&D expenses	57,046	272,019

2. Technology and products developed successfully in the most recent year and up to the publication date of this annual report:

January 2015	DTA HD Gen2 Set-top Box was shipped
February 2015	1750Mbps 3x3 802.11ac Dual-mode Indoor Base Station for Small Businesses was firstly shipped
April 2015	Wi-Fi 802.11ac MU-MIMO 4x4/4x4 Wireless Router was shipped
April 2015	First batch of 2600Mbps 4x4 802.11ac Wave-2 Dual-band Dual-mode High-speed Wireless Router was shipped
September 2015	Ka-band Satellite Broadband Router was shipped
March 2016	DOSIS 3.0 Cable Modem was shipped
October 2016	IoT Wireless Smart Home Sensor Kits was shipped
November 2016	4K Set-top Box was shipped
December 2016	First batch of Home Mesh Wi-Fi Router Kits was shipped
February 2017	High-end Cable Set-top Box was shipped
April 2017	IoT Enterprise WSN Gateway was shipped

July 2017	Home Antivirus Firewall Dual-band Wireless Router was shipped
September 2017	Second version of High-speed Satellite Broadband Wireless Router was shipped
February 2019	High-speed Satellite Broadband Wireless Extender
March 2019	Mesh Wi-Fi Router for Chinese customers was shipped
April 2019	NB-IoT Tracker for North American customers was shipped
May 2019	DOCSIS 3.1 Wi-Fi 6 Cable Gateway was shipped
December 2019	First testing machine of new generation High-end Smart Set-top Box was shipped
May 2020	Wi-Fi 6 Router for North American customers was shipped
June 2020	Mass production model of new generation High-end Smart Set-top Box was shipped
September 2020	5G Wi-Fi 6 Gateway was shipped
October 2020	Shipment test of 5G FWA testing machine for North American customers

(IV) Long-term and short-term business development plans:

1. Long-term business development plan
   (1) Product development:
      a. Accelerating the development of new generation wireless broadband products based on strong technology capability. For example, 5G mobile broadband "8K+5G" smart home audiovisual equipment, satellite communications, SDWAN and Wi-Fi 6/6E; integrating various product technologies and combining the deployment of new markets to further create new growth dynamism.
      b. Continuing to enhance the collaboration with leading international chip companies to maintain the leading position of new product launching and exploring new business opportunities based on the relationship.
      c. Continuing to strengthen the seamless connection between the market and the customer and grasping the development direction of first-hand product application to plan the product and technology blueprint meeting the entering time of the market at the beginning of new technology development.
   (2) Marketing strategy:
      a. Expanding the market deployment in America, Europe and Asia to acquire the best strategic position in emerging technologies and markets.
      b. Providing customers forward-looking and comprehensive product planning project to maintain present customer source and actively expand the weight of operating revenue.
      c. Expanding the new sales model to approach end customers and establish niche.
      d. Integrating technology and intelligentization for export strategy and paying attention to consumer experience, understanding local demands and preferences to design and manufacture customized services or products.
   (3) Production strategy:
      a. By the manufacturing and supply chain systems of the groups, we reduce the production cost of the Company and increase the essential competitiveness and actual yield rate.
      b. Enhancement of inventory management to achieve inventory optimization.
      c. Understanding the changes in the demand of end customers to create maximum flexibility for the supply chain and provide best strategic efficacy for the customer.
      d. Accelerating the introduction of IIoT solutions and continuing the expansion of production automation.
      e. Aiming at the trade war to deploy plants outside China to reduce the impact of external environment on the customer.
   (4) Operation and financial planning strategy:
      a. Promoting internationalized ideas and strengthening the business management capability of the enterprise to actively cultivate internationalized talents and march toward the goal of an internationalized enterprise.
      b. Continuing the reduction of expense ratio to increase the profitability.
      c. Properly utilizing the hedging instruments to reduce the exchange rate risk and avoid exchange losses.
2. Short-term business development plan:
   (1) Product development:
      a. Following the market trend, the short-term product development plan of the Company will continue to strengthen the technology of fixed-line

broadband, Wi-Fi module and router. We also focus on the deployment in new product fields such as 4G/5G mobile and satellite broadband, low-power IoT, network function virtualization, intelligent video and network to become an innovative integrated design service provider that provides the customer with overall solutions including the development, design and production services of software and hardware.

b. Improving the collaboration with the customer by providing resources complement for each other to introduce the product in the market as soon as possible.

(2) Marketing strategy:

a. Understanding the supply and demand information of the supplier and customer markets and shortening the marketing decision process to achieve the best decision-making benefit.

b. Providing multiple products for existing customers to assist them in expanding new markets and accelerating the expansion of operating scale for each other.

c. Assisting the customer in the problems regarding the optimization of product cost structure and technology to increase market competitiveness and establish stable partnership.

d. Expanding the sales channels of existing products.

(3) Production strategy:

a. Implementing the carbon reduction plant in response to the global environmental protection.

b. Full improvement of product yield rate and enhancement of personnel education and training.

c. Strengthening the plant automation to improve production efficiency and intelligentization.

(4) Operation and financial planning strategy:

a. Continuing the promotion of six sigma, KPI and TQM systems to improve individual and department management performance and quality system to achieve the objectives of the enterprise.

b. To respond to the policy of the FSC and be in line with the international trend, we introduced the IFRS system to prepare the financial report and provide more transparent and reliable financial information for the capital markets at home and abroad.

c. Assessing suitable item for merger or acquisition to expand the market and customer shares.

II. Market and sales overview

(I) Market analysis

1. Regions where our main products (services) are sold (provided)

The Company mainly focuses on the foreign OEM/ODM customers and most products are for sale abroad. The distribution of sales region is as follows:

Sales region \ Year	2020		2019	
	Amount	Ratio (%)	Amount	Ratio (%)
America	3,692,032	76.37%	4,988,140	87.39%
Asia	328,015	6.79%	475,370	8.33%
Europe	752,362	15.56%	181,100	3.17%
Others	61,742	1.28%	63,353	1.11%
Total	4,834,151	100.00%	5,707,963	100.00%

2. Market share

According to the data of IEK, the output value of the communication equipment industry in Taiwan was NTD 835 billion in 2020 with a decrease of 14.2% compared with 2019. In general, the output value of network communication equipment reached NTD 475.5 billion with the decrease growth of 2.2%. The overall shipment of Wi-Fi equipment in Taiwan is expected to reach NTD 132.9 billion with an annual growth of 2.9%. It is estimated that the Wi-Fi equipment shipment of the Company will account for 3.63% of the shipment of plants in Taiwan.

COVID-19 has changed daily life after 2020. Regardless of the living of general public or socioeconomic operation, the close face-to-face interaction has changed to contactless communication. Besides the increasing demand for home audiovisual entertainment due to the lockdown and isolation, the video transmission required for distance learning and remote working also increases significantly. This also emphasizes the importance of broadband network, especially when people are used to the wireless living. Thus, the construction of the wireless mobile broadband environment is worth more attention than ever.

According to the statistics of GSA, a total of 135 carriers in 58 countries in the world introduced commercial 5G as of mid-December 2020, accounting for about 18% of the global carriers. There are 48 carriers in 29 countries providing 5G FWA commercial services. It is expected that 5G with high-speed transmission similar to wireless optical fiber can serve as the technology to replace the fixed-line broadband for the last mile. It may even meet the demand for corporate Intranet construction in the future. In addition to Wi-Fi 6, the structure with 5G CPE also attracts much attention.

In general, global 5G users exceeded 200 million households in 2020. In addition, according to the estimation of GSMA, global 5G users will reach 1.8 billion households with near 21% of global mobile user penetration rate. It is estimated that the operators are expected to invest in USD 175.7 billion of capital expenses in the network in 2025. This is also the reason of the accelerating development of 5G around the world.

3. Future supply & demand and growth in the market

According to the evaluation of the domestic and international political and economic situations, the Industrial Technology Research Institute published the 2021 Taiwan's Manufacturing Economic Outlook on November 4. It is predicted that the manufacturing output value in 2021 will be NTD 19.68 trillion and the output value growth rate will be 4.75%. The output value of NTD 18.79 trillion in 2020 with negative growth of 4.05% turns into positive growth. However, the epidemic of COVID-19 hindered the operation of international supply chain and changed the division of labor in the world. By the impact of the epidemic, the mass lockdown measures in the first half of 2020 resulted in the sharp recession of global production, consumption, investment and trade and the economy has not recovered to the level before the epidemic due to the impact thereof. With the coming of winter, COVID-19 had signs of resurgence in many countries. This will be the greatest uncertain factor in the global economy in 2021. According to the forecast of IEKCQM, the information and electronics industry will reach NTD 8 trillion with growth rate of 3.55%.

According to the data of MIC: global uses of fixed-line broadband has exceeded 1.1 billion households in 2020 and is expected to reach about 1.11 billion households in 2024 with the constant promotion and establishment of broadband by various counties. Facing the competition of other broadband technologies such as the optical fiber, Cable Modem and FWA, the global users of DSL continues to decrease and is expected to decline to 230 million households in 2023. With stable foundation, MSO stably expands the scale of broadband users and the Cable Modem broadband users are expected to reach 260 million households in 2023. With regard to the regional markets, North America is the largest market accounting for 46% of users in the world in 2020, followed by the Europe region. The users in South & Central America grows rapidly in recent years. The optical fiber has become the mainstream technology of fixed-line broadband market. It is expected that the FTTx users will account for 47% of global fixed-line broadband users in 2020 and will continue to grow to reach 550 million households in 2024. Due to the epidemic, the shipment is expected to reach 197 million units for the global fixed-line broadband users in 2020 with a slight decrease compared to 2019. It is expected that the broadband connecting demand will increase due to the trend of Work From Home in the long run and promote the shipment of products. The shipment will exceed 200 million units in 2023. The operator introduces the virtualization technology to fixed-line broadband network. The Deutsche Telekom has worked with the equipment vendor ADTRAN in 2020 to introduce OLT equipment and SDN system.

4. Competitive niche

(1) Professional OEM

The Company is a professional OEM but also provides standard products to expand the customer base and reduce the risk of marketing. We are also devoted to providing solutions for customers via the resources of the Company by setting the final goal as to meet the demand of the customer. This also relatively increases the reliability, dependence and stickiness between the Company and the customer.

(2) Provision of complete product line

By the integration of wireless and router technology, the Company provides complete product line, including wired broadband (PON, Cable, xDSL, Gateway), wireless broadband products (5G, LTE, Satellite Gateway, Satellite Communication Switch Module), Wi-Fi AP, Small Cell, remote Wi-Fi bridge, WAN series products and basic to high-end routers, VoIP products, wireless modules, SiP and home digital audiovisual products; in addition, in aspect of digital home products, we provide set-top boxes and satellite routers and actively develop products related to IoT (M2M module, IoT module, sensor, gateway and tracker) to meet the needs of the customer via diversified and complete product lines.

(3) Advantage of manufacturing and supply chain

By the collaboration with groups and seeking the assistance of their manufacturing and supply chain systems, we effectively reduce the production cost of the Company and increase the competitiveness and actual yield rate of the Company.

(4) Outstanding R&D team

The R&D team of the Company not only specialized in their fields but also have years of experience in the industry. They are dedicated to the development of new communication technology and build strong integration and development capabilities of software, firmware and hardware to establish the core competitiveness of the Company and the new thinking of product by adopting software as the core. By the outstanding technical R&D capability, the Company integrates network communication technologies related to wired and wireless broadband (Fixed/Mobile Broadband), routing, RF, IoT and digital home. Therefore, we can quickly transform the understanding of the industry with appropriate product functions to the most advanced solutions in the market and provide the customer with products meeting the demand of the market.

(5) Strict quality control to provide the best quality product

The Company has received the certificates of ISO9001, ISO14001, TL9000 and OHSAS18001 and truly complies with the strict requirements in fields of design, manufacturing, knowledge and technical assurance to provide the advanced and superior products meeting the environmental laws and regulations. We were awarded the Green Partner certificate by Sony in Japan and our quality and R&D technology was recognized by international manufacturers. These may assist the Company in acquiring more cooperation opportunities with international manufacturers.

(6) Excellent after-sale service

The Company’s return of products for repair is reduced to the PPM level to provide high quality after-sale service, including logistics department and engineering service department. In addition, we have other professional personnel to improve our product performance so that the customer can feel at ease without any worry.

5. Positive, negative factors for development outlook and responsive strategies:

Positive factors:

(1) Investment of Foxconn Technology Group

Since November, 2005, Foxconn Technology Group had invested in the Company and currently became the largest shareholder of the Company. Besides controlling the wired, wireless and core routers, software and hardware technology as well as the talents, the Company will continue to integrate the manufacturing and production, R&D and marketing resources of Foxconn Technology Group to expand the market share and customer base. Therefore, the Company is expected to develop increasingly in the future.

(2) Global economic recovery and industrial trend

According to the latest forecast of IMF, the global economic recovery became stronger in comparison with the recovery in January, 2021. The economic growth rate in 2020 was adjusted from the original -3.5% to -3.3% while the economic growth this year was adjusted by 0.5% to reach 6.0%. The economic growth next year also increased by 0.2% with the hope to reach 4.4%.

The main factors regarding the improvement of the global economic forecast include the approval of economic relief packages with the amount of USD 1.9 trillion proposed by the U.S. President Joe Biden and the increasing number of COVID-19 vaccines acquired by larger economies, causing the significant increase in the number of vaccinated people.

The epidemic did not result in the depression of global economy because the government played an important role. Governments around the world totally provided about USD 16 trillion (about NTD 456 trillion) financial support with the “mass liquidity injected” by central banks in various countries to avoid the economic disaster.

According to the updated “5G Economy” report of IHS Markit, 5G will create about USD 1.31 billion of global economic yield and 22.8 million of new job openings as of 2035. There is great opportunity hidden among it.

Looking into the future of global industrial development trend and forecast in 2021:

Firstly, the connection technology remains important and video call will become the first selection for communication.

Secondly, the integration of workplace and home environment will continue to increase. The demand for enterprise grade broadband and Wi-Fi will increase day by day and the entertainment function will also become popular among the new generation PC connecting to the internet.

Thirdly, most new vehicles launching in the market will be equipped with networking function. This trend is transforming the entire automobile industry and will bring changes to automobile manufacturers, distributors and users.

According to the global trend analysis of various research institutions, the trends is consistent with the development of the Company, such as the popularization of mobile broadband, emerging of the LEO satellite communication and the maximization of network resources by virtual network function. Thus, according to the strategic framework of establishing the core capability for software and hardware integration, we will continue to plan the strategy for the constant development of the Company.

Negative factors and responsive strategies:

(1) Extremely high uncertainty of the epidemic

In general, the global economic forecast is under the shadow of “extremely high uncertainty” due to the close connection between the economic activities and the epidemic. Many uncertainties depend on the development of the epidemic. The progress of vaccination which is lower than the appearance of new variant of coronavirus may influence the development of the epidemic and hinder the prospect of economic growth, especially in Europe and Latin America.

Responsive strategy:

In response to the prolonged epidemic, we normalized the epidemic control and reviewed the standard operating procedures and anti-epidemic habits in each plant. Secure the normal operation of the plant via internal audit and regular audit of the Group. For the interaction with customers, the plant audit is completed in a digitalized and visualized manner and new customers and orders of new products are gained thereof.

(2) Increase in production costs of manpower and oil price and decrease in gross profits of products

In the most recent year, the global material and labor costs continue to increase with the shortage of components such as main chips and semiconductors, greatly compressing the operating revenue and profitability of OEM/ODM. In addition, as the technology of broadband access equipment and products for the client becomes more mature, the technical barrier of competitors is also reduced and homogeneous products in the market continue to increase, resulting in the impact on the growth of profitability due to the compression of product price and gross profit.

Responsive strategy:

By the collaboration with the supply chain and production platform via the Group, the shortage of components such as semiconductors is reduced and the manufacturing efficiency is also improved to reduce the production cost;

the investment in the research and development of products with higher technical integration and complexity to get out of the market competition via high value added products.

(II) Important purpose and manufacturing processes of main products

1. Important purpose of main products:

Products category	Purpose
Broadband communication product	The wired and wireless network equipment with path selection function used as the intermediary to connect LAN and WAN.
WAN product	Products are classified as (1) M.2 PCIe network card and Wi-Fi module is the application of internet connection mainly used in smart mobile devices such as notebook. (2) Wi-Fi AP and router are applied to internet access of users and wireless coverage. Various connection terminal equipment in the subnet can exchange data conveniently via the wireless router. (3) Mesh AP is applied to internet access of users and wireless coverage that provides video experience without any disconnection.
Set-top box products	The main products include IP, Cable, OTT and Hybrid set-top boxes mainly used for the application of digital home audio multimedia.
IoT products	The main products include WSN IoT gateway, IoT/M2M/NB-IOT module, sensor and smart router to provide interoperability between various communication protocols and standards and realize the applications related to IoT.

2. Manufacturing process:

Step	Manufacturing process	Process description
1	**R&D and design**	1. Determination of the plan based on the demands of the market and the customer 2. Production of PCBA based on the circuit diagram designed by the R&D personnel 3. Mold design based on the machinery diagram required by the customer 4. Introduction of mass production after completing the design verification
2	**Kitting**	Material preparation via All parts/SAP/SFC systems based on the material list of product order
3	**SMT**	1. The electronic components which can be manufactured by SMD equipment are automatically mounted to the PCB surface via mounting equipment and technology. 2. The PCBA with completed mounting forms effective and reliable electrical connection by reflow process.
4	**DIP**	1. The electronic components requiring artificial/automatic plug-in are inserted in PCBA. 2. The PCBA with completed plug-in forms effective and reliable electrical connection by wave process.
5	**Preliminary testing**	1. Initially determining the yield rate in the front-end process to screen qualified products for the yield rate in the back end. 2. Basic function testing and guarantee to find out PCBA products with cold welding, empty solder or short circuit (e.g. whether it can start up normally and whether the version is correct).
6	**RF commissioning**	Conducting calibration and testing of frequency and output power for wireless RF products to ensure the RF signal, frequency and output power complying with the requirements of the regulations to meet the needs of the customer.
7	**Assembly**	Assembling the PCBA and the antenna and machinery based on the SOP of machinery design to complete the finished product.
8	**Buru-in**	Accelerating the aging test of the electronic product components within a certain duty cycle (usually 48–168 hours) with power on and in extreme environments (load and high temperature) to test potential failure of the product.
9	**Final testing**	After the PCBA undergone burn-in and integration with the case, conduct the final function and information testing and the customized overall testing of the product.
10	**Packing**	Adding required packing attachments based on the functions and characteristics of the product.
11	**Shipment**	Sale of finished products

(I) Supply of main materials

Name of main materials	Primary source	Status of supply	Price tend
Integrated circuit, memory	From import and the domestic	Ordered procurement	Determined by the market supply and demand
PCB	From import and the domestic	Ordered procurement	Determined by the market supply and demand
Transistor, diode	From import and the domestic	Ordered procurement	Determined by the market supply and demand
Various capacitors, resistances	From import and the domestic	Ordered procurement	Determined by the market supply and demand
Transformer, inductance, connector	From import and the domestic	Ordered procurement	Determined by the market supply and demand

The Company directly negotiates with the agent or the original equipment manufacturer to purchase the critical components for the products of the Company. All materials have undergone the process of part approval and qualified supplier evaluation to ensure stable quality. Each material has more than two suppliers because the separated procurement from various suppliers can prevent the lack of materials and maintain the flexibility of bargain. So far the Company maintains good interaction with suppliers without any abnormal situation in the supply of materials.

(III) Customers accounted for more than 10% of total purchase/sales amount in the most recent two years

1.Name of suppliers accounted for more than 10% of total purchase/sales amount in the most recent two years and the purchase/sales amount and ratio thereof:

Unit: NTD thousand

	2019				2020				As of Q1, 2021			
Item	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage up to the last quarter of the current year (%)	Relationship with the issuer
1	B	643,452	14.72	None	B	383,242	9.63	None	B	93,563	10.77	None
2	Others	3,729,119	85.28		Others	3,596,194	90.37		Others	774,876	89.23	
Total	Net purchase amount	4,372,571	100.00		Net purchase amount	3,979,436	100.00		Net purchase amount	868,439	100.00	

Analysis of changes in major purchase counterparty: there was no significant changes in major purchase counterparty in 2020.

2.Name of customers accounted for more than 10% of total sales in the most recent two years and the sales and ratio thereof:

Unit: NTD thousand

	2019				2020				As of Q1, 2021			
Item	Name	Amount	Annual net sales percentage (%)	Item	Name	Amount	Annual net sales percentage (%)	Item	Name	Amount	Annual net sales percentage (%)	Item
1	B	3,292,110	57.68	1	1,518,510	31.41	1,518,510	1	B	418,511	39.74	1
2	Belkin	859,817	15.06	2	1,577,001	32.62	1,577,001	2	Belkin	232,748	22.10	2
3	D	674,699	11.82	3	508,878	10.53	508,878	3	D	85,876	8.15	3
4				4	698,039	14.44	698,039	4		228,093	21.66	4
5	Others	881,337	15.44	5	531,723	11.00	531,723	5	Others	87,982	8.35	5
Total	Net sales	5,707,963	100.00	Total	4,834,151	100.00	4,834,151	Total	Net sales	1,053,210	100.00	Total

Note 1: The customer became the related party on September 2018.

Note 2: The customer is the affiliate of Foxconn.

Analysis of changes in major sales counterparty: The related party Cloud was added to those accounted for 10% of net sales in 2020.

(V) Production volume for the most recent two years

Unit: thousand pieces; NTD thousand

Key products \ Year	2020			2019		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Communication product	7,200	7,200	4,175,799	8,554	8,554	4,976,338
Total	7,200	7,200	4,175,799	8,554	8,554	4,976,338

(VI) Sales volume for the most recent two years

Unit: thousand pieces; NTD thousand

Key products \ Year	2020				2019			
	Domestic Sales		Exportation		Domestic Sales		Exportation	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Communication product	-	-	7,200	4,631,172	-	-	8,554	5,417,897
Others	-	-		202,979	-	-		290,066
Total	-	-	7,200	4,834,151	-	-	8,554	5,707,963

III. The number of employees, their average service seniority, average age, and education level distribution ratio in the most recent two years up to the publication date of this annual report

Year		2021.04.30	2020	2019
Number of employees	Indirect personnel	165	174	188
	Direct personnel	0	0	0
	Total	165	174	188
Average age		41.4	40.0	40.6
Average years of service		8.5	8.0	8.1
Education level distribution	Doctorate	None	None	None
	Master	69 (41.82%)	71 (40.80%)	82 (43.62%)
	University/college	94 (56.97%)	101 (58.05%)	106 (56.38%)
	High school	2 (1.21%)	2 (1.15%)	None
	Below high school	None	None	None

IV. Information on environmental expenditure

(I) Losses incurred due to environmental pollution in the most recent two years: None.

(II) Countermeasures: N/A.

V. Labor relation

(I) The Company's current important employee benefits and the agreement made between employers and employees

1. Implementation of employee insurance:
   In addition to taking out labor insurance and health insurance for our employees, the Company has also formulated employee group insurance plans, including life insurance, accident insurance and hospitalization.
2. Improvement of employees' health and safety:
   A. Employee medical check-ups: Our permanent employees can enjoy a free medical check-up every year. Since we focus on employee health management, for any employees who receive abnormal results from medical check-ups, we actively assist them to go through further inspection and treatment to ensure their physical and mental health. The Company also provides new information or reminders about health on our internal website on an irregular basis to encourage the employees to eat healthily, exercise regularly and maintain normal routine.
   B. Massagists with visual impairment: We hire massagists with visual impairment to provide massage service for our employees for the purpose of not only providing work opportunities for visually impaired people but also reducing the employees' work pressure to improve their physical health.
   C. Implementation of various health improvement programs: The Company irregularly organizes an employee weight loss competition to enable the employees to encourage each other to lose weight in a healthy competitive environment. In addition, we promote quitting smoking and passive smoking prevention activities on the Company website on an irregular basis to urge the employees to give up smoking as soon as possible. A gym equipped with new and practical workout facilities is also in place for the employees to work out and exercise easily in the Company in addition to working. Moreover, we also post various nutrition information on the Company website to help the employees use food as medicine and form a healthy diet.
   D. Several "Automated External Defibrillators/AEDs" placed in the Company: According to medical research, it is proven that if electric shocks are delivered to a patient having sudden cardiac arrest due to irregular heartbeat within 1 minute, the success rate of resuscitation can reach more than 90%. Therefore, we have placed several "Automated External Defibrillators/AEDs" in the Company to create a safe and health working environment and prevent risks.
   E. Promotion of traffic safety: The Company pays a lot of attention on employees' safety; therefore, we hold industrial safety, factory safety and traffic safety promotional activities on an irregular basis.
   F. Promotion of fire control and disaster prevention: In order to raise employees' awareness of fire control and disaster prevention, we irregularly promote relevant information on the Company website and teach the employees proper means of escape in case of earthquakes or fires.
3. Incentive trip
   The Company's employee welfare committee organizes a domestic and overseas incentive trip every year and provides travel subsidies for the employees to encourage them to go outdoors in their free time, which is beneficial to the body and mind!
4. Social activity
   The Company's employee welfare committee offers subsidies for social activities to encourage the employees to participate in various club activities.

We have organized a yoga club, dancing club, bike club, gardening club, etc., to allow our employees to have fun in these courses in their free time.

5. Annual leave system
   The Company grants annual leave in accordance with the Labor Standards Act, and the payment of untaken leave is also provided.
6. Retirement system
   The Company was approved by (89) Yuan-Lao-Zi Letter No.027487 issued by the Science Park Bureau, MOST on December 1, 2000 to establish the Employee Pension Provision Supervisory Committee in order to contribute 2% of employees' monthly salaries as the labor pension fund to the special pension bank account for future payment of employee pensions; the pension contribution has been made in accordance with related laws and systems.
   The implementation of the Labor Pension Act commenced on July 1, 2005 and the defined contribution system was adopted. After such implementation, employees may choose to be subject to pension-related regulations in the Labor Standards Act, or to be subject to the pension system of the Labor Pension Act and retain their service seniority before application of the Labor Pension Act. For employees subject to the Labor Pension Act, the Company may not contribute less than 6% of the employees' monthly salaries as their pension funds every month.

(II) Losses incurred due to labor disputes in the most recent three years: None.

VI. Important Contract: None.

Six. Financial Overview

I. Condensed balance sheet and statement of comprehensive income for the most recent five years

(I) Condensed balance sheet and the statement of comprehensive income

1. Condensed consolidated balance sheet – IFRSs

Unit: NTD thousand

Item	Year	January 1, 2021 – March 31, 2021 (Reviewed by the CPAs)	In the most recent five years				
			2020	2019	2018	2017	2016
Current assets		4,969,835	5,184,047	4,965,183	5,377,832	5,531,685	6,123,015
Property, plant and equipment (Note 1)		702,644	716,167	732,237	720,626	776,916	820,607
Intangible assets		15,264	15,363	17,310	17,653	15,785	17,241
Other assets		2,058,923	2,108,766	2,256,238	1,620,531	1,656,783	1,644,741
Total assets		7,746,666	8,024,343	7,970,968	7,736,642	7,981,169	8,605,604
Current liabilities	Before distribution	1,763,019	2,014,135	1,814,934	2,039,198	2,327,293	2,772,355
	After distribution	-	2,063,426 (Note 2)	1,864,225	2,170,640	2,442,356	3,035,431
Non-current liabilities		595,034	616,446	700,423	121,135	94,814	109,384
Total liabilities	Before distribution	2,358,053	2,630,581	2,515,357	2,160,333	2,422,107	2,881,739
	After distribution	-	2,679,872 (Note 2)	2,564,648	2,291,775	2,537,170	3,144,815
Equity attributable to the owner of the parent company		5,388,613	5,393,762	5,455,611	5,576,309	5,559,062	5,723,865
Share capital		3,286,054	3,286,054	3,286,054	3,286,054	3,287,514	3,288,454
Capital reserves		578,018	578,131	578,131	578,131	576,671	547,812
Retained earnings	Before distribution	1,715,473	1,717,468	1,717,928	1,780,131	1,698,496	1,824,871
	After distribution	-	1,668,177 (Note 2)	1,668,637	1,648,689	1,583,433	1,561,795
Other equity		(190,932)	(187,891)	(126,502)	(68,007)	(3,619)	62,728
Treasury stocks		-	-	-	-	-	-
Total equity	Before distribution	5,388,613	5,393,762	5,455,611	5,576,309	5,559,062	5,723,865
	After distribution	-	5,344,471 (Note 2)	5,406,320	5,444,867	5,443,999	5,460,789

Note 1: The Company did not conduct the revaluation of assets each year.

Note 2: The distribution in 2020 was to be submitted to the shareholders' meetings in 2021 after it was resolved at the board meeting held on May 12, 2021.

Note 3: The distributed earnings of 2019 was the earnings before distribution in the current year deducting the earning distribution in the 2020 proposal resolved at the annual meeting of shareholders. The cash dividends were NTD 49,291 thousand.

Note 4: The distributed earnings of 2020 was the earnings before distribution in the current year deducting the earning distribution in the 2021 proposal resolved by the Board of Directors. The cash dividends were NTD 49,291 thousand.

2. Condensed separate balance sheet – IFRSs

Unit: NTD thousand

Item \ Year		In the most recent five years				
		2020	2019	2018	2017	2016
Current assets		4,012,467	3,788,180	4,498,301	4,761,636	5,307,366
Property, plant and equipment (Note 1)		631,018	661,956	684,903	712,566	717,151
Intangible assets		126	1,352	1,406	2,464	-
Other assets		2,740,376	2,988,430	2,538,177	2,474,919	2,443,489
Total assets		7,383,987	7,439,918	7,722,787	7,951,585	8,468,006
Current liabilities	Before distribution	1,674,114	1,619,105	2,036,786	2,309,086	2,650,755
	After distribution	1,723,405 (Note 2)	1,668,396	2,168,228	2,424,149	2,913,831
Non-current liabilities		316,111	365,202	109,692	83,437	93,386
Total liabilities	Before distribution	1,990,225	1,984,307	2,146,478	2,392,523	2,744,141
	After distribution	2,039,516 (Note 2)	2,033,598	2,277,920	2,507,586	3,007,217
Equity attributable to the owner of the parent company		5,393,762	5,455,611	5,576,309	5,559,062	5,723,865
Share capital		3,286,054	3,286,054	3,286,054	3,287,514	3,288,454
Capital reserves		578,131	578,131	578,131	576,671	547,812
Retained earnings	Before distribution	1,717,468	1,717,928	1,780,131	1,698,496	1,824,871
	After distribution	1,668,177 (Note 2)	1,668,637	1,648,689	1,583,433	1,561,795
Other equity		(187,891)	(126,502)	(68,007)	(3,619)	62,728
Treasury stocks		-	-	-	-	-
Total equity	Before distribution	5,393,762	5,455,611	5,576,309	5,559,062	5,723,865
	After distribution	5,344,471 (Note 2)	5,406,320	5,444,867	5,443,999	5,460,789

Note 1: There is no revaluation of assets in each year.

Note 2: The distribution in 2020 was to be submitted to the shareholders' meetings in 2021 after it was resolved at the board meeting held on May 12, 2021.

Note 3: The distributed earnings of 2019 was the earnings before distribution in the current year deducting the earning distribution in the 2020 proposal resolved at the annual meeting of shareholders. The cash dividends were NTD 49,291 thousand.

Note 4: The distributed earnings of 2020 was the earnings before distribution in the current year deducting the earning distribution in the 2021 proposal resolved by the Board of Directors. The cash dividends were NTD 49,291 thousand.

3. Condensed consolidated income statement – IFRSs

Unit: NTD thousand

Item \ Year	January 1, 2021 – March 31, 2021 (Reviewed by the CPAs)	In the most recent five years				
		2020	2019	2018	2017	2016
Operating revenue	1,053,210	4,834,151	5,707,963	8,598,958	9,237,858	10,227,632
Operating gross profit	80,651	371,735	465,203	550,070	658,735	831,963
Operating profit and loss	(1,318)	(25,482)	34,156	80,440	89,839	211,000
Non-operating revenue and expenses	(12,011)	44,306	31,163	140,905	84,657	196,270
Profit before tax	(13,329)	18,824	65,319	221,345	174,496	407,270
Net profit of continuing operations for the year	(16,308)	23,575	51,352	166,600	141,618	333,939
Loss of discontinued operations	-	-	-	-	-	-
Net profit (loss) for the year	(16,308)	23,575	51,352	166,600	141,618	333,939
Other comprehensive income for the year (after-tax income)	11,272	(36,133)	(40,608)	(60,672)	(79,718)	(67,095)
Total comprehensive income for the year	(5,036)	(12,558)	10,744	105,928	61,900	266,844
Net profit attributable to the owner of parent company	(16,308)	23,575	51,352	166,600	141,618	333,939
Net profit attributable to non-controlling equity	-	-	-	-	-	-
Total comprehensive income attributable to the owner of the parent company	(5,036)	(12,558)	10,744	105,928	61,900	266,844
Total comprehensive income attributable to non-controlling equity	-	-	-	-	-	-
Earnings per share	(0.05)	0.07	0.16	0.51	0.43	1.02

4. Condensed separate income statement – IFRSs

Unit: NTD thousand

Year / Item	In the most recent five years				
	2020	2019	2018	2017	2016
Operating revenue	4,820,615	5,699,629	8,578,275	9,228,429	10,221,622
Operating gross profit	468,935	453,459	388,909	513,874	805,038
Operating profit and loss	138,839	97,323	23,570	84,386	265,661
Non-operating revenue and expenses	(124,471)	(30,822)	182,755	80,532	120,278
Profit before tax	14,368	66,501	206,325	164,918	385,939
Net profit of continuing operations for the year	23,575	51,352	166,600	141,618	333,939
Loss of discontinued operations	-	-	-	-	-
Net profit (loss) for the year	23,575	51,352	166,600	141,618	333,939
Other comprehensive income for the year (after-tax income)	(36,133)	(40,608)	(60,672)	(79,718)	(67,095)
Total comprehensive income for the year	(12,558)	10,744	105,928	61,900	266,844
Earnings per share	0.07	0.16	0.51	0.43	1.02

(II) Names of the CPAs and their audit opinions in the most recent five years

Year	Name of CPA firm	Names of CPAs	Audit opinion
2016	PricewaterhouseCoopers Taiwan	Wu,Han-Chi、Chou,Chien-Hung	Unqualified opinion
2017	PricewaterhouseCoopers Taiwan	Feng, Min-Chuan、Wu,Han-Chi	Unqualified opinion
2018	PricewaterhouseCoopers Taiwan	Feng, Min-Chuan、Wu,Han-Chi	Unqualified opinion
2019	PricewaterhouseCoopers Taiwan	Hsu,Yung-Chien、Feng, Min-Chuan	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Hsu,Yung-Chien、Feng, Min-Chuan	Unqualified opinion

Reason for replacement of CPAs in the most recent 5 years:
Due to the auditor rotation of PricewaterhouseCoopers Taiwan, the CPAs were replaced.

II. Financial analysis in the most recent five years

(I) Financial analysis of consolidated statements – IFRSs were adopted

Analysis item \ Year		January 1, 2021 – March 31, 2021 (Reviewed by the CPAs)	Financial analysis in the most recent five years				
			2020	2019	2018	2017	2016
Financial structure %	Ratio of liabilities to assets	30.44	32.78	31.56	27.92	30.35	33.49
	Ratio of long-term funds to property, plants, and equipment	851.59	839.22	840.72	790.62	727.73	710.85
Solvency %	Current ratio	281.89	257.38	273.57	263.72	237.69	220.86
	Quick ratio	250.49	231.60	238.16	214.21	193.84	179.64
	Times interest earned	-	1.76	5.28	463.10	221.60	351.79
Operating ability	Receivables turnover ratio (times)	3.47	3.43	2.81	3.18	3.56	6.30
	Average collection days	105	106	130	115	103	58
	Inventory turnover ratio (times)	7.25	7.68	6.35	7.99	8.05	7.55
	Payables turnover ratio (times)	4.36	4.91	4.72	5.42	4.86	5.41
	Average sales days	50	48	57	46	45	48
	PPE turnover ratio (times)	5.94	6.68	7.86	11.48	11.57	11.70
	Total asset turnover ratio (times)	0.53	0.60	0.73	1.09	1.11	1.18
Profitability	Return on assets (%)	(0.15)	0.54	0.81	2.12	1.72	3.88
	Return on equity (%)	(0.30)	0.43	0.93	2.99	2.51	5.82
	Ratio of profit before tax to paid-in capital (%)	(0.41)	0.57	1.99	6.74	5.31	12.38
	Net profit margin (%)	(1.55)	0.49	0.9	1.94	1.53	3.27
	Earnings per share (NTD)	(0.05)	0.07	0.16	0.51	0.43	1.02
Cash flow	Cash flow ratio (%)	13.37	17.43	63.99	-	-	-
	Cash flow adequacy ratio (%)	96.09	-	61.53	34.98	90.05	50.54
	Cash reinvestment ratio (%)	4.30	4.18	19.17	-	-	-
Leverage	Operating leverage	-	-	4.32	2.07	2.06	1.51
	Financial leverage	-	-	1.81	1.01	1.01	1.01

The Company describes the reason for changes in financial ratios in the most recent two years: (if the change in increase/decrease is less than 20%, analysis may be exempted)

1. The decrease in times interest earned: This was due to the decrease in current net income after tax and increase in interest expenses.
2. Increase in receivables turnover ratio: This was due to the decrease in average accounts receivable compared to the previous period.
3. Increase in inventory turnover ratio: This was due to the decrease in average inventory compared to the previous period.
4. Decrease in PPE turnover ratio and total asset turnover ratio: This was due to the decrease in current operating revenue.
5. Decrease in profitability: This was due to the decrease in current operating profit, profit before tax and current net profit.
6. Decrease in Cash flow: This was due to the decrease in cash flow from operating activities and increase in current liabilities.
7. Decrease in leverage: This was due to the negative of current operating profit.

(II) Financial analysis of separate statements – IFRSs were adopted

Analysis item	Year	2020	2019	2018	2017	2016
Financial structure %	Ratio of liabilities to assets	26.95	26.67	27.79	30.09	32.41
	Ratio of long-term funds to property, plants, and equipment	904.87	879.34	830.19	791.86	811.16
Solvency %	Current ratio	239.68	233.97	220.85	207.51	200.22
	Quick ratio	238.00	228.09	171.34	163.77	157.41
	Times interest earned	2.48	15.69	431.74	209.49	333.42
Operating ability	Receivables turnover ratio (times)	3.44	2.82	3.17	3.54	6.29
	Average collection days	106	129	115	103	58
	Inventory turnover ratio (times)	70.58	9.55	8.17	8.20	7.57
	Payables turnover ratio (times)	5.70	4.94	5.53	4.96	5.44
	Average sales days	5	38	45	45	48
	PPE turnover ratio (times)	7.46	8.46	12.28	12.91	14.05
	Total asset turnover ratio (times)	0.65	0.75	1.09	1.12	1.21
Profitability	Return on assets (%)	0.42	0.73	2.13	1.73	3.95
	Return on equity (%)	0.43	0.93	2.99	2.51	5.82
	Ratio of profit before tax to paid-in capital (%)	0.44	2.02	6.28	5.02	11.74
	Net profit margin (%)	0.49	0.90	1.94	1.53	3.27
	Earnings per share (NTD)	0.07	0.16	0.51	0.43	1.02
Cash flow	Cash flow ratio (%)	21.85	81.70	-	-	-
	Cash flow adequacy ratio (%)	-	62.13	13.00	88.67	42.44
	Cash reinvestment ratio (%)	3.99	21.80	-	-	-
Leverage	Operating leverage	3.47	2.15	2.92	1.55	1.15
	Financial leverage	1.08	1.05	1.02	1.01	1.00

The Company describes the reason for changes in financial ratios in the most recent two years: (if the change in increase/decrease is less than 20%, analysis may be exempted)

1. Decrease in times interest earned: This was due to the decrease in current net income after tax and increase in interest expenses.
2. Increase in receivables turnover ratio: This was due to the decrease in average accounts receivable compared to the previous period.
3. Increase in inventory turnover ratio and decrease in average sales days: This was due to the significant decrease in the average inventory compared to the previous period.
4. The decrease in profitability: This was due to the decrease in current net profit before tax and current net profit.
5. Decrease in cash flow: This was due to the decrease in cash flow from operating activities.
6. Increase in operating leverage: This was due to the increase in operating profit compared to the previous period.

The calculation is listed as follows:

1. Financial structure
   (1) Ratio of liabilities to assets＝ Total liabilities / total assets.
   (2) Ratio of long-term funds to property, plants, and equipment = (Total equity + non-current liabilities) / net property, plants, and equipment.
2. Solvency
   (1) Current ratio = Current assets / current liabilities.
   (2) Quick ratio = (Current assets - inventory - prepayment) / current liabilities.
   (3) Times interest earned = Net profit before income tax and interest expenses/ interest expenses for the year.
3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable from operations) turnover ratio= Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
   (2) Average collection days = 365 / receivables turnover ratio.
   (3) Inventory turnover ratio = Cost of sales / average inventory.
   (4) Payables (including accounts payable and notes payable from operation) turnover ratio= Cost of sales / average of accounts payable (including accounts payable and notes payable from operation) balance.
   (5) Average sales days = 365 / inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio= Net sales / average net property, plant and equipment.
   (7) Total asset turnover ratio= Net sales / average total assets.
4. Profitability
   (1) Return on assets = [Profit and loss after tax + interest expense × (1- tax rate)] / average total assets.
   (2) Return on equity = Profit and loss after tax / average total equity.
   (3) Net profit margin = Profit and loss after tax / net sales.
   (4) EPS = (Profit and loss attributable to the owner of parent company - dividends from preferred shares) / weighted average number of outstanding shares. (Note 4)
5. Cash flow
   (1) Cash flow rate = Net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent 5 years / (capital expenditure + increase in inventory + cash dividends) in the most recent 5 years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of property, plant and equipment + long-term investment + other non-current assets + operating funds). (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - variable costs and expenses of operations) / operating profit (Note 6).

   (2) Financial leverage = Operating profit/ (operating profit- interest expenses).

III. Audit Committee's review report on the financial statements in the most recent year: Please refer to pages 107–108 of this annual report.

IV. Financial statements in the most recent year: Please refer to pages 109–168 of this annual report.

V. Separate financial statements in the most recent year audited and certified by the CPAs: Please refer to pages 169–226 of this annual report.

VI. Any financial difficulties of the Company or any of its affiliates in the most recent year up to the publication date of this annual report: None for the Company and the affiliates.

Seven. Review and Analysis of Financial Position and Financial Performance and Risk Matters

I. Financial position

Unit: NT$ thousand

Item \ Year	2020	2019	Difference	
			Amount	%
Current assets	5,184,047	4,965,183	218,864	4.41
Property, plant and equipment	716,167	732,237	(16,070)	(2.19)
Intangible assets	15,363	17,310	(1,947)	(11.25)
Other assets	2,108,766	2,256,238	(147,472)	(6.54)
Total assets	8,024,343	7,970,968	53,375	0.67
Current liabilities	2,014,135	1,814,934	199,201	10.98
Non-current liabilities	616,446	700,423	(83,977)	(11.99)
Total liabilities	2,630,581	2,515,357	115,224	4.58
Share capital	3,286,054	3,286,054	-	-
Capital reserves	578,131	578,131	-	-
Retained earnings	1,717,468	1,717,928	(460)	(0.03)
Other equity	(187,891)	(126,502)	(61,389)	(48.53)
Non-controlling equity	-	-	-	-
Total equity	5,393,762	5,455,611	(61,849)	(1.13)

Analysis of main reason, impact and future correlative plans regarding changes from one period to the next reaches above 20% and the amount of variance reaches NTD 10,000,000. The description is as follows:

Other equity: This was due to the increase in Unrealized losses of financial assets measured at fair value through other comprehensive income.

II. Financial performance

Unit: NT$ thousand

Item \ Year	2020	2019	Difference	
			Amount	%
Operating revenue	4,834,151	5,707,963	(873,812)	(15.31)
Operating cost	4,462,416	5,242,760	(780,344)	(14.88)
Operating gross profit	371,735	465,203	(93,468)	(20.09)
Operating expense	397,217	431,047	(33,830)	(7.85)
Operating profit	(25,482)	34,156	(59,638)	(174.60)
Non-operating revenue and expenses	44,306	31,163	13,143	42.18
Profit before tax	18,824	65,319	(46,495)	(71.18)
Income tax expense	(4,751)	13,967	(18,718)	(134.02)
Current net profit	23,575	51,352	(27,777)	(54.09)
Other comprehensive income (after tax) for the year	(36,133)	(40,608)	4,475	11.02
Total comprehensive income for the year	(12,558)	10,744	(23,302)	(216.88)
Net profit attributable to the owner of the parent company	23,575	51,352	(27,777)	(54.09)
Total comprehensive income attributable to the owner of the parent company	(12,558)	10,744	(23,302)	(216.88)

Analysis and description regarding changes in increase/decrease reaching 20% and the amount of variance reaching NTD 10,000,000:

1. Decrease in operating revenue, operating cost, operating profit, net profit before tax and current net profit: This was due to the decrease in operating revenue, cost and related profits caused by the decrease of customer demand resulted from the impact of the epidemic and the switching between

new and old types of mobile phones.
2.Increase in non-operating revenue and expenses: This was due to the decrease in exchange losses and increase in revenue from subsidies.
3.Decrease in income tax expenses: This was due to the reversal of overestimated income tax in previous year.
4.Decrease in total comprehensive income for the year: The was due to the decrease in current net profit after tax.

III. Cash flow

(I) Cash flows for the year

Unit: NT$ thousand

Cash balance at beginning of period	Annual net cash flow from operating activities	Annual net cash flows from investing and financing activities	Foreign exchange rate effect	Cash surplus (deficit)	Corrective measures against cash deficit	
					Investment plan	Financing Plan
1,509,214	351,164	21,856	1,788	1,884,022	None	

(II) Analysis of changes in cash flow of the current year

Unit: NT$ thousand

Item / Year	2020	2019	Difference	
			Amount	Description
Operating activities	351,164	1,161,364	(810,200)	This was due to the decrease in current accounts receivable compared to the previous period.
Investing activities	(106,451)	(1,222,873)	1,116,422	This was due to the disposal of financial assets measured at amortized cost.
Financing activities	128,307	(32,198)	160,505	This was due to the increase in short-term loans and decrease in distribution of cash dividends.
Foreign exchange rate effect	1,788	(58,649)	60,437	This was due to the impact of changes in exchange rate.
Net cash flows	374,808	(152,356)	527,164	

(III) Analysis of the liquidity of cash for the coming year

Unit: NT$ thousand

Cash balance at beginning of period	Annual net cash flow from operating activities	Annual net cash flows from investing and financing activities	Cash surplus (deficit)	Corrective measures against cash deficit	
				Investment plan	Financing Plan
1,884,022	61,000	(29,300)	1,915,722	None	

IV. Impacts of material capital expenditure in the most recent year on the financial and business status: None.

V. The main reasons for the gains or losses of investments in the most recent year, the improvement plan and the investment plans for the next year

(I) Investment policy: The Company adopted a strategic approach to invest in business entities related to the Company's business to enhance manufacturing and production efficiency.

(II) Main reasons for the gains or losses and improvement plans: The companies invested by the Company did not have any significant losses in 2020.

(III) Investment plans for the coming year: None.

VI. Analysis and assessment of risk matters

(I) Impacts of interest rate and exchange rate changes and inflation in the most recent year on the income of the Company, and future countermeasures:

1. Impacts of interest rate changes: Due to the low ratio (less than 1%) of interest income and expenses to the Company's turnover, even though our interest income has decreased as a result of decreasing interest rates in recent years, it barely affected the Company's income. In addition to investment of required funds into the expansion of our business and retaining sufficient working funds, the Company will invest residual NT Dollar funds mainly into conservative investments, such as fixed deposits and bond funds.
2. Exchange rate changes: In response to the impacts from changes in exchange rates, the Company determined an optimal hedge ratio according to the current exchange rate trend and selected simple hedging instruments mainly for hedging purposes, such as forward foreign exchange contracts or option transactions to reduce losses incurred due to the exchange rates and minimize the impacts on the profit or loss.
3. Inflation: Since the Company has made proper adjustments in customers' quoted price based on market conditions, allowing us to grasp the fluctuations of the market price, the inflation barely affected the Company.

(II) Policies regarding high-risk, high-leverage investments, loaning of funds to others, endorsement/guarantees as well as derivatives trading, main reasons for gains or losses, and future countermeasures:

1. High-risk investments: None.
2. High-leverage investments: None.
3. Loans to others: None.
4. Endorsement/guarantees: Guarantees for customs duties only.
5. Trading of financial derivatives: The Company and the affiliates engaged in trading of financial derivatives only for hedging exchange rate risks in foreign currency liabilities.

(III) Future R&D plans and further expenditures expected for R&D:

1. The Company expects to research and develop the following plans in recent years:
   (1) DOCSIS 3.1 Cable Modem
   (2) 802.11/Ax Wireless Network Card Series
   (3) Remote Wireless Communication Bridge
   (4) Cloud Service
   (5) APPs
   (6) WIFI Mesh Router
   (7) SDWAN vCPE
   (8) IoT Module and IoT Applications
   (9) 5G FWA Router
   Smart AI STB
2. Expected investment for R&D:
   The Company expected to further invest an estimated 4% of the turnover in our R&D.

(IV) Financial impacts and responsive measures in the event of changes in local and foreign important policies and regulations:

The domestic and overseas important policies and changes in laws in the most recent year did not cause any significant impact on the Company's finance and business. The Company has kept on tracking the government policies and laws of locations in which our business sites are located and paying attention to the direction of the government policies or legislation. Each division has dedicated personnel to perform such works and report to the officer any impact of new policies or new regulations on the Company's operation. In addition, the Company also aligned the operational orientation and goals with the public policies established by the government to ensure smooth operation for the Company.

(V) Impacts of technology changes on the Company's finance and business, and countermeasures thereof: Please refer to the descriptions in I and II of Five. Overview of Operation.

(VI) Impacts from changes in corporate image on the Company's crisis management, and countermeasures thereof: The Company has appointed dedicated personnel to formulate relevant plans and countermeasures, and therefore, we could minimize uncertain business risks.

(VII) Expected benefits and potential risks of any merger or acquisition: None.

(VIII) Expected benefits and potential risks of any plant expansion: None.

(IX) Risks of concentrated sales or purchases:

1. Purchase: More than 10% of the suppliers from which the Company purchased products were designated by our customers, and such suppliers are internationally known brands with stable supply. Therefore, there were no significant risks to the Company's purchases.
2. Sale: CyberTAN will take consideration based on global customer development. Even though our shipment to North America has not been available so far, we have continually shipped our products to Europe, Asia and China. Therefore, our shipment is expected to grow increasingly in the future.

(X) Impacts and risks to the Company with regard to any major transfer or change of equities by directors, supervisors, or major shareholders holding more than 10% of the Company's shares: None.

(XI) Impacts and risks to the Company with regard to any change in management rights: None for the Company.

(XII) In case of any litigious and non-litigious matters, material litigious, non-litigious or administrative disputes that involve the Company and/or any director, supervisor, the President, de facto responsible person, major shareholder holding a stake of more than 10% of the Company or subordinate company thereof, and that were finalized or remained pending, shall be listed; if these disputes may eventually cause a substantial impact on shareholders' equity or the price of securities, the nature of the disputes, the amount involved, the date on which the litigation first started, the main parties involved and the progress as of the publication of this annual report shall be disclosed: None for the Company.

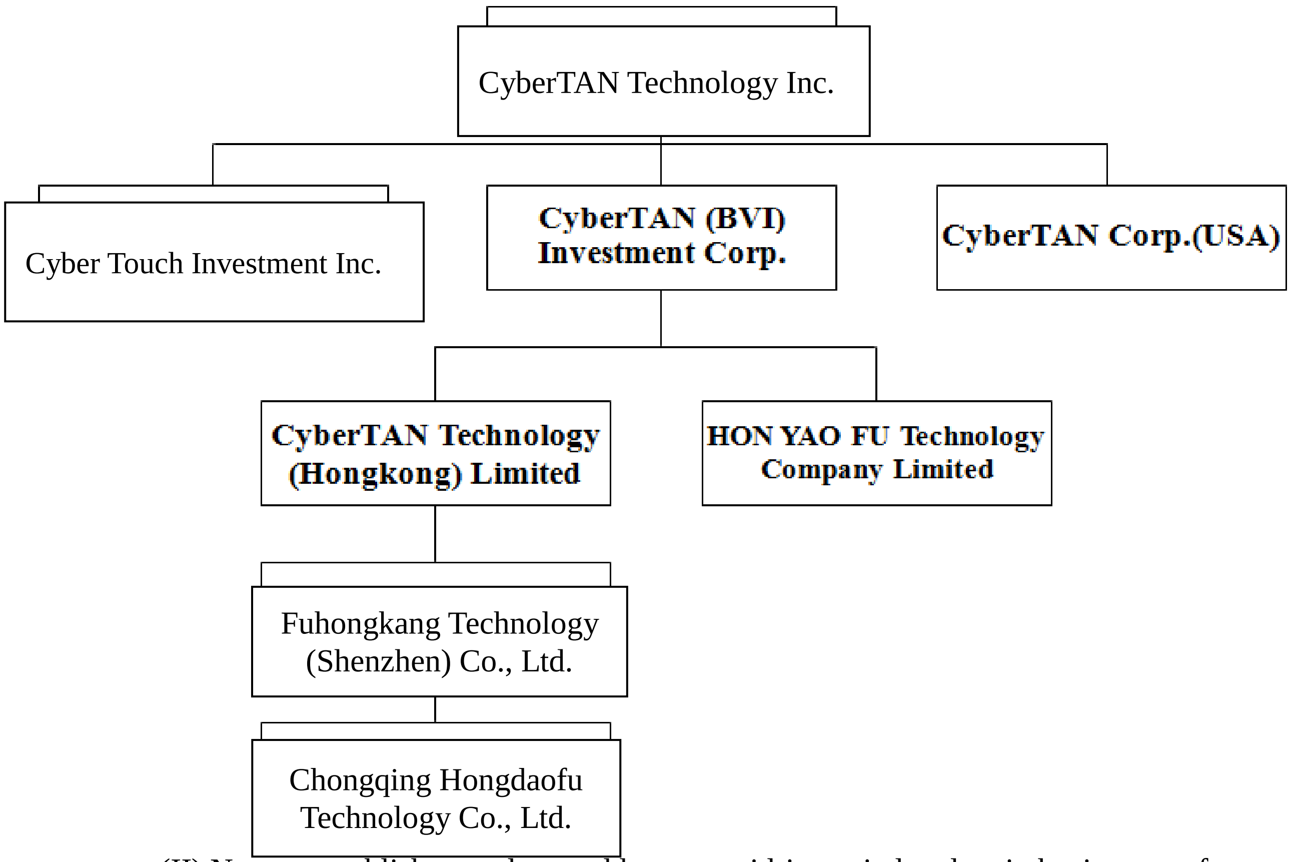
(XIII) Other important risks: None.

VII. Other important matters: None.

Eight. Special Items

I. Information on affiliates

(I) Organizational chart of affiliates (Such affiliates were the companies 100% owned by the Company.)



(II) Names, establishment dates, addresses, paid-in capital and main businesses of affiliates

March 31, 2020

Name of enterprise	Establishment date	Address	Paid-in capital Unit: NTD thousand	Main business or production line
CyberTAN Corp.(USA)	2000.06	20 Maxwell Irvine, California 92618	USD 600	Sales of wired and wireless communication equipment
Cyber Touch Investment Inc.	2004.03	7F., No. 101, Sec. 5, Roosevelt Rd., Taipei City	NTD 100,000	General investment business
CyberTAN (BVI) Investment Corp.	2009.01	P.O.Box850Offshore Incorporations Centre,The Valley,Anguilla,British West Indies,	USD 22,044	General investment business
CyberTAN Technology (Hongkong) Limited	2008.08	Suites 2205-6,Island Place Tower.510 King's Road,North Point,HK.	USD 6,344	General investment business
Fuhongkang Technology (Shenzhen) Co., Ltd.	2009.03 (acquired)	No. 2, Donghuan 2nd Road, No.10Yousong Industrial Zone, Longhua Road, Baoan District, Shenzhen City	CNY 34,971	Development, manufacturing and sale of high-end routers
Chongqing Hongdaofu Technology Co., Ltd.	2011.05	No 1., East District 1st Road, Shapingba District, Chongqing City	CNY 53,500	Development, manufacturing and sale of high-end

				routers
HON YAO FU TECHNOLOGY COMPANY LIMITED	2019.01	Dai Dong – Hoan Son Industrial Zone, Dai Dong Commune, Tien Du Town, Bac Ninh province, Vietnam	VND 207,000,000	Development, manufacturing and sale of high-end routers

Note: The company acquired the company at a premium in 1998

(III) Information on any controlling and subordinate relation whose existence is concluded: None.

(IV) Industries covered by overall businesses operated by the affiliates, and explanation of contacts and cooperative works among such affiliates if their businesses are mutually correlated: The main industry covered by the overall businesses of the Company and the affiliates is “manufacturing of network equipment.” Generally, the affiliates have provided technical, production capacity, marketing and service support to each other to maximize the synergy, which enables the Company to continuously provide the best service for customers around the world and reinforce our leading position in the market.

(V) Names of the directors, supervisors and presidents of affiliates and their shareholding and investment in the affiliates

Unit: NT$ thousand; March 31, 2021

Name of enterprise	Title	Name or Representative(s)	Shareholding or investment amount	
			Investment amount	Shareholding ratio
CyberTAN Corp. (USA)	President Secretary CFO	President:CyberTAN Technology Inc. Representative: Chu Chang Secretary:CyberTAN Technology Inc. Representative:Deaxy Wang CFO:CyberTAN Technology Inc. Representative: Cindy Wu	0	0%
Cyber Touch Investment Inc.	Chairman Director Supervisor	Chairman:CyberTAN Technology Inc. Representative:Teddy Chen Director:CyberTAN Technology Inc. Representative:Sam Huang、Roger Wu Supervisor:CyberTAN Technology Inc. Representative:Deaxy Wang	0	0%
CyberTAN (BVI) Investment Corp.	Chairman	CyberTAN Technology Inc. Representative:Roger Wu	0	0%
CyberTAN Technology (Hongkong) Limited	Chairman	CyberTAN (BVI) Investment Corp. Representative:Roger Wu	0	0%
Fuhongkang Technology (Shenzhen) Co., Ltd.	Chairman Director Supervisor	Chairman: CyberTAN Technology (HK) Limited Representative:Roger Wu Director:CyberTAN Technology (HK) Limited Representative:Dean Wang、Ken Kan Supervisor:CyberTAN Technology	0	0%

		(HK) Limited Representative:Deaxy Wang		
Chongqing Hongdaofu Technology Co., Ltd.	Chairman Director Supervisor	Chairman: Fuhongkang Technology (Shenzhen) Co., Ltd. Representative:Roger Wu Director: Fuhongkang Technology (Shenzhen) Co., Ltd. Representative:Dean Wang、Ken Kan Supervisor：Fuhongkang Technology (Shenzhen) Co., Ltd. Representative:Deaxy Wang	0	0%
HON YAO FU TECHNOLOGY COMPANY LIMITED	Chairman	CyberTAN (BVI) Investment Corp. Representative:Roger Wu	0	0%

(VI) Financial position and operating result of affiliates:

Unit: NTD thousand (except for EPS); December 31, 2020

Name of enterprise	Capital	Total value of assets	Total value of liabilities	Net value	Operating revenue	Operating profit	Profit and loss for the year (after tax)	Earnings per share (NTD)
CyberTAN Corp.(USA)	18,165	53,809	11,516	42,293	115,597	-1,471	2,714	-
Cyber Touch Investment Inc.	100,000	205,050	6,999	198,051	28,844	27,718	18,564	1.86
CyberTAN Technology (Hongkong) Limited	211,072	553,649	-	553,649	-	-	-151,019	-
CyberTAN (BVI) Investment Corp.	704,190	786,354	7,548	778,806	-	-697	-160,254	-
Fuhongkang Technology (Shenzhen) Co., Ltd.	168,188	540,017	1,605	538,412	-	-32	-151,019	-
Chongqing Hongdaofu Technology Co., Ltd.	257,298	1,087,969	878,140	209,829	1,861,555	-156,780	-154,642	-
HON YAO FU TECHNOLOGY COMPANY LIMITED	277,119	429,015	224,240	204,775	1,993,977	-15,976	-8,538	-

(VII) Consolidated financial statements of affiliated companies: Please refer to pages 109–168 of this annual report.

II. Private placement of securities in the most recent year up to the publication date of this annual report: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year up to the publication date of this annual report: None.

IV. Other necessary supplementary information : None.

Nine. Events Materially Affecting Shareholders' Equity or the Price of Securities

Any events materially affecting shareholders' equity or the price of securities as defined in Sub-Paragraph 2, Paragraph 3, Article 36 of the Act in the most recent year up to the publication date of this annual report: None.

CyberTAN Technology Inc.'s Declaration of Internal Control System

Date: March 25, 2021

The following declaration are made based on the 2019 self-assessment of the Company's internal control system:

I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of the Directors and managers. Such system has been established to provide reasonable assurance for achievement of the objectives concerning the effectiveness and efficiency of operations (including profits, performance and protection of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.

II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance for the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may vary as a result of changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.

III. The Company has assessed the effectiveness of its internal control policy design and implementation in accordance with the criteria determining the effectiveness of the internal control policies provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The determination criteria of the internal control policies adopted in "the Regulations" consist of five major elements depending on the management control process: 1. Environment control, 2. Risk assessment, 3. Control operations, 4. Information and communication, 5. Supervision. Each element contains a number of items. Please refer to "the Regulations" for more details.

IV. The Company has adopted the aforementioned criteria to assess the effectiveness of its internal control system design and execution.

V. Based on the result of the preceding assessment, the Company finally determined the effectiveness of the design and implementation of our internal control policy as of December 31, 2020 (including the supervision and management of subsidiaries) regarding the awareness of business results and target accomplishments, the reliability, promptness, and transparency of reports and compliance with relevant laws and regulations. This policy provided reasonable assurance that the above objectives have been achieved.

VI. This declaration constitutes the main part of the Company's annual reports and prospectuses, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above is subject to the legal responsibilities specified in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This declaration was approved at the Company's Board of Directors meeting held on March 25, 2021. The seven attending directors unanimously agreed the contents of the declaration.

CyberTAN Technology Inc.

Chairman: Teddy Chen (Signature and Seals)

President: Roger Wu (Signature and Seals)

Audit Committee's Review Report

The 2020 financial statements (including separate and consolidated financial statements) of the Company prepared by the Board of Directors have been audited by the CPAs Yung-Chien Hsu and Min-Chuan Feng of PwC Taiwan, and an independent audit report has been issued. This report has been reviewed by the Audit Committee and no nonconformities were found. We hereby issue the above report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please approve.

To

CyberTAN Technology Inc.
2021 Annual Meeting of Shareholders

Audit Committee Convener: Ting Hung-Hsun

March 25, 2021

Audit Committee’s Review Report

The 2020 financial statements (including separate and consolidated financial statements) of the Company prepared by the Board of Directors and the proposal for distribution of earnings have been reviewed by the Audit Committee and no nonconformities were found. We hereby issue the above report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please approve.

To

CyberTAN Technology Inc.
2021 Annual Meeting of Shareholders

Audit Committee Convener: Ting Hung-Hsun

May 12, 2021

2020 Consolidated Financial Statements with Subsidiaries Audited by CPA

CyberTAN Technology Inc. and the subsidiaries
Consolidated Financial Report and Independent Auditors' Report
2019 and 2020
(Stock Code: 3062)

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.

CyberTAN Technology Inc. and its subsidiaries
Declaration for Consolidated Financial Statements of Affiliated Companies

The companies to be included by the Company in the consolidated financial statements of affiliated companies in 2020 (January 1 to December 31, 2020) pursuant to the Criteria Governing Preparation of Affiliation Report, Consolidated Business Report and Consolidated Financial Statement of Affiliated Enterprises are the same as those to be included into the consolidated financial statements of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10. Further, the related information to be disclosed in the consolidated financial statements of affiliated companies has been disclosed in the said consolidated financial statements of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated companies separately.

Declared by:

Company name:
CyberTAN Technology Inc. and its subsidiaries

Responsible person:

March 25, 2021

Independent Auditors' Report

(110)Cai-Shen-Bao-Zi No.20005178

To CyberTAN Technology Inc.:

Audit opinion

We have audited the consolidated balance sheet of CyberTAN Technology Inc. and the subsidiaries (hereinafter referred to as the "CyberTAN Group") as of December 31, 2019 and 2020 and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and the notes to the consolidated financial statements. (including the summary of the material accounting policies) for periods of January 1 to December 31, 2019 and 2020.

In our opinion, the major issues of said consolidated financial statements prove to have been duly worked out in accordance with and Regulations Governing the Preparation of Financial Report by Securities Issuers, International Financial Reporting Standards (IFRS), Regulations and IAS, Interpretations and Interpretation Gazettes recognized and effective upon promulgation by the Financial Supervisory Commission, presenting fairly the consolidated financial position of CyberTAN Group thereof as of December 31, 2019 and, 2020 and the consolidated results of financial performance and consolidated cash flow for the periods starting from January 1 till December 31, 2019 and 2020.

Basis for Opinion

In 2020, we conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statement by Certified Public Accountants and Generally Accepted Auditing Standards; in 2019, we conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Letter Jin-Guan-Zheng-Shen-Zi No. 1090360805 dated February 25, 2020 issued by Financial Supervisory Commission and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of CyberTAN Group in accordance with the Code of Ethics for Professional Accountants of the Republic of China and with other responsibilities of the Code of Ethics performed. According to our audits and other independent auditors' report, we believe to have obtained sufficient and appropriate audit evidence in order to be used as the basis for the opinion.

Key audit matters

The "key audit matters" means that the independent auditor has used their professional judgment as the basis to audit the most important matters on the 2020 consolidated financial statements of CyberTAN Group. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The key audit matters of the 2020 consolidated financial statements of CyberTAN Group are described as follows:

Evaluation of allowance for inventory valuation loss

Item Description

Regarding the accounting policies for the inventory valuation, please refer to Note 4(14) to the consolidated financial report; for the uncertainty to accounting estimates and assumptions, please refer to Note 5(2) to the consolidated financial report; for description of inventory accounting titles, please refer to Note 6(5) to the consolidated financial report. The balances of valuation loss regarding the inventory and allowance for inventory on December 31, 2020 were NTD 569,450 thousand and NTD 50,068 thousand, respectively.

CyberTAN Group involves in the manufacturing and sale of communication products. The risk caused by loss on inventory devaluation or the obsolescence of inventory may be higher due to the short life cycle and severe market competition. Inventory is evaluated by CyberTAN Group on the basis of the cost and net realizable value, whichever is lower. The aforementioned loss of allowance for inventory valuation was mainly due to the inventory measured at the cost and net realizable value, whichever is lower, and identification of obsolescent or damaged inventory items. Because the large inventory amount and enormous items of CyberTAN Group as well as the objective judgments of the management concerned during the identification of obsolescent or damaged inventory belong to the field to be determined during the audit, we listed the evaluation for the loss of allowance for inventory valuation of CyberTAN Group as one of the important matters in the audit.

Responsive Audit Procedures

The responsive procedures executed by us for specific aspects specified in the preceding key audit matters are as follows:

1. Adopted the acquired allowance policy for inventory devaluation of CyberTAN Group during the comparative period of financial statements and evaluated the reasonableness of the allowance policy.
2. Acquired the net realizable value statement of inventory cost, randomly checked related supporting documents and recalculated its accuracy, validated the appropriateness regarding the logic of inventory aging report system used for evaluation, conducted spot check for individual inventory number to confirm the degree of inventory closeout and information and evaluated the basis of net realizable value estimated by the management and its reasonableness.
3. Checked related information acquired during inventory taking process and inquired the management and personnel related to inventory to confirm conditions of obsolescent, remaining, older, out-of-fashion or damaged inventory neglected in the inventory details.

Evaluation for the loss of accounts receivable

Item Description

Regarding the accounting policies for the loss evaluation of accounts receivable, please refer to Note 4(11) to the consolidated financial report; for the uncertainty to accounting estimates and assumptions regarding the loss evaluation of accounts receivable, please refer to Note 5(2) to the consolidated financial report; for description of accounts receivable accounting titles, please refer to Note 6(4) to the consolidated financial report. The balances of accounts receivable (including the related party) and its allowance loss on December 31, 2020 were NTD 1,346,784 thousand and NTD 8,882 thousand, respectively.

CyberTAN Group regularly assess if there is objective evidence implicating the impairment of individual accounts receivable and the assessment method includes the consideration of overdue ages of accounts receivable, customer's financial status, historical trading record and subsequent collections. The Group also calculates loss ratio based on past aging data statement and considers expected credit losses of industrial forward-looking evaluation to estimate the amount of loss allowance to be recognized. Because the estimation process involves the objective judgment of the management toward the preceding impairment evidence, the factor impacting the recognized amount of loss allowance tends to have high uncertainty, causing significant impact on the recoverable amount of accounts receivable. Therefore, we consider CyberTAN Group's evaluation for the impairment loss of accounts receivable as one of the important matters in the audit.

Responsive Audit Procedures

The responsive procedures executed by us for specific aspects specified in the preceding key audit matters are as follows:

1. Understand and evaluate the reasonableness of the allowance policy and procedure regarding the allowance loss of accounts receivables.
2. Acquire the aging data statement the management used to evaluate the expected credit loss ratio of accounts receivable, confirm its data source logic is consistently adopted and test relevant forms to confirm the correctness of its aging data.
3. Evaluate the reasonableness of the estimation used by the management to evaluate the expected credit loss ratio of accounts receivable and acquire related supporting documents, including forward-looking adjustment, disputable accounts, status of lasting aging, subsequent collection status, financial status impacting the customer and signs suggesting the customer is unable to pay as scheduled.

Other matters – Audit related to other CPAs

For the part of subsidiaries and companies invested under equity method in the aforementioned consolidated financial statements of CyberTAN Group, we have not audited the financial statements which was prepared based on different financial report structure, instead other CPAs did. Therefore, our opinions expressed on the amount listed in said financial statements of such companies and related information disclosed in Note 13 were based on the other independent auditor’ s report. The total assets (including investment under the equity method) of the companies was NTD 449,931 thousand and NTD 506,143 thousand on December 31, 2020 and 2019, accounting for 6% of the total consolidated assets, respectively. The operating revenue from January 1 to December 31, 2020 and 2019 was NTD 0, accounting for 0% of the total net consolidated operating revenue.

Other matters – Parent company only financial statement

CyberTAN Group had duly worked out the 2019 and 2020 parent company only financial statement for which we, the Undersigned Certified Public Accountant, have duly worked out standard type, Audit Report with unqualified (unreserved) opinion for reference.

Responsibilities of Management and the Governance Unit with Governance of the Consolidated Financial Statements

The responsibility of the management is to have the consolidated financial statements presented fairly, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC and SIC endorsed by the Financial Supervisory Commission. Also, to maintain the necessary internal controls related to the consolidated financial statements to ensure that the consolidated financial statements are free of any material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is also responsible for assessing the ability of CyberTAN Group to continue as a going concern, disclosing, as applicable, matters related to ongoing concerns and using the going concern basis of accounting unless management either intends to liquidate the CyberTAN Group or to cease operations, or there is a lack of any option except for liquidation or suspension.

The governance unit (including the audit committee) of CyberTAN Group is responsible for supervising the financial reporting process.

Independent Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the

risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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. We acquire necessary understanding of the internal control mechanism that is related to the audit to design appropriate audit process for the situation at the time. The purpose of the knowledge is not expressing opinions to the effectiveness of the internal control mechanism of the CyberTAN Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Based on the acquired audit evidence, we decide whether the going concern accounting basis adopted by the management is suitable, whether events that might affect the going concern capacity of CyberTAN Group exist, and whether there is major uncertainty. A conclusion will be made afterwards. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause the CyberTAN Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within the Group in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group, and also for forming an opinion on the audit of the Group.

We communicate with the governance units 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 in charge of governance with a statement that we have complied with the Code of Ethics for Professional Accountants of the Republic of China 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).

The independent auditor has used the communications with the governing unit as the basis to determine the key audit matters to be performed on the 2020 consolidated financial statements of CyberTAN Group. We clearly state all above matters in the audit report, unless the law prohibits us to publicly disclose certain matters, or under rare circumstances we decide not to include certain matters in the audit report since we can reasonably expect the resulting negative impact is greater than the public interest they bring.

PricewaterhouseCoopers Taiwan
HSU-YUNG CHIEN
CPA
FENG-MIN CHUAN
Former Securities and Futures Commission, Ministry of Finance
Approval Reference No.: (84)-Tai-Cai-Zheng-(Liu) No. 13377
Former Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan
Approval Reference No.: Jin-Guan-Zheng-Liu-Zi No. 0960038033
March 25, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CyberTAN Technology Inc. and the subsidiaries
Consolidated Balance Sheet
December 31, 2019 and 2020

Unit: NTD thousand

	Assets	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets					
1100	Cash and Cash Equivalents	6(1)	$ 1,884,022	24	$ 1,509,214	19
1136	Financial assets measured at amortized cost – current	6(3)	1,403,222	18	1,269,500	16
1170	Accounts receivable, net	6(4)	697,221	9	1,279,627	16
1180	Accounts receivable – the related party, net	6(4) and 7	640,681	8	204,297	3
1200	Other accounts receivable	7	32,541	-	15,496	-
1220	Income tax assets in the current period		255	-	37,319	-
130X	Inventory	6(5)	519,382	6	642,799	8
1470	Other current assets		6,723	-	6,931	-
11XX	**Total current assets**		5,184,047	65	4,965,183	62
	Non-current assets					
1517	Financial assets measured at fair value through profit or loss – non-current	6(2)	38,311	-	72,462	1
1535	Financial assets measured at amortized cost -non-current	6(3) and 8	21,073	-	21,498	-
1550	Investment at equity method	6(6)	1,219,126	15	1,282,553	15
1600	Property, plant and equipment	6(7)	716,167	9	732,237	9
1755	Right-of-use assets	6(8) and 7	577,785	7	629,408	8
1780	Intangible assets		15,363	-	17,310	-
1840	Deferred income tax assets	6(24)	47,198	1	49,972	1
1900	Other non-current assets		205,273	3	200,345	4
15XX	**Total non-current assets**		2,840,296	35	3,005,785	38
1XXX	**Total assets**		$ 8,024,343	100	$ 7,970,968	100

(To be continued)

CyberTAN Technology Inc. and the subsidiaries
Consolidated Balance Sheet
December 31, 2019 and 2020

Unit: NTD thousand

	Liabilities and equity	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities					
2100	Short-term loans	6(10)	$ 688,413	9	$ 392,578	5
2130	Contract liabilities – current	6(17)	53,483	1	38,481	1
2170	Accounts payable		827,598	10	794,970	10
2180	Accounts payable – the related party	7	66,428	1	130,201	2
2200	Other payables		161,145	2	196,617	2
2220	Other payables – the related party	7	22,359	-	26,379	-
2230	Income tax liabilities in the current period		28,761	-	16,026	-
2250	Liability reserve – current	6(12)	19,978	-	22,573	-
2280	Lease liabilities – current		47,153	1	43,829	1
2365	Refund liabilities – current		1,861	-	9,500	-
2399	Other current liabilities -others		96,956	1	143,780	2
21XX	**Total current liabilities**		2,014,135	25	1,814,934	23
	Non-current liabilities					
2550	Liability reserve – non-current	6(12)	17,153	-	20,275	-
2570	Deferred income tax liabilities	6(24)	49,938	1	82,485	1
2580	Lease liabilities – non-current		544,923	7	590,810	8
2600	Other non-current liabilities		4,432	-	6,853	-
25XX	**Total non-current liabilities**		616,446	8	700,423	9
2XXX	**Total liabilities**		2,630,581	33	2,515,357	32
	Equity attributable to parent company shareholders					
	Capital stock	6(13)				
3110	Common stock		3,286,054	41	3,286,054	41
	Capital reserves	6(14)				
3200	Capital reserves		578,131	7	578,131	6
	Retained earnings	6(15)				
3310	Legal reserve		816,159	10	809,235	10
3320	Special reserve		126,502	2	68,007	1
3350	Undistributed earnings		774,807	10	840,686	11
	Other equity	6(16)				
3400	Other equity		(187,891)	(3)	(126,502)	(1)
31XX	**Total equity attributable to parent company shareholders**		5,393,762	67	5,455,611	68
3XXX	**Total equity**		5,393,762	67	5,455,611	68
	Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts	9				
	Significant Subsequent Events	11				
3X2X	**Total liabilities and equity**		$ 8,024,343	100	$ 7,970,968	100

CyberTAN Technology Inc. and the subsidiaries
Consolidated statement of comprehensive income
January 1 to December 31, 2019 and 2020

Unit: NTD thousand
(Except the unit of earnings per share is NTD)

	Item	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenue	6(17) and 7	$ 4,834,151	100	$ 5,707,963	100
5000	Operating cost	6(5)(22) (23) and 7	(4,462,416)	(92)	(5,242,760)	(92)
5950	Net operating gross profit		371,735	8	465,203	8
	Operating expense	6(22) (23) and 7				
6100	Selling expenses		(56,000)	(1)	(80,212)	(1)
6200	Administrative expenses		(68,349)	(1)	(69,576)	(1)
6300	R&D expenses		(272,019)	(6)	(278,380)	(5)
6450	Expected credit impairment losses	12(2)	(849)	-	(2,879)	-
6000	Total operating expenses		(397,217)	(8)	(431,047)	(7)
6900	Operating profits (losses)		(25,482)	-	34,156	1
	Non-operating revenue and expenses					
7100	Interest revenue	6(18)	30,161	1	43,234	1
7010	Other revenue	6(19)	109,340	2	76,828	1
7020	Other gains and losses	6(20)	(46,118)	(1)	(74,870)	(2)
7050	Financial Costs	6(21)	(24,701)	(1)	(15,261)	-
7060	The share of the profit or loss of affiliated companies, joint ventures recognized under the equity method	6(6)	(24,376)	-	1,232	-
7000	Total non-operating income and expense		44,306	1	31,163	-
7900	**Net profit before tax**		18,824	1	65,319	1
7950	Income tax benefits (expenses)	6(24)	4,751	-	(13,967)	-
8200	**Current net profit**		$ 23,575	1	$ 51,352	1

(To be continued)

CyberTAN Technology Inc. and the subsidiaries
Consolidated statement of comprehensive income
January 1 to December 31, 2019 and 2020

Unit: NTD thousand
(Except the unit of earnings per share is NTD)

	Item	Notes	2020 Amount	2020 %	2019 Amount	2019 %
	Other comprehensive income					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plan	6(11)	$ 4,367	-	$ 3,526	-
8316	Unrealized valuation gains and loss from equity instrument investments measured at fair value through other comprehensive income	6(2)(16)	(3,207)	-	21,643	-
8320	The share of other comprehensive income of affiliated companies, joint ventures recognized under the equity method – items not reclassified to profit or loss	6(6)(16)	(31,434)	(1)	(6,759)	-
8349	Income tax related to items not reclassified	6(16)(24)	3,212	-	1,576	-
8310	Total of items not reclassified to profit or loss		(27,062)	(1)	19,986	-
	Items may be reclassified to profit or loss subsequently					
8361	Exchange difference in the financial statement translation of the foreign operation	6(16)	(9,318)	-	(60,667)	(1)
8370	The share of other comprehensive income of affiliated companies, joint ventures recognized under the equity method – items may be reclassified to profit or loss	6(6)(16)	(1,617)	-	(12,060)	-
8399	Income tax related to items may be reclassified	6(16)(24)	1,864	-	12,133	-
8360	Total of items may be reclassified to profit or loss subsequently		(9,071)	-	(60,594)	(1)
8300	**Other comprehensive income (net amount)**		($ 36,133)	(1)	($ 40,608)	(1)
8500	**Total comprehensive income for the year**		($ 12,558)	-	$ 10,744	-
	Net profit attributable to:					
8610	Parent company shareholders		$ 23,575	1	$ 51,352	1
	The total comprehensive income attributable to:					
8710	Parent company shareholders		($ 12,558)	-	$ 10,744	-
	Basic earnings per share	6(25)				
9750	Total basic earnings per share		$ 0.07		$ 0.16	
	Diluted earnings per share	6(25)				
9850	Total diluted earnings per share		$ 0.07		$ 0.16	

CyberTAN Technology Inc. and the subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
January 1 to December 31, 2019 and 2020

Unit: NTD thousand

		Equity attributable to parent company shareholders							
				Retained earnings			Other equity		
	Notes	Common stock	Capital reserves – stock premium	Legal reserve	Special reserve	Undistributed earnings	Exchange difference in the financial statement translation of the foreign operation	Unrealized profit or loss of financial assets measured at fair value through other comprehensive income	Total
2019									
Balance at January 1, 2019		$ 3,286,054	$ 578,131	$ 792,575	$ 3,619	$ 983,937	($ 55,614)	($ 12,393)	$ 5,576,309
Current net profit		-	-	-	-	51,352	-	-	51,352
Other comprehensive income for the year	6(16)	-	-	-	-	704	(60,594)	19,282	(40,608)
Total comprehensive income for the year		-	-	-	-	52,056	(60,594)	19,282	10,744
Appropriation and allocation of earnings in 2018	6(15)								
Allocated legal reserve		-	-	16,660	-	(16,660)	-	-	-
Allocated special reserve		-	-	-	64,388	(64,388)	-	-	-
Allocation of cash dividends		-	-	-	-	(131,442)	-	-	(131,442)
Disposal of equity instrument measured at fair value through other comprehensive income	6(2)(16)	-	-	-	-	16,410	-	(16,410)	-
Changes of affiliated companies and joint ventures under equity method		-	-	-	-	773	-	(773)	-
Balance at December 31, 2019		$ 3,286,054	$ 578,131	$ 809,235	$ 68,007	$ 840,686	($ 116,208)	($ 10,294)	$ 5,455,611
2020									
Balance at January 1, 2020		$ 3,286,054	$ 578,131	$ 809,235	$ 68,007	$ 840,686	($ 116,208)	($ 10,294)	$ 5,455,611
Current net loss		-	-	-	-	23,575	-	-	23,575
Other comprehensive income for the year	6(16)	-	-	-	-	(3,008)	(9,071)	(24,054)	(36,133)
Total comprehensive income for the year		-	-	-	-	20,567	(9,071)	(24,054)	(12,558)
Appropriation and allocation of earnings in 2019	6(15)								
Allocated legal reserve		-	-	6,924	-	(6,924)	-	-	-
Allocated special reserve		-	-	-	58,495	(58,495)	-	-	-
Allocation of cash dividends		-	-	-	-	(49,291)	-	-	(49,291)
Disposal of equity instrument measured at fair value through other comprehensive income	6(2)(16)	-	-	-	-	27,948	-	(27,948)	-
Changes of affiliated companies and joint ventures under equity method	6(16)	-	-	-	-	316	-	(316)	-
Balance at December 31, 2020		$ 3,286,054	$ 578,131	$ 816,159	$ 126,502	$ 774,807	($ 125,279)	($ 62,612)	$ 5,393,762

CyberTAN Technology Inc. and the subsidiaries

Consolidated statement of cash flow

January 1 to December 31, 2019 and 2020

Unit: NTD thousand

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
Cash flow from operating activities			
Net profit before tax in the current period		$ 18,824	$ 65,319
Adjustment items			
Income/expenses items			
Depreciation expenses	6(7)(8)(22)	94,199	105,831
Miscellaneous expenses – depreciation expenses	6(7)(8)(20)	17,977	19,267
Amortization expenses	6(22)	1,226	1,785
Expected credit impairment losses (gains)	12(2)	849	2,879
Net profit of financial assets measured at fair value through profit or loss	6(20)	-	(417)
Interest expenses	6(21)	24,701	15,261
Miscellaneous expenses – interest expenses	6(20)	2,555	2,496
Interest revenue	6(18)	(30,161)	(43,234)
Dividend revenue	6(2)(19)	(9,814)	(2,919)
Share of profit or loss from affiliated companies under the equity method	6(6)	24,376	(1,232)
Property, plant, and equipment recognized as expenses		398	-
Gains on disposal of property, plant and equipment	6(20)	(1,699)	(655)
Lease modification profit	6(20)	-	(2,541)
Changes of assets/liabilities related to operating activities			
Net changes of assets/liabilities related to operating activities			
Accounts receivable (including the related party)		145,173	1,093,972
Inventory		123,417	366,821
Other accounts receivable		(16,250)	(350)
Other current assets		208	2,352
Other non-current assets		(78)	(2,316)
Net changes of liabilities related to operating activities			
Contract liabilities – current		15,002	3,013
Accounts payable (including the related party)		(31,145)	(369,325)
Other payables (including the related party)		(40,027)	(65,315)
Refund liabilities – current		(7,639)	(2,500)
Liability reserve		(5,717)	(5,420)
Advance on rent		(1,290)	(490)
Cash inflow from operations		325,085	1,182,282
Returned (paid) income tax		26,079	(20,918)
Net cash inflow from operating activities		351,164	1,161,364
Cash flow from investing activities			
Disposal of financial assets proceeds measured at fair value through profit or loss	6(2)	28,845	16,964
Refunds from decapitalization of financial assets measured at fair value through profit or loss		-	19,740
Acquisition of financial assets measured at amortized cost		(1,402,785)	(1,213,058)
Disposal of financial assets measured at amortized cost		1,269,500	1,500
Decrease of financial assets measured at fair value through profit or loss		-	786
Acquisition of investment under equity method	6(6)	-	(25,000)
Refunds from decapitalization of affiliated companies under the equity method	6(6)	6,000	-
Acquisition of property, plant, and equipment	6(7)	(49,861)	(82,540)
Disposal of property, plant, and equipment proceeds		3,153	2,475
Decrease (increase) in refundable deposit		(483)	(1,596)
Acquisition of intangible asset		-	(1,732)
Interest received		29,366	44,484
Dividends received		9,814	2,919

CyberTAN Technology Inc. and the subsidiaries

Consolidated statement of cash flow

January 1 to December 31, 2019 and 2020

Unit: NTD thousand

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
Cash dividend distributed by affiliated companies recognized under the equity method	6(6)	-	12,185
Net cash outflow from investing activities		(106,451)	(1,222,873)
Cash flow from financing activities			
Increase in short-term loans		4,010,143	1,032,708
Decrease in short-term loans		(3,714,308)	(810,130)
Decrease in guarantee deposits		(2,421)	368
Repayment of lease principal		(43,561)	(48,606)
Allocation of cash dividends	6(15)	(49,291)	(131,442)
Interest paid		(26,721)	(17,757)
Increase (decrease) in other current liabilities		(45,534)	(57,339)
Net cash inflow (outflow) from financing activities		128,307	(32,198)
Foreign exchange rate effect		1,788	(58,649)
Increase (decrease) in cash and cash equivalents in the current period		374,808	(152,356)
Balance of cash and cash equivalents, beginning		1,509,214	1,661,570
Balance of cash and cash equivalents, ending		$ 1,884,022	$ 1,509,214

CyberTAN Technology Inc. and the subsidiaries
Notes to Consolidated Financial Statements
2019 and 2020

Unit: NTD thousand
(Unless otherwise specified)

I. Company History and Business Scope

CyberTAN Technology Inc. (hereinafter referred to as the "the Company") was established in the Republic of China. The Company and its subsidiaries (hereinafter referred to as "the Group") have mainly engaged in wired communication mechanical equipment manufacturing, electronic components manufacturing, and the R&D, development and sales of broadband Internet routers, gateways, virtual private networks, firewalls, Layer 3 and Layer 4 switches, wired broadband network security router and wireless broadband network security router.

II. Approval Date and Procedures of the Financial Statements

The consolidated financial report was released after being approved by the board of directors on March 25, 2021.

III. New Standards, Amendments, and Interpretations Adopted

(I) Effect of adopting the new promulgated or amended IFRS endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following are applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2020:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IAS 1 and IAS 8 "Disclosure Initiative-Definition of Material"	January 1, 2020
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020 (Note)

(Note) The FSC approved that the enterprise can apply this amendment earlier on January 1, 2020.

The Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

(II) Effect of not adopting the new promulgated or revised IFRS, IAS, IFRIC, and SIC endorsed by the FSC

The following are applicable promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2021:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform- Phase 2"	January 1, 2021

The Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

(III) Impacts of IFRS issued by IASB but not yet approved by FSC

The following are the IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Classification of liabilities as current or non-current (Amendments to IAS 1)	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018 – 2020 Cycle	January 1, 2022

The Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

IV. Summary of Significant Accounting Policies

The major accounting policies applied to prepare the consolidated financial statements are as follows. Unless otherwise provided, the policies have been applied during all the presentation period.

(I) Compliance Statement

The consolidated financial report was prepared in accordance with the "Regulations Governing the Preparation of Financial Report by Securities Issuers," and the IFRS, IAS, IFRIC and SIC (hereinafter referred to as the "IFRSs") endorsed by FSC.

(II) Basis of preparation

1. Except the following important items, the consolidated financial report was prepared based on the historical cost:
   (1) Financial instruments and liabilities (including derivatives) measured at fair value through profit or loss based on fair value.
   (2) Financial assets measured at fair value through other comprehensive income based on fair value.
   (3) Defined benefit liability stated based on the net after pension fund assets less the present value of defined benefit obligations.
2. The preparation of financial report that complies with IFRSs requires some important accounting estimates. The application of the Group's accounting policy also requires the management to use their judgment during the process. For item involving high judgment or complexity or items involving important estimates and assumptions of the consolidated financial report, please refer to the description in Note 5.

(III) Basis of consolidation

1. Principle for the preparation of consolidated financial statements
   (1) The Group included all of the subsidiaries into the consolidated financial statements. Subsidiaries mean the entities controlled by the Group (including structured entities). When the Group is exposed to the changes of remuneration participated by the entities or is entitled to changes of remuneration, and is able to influence the remuneration by virtue of its power over the entities, the Group is held controlling the entities. The subsidiaries are included into the consolidated financial statements on the date when the Group acquires the controlling power, and the consolidation shall be suspended as of the date when the Group forfeits the controlling power.
   (2) Unrealized gains on transactions between the Group companies are eliminated to the extent of the Group's interest in the associates. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
   (3) Elements of the income and other comprehensive income shall be vested in parent company shareholders and non-controlling equity. The total comprehensive income shall be vested in parent company shareholders and non-controlling equity, even if the non-controlling equity suffers loss.
   (4) Where the changes in shareholdings of subsidiaries don't result in forfeiture of controlling power (transactions with non-controlling equity), they shall be processed as equity transactions, which are identified as the transactions with parent company shareholders. The price difference between the adjustment value of non-controlling equity and fair value of paid or collected consideration was directly recognized as equity.
   (5) When the Group forfeits control over its subsidiaries, its residual investment in the subsidiaries shall be remeasured based on fair value, and identified as the fair value of financial asset recognized initially or cost of the investment in affiliated companies or joint ventures recognized initially. The price difference between the fair value and book value is stated into current income. Where the accounting treatment for the values related to the subsidiaries as stated into other comprehensive income previously is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, if the gain or loss stated into other comprehensive income previously would be reclassified into profit or loss when the related assets or liabilities are disposed thereof, the profit or loss shall be reclassified into income from equity, when the Group forfeits control over the subsidiaries.
2. The subsidiaries covered within the consolidated financial report:

Investor	Subsidiaries		Equity percentage		
Name	Name	Nature of business	December 31, 2020	December 31, 2019	Description
The Company	CyberTAN Corp(U.S.A)	Sales company	100%	100%	
"	Ta Tang Investment Co., Ltd.	General investment business	100%	100%	
"	CyberTAN (B.V.I) Investment Corp.	"	100%	100%	
CyberTAN (B.V.I)Investment Corp.	HON YAO FU Technology Company Limited	Manufacturing company	100%	100%	(1)
"	CyberTAN Technology (HONG KONG) Limited	General investment business	100%	100%	
CyberTAN Technology (HONG KONG) Limited	Fuhongkang Technology (Shenzhen) Co., Ltd.	Manufacturing company	100%	100%	
Fuhongkang Technology (Shenzhen) Co., Ltd.	Chongqing Hongdaofu Technology Co., Ltd.	"	100%	100%	

(1) CyberTAN (B.V.I) Investment Corp. invested to establish HON YAO FU Technology Company Limited in January 2019 and the Company was listed in the individuals of the prepared consolidate financial report upon the date of establishment.

3. The subsidiaries that are not included in the consolidated financial statements: None.
4. Different adjustment and treatment by subsidiaries in the accounting period: None.
5. Significant restrictions: None.
6. Subsidiaries over which the Group holds important non-controlling equity: None.

(IV) Translation of foreign currency

Each item listed in the separate financial statements of the Group is measured by the currency of the primary economic environment in which the business department situated (i.e. functional currency). The consolidated financial report was prepared in the Company's functional currency, "NTD."

1. Foreign currency transaction and balance
   (1) Foreign currency transaction converts the conversion difference generated by the transaction to functional currency adopting the spot exchange rate on the date of transactions or measurement date and recognizes the difference as current profit or loss.
   (2) The monetary assets and balance of liabilities in foreign currency are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as current profit or loss.
   (3) For non-monetary assets and balance of liabilities in foreign currency, those measured at fair value through profit or loss are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as current profit or loss; those measured at fair value through other comprehensive income are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as other comprehensive income item; those not measured at fair value are measured at historical exchange rate on initial transaction date.
   (4) All exchange gain or loss is listed in "Other Profit and Loss" of profit and loss statement.
2. Translation of the foreign operation
   (1) For all Group's entities, affiliated companies and joint agreements with differences in functional currency and presentation currency, the business result and financial status is converted to presentation currency by the following method:
      A. The assets and liabilities presented in each balance sheet were translated based on the exchange rates closed on every balance sheet date;
      B. The profits and losses presented in each statement of comprehensive income were translated in accordance with the average exchange rates in current period; and
      C. All resulted exchange differences were recognized under other comprehensive income.
   (2) When the foreign operation for partial disposal or selling is a subsidiary, the accumulated exchange differences recognized under other comprehensive income are reattributed proportionally as non-controlling equity of the subsidiaries.

However, when the Group maintains partial rights of the former subsidiary but losses the control over the subsidiary included in the foreign operation institutions, it is conducted based on the disposal of all equity in the foreign operation institutions.

(V) Classification of assets and liabilities as current and non-current

1. Assets that match any of the following conditions shall be classified as current assets:
   (1) Assets expected to be realized, intent to be sold or consumed over the normal operating cycles.
   (2) Primarily for trading purposes.
   (3) Assets expected to be realized within 12 months after the balance sheet date.
   (4) Assets in cash or cash equivalents, except for those that are used for an exchange or to settle a liability, or otherwise remain restricted in more than 12 months after the balance sheet date.

   The Group listed all assets that did not comply with the following conditions as non-current assets.

2. Assets that match any of the following conditions shall be classified as current liabilities:
   (1) Liabilities expected to be settled in normal business cycle.
   (2) Primarily for trading purposes.
   (3) Liabilities expected to be settled within 12 months after the balance sheet date.
   (4) Liabilities with settlement period which cannot be unconditionally deferred for at least 12 months after the date of the balance sheet. Liabilities under the terms that give counterparties the option repay in the form of equity instruments and without the effect on their classification due to such terms

   The Group listed all assets that did not comply with the following conditions as non-current liabilities.

(VI) Cash equivalents

Cash equivalent includes short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. The time deposits that fall into the above definition and are intended to satisfy the short-term cash commitment shall be classified cash equivalents.

(VII) Financial assets measured at fair value through profit or loss

1. This refers to financial assets not measured at amortized cost or measured at fair value through other comprehensive income.
2. The Group adopts the trade date accounting for financial assets in accordance with the general trade practice measured at fair value through profit or loss.
3. It is initially recognized at fair value by the Group while the transaction cost is recognized in profit or loss upon incurred. Subsequent valuation is based on the fair value measurement and the resulting gain or loss is recognized as profit or loss.
4. When the Group is entitled to collect dividends, the economic effect related to the dividend may inflow and the amount of revenue can be measured reliably Therefore, the related dividend revenue shall be recognized as profit or loss.

(VIII) Financial assets measured at fair value through other comprehensive income

1. This refers to irrevocable choice at initial recognition to recognize the later fair value change of the equity instrument investment held not for transaction in other

comprehensive profit or loss; or at the same time the debt instrument investment meets the following conditions:

(1) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows or to sell.

(2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. The Group adopts the trade date accounting for financial assets in accordance with the general trade practice measured at fair value through other comprehensive income.

3. It is initially recognized at fair value plus the transaction cost by the Group and the subsequent valuation is measured at fair value:

The changes in fair value belonging to equity instrument investment is recognized as other comprehensive income. During derecognition, accumulated profit or loss previously recognized in other comprehensive income shall not be subsequently reclassified as profit or loss but classified as retained earnings. When the Group is entitled to collect dividends, the economic effect related to the dividend may inflow and the amount of revenue can be measured reliably Therefore, the related dividend revenue shall be recognized as profit or loss.

(IX) Financial assets measured at amortized cost

1. This refers to those meeting the following conditions at the same time:

(1) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

(2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. The Group adopts the trade date accounting for financial assets in accordance with the general trade practice measured at amortized cost.

3. The time deposit not complying with cash equivalents held by the Group is measured at investment amount since the impact of discounting was insignificant.

(X) Accounts receivable

1. This refers to accounts from the rights to receive consideration without any condition due to commodity transfer or labor service based on contract agreement.

2. This belongs to short-term accounts receivable with unpaid interest. The invoice payable was measured at the initial per value by the Group since the impact of discounting was insignificant.

(XI) Impairment of financial assets

For financial assets measured at amortized cost accounts receivable that comprises material financial parts, after taking reasonable and supporting materials into consideration (including forward-looking ones) on each balance sheet date, the Group measures the loss allowance based on 12-month expected credit losses for those without significant increase in credit risk after initial recognition; for those with significant increase in credit risk after initial recognition, the loss allowance is measured based on the amount of the expected credit losses throughout the duration; for accounts receivable excluding material financial parts or contract assets, the allowance loss is measured at the amount of the expected credit losses throughout the duration.

(XII) Derecognition of the financial assets

The Group will derecognize financial assets only in the event where the interests on a contract for financial assets-based cash flow ceased to be effective.

(XIII) Lease transactions of lessor – operating lease

The lease income from operating lease deducting any given incentives of the lessee is amortized and recognized as current profit or loss under straight-line method over the lease period.

(XIV) Inventory

Inventories are measured at the lower of cost or net realizable value while the cost is determined by weighted average method. The cost of finished product and goods in process includes material, direct manpower, other direct costs and manufacturing expenses related to production (amortized based on normal productivity) without loan cost. The item-by-item comparison method is adopted when comparing the cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in ordinary course of business less the estimated cost needed to complete the work and relevant variable selling expense.

(XV) Investment/affiliated companies under equity method

1. The affiliated companies refer to the entity in which the Group has significant impact upon and often holds more than 20% of voting shares directly or indirectly. The investment of the Group in the affiliated companies adopts the equity method for disposal and is recognized based on cost upon acquisition.
2. The shares in profit or loss acquired from affiliated companies by the Group was recognized as current profit or loss and shares of other comprehensive income was recognized as other comprehensive income. In the event that the Group's shares of loss in the affiliated companies is equal to or exceed its equity in the affiliated companies (including other unsecured receivables), the Group does not recognize further losses, unless in the event of occurrence of legal obligations, presumed obligations or within the scope that the Group made payment on behalf of the affiliated companies.
3. When changes to equity irrespective of profit and loss or comprehensive income occur to affiliated companies with no impact on the shareholding ratio of the Group, all of changes in equity will be recognized as "capital reserves" based on the shareholding ratio by the Group.
4. The unrealized profit or loss deriving from the transactions between the Group and the affiliated companies were written off based on the equity ratio of the affiliated companies; the unrealized loss was written off unless the evidence displayed the impairment of transferred assets in such transaction. Accounting policies of the affiliated companies have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. When the Group forfeits its material influence over the affiliated companies, if the Group disposes the affiliated companies, the accounting treatment for the values related to the affiliated companies as stated into other comprehensive income previously is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, if the gain or loss stated into other comprehensive income previously would be reclassified

into income when the related assets or liabilities are disposed thereof, the gain or loss shall be reclassified into income from equity, when the Group has no significant impact on the affiliated companies. Provided that where it still has material influence over the affiliated companies, the amount previously recognized in other comprehensive income is transferred according to the method stated above based on the proportion.

(XVI) Property, plant and equipment

1. Property, plant and equipment is accounted at acquisition cost at initiation and the relevant interest is capitalized during the purchase and construction period.
2. The subsequent cost is included in the book value of assets or recognized as single asset only when future economic benefits related to such item will probable inflow to the Group and the cost of such item can be measured reliably. The book value of the replaced part shall be derecognized. All other repair expenses are recognized as profit or loss upon occurring.
3. The subsequent measurement of property, plant, and equipment adopts the cost model and the depreciation is calculated over the estimated useful lives in accordance with the straight-line method. The property, plant and equipment are depreciated and for each and every major part individually.
4. The Group at least reviews the residual value, estimated useful years and depreciation method of each asset at the end of each fiscal year. If the expected values of the residual value and useful years are different from the previous estimate or the expected consumption pattern used in future economic benefits of such asset has significant changes, it is conducted based on the accounting estimate of IFRS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of change. The useful life of each asset are as follows:

House and buildings	3 years to 41 years
(The useful life of interior construction is 3–10 years)	
Machinery and equipment	3 years to 10 years
Transportation equipment	5 years
Office equipment	2 years to 10 years
Other equipment	2 years to 5 years

(XVII) Lease transactions of lessee – right-of-use assets/lease liabilities

1. The lease asset is recognized as right-of-use assets and lease liabilities upon the date available for use by the Group. When the lease contract is short-term lease or low-valued underlying asset lease, the lease payment is recognized as expenses on a straight-line method within the lease period.
2. The unpaid lease payment is recognized as lease liability based on present value discounted at the Group's incremental borrowing rate of interest on the start date of lease. The lease payment belongs to fixed payment deducting any received lease incentives.

   Subsequently, it is measured at the amortized cost under the interest method, and the interest expense are recognized during the lease period. When changes in lease term or lease payment is not caused by contract modification, lease liabilities will be reevaluated and the remeasurement will be used to adjust right-of-use assets.
3. The right-of-use assets are recognized based on the cost on the starting date of the lease, the cost includes:

   (1) The original measured amount of lease liability;

(2) Any lease payment paid before or on the starting date; and
(3) Initial direct costs incurred.

The subsequence is measured by cost model and the right-of-use assets provide depreciation from the starting date of lease, up to the durable life expires or the lease period expires, the earlier prevails. When the lease liabilities are reassessed, the right-of-use assets will adjust any remeasurement of the lease liabilities.

4. For lease modification regarding the decrease in scope of lease, the lessee will decrease the book amount of right-of-use assets to reflect partial or overall termination of lease and will recognize the difference between it and the remeasurement amount of lease liabilities as profit or loss.

(XVIII) Intangible assets

The computer software is recognized by acquisition cost and is amortized under straight-line method based on 2 years of useful life.

(XIX) Impairment of non-financial assets

The Group will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and impairment loss would be recognized if the recoverable amount falls below the asset’s face value. The recoverable amount is the fair value of an asset less the disposition cost or the use value, whichever is higher. Impairment loss recognized in previous years on assets may be reversed if the basis of impairment no longer existed or is reduced. Notwithstanding, the increase in book value of the asset resulting from the reversal must not exceed the face value of the asset less depreciation or amortization without impairment.

(XX) Loans

This refers to the short-term loan borrowed from the bank. Loans of the Group is measured based on the fair value less trading cost at the time of initial recognition. The subsequent measurement of any difference between the price lessing trading cost and redemption value, its interest expenses shall be recognized in profit or loss based on amortized procedure under effective interest method within the outstanding period.

(XXI) Accounts payable

1. This means debt generated from the purchase of materials, commodities or labor services on credit.
2. This belongs to short-term accounts payable with unpaid interest. The invoice payable was measured at the initial per value by the Group since the impact of discounting was insignificant.

(XXII) Financial liabilities measured at fair value through profit or loss

1. Financial liabilities specified to be measured at fair value through profit or loss during initial recognition.
2. It is initially recognized at fair value by the Group while the transaction cost is recognized in profit or loss upon incurred. Subsequent valuation is based on the fair value measurement and the resulting gain or loss is recognized as profit or loss.

(XXIII) Derecognition of the financial liabilities

The Group will have the financial liabilities derecognized when the contractual obligation is performed, discharged, or expired.

(XXIV) Offsetting of financial assets and liabilities

The financial assets and liabilities may be offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts of the financial assets and liabilities and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXV) Liability reserve

The reserve for warranty liabilities shall be recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The reserve for liabilities is measured by best estimated present value paid to settle the obligation on the balance sheet date. The discount rate adopts the pre-tax discount rate that reflects the specific risk assessment of current market toward the time value of money and the liabilities and the discounted amortization is then recognized as interest expenses. The future operating loss shall not be recognized in the reserve for liabilities.

(XXVI) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at non-discounted amount expected to be paid, and stated as expenses when the relevant services are provided.

2. Pension

(1) Defined appropriation plan
Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. The prepaid contribution may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

(2) Defined benefit plan

A. The net obligation under the defined benefit pension plan is converted to the present value based on the future benefit earned from the services provided by the employees under various benefit plans in the current period or in the past, and the present value of defined benefit obligations on the balance sheet date less the fair value of the planned assets. An actuary uses the Projected Unit Credit Method estimates defined benefit obligations each year. The discount rate is based on the market yield rate of government bonds (on the balance sheet date) that have the same currency exposure and maturity date as the obligations on the balance sheet date.

B. The remeasurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

3. Remuneration to employees and directors

The remuneration to employees and directors/supervisors shall be recognized as expenses and liabilities only when legal or constructive obligation and the value thereof may be estimated reasonably. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate. If the remuneration to employees is paid with stock shares, the basis for calculating the number of shares shall be the closing price on the day preceding to the day of resolution made by the shareholders' meeting.

(XXVII) Income Tax

1. The income tax expenses consist of current income tax and deferred income tax. The income tax is recognized in the profit or loss except the income taxes relevant to the items which are recognized under other comprehensive income or directly counted into the items of equity, is recognized under other comprehensive income or directly counted into equity respectively.
2. The Group calculates the income tax related to the current period based on the statutory tax rate or tax rate substantially enacted in the countries where the Company is operating and generating taxable income on the balance sheet date. The management shall evaluate the status of income tax return within the statutory period defined by the related income tax laws, and shall be responsible for the income tax expected to be paid to the tax collection authority. Undistributed earnings, if any, shall be levied income tax. The income tax expenses for undistributed earnings will be stated in the year next to the year when the earnings are generated, upon approval of the motion for allocation of earnings at a shareholders' meeting.
3. Deferred tax is stated based on the temporary differences between taxation basis for assets and liabilities and the face value thereof on the consolidated balance sheet using the balance sheet method. All taxable provisional differences generated from investment in subsidiaries and affiliated companies, of which the time of reverse is controllable by the Group and which is not likely to be reversed in the foreseeable future, shall not be recognized. The deferred income tax assets and liabilities are measured at the tax rate in the current period of which the assets are expected to be realized or liabilities to be repaid. The tax rate shall be based on the tax rate and tax laws already legislated or substantially legislated at the end of the reporting period.
4. Deferred income tax assets shall be recognized, insofar as temporary difference is very likely to credit against future taxable income, and deferred income tax assets which are recognized and unrecognized shall be reevaluated on each balance sheet date.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. Unused tax credits derived from purchase of equipment or technology, R&D expenditure and equity investment can be added to deductible temporary differences and recognized as deferred tax assets, to the extent that the Company is likely to earn taxable income to offset against.

(XXVIII) Capital stock

Common share is classified as equity. The net amount directly attributable to new shares issuing or additional cost of stock option is recognized as deduction of proceeds in the equity after deducting income tax.

(XXIX) Allocation of dividends

The dividends allocated to the Company's shareholders are recognized in the financial report upon allocation of dividends resolved by the shareholders' meeting or resolved specially by the board of directors of the Company. The distributed cash dividend is recognized as liabilities and the distributed stock dividend is recognized as stock dividend to be distributed and reclassified as common shares on the date of new share issuance.

(XXX) Recognition of revenue

1. Sale of goods
   (1) The Group researches and develops, manufactures and sells products related to wire communication and wireless broadband network. The sales revenue is recognized upon the transfer of product control to the customer, i.e. the timing when the product is delivered to the buyer, the buyer has the discretionary power regarding the selling channels and prices of product and the Group has no unfulfilled contract obligations that may affect the reception of such product by the buyer. When the product is delivered to the specified location, the risk of obsolescence and loss is transferred to the buyer and the buyer accepts the product based on the sales contract or there is objective evidence indicating all acceptance standards has been met, the commodity delivery is thus completed.
   (2) The sales revenue of communication products is recognized by net amount of contract price deducting estimated sales discount. Generally, the sales discount for the customer is calculated based on accumulated sale volume of 12 months. The Group adopts expected value method to estimate sales discount based on historical experience. The revenue amount is recognized only within the scope of height may not result in significant reversal and the estimate is updated on each balance sheet date. As of the balance sheet date, the estimated sales discount payable to the customer related to the sales is recognized as refund liabilities. The collection conditions of trading are agreed based on general business trading mode.
   (3) The Group provides standard warranty for products sold and has responsibility to provide refund for products with defect, which is recognized in reserve for liabilities upon sales.
   (4) The accounts receivable is recognized upon the delivery of product to the customer because the Group has unconditional rights to contract proceeds since that timing and can collect consideration from the customer after that time.
2. Cost of acquiring customer contract

   The Group expected to recover the additional cost generated from the acquisition of customer contract. However, the related contract term is less than one year so such cost shall be recognized in expenses when incurred.

(XXXI) Government grants

The government subsidies shall be stated at fair value when it is reasonable to ensure that an enterprise will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies, in nature, are intended to compensate the expenses incurred by the Group, the government subsidies shall be stated as the current income on a systematic basis when the related expenses are incurred.

(XXXII) Business segment

The Group's business segment information adopts the same reporting method as the internal management report provided for the main operating decision maker. The main operating decision maker is responsible to distribute resources to business segment and evaluate their performance. The main operating decision maker of the Group is identified to be the board of directors.

V. Major sources of Uncertainty to Significant Accounting Judgments, Estimates and Assumptions

When preparing the consolidated financial report of the Group, the management decided the adopted accounting policy by their judgment and made accounting estimates and assumptions based on the reasonable expectation toward future events subject to current circumstances on the balance sheet date. The actual results might be different from the major accounting estimates and assumptions, so the historical experience and other factors will be considered for constant evaluation and adjustment. The risk description of the assumptions and estimates which may cause major adjustments to the book amount of assets and liabilities in the following financial year. The following are the description of uncertainty to significant accounting judgments, estimates and assumptions:

(I) Significant judgments on choice of accounting policy

None.

(II) Accounting estimates and assumptions

1. Valuation of inventory

Inventory shall be evaluated on the basis of the lower the cost and net realizable value. As a result, the Group must make judgment and estimate to determine the net realizable value of the inventory on the balance sheet date. Due to the repaid transformation of technology, the Group assesses the amount of normal wearing out and phasing out of inventory or inventory with no market price and writes off the cost of inventory from net realizable value on the balance sheet date. The valuation of inventory is mainly estimated according to the product demand within a certain period in the future, therefore significant changes may occur.

As of December 3, 2020, the book value of the Group's inventory was NTD 519,382.

2. Evaluation for the loss of accounts receivable

During the evaluation process for the impairment of accounts receivable, the Group uses the overdue ages of accounts receivable, customer's financial status, historical trading record and subsequent collections as the basis. The Group also calculates loss ratio based on past aging data statement and considers the industrial forward-looking evaluation to estimate credit loss rate. This requires subjective judgment and the reserve matrix as the basis to estimate the possible credit loss.

As of December 31, 2020, the book value of accounts receivable (including the related party) after recognizing the credit loss by the Group was NTD 1,337,902.

VI. Explanation of Important Accounting Titles

(I) Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand and working fund	$ 277	$ 277
Checking deposit and current deposits	634,019	865,807

Time deposit	953,214	258,022
Cash equivalents – repurchase bonds	296,511	385,108
Total	$ 1,884,021	$ 1,509,214

1. The financial institutions trading with the Group are reputable banks and the Group trades with various financial institutions to spread the credit risk. Thus, the possibility of expected default is low.
2. The Group has reclassified time deposit with the initial maturity date over three months and limitation to item of "Financial assets measured at amortized cost." Please refer to the description in Note 6, (3).

(II) Financial assets measured at fair value through other comprehensive income

Item	December 31, 2020	December 31, 2019
Non-current items:		
Equity instruments		
TWSE/TPEx listed stocks	$ 380	$ 1,277
TWSE/TPEx unlisted stocks	41,133	43,232
Subtotal	41,513	44,509
Valuation adjustment	(3,202)	27,953
Total	$ 38,311	$ 72,462

1. The Group classified the equity instrument investment belonged to strategic investment as financial assets measured at fair value through other comprehensive income.
2. Due to the need of capital expenses, the Group sold A10 Networks. Inc. with fair value of NTD 28,845 and NTD 16,964 in 2020 and 2019, respectively.
3. The details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	2020	2019
Equity instrument measured at fair value through other comprehensive income		
Fair value changes recognized in other comprehensive income	($ 3,207)	$ 21,643
Dividend income held at the end of current period recognized in profit or loss	$ 9,814	$ 2,919
Accumulated gain or loss recognized in retained earnings due to derecognition	$ 27,948	$ 16,410

4. For information related to financial assets measured at fair value through other comprehensive income, please refer to Note 12, (3).

(III) Financial assets measured at amortized cost

Item	December 31, 2020	December 31, 2019
Current items:		
Time deposit expired over three months	$ 1,403,222	$ 1,269,500
Non-current items:		
Pledged time deposit	$ 21,073	$ 21,495

1. Without taking into account the collaterals or credit enhancement held by the Group, for the financial assets measured at amortized cost that best represents the Group, the maximum amount of credit risk exposure as of December 31, 2019 and 2020 was the book balance.
2. The counterparty invested by the Group has good credit risk.
3. For pledged financial assets measured at amortized cost by the Group, please refer to Note 8.

(IV) Notes and Accounts Receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ -	$ 4,873
Accounts receivable	706,103	1,282,787
Accounts receivable – the related party	640,681	204,297

Less: Allowance loss	(8,882)	(8,033)
	$ 1,337,902	$ 1,483,924

1. For aging analysis of notes and accounts receivable (including the related party), please refer to Note 12, (2).
2. The balances of accounts receivable (including the related party) on December 31, 2019 and 2020 were generated by the customer's contract. Also, the balance of accounts receivable from the customer's contract was NTD 2,585,929 as of January 1, 2019.
3. The accounts receivable (including the related party) of the Group does not include collaterals.
4. Without taking into account the collaterals or credit enhancement held by the Group, for the accounts receivable that best represents the Group, the maximum credit risk exposure amount as of December 31, 2019 and 2020 was the book balance.
5. For the information related to credit risks, please refer to Note 12, (2).

(V) Inventory

	December 31, 2020		
	Costs	Allowance devaluation loss	Book amount
Materials	$ 333,560	($ 35,590)	$ 297,970
Goods in process and semi-finished goods	95,384	(8,402)	86,982
Finished products	101,384	(6,076)	95,308
Inventory in transit	39,122	-	39,122
Total	$ 569,450	($ 50,068)	$ 519,382

The inventory cost recognized in expenses in current period by the Group:

	2020	2019
Cost of sold inventory	$ 4,451,827	$ 5,253,776
Devaluation loss (revaluation gain)	10,589	(11,016)
	$ 4,462,416	$ 5,242,760

The Group's rise in net realizable value of inventory in 2019 was due to the market price fluctuation of inventory and was recognized as decrease in cost of sales.

(VI) Investment at equity method

	2020	2019
January 1	$ 1,282,553	$ 1,287,325
Increase in investment at equity method	-	25,000
Refunds from decapitalization of affiliated companies under the equity method	(6,000)	-
Cash dividend distributed by affiliated companies under the equity method	-	(12,185)
Share of other comprehensive income from affiliated companies under the equity method	(6,502)	(2,117)
Share in profit or loss of affiliated companies under equity method	(24,376)	1,232
Exchange difference in the financial statement translation of the foreign operation	(1,617)	(12,060)
Other equity changes (Note 6(16))	(24,932)	(4,642)
December 31	$ 1,219,126	$ 1,282,553

	December 31, 2020	December 31, 2019
Affiliated companies		
Microelectronics Technology Inc. (Microelectronics Technology)	$ 1,198,210	$ 1,260,378
Mega Power Ventures Inc.	20,916	22,175
	$ 1,219,126	$ 1,282,553

1. The basic information about affiliated companies important to the Group is stated as follows:

Company name	Principal business place	Shareholding ratio		Nature of relationship	Measurement method
		December 31, 2020	December 31, 2019		
Microelectronics Technology	Taiwan	26.718%	26.718%	Invested company under the equity method by the Company	Equity method

2. The summarized financial information of affiliated companies important to the Group is stated as follows:

Balance sheet	Microelectronics Technology	
	December 31, 2020	December 31, 2019
Current assets	$ 3,451,306	$ 3,245,272
Non-current assets	1,948,477	1,778,952
Current liabilities	(1,916,050)	(1,778,982)
Non-current liabilities	(1,064,203)	(589,787)
Total net assets	$ 2,419,530	$ 2,655,455
Shares of the affiliates' net assets	$ 646,450	$ 709,484
Goodwill	573,063	573,063
Others	(21,303)	(22,169)
Book value of affiliated companies	$ 1,198,210	$ 1,260,378

	Microelectronics Technology	
	2020	2019
Revenue	$ 3,949,997	$ 5,798,880
Net loss of continuing operations for the year	($ 95,415)	$ 1,684
Other comprehensive income (after tax)	(140,510)	(60,180)
Total comprehensive income for the year	($ 235,925)	($ 58,496)

3. As the affiliated company important to the Group, Microelectronics Technology has open market quotation. Its fair value on December 31, 2020 and 2019 were NTD 2,031,835 and NTD 1,501,801, respectively.

4. The Group holds 26.718% of Microelectronics's shares, which is the single largest shareholder of such company. However, the shareholding does not exceed half of total shares and does not exceed the majority vote of the shareholders present at the meeting. Also, the Group has no control over the financial affairs, operation and personnel guidelines of Microelectronics Technology without any actual guidance of relevant activities. Therefore, it is determined that the Group has no control over such company but only significant impact thereof.

(VII) Property, plant and equipment

	House and buildings		Machinery and equipment		Others		Total
January 1, 2020							
Costs	$	869,507	$	262,754	$	299,100	$ 1,431,361
Accumulated depreciation	(	256,805)	(	230,344)	(	211,975)	(699,124)
	$	612,702	$	32,410	$	87,125	$ 732,237
2020							
January 1	$	612,702	$	32,410	$	87,125	$ 732,237
Increase		1,936		40,750		7,175	49,861
Disposal (cost)		-	(	4,877)	(	5,787)	(10,664)
Disposal (accumulated depreciation)		-		4,616		4,594	9,210
Depreciation expenses	(	26,328)	(	15,943)	(	17,250)	(59,521)
Reclassification (cost)		-		16,358	(	16,756)	(398)
Net exchange differences		-	(	2,176)	(	2,382)	(4,558)
December 31	$	588,310	$	71,138	$	56,719	$ 716,167
December 31, 2020							
Costs	$	871,443	$	238,705	$	262,303	$ 1,372,451
Accumulated depreciation	(	283,133)	(	167,567)	(	205,584)	(656,284)
	$	588,310	$	71,138	$	56,719	$ 716,167

	House and buildings		Machinery and equipment		Others		Total
January 1, 2019							
Costs	$	868,192	$	250,826	$	246,261	$ 1,365,279
Accumulated depreciation	(	230,272)	(	214,576)	(	199,805)	(644,653)
	$	637,920	$	36,250	$	46,456	$ 720,626
2019							
January 1	$	637,920	$	36,250	$	46,456	$ 720,626
Increase		1,315		21,190		60,035	82,540
Disposal (cost)		-	(	2,535)	(	1,225)	(3,760)
Disposal (accumulated depreciation)		-		715		1,225	1,940
Depreciation expenses	(	26,533)	(	23,043)	(	18,912)	(68,488)
Net exchange differences		-	(	167)	(	454)	(621)
December 31	$	612,702	$	32,410	$	87,125	$ 732,237
December 31, 2019							
Costs	$	869,507	$	262,754	$	299,100	$ 1,431,361
Accumulated depreciation	(	256,805)	(	230,344)	(	211,975)	(699,124)
	$	612,702	$	32,410	$	87,125	$ 732,237

The property, plant, and equipment of the Group were not provided as collateral or capitalized interest.

(VIII) Lease transactions – Lessee

1. The underlying assets rented by the Group include the land and the building. The term of lease contract is usually 4 to 20 years. The lease contract adopts individual negotiation and includes various different terms and conditions. Besides the rented assets shall not be

used as loan guarantee, there were no other restrictions.

2. The lease terms of drinking fountain, copy machine and parking space rented by the Group are less than 12 months.
3. The following information is the book value and recognized depreciation expenses of right-of-use assets:

	December 31, 2020		December 31, 2019	
	Book amount		Book amount	
Land	$	257,705	$	275,046
House		320,080		354,362
	$	577,785	$	629,408

	2020		2019	
	Depreciation expenses		Depreciation expenses	
Land	$	17,340	$	17,340
House		35,315		39,270
	$	52,655	$	56,610

4. The increase in right-of-use asset of the Group in 2020 and 2019 were NTD 0 and NTD 61,912, respectively.
5. The following is information regarding the profit or loss items related to lease contracts:

	2020		2019	
Item influencing current profit or loss				
Interest expenses of lease liabilities	$	20,673	$	16,749
Expenses for short-term lease contracts		2,156		4,702
Expenses for lease of low-price assets		207		208
	$	23,036	$	21,659

6. The Group's total cash outflow of lease in 2020 and 2019 were NTD 66,597 and NTD 70,265, respectively.

(IX) Lease transactions – Lessor

1. The underlying assets leased by the Group is the building and the term of lease contract is usually 3 to 7 years. The lease contract adopts individual negotiation and includes various different terms and conditions. To ensure the use condition of the leased assets, it is often required that the lessee shall not use the leased assets for loan guarantee.
2. The Group recognized NTD 55,267 and NTD 46,950 of rent revenue based on the operating lease contract in 2020 and 2019, respectively, and there were no variable lease payments.
3. The maturity analysis of lease payment based on operating lease of the Group is as follows:

	December 31, 2020		December 31, 2019	
Not more than 1 year	$	67,602	$	28,619
More than 1 year but less than 5 years		34,472		12,825
Total	$	102,074	$	41,444

(X) Short-term loans

Nature of loan	December 31, 2020		Interest rate interval	Collateral
Bank loans				
Credit loans	$	688,413	0.80% ~0.90%	None

Nature of loan	December 31, 2019		Interest rate interval	Collateral
Bank loans				
Credit loans	$	392,578	2.24% ~2.58%	None

(XI) Pension

1. (1) The Company has established the regulations for retirement with welfare in accordance with the Labor Standards Act, which is applicable to the years of service for full-time employees before the implementation of the Labor Pension Act on July 1, 2005, and the employees continued to adopt the Labor Standards Act after the "Labor Pension Act" has come into effect. Employees who meet the retirement requirements will be paid the pension based on their years of service and average salary or wage of the last six (6) months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit is accrued for each additional year thereafter, up to a maximum of 45 units. The company contributes 2% of the total salary on a monthly basis to the pension fund and deposit at the special pension account under the title of the Pension Reserve Monitoring Committee Taiwan the Bank of Taiwan. Before the end of the fiscal year, the Company calculates the balance of the said labor pension fund account. If the pension account balance is insufficient to pay for the pension of employees expecting to meet the retirement conditions in the following year, the spread amount shall be deposited by the Company in a lump sum before the end of March in the following year.

   (2) The amount recognized in the balance sheet is stated as follows:

	December 31, 2020		December 31, 2019	
Current values of the ascertained fringe benefit obligations	($	22,598)	($	26,042)
Fair values of the planned assets		61,524		60,433
Net defined benefit assets	$	38,926	$	34,391

(3) Changes in the net defined benefit liabilities are as follows:

	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Net defined benefit assets
2020			
Balance, January 1	($ 26,042)	$ 60,433	$ 34,391
Service cost in the current period	(99)	-	(99)
Interest (expenses) revenue	(195)	453	258
	(26,336)	60,886	34,550
Remeasurement amount:			
Return on plan assets (excluding amount included in interest income or expenses)		2,000	2,000
Effects of changes in financial assumptions	(995)	-	(995)
Adjustment through experience	3,362	-	3,362
	2,367	2,000	4,367
Pension fund paid	1，371	(1,362)	9
Balance, December 31	($ 22,598)	$ 61,524	$ 38,926

	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Net defined benefit assets
2019			
Balance, January 1	($ 24,698)	$ 53,616	$ 28,918
Service cost in the current period	(3,082)	4,717	1,635
Interest (expenses) revenue	(276)	582	306
	(28,056)	58,915	30,859
Remeasurement amount:			
Return on plan assets (excluding amount included in interest income or expenses)		2,065	2,065
Effects of changes in the demographic assumption	4	-	4
Effects of changes in financial assumptions	(779)	-	(779)
Adjustment through experience	2,236	-	2,236
	1,461	2,065	3,526
Pension fund paid	553	(547)	6
Balance, December 31	($ 26,042)	$ 60,433	$ 34,391

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (the scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.) The utilization of the fund is supervised by Supervisory Committee for Labor Pension Reserve. With regard to the utilization of the Fund, its minimum

earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Any deficits thereof shall be made up by the national treasury upon approval of the competent authority. As the Company was not entitled to participate in operation and management of the Fund, it was not impossible for the Company to disclose the classification of fair value of the planned assets in accordance with Paragraph 142 of No. 19 of IAS. For the fair value of the total assets under the fund on December 31, 2019 and 2020, please refer to the labor pension fund utilization report published by the government each year.

(5) Actuarial hypotheses about pension are summarized as follows:

	2020	2019
Discount rate	0.35%	0.75%
Future raise rate	3.00%	3.00%

The hypotheses of future mortality rate are estimated based on the statistics published by each country and experience.

Due to the change in principal actuarial assumptions adopted, the affected present value of the defined benefit obligation is as follows:

	Discount rate		Future raise rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	($ 637)	$ 661	$ 642	($ 622)
December 31, 2019				
Effect on present value of defined benefit obligation	($ 779)	$ 810	$ 790	($ 764)

Said analysis of sensitivity refers to the analysis of the effect produced by any change of single hypothesis under the circumstance that the other hypotheses remain unchanged. In practice, a lot of changes in hypotheses might be linked with each other. The analysis of sensitivity adopted the same method used for calculation of net pension liability on the balance sheet.

The methods and hypotheses used by the analysis of sensitivity prepared in the current period are identical with those used in the previous period.

(6) The Group schedules to contribute NTD 0 to the pension plan in 2021.

(7) Until December 31, 2020, the weighted average duration of the pension plan has been 11 years. The maturity analysis on pension contribution is as follows:

Less than 1 year	$ 169
1–2 years	1,011
2–5 years	1,696
Over 5 years	20,414
	$ 23,290

2. (1) As of July 1, 2005, the Company and its domestic subsidiaries instituted the defined contribution pension plan according to the Labor Pension Act applicable to the native employees. The Company and its domestic subsidiaries shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau, with respect to the labor pension system under the Labor Pension Act chosen by employees. Retired employees may claim for pension disbursement in accordance

with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum.

(2) Hongdaofu and Fuhongkang contributes specific ratio of the local employees' total salary as the fund of endowment insurance on a monthly basis according to the endowment insurance system regulated by the government of People's Republic of China. The contribution ratio was 14% in 2019 and 2020. The pension of each employee is arranged by the government. Except for the contribution of fund on a monthly basis, the Group shall bear no other obligations.

(3) The principal of the pension cost recognized by the Group according to the said pension regulations were NTD 11,145 and NTD 31,340 in 2020 and 2019, respectively.

(XII) Liability reserve

	Warranty	
	2020	2019
Balance, January 1	$ 42,848	$ 48,268
Increase in liability reserve in current period	6,971	17,016
Used liability reserve in current period	(12,688)	(22,436)
Balance, December 31	$ 37,131	$ 42,848

The analysis of liability reserve is as follows:

	December 31, 2020	December 31, 2019
Current	$ 19,978	$ 22,573
Non-current	$ 17,153	$ 20,275

The Group's reserve for warranty liabilities is estimated according to the historical warranty information of such product to estimate possible after-sale service in the future. The warranty liabilities of the Group estimated to be used in 2021 and 2022 are NTD 19,978 and NTD 17,153 respectively.

(XIII) Capital stock

As of December 31, 2020, the Company's authorized capital was NTD 3,630,000 which was divided into 363,000 thousand shares (including 14,000 thousand shares exercisable under employee stock options). The paid-in capital was NTD 3,286,054 at NTD 10 per share. All shares issued by the Company were paid in full.

(XIV) Capital reserves

According to the Company Act, for the capital reserves including shares issued at premium excessing the par value and the gains in the form of gifts, besides covering losses, the Company shall distribute the capital reserve by issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders when the Company incurs no loss. In addition, according to relevant regulation of Securities and Exchange Act, the capital surplus mentioned above that can be capitalized annually shall not exceed 10% of the total paid-in capital. When the reserve is insufficient to cover the capital losses, the Company shall not use capital reserve for offset.

	2020				
	Stock premium	Changes in net worth of equity of affiliated companies and joint ventures recognized unde equity method	New restricted employee shares	Others	Total
January 1 (December 31)	$ 484,632	$ 43,221	$ 41,310	$ 8,968	$ 578,131

	2019				
	Stock premium	Changes in net worth of equity of affiliated companies and joint ventures recognized unde equity method	New restricted employee shares	Others	Total
January 1 (December 31)	$ 484,632	$ 43,221	$ 41,310	$ 8,968	$ 578,131

(XV) Retained earnings

1. If the Company has profit at the year's final accounting, it shall first be used to pay the income tax and make up any cumulative losses in accordance with laws, and 10% of the balance shall be appropriated as legal reserve, unless the existing legal reserve reaches the amount of the Company's paid-in capital. The rest of the balance shall be used for provision/reversal of special reserves pursuant to laws. The residual balance, if any, shall be added to cumulative undistributed earnings. The Board of Directors shall draft a motion for allocation of the residual balance plus the undistributed earnings.
2. The dividend policy of the Company is as follows: The Company is now in the growth stage and will develop and expand in line with our business. The distribution of earnings shall consider the Company's capital expense budget and needs in the future and the board of directors shall propose a motion for the distribution and submit to the shareholders' meeting for approval before distribution. However, the dividends for the shareholders in the dividends distributed in current year shall not exceed two-thirds of the distributed dividends.
3. The legal reserve shall not be used unless for covering losses or issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders. The new shares or cash allocated shall be no more than 25% of the paid-in capital.
4. Pursuant to laws, when allocating earnings, the Company shall provide the special reserve from the credit balance under other equities on the balance sheet date in current year and then may allocate the earnings. Where the credit balance under other equities is reversed, the reversed amount may be included into the allocable earnings.
5. The 2018 and 2019 earnings distribution proposals of the Company approved at the regular shareholders' meeting held separately on June 24, 2020 and June 21, 2019 are stated as follows:

	2019		2018	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Allocated legal reserve	$ 6,924		$ 16,660	
Allocated special reserve	58,495		64,388	
Distributed cash dividends for shareholders	49,291	0.15	131,442	0.40
Total	$ 114,710		$ 212,490	

6. As of March 25, 2021, the board of directors had not approved the proposal of 2020 earnings distribution.

(XVI) Other items of interest

	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Total
January 1, 2020	($ 10,294)	($ 116,208)	($ 126,502)
Valuation adjustment	(3,207)	-	(3,207)
Tax of valuation adjustment	4,085	-	4,085
Valuation adjustment transferred to retained earnings	(27,948)	-	(27,948)
Valuation adjustment – Affiliated companies	(24,932)	-	(24,932)
Valuation adjustment transferred to retained earnings – Affiliated companies	(316)	-	(316)
Currency translation differences:			
- Group	-	(9,318)	(9,318)
- Group's tax	-	1,864	1,864
- Affiliated companies	-	(1,617)	(1,617)
December 31, 2020	($ 62,612)	($ 125,279)	($ 187,891)
January 1, 2019	($ 12,393)	($ 55,614)	($ 68,007)
Valuation adjustment	21,643	-	21,643
Tax of valuation adjustment	2,281	-	2,281
Valuation adjustment transferred to retained earnings	(16,410)	-	(16,410)
Valuation adjustment – Affiliated companies	(4,642)	-	(4,642)
Valuation adjustment transferred to retained earnings – Affiliated companies	(773)	-	(773)
Currency translation differences:			
- Group	-	(60,667)	(60,667)
- Group's tax	-	12,133	12,133
- Affiliated companies	-	(12,060)	(12,060)
December 31, 2019	($ 10,294)	($ 116,208)	($ 126,502)

(XVII) Operating revenue

	2020	2019
Revenue from customer contracts	$ 4,834,151	$ 5,707,963

1. Details of revenue from customer contracts

The revenue of the Group is mainly from providing products transferred in certain timing and the revenue can be classified by the following main product lines:

2020	Communication product	Other departments	Total
Revenue from external customer contracts	$ 4,631,172	$ 202,979	$ 4,834,151

2019	Communication product	Others	Total
Revenue from external customer contracts	$ 5,417,897	$ 290,066	$ 5,707,963

2. Contract liabilities
   (1) The Group's balance of contract liabilities – advance sale receipts related to revenue from customer contract recognized on December 31, 2020, December 31, 2019 and January 1, 2019 were NTD 53,483, NTD 38,481 and NTD 35,468, respectively.
   (2) Contract liabilities at the beginning recognized in the revenue in current period

	2020	2019
Balance of the contract liabilities at the beginning recognized in the revenue in current period	$ 8,614	$ 14,335

(XVIII) Interest revenue

	2020	2019
Bank deposit interest	$ 30,161	$ 43,234

(XIX) Other revenue

	2020	2019
Revenue from government subsidy	$ 27,799	$ 8,349
Rental revenue	55,267	46,950
Dividend revenue	9,814	2,919
Miscellaneous income	16,460	18,610
Total	$ 109,340	$ 76,828

Because the Company is applicable to the salary and operating fund subsidies of businesses in difficulty due to the impact of COVID-19 on manufacturing and technical services by the Ministry of Economic Affairs as well as the policy of assisting enterprises in job stabilization due to the impact of COVID-19 by Chongqing City Finance Bureau, the revenue from government subsidy recognized in 2020 was NTD 20,944.

(XX) Other gains and losses

	2020	2019
Gains on disposal of property, plant and equipment	$ 1,699	$ 655
Lease modification profit	-	2,541
Foreign currency exchange gain, net	(24,145)	(53,201)
Net profit of financial assets measured at fair value through profit or loss	-	417
Miscellaneous expenses – depreciation expenses	(17,977)	(19,267)
Miscellaneous expenses – interest expenses	(2,555)	(2,496)
Miscellaneous expenses	(3,140)	(3,519)
	($ 46,118)	($ 74,870)

(XXI) Financial Costs

	2020		2019	
Interest expenses:				
Bank loans	$	6,583	$	1,008
Lease liabilities		18,118		14,253
	$	24,701	$	15,261

(XXII) Additional Information on the Nature of Expense

	2020		2019	
Employee benefit expenses	$	423,355	$	519,811
Property, plant and equipment				
Depreciation expenses		48,870		56,944
Depreciation expenses of right-of-use assets		45,329		48,887
Amortization expense of intangible assets		1,226		1,785
	$	518,780	$	627,427

(XXIII) Employee benefit expenses

	2020		2019	
Salary expenses	$	367,305	$	418,311
Expenses for labor and health insurance		26,537		33,094
Pension expenses		10,986		29,399
Other employment expenses		18,527		39,007
	$	423,355	$	519,811

1. According to the Articles of Incorporation, if there is profit after annual closing, the Company shall allocate 7%–9% thereof as the remuneration to employees. However, earnings must first be used to offset cumulative losses, if any, before being distributed to the employees and directors as their remuneration at the percentage.
2. The Company estimated the remuneration to employees was NTD 1,249 and NTD 6,186 in 2020 and 2019, respectively. Said values were stated into salary expenses.

   According to the earnings gained in 2020, the estimated remuneration to employees was 8% and the actual distributed amount resolved by the board of directors was NTD 1,249, which will be distributed in cash.

   The difference between the employee remuneration in 2019 approved by the board of directors and the employee remuneration of NTD 6,186 recognized in the 2018 financial report was NTD 6, which has been adjusted in the profit or loss in 2020.
3. Please refer to the “Market Observation Post System” for information related to the remuneration to employees, directors, and supervisors of the Company approved by the board of directors and resolved by a shareholders’ meeting.

(XXIV) Income Tax

1. Income tax expenses

(1) Income tax expense consisting of:

	2020		2019	
Income tax in the current period:				
Income tax generated from the current income	$	34,960	$	22,080
Additional tax levied on the undistributed earnings		553		475
Underestimated (overestimated) income tax in previous year	(	15,681)		2,418
Total income tax in the current period		19,832		24,973
Deferred income tax:				
Initial occurrence and reversal of temporary difference	(	24,583)	(	11,006)
Total deferred income tax	(	24,583)	(	11,006)
Income tax (benefits) expenses	($	4,751)	$	13,967

(2) Income tax related to other comprehensive income:

	2020		2019	
Changes in fair value of financial assets changed by fair value through other comprehensive income	$	4,085	$	2,281
Remeasurement of defined benefit obligation	(	873)	(	705)
Exchange differences on the translation of the foreign operation		1,864		12,133
	$	5,076	$	13,709

2. Relation between income tax and accounting profit:

	2020		2019	
Income tax calculated based on net profit before tax at the statutory tax rate	$	7,896	$	11,082
Excluded expenses by the tax laws		6,316		839
Exemption by the tax laws	(	4,365)	(	847)
Realizable evaluation changes of deferred income tax assets		530		-
Underestimated (overestimated) income tax in previous year	(	15,681)		2,418
Additional tax levied on the undistributed earnings		553		475
Income tax (benefits) expenses	($	4,751)	$	13,967

3. The amount of deferred income tax assets and liabilities due to temporary difference are shown in the following:

	2020				
	January 1	Recognized into profit and/or loss	Recognized in other comprehensive net profit	Exchange difference	December 31
Temporary difference:					
- Deferred income tax assets:					
Loss on inventory valuation	$ 6,039	$ 1,149	$ -	$ 108	$ 7,296
Warranty reserve	8,570	(1,144)	-	-	7,426
Refund liabilities	1,900	(1,528)	-	-	372
Bonus payable for unused vacation	1,525	-	-	6	1,531
Pension fund payable	666	(32)	-	-	634
Exchange differences on the translation of the foreign operation	22,100	-	1,864	-	23,964
Unrealized exchange loss	8,642	(2,667)	-	-	5,975
Net lease liabilities	530	(530)	-	-	-
Subtotal	$ 49,972	($ 4,752)	$ 1,864	$ 114	$ 47,198
- Deferred income tax liabilities:					
Foreign investment at equity method	($ 71,513)	$ 29,335	$ -	$ -	($42,178)
Remeasurement of defined benefit plan	(4,074)	-	(873)	-	(4,947)
Gain from financial assets valuation at fair value through other comprehensive income	(6,898)	-	4,085	-	(2,813)
Subtotal	($ 82,485)	$ 29,335	$ 3,212	$ -	($ 49,938)
Total	($ 32,513)	$ 24,583	$ 5,076	$ 114	($ 2,740)

	2019				
	January 1	Recognized into profit and/or loss	Recognized in other comprehensive net profit	Exchange difference	December 31
Temporary difference:					
- Deferred income tax assets:					
Loss on inventory valuation	$ 9,966	($ 3,733)	$ -	($ 194)	$ 6,039
Warranty reserve	9,654	(1,084)	-	-	8,570
Refund liabilities	2,400	(500)	-	-	1,900
Bonus payable for unused vacation	1,186	353	-	(14)	1,525
Pension fund payable	1,054	(388)	-	-	666
Exchange differences on the translation of the foreign operation	9,967	-	12,133	-	22,100
Unrealized exchange loss	573	8,164	-	(95)	8,642
Net lease liabilities	-	530	-	-	530
Subtotal	$ 34,800	$ 3,342	$ 12,133	($ 303)	$ 49,972
- Deferred income tax liabilities:					
Foreign investment at equity method	($ 79,103)	$ 7,590	$ -	$ -	($71,513)
Remeasurement of defined benefit plan	(3,369)	-	(705)	-	(4,074)
Gain from financial assets valuation at fair value through profit or loss	(74)	74	-	-	-
Gain from financial assets valuation at fair value through other comprehensive income	(9,179)	-	2,281	-	(6,898)
Subtotal	($ 91,725)	$ 7,664	$ 1,576	$ -	($ 82,485)
Total	($ 56,925)	$ 11,006	$ 13,709	($ 303)	($ 32,513)

4. The Company's profit-seeking business income tax have been certified by the tax authority up until 2018.

(XXV) Earnings (losses) per share

	2020		
	After-tax income	Weighted average outstanding shares (thousand shares)	Losses per share (NTD)
Basic earnings per share:			
Net profit attributable to the parent company's common stock shareholders	$ 23,575	328,605	$ 0.07
Diluted earnings per share			
Net profit attributable to the parent company's common stock shareholders	$ 23,575	328,605	
Impacts of dilutive potential common shares on employee remuneration	-	193	
Impacts of net profit attributable to the parent company's common stock shareholders plus potential common stocks	$ 23,575	328,798	$ 0.07

	2019		
	After-tax income	Weighted average outstanding shares (thousand shares)	Earnings per share (NTD)
Basic earnings per share:			
Net profit attributable to the parent company's common stock shareholders	$ 51,352	328,605	$ 0.16
Diluted earnings per share			
Net profit attributable to the parent company's common stock shareholders	$ 51,352	328,605	
Impacts of dilutive potential common shares on employee remuneration	-	629	
Impacts of net profit attributable to the parent company's common stock shareholders plus potential common stocks	$ 51,352	329,234	$ 0.16

(XXVI) Supplementary information on cash flow

Investment activities and financing activities that do not affect cash flow:

	2020	2019
Exchange difference in the financial statement translation of the foreign operation	($ 9,071)	($ 60,594)
Unrealized losses of financial assets measured at fair value through other comprehensive income	($ 24,054)	$ 19,282

(XXVII) Changes in liabilities from financing activities

	Lease liabilities			
	2020		2019	
January 1	$	634,639	$	681,701
Changes in cash flow from financing activities	(	43,561)	(	48,606)
Impact of changes in exchange rate		998	(	10,654)
Other non-cash changes		-		12,198
December 31	$	592,076	$	634,639

Besides lease liabilities, the Group's changes in liabilities from financing activities in 2020 and 2019 were changes in cash flow from financing without any non-cash changes. Please refer to the consolidated statement of cash flow.

VII. Transactions of the Related Party

(I) Name of the related party and relationship

Name of the related party	Relationship with the Group
TSE-TSAN CHEN	Key management of the Group
Microelectronics Technology Inc. and its subsidiaries	Affiliated companies
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Groups that have significant impact on the Group
FOXCONN Technology Co., Ltd. and its subsidiaries	Other related parties
Fitipower Integrated Technology Inc.	〃
Innolux Corporation and its subsidiaries	〃
Garuda Technology Co., Ltd. and its subsidiaries	〃
Pan-International Industrial Corp.	〃

(II) Significant transactions with the related party

1. Operating revenue

	2020		2019	
Sale of goods:				
Groups that have significant impact on the Group				
-Belkin	$	1,577,001	$	859,817
-Cloud Network		698,039		133,078
- Others		105,159		162,766
Affiliated companies		-		17,540
Total	$	2,380,199	$	1,173,201

The Group's unit sales price of partial goods for the related party is equivalent to the general customer's price while partial goods are not sold to the customer. Thus, the sales prices are incomparable. The mode of collection adopts NET20 days and the collection period is O/A 120 days. The mode of collection for general customer is O/A 60 days.

2. Purchase

	2020	2019
Purchase of commodities:		
Affiliated companies		
- Microelectronics Technology and its subsidiaries	$ 201,698	$ 391,886
Groups that have significant impact on the Group		
-Cloud Network	99,186	34,298
- Foxconn Interconnect Technology Limited	93,183	39,691
- Others	58,097	17,755
Other related parties		
- Garuda Technology and its subsidiaries	43,171	68,457
- Others	15,394	26,601
Total	$ 510,729	$ 578,688

The Group's unit purchase price of partial goods for the related party is equivalent to the general vendor's price while partial unit purchase price has no other vendor's price for comparison. The mode of collection adopts NET30 days and the collection period is O/A 120 days. The mode of collection for general vendors is O/A 60 days.

3. Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable – the related party		
Groups that have significant impact on the Group		
-Belkin	$ 574,245	$ 184,756
- Others	66,436	19,541
Total	$ 640,681	$ 204,297

4. Other accounts receivable

	December 31, 2020	December 31, 2019
Other receivables – the related party		
Groups that have significant impact on the Group		
- Hon Hai and its subsidiaries	$ 986	$ 2,758
Affiliated companies		
- Microelectronics Technology and its subsidiaries	28,314	1,440
Other related parties	-	729
Total	$ 29,300	$ 4,927

Other receivables from the related party mainly are the purchase amount on behalf of the related party.

5. Accounts payable

	December 31, 2020	December 31, 2019
Accounts payable – the related party		
Groups that have significant impact on the Group		
-Cloud Network	$ -	$ 21,934
- Foxconn Interconnect Technology Limited	10,703	8,944
- Others	19,731	4,844
Affiliated companies		
- Microelectronics Technology and its subsidiaries	23,410	70,240
Other related parties		
- Garuda Technology and its subsidiaries	8,997	19,511
- Others	3,587	4,728
Total	$ 66,428	$ 130,201

6. Other payables

	December 31, 2020	December 31, 2019
Other payables – the related party		
Groups that have significant impact on the Group		
-Belkin	$ 7,141	$ -
- Others	13,752	17,934
Affiliated companies		
- Microelectronics Technology and its subsidiaries	798	4,384
Other related parties		
- Others	668	4,061
Total	$ 22,359	$ 26,379

Other payables to the related party mainly are payables of processing fee, labor service fee and freight.

7. Lease transactions – Lessee

(1) The Group rented buildings from FOXCONN Technology Co., Ltd. The tern of lease contract is 10 years and the rent is paid at the end of each month.

(2) Acquisition for right-of-use assets
The right-of-use assets if the Group increased NTD 4,120 due to the adoption of IFRS 16 on January 1, 2019.

(3) Lease liabilities

A. Ending balance:

	December 31, 2020	December 31, 2019
Other related parties	$ 2,101	$ 3,121

B. Interest expenses:

	2020	2019
Other related parties	$ 63	$ 83

8. Processing expenses

	2020	2019
Groups that have significant impact on the Group	$ 10,363	$ 12,108

9. Labor service fee

	2020	2019
Groups that have significant impact on the Group	$ 2,281	$ 271

10. Freight costs

	2020	2019
Groups that have significant impact on the Group	$ 9,325	$ 22,451

11. Property transaction

Acquisition of property, plant, and equipment

	2020	2019
Purchase of property, plant and equipment:		
Groups that have significant impact on the Group	$ -	$ 2,013

12. Rental revenue

	2020	2019
Groups that have significant impact on the Group		
- Hon Hai and its subsidiaries	$ 9,682	$ 4,457
Affiliated companies		
- Microelectronics Technology and its subsidiaries	45,261	29,315
Total	$ 54,943	$ 33,772

The Group leased property, plant and equipment to the related party in 2020 and 2019. The rent price per square meter has no significant difference with those of the non-related party. The rent is collected every quarter.

13. Other transactions

The related party TSE-TSAN CHEN served as the joint guarantor and joint writer of guaranteeing invoice for the loan from financial institutions by the Group in 2020 and 2019.

(III) Information on the remuneration to the key management:

	2020	2019
Short-term employee benefits	$ 11,460	$ 13,003
Benefits after severance/retirement	403	451
Total	$ 11,863	$ 13,454

VIII. Pledged Assets

The details of the Group's assets provided as collateral are as follows:

	Book value		
Asset item	December 31, 2020	December 31, 2019	Purpose of collateral
Time deposit (listed financial assets measured at amortized cost – current)	$ 875	$ -	Guarantees for customs duties
Time deposit (listed financial assets measured at amortized cost – non-current)	21,073	21,498	Guarantee deposits of superficies, guarantees for customs duties
Total	$ 21,948	$ 21,498	

IX. Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts

(I) Contingency

None.

(II) Commitments

None.

X. Losses Due to Major Disasters

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The Group's capital management objective is intended to protect the Group's continued operation and maintain optimal capital structure to reduce capital cost and provide remuneration to the shareholder. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce liabilities.

(II) Financial instruments

1. Categories of financial instruments

	December 31, 2020		December 31, 2019	
Financial assets				
Equity instrument investment specified by financial assets measured at fair value through other comprehensive income	$	38,311	$	72,462
Financial assets measured at amortized cost		4,681，353		4,301,742
	$	4,719,664	$	4,374,204
Financial liabilities				
Financial liabilities measured at amortized cost	$	1,770,374	$	1,547,597
Lease liabilities		592,076		634,639
	$	2,362,450	$	2,182,236

Note: The financial assets carried at amortized cost including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivables (including the related party), other receivables and guaranteed deposits paid; the financial liabilities measured at amortized cost include the short-term loans, accounts payable (including the related party), other payables (including the related party) and deposits received.

2. Risk management policy

(1) Various financial risks have impact on the daily operation of the Group, including the market risk (including the exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. To reduce adverse impact of uncertainty on the Group's financial performance, the Group used forward exchange contracts to hedge the risk of exchange rate. The derivative tools used by the Group is for hedging purpose instead of trading or speculation.

(2) The risk management work is executed by the Group's financial department based on the policy approved by the board of directors. The Group's financial department is responsible for identifying, evaluating and hedging financial risks by the close cooperation with each business unit in the Group. The board of directors has established written principles for the overall risk management while providing written policy for certain scope and matters, such as exchange rate risk, interest rate risk, credit risk, utilization of the financial and non-financial instruments and the investment principles of remained current funds.

3. Nature and degree of important financial risk

(1) Market risk

Exchange rate risk

A. The Group is a multinational corporation. Therefore, the exchange rate risk resulted from transactions with functional currency relatively different from the Company and its subsidiaries mainly involve USD and RMB. Related exchange rate risks come from the future commercial transactions and recognized assets and liabilities.

B. The management of the Group has established policy that regulates the management of the exchange rate risk which is relative to the functional currency of the Companies in the Group. Each Company shall adopt hedging policy against the overall exchange rate risk via the Group's financial department. The exchange rate risk is measured by the expected transactions with high possibility to generate USD and RMB expenses which adopt forward exchange contract to reduce impact of exchange rate fluctuation on the expected purchase inventory cost.

C. The Group's business lines involved some non-functional currencies (the functional currency of the Company and some of its subsidiaries was NTD, and that of some subsidiaries is RMB). Therefore, the Company would be subject to the effect produced by fluctuation in foreign exchange rate. The information about assets and liabilities denominated in foreign currency exposed to significant effect produced by fluctuation in foreign exchange rate is stated as follows:

	December 31, 2020					
				Sensitivity analysis		
	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 52,487	28.480	$1,494,830	1%	$11,843	$ 116
RMB : NTD	2,119	4.377	9,275	1%	74	-
USD : RMB	16,476	6.507	469,236	1%	3,754	-
USD : VND	408	25,657.658	11,620	1%	93	-
Financial liabilities						
Monetary items						
USD : NTD	60,980	28.480	1,736,710	1%	13,894	-

	December 31, 2019					
				Sensitivity analysis		
	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 49,678	29.980	$1,489,346	1%	$11,629	$ 286
RMB : NTD	85,397	4.305	367,634	1%	2,941	-
USD : RMB	2,541	6.964	76,179	1%	609	-
USD : VND	2,896	25,623.932	86,822	1%	695	-
Financial liabilities						
Monetary items						
USD : NTD	61,577	29.980	1,846,078	1%	14,769	-

D. The Group's total amount of all exchange loss (including the realized and unrealized) from monetary items due to significant impact of exchange rate fluctuation were NTD 24,145 and NTD 53,201 in 2020 and 2019, respectively.

<u>Price risk</u>

A. The Group's equity instruments exposed to price risk are the holding financial assets measured at the fair value through profit or loss and financial assets measured at the fair value through other comprehensive income. To manage the price risk of the equity instrument investment, the Group separated the investment portfolio and the separation method is based on the limited amount set by the Group.

B. The Group mainly invested in the equity instruments issued at home and abroad and the price of such equity instrument is affected by the uncertainty of the investment's future value. If the price of the equity instrument increase or decrease by 1% and all other factors remain unchanged, the other comprehensive income in 2020 and 2019 will increase or decrease by NTD

383 and NTD 725 as a result of the profit or loss in equity instrument measured at fair value through other comprehensive income.

(2) Credit risk

A. The Group's credit risk is the risk of financial loss that would be incurred by the Group if its customers or financial instrument trading counterparty fail to perform the contracts. This is mainly due to the trading counterparty cannot pay the accounts payable based on the payment conditions and the contractual cash flows of debt instrument investment classified as measured at amortized cost and fair value through profit or loss.

B. The Group established the credit risk management in the Group's aspect. For trading banks and financial institutes, only those with good credit can be accepted as trading counterparties. According to the loan policy expressly defined internally, each business department within the Group shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers' credit quality by taking into consideration the customers' financial position, and past experience and other factors. The individual risk limit is set by the board of directors according to the internal or external ratings. The management will also control the periodic draw down of credit limits.

C. The Group adopts IFRS 9 for presumption that when the contract payment past due for over 90 days based on the agreed payment terms, the Group takes it as a default of the contract.

D. The following presumption provided by the Group adopts IFRS 9 as the basis to determine whether the credit risk of financial instrument increases significantly after the initial recognition:

(A) When the contract payment past due for over 30 days based on the agreed payment terms, it is determined that the credit risk of financial instrument increased significantly after the initial recognition.

(B) For bond investment traded in Taipei Exchange, those financial assets with investment grading rated by any external credit rating agency on balance sheet date are considered with low credit risk.

E. The Group's indexes used to determine the debt instrument as credit impairment are as follows:

(A) Issuer has major financial difficulty or likely to wind up or proceed with other financial reorganizations;

(B) The active market of financial assets might extinguish due to financial difficulty of the issuer;

(C) Overdue or non-performance of interest or principal payment by the issuer;

(D) National or regional adverse economic changes related to the default of issuer.

F. The Group classified the customer's notes and accounts receivable based on customer rating and the characteristics of customer and used the reserve matrix as the basis with simplified approach to estimate the expected credit losses.

G. The Group offsets the amount of recoverable financial assets which cannot be reasonably expected after the recourse procedure. However, the Group will continue the legal recourse procedure to protect the creditor's right. As of December 31, 2020 and 2019, the Group does not have creditor's right which was written off with means of recourse.

H. The Group adopted the business indicators of National Development Council for the future forward-looking considerations to adjust the established loss ratio based on certain period of history and current information to estimate the allowance loss of the notes and accounts (including the related parties) receivable. The reserve matrix on December 31, 2020 and 2019 are as follows:

	Undue	Overdue 1 – 90 days	Overdue 91 – 180 days	Overdue 181 – 365 days	Overdue more than 365 days	Total
December 31, 2020						
Expected loss ratio	0.36%	5.69%	8.20%	15.70%	100.00%	
Total book value	$1,341,771	$ 1,294	$ 3,719	$ -	$ -	$1,346,784
Allowance loss	8,503	74	305	-	-	8,882

	Undue	Overdue 1 – 90 days	Overdue 91 – 180 days	Overdue more than 181 days	Overdue more than 365 days	Total
December 31, 2019						
Expected loss ratio	0.52%	0.64%	2.50%	7.50%	100.00%	
Total book value	$1,486,983	$ 4,929	$ 45	$ -	$ -	$1,491,957
Allowance loss	8,031	2	-	-	-	8,033

I. The aging analysis of accounts receivable (including the related party) is as follows:

	December 31, 2020	December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable
Undue	$ 1,341,771	$ 4,873	$ 1,482,110
Within 90 days	1,294	-	4,929
91 – 180 days	3,719	-	45
18 – 365 days	-	-	-
365 days and above	-	-	-
	$ 1,346,784	$ 4,873	$ 1,487,084

The aging analysis stated above was based on the number of overdue days.

J. The Group's statement of changes in the allowance loss for accounts receivable using the simplified approach is as follows:

	2020
	Accounts receivable (including the related party)
January 1	$ 8,033
Impairment loss recognized	849
December 31	$ 8,882

	2019
	Accounts receivable (including the related party)
January 1	$ 5,154
Impairment loss recognized	2,879
December 31	$ 8,033

(3) Liquidity risk

A. The cash flow forecast is executed by each business department in the Group and summarized by the Group's finance department. The finance department of the Group supervises the forecast of the Group's current fund demand to ensure there are sufficient fund to support the operating needs.

B. The following table refers to the non-derivative financial liabilities and grouped subject to the relevant expiry dates. The non-derivative financial liabilities are analyzed based on the residual period from the date of balance sheet until the expiry date. The contractual cash flow amount disclosed in the following statement is the undiscounted amount.

Non-derivative financial liabilities				
December 31, 2020	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Deposit received	$ 1,284	$ 1,972	$ 719	$ 456
Lease liabilities	64,000	61,594	182,719	403,411
	$ 65,284	$ 63,566	$ 183,438	$ 403,867

Non-derivative financial liabilities				
December 31, 2019	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Deposit received	$ 3,679	$ 745	$ 1,972	$ 456
Lease liabilities	66,053	66,053	187,952	474,995
	$ 69,732	$ 66,798	$ 189,924	$ 475,451

Except for those specified above, the non-derivative financial liabilities of the Group will expire within the coming year.

(III) Fair value information

1. The levels of the valuation technique adopted to measure the fair value of the financial and non-financial instruments are defined as follows:

   Level 1: The quotation of the same asset or liability in an active market on the measurement date acquired by the enterprise (before adjustment). The active market means the market in which there are frequent and large volumes of transactions to provide the information about pricing on an ongoing basis. The fair value of TPEx-listed share invested by the Group belongs to this level.

   Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of derivatives invested by the Group belongs to this level.

   Level 3: Inputs for the asset or liability that are not based on.

2. The following is the analysis regarding the Group's classification of the financial instruments measured at fair value based on the nature, characteristics and risks of the assets and liabilities as well as the levels of fair value:

December 31, 2020	Level 1	Level 2	Level 3	Total
Recurring fair value assets:				
Equity security of financial assets measured at fair value through other comprehensive income	$ 14,448	$ -	$ 23,863	$ 38,311

December 31, 2019	Level 1	Level 2	Level 3	Total
Recurring fair value assets:				
Equity security of financial assets measured at fair value through other comprehensive income	$ 35,768	$ -	$ 36,694	$ 72,462

3. The methods and assumptions used by the Group to measure fair value is as follows:

   (1) The Group's fair value inputs (i.e. Level 1) adopting the quoted market price are listed in the following based on the characteristics of the instruments:

	TWSE/TPEx listed stocks
Quoted market price	Closing price

(2) Except for the financial instrument in the active market, the fair value of other financial instruments is based on the evaluation technology or the quotation of the counterparty. The fair value acquired through the evaluation technology can take reference from other substantial conditions and similar financial instruments' current fair value and discounted cash flow method or other evaluation technology, including the market information that can be acquired on the date of preparing the consolidated balance sheet. The information is then used on a calculation model (such as yield curve referred by Taipei Exchange and the average quotation of Reuters commercial paper rate).

(3) When evaluating unstandardized financial instruments with low complexity such as debt instrument without active market, interest rate swap contract, exchange swap contract and options, the Group adopts evaluation technology widely used in the market participants. The parameters used by the evaluation model of such financial instruments usually are information observable in the market.

(4) The Group includes the credit valuation adjustment in the consideration for the fair value calculation of financial and non-financial instruments to reflect the credit risk of the trading counterparty and the credit quality of the Group, respectively.

4. There was no transfer between level 1 and level 2 in 2019 and 2020.

5. The following statement is the changes in level 3 in 2019 and 2020:

	Equity	Instruments
	2020	2019
January 1	$ 36,694	$ 40,833
Refunds from decapitalization of invested equity instrument at fair value through other comprehensive income	-	(19,740)
Profit or loss recognized under other comprehensive income	(10,731)	16,637
Foreign exchange rate effect	(2,100)	(1,036)
December 31	$ 23,863	$ 36,694

6. There was no transfer-in and transfer-out from level 3 in 2019 and 2020.

7. For the Group's evaluation process for fair value classified as level 3, the finance department is responsible to conduct the independent fair value validation of the financial instrument. The department confirms the reasonableness of the evaluation result by making the evaluation result closer to the market status with information from independent sources, confirming the information source is independent, reliable and consistent with other resources and represents executable price, regularly calibrating evaluation model, conducting roll-back test, updating required input value and data as well as other necessary fair value adjustment for evaluation model.

8. For the evaluation model used by the measurement item of level 3 fair value, the quantitative information of unobservable major input and sensitivity analysis for the changes in unobservable major input are as follows:

	Fair value on December 31, 2020	Evaluation technology	Unobservable major input	Relationship between input and fair value
Non-derivative equity instruments:				
Stocks of venture capital companies	$ 23,863	Net asset value method	N/A	N/A

	Fair value on December 31, 2019	Evaluation technology	Unobservable major input	Relationship between input and fair value
Non-derivative equity instruments:				
Stocks of venture capital companies	$ 36,694	Net asset value method	N/A	N/A

XIII. Noted Disclosures

(I) Information related to material transactions

1. Loans to others: None.
2. Endorsement/guarantee made for others: Table 1.
3. Marketable securities held at year-end (excluding investments in subsidiaries, affiliated companies, and joint venture): Please refer to Attachment II.
4. Accumulated amount of the same marketable security purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: None.
5. Amount on acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital: None.
6. Amount on disposal of property reaching NTD 300 million or more than 20% of the paid-in capital: None.
7. Purchase/sale amount of transactions with the related party reaching NTD 100 million or more than 20% of the paid-in capital: Please refer to Attachment III.
8. Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital: Please refer to Attachment IV.
9. Engagement in derivatives trading: None.
10. Business relationship and major transactions between parent company and subsidiaries and among subsidiaries and amounts: Please refer to Attachment V.

(II) Information related to reinvested enterprises

Information related to the invested company, such as names and locations, etc. (excluding the invested company in China): Please refer to Attachment VI.

(III) Information about investment in Mainland China

1. Basic information: Please refer to Attachment VII.
2. Major transactions with the invested company in China either directly or indirectly with

occurrence through third regions: Please refer to Attachment VIII.

(IV) Major Shareholder information

Major Shareholder information: None.

XIV. Business Segment Information

(I) General information

The Company only engages in one industry and the Group's operating decision maker, the board of directors, adopts the overall group financial statements to evaluate performance and distribute resources. Therefore, the Company is identified to be single reportable segment.

(II) Segment Information Measurement

The Group is a single reportable segment. The Group's operating decision maker, the board of directors, adopts profit after tax in the financial statements for measurement and as the basis of performance evaluation. Therefore, the business segment information is consistent with the information of main financial statements.

(III) Information by product type and labor service:

The Group manufactures and sells broadband network security router and wireless LAN products. The Group belongs to one industry since its product feature and manufacturing process are similar while the market and sales methods are the same. Therefore, the disclosure of industrial information is not applicable.

(IV) Information by regions

The Group's information by region in 2020 and 2019 is as follows:

	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
America	$ 3,692,032	$ 661	$ 4,988,322	$ 656
Europe	752,362	-	181,100	-
Asia	328,015	1,513,927	475,188	1,578,644
Australia	61,742	-	63,353	-
Total	$ 4,834,151	$ 1,514,588	$ 5,707,963	$ 1,579,300

(V) Important customer information

The following are details regarding the customers of the Group whose revenue accounted for more than 10% of the revenue in statement of comprehensive income in 2020 and 2019:

2020

Customer name	Sales amount	Ratio of revenue in statement of comprehensive income
A	$ 1,577,001	32.62%
B	1,518,510	31.41%
C	698,039	14.44%
D	508,878	10.53%

2019

Customer name	Sales amount	Ratio of revenue in statement of comprehensive income
B	$ 3,292,110	57.68%
A	859,817	15.06%
D	674,699	11.82%

CyberTAN Technology Inc.
Endorsement and Guarantee for Others
January 1 to December 31, 2020

Attachment I

Unit: NTD thousand
(Unless otherwise specified)

No. (Note 1)	Name of endorser/guarantor company	Name of endorsee/guarantee: Name of company	Name of endorsee/guarantee: Relationship (Note 2)	Maximum amount of endorsements/ guarantees for a single company (Note 3)	Maximum balance of endorsements/guarantees in the period (Note 4)	Balance of endorsements/ guarantees at ending of the period (Note 5)	Actual drawn amount (Note 6)	Amount of endorsements/ guarantees for which property is provided as collateral	Ratio of aggregate amount of endorsements/ guarantees to the net amount stated in the latest financial statements	Maximum amount of endorsements/ guarantees (Note 3)	Endorsements /guarantees made by the parent for its subsidiary (Note 7)	Endorsements /guarantees made by a subsidiary for its parent (Note 7)	Endorsements /guarantees made for companies in Mainland China (Note 7)	Remarks
1	Chongqing Hongdaofu Technology Co., Ltd.	Chongqing Hongdaofu Technology Co., Ltd.	$ 1	$ 104,914	$ 876	$ 871	$ 871	$ 871	0.02%	$ 209,829	N	N	Y	-

Note 1: The “No.” column is explained as follows:
(1) 0 is reserved for issuer.
(2) Each invested company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is classified into seven categories as follows. It is only necessary to mark the type:
(1) A business associated company.
(2) The company with the majority shareholdings of voting rights held by the Company directly and indirectly.
(3) The company holding the majority shareholdings of voting rights of the Company directly and indirectly,
(4) The company with more than 90% shareholdings of voting rights held by the Company directly and indirectly.
(5) The company needing mutual guarantee pursuant to an agreement in the same industry or between joint proprietors for undertaking engineering projects.
(6) The company receiving endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.
(7) Escrow and joint and several guarantee of the contracts in the same industry that involve transaction of pre-sale houses according to the Consumer Protection Act.

Note 3: The total endorsement/guarantee amount of the Company and subsidiaries is limited to 100% of the net value of the endorser/guarantor company. The endorsement/guarantee amount for individual companies is limited to 50% of the net value of the endorser/guarantor company. The aforesaid net value is determined based on the financial statements audited and certified by CPAs in the most recent year.

Note 4: It is the maximum balance of endorsements/guarantees for others in the year.

Note 5: The amount resolved by the Board of Directors should be listed. However, where the Board of Directors authorizes the Chairman to determine the amount in accordance with Paragraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount in the column refers to the amount determined by the Chairman.

Note 6: The actual amount drawn by the endorsee/guarantee company within the balance of the endorsement/guarantee should be listed.

Note 7: Y is reserved for endorsements/guarantees made by the listed parent to its subsidiary, endorsements/guarantees made by a subsidiary to its listed parent, and endorsements/guarantees made for companies in Mainland China.

CyberTAN Technology Inc.
Securities – Ending (Excluding Those Controlled by Invested Subsidiaries, Affiliated Companies and Joint Ventures)
December 31, 2020

Attachment II

Unit: NTD thousand
(Unless otherwise specified)

Holding company	Type and name of securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account title	Transaction: Number of shares	Transaction: Book amount (Note 3)	Transaction: Shareholding ratio	Transaction: Fair value	Remarks End of text (Note 4)
CyberTAN Technology Inc.	Chun-Yang Venture Capital Investment Co., Ltd.	-	Investment in equity instruments measured at fair value through other comprehensive income	$ 126,000	$ 1,667	18.45%	$ 1,667	-
〃	Solutionsoft Systems, Inc.	-	〃	2,500,000	-	5.25%	-	-
CyberTAN (B.V.I) InvestmentCorp.	Ying No Wei Shen (Beijing) Software Development Co., Ltd.	-	〃	41,755	22,196	2.71%	22,196	-
Ta Tang Investment Co., Ltd.	A10 Networks. Inc.	-	〃	51,661	14,448	0.07%	14,448	-
〃	Protop Technology Co., Ltd.	-	〃	142,408	-	0.06%	-	

Note 1: The securities referred to in the table means the stocks, bonds, beneficiary certificates within the “Financial Instruments: Recognition and Measurement” of IAS 39 and other securities deriving from these items.
Note 2: This column is not required if the issuer of the securities is not a related party.
Note 3: Where fair value measurement is used, please fill in the “book value” column with the book value after the valuation adjustment of the fair value and deduction of any accumulated loss; otherwise, please complete the column with the initial acquisition cost or the book value of the amortized cost net of the accumulated loss.
Note 4: For any securities in the table that are provided as a guarantee, pledged for loans, or restricted pursuant to any agreement, the number of stocks provided for guarantee or pledged for loans, the amount of the guarantee or pledge, or the restrictions shall be indicated in the Remarks.

CyberTAN Technology Inc.
Purchase/Sale Amount of Transactions with Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital
January 1 to December 31, 2020

Attachment III

Unit: NTD thousand
(Unless otherwise specified)

			Transaction				Trading conditions different from those of regular transactions and reasons thereof		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship	Purchase (sale)	Amount	Percentage in total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage in total notes/accounts receivable (payable)	Remarks (Note 2)
CyberTAN Technology Inc.	Chongqing Hongdaofu Technology Co., Ltd.	Subsidiary of the Company	Purchase	$ 1,827,012	19.40%	Payment term: O/A 60 days	$ -	Payment term for regular customers: O/A 60 days	($ 42,049)	(4.69%)	-
〃	HON YAO FU Technology Company Limited	〃	Purchase	2,197,647	23.34%	Payment term: O/A 60 days	-	Payment term for regular customers: O/A 60 days	-	0.00%	-
〃	Microelectronics Technology, Inc. and its subsidiaries	Affiliated companies	Purchase	201,698	2.14%	Payment term: O/A 60 days	-	Payment term for regular customers: O/A 60 days	(23,410)	(2.62%)	-
〃	Belkin International, Inc.	Hon Hai and its subsidiaries	Purchase	1,566,318	(32.40%)	Collection term: Net 75 days	-	Payment term for regular customers: O/A 60 days	568,634	42.50%	-
〃	Cloud Network Technology Singapore Pte. Ltd.	〃	Purchase	684,652	(14.16%)	Collection term: Net 75 days	-	Payment term for regular customers: O/A 60 days	50,680	3.79%	-

Note 1: If the conditions of trading with related parties are different from those of regular transactions, the difference and the reasons thereof shall be indicated in the “unit price” and “loan period” columns.
Note 2: In case of receipts in advance or prepayments, the reasons, agreed terms and conditions, amount, and the difference from regular transactions shall be indicated in the Remarks.
Note 3: The paid-in capital means that of the parent company. For the shares of any issuer without a par value or where the par value per share is not NTD 10, the transaction amount of 20% of the paid-up capital shall be calculated as 10% of the equity attributable to the owner of the parent company shown in the balance sheet.

CyberTAN Technology Inc.
Accounts Receivable from Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital
January 1 to December 31, 2020

Attachment IV

Unit: NTD thousand
(Unless otherwise specified)

Company stating in receivables	Counterparty	Relationship	Balance of accounts receivable from related parties (Note 1)	Turnover rate	Overdue accounts receivable from related parties		Subsequent recovered amount of accounts receivable from related parties	Appropriated allowance for bad debt
					Amount	Treatment		
CyberTAN Technology Inc.	Belkin International, Inc.	Hon Hai and its subsidiaries	$ 568,634	4.32%	$ -	-	$ 156,111	$ -

Note 1: Please list the amount of notes/accounts receivable, other receivables, etc., from related parties, respectively.
Note 2: The paid-in capital means that of the parent company. For the shares of any issuer without a par value or where the par value per share is not NTD 10, the transaction amount of 20% of the paid-up capital shall be calculated as 10% of the equity attributable to the owner of the parent company shown in the balance sheet.

CyberTAN Technology Inc.
Business Relationship and Major Transactions between the Parent Company and Its Subsidiaries and among Subsidiaries and Amounts
January 1 to December 31, 2020

Attachment V

Unit: NTD thousand
(Unless otherwise specified)

No. (Note 1)	Trader	Counterparty	Relationship with trader (Note 2)	Transaction: Title	Transaction: Amount	Transaction: Trading conditions	Transaction: Percentage in total consolidated operating revenue or assets (Note 3)
0	CyberTAN Technology Inc.	CyberTAN Corp. (U.S.A)	1	Sale	$ 89,478	Since our goods are not sold to other customers, the sales prices are incomparable. Collection term: Net 75 days; collection term for general customers: O/A 60 days.	1.85%
〃	〃	〃	1	Accounts receivable	11,041	Collection term: Net 75 days; collection term for general customers: O/A 60 days.	0.14%
〃	〃	〃	1	After-sale service fee	12,130	The maintenance expense is collected based on the actual maintenance work.	0.25%
〃	〃	Chongqing Hongdaofu Technology Co., Ltd.	1	Purchase	1,827,012	Payment term: O/A 90 days; payment term for regular customers: O/A 60 days.	37.79%
〃	〃	〃	1	Accounts payable	42,049	Payment term: O/A 90 days; payment term for regular customers: O/A 60 days	0.52%
〃	〃	HON YAO FU TechnologyCompany Limited	1	Purchase	2,197,647	Payment term: O/A 90 days; payment term for regular customers: O/A 60 days.	45.46%
〃	〃	〃	1	Other receivables	12,801	Collection term: O/A 60 days; collection term for general customers: O/A 60 days.	0.16%
1	Fuhongkang Technology (Shenzhen) Co., Ltd.	CyberTAN Corp. (U.S.A)	3	Other receivables	26,415	Collection term: O/A 90 days; collection term for general customers: O/A 30–90 days.	0.33%

Note 1: The business transactions between the parent company and its subsidiaries shall be indicated in the “No.” column. This column shall be completed as follows:
(1) 0 is reserved for the parent company.
(2) Each subsidiary is numbered in sequential order starting from 1.

Note 2: The relationship with the related parties is classified into three categories as follows. It is only necessary to mark the type. (Repeated disclosure is not necessary for the same transaction between the parent company and its subsidiaries or between the subsidiaries. In case of the transaction in the form of parent company to a subsidiary, for example, if the parent company has disclosed the transaction, the subsidiary is not necessary to disclose the same repeatedly; in case of the transaction in the form of subsidiary to subsidiary, if a subsidiary has disclosed the transaction, the other subsidiary is not necessary to disclose the same.)
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: To calculate the percentage of the transaction amount in total consolidated operating revenue or assets, the share of the balance at ending of the period in the total consolidated assets is used as the basis of the calculation under the item of assets/liabilities; the share of the interim accumulated amount in the total consolidated operating revenue is used as the basis for the calculation under the item of profit/loss.

Note 4: The Company may decide whether to disclose the status of the major transactions shown in the table based on the materiality principle.

CyberTAN Technology Inc.
Name and Territory of Invested Companies and Other Relevant Information (Excluding Invested Companies in China)
January 1 to December 31, 2020

Attachment VI

Unit: NTD thousand
(Unless otherwise specified)

Name of investor	Name of invested company	Territory	Main business operation	Original investment amount (Note)		Shareholding at the end of the period			Current profit (loss) of invested company (Note 2 (2))	Profit (loss) from investments recognized in the current period (Note 2 (3))	Remarks
				End of current period	End of last year	Number of shares	Ratio	Book amount			
CyberTAN Technology Inc.	CyberTAN Corp. (U.S.A)	USA	Sales of wired and wireless communication equipment	$ 18,165	$ 18,165	600,000	100.00%	$ 42,293	$ 2,714	$ 2,714	-
〃	Ta Tang Investment Co., Ltd.	Taiwan	General investment business	100,000	100,000	10,000,000	100.00%	198,051	(9,383)	(9,383)	-
〃	CyberTAN TechnologyCorp. (B.V.I)	British Virgin Islands	General investment business	704,190	704,190	22,043,717	100.00%	757,482	(149,489)	(149,489)	-
〃	Microelectronics Technology, Inc.	Taiwan	Design, manufacturing and sale of terrestrial microwave communication products	1,659,381	1,659,381	60,924,995	26.72%	1,198,210	(95,415)	(24,627)	-
〃	Mega Power Ventures Inc.	Taiwan	General investment business	19,000	25,000	1,900,000	25.00%	20,916	1,006	251	-
CyberTAN (B.V.I) Investment Corp.	CyberTAN Technology (HONGKONG) Limited	Hong Kong	General investment business	211,072	211,072	-	100.00%	553,649	(151,019)	(151,019)	-
〃	HON YAO FU TechnologyCompany Limited	Vietnam	Development, manufacturing and sale of high-end routers	277,119	277,119	-	100.00%	204,775	(8,535)	(8,538)	-

Note 1: When the listed company has set up any holding company overseas and used the consolidated financial statements as the main financial statements pursuant to local laws, the information on overseas invested companies may be disclosed only to the extent that the information is related to the holding company.

Note 2: Otherwise, the table shall be completed as follows:

(1) The “name of invested company,” “territory,” “main business operation,” “original investment amount” and “shareholding at the end of the period” columns should be completed sequentially based on the Company’s (listed company’s) investment and each of its reinvestments in directly or indirectly controlled-invested companies. The relationship (subsidiary or sub-subsidiary) of each invested company with the Company (listed company) should be indicated in the Remarks.

(2) The “current profit (loss) of invested company” column should be filled in with the amount of the current profit/loss of each invested company.

(3) The “profit (loss) from investments recognized in the current period” column should be filled in only with the amount, recognized by the Company (listed company), of the profit/loss from direct investments in each subsidiary and of the profit/loss of each invested company valued under the equity method, and it is not necessary to provide other profits/losses. When providing “the recognized amount of the current profit/loss from direct investments in each subsidiary,” it should ensure that the current profit/loss amount of each subsidiary includes any profit/loss from reinvestments that shall be recognized in accordance with regulations.

CyberTAN Technology Inc.
Information on Investments in Mainland China – Basic Information
January 1 to December 31, 2020

Attachment VII

Unit: NTD thousand
(Unless otherwise specified)

Name of Chinese invested company	Main business operation	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investments from Taiwan at the beginning of current period	Amount of investments remitted or recovered in current period – Remittance	Amount of investments remitted or recovered in current period – Recovery	Accumulated amount of investments from Taiwan at the end of current period	Current profit (loss) of invested company	The Company's shareholding ratio of direct or indirect investment	Profit (loss) from investments recognized in current period (Note 2)	Investment book value – ending	Profit received from investments as of the end of current period	Remarks
Fuhongkang Technology (Shenzhen) Co., Ltd.	Development, manufacturing and sale of high-end routers	$ 168,188	(2)	$ 212,868	$ -	$ -	$ 212,868	($ 151,019)	100%	($ 151,019)	$ 553,649	$ -	-
Chongqing Hongdaofu Technology Co., Ltd.	Development, manufacturing and sale of high-end routers	257,298	(3)				-	(154,642)	100%	(154,642)	209,829	-	-

Name of company	Accumulated amount of investments from Taiwan to Mainland China at the end of current period	Investment amount approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA (Note 4)
CyberTAN Technology Inc.	$212,868 (USD6,344)	$217,521 (USD6,500)	$ 3,236,257

Note 1: Investment is classified into following three categories. It is only necessary to mark the type:
(1) Engaged in direct investment in Mainland China.
(2) Reinvested in Mainland China through a company in a third area, CyberTAN Technology (HONG KONG) Limited.
(3) Others: Directly reinvested in Chinese companies through investment in the Chinese companies.

Note 2: In the "profit (loss) from investments recognized in the current period" column:
(1) An indication is needed if the investment is under preparation and there is no profit or loss.
(2) There are following three profit/loss recognition bases. The appropriate one must be indicated.
A. The financial statements audited and approved by an international accounting firm that has collaboration relationship with an accounting firm in the Republic of China
B. The financial statements audited by a CPA of the parent company in Taiwan
C. Others

Note 3: All amounts in the table should be stated in NTD.

CyberTAN Technology Inc.
Information on Investments in Mainland China – Major Transactions with Invested Companies in China, either Directly or Indirectly, through A Business in A Third Area
January 1 to December 31, 2020

Attachment VIII

Unit: NTD thousand
(Unless otherwise specified)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Endorsements/guarantees or pledges of collateral		Financing				
Name of Chinese invested company	Amount	%	Amount	%	Balance	%	Balance at ending of period	Purpose	Maximum balance	Balance at ending of period	Range of interest rates	Current interest	Others
Chongqing Hongdaofu Technology Co., Ltd.	($ 1,827,012)	(19.40%)	$ -	-	($ 42,049)	(4.69%)	$ -	-	$ -	$ -	-	$ -	-
Fuhongkang Technology (Shenzhen) Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	Other payables $26,415

2020 Stand-alone Financial Statements Audited by CPA

CyberTAN Technology Inc.
Parent Company Only Financial Report
with Independent Auditors' Report
2019 and 2020
(Stock Code: 3062)

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.

Independent Auditors' Report

(110)Cai-Shen-Bao-Zi No.20005181

To CyberTAN Technology Inc.:

Audit opinion

We have audited the standalone balance sheet of CyberTAN Technology Inc. (hereinafter referred to as the "CyberTAN") as at December 31, 2020 and 2019, the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only cash flow statement for the periods January 1 to December 31, 2020 and 2019, and the accompanying footnotes (including summary of major accounting policies).

In our opinion, based on our audit results and other independent auditors' report (please refer to the other matter section), all material disclosures of the parent company only financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presented a fair view of the parent company only financial position of CyberTAN as at December 31, 2020 and 2019, and business performance and cash flow for the periods January 1 to December 31, 2020 and 2019.

Basis for Opinion

In 2020, we conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statement by Certified Public Accountants and Generally Accepted Auditing Standards; in 2019, we conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Letter Jin-Guan-Zheng-Shen-Zi No. 1090360805 dated February 25, 2020 issued by Financial Supervisory Commission and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of CyberTAN in accordance with the Code of Ethics for Professional Accountants of the Republic of China and with other responsibilities of the Code of Ethics performed. According to our audits and other independent auditors' report, we believe to have obtained sufficient and appropriate audit evidence in order to be used as the basis for the opinion.

Key audit matters

The "key audit matters" means that the independent auditor has used their professional judgment as the basis to audit the most important matters on the 2020 parent company only financial statements of CyberTAN. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The key audit matters of the 2020 parent company only financial statements of CyberTAN are described as follows:

Evaluation of allowance for inventory valuation loss

Item Description

Regarding the accounting policies for the inventory valuation, please refer to Note 4(13) to the parent company only financial report; for the uncertainty to accounting estimates and assumptions, please refer to Note 5(2) to the parent company only financial report; for description of inventory accounting titles, please refer to Note 6(5) to the parent company only financial report. The balances of valuation loss regarding the inventory and allowance for inventory on December 31, 2020 were NTD 30,072 thousand and NTD 1,964 thousand, respectively.

CyberTAN mainly involves in the sale of communication products manufactured by the subsidiaries. The risk caused by loss on inventory devaluation or the obsolescence of inventory may be higher due to the short life cycle and severe market competition. Inventory is evaluated by CyberTAN and its subsidiaries on the basis of the cost and net realizable value, whichever is lower. The aforementioned loss of allowance for inventory valuation was mainly due to the inventory measured at the cost and net realizable value, whichever is lower, and identification of obsolescent or damaged inventory items. Because the large inventory amount and enormous items of CyberTAN and its subsidiaries as well as the objective judgments of the management concerned during the identification of obsolescent or damaged inventory belong to the field to be determined during the audit, we listed the evaluation for the loss of allowance for inventory valuation of CyberTAN and its subsidiaries as one of the important matters in the audit.

Responsive Audit Procedures

The responsive procedures executed by us for specific aspects specified in the preceding key audit matters are as follows:

1. Adopted the acquired allowance policy for inventory devaluation of CyberTAN and its subsidiaries during the comparative period of financial statements and evaluated the reasonableness of the allowance policy.
2. Acquired the net realizable value statement of inventory cost, randomly checked related supporting documents and recalculated its accuracy, validated the appropriateness regarding the logic of inventory aging report system used for evaluation, conducted spot check for individual inventory number to confirm the degree of inventory closeout and information and evaluated the basis of net realizable value estimated by the management and its reasonableness.
3. Checked related information acquired during inventory taking process and inquired the management and personnel related to inventory to confirm conditions of obsolescent, remaining, older, out-of-fashion or damaged inventory neglected in the inventory details.

Evaluation for the loss of accounts receivable

Item Description

Regarding the accounting policies for the loss evaluation of accounts receivable, please refer to Note 4(9) to the parent company only financial report; for the uncertainty to accounting estimates and assumptions regarding the loss evaluation of accounts receivable, please refer to Note 5(2) to the parent company only financial report; for description of accounts receivable accounting titles, please refer to Note 6(4) to the parent company only financial report. The balances of accounts receivable (including the related party) and its allowance loss on December 31, 2020 were NTD 1,338,695 thousand and NTD 8,882 thousand, respectively.

CyberTAN regularly assess if there is objective evidence implicating the impairment of individual accounts receivable and the assessment method includes the consideration of overdue ages of accounts receivable, customer's financial status, historical trading record and subsequent collections. The Group also calculates loss ratio based on past aging data statement and considers expected credit losses of industrial forward-looking evaluation to estimate the amount of loss allowance to be recognized. Because the estimation process involves the objective judgment of the management toward the preceding impairment evidence, the factor impacting the recognized amount of loss allowance tends to have high uncertainty, causing significant impact on the recoverable amount of accounts receivable. Therefore, we consider CyberTAN's evaluation for the impairment loss of accounts receivable as one of the important matters in the audit.

<u>Responsive Audit Procedures</u>

The responsive procedures executed by us for specific aspects specified in the preceding key audit matters are as follows:

1. Understand and evaluate the reasonableness of the allowance policy and procedure regarding the allowance loss of accounts receivables.
2. Acquire the aging data statement the management used to evaluate the expected credit loss ratio of accounts receivable, confirm its data source logic is consistently adopted and test relevant forms to confirm the correctness of its aging data.
3. Evaluate the reasonableness of the estimation used by the management to evaluate the expected credit loss ratio of accounts receivable and acquire related supporting documents, including forward-looking adjustment, disputable accounts, status of lasting aging, subsequent collection status, financial status impacting the customer and signs suggesting the customer is unable to pay as scheduled.

Other matters – Audit related to other CPAs

For the companies invested under equity method in the aforementioned parent company only financial statements of CyberTAN, we have not audited the financial statements which was prepared based on different financial report structure, instead other CPAs did. Therefore, our opinions expressed on the amount listed in said parent company only financial statements of such companies and related information disclosed in Note 13 were based on the other independent auditor' s report. The balances of the invested company under the equity method as of December 31, 2020 and 2019 were NTD 225,691 thousand and NTD 246,592 thousand, respectively. The comprehensive income recognized under the equity method for the said companies were NTD (14,900) thousand and NTD (55,527) thousand on January 1 to December 31, 2020 and 2019, respectively.

Responsibilities of Management and the Governance Unit with Governance of the Parent Company Only Financial Statements

The management is responsible for preparing the appropriate parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Report by Securities Issuers. Additionally, it is responsible for maintaining the internal control mechanism that is related to and necessary for the preparation of the parent company only financial statements. As a result, it can ensure material misstatement due to fraud or error is not pertained in the parent company only financial statements.

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of CyberTAN to continue as a going concern, disclosing, as applicable, matters related to ongoing concerns and using the going concern basis of accounting unless management either intends to liquidate the CyberTAN or to cease operations, or there is a lack of any option except for liquidation or suspension.

The governance unit (including the audit committee) of CyberTAN is responsible for supervising the financial reporting process.

Independent Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with the generally accepted auditing standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error. If fraud or errors are considered materials, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

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

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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. We acquire necessary understanding of the internal control mechanism that is related to the audit to design appropriate audit process for the situation at the time. The purpose of the knowledge is not expressing opinions to the effectiveness of the internal control mechanism of CyberTAN.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Based on the acquired audit evidence, we decide whether the going concern accounting basis adopted by the management is suitable, whether events that might affect the going

concern capacity of CyberTAN exist, and whether there is major uncertainty. A conclusion will be made afterwards. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause the CyberTAN to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within the CyberTAN in order to express an opinion on the parent company only financial statements. The independent auditor is responsible for guiding, supervising, and implementing the individual audit of CyberTAN, and also for forming an audit opinion for the parent company only financial statements.

We communicate with the governance units 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 in charge of governance with a statement that we have complied with the Code of Ethics for Professional Accountants of the Republic of China 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, (including related safeguards).

The independent auditor has used the communications with the governing unit as the basis to determine the key audit matters to be performed on the 2020 parent company only financial statements of CyberTAN. We clearly state all above matters in the audit report, unless the law prohibits us to publicly disclose certain matters, or under rare circumstances we decide not to include certain matters in the audit report since we can reasonably expect the resulting negative impact is greater than the public interest they bring.

PricewaterhouseCoopers Taiwan
HSU-YUNG CHIEN
CPA
FENG-MIN CHUAN
Former Securities and Futures Commission, Ministry of Finance
Approval Reference No.: (84)-Tai-Cai-Zheng-(Liu) No. 13377
Former Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan
Approval Reference No.: Jin-Guan-Zheng-Liu-Zi No. 0960038033
March 25, 2021

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 independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CyberTAN Technology Inc.
Parent Company Only Balance Sheet
December 31, 2019 and 2020

Unit: NTD thousand

	Assets	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets					
1100	Cash and Cash Equivalents	6(1)	$ 1,262,921	17	$ 799,773	11
1136	Financial assets measured at amortized cost – current	6(3)	1,342,200	18	1,208,500	16
1170	Accounts receivable, net	6(4)	683,703	9	1,277,993	17
1180	Accounts receivable – the related party, net	6(4) and 7	646,110	9	198,091	3
1210	Other receivables- the related party	7	44,118	1	157,910	2
1220	Income tax assets in the current period		-	-	37,319	1
130X	Inventory	6(5)	28,108	-	95,197	1
1479	Other current assets – others		5,307	-	13,397	-
11XX	**Total current assets**		4,012,467	54	3,788,180	51
	Non-current assets					
1517	Financial assets measured at fair value through profit or loss – non-current	6(2)	1,667	-	11,631	-
1535	Financial assets measured at amortized cost -non-current	6(3) and 8	20,636	-	20,636	-
1550	Investment at equity method	6(6)	2,216,952	30	2,434,914	33
1600	Property, plant and equipment	6(7) and 7	631,018	9	661,956	9
1755	Right-of-use assets	6(8) and 7	260,214	3	279,033	4
1780	Intangible assets		126	-	1,352	-
1840	Deferred income tax assets	6(24)	38,125	1	43,868	-
1990	Other non-current assets – others	6(11)	202,782	3	198,348	3
15XX	**Total non-current assets**		3,371,520	46	3,651,738	49
1XXX	**Total assets**		$ 7,383,987	100	$ 7,439,918	100

(To be continued)

CyberTAN Technology Inc.
Parent Company Only Balance Sheet
December 31, 2019 and 2020

Unit: NTD thousand

	Liabilities and equity	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities					
2100	Short-term loans	6(10)	$ 688,413	10	$ 392,578	5
2130	Contract liabilities – current	6(17)	53,483	1	38,481	1
2170	Accounts payable		612,340	8	474,011	7
2180	Accounts payable – the related party	7	83,715	1	356,690	5
2200	Other payables		69,014	1	95,986	1
2220	Other payables – the related party	7	11,095	-	19,306	-
2230	Income tax liabilities in the current period		24,695	1	12,699	-
2250	Liability reserve – current	6(12)	19,978	-	22,573	-
2280	Lease liabilities – current		16,579	-	16,495	-
2365	Refund liabilities – current		1,861	-	9,500	-
2399	Other current liabilities -others		92,941	1	180,786	3
21XX	**Total current liabilities**		1,674,114	23	1,619,105	22
	Non-current liabilities					
2550	Liability reserve – non-current	6(12)	17,153	-	20,275	-
2570	Deferred income tax liabilities	6(24)	47,125	1	75,587	1
2580	Lease liabilities – non-current		248,610	3	265,188	4
2600	Other non-current liabilities		3,223	-	4,152	-
25XX	**Total non-current liabilities**		316,111	4	365,202	5
2XXX	**Total liabilities**		1,990,225	27	1,984,307	27
	Equity					
	Capital stock	6(13)				
3110	Common stock		3,286,054	45	3,286,054	44
	Capital reserves	6(14)				
3200	Capital reserves		578,131	8	578,131	8
	Retained earnings	6(15)				
3310	Legal reserve		816,159	11	809,235	11
3320	Special reserve		126,502	2	68,007	1
3350	Undistributed earnings		774,807	10	840,686	11
	Other equity	6(16)				
3400	Other equity		(187,891)	(3)	(126,502)	(2)
3XXX	**Total equity**		5,393,762	73	5,455,611	73
	Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts	9				
	Significant Subsequent Events	11				
3X2X	**Total liabilities and equity**		$ 7,383,987	100	$ 7,439,918	100

CyberTAN Technology Inc.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2019 and 2020

Unit: NTD thousand
(Except the unit of earnings per share is NTD)

	Item	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenue	6(17) and 7	$ 4,820,615	100	$ 5,699,629	100
5000	Operating cost	6(5)(22) (23) and 7	(4,351,680)	(90)	(5,246,170)	(92)
5900	Operating gross profit		468,935	10	453,459	8
	Operating expense	6(22) (23) and 7				
6100	Selling expenses		(18,733)	(1)	(35,855)	(1)
6200	Administrative expenses		(57,311)	(1)	(58,962)	(1)
6300	R&D expenses		(253,203)	(5)	(258,440)	(4)
6450	Expected credit impairment losses	12(2)	(849)	-	(2,879)	-
6000	Total operating expenses		(330,096)	(7)	(356,136)	(6)
6900	Operating profits		138,839	3	97,323	2
	Non-operating revenue and expenses					
7100	Interest revenue	6(18)	12,278	-	24,939	-
7010	Other revenue	6(19) and 7	90,324	2	58,517	1
7020	Other gains and losses	6(20)	(36,920)	(1)	(68,921)	(1)
7050	Financial Costs	6(21)	(9,718)	-	(4,528)	-
7070	Share of profit or loss of subsidiaries, affiliated companies and joint ventures recognized under the equity method	6(6)	(180,435)	(3)	(40,829)	(1)
7000	Total non-operating income and expense		(124,471)	(2)	(30,822)	(1)
7900	**Net profit before tax**		14,368	1	66,501	1
7950	Income tax benefits (expenses)	6(24)	9,207	-	(15,149)	-
8200	**Current net profit**		$ 23,575	1	$ 51,352	1
	Other comprehensive income					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plan	6(11)	$ 4,367	-	$ 3,526	-
8316	Unrealized valuation gains and loss from equity instrument investments measured at fair value through other comprehensive income	6(2)(16)	(9,964)	-	(2,686)	-
8330	Share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method – items not reclassified to profit or loss	6(6)	(20,592)	(1)	19,851	-
8349	Income tax related to items not reclassified	6(24)	(873)	-	(705)	-
8310	Total of items not reclassified to profit or loss		(27,062)	(1)	19,986	-
	Items may be reclassified to profit or loss subsequently					
8361	Exchange difference in the financial statement translation of the foreign operation	6(16)	(9,318)	-	(60,667)	(1)
8380	Share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method – items may be reclassified to profit or loss	6(16)	(1,617)	-	(12,060)	-
8399	Income tax related to items may be reclassified	6(16) (24)	1,864	-	12,133	-
8360	Total of items may be reclassified to profit or loss subsequently		(9,071)	-	(60,594)	(1)
8300	**After-tax income of other comprehensive losses for the year**		($ 36,133)	(1)	($ 40,608)	(1)
8500	**Total comprehensive income (losses) for the year**		($ 12,558)	-	$ 10,744	-
	Basic earnings per share					
9750	Total basic earnings per share	6(25)	$ 0.07		$ 0.16	
	Diluted earnings per share					
9850	Total diluted earnings per share	6(25)	$ 0.07		$ 0.16	

CyberTAN Technology Inc.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2019 and 2020

Unit: NTD thousand

	Notes	Common stock	Capital reserves	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Other equity: Exchange difference in the financial statement translation of the foreign operation	Other equity: Unrealized profit or loss of financial assets measured at fair value through other comprehensive income	Total
2019									
Balance at January 1, 2019		$ 3,286,054	$ 578,131	$ 792,575	$ 3,619	$ 983,937	($ 55,614)	($ 12,393)	$ 5,576,309
Current net profit		-	-	-	-	51,352	-	-	51,352
Other comprehensive income for the year	6(16)	-	-	-	-	704	(60,594)	19,282	(40,608)
Total comprehensive income for the year		-	-	-	-	52,056	(60,594)	19,282	10,744
Appropriation and allocation of earnings in 2018:	6(15)								
Allocated legal reserve		-	-	16,660	-	(16,660)	-	-	-
Allocated special reserve		-	-	-	64,388	(64,388)	-	-	-
Allocation of cash dividends		-	-	-	-	(131,442)	-	-	(131,442)
Recognized changes in the subsidiary	6(16)	-	-	-	-	16,410	-	(16,410)	-
Changes of affiliated companies and joint ventures under equity method	6(16)	-	-	-	-	773	-	(773)	-
Balance at December 31, 2019		$ 3,286,054	$ 578,131	$ 809,235	$ 68,007	$ 840,686	($ 116,208)	($ 10,294)	$ 5,455,611
2020									
Balance at January 1, 2019		$ 3,286,054	$ 578,131	$ 809,235	$ 68,007	$ 840,686	($ 116,208)	($ 10,294)	$ 5,455,611
Current net profit		-	-	-	-	23,575	-	-	23,575
Other comprehensive income for the year	6(16)	-	-	-	-	(3,008)	(9,071)	(24,054)	(36,133)
Total comprehensive income for the year		-	-	-	-	20,567	(9,071)	(24,054)	(12,558)
Appropriation and allocation of earnings in 2019:	6(15)								
Allocated legal reserve		-	-	6,924	-	(6,924)	-	-	-
Allocated special reserve		-	-	-	58,495	(58,495)	-	-	-
Allocation of cash dividends		-	-	-	-	(49,291)	-	-	(49,291)
Recognized changes in the subsidiary	6(16)	-	-	-	-	27,948	-	(27,948)	-
Changes of affiliated companies and joint ventures under equity method	6(16)	-	-	-	-	316	-	(316)	-
Balance at December 31, 2020		$ 3,286,054	$ 578,131	$ 816,159	$ 126,502	$ 774,807	($ 125,279)	($ 62,612)	$ 5,393,762

CyberTAN Technology Inc.

Parent Company Only Statement of Cash Flow

January 1 to December 31, 2019 and 2020

Unit: NTD thousand

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
Cash flow from operating activities			
Net profit before tax in the current period		$ 14,368	$ 66,501
Adjustment items			
Income/expenses items without impact on cash flow			
Depreciation expenses	6(7)(8)(22)	46,001	44,978
Miscellaneous expenses – depreciation expenses	6(7)(8)(20)	17,977	19,267
Amortization expenses	6(22)	1,226	1,785
Expected credit impairment losses	12(2)	849	2,879
Net profit of financial assets measured at fair value through profit or loss	6(20)	-	(417)
Interest expenses	6(21)	9,718	4,528
Miscellaneous expenses – interest expenses	6(20)	2,555	2,496
Interest revenue	6(18)	(12,278)	(24,939)
Dividend revenue	6(2)(19)	(9,814)	(2,919)
Share of losses of from subsidiaries, affiliated companies and joint ventures recognized under the equity method	6(6)	180,435	40,829
Gains on disposal of property, plant and equipment	6(20)	(625)	(178)
Changes of assets/liabilities related to operating activities			
Net changes of assets/liabilities related to operating activities			
Accounts receivable		593,441	965,103
Accounts receivable – the related party		(448,019)	127,589
Other receivables- the related party		113,792	(153,857)
Inventory		67,089	908,831
Other current assets – others		8,872	2,106
Other non-current assets		(67)	(2,317)
Net changes of liabilities related to operating activities			
Contract liabilities – current		15,002	3,013
Accounts payable		138,329	(739,242)
Accounts payable – the related party		(272,975)	276,214
Other payables		(27,507)	(72,179)
Other payables – the related party		(8,211)	(106,810)
Refund liabilities – current		(7,639)	(2,500)
Liability reserve		(5,717)	(5,420)
Other current liabilities -others		(87,845)	(13,654)
Cash inflow from operations		328,957	1,341,687
Returned (paid) income tax		36,794	(18,937)
Net cash inflow from operating activities		365,751	1,322,750
Cash flow from investing activities			
Refunds from decapitalization of financial assets measured at fair value through profit or loss		-	19,740
Acquisition of financial assets measured at amortized cost		(133,700)	(1,212,196)
Disposal of financial assets measured at fair value through profit or loss		-	786
Acquisition of investment under equity method	6(6)	-	(280,565)
Refunds from decapitalization of the invested company under the equity method	6(6)	6,000	-
Acquisition of property, plant, and equipment	6(7)	(14,482)	(24,299)
Disposal of property, plant, and equipment proceeds		886	1,998
Acquisition of intangible asset		-	(1,732)
Interest received		11,496	25,464
Dividends received		9,814	2,919
Collection of cash dividend distributed by affiliated companies recognized under the equity method	6(6)	-	12,185
Net cash outflow from investing activities		(119,986)	(1,455,700)

CyberTAN Technology Inc.

Parent Company Only Statement of Cash Flow

January 1 to December 31, 2019 and 2020

Unit: NTD thousand

	Notes	January 1 to December 31, 2020	January 1 to December 31, 2019
Cash flow from financing activities			
Increase in short-term loans		4,010,143	1,032,708
Decrease in short-term loans		(3,714,308)	(810,130)
Decrease in guarantee deposits		(929)	(69)
Repayment of lease principal		(16,494)	(16,169)
Allocation of cash dividends	6(15)	(49,291)	(131,442)
Interest paid		(11,738)	(7,024)
Net cash inflow from financing activities		217,383	67,874
Increase (decrease) in cash and cash equivalents in the current period		463,148	(65,076)
Balance of cash and cash equivalents, beginning		799,773	864,849
Balance of cash and cash equivalents, ending		$ 1,262,921	$ 799,773

CyberTAN Technology Inc.
Notes to Parent Company Only Financial Statements
2019 and 2020

Unit: NTD thousand
(Unless otherwise specified)

I. Company History and Business Scope

CyberTAN Technology Inc. (hereinafter referred to as the "the Company") was established in the Republic of China. We mainly engaged in wired communication mechanical equipment manufacturing, electronic components manufacturing, and the R&D, development and sales of broadband Internet routers, gateways, virtual private networks, firewalls, Layer 3 and Layer 4 switches, wired broadband network security router and wireless broadband network security router.

II. Approval Date and Procedures of the Financial Statements

The parent company only financial report was released after being approved by the board of directors on March 25, 2021.

III. New Standards, Amendments, and Interpretations Adopted

(I) Effect of adopting the new promulgated or amended IFRS endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following are applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2020:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IAS 1 and IAS 8 "Disclosure Initiative-Definition of Material"	January 1, 2020
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020 (Note)

(Note) The FSC approved that the enterprise can apply this amendment earlier on January 1, 2020.

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Company.

(II) Effect of not adopting the new promulgated or revised IFRS, IAS, IFRIC, and SIC endorsed by the FSC

The following are applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2021:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform- Phase 2"	January 1, 2021

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Company.

(III) Impacts of IFRS issued by IASB but not yet approved by FSC

The following are the IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Classification of liabilities as current or non-current (Amendments to IAS 1)	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018 – 2020 Cycle	January 1, 2022

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Company.

IV. Summary of Significant Accounting Policies

The major accounting policies applied to prepare the parent company only financial statements are as follows. Unless otherwise provided, the policies have been applied during all the presentation period.

(I) Compliance Statement

The present company only financial report has been duly worked out in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers.

(II) Basis of preparation

1. Except the following important items, the parent company only financial report has been duly prepared on the basis of historical costs:
   (1) Financial instruments and liabilities (including derivatives) measured at fair value through profit or loss based on fair value.
   (2) Measurement at fair value through other comprehensive income based on fair value.
   (3) Defined benefit liability stated based on the net after pension fund assets less the present value of defined benefit obligations.
2. The preparation of financial report that complies with the IFRS, IAS, IFRIC and SIC (hereinafter referred to as the "IFRSs") endorsed by FSC requires some important accounting estimates. The application of the Group's accounting policy also requires the management to use their judgment during the process. For items involving high judgment or complexity or items involving important estimates and assumptions of the consolidated

financial report, please refer to the description in Note 5.

(III) Translation of foreign currency

Each item listed in the parent company only financial statements of the Company is measured by the currency of the primary economic environment in which the business department situated (i.e. functional currency). The parent company only financial report was prepared in the Company's functional currency, "NTD."

1. Foreign currency transaction and balance

   (1) Foreign currency transaction converts the conversion difference generated by the transaction to functional currency adopting the spot exchange rate on the date of transactions or measurement date and recognizes the difference as current profit or loss.

   (2) The monetary assets and balance of liabilities in foreign currency are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as current profit or loss.

   (3) For non-monetary assets and balance of liabilities in foreign currency, those measured at fair value through profit or loss are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as current profit or loss; those measured at fair value through other comprehensive income are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as other comprehensive income item; those not measured at fair value are measured at historical exchange rate on initial transaction date.

   (4) All exchange gain or loss is listed in "Other Profit and Loss" of profit and loss statement.

2. Translation of the foreign operation

   (1) For all Company's entities, affiliated companies and joint agreements with differences in functional currency and presentation currency, the business result and financial status is converted to presentation currency by the following method:

      A. The assets and liabilities presented in each balance sheet were translated based on the exchange rates closed on every balance sheet date;

      B. The profits and losses presented in each statement of comprehensive income were translated in accordance with the average exchange rates in current period; and

      C. All resulted exchange differences were recognized under other comprehensive income.

   (2) When the foreign operation for partial disposal or selling is a subsidiary, the accumulated exchange differences recognized under other comprehensive income are reattributed proportionally as non-controlling equity of the subsidiaries. However, when the Company maintains partial rights of the former subsidiary but losses the control over the subsidiary included in the foreign operation institutions, it is conducted based on the disposal of all equity in the foreign operation institutions.

(IV) Classification of assets and liabilities as current and non-current

1. Assets that match any of the following conditions shall be classified as current assets:
   (1) Assets expected to be realized, intent to be sold or consumed over the normal operating cycles.
   (2) Primarily for trading purposes.
   (3) Assets expected to be realized within 12 months after the balance sheet date.
   (4) Assets in cash or cash equivalents, except for those that are used for an exchange or to settle a liability, or otherwise remain restricted in more than 12 months after the balance sheet date.

   The Company listed all assets that did not comply with the following conditions as non-current assets.
2. Assets that match any of the following conditions shall be classified as current liabilities:
   (1) Liabilities expected to be settled in normal business cycle.
   (2) Primarily for trading purposes.
   (3) Liabilities expected to be settled within 12 months after the balance sheet date.
   (4) Liabilities with settlement period which cannot be unconditionally deferred for at least 12 months after the date of the balance sheet. Liabilities under the terms that give counterparties the option repay in the form of equity instruments and without the effect on their classification due to such terms

   The Company listed all assets that did not comply with the following conditions as non-current liabilities.

(V) Cash equivalents

Cash equivalent includes short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. The time deposits that fall into the above definition and are intended to satisfy the short-term cash commitment shall be classified cash equivalents.

(VI) Financial assets measured at fair value through profit or loss

1. This refers to financial assets not measured at amortized cost or measured at fair value through other comprehensive income.
2. The Company adopts the trade date accounting for financial assets in accordance with the general trade practice measured at fair value through profit or loss.
3. It is initially recognized at fair value by the Company while the transaction cost is recognized in profit or loss upon incurred. Subsequent valuation is based on the fair value measurement and the resulting gain or loss is recognized as profit or loss.
4. When the Company is entitled to collect dividends, the economic effect related to the dividend may inflow and the amount of revenue can be measured reliably Therefore, the related dividend revenue shall be recognized as profit or loss.

(VII) Financial assets measured at fair value through other comprehensive income

1. This refers to irrevocable choice at initial recognition to recognize the later fair value change of the equity instrument investment held not for transaction in other

comprehensive profit or loss; or at the same time the debt instrument investment meets the following conditions:

(1) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows or to sell.

(2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. The Company adopts the trade date accounting for financial assets in accordance with the general trade practice measured at fair value through other comprehensive income.

3. It is initially recognized at fair value plus the transaction cost by the Company and the subsequent valuation is measured at fair value:

(1) The changes in fair value belonging to equity instrument investment is recognized as other comprehensive income. During derecognition, accumulated profit or loss previously recognized in other comprehensive income shall not be subsequently reclassified as profit or loss but classified as retained earnings. When the Company is entitled to collect dividends, the economic effect related to the dividend may inflow and the amount of revenue can be measured reliably Therefore, the related dividend revenue shall be recognized as profit or loss.

(2) The changes in fair value belonging to equity instrument investment is recognized as other comprehensive income. The impairment loss, interest income and exchange gain or loss in foreign currency before derecognition is recognized as profit or loss. During derecognition, the accumulated profit or loss previously recognized in other comprehensive income will be reclassified from equity to profit or loss.

(VIII) <u>Financial assets measured at amortized cost</u>

1. This refers to those meeting the following conditions at the same time:

(1) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

(2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. The Company adopts the trade date accounting for financial assets in accordance with the general trade practice measured at amortized cost.

3. The time deposit not complying with cash equivalents held by the Company is measured at investment amount since the impact of discounting was insignificant.

(IX) <u>Accounts receivable</u>

1. This refers to accounts from the rights to receive consideration without any condition due to commodity transfer or labor service based on contract agreement.

2. This belongs to short-term accounts receivable with unpaid interest. The invoice payable was measured at the initial per value by the Company since the impact of discounting was insignificant.

(X) Impairment of financial assets

For debt instrument investment measured at fair value through other comprehensive income, financial assets measured at amortized cost and accounts receivable or rentals receivable that comprises material financial parts, after taking reasonable and supporting materials into consideration (including forward-looking ones) on each balance sheet date, the Company measures the loss allowance based on 12-month expected credit losses for those without significant increase in credit risk after initial recognition; for those with significant increase in credit risk after initial recognition, the loss allowance is measured based on the amount of the expected credit losses throughout the duration; for accounts receivable excluding material financial parts or contract assets, the allowance loss is measured at the amount of the expected credit losses throughout the duration.

(XI) Derecognition of the financial assets

The Company will derecognize financial assets only in the event where the interests on a contract for financial assets-based cash flow ceased to be effective.

(XII) Operating lease (lessor)

The lease income from operating lease deducting any given incentives of the lessee is amortized and recognized as current profit or loss under straight-line method over the lease period.

(XIII) Inventory

Inventories are measured at the lower of cost or net realizable value while the cost is determined by weighted average method. The cost of finished product and goods in process includes material, direct manpower, other direct costs and manufacturing expenses related to production (amortized based on normal productivity) without loan cost. The item-by-item comparison method is adopted when comparing the cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in ordinary course of business less the estimated cost needed to complete the work and relevant variable selling expense.

(XIV) Investment/subsidiaries and affiliated companies under the equity method

1. Subsidiaries mean the entities controlled by the Company (including structured entities). When the Company is exposed to the changes of remuneration participated by the entities or is entitled to changes of remuneration, and is able to influence the remuneration by virtue of its power over the entities, the Company is held controlling the entities.
2. Unrealized gains and losses on transactions between the Company and subsidiaries were written off. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The shares of profit or loss acquired from subsidiaries by the Company were recognized as current profit or loss and shares of other comprehensive income were recognized as other comprehensive income. In the event that the shares of loss in the subsidiaries recognized by the Company equal to or exceed its equity in the subsidiaries, the Company continues the recognition of the losses based on the shareholding ratio.
4. The affiliated companies refer to the entity in which the Company has significant impact upon and often holds more than 20% of voting shares directly or indirectly. The investment of the Company in the affiliated companies adopts the equity method for

disposal and is recognized based on cost upon acquisition.

5. The shares in profit or loss acquired from affiliated companies by the Company was recognized as current profit or loss and shares of other comprehensive income was recognized as other comprehensive income. In the event that the Company's shares of loss in the affiliated companies is equal to or exceed its equity in the affiliated companies (including other unsecured receivables), the Company does not recognize further losses, unless in the event of occurrence of legal obligations, presumed obligations or within the scope that the Company made payment on behalf of the affiliated companies.
6. When changes to equity irrespective of profit and loss or comprehensive income occur to affiliated companies with no impact on the shareholding ratio of the Company, all of changes in equity will be recognized as "capital reserves" based on the shareholding ratio by the Company.
7. The unrealized profit or loss deriving from the transactions between the Company and the affiliated companies were written off based on the equity ratio of the affiliated companies; the unrealized loss was written off unless the evidence displayed the impairment of transferred assets in such transaction. Accounting policies of the affiliated companies have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. When the Company forfeits its material influence over the affiliated companies, if the Group disposes the affiliated companies, the accounting treatment for the values related to the affiliated companies as stated into other comprehensive income previously is identical with the basis for the Company's direct disposition of related assets or liabilities, namely, if the gain or loss stated into other comprehensive income previously would be reclassified into income when the related assets or liabilities are disposed thereof, the gain or loss shall be reclassified into income from equity, when the Company has no significant impact on the affiliated companies. Provided that where it still has material influence over the affiliated companies, the amount previously recognized in other comprehensive income is transferred according to the method stated above based on the proportion.
9. According to regulations of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current income and other comprehensive income as presented in the parent company only financial statements shall be identical with the current income and other comprehensive income attributable to the proportion allocated to the parent shareholder as presented in the financial statement prepared on the basis of consolidation. The shareholders' equity as presented in the parent company only financial statements shall be identical with the parent shareholders' equity as presented in the financial statement prepared on the basis of consolidation.

(XV) Property, plant and equipment

1. Property, plant and equipment is accounted at acquisition cost at initiation and the relevant interest is capitalized during the purchase and construction period.
2. The subsequent cost is included in the book value of assets or recognized as single asset only when future economic benefits related to such item will probable inflow to the Company and the cost of such item can be measured reliably. The book value of the replaced part shall be derecognized. All other repair expenses are recognized as profit or loss upon occurring.
3. The subsequent measurement of property, plant, and equipment adopts the cost model and

the depreciation is calculated over the estimated useful lives in accordance with the straight-line method. The property, plant and equipment are depreciated and for each and every major part individually.

4. The Company at least reviews the residual value, estimated useful years and depreciation method of each asset at the end of each fiscal year. If the expected values of the residual value and useful years are different from the previous estimate or the expected consumption pattern used in future economic benefits of such asset has significant changes, it is conducted based on the accounting estimate of IFRS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” since the date of change. The useful life of each asset are as follows:

House and buildings	3 years to 41 years
(The useful life of interior construction is 3–10 years)	
Machinery and equipment	3 years to 10 years
Transportation equipment	5 years
Office equipment	2 years to 10 years
Other equipment	2 years to 5 years

(XVI) Lease transactions of lessee – right-of-use assets/lease liabilities

1. The lease asset is recognized as right-of-use assets and lease liabilities upon the date available for use by the Company. When the lease contract is short-term lease or low-valued underlying asset lease, the lease payment is recognized as expenses on a straight-line method within the lease period.
2. The unpaid lease payment is recognized as lease liability based on present value discounted at the Company's incremental borrowing rate of interest on the start date of lease. The lease payment includes:

   Subsequently, it is measured at the amortized cost under the interest method, and the interest expense are recognized during the lease period. When changes in lease term or lease payment is not caused by contract modification, lease liabilities will be reevaluated and the remeasurement will be used to adjust right-of-use assets.
3. The right-of-use assets are recognized based on the cost on the starting date of the lease, the cost includes:

   (1) The original measured amount of lease liability;

   (2) Any lease payment paid before or on the starting date;

   (3) Initial direct costs incurred; and

   The subsequence is measured by cost model and the right-of-use assets provide depreciation from the starting date of lease, up to the durable life expires or the lease period expires, the earlier prevails. When the lease liabilities are reassessed, the right-of-use assets will adjust any remeasurement of the lease liabilities.

(XVII) Intangible assets

1. Computer software

   The computer software is recognized by acquisition cost and is amortized under straight-line method based on 2 years of useful life.
2. Goodwill

   The goodwill is generated due to acquisition method adopted for business merger.

(XVIII) Impairment of non-financial assets

1. The Company will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and impairment loss would be recognized if the recoverable amount falls below the asset's face value. The recoverable amount is the fair value of an asset less the disposition cost or the use value, whichever is higher. Impairment loss recognized in previous years on assets other than goodwill may be reversed if the basis of impairment no longer existed or is reduced. Notwithstanding, the increase in book value of the asset resulting from the reversal must not exceed the face value of the asset less depreciation or amortization without impairment.

2. The recoverable amount of goodwill shall be estimated periodically. Impairment loss would be recognized if the recoverable amount falls below the face value. The impairment loss on goodwill shall not be reversed in following years.
3. Goodwill shall be amortized to cash generation unit for the purpose of testing impairment. The amortization is identified by operations to amortize goodwill into cash generation unit or cash generation unit group expected to benefit from the merger of businesses generating the goodwill.

(XIX) Loans

This refers to the long-term and short-term amounts borrowed from the bank. Loans of the Company is measured based on the fair value less trading cost at the time of initial recognition. The subsequent measurement of any difference between the price lessing trading cost and redemption value, its interest expenses shall be recognized in profit or loss based on amortized procedure under effective interest method within the outstanding period.

(XX) Accounts payable

1. This means debt generated from the purchase of materials, commodities or labor services on credit.
2. This belongs to short-term accounts payable with unpaid interest. The invoice payable was measured at the initial per value by the Company since the impact of discounting was insignificant.

(XXI) Derecognition of the financial liabilities

The Company will have the financial liabilities derecognized when the contractual obligation is performed, discharged, or expired.

(XXII) Offsetting of financial assets and liabilities

The financial assets and liabilities may be offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts of the financial assets and liabilities and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXIII) Liability reserve

The reserve for warranty liabilities shall be recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The reserve for liabilities is measured by best estimated present value paid to settle the obligation on the balance sheet date. The discount rate adopts the pre-tax discount rate that reflects the specific risk assessment of current market toward the time value of money and the liabilities and the discounted amortization is then recognized as interest expenses. The future operating loss shall not be recognized in the reserve for liabilities.

(XXIV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at non-discounted amount expected to be paid, and stated as expenses when the relevant services are provided.

2. Pension

   (1) Defined appropriation plan

   Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. The prepaid contribution may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

   (2) Defined benefit plan

   A. The net obligation under the defined benefit pension plan is converted to the present value based on the future benefit earned from the services provided by the employees under various benefit plans in the current period or in the past, and the present value of defined benefit obligations on the balance sheet date less the fair value of the planned assets. An actuary uses the Projected Unit Credit Method estimates defined benefit obligations each year. The discount rate is based on the market yield rate of government bonds (on the balance sheet date) that have the same currency exposure and maturity date as the obligations on the balance sheet date.

   B. The remeasurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

3. Remuneration to employees and directors

   The remuneration to employees and directors/supervisors shall be recognized as expenses and liabilities only when legal or constructive obligation and the value thereof may be estimated reasonably. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate. If the remuneration to employees is paid with stock shares, the basis for calculating the number of shares shall be the closing price on the day preceding to the day of resolution made by the shareholders' meeting.

(XXV) Income Tax

1. The income tax expenses consist of current income tax and deferred income tax. The income tax is recognized in the profit or loss except the income taxes relevant to the items which are recognized under other comprehensive income or directly counted into the items of equity, is recognized under other comprehensive income or directly counted into equity respectively.
2. The Company calculates the income tax related to the current period based on the statutory tax rate or tax rate substantially enacted in the countries where the Company is operating and generating taxable income on the balance sheet date. The management shall evaluate the status of income tax return within the statutory period defined by the related income tax laws, and shall be responsible for the income tax expected to be paid to the tax collection authority. Undistributed earnings, if any, shall be levied income tax. The income tax expenses for undistributed earnings will be stated in the year next to the year when the earnings are generated, upon approval of the motion for allocation of earnings at a shareholders' meeting.
3. Deferred tax is stated based on the temporary differences between taxation basis for assets and liabilities and the face value thereof on the parent company only balance sheet using the balance sheet method. The deferred income tax liabilities resulting from the initial

recognition of goodwill shall not be recognized. The deferred income tax resulting from the initial recognition of assets or liabilities in a transaction (exclusive of business merger) shall not be recognized, insofar as the accounting profit or taxable income (taxable loss) is not affected by the transaction. All taxable provisional differences generated from investment in subsidiaries and affiliated companies, of which the time of reverse is controllable by the Company and which is not likely to be reversed in the foreseeable future, shall not be recognized. The deferred income tax assets and liabilities are measured at the tax rate in the current period of which the assets are expected to be realized or liabilities to be repaid. The tax rate shall be based on the tax rate and tax laws already legislated or substantially legislated at the end of the reporting period.

4. Deferred income tax assets shall be recognized, insofar as temporary difference is very likely to credit against future taxable income, and deferred income tax assets which are recognized and unrecognized shall be reevaluated on each balance sheet date.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. Unused tax credits derived from purchase of equipment or technology, R&D expenditure and equity investment can be added to deductible temporary differences and recognized as deferred tax assets, to the extent that the Company is likely to earn taxable income to offset against.

(XXVI) Capital stock

Common share is classified as equity. The net amount directly attributable to new shares issuing or additional cost of stock option is recognized as deduction of proceeds in the equity after deducting income tax.

(XXVII) Allocation of dividends

The dividends allocated to the Company’s shareholders are recognized in the financial report upon allocation of dividends resolved by the shareholders’ meeting of the Company. The distributed cash dividend is recognized as liabilities and the distributed stock dividend is recognized as stock dividend to be distributed and reclassified as common shares on the date of new share issuance.

(XXVIII) Recognition of revenue

1. Sale of goods

(1) The Company researches and develops, manufactures and sells products related to wire communication and wireless broadband network. The sales revenue is recognized upon the transfer of product control to the customer, i.e. the timing when the product is delivered to the buyer, the buyer has the discretionary power regarding the selling channels and prices of product and the Company has no unfulfilled contract obligations that may affect the reception of such product by the buyer. When the product is delivered to the specified location, the risk of

obsolescence and loss is transferred to the buyer and the buyer accepts the product based on the sales contract or there is objective evidence indicating all acceptance standards has been met, the commodity delivery is thus completed.

(2) The sales revenue of communication products is recognized by net amount of contract price deducting estimated sales discount. Generally, the sales discount for the customer is calculated based on accumulated sale volume of 12 months. The Company adopts expected value method to estimate sales discount based on historical experience. The revenue amount is recognized only within the scope of height may not result in significant reversal and the estimate is updated on each balance sheet date. As of the balance sheet date, the estimated sales discount payable to the customer related to the sales is recognized as refund liabilities. The collection conditions of trading are agreed based on general business trading mode.

(3) The Company provides standard warranty for products sold and has responsibility to provide refund for products with defect, which is recognized in reserve for liabilities upon sales.

(4) The accounts receivable is recognized upon the delivery of product to the customer because the Company has unconditional rights to contract proceeds since that timing and can collect consideration from the customer after that time.

2. Cost of acquiring customer contract

The Company expected to recover the additional cost generated from the acquisition of customer contract. However, the related contract term is less than one year so such cost shall be recognized in expenses when incurred.

(XXIX) Government grants

The government subsidies shall be stated at fair value when it is reasonable to ensure that an enterprise will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies, in nature, are intended to compensate the expenses incurred by the Company, the government subsidies shall be stated as the current income on a systematic basis when the related expenses are incurred.

V. Major sources of Uncertainty to Significant Accounting Judgments, Estimates and Assumptions

When preparing the parent company only financial report of the Company, the management decided the adopted accounting policy by their judgment and made accounting estimates and assumptions based on the reasonable expectation toward future events subject to current circumstances on the balance sheet date. The actual results might be different from the major accounting estimates and assumptions, so the historical experience and other factors will be considered for constant evaluation and adjustment. The risk description of the assumptions and estimates which may cause major adjustments to the book amount of assets and liabilities in the following financial year. The following are the description of uncertainty to significant accounting judgments, estimates and assumptions:

(I) Significant judgments on choice of accounting policy

None.

(II) Accounting estimates and assumptions

1. Valuation of inventory

Inventory shall be evaluated on the basis of the lower the cost and net realizable value. As a result, the Company must make judgment and estimate to determine the net realizable value of the inventory on the balance sheet date. Due to the repaid transformation of technology, the Company assesses the amount of normal wearing out and phasing out of inventory or inventory with no market price and writes off the cost of inventory from net realizable value on the balance sheet date. The valuation of inventory is mainly estimated according to the product demand within a certain period in the future, therefore significant changes may occur.

As of December 31, 2020, the book value of the Company's inventory was NTD 28,108.

2. Evaluation for the loss of accounts receivable

During the evaluation process for the impairment of accounts receivable, the Company uses the overdue ages of accounts receivable, customer's financial status, historical trading record and subsequent collections as the basis. The Company also calculates loss ratio based on past aging data statement and considers the industrial forward-looking evaluation to estimate credit loss rate. This requires subjective judgment and the reserve matrix as the basis to estimate the possible credit loss.

As of December 31, 2020, the book value of accounts receivable (including the related party) after recognizing the credit loss by the Company was NTD 1,329,813.

VI. Explanation of Important Accounting Titles

(I) Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand and working fund	$ 277	$ 277
Checking deposit and current deposits	35,133	179,766
Time deposit	931,000	234,622
Cash equivalents – repurchase bonds	296,511	385,108
Total	$ 1,262,921	$ 799,773

1. The financial institutions trading with the Company are reputable banks and the Company trades with various financial institutions to spread the credit risk. Thus, the possibility of expected default is low.
2. The Company has reclassified time deposit with the initial maturity date over three months and limitation to item of "Financial assets measured at amortized cost." Please refer to the description in Note 6, (3).

(II) Financial assets measured at fair value through other comprehensive income

Item	December 31, 2020	December 31, 2019
Non-current items:		
Equity instruments		
TWSE/TPEx unlisted stocks	$ 1,260	$ 1,260
Valuation adjustment	407	10,371
Total	$ 1,667	$ 11,631

1. The Company classified the equity instrument investment belonged to strategic investment as financial assets measured at fair value through other comprehensive income.

2. The details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	2020	2019
Equity instrument measured at fair value through other comprehensive income		
Fair value changes recognized in other comprehensive income	($ 9,964)	($ 2,686)
Dividend income held at the end of current period recognized in profit or loss	$ 9,814	$ 2,919

3. For information related to financial assets measured at fair value through other comprehensive income, please refer to Note 12, (3).

(III) Financial assets measured at amortized cost

Item	December 31, 2020	December 31, 2019
Current items:		
Time deposit expired over three months	$ 1,342,200	$ 1,208,500
Non-current items:		
Pledged time deposit	$ 20,636	$ 20,636

1. Without taking into account the collaterals or credit enhancement held by the Company, for the financial assets measured at amortized cost that best represents the Company, the maximum amounts of credit risk exposure as of December 31, 2020 and 2019 were the book balance, respectively.
2. The counterparty invested by the Company has good credit risk.
3. For pledged financial assets measured at amortized cost by the Company, please refer to Note 8.

(IV) Notes and Accounts Receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ -	$ 4,873
Accounts receivable	692,585	1,281,153
Accounts receivable – the related party	646,110	198,091
Less: Allowance loss	(8,882)	(8,033)
	$ 1,329,813	$ 1,476,084

1. For aging analysis of notes and accounts receivable (including the related party), please refer to Note 12, (2).
2. The balances of notes and accounts receivable as of December 31, 2020 and 2019 were generated by the customer’s contract. Also, the balance of accounts receivable from the customer’s contract was NTD 2,576,809 as of January 1, 2019.
3. The notes and accounts receivable (including the related party) of the Company does not include collaterals.
4. Without taking into account the collaterals or credit enhancement held by the Company, for the notes and accounts receivable that best represents the Company, the maximum credit risk exposure amounts as of December 31, 2020 and 2019 were the book balance, respectively.

5. For the information related to credit risks, please refer to Note 12, (2).

(V) Inventory

	December 31, 2020		
	Costs	Allowance devaluation loss	Book amount
Materials	$ 109	($ 9)	$ 100
Semi-finished goods	4	(4)	-
Finished products	18,931	(1,951)	16,980
Inventory in transit	11,028	-	11,028
Total	$ 30,072	($ 1,964)	$ 28,108

	December 31, 2019		
	Costs	Allowance devaluation loss	Book amount
Materials	$ 290	$ -	$ 290
Semi-finished goods	234	(234)	-
Finished products	88,863	(4,089)	84,774
Inventory in transit	10,133	-	10,133
Total	$ 99,520	($ 4,323)	$ 95,197

The inventory cost recognized in expenses in current period by the Company:

	2020	2019
Cost of sold inventory	$ 4,354,039	$ 5,291,677
Revaluation gain	(2,359)	(45,507)
	$ 4,351,680	$ 5,246,170

The significant changes in inventory cost and allowance devaluation loss of the Company in 2020 and 209 were due to the adjustment in the production mode between groups.

(VI) Investment at equity method

	2020	2019
January 1	$ 2,434,914	$ 2,260,239
Increase in investment at equity method	-	280,565
Refunds from decapitalization of investment under the equity method	(6,000)	-
Cash dividend distributed from investment under the equity method	-	(12,185)
Share of profit or loss from investment under the equity method	(180,435)	(40,829)
Other comprehensive income under the equity method	(20,592)	(2,117)
Exchange difference in the financial statement translation of the foreign operation	(10,935)	(50,759)
December 31	$ 2,216,952	$ 2,434,914

For information of the Company’s subsidiaries, please refer to Note 4(3) in the 2020 consolidated financial statements of the Company and its subsidiaries.

1. The investment gains (losses) recognized under the equity method in 2020 and 2019 are as follows:

	2020	2019
Subsidiaries:		
CyberTAN Corp.(U.S.A)	$ 2,713	($ 1,351)
CyberTAN(B.V.I) Investment Corp.	(149,389)	(36,601)
Ta Tang Investment Co., Ltd.	(9,383)	(4,109)
Affiliated companies:		
Microelectronics Technology, Inc. (Microelectronics Technology)	(24,627)	1,317
Mega Power Ventures Inc.	251	(85)
Total	($ 180,435)	($ 40,829)

2. The basic information about affiliated companies important to the Company is stated as follows:

Company name	Principal business place	Shareholding ratio December 31, 2020	Shareholding ratio December 31, 2019	Nature of relationship	Measurement method
Microelectronics Technology	Taiwan	26.718%	26.718%	Invested company under the equity method by the Company	Equity method

3. The summarized financial information of affiliated companies important to the Company is stated as follows:

	Microelectronics Technology	
	December 31, 2020	December 31, 2019
Current assets	$ 3,451,306	$ 3,245,272
Non-current assets	1,948,477	1,778,952
Current liabilities	(1,916,050)	(1,778,982)
Non-current liabilities	(1,064,203)	(589,787)
Total net assets	$ 2,419,530	$ 2,655,455
Shares of the affiliates' net assets	$ 646,450	$ 709,484
Goodwill	573,063	573,063
Others	(21,303)	(22,169)
Book value of affiliated companies	$ 1,198,210	$ 1,260,378

	Microelectronics Technology	
	2020	2019
Revenue	$ 3,949,997	$ 5,798,880
Net profit of continuing operations for the year	($ 95,415)	$ 1,684
Other comprehensive income (after tax)	(140,510)	(60,180)
Total comprehensive income for the year	($ 235,925)	($ 58,496)

4. As the affiliated company important to the Company, Microelectronics Technology, Inc. has the open quotation. Its fair value as of December 31, 2020 and 2019 were NTD 2,031,835 and NTD 1,501,801, respectively.

5. The Company holds 26.718% of Microelectronics's shares, which is the single largest shareholder of such company. However, the shareholding does not exceed half of total shares and does not exceed the majority vote of the shareholders present at the meeting. Also, the Company has no control over the financial affair, operation and personnel guidelines of Microelectronics Technology without any actual guidance of relevant

activities. Therefore, it is determined that the Company has no control over such company but only significant impact thereof.

(VII) Property, plant and equipment

	House and buildings		Machinery and equipment		Other equipment		Total	
January 1, 2020								
Costs	$	869,506	$	72,216	$	90,185	$	1,031,907
Accumulated depreciation	(	256,804)	(	51,977)	(	61,170)	(	369,951)
	$	612,702	$	20,239	$	29,015	$	661,956
2020								
January 1	$	612,702	$	20,239	$	29,015	$	661,956
Increase		1,936		10,824		1,722		14,482
Disposal (cost)		-	(	4,877)		-	(	4,877)
Disposal (accumulated depreciation)		-		4,616		-		4,616
Depreciation expenses	(	26,328)	(	9,660)	(	9,171)	(	45,159)
December 31	$	588,310	$	21,142	$	21,566	$	631,018
December 31, 2020								
Costs	$	871,442	$	78,163	$	91,907	$	1,041,512
Accumulated depreciation	(	283,132)	(	57,021)	(	70,341)	(	410,494)
	$	588,310	$	21,142	$	21,566	$	631,018

	House and buildings		Machinery and equipment		Other equipment		Total	
January 1, 2019								
Costs	$	868,191	$	62,573	$	79,379	$	1,010,143
Accumulated depreciation	(	230,271)	(	43,768)	(	51,201)	(	325,240)
	$	637,920	$	18,805	$	28,178	$	684,903
2019								
January 1	$	637,920	$	18,805	$	28,178	$	684,903
Increase		1,315		12,178		10,806		24,299
Disposal (cost)		-	(	2,535)		-	(	2,535)
Disposal (accumulated depreciation)		-		715		-		715
Depreciation expenses	(	26,533)	(	8,924)	(	9,969)	(	45,426)
December 31	$	612,702	$	20,239	$	29,015	$	661,956
December 31, 2019								
Costs	$	869,506	$	72,216	$	90,185	$	1,031,907
Accumulated depreciation	(	256,804)	(	51,977)	(	61,170)	(	369,951)
	$	612,702	$	20,239	$	29,015	$	661,956

The property, plant, and equipment of the Company were not provided as collateral or capitalized interest.

(VIII) Lease transactions – Lessee

1. The underlying assets rented by the Company include the land and the building. The term of lease contract is usually 4 to 20 years. The lease contract adopts individual negotiation and includes various different terms and conditions. Besides the rented assets shall not be used as loan guarantee, there were no other restrictions.
2. The lease terms of drinking fountain, copy machine and parking space rented by the

Company are less than 12 months.

3. The following information is the book value and recognized depreciation expenses of right-of-use assets:

	December 31, 2020	December 31, 2019
	Book amount	Book amount
Land	$ 257,706	$ 275,046
House	2,508	3,987
	$ 260,214	$ 279,033

	2020	2019
	Depreciation expenses	Depreciation expenses
Land	$ 17,340	$ 17,340
House	1,479	1,479
	$ 18,819	$ 18,819

4. The following is information regarding the profit or loss items related to lease contracts:

	2020	2019
Item influencing current profit or loss		
Interest expenses of lease liabilities	$ 5,690	$ 6,016
Expenses for short-term lease contracts	160	805
Expenses for lease of low-price assets	207	208
	$ 6,057	$ 7,029

5. The Company's total cash outflow of lease in 2020 and 2019 were NTD 22,551 and NTD 23,198, respectively.

(IX) Lease transactions – Lessor

1. The underlying assets leased by the Company is the building and the term of lease contract is usually 1 to 5 years. The lease contract adopts individual negotiation and includes various different terms and conditions. To ensure the use condition of the leased assets, it is often required that the lessee shall not use the leased assets for loan guarantee.
2. The Company recognized NTD 55,267 and NTD 46,950 of rent revenue based on the operating lease contract in 2020 and 2019, respectively, and there were no variable lease payments.
3. The maturity analysis of lease payment based on operating lease of the Company is as follows:

	December 31, 2020	December 31, 2019
Not more than 1 year	$ 67,602	$ 28,619
More than 1 year but less than 5 years	34,472	12,825
Total	$ 102,074	$ 41,444

(X) Short-term loans

Nature of loan	December 31, 2020	Interest rate interval	Collateral
Bank loans – credit loans	$ 688,413	0.80%~0.90%	None

Nature of loan	December 31, 2019	Interest rate interval	Collateral
Bank loans – credit loans	$ 392,578	2.24%~2.58%	None

(XI) Pension

1. (1) The Company has established the regulation for retirement with welfare in accordance with the "Labor Standards Act," which is applicable to the years of service for full-time employees before the implementation of the "Labor Pension Act" on July 1, 2005, and the employees continued to adopt the "Labor Standards Act" after the "Labor Pension Act" has come into effect. Employees who meet the retirement requirements will be paid the pension based on their years of service and average salary or wage of the last six (6) months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit is accrued for each additional year thereafter, up to a maximum of 45 units. The company contributes 2% of the total salary on a monthly basis to the pension fund and deposit at the special pension account under the title of the Pension Reserve Monitoring Committee Taiwan the Bank of Taiwan. Before the end of the fiscal year, the Company calculates the balance of the said labor pension fund account. If the pension account balance is insufficient to pay for the pension of employees expecting to meet the retirement conditions in the following year, the spread amount shall be deposited by the Company in a lump sum before the end of March in the following year.

(2) The amount recognized in the balance sheet is stated as follows:

	December 31, 2020	December 31, 2019
Current values of the ascertained fringe benefit obligations	($ 22,598)	($ 26,042)
Fair values of the planned assets	61,524	60,433
Net defined benefit assets	$ 38,926	$ 34,391

(3) Changes in the net defined benefit liabilities are as follows:

	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Net defined benefit assets
2020			
Balance, January 1	($ 26,042)	$ 60,433	$ 34,391
Service cost in the current period	(99)	-	(99)
Interest (expenses) revenue	(195)	453	258
	(26,336)	60,886	34,550
Remeasurement amount:			
Return on plan assets (excluding amount included in interest income or expenses)	-	2,000	2,000
Effects of changes in financial assumptions	(995)	-	(995)
Adjustment through experience	3,362	-	3,362
	2,367	2,000	4,367
Pension fund paid	1,371	(1,362)	9
Balance, December 31	($ 22,598)	$ 61,524	$ 38,926

	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Net defined benefit assets
2019			
Balance, January 1	($ 24,698)	$ 53,616	$ 28,918
Service cost in the current period	(3,082)	4,717	1,635
Interest (expenses) revenue	(276)	582	306
	(28,056)	58,915	30,859
Remeasurement amount:			
Return on plan assets (excluding amount included in interest income or expenses)	-	2,065	2,065
Effects of changes in the demographic assumption	4	-	4
Effects of changes in financial assumptions	(779)	-	(779)
Adjustment through experience	2,236	-	2,236
	1,461	2,065	3,526
Pension fund paid	553	(547)	6
Balance, December 31	($ 26,042)	$ 60,433	$ 34,391

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (the scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.) The utilization of the fund is supervised by Supervisory Committee for Labor Pension Reserve. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Any deficits thereof shall be made up by the national treasury upon approval of the competent authority. As the Company was not entitled to participate in operation and management of the Fund, it was not impossible for the Company to disclose the classification of fair value of the planned assets in accordance with Paragraph 142 of No. 19 of IAS. For the fair value of the total assets under the fund on December 31, 2019 and 2020, please refer to the labor pension fund utilization report published by the government each year.

(5) Actuarial hypotheses about pension are summarized as follows:

	2020	2019
Discount rate	0.35%	0.75%
Future raise rate	3.00%	3.00%

The hypotheses of future mortality rate are estimated based on the statistics published by each country and experience.

Due to the change in principal actuarial assumptions adopted, the affected present value of the defined benefit obligation is as follows:

	Discount rate		Future raise rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	($ 637)	$ 661	$ 642	($ 622)
December 31, 2019				
Effect on present value of defined benefit obligation	($ 779)	$ 810	$ 790	($ 764)

Said analysis of sensitivity refers to the analysis of the effect produced by any change of single hypothesis under the circumstance that the other hypotheses remain unchanged. In practice, a lot of changes in hypotheses might be linked with each other. The analysis of sensitivity adopted the same method used for calculation of net pension liability on the balance sheet.

The methods and hypotheses used by the analysis of sensitivity prepared in the current period are identical with those used in the previous period.

(6) The Company schedules to contribute NTD 0 to the pension plan in 2021.

(7) Until December 31, 2020, the weighted average duration of the pension plan has been 11 years. The maturity analysis on pension contribution is as follows:

Less than 1 year	$ 169
1–2 years	1,011
2–5 years	1,696
Over 5 years	20,414
	$ 23,290

2. (1) As of July 1, 2005, the Company instituted the defined contribution pension plan according to the “Labor Pension Act” applicable to the native employees. The Company shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau, with respect to the labor pension system under the “Labor Pension Act” chosen by employees. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum.

(2) The principal of the pension cost recognized by the Company according to the said pension regulations were NTD 8,977 and NTD 9,531 in 2020 and 2019, respectively.

(XII) Liability reserve

	Warranty	
	2020	2019
Balance, January 1	$ 42,848	$ 48,268
Increase in liability reserve in current period	6,971	17,016
Used liability reserve in current period	(12,688)	(22,436)

Balance, December 31	$ 37,131	$ 42,848

The analysis of liability reserve is as follows:

	December 31, 2020	December 31, 2019
Current	$ 19,978	$ 22,573
Non-current	$ 17,153	$ 20,275

The Company's reserve for warranty liabilities is estimated according to the historical warranty information of such product to estimate possible after-sale service in the future. The warranty liabilities of the Company estimated to be used in 2021 and 2022 are NTD 19,978 and NTD 17,153 respectively.

(XIII) Capital stock

As of December 31, 2020, the Company's authorized capital was NTD 3,630,000 which was divided into 363,000 thousand shares (including 14,000 thousand shares exercisable under employee stock options). The paid-in capital was NTD 3,286,054 at NTD 10 per share. All shares issued by the Company were paid in full.

(XIV) Capital reserves

According to the Company Act, for the capital reserves including shares issued at premium excessing the par value and the gains in the form of gifts, besides covering losses, the Company shall distribute the capital reserve by issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders when the Company incurs no loss. In addition, according to relevant regulation of Securities and Exchange Act, the capital surplus mentioned above that can be capitalized annually shall not exceed 10% of the total paid-in capital. When the reserve is insufficient to cover the capital losses, the Company shall not use capital reserve for offset.

	2020				
	Stock premium	Changes in net worth of equity of affiliated companies and joint ventures recognized under equity method	New restricted employee shares	Others	Total
January 1 (December 31)	$ 484,632	$ 43,221	$ 41,310	$ 8,968	$ 578,131

	2019				
	Stock premium	Changes in net worth of equity of affiliated companies and joint ventures recognized under equity method	New restricted employee shares	Others	Total
January 1 (December 31)	$ 484,632	$ 43,221	$ 41,310	$ 8,968	$ 578,131

(XV) Retained earnings

1. If the Company has profit at the year's final accounting, it shall first be used to pay the income tax and make up any cumulative losses in accordance with laws, and 10% of the balance shall be appropriated as legal reserve, unless the existing legal reserve reaches the amount of the Company's paid-in capital. The rest of the balance shall be used for provision/reversal of special reserves pursuant to laws. The residual balance, if any, shall

be added to cumulative undistributed earnings. The Board of Directors shall draft a motion for allocation of the residual balance plus the undistributed earnings.

2. The dividend policy of the Company is as follows: The Company is now in the growth stage and will develop and expand in line with our business. The distribution of earnings shall consider the Company's capital expense budget and needs in the future and the board of directors shall propose a motion for the distribution and submit to the shareholders' meeting for approval before distribution. However, the dividends for the shareholders in the dividends distributed in current year shall not exceed two-thirds of the distributed dividends.
3. The legal reserve shall not be used unless for covering losses or issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders. The new shares or cash allocated shall be no more than 25% of the paid-in capital.
4. Pursuant to laws, when allocating earnings, the Company shall provide the special reserve from the credit balance under other equities on the balance sheet date in current year and then may allocate the earnings. Where the credit balance under other equities is reversed, the reversed amount may be included into the allocable earnings.
5. The 2018 and 2019 earnings distribution proposals of the Company approved at the regular shareholders' meeting held separately on June 24, 2020 and June 21, 2019 are stated as follows:

	2019		2018	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Allocated legal reserve	$ 6,924		$ 16,660	
Allocated special reserve	58,495		64,388	
Distributed cash dividends for shareholders	49,291	0.15	131,442	0.40
Total	$ 114,710		$ 212,490	

6. As of March 25, 2021, the board of directors had not approved the proposal of 2020 earnings distribution.

(XVI) Other items of interest

	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Total
January 1, 2020	($ 10,294)	($ 116,208)	($ 126,502)
Valuation adjustment	(9,964)	-	(9,964)
Valuation adjustment – Subsidiaries and affiliated companies	(14,090)	-	(14,090)
Valuation adjustment transferred to retained earnings – Subsidiaries and affiliated companies	(28,264)	-	(28,264)
Currency translation differences:			
- the Company and subsidiaries	-	(9,318)	(9,318)
- tax of the Company and subsidiaries	-	1,864	1,864
- Affiliated companies	-	(1,617)	(1,617)
December 31, 2020	($ 62,612)	($ 125,279)	($ 187,891)

	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Total
	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Total
January 1, 2019	($ 12,393)	($ 55,614)	($ 68,007)
Valuation adjustment	(2,686)	-	(2,686)
Valuation adjustment – Subsidiaries and affiliated companies	21,968	-	21,968
Valuation adjustment transferred to retained earnings – Subsidiaries and affiliated companies	(17,183)	-	(17,183)
Currency translation differences:			
- the Company and subsidiaries	-	(60,667)	(60,667)
- tax of the Company and subsidiaries	-	12,133	12,133
-Affiliates	-	(12,060)	(12,060)
December 31, 2019	($ 10,294)	($ 116,208)	($ 126,502)

(XVII) Operating revenue

	2020	2019
Revenue from customer contracts	$ 4,820,615	$ 5,699,629

1. Details of revenue from customer contracts

The revenue of the Company is mainly from providing products transferred in certain timing and the revenue can be classified by the following main product lines and geographical area:

2020	Europe Communication product	America Communication product	Asia Communication product	Australia Communication product	Other departments	Total
Revenue from external customer contracts	NTD 737,046	NTD3,498,131	NTD 320,638	NTD 61,821	NTD 202,979	NTD4,820,615

2019	Europe Communication product	America Communication product	Asia Communication product	Australia Communication product	Other departments	Total
Revenue from external customer contracts	NTD 177,356	NTD4,702,267	NTD 466,604	NTD 63,336	NTD 290,066	NTD5,699,629

2. Contract liabilities

(1) The Company’s balance of contract liabilities – advance sale receipts related to revenue from customer contract recognized on December 31, 2020, December 31, 2019 and January 1, 2019 were NTD 53,483, NTD 38,481 and NTD 35,468, respectively.

(2) Contract liabilities at the beginning recognized in the revenue in current period

	2020	2019
Balance of the contract liabilities at the beginning recognized in the revenue in current period	$ 8,614	$ 14,335

(XVIII) Interest revenue

	2020	2019
Interest revenue	$ 12,278	$ 24,939

(XIX) Other revenue

	2020	2019
Dividend revenue	$ 9,814	$ 2,919
Rental revenue	55,267	46,950
Revenue from government subsidy	15,689	216
Miscellaneous income	9,554	8,432
Total	$ 90,324	$ 58,517

Because the Company is applicable to the salary and operating fund subsidies of businesses in difficulty due to the impact of COVID-19 on manufacturing and technical services by the Ministry of Economic Affairs, the revenue from government subsidy recognized in 2020 was NTD 15,689.

(XX) Other gains and losses

	2020	2019
Net profit of financial assets measured at fair value through profit or loss	$ -	$ 417
Foreign currency exchange gain, net	(13,874)	(44,238)
Gains on disposal of property, plant and equipment	625	178
Miscellaneous expenses – depreciation expenses	(17,977)	(19,267)
Miscellaneous expenses – interest expenses	(2,555)	(2,496)
Miscellaneous expenses	(3,139)	(3,515)
Total	($ 36,920)	($ 68,921)

(XXI) Financial Costs

	2020	2019
Interest expenses:		
Bank loans	$ 6,583	$ 1,008
Lease liabilities	3,135	3,520
Financial Costs	$ 9,718	$ 4,528

(XXII) Additional Information on the Nature of Expense

	2020	2019
Employee benefit expenses	$ 220,311	$ 230,083
Depreciation expenses of property, plant and equipment	34,508	33,882
Depreciation expenses of right-of-use assets	11,493	11,096
Amortization expense of intangible assets	1,226	1,785

	2020	2019
	$ 267,538	$ 276,846

(XXIII) Employee benefit expenses

	2020	2019
Salary expenses	$ 184,486	$ 192,044
Expenses for labor and health insurance	16,173	17,816
Pension expenses	8,818	7,590
Other employment expenses	10,834	12,633
	$ 220,311	$ 230,083

1. According to the Articles of Incorporation, if there is profit after annual closing, the Company shall allocate 7%–9% thereof as the remuneration to employees. However, earnings must first be used to offset cumulative losses, if any, before being distributed to the employees and directors as their remuneration at the percentage.
2. The Company estimated the remuneration to employees was NTD 1,249 and NTD 6,186 in 2020 and 2019, respectively. Said values were stated into salary expenses.

   According to the earnings gained in 2020, the estimated remuneration to employees was 8% and the actual distributed amount resolved by the board of directors was NTD 1,249, which will be distributed in cash.

   The difference between the employee remuneration in 2019 approved by the board of directors and the employee remuneration of NTD 6,186 recognized in the 2018 financial report was NTD 6, which has been adjusted in the profit or loss in 2020.
3. Please refer to the "Market Observation Post System" for information related to the remuneration to employees, directors, and supervisors of the Company approved by the board of directors and resolved by a shareholders' meeting.

(XXIV) Income Tax

1. Income tax expenses

   (1) Income tax expense consisting of:

	2020	2019
Income tax in the current period:		
Income tax generated from the current income	$ 27,523	$ 18,255
Underestimated (overestimated) income tax in previous year	(15,002)	1,857
Total income tax in the current period	12,521	20,112
Deferred income tax:		
Initial occurrence and reversal of temporary difference	(21,728)	(4,963)
Total deferred income tax	(21,728)	(4,963)
Income tax (benefits) expenses	($ 9,207)	$ 15,149

   (2) Income tax benefits related to other comprehensive income:

	2020	2019
Remeasurement of defined benefit obligation	($ 873)	($ 705)
Exchange differences on the translation of the foreign operation	1,864	12,133
	$ 991	$ 11,428

2. Relation between income tax and accounting profit:

	2020	2019
Income tax calculated based on net profit before tax at the statutory tax rate	$ 2,874	$ 13,300
Excluded expenses by the tax laws	6,756	839
Exemption by the tax laws	(4,365)	(847)
Realizable evaluation changes of deferred income tax assets	530	-
Underestimated (overestimated) income tax in previous year	(15,002)	1,857
Income tax (benefits) expenses	($ 9,207)	$ 15,149

3. The amount of deferred income tax assets and liabilities due to temporary difference are shown in the following:

	2020			
	January 1	Recognized into profit and/or loss	Recognized in other comprehensive net profit	December 31
Deferred income tax assets:				
- Temporary difference:				
Loss on inventory valuation	$ 864	($ 471)	$ -	$ 393
Warranty reserve	8,570	(1,144)	-	7,426
Bonus payable for unused vacation	1,186	-	-	1,186
Exchange differences on the translation of the foreign operation	22,100	-	1,864	23,964
Pension fund payable	666	(32)	-	634
Refund liabilities	1，900	(1,528)	-	372
Unrealized exchange loss	8,052	(3,902)	-	4,150
Net lease liabilities	530	(530)	-	-
Subtotal	$ 43,868	($ 7,607)	$ 1,864	$ 38,125
- Deferred income tax liabilities:				
Foreign investment at equity method	($ 71,513)	$ 29,335	$ -	($ 42,178)
Remeasurement of defined benefit plan	(4,074)	-	(873)	(4,947)
Subtotal	($ 75,587)	$ 29,335	($ 873)	($ 47,125)
Total	($ 31,719)	$ 21,728	$ 991	($ 9,000)

	2019			
	January 1	Recognized into profit and/or loss	Recognized in other comprehensive net profit	December 31
Deferred income tax assets:				
- Temporary difference:				
Loss on inventory valuation	$ 9,966	($ 9,102)	$ -	$ 864
Warranty reserve	9,654	(1,084)	-	8,570
Bonus payable for unused vacation	1,186	-	-	1,186
Exchange differences on the translation of the foreign operation	9,967	-	12,133	22,100
Pension fund payable	1,054	(388)	-	666
Refund liabilities	2,400	(500)	-	1,900
Unrealized exchange loss	209	7,843	-	8,052
Net lease liabilities	-	530	-	530
Subtotal	$ 34,436	($ 2,701)	$ 12,133	$ 43,868
- Deferred income tax liabilities:				
Gain from financial assets valuation at fair value through profit or loss	($ 74)	$ 74	$ -	$ -
Foreign investment at equity method	(79,103)	7,590	-	(71,513)
Remeasurement of defined benefit plan	(3,369)		(705)	(4,074)
Subtotal	($ 82,546)	$ 7,664	($ 705)	($ 75,587)
Total	($ 48,110)	$ 4,963	$ 11,428	($ 31,719)

4. The Company's profit-seeking business income tax have been certified by the tax authority up until 2018.

(XXV) Earnings per share

	2020		
	After-tax income	Weighted average outstanding shares (thousand shares)	Losses per share (NTD)
Basic earnings per share:			
Net profit attributable to the parent company's common stock shareholders	$ 23,575	328,605	$ 0.07
Diluted earnings per share			
Net profit attributable to the parent company's common stock shareholders	$ 23,575	328,605	
Impacts of dilutive potential common shares on employee remuneration	-	193	
Impacts of net profit attributable to the parent company's common stock shareholders plus potential common stocks	$ 23,575	328,798	$ 0.07

	2019		
	After-tax income	Weighted average outstanding shares (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net profit attributable to the parent company's common stock shareholders	$ 51,352	328,605	$ 0.16
Diluted earnings per share			
Net profit attributable to the parent company's common stock shareholders	$ 51,352	328,605	
Impacts of dilutive potential common shares on employee remuneration	-	629	
Impacts of net profit attributable to the parent company's common stock shareholders plus potential common stocks	$ 51,352	329,234	$ 0.16

(XXVI) Changes in liability reserve from financing activities

The Group's changes in liabilities from financing activities in 2020 and 2019 were changes in cash flow from financing without any non-cash changes. Please refer to the parent company only statement of cash flow.

VII. Transactions of the Related Party

(I) Name of the related party and relationship

Name of the related party	Relationship with the Company
TSE-TSAN CHEN	Key management of the Company
CyberTAN Corp.(U.S.A)	Subsidiary of the Company
Ta Tang Investment Co., Ltd.	〃
CyberTAN (B.V.I) Investment Corp.	〃
CyberTAN Technology (HONG KONG) Limited	The Company is the ultimate parent company of such company
Fuhongkang Technology (Shenzhen) Co., Ltd.	〃
Chongqing Hongdaofu Technology Co., Ltd.	〃
HON YAO FU Technology Company Limited (HON YAO FU)	〃
Microelectronics Technology, Inc. and its subsidiaries (Microelectronics Technology and its subsidiaries)	Affiliated companies
Hon Hai Precision Industry Co., Ltd. and its subsidiaries (Hon Hai and its subsidiaries)	Groups with significant impact on the Company
FOXCONN Technology Co., Ltd. and its subsidiaries	Other related parties
Fitipower Integrated Technology Inc.	〃
Innolux Corporation and its subsidiaries	〃
Garuda Technology Co., Ltd. and its subsidiaries (Garuda Technology and its subsidiaries)	〃
Pan-International Industrial Corp.	〃

(II) Significant transactions with the related party

1. Operating revenue

	2020	2019
Sale of goods:		
Subsidiaries		
-CyberTAN Corp.(U.S.A)	$ 89,478	$ 163,701
- Others	-	173
Groups with significant impact on the Company		
-Belkin	1,566,318	849,779
-Cloud Network	684,652	-
- Others	105,159	162,766
Affiliated companies	-	17,540
	$ 2,445,607	$ 1,193,959

The Company's unit sales price of partial goods for the related party is equivalent to the general customer's price while partial goods are not sold to the customer. Thus, the sales prices are incomparable. The mode of collection adopts NET 20 days and the collection period is O/A 120 days. The mode of collection for general customer is O/A 60 days.

2. Purchase

	2020	2019
Purchase of commodities:		
Subsidiaries		
- Chongqing Hongdaofu Technology Co., Ltd.	$ 1,827,012	$ 3,852,573
-HON YAO FU	2,197,647	-
- Others	11,119	218,767
Groups with significant impact on the Company		
-Cloud Network	99,186	34,298
- Foxconn Interconnect Technology Limited	84,705	17,510
- Others	13,698	8,089
Affiliated companies		
- Microelectronics Technology and its subsidiaries	201,698	391,886
Other related parties		
- Garuda Technology and its subsidiaries	17,735	36,712
- Others	4,003	4,623
	$ 4,456,803	$ 4,564,458

The Company's unit selling price of partial goods for the related party is equivalent to the general vendor's price while partial unit purchase price has no other vendor's price for comparison. The mode of collection adopts NET30 days and the collection period is O/A 120 days. The mode of collection for general vendors is O/A 60 days.

3. Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable – the related party		
Subsidiaries		
-CyberTAN Corp.(U.S.A)	$ 11,041	$ 2,815
Groups with significant impact on the Company		
-Belkin	568,634	181,861
-Cloud Network	50,680	-
- Others	15,755	13,415
	$ 646,110	$ 198,091

4. Other accounts receivable

	December 31, 2020	December 31, 2019
Other receivables – the related party		
Subsidiaries		
-HON YAO FU	$ 12,801	$ 145,097
- Others	2,017	8,961
Groups with significant impact on the Company		
- Hon Hai and its subsidiaries	986	1,683
Affiliated companies		
- Microelectronics Technology and its subsidiaries	28,314	1,440
Other related parties	-	729
	$ 44,118	$ 157,910

Other receivables from the related party mainly are the purchase amount on behalf of the related party.

5. Accounts payable

	December 31, 2020	December 31, 2019
Accounts payable – the related party		
Subsidiaries		
- Chongqing Hongdaofu Technology Co., Ltd.	$ 42,049	$ 252,989
Entities with significant impact on the Company		
-Cloud Network	-	21,934
- Foxconn Interconnect Technology Limited	9,710	5,576
- Others	2,969	1,020
Affiliated companies		
- Microelectronics Technology and its subsidiaries	23,410	70,240
Other related parties		
- Garuda Technology and its subsidiaries	4,340	4,431
- Others	1,237	500
	$ 83,715	$ 356,690

6. Other payables

	December 31, 2020	December 31, 2019
Other payables – the related party		
Subsidiaries		
- Others	$ -	$ 6,527
Entities with significant impact on the Company		
-Belkin	7,141	-
- Hon Hai Precision Ind. Co., Ltd.	1,479	1,517
-Carston	1,009	2,814
- Others	-	3
Affiliated companies	798	4,384
Other related parties	668	4,061
	$ 11,095	$ 19,306

Other payables to the related party mainly are payables of processing fee and labor service fee.

7. Lease transactions – Lessee

(1) The Company rented buildings from FOXCONN Technology Co., Ltd. The tern of lease contract is 10 years and the rent is paid at the end of each month.

(2) Acquisition for right-of-use assets

The right-of-use assets if the Company increased NTD 4,120 due to the adoption of IFRS 16 on January 1, 2019.

(3) Lease liabilities

A. Ending balance:

	December 31, 2020	December 31, 2019
Other related parties	$ 2,101	$ 3,121

B. Interest expenses

	2020	2019
Other related parties	$ 63	$ 83

8. Processing expenses

	2020	2019
Chongqing Hongdaofu Technology Co., Ltd.	$ -	$ 116,536
Groups with significant impact on the Company	10,363	12,108
	$ 10,363	$ 128,644

9. Labor service fee

	2020	2019
Groups with significant impact on the Company	$ 2,281	$ 271

The fee was the provided by the Company to the affiliated companies which provided industrial information consultation service in 2019 and 2020.

10. Property transaction

(1) Acquisition of property, plant, and equipment

	2020	2019
Subsidiaries		
- Chongqing Hongdaofu Technology Co., Ltd.	$ -	$ 2,064
Groups with significant impact on the Company		
- Hon Hai and its subsidiaries	-	2,013
	$ -	$ 4,077

(2) Disposal of property, plant, and equipment:

	2020	
	Disposal proceeds	Disposal gain
HON YAO FU	$ 886	$ 625

	2019	
	Disposal proceeds	Disposal gain
HON YAO FU	$ 1,821	$ 177

11. Service and repair fee

	2020	2019
CyberTAN Corp.(U.S.A)	$ 12,130	$ 17,016

12. Rental revenue

	2020	2019
Affiliated companies		
- Microelectronics Technology and its subsidiaries	$ 45,261	$ 29,315
Groups with significant impact on the Company		
- Hon Hai and its subsidiaries	9,682	4,457
	$ 54,943	$ 33,772

The Company leased property, plant and equipment to the related party in 2018 and 2019. The rent price per square meter has no significant difference with those of the non-related party. The rent is collected every quarter.

13. Other transactions

The related party Tse-Tsan Chen served as the joint guarantor of bank loans and joint writer of guaranteeing invoice by the Company in 2020 and 2019.

(III) Information on the remuneration to the key management:

	2020	2019
Salary and other short-term employee benefits	$ 11,460	$ 13,003
Benefits after severance/retirement	403	451
Total	$ 11,863	$ 13,454

VIII. Pledged Assets

The details of the Company's assets provided as collateral are as follows:

Asset item	Book value December 31, 2020	Book value December 31, 2019	Purpose of collateral
Time deposit (listed financial assets measured at amortized cost – non-current)	$ 20,636	$ 20,636	Guarantee deposits of superficies

IX. Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts

(I) Contingency

None.

(II) Commitments

None.

X. Losses Due to Major Disasters

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The Company's capital management objective is intended to protect the Company's continued operation and maintain optimal capital structure to reduce capital cost and provide remuneration to the shareholder. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce liabilities.

(II) Financial instruments

1. Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Equity instrument investment specified by financial assets measured at fair value through other comprehensive income	$ 1,667	$ 11,631
Financial assets measured at amortized cost	3,999,790	3,663,015
	$ 4,001,457	$ 3,674,646
Financial liabilities		
Financial liabilities measured at amortized cost	$ 1,467,800	$ 1,342,723
Lease liabilities	265,189	281,683
	$ 1,732,989	$ 1,624,406

Note: The financial assets carried at amortized cost including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivables (including the related party), other receivables – the related party and guaranteed deposits paid; the financial liabilities measured at amortized cost include the short-term loans, accounts payable (including the related party), other payables (including the related party) and deposits received.

2. Risk management policy

   (1) Various financial risks have impact on the daily operation of the Company, including the market risk (including the exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. To reduce adverse impact of uncertainty on the Company's financial performance, the Company used forward exchange contracts to hedge the risk of exchange rate. The derivative tools used by the Company is for hedging purpose instead of trading or speculation.

   (2) The risk management work is executed by the Company's financial department based on the policy approved by the board of directors. The Company's financial department is responsible for identifying, evaluating and hedging financial risks by the close cooperation with each business unit in the Company. The board of directors has established written principles for the overall risk management while providing written policy for certain scope and matters, such as exchange rate risk, interest rate risk, credit risk, utilization of the financial and non-financial instruments and the investment principles of remained current funds.

3. Nature and degree of important financial risk

   (1) Market risk

   Exchange rate risk

   A. The Company is a multinational corporation. Therefore, the exchange rate risk resulted from transactions with functional currency relatively different from the Company mainly involve USD and RMB. Related exchange rate risks come from the future commercial transactions and recognized assets and liabilities.

   B. The management of the Company has established policy that regulates the management of the exchange rate risk which is relative to the functional currency of the companies in the Company. Each company shall adopt hedging policy against the overall exchange rate risk via the Company's financial department. The exchange rate risk is measured by the expected transactions with high possibility to generate USD and RMB expenses which adopt forward exchange contract to reduce impact of exchange rate fluctuation on the expected purchase inventory cost.

C. The Company's business lines involved some non-functional currencies (the functional currency of the Company is NTD). Therefore, the Company would be subject to the effect produced by fluctuation in foreign exchange rate. The information about assets and liabilities denominated in foreign currency exposed to significant effect produced by fluctuation in foreign exchange rate is stated as follows:

	December 31, 2020					
				Sensitivity analysis		
	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Profit or loss affected	Other comprehensive income affected
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 124,903	28.480	$3,557,237	1%	$ 28,458	$ -
RMB : NTD	2,119	4.377	9,275	1%	74	-
Financial liabilities						
Monetary items						
USD : NTD	$ 60,980	28.480	$1,736,710	1%	$ 13,894	$ -

	December 31, 2019					
				Sensitivity analysis		
	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Profit or loss affected	Other comprehensive income affected
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 44,866	29.980	$1,345,083	1%	$ 10,761	$ -
RMB : NTD	85,397	4.305	367,634	1%	2,941	-
Financial liabilities						
Monetary items						
USD : NTD	$ 61，577	29.980	$1,846,078	1%	$ 14,769	$ -

D. The Company's total amount of all exchange loss (including the realized and unrealized) from monetary items due to significant impact of exchange rate fluctuation were NTD(13,874) and NTD(44,238) in 2020 and 2019, respectively.

Price risk

A. The Company's equity instruments exposed to price risk are the holding financial assets measured at the fair value through profit or loss and financial assets measured at the fair value through other comprehensive income. To manage the price risk of the equity instrument investment, the Company separated the investment portfolio and the separation method is based on the limited amount set by the Company.

B. The Company mainly invested in the equity instruments issued at home and abroad and the price of such equity instrument is affected by the uncertainty of the investment's future value. If the price of the equity instrument increase or decrease by 1% and all other factors remain unchanged, the other comprehensive income in 2020 and 2019 will increase or decrease by NTD17 and NTD116 as a result of the profit or loss in equity instrument measured at fair value through other comprehensive income.

(2) Credit risk

A. The Group's credit risk is the risk of financial loss that would be incurred by the Group if its customers or financial instrument trading counterparty fail to perform the contracts. This is mainly due to the trading counterparty cannot pay the notes and accounts payable based on the payment conditions and financial assets classified to be measured at amortized cost.

B. The Company established the credit risk management in the Company's aspect. For trading banks and financial institutes, only those with good credit can be accepted as trading counterparties. According to the loan policy defined by the Company, each business unit within the Company shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers' credit quality by taking into consideration the customers' financial position, and past experience and other factors. The individual risk limit is set by the board of directors according to the internal or external ratings. The management will also control the periodic draw down of credit limits.

C. The Company adopts IFRS 9 for presumption that when the contract payment past due for over 30 days based on the agreed payment terms, the Company takes it as a default of the contract.

D. The following presumption provided by the Company adopts IFRS 9 as the basis to determine whether the credit risk of financial instrument increases significantly after the initial recognition:

(A) When the contract payment past due for over 90 days based on the agreed payment terms, it is determined that the credit risk of financial instrument increased significantly after the initial recognition.

(B) For bond investment traded in Taipei Exchange, those financial assets with investment grading rated by any external credit rating agency on balance sheet date are considered with low credit risk.

E. The Company's indexes used to determine the debt instrument as credit impairment are as follows:

(A) Issuer has major financial difficulty or likely to wind up or proceed with other financial reorganizations;

(B) The active market of financial assets might extinguish due to financial difficulty of the issuer;

(C) Overdue or non-performance of interest or principal payment by the issuer;

(D) National or regional adverse economic changes related to the default of issuer.

F. The Company classified the customer's notes and accounts receivable based on customer rating and the characteristics of customer and used the reserve matrix as the basis with simplified approach to estimate the expected credit losses.

G. The Company offsets the amount of recoverable financial assets which cannot be reasonably expected after the recourse procedure. However, the Company will continue the legal recourse procedure to protect the creditor's right. As of December 31, 2020, the Company does not have creditor's right which was written off with means of recourse.

H. The Company adopted the business indicators of National Development Council for the future forward-looking considerations to adjust the established loss ratio based on certain period of history and current information to estimate the allowance loss of the notes and accounts (including the related parties) receivable. The reserve matrix on December 31, 2019 and 2020 are as follows:

	Undue	Overdue 1 – 90 days	Overdue 91 – 180 days	Overdue 181 – 365 days	Overdue more than 365 days	Total
December 31, 2020						
Expected loss ratio	0.36%	5.69%	8.20%	15.70%	100.00%	
Total book value	$1,338,451	$ 244	$ -	$ -	$ -	$ 1,338,695
Allowance loss	8,868	14	-	-	-	8,882

	Undue	Overdue 1 – 90 days	Overdue 91 – 180 days	Overdue more than 181 days	Overdue more than 365 days	Total
December 31, 2019						
Expected loss ratio	0.52%	0.64%	2.50%	7.50%	100.00%	
Total book value	$1,483,825	$ 292	$ -	$ -	$ -	$ 1,484,117
Allowance loss	8,031	2	-	-	-	8,033

I. The aging analysis of accounts receivable (including the related party) is as follows:

	December 31, 2020	
	Notes receivable	Accounts receivable
Undue	$ -	$ 1,338,451
Within 90 days	-	244
	$ -	$ 1,338,695

	December 31, 2019	
	Notes receivable	Accounts receivable
Undue	$ 4,873	$ 1,478,952
Within 90 days	-	292
	$ 4,873	$ 1,479,244

The aging analysis stated above was based on the number of overdue days.

J. The Company's statement of changes in the allowance loss for accounts receivable using the simplified approach is as follows:

	2020	2019
	Accounts receivable (including the related party)	Accounts receivable (including the related party)
January 1	$ 8,033	$ 5,154
Impairment loss recognized	849	2,879
December 31	$ 8,882	$ 8,033

(3) Liquidity risk

A. The cash flow forecast is executed by each business department in the Company and summarized by the Company's finance department. The finance department of the Company supervises the forecast of the Company's current fund demand to ensure there are sufficient fund to support the operating needs.

B. The following table refers to the Company's non-derivative financial liabilities and grouped subject to the relevant expiry dates. The non-derivative financial liabilities are analyzed based on the residual period from the date of balance sheet until the expiry date. The contractual cash flow amount disclosed in the following statement is the undiscounted amount.

Non-derivative financial liabilities December 31, 2020	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Deposit received	$ 76	$ 1,972	$ 719	$ 456
Lease liabilities	21,935	21,968	61,908	204,202
	$ 22,011	$ 23,940	$ 22,627	$ 204,658

Non-derivative financial liabilities December 31, 2019	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Deposit received	$ 979	$ 745	$ 1,972	$ 456
Lease liabilities	22,185	22,185	62,990	224,838
	$ 23,164	$ 22,930	$ 24,962	$ 225,294

Except for those specified above, the non-derivative financial liabilities of the Company will expire within the coming year.

(III) Fair value information

1. The levels of the valuation technique adopted to measure the fair value of the financial and non-financial instruments are defined as follows:

Level 1: The quotation of the same asset or liability in an active market on the measurement date acquired by the enterprise (before adjustment). The active market means the market in which there are frequent and large volumes of transactions to provide the information about pricing on an ongoing basis. The fair value of TPEx-listed share invested by the Company belongs to this level.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of derivatives invested by the Company belongs to this level.

Level 3: Inputs for the asset or liability that are not based on.

2. The following is the analysis regarding the Company's classification of the financial instruments measured at fair value based on the nature, characteristics and risks of the assets and liabilities as well as the levels of fair value:

December 31, 2020	Level 1	Level 2	Level 3	Total
Recurring fair value assets:				
Equity security of financial assets measured at fair value through other comprehensive income	$ -	$ -	$ 1,667	$ 1,667

December 31, 2019	Level 1	Level 2	Level 3	Total
Recurring fair value assets:				
Equity security of financial assets measured at fair value through other comprehensive	$ -	$ -	$ 11,631	$ 11,631

income

3. The methods and assumptions used by the Company to measure fair value is as follows:
   (1) The Company's fair value inputs (i.e. Level 1) adopting the quoted market price are listed in the following based on the characteristics of the instruments:

	TWSE/TPEx listed stocks
Quoted market price	Closing price

   (2) Except for the financial instrument in the active market, the fair value of other financial instruments is based on the evaluation technology or the quotation of the counterparty. The fair value acquired through the evaluation technology can take reference from other substantial conditions and similar financial instruments' current fair value and discounted cash flow method or other evaluation technology, including the market information that can be acquired on the date of preparing the parent company only balance sheet. The information is then used on a calculation model (such as yield curve referred by Taipei Exchange and the average quotation of Reuters commercial paper rate).
   (3) When evaluating unstandardized financial instruments with low complexity such as debt instrument without active market, interest rate swap contract, exchange swap contract and options, the Company adopts evaluation technology widely used in the market participants. The parameters used by the evaluation model of such financial instruments usually are information observable in the market.
   (4) The Company includes the credit valuation adjustment in the consideration for the fair value calculation of financial and non-financial instruments to reflect the credit risk of the trading counterparty and the credit quality of the Company, respectively.
4. There was no transfer between level 1 and level 2 and no transfer-in and transfer-out from level 3 in 2019 and 2020.
5. The following statement is the changes in level 3 in 2019 and 2020:

	Equity instruments	
	2020	2019
January 1	$ 11,631	$ 34,057
Profit or loss recognized under other comprehensive income		
Recognized unrealized valuation gains and loss from equity instrument investments measured at fair value through other comprehensive income	(9,964)	(2,686)
Refunds from decapitalization of invested equity instrument at fair value through other comprehensive income	-	(19,740)
December 31	$ 1,667	$ 11,631

6. There was no transfer-in and transfer-out from level 3 in 2019 and 2020.
7. For the Company's evaluation process for fair value classified as level 3, the finance department is responsible to conduct the independent fair value validation of the financial instrument. The department confirms the reasonableness of the evaluation result by making the evaluation result closer to the market status with information from independent sources, confirming the information source is independent, reliable and consistent with other resources and represents executable price, regularly calibrating

evaluation model, conducting roll-back test, updating required input value and data as well as other necessary fair value adjustment for evaluation model.

8. For the evaluation model used by the measurement item of level 3 fair value, the quantitative information of unobservable major input and sensitivity analysis for the changes in unobservable major input are as follows:

	Fair value on December 31, 2020	Evaluation technology	Unobservable major input	Relationship between input and fair value
Non-derivative equity instruments:				
Stocks of venture capital companies	NTD 1,667	Net asset value method	N/A	N/A

	Fair value on December 31, 2019	Evaluation technology	Unobservable major input	Relationship between input and fair value
Non-derivative equity instruments:				
Stocks of venture capital companies	NTD 11,631	Net asset value method	N/A	N/A

XIII. Noted Disclosures

(I) Information related to material transactions

1. Loans to others: None.
2. Endorsement/guarantee made for others: Table 1.
3. Marketable securities held at year-end (excluding investments in subsidiaries, affiliated companies, and joint venture): Please refer to Attachment II.
4. Accumulated amount of the same marketable security purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: None.
5. Amount on acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital: None.
6. Amount on disposal of property reaching NTD 300 million or more than 20% of the paid-in capital: None.
7. Purchase/sale amount of transactions with the related party reaching NTD 100 million or more than 20% of the paid-in capital: Please refer to Attachment III.
8. Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital: Please refer to Attachment IV.
9. Transactions of derivatives: None.
10. Business relationship and major transactions between parent company and subsidiaries and among subsidiaries and amounts: Please refer to Attachment V.

(II) Information related to reinvested enterprises

Information related to the invested company, such as names and locations, etc. (excluding the invested company in China): Please refer to Attachment VI.

(III) <u>Information about investment in Mainland China</u>

1. Basic information: Please refer to Attachment VII.
2. Major transactions with the invested company in China either directly or indirectly with occurrence through third regions: Please refer to Attachment VIII.

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CyberTAN Technology Inc.
Endorsement and Guarantee for Others
January 1 to December 31, 2020

Attachment I

Unit: NTD thousand
(Unless otherwise specified)

No. (Note 1)	Name of endorser/guarantor company	Name of endorsee/guarantee: Name of company	Relation ship (Note 2)	Maximum amount of endorsements/ guarantees for a single company (Note 3)	Maximum balance of endorsements/guarantees in the period (Note 4)	Balance of endorsements/ guarantees at ending of the period (Note 5)	Actual drawn amount (Note 6)	Amount of endorsements/ guarantees for which property is provided as collateral	Ratio of aggregate amount of endorsements/ guarantees to the net amount stated in the latest financial statements	Maximum amount of endorsements/ guarantees (Note 3)	Endorsements /guarantees made by the parent for its subsidiary (Note 7)	Endorsements /guarantees made by a subsidiary for its parent (Note 7)	Endorsements /guarantees made for companies in Mainland China (Note 7)	Remarks
1	Chongqing Hongdaofu Technology Co., Ltd.	Chongqing Hongdaofu Technology Co., Ltd.	$ 1	$ 104,914	$ 876	$ 871	$ 871	$ 871	0.02%	$ 209,829	N	N	Y	-

Note 1: The "No." column is explained as follows:
(1) 0 is reserved for issuer.
(2) Each invested company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is classified into seven categories as follows. It is only necessary to mark the type:
(1) A business associated company.
(2) The company with the majority shareholdings of voting rights held by the Company directly and indirectly.
(3) The company holding the majority shareholdings of voting rights of the Company directly and indirectly,
(4) The company with more than 90% shareholdings of voting rights held by the Company directly and indirectly.
(5) The company needing mutual guarantee pursuant to an agreement in the same industry or between joint proprietors for undertaking engineering projects.
(6) The company receiving endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.
(7) Escrow and joint and several guarantee of the contracts in the same industry that involve transaction of pre-sale houses according to the Consumer Protection Act.

Note 3: The total endorsement/guarantee amount of the Company and subsidiaries is limited to 100% of the net value of the endorser/guarantor company. The endorsement/guarantee amount for individual companies is limited to 50% of the net value of the endorser/guarantor company. The aforesaid net value is determined based on the financial statements audited and certified by CPAs in the most recent year.

Note 4: It is the maximum balance of endorsements/guarantees for others in the year.

Note 5: The amount resolved by the Board of Directors should be listed. However, where the Board of Directors authorizes the Chairman to determine the amount in accordance with Paragraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount in the column refers to the amount determined by the Chairman.

Note 6: The actual amount drawn by the endorsee/guarantee company within the balance of the endorsement/guarantee should be listed.

Note 7: Y is reserved for endorsements/guarantees made by the listed parent to its subsidiary, endorsements/guarantees made by a subsidiary to its listed parent, and endorsements/guarantees made for companies in Mainland China.

CyberTAN Technology Inc.
Securities – Ending (Excluding Those Controlled by Invested Subsidiaries, Affiliated Companies and Joint Ventures)
December 31, 2020

Attachment II

Unit: NTD thousand
(Unless otherwise specified)

				Transaction				
Holding company	Type and name of securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account title	Number of shares	Book amount (Note 3)	Shareholding ratio	Fair value	Remarks End of text (Note 4)
CyberTAN Technology Inc.	Chun-Yang Venture Capital Investment Co., Ltd.	-	Investment in equity instruments measured at fair value through other comprehensive income	$ 126,000	$ 1,667	18.45%	$ 1,667	-
〃	Solutionsoft Systems, Inc.	-	〃	2,500,000	-	5.25%	-	-
CyberTAN (B.V.I) InvestmentCorp.	Ying No Wei Shen (Beijing) Software Development Co., Ltd.	-	〃	41,755	22,196	2.71%	22,196	-
Ta Tang Investment Co., Ltd.	A10 Networks. Inc.	-	〃	51,661	14,448	0.07%	14,448	-
〃	Protop Technology Co., Ltd.	-	〃	142,408	-	0.06%	-	

Note 1: The securities referred to in the table means the stocks, bonds, beneficiary certificates within the “Financial Instruments: Recognition and Measurement” of IAS 39 and other securities deriving from these items.
Note 2: This column is not required if the issuer of the securities is not a related party.
Note 3: Where fair value measurement is used, please fill in the “book value” column with the book value after the valuation adjustment of the fair value and deduction of any accumulated loss; otherwise, please complete the column with the initial acquisition cost or the book value of the amortized cost net of the accumulated loss.
Note 4: For any securities in the table that are provided as a guarantee, pledged for loans, or restricted pursuant to any agreement, the number of stocks provided for guarantee or pledged for loans, the amount of the guarantee or pledge, or the restrictions shall be indicated in the Remarks.

CyberTAN Technology Inc.
Purchase/Sale Amount of Transactions with Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital
January 1 to December 31, 2020

Attachment III

Unit: NTD thousand
(Unless otherwise specified)

			Transaction				Trading conditions different from those of regular transactions and reasons thereof		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship	Purchase (sale)	Amount	Percentage in total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage in total notes/accounts receivable (payable)	Remarks (Note 2)
CyberTAN Technology Inc.	Chongqing Hongdaofu Technology Co., Ltd.	Subsidiary of the Company	Purchase	$ 1,827,012	19.40%	Payment term: O/A 60 days	$ -	Payment term for regular customers: O/A 60 days	($ 42,049)	(4.69%)	-
〃	HON YAO FU Technology Company Limited	〃	Purchase	2,197,647	23.34%	Payment term: O/A 60 days	-	Payment term for regular customers: O/A 60 days	-	0.00%	-
〃	Microelectronics Technology, Inc. and its subsidiaries	Affiliated companies	Purchase	201,698	2.14%	Payment term: O/A 60 days	-	Payment term for regular customers: O/A 60 days	(23,410)	(2.62%)	-
〃	Belkin International, Inc.	Hon Hai and its subsidiaries	Purchase	1,566,318	(32.40%)	Collection term: Net 75 days	-	Payment term for regular customers: O/A 60 days	568,634	42.50%	-
〃	Cloud Network Technology Singapore Pte. Ltd.	〃	Purchase	684,652	(14.16%)	Collection term: Net 75 days	-	Payment term for regular customers: O/A 60 days	50,680	3.79%	-

Note 1: If the conditions of trading with related parties are different from those of regular transactions, the difference and the reasons thereof shall be indicated in the "unit price" and "loan period" columns.

Note 2: In case of receipts in advance or prepayments, the reasons, agreed terms and conditions, amount, and the difference from regular transactions shall be indicated in the Remarks.

Note 3: The paid-in capital means that of the parent company. For the shares of any issuer without a par value or where the par value per share is not NTD 10, the transaction amount of 20% of the paid-up capital shall be calculated as 10% of the equity attributable to the owner of the parent company shown in the balance sheet.

CyberTAN Technology Inc.
Accounts Receivable from Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital
January 1 to December 31, 2020

Attachment IV

Unit: NTD thousand
(Unless otherwise specified)

Company stating in receivables	Counterparty	Relationship	Balance of accounts receivable from related parties (Note 1)	Turnover rate	Overdue accounts receivable from related parties		Subsequent recovered amount of accounts receivable from related parties	Appropriated allowance for bad debt
					Amount	Treatment		
CyberTAN Technology Inc.	Belkin International, Inc.	Hon Hai and its subsidiaries	$ 568,634	4.32%	$ -	-	$ 156,111	$ -

Note 1: Please list the amount of notes/accounts receivable, other receivables, etc., from related parties, respectively.
Note 2: The paid-in capital means that of the parent company. For the shares of any issuer without a par value or where the par value per share is not NTD 10, the transaction amount of 20% of the paid-up capital shall be calculated as 10% of the equity attributable to the owner of the parent company shown in the balance sheet.

CyberTAN Technology Inc.
Business Relationship and Major Transactions between the Parent Company and Its Subsidiaries and among Subsidiaries and Amounts
January 1 to December 31, 2020

Attachment V

Unit: NTD thousand
(Unless otherwise specified)

No. (Note 1)	Trader	Counterparty	Relationship with trader (Note 2)	Transaction: Title	Transaction: Amount	Transaction: Trading conditions	Transaction: Percentage in total consolidated operating revenue or assets (Note 3)
0	CyberTAN Technology Inc.	CyberTAN Corp. (U.S.A)	1	Sale	$ 89,478	Since our goods are not sold to other customers, the sales prices are incomparable. Collection term: Net 75 days; collection term for general customers: O/A 60 days.	1.85%
〃	〃	〃	1	Accounts receivable	11,041	Collection term: Net 75 days; collection term for general customers: O/A 60 days.	0.14%
〃	〃	〃	1	After-sale service fee	12,130	The maintenance expense is collected based on the actual maintenance work.	0.25%
〃	〃	Chongqing Hongdaofu Technology Co., Ltd.	1	Purchase	1,827,012	Payment term: O/A 90 days; payment term for regular customers: O/A 60 days.	37.79%
〃	〃	〃	1	Accounts payable	42,049	Payment term: O/A 90 days; payment term for regular customers: O/A 60 days	0.52%
〃	〃	HON YAO FU TechnologyCompany Limited	1	Purchase	2,197,647	Payment term: O/A 90 days; payment term for regular customers: O/A 60 days.	45.46%
〃	〃	〃	1	Other receivables	12,801	Collection term: O/A 60 days; collection term for general customers: O/A 60 days.	0.16%
1	Fuhongkang Technology (Shenzhen) Co., Ltd.	CyberTAN Corp. (U.S.A)	3	Other receivables	26,415	Collection term: O/A 90 days; collection term for general customers: O/A 30–90 days.	0.33%

Note 1: The business transactions between the parent company and its subsidiaries shall be indicated in the "No." column. This column shall be completed as follows:
(1) 0 is reserved for the parent company.
(2) Each subsidiary is numbered in sequential order starting from 1.

Note 2: The relationship with the related parties is classified into three categories as follows. It is only necessary to mark the type. (Repeated disclosure is not necessary for the same transaction between the parent company and its subsidiaries or between the subsidiaries. In case of the transaction in the form of parent company to a subsidiary, for example, if the parent company has disclosed the transaction, the subsidiary is not necessary to disclose the same repeatedly; in case of the transaction in the form of subsidiary to subsidiary, if a subsidiary has disclosed the transaction, the other subsidiary is not necessary to disclose the same.)
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: To calculate the percentage of the transaction amount in total consolidated operating revenue or assets, the share of the balance at ending of the period in the total consolidated assets is used as the basis of the calculation under the item of assets/liabilities; the share of the interim accumulated amount in the total consolidated operating revenue is used as the basis for the calculation under the item of profit/loss.

Note 4: The Company may decide whether to disclose the status of the major transactions shown in the table based on the materiality principle.

CyberTAN Technology Inc.
Name and Territory of Invested Companies and Other Relevant Information (Excluding Invested Companies in China)
January 1 to December 31, 2020

Attachment VI

Unit: NTD thousand
(Unless otherwise specified)

Name of investor	Name of invested company	Territory	Main business operation	Original investment amount (Note) End of current period	Original investment amount (Note) End of last year	Shareholding at the end of the period Number of shares	Shareholding at the end of the period Ratio	Shareholding at the end of the period Book amount	Current profit (loss) of invested company (Note 2 (2))	Profit (loss) from investments recognized in the current period (Note 2 (3))	Remarks
CyberTAN Technology Inc.	CyberTAN Corp. (U.S.A)	USA	Sales of wired and wireless communication equipment	$ 18,165	$ 18,165	600,000	100.00%	$ 42,293	$ 2,714	$ 2,714	-
〃	Ta Tang Investment Co., Ltd.	Taiwan	General investment business	100,000	100,000	10,000,000	100.00%	198,051	(9,383)	(9,383)	-
〃	CyberTAN TechnologyCorp. (B.V.I)	British Virgin Islands	General investment business	704,190	704,190	22,043,717	100.00%	757,482	(149,489)	(149,489)	-
〃	Microelectronics Technology, Inc.	Taiwan	Design, manufacturing and sale of terrestrial microwave communication products	1,659,381	1,659,381	60,924,995	26.72%	1,198,210	(95,415)	(24,627)	-
〃	Mega Power Ventures Inc.	Taiwan	General investment business	19,000	25,000	1,900,000	25.00%	20,916	1,006	251	-
CyberTAN (B.V.I) Investment Corp.	CyberTAN Technology (HONGKONG) Limited	Hong Kong	General investment business	211,072	211,072	-	100.00%	553,649	(151,019)	(151,019)	-
〃	HON YAO FU TechnologyCompany Limited	Vietnam	Development, manufacturing and sale of high-end routers	277,119	277,119	-	100.00%	204,775	(8,535)	(8,538)	-

Note 1: When the listed company has set up any holding company overseas and used the consolidated financial statements as the main financial statements pursuant to local laws, the information on overseas invested companies may be disclosed only to the extent that the information is related to the holding company.

Note 2: Otherwise, the table shall be completed as follows:

(1) The "name of invested company," "territory," "main business operation," "original investment amount" and "shareholding at the end of the period" columns should be completed sequentially based on the Company's (listed company's) investment and each of its reinvestments in directly or indirectly controlled-invested companies. The relationship (subsidiary or sub-subsidiary) of each invested company with the Company (listed company) should be indicated in the Remarks.

(2) The "current profit (loss) of invested company" column should be filled in with the amount of the current profit/loss of each invested company.

(3) The "profit (loss) from investments recognized in the current period" column should be filled in only with the amount, recognized by the Company (listed company), of the profit/loss from direct investments in each subsidiary and of the profit/loss of each invested company valued under the equity method, and it is not necessary to provide other profits/losses. When providing "the recognized amount of the current profit/loss from direct investments in each subsidiary," it should ensure that the current profit/loss amount of each subsidiary includes any profit/loss from reinvestments that shall be recognized in accordance with regulations.

CyberTAN Technology Inc.
Information on Investments in Mainland China – Basic Information
January 1 to December 31, 2020

Attachment VII

Unit: NTD thousand
(Unless otherwise specified)

Name of Chinese invested company	Main business operation	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investments from Taiwan at the beginning of current period	Amount of investments remitted or recovered in current period		Accumulated amount of investments from Taiwan at the end of current period	Current profit (loss) of invested company	The Company's shareholding ratio of direct or indirect investment	Profit (loss) from investments recognized in current period (Note 2)	Investment book value – ending	Profit received from investments as of the end of current period	Remarks
					Remittance	Recovery							
Fuhongkang Technology (Shenzhen) Co., Ltd.	Development, manufacturing and sale of high-end routers	$ 168,188	(2)	$ 212,868	$ -	$ -	$ 212,868	($ 151,019)	100%	($ 151,019)	$ 553,649	$ -	-
Chongqing Hongdaofu Technology Co., Ltd.	Development, manufacturing and sale of high-end routers	257,298	(3)				-	(154,642)	100%	(154,642)	209,829	-	-

Name of company	Accumulated amount of investments from Taiwan to Mainland China at the end of current period	Investment amount approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA (Note 4)
CyberTAN Technology Inc.	$212,868 (USD6,344)	$217,521 (USD6,500)	$ 3,236,257

Note 1: Investment is classified into following three categories. It is only necessary to mark the type:
(1) Engaged in direct investment in Mainland China.
(2) Reinvested in Mainland China through a company in a third area, CyberTAN Technology (HONG KONG) Limited.
(3) Others: Directly reinvested in Chinese companies through investment in the Chinese companies.

Note 2: In the "profit (loss) from investments recognized in the current period" column:
(1) An indication is needed if the investment is under preparation and there is no profit or loss.
(2) There are following three profit/loss recognition bases. The appropriate one must be indicated.
A. The financial statements audited and approved by an international accounting firm that has collaboration relationship with an accounting firm in the Republic of China
B. The financial statements audited by a CPA of the parent company in Taiwan
C. Others

Note 3: All amounts in the table should be stated in NTD.

CyberTAN Technology Inc.
Information on Investments in Mainland China – Major Transactions with Invested Companies in China, either Directly or Indirectly, through A Business in A Third Area
January 1 to December 31, 2020

Attachment VIII

Unit: NTD thousand
(Unless otherwise specified)

Name of Chinese invested company	Sale (purchase)		Property transaction		Accounts receivable (payable)		Endorsements/guarantees or pledges of collateral		Financing				Others
	Amount	%	Amount	%	Balance	%	Balance at ending of period	Purpose	Maximum balance	Balance at ending of period	Range of interest rates	Current interest	
Chongqing Hongdaofu Technology Co., Ltd.	($ 1,827,012)	(19.40%)	$ -	-	($ 42,049)	(4.69%)	$ -	-	$ -	$ -	-	$ -	-
Fuhongkang Technology (Shenzhen) Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	Other payables $26,415

CyberTAN Technology Inc.
Cash and Cash Equivalents
December 31, 2020

Statement 1 | Unit: NTD thousand

Item	Summary			Amount
Cash on hand and working fund				$ 277
Checking deposit and current deposits				
- Checks and current deposits in NTD				4,058
- Checks and current deposits in foreign currency	Current deposit in USD	723 thousand	Exchange rate 28.480	20,577
	Current deposit in RMB	2,119 thousand	Exchange rate 4.377	9,274
	Current deposit in other foreign currency			1,224
Time deposit – NTD				931,000
Cash equivalents – repurchase bonds				296,511
Total				$ 1,262,921

CyberTAN Technology Inc.
Accounts receivable, net
December 31, 2020

Statement 2 — Unit: NTD thousand

Customer name	Amount	Remarks
Accounts receivable		
Customer A	$ 631,063	
Customer B	52,022	
Others	9,500	Balance of each customer not exceeding 5% of the account amount
Subtotal	692,585	
Less: Allowance loss	(8,882)	
Total	$ 683,703	
Accounts receivable – the related party		
Belkin	$ 568,634	
Cloud Network	50,680	
Others	26,796	Balance of each customer not exceeding 5% of the account amount
Subtotal	$ 646,110	

CyberTAN Technology Inc.
Changes in long-term equity investment under the equity method
January 1 to December 31, 2020

Statement 3

Unit: NTD thousand

Name of invested company	Balance, beginning		Increases in the current period (Note 1)		Decrease in the current period (Note 2)		Balance, ending			Total net worth of equity	Collateral and mortgage
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount		
CyberTAN Corp.(U.S.A)	600,000	$ 41,767	-	$ 2,	-	($ 2,187)	600,000	100.00	$ 42,293	$ 42,29	None
Ta Tang Investment Co., Ltd.	10,000,000	195,824	-	11,610	-	(9,383)	10,000,000	100.00	198,051	198,051	〃
CyberTAN (B.V.I) Investment Corp.	22,043,717	914,770	-	-	-	(157,288)	22,043,717	100.00	757,482	757,482	〃
Microelectronics Technology, Inc.	60,924,995	1,260,378	-	-	-	(62,168)	60,924,995	26.718	1,198,210	646,450	〃
Mega Power Ventures Inc.	2,500,000	22,175	-	4,741	(600,000)	(6,000)	1,900,000	25.00	20,916	20,916	〃
		$ 2,434,914	-	$ 19,		($ 237,026)			$ 2,216,952		〃

Note 1: This refers to the gain on investment under the equity method and share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method in current period.

Note2: This refers to the loss on investment under the equity method, share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method and refunds from decapitalization of investment under the equity method.

CyberTAN Technology Inc.
Statement of short-term loans
December 31, 2020

Statement 4 | Unit: NTD thousand

Type of loans	Balance, ending	Loan duration	Interest rate interval	Financing quota	Collateral and mortgage	Remarks
Credit loans	$ 190,816	December 30, 2020 to January 30, 2021	0.90%	$ 400,000	None	-
Credit loans	497,597	October 8, 2020 to March 16, 2021	0.80%~0.87	500,000	〃	-
	$ 688,413			$ 900,000		

CyberTAN Technology Inc.
Accounts payable
December 31, 2020

Statement 5 | Unit: NTD thousand

Customer name	Amount	Remarks
Accounts payable		
Supplier A	$ 42,619	
Supplier B	31,229	
Supplier C	30,759	
Others	507,733	Balance of each supplier not exceeding 5% of the account amount
	$ 612,340	
Accounts payable – the related party		
Chongqing Hongdaofu Technology Co., Ltd.	$ 42,049	
Microelectronics Technology and its subsidiaries	23,410	
Foxconn Interconnect Technology Limited	9,710	
Garuda Technology and its subsidiaries	4,340	
Others	4,206	Balance of each supplier not exceeding 5% of the account amount
	$ 83,715	

CyberTAN Technology Inc.
Operating revenue
January 1 to December 31, 2020

Statement 6 Unit: NTD thousand

Item	Quantity	Amount	Remarks
Operating revenue			
Communication product	10,820,600	$ 4,617,636	
Others		202,979	
		$ 4,820,615	

CyberTAN Technology Inc.
Operating cost
January 1 to December 31, 2020

Statement 7 Unit: NTD thousand

Item	Amount
Raw materials, beginning	290
Less: Raw materials, ending	(109)
Reclassified as expenses	(181)
Materials consumed in current period	-
Manufacturing expenses	23,633
Current manufacturing costs	23,633
Semi-finished goods, beginning	234
Less: Reclassified as expenses	(259)
Semi-finished goods, ending	(4)
Current finished product cost	23,604
Plus: Finished products, beginning	98,996
Current purchase	4,266,580
Less: Finished products, ending	(29,959)
Reclassified as expenses	(5,182)
Production and marketing costs	4,354,039
Gains from the reversal of inventory loss in valuation	(2,359)
Operating cost	$ 4,351,680

CyberTAN Technology Inc.
Manufacturing expenses
January 1 to December 31, 2020

Statement 8

Unit: NTD thousand

Item	Amount		Remarks
Salary expenses	$	9,181	
Outsourced processing expenses		6,567	
After-sale service expenses		2,163	
Others		5,722	Balance of each account not exceeding 5% of the account amount
	$	23,633	

CyberTAN Technology Inc.
Selling expenses
January 1 to December 31, 2020

Statement 9 Unit: NTD thousand

Item	Amount		Remarks
Salary expense	$	4,741	
Freight costs		4,248	
Commission expenses		2,565	
Others		7,179	Balance of each account not exceeding 5% of the account amount
	$	18,733	

CyberTAN Technology Inc.
Administrative expenses
January 1 to December 31, 2020

Statement 10 | Unit: NTD thousand

Item	Amount		Remarks
Salary expense	$	25,880	
Labor service fee		6,805	
Depreciation		6,362	
Insurance premium		3,964	
Others		14,300	Balance of each account not exceeding 5% of the account amount
	$	57,311	

CyberTAN Technology Inc.
R&D expenses
January 1 to December 31, 2020

Statement 11 | Unit: NTD thousand

Item	Amount	Remarks
Salary expense	$ 142,884	
Depreciation	37,208	
Insurance premium	13,098	
Others	60,013	Balance of each account not exceeding 5% of the account amount
	$ 253,203	

CyberTAN Technology Inc.
Summary of employee benefits, depreciation, depletion and amortization expenses of the year by function
January 1 to December 31, 2020

Statement 12 Unit: NTD thousand

By function / By nature	2020			2019		
	As operating costs	As operating expenses	Total	As operating costs	As operating expenses	Total
Employee benefit expenses						
Salary expenses	$ 9,181	$ 173,505	$ 182,686	$ 10,785	$ 179,459	$ 190,244
Expenses for labor and health insurance	719	15,454	16,173	881	16,935	17,816
Pension expenses	417	8,401	8,818	414	7,176	7,590
Remuneration to Directors	-	1,800	1,800	-	1,800	1,800
Other employee benefit expenses	259	10,575	10,834	850	11,783	12,633
Depreciation expenses	2,059	43,942	46,001	2,012	42,966	44,978
Amortization expenses	-	1,226	1,226	-	1,785	1,785

Note:
1. The amount of the Company's employees in current and previous years were 188 and 204, respectively; among them, six directors did not concurrently serve as employees.
2. The company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the information as follow:
   (1) The average employee benefit expense in current year was NTD 1,201 ("total employee benefit expenses in current year - total remuneration to directors" / "number of employees in current year - number of directors not concurred as employees").
   The average employee benefit expense in previous year was NTD 1,153 ("total employee benefit expenses in previous year - total remuneration to directors" / "number of employees in previous year - number of directors not concurred as employees").
   (2) The average employee salary expense in current year was NTD 1,004 (total salary expenses in current year - "number of employees in current year - number of directors not concurred as employees").
   The average employee benefit expense in previous year was NTD 961 (total salary expenses in previous year - "number of employees in previous year - number of directors not concurred as employees").
   (3) The change in average employee salary expense was by 4.47% ("average employee salary expenses in current year - average employee salary expenses in previous year" / average employee salary expenses in previous year").
3. The Company has established an Audit Committee to replace the authority of the supervisors; therefore, there is no remuneration to supervisors.
4. Please refer to Note 6(23) for the Company's allowance policy of employee remuneration.
5. CyberTAN Technology pays attention to the treatment and benefit of employees and establish a reward system with internal reasonableness and external competitiveness.
   (1) Directors and managers: The Company fully considers business performance of the Company (including financial and non-financial aspects), individual performance and duties and connection and reasonableness between industrial development trends and future economic risks to establish a reasonable remuneration after referring to the external market level. The Company also submits the individual remuneration to directors and managers reviewed by the remuneration committee to the board of directors for resolution.

Statement 12

Unit: NTD thousand

(2) Employees: By regular market survey and review, the Company provides remuneration level better than that provided under laws with external competitiveness; for the internal salary of employees, the Company plans the competitive remuneration based on position, educational background, professional seniority and work performance while taking the comparison result of external market salary survey into consideration, regardless of factors such as gender, age, marriage, race, nationality, religion and politics. In this case, the Company is devoted to form a quality work environment with complete welfare.

CyberTAN Technology Inc.

Chairman: Teddy Chen