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PLANET TECHNOLOGY CORPORATION

2020 Annual Report

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Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the Shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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1. Letter to Shareholders

I. 2020 operation performance in review

Dear Shareholders,

PLANET primarily focuses on the R&D of innovative networking devices and networking solutions exported under its own brand “PLANET” to the four corners of the world. The consolidated revenue of 2020 was NTD 1.22711 billion and EPS after tax was NTD 4.33.

In 2020, in consideration of the global market changes affected by the COVID-19 pandemic, we improved the business strategies in real time by intensifying our branding and coming out with the brand-new enterprise motto “Shaping Future Networking”. Digital Innovation and Connectivity with the Future” are the highlights of our business strategies carrying our brandname “PLANET”. More and more innovative products and solutions based on AI like IoT, IIoT, IoV and more will be continued to develop. Digital transformation by way of networking and communication will be further enhanced with PLANET PoE switches, media converters, splitters, extenders, etc. so as to build remote or long-reach network infrastructures.

With respect to the R&D of innovative products, we mastered the application trend of intelligent network and needs for remote communications, developed the high-efficiency network and communications equipment with information security protection and intelligent central network management platform, improved network communications and management efficiency, accelerated the construction of network infrastructures (e.g., IoT, IIoT and IoV) and saw our R&D and innovation achievements recognized by the “Taiwan Excellence Award” for the 18th consecutive year. The company’s R&D expenses of 2020 totaled NTD 71.093 million. The following briefly describes the major R&D results:

- (i) Ethernet power supply (PoE) product lineup: We launched the first patented 2,280W hot-swappable Ethernet power supply switch, multiple IP67-rated outdoor Ethernet power devices and patented optical fiber conversion Ethernet power supply so as to meet the power demand of high-wattage communication equipment for automated networks and production-based networks.
- (ii) Industrial-grade network product lineup: PLANET industrial-grade Layer 3 network management equipment realized the seamless upgrading of fiber optic network speed to 2.5 Gbps, which helps 5G base station provide the high-bandwidth and low-latency communications. Meanwhile, PLANET expanded the layout in automatic control product lineup and launched the industry-standard Modbus/Serial gateway to break the intelligent manufacturing and traffic away from distance restrictions and realize the extensive establishment and centralized management of automatic communication equipment.
- (iii) Intelligent network central management system: PLANET kept improving the R&D of software by launching the network cloud App – CloudViewer. Administrator can obtain network equipment status at all times through the cloud platform. In addition, we also

upgraded the renewable energy and network communication technology and initially developed green energy network power intelligent management system, with the management capacity reaching 512 sets of equipment, such as renewable energy PoE switches, wireless APs, routers and cameras, and thus the independent and efficient network communications under centralized management can be realized, even though it is in a remote area.

- (iv) Wi-Fi wireless product: Our design of comprehensively-upgraded wireless network equipment like 802.11ac Wave 2 has improved the wireless transmission efficiency, and multiple indoor and outdoor models have been launched. In 2021, we will further launch such high-speed equipment as Wi-Fi 6 wireless network base station and router, which can be matched with 2.5G Ethernet power supply switch, so as to accelerate the infrastructure of intelligent network.

Moreover, PLANET will continue to further enhance its product quality and keep pace with international market trends. In addition, the company is committed to good corporate governance and corporate social responsibility, and maintaining environmental sustainability. All these endeavors has won the company the award “Excellence in Corporate Social Responsibility” for 14 consecutive years and has further boosted enterprise brand value.

II. Business Plan for 2021

(I) Business objectives

1. Increase global market share by actively adopting the digital transformation of branding and intergration of distribution channels.
2. Strengthen the company’s competitive advantages through continuous innovation on key technologies and products.
3. Promote flexibility and efficiency of business operations by improving risk management.
4. Realize sustainable business operations by enhancing ESG performance

(II) Key sales and production strategies

1. Marketing strategies
 - (1) Continuously innovation and digital transformation of branding to increase brand awareness.
 - (2) Strengthen the professional brand image by participating in international ICT exhibitions.
 - (3) Actively strive for large bids in virtue of innovative products and technical service support.
 - (4) Increase the brand value with well management of intelligent property.
2. Product development and production strategies
 - (1) Focused on customer needs, develop various intelligent networking products for infrastructure of IoT, IIoT and IoV according to the future network application

trend.

- (2) Improve brand and product competitive advantages based on the systematic patent portfolio and differentiated R&D design.
- (3) Introduce power-saving design to more green networking devices to comply with international environmental protection requirements.
- (4) Reduce product development costs, increase the capacity utilization, and improve quality continually.

III. The company's future development strategy

1. Watch for market changes and customer needs to create brand benefits with flexible branding tactics and differentiated products.
2. Keep innovating energy-saving network and communication products and cloud network management system to enhance R&D ability and achieve high margin.
3. Effectively integrate marketing and sales resources, and strictly control operations and product quality to improve business performance.
4. Put the corporate social responsibility into practice for sustainable business competitiveness.

IV. The effect of the external competitive, regulatory and macroeconomic environment

The COVID-19 pandemic hasn't ceased since the beginning of 2020 when it spread all over the world rapidly, and with the slow global economic growth momentum, it is still required to keep a close eye to the impacts and risks which the pandemic situation may bring about to the industry and make deployment and response in advance in recent period. Facing the various challenges resulted from the pandemic situation (e.g. hindrance in the operation of international supply chain and appreciation of exchange rate of NTD against USD), PLANET, among one of Taiwan ICT brands, gave active play to the innovation of network technology and developed network communications equipment of intelligent and friendly management and energy-saving design; assist customers build network infrastructure rapidly and realized remote communications and the application of various intelligent networks. Meanwhile, we prevented the pandemic actively, maintained enterprise's normal operation, implemented CSR corporate culture and improved international competitive value of our brand, so as to realize sustainable development of enterprise.

Lastly, I appreciate each shareholder's support and trust on behalf of the Company's Board of Directors and all the employees. All the employees' concerted efforts, creativity and teamwork spirit have increased profits and created higher values for all shareholders.

Yours sincerely,

Chen, Ching-Kang
Chairman

2. Company Profile

I. Date of incorporation: Jan. 5, 1993

II. Company history:

Timeline	Past and Recent Developments
January 1993	PLANT Technology Limited was incorporated (former PLANET Technology Corporation).
1996	Launched Fast Ethernet switches.
May 1996	Re-organized as PLANET Technology Corporation.
January 1997	Firstly launched dual speed network hub, and thus officially entered the era of megabyte.
February 1997	Certified with ISO-9002 for the first time.
May 1997	Cash capitalized for Fifteen Million New Taiwan Dollars, and the paid-in capital was increased to Twenty Million New Taiwan Dollars.
September 1999	Launched Gigabit Ethernet products.
2000	Successfully launched broadband communication network products.
December 2000	Cash capitalized for Ninety Million New Taiwan Dollars, and the paid-in capital was increased to One Hundred and Ten Million New Taiwan Dollars.
January 2001	Certified with ISO-9002 for the second time.
May 2001	Capitalization of retained earnings for Thirty three Million and Four Hundred Thousand New Taiwan Dollars, and the paid-in capital was increased to One Hundred and Forty-Three Million and Four Hundred Thousand New Taiwan Dollars.
July 2001	Launched Voice over IP gateways, and successfully applied the voice products to the internet.
July 2001	The Company's shares were approved by the Securities and Futures Commission for public listing.
December 2001	The Chairman, Mr. Chen, Ching-Kang, was awarded as "The Model of Chinese Young Entrepreneur, R.O.C".
2002	Launched Layer 3 Managed Routing Switches and multi-port VDSL switches.

July 2002	Capitalization of retained earnings for Seventy three Million and Two Hundred Thousand New Taiwan Dollars, and the paid-in capital was increased to Two Hundred and Sixteen Million and Six Hundred Thousand New Taiwan Dollars.
August 2002	The employee stock options were approved for issuance of 500 units by the SFC.
December 2002	The Company's shares were registered as the emerging shares at the TPEX.
February 2003	On February 18, 2003, the Company issued 450 units of employee stock options.
June 2003	On June 13, 2003, the Company was approved by the MOF and SFC for TPEX listing.
July 2003	Capitalization of retained earnings for Sixty three Million and Four Hundred Thousand New Taiwan Dollars, and the paid-in capital was increased to Two Hundred and Eighty Million New Taiwan Dollars.
September 2003	On September 17, 2003, the Company was publicly listed in Taipei Stock Exchange (TPEX) Market.
January 2004	Received "2003 Taiwan Excellence Award" from TAITRA for three award-winning products: Bandwidth Manager, Powerline to Ethernet Bridge with 4-port Switch, and 48-port Stackable Ethernet Switch with 2 Gigabit SFP Ports.

Timeline	Past and Recent Developments
June 2004	PLANET VoIP Gateway with IP Sharing awarded with “Best Choice of COMPUTEX TAIPEI 2004”.
August 2004	Capitalization of retained earnings for Sixty two Million New Taiwan Dollars, and the paid-in capital was increased to Three Hundred Forty-two Million New Taiwan Dollars.
January 2005	Received “2005 Taiwan Excellence Award” from TAITRA for four award-winning products: PTZ Internet Camera, IEEE 802.3af Power Over Ethernet Adapter, Internet Telephony PBX System, 24-Port Gigabit Ethernet Security Switch.
January 2005	Reinvested in subsidiary Planet International Inc.
March 2005	143 units of employee stock options of 2002 were traded over-the-counter.
April 2005	Conversion of employee options to 143,000 common shares, and the paid-in capital was Three Hundred and Forty-three Million and Four Hundred and Thirty Thousand New Taiwan Dollars.
August 2005	Capitalization of retained earnings for Sixty Seven Million and Eight Hundred and Twenty Thousand New Taiwan Dollars, and the paid-in capital was increased to Four Hundred Eleven Million Two Hundred and Fifty Thousand New Taiwan Dollars.
December 2005	Won the “2005 MIS Best Choice“, sponsored by Institute for Information Industry, the 1st place in the enterprise wireless LAN segment, and the 3rd place in the firewall devices segment.
January 2006	The new enterprise slogan “Pioneer of IP Innovation”, and product slogan “Activating IP Power” were fully applied.
March 2006	38 units of employee stock options of 2002 were traded over-the-counter.
April 2006	Conversion of employee options to 38,000 common shares, and the paid-in capital was Four Hundred Eleven Million Two Hundred and Six Hundred Thirty Thousand New Taiwan Dollars.
August 2006	Capitalization of retained earnings for Sixty Million and Twenty Thousand New Taiwan Dollars, and the paid-in capital was increased to Four Hundred Seventy-One Million Sixty Hundred and Fifty Thousand New Taiwan Dollars.
August 2006	The outdoor wireless Mesh AP, and Internet Telephony PBX System won the “2006 Taiwan Excellence Award”.
August 2006	Received the Certificate of conformity the communication facility from Russia.
October 2006	Recognized “Asia’s 200 Best under a Billion” by Forbes Asia.
February 2007	Certified with ISO 9001: 2000 for the second time.

March 2007	Awarded by CommonWealth Magazine with the “2007 Taiwan’s Excellence in Corporate Social Responsibility Award”.
April 2007	28 units of employee stock options of 2002 were traded over-the-counter.
May 2007	Conversion of employee options to 28,000 common shares, and the paid-in capital was Four Hundred Seventy-One Million Nine Hundred and Thirty Thousand New Taiwan Dollars.
June 2007	SIP IP Phone with PSTN Connectivity, and VDSL2 Router were awarded with the “2007 Taiwan Excellence Award”
August 2007	Capitalization of retained earnings for Forty-four Million and Four Hundred and Seventy Thousand New Taiwan Dollars, and the paid-in capital was increased to Five Hundred and Sixteen Million Four Hundred Thousand New Taiwan Dollars.
October 2007	Received “Certification for Networking Products” from Belarus.
December 2007	36 units of employee stock options of 2002 were traded over-the-counter.

Timeline	Past and Recent Developments
January 2008	<ul style="list-style-type: none"> ▪ Conversion of employee options to 36,000 common shares, and the paid-in capital was Five Hundred Sixteen Million Seven Hundred and Sixty Thousand New Taiwan Dollars. ▪ Brand new official website of PLANET was onboard. ▪ PoE/802.11g CMOS P/T IR Internet Camera was awarded with the “2008 Taiwan Excellence Award”.
March 2008	Awarded again by Common Wealth Magazine with the “2008 Taiwan’s Excellence in Corporate Social Responsibility Award”.
April 2008	RS-232/ RS-422/ RS-485 over Fast Ethernet Media Converter was selected as “Winner of Online Voting for Most Popular Product” by SecuTech Award 2008.
September 2008	Capitalization of retained earnings for Thirty-Four Million and Five Hundred and Forthy Thousand New Taiwan Dollars, and the paid-in capital was increased to Five Hundred and Fifty-One Million Three Hundred Thousand New Taiwan Dollars.
October 2008	Passed the “CG6004 Corporate Governance System Evaluation Certification”, among one of the first certified TPEX listed companies.
January 2009	To maintain the Company’s credit and the shareholders’ interests, treasury shares 310,000 shares were bought back.
March 2009	<p>Received two corporate social responsibility (CSR) awards consecutively as recognition:</p> <p>(1) The “2009 Corporate Social Responsibility Award” by Global Views Monthly Magazine, as the Model of the TPEX listed companies.</p> <p>(2) Recognized by CommonWealth Magazine as the “2009 Taiwan’s Excellence in Corporate Social Responsibility Award” winner for the third time.</p>
March 2009	Cancelled the treasury shares and thus reduce capital for Three Million and One Hundred New Taiwan Dollars, the paid-in capital became Five Hundred Forty-Eight Million and Two Hundred Thousand New Taiwan Dollars.
September 2009	Capitalization of retained earnings for Sixteen Million and Four Hundred and Forty-Six Thousand New Taiwan Dollars, and the paid-in capital was increased to Five Hundred and Sixty-Four Million Six Hundred and Forty-Six Thousand New Taiwan Dollars.
October 2009	Passed the ISO 9001 (renewal) and ISO 14001 (1st time) certification without defect.
December 2009	<ul style="list-style-type: none"> ▪ Passed the “CG6005 Corporate Governance System Evaluation Certification” again after review, and secured the highest scores among TPEX listed companies.
February 2010	<ul style="list-style-type: none"> ▪ Unified Office Gateway received the “2010 Taiwan Excellence Award“. <p>Five units of employee stock options of 2007 were traded over-the-counter.</p>

- March 2010
- Received the Fiver Star recognition of “Corporate Social Responsibility Award” by Global Views Monthly Magazine, as the 1st place of the TPEX listed companies.
 - Conversion of employee options to 5,000 common shares, and the paid-in capital was Five Hundred Sixty-Four Million Six Hundred and Ninety-Six Thousand New Taiwan Dollars.
- April 2010
- 20 units of employee stock options of 2007 were traded over-the-counter.
- June 2010
- Conversion of employee options to 20,000 common shares, and the paid-in capital was Five Hundred Sixty-Four Million Eight Hundred and Ninety-Six Thousand New Taiwan Dollars.
- August 2010
- Awarded by CommonWealth Magazine with the “2010 Taiwan’s Excellence in Corporate Social Responsibility Award”.

Timeline	Past and Recent Developments
September 2010	Capitalization of retained earnings for Sixteen Million and Nine Hundred and Forty-Six Thousand Eight Hundred and Eighty New Taiwan Dollars, and the paid-in capital was increased to Five Hundred and Eighty-One Million Eight Hundred and Forty-Two Thousand Eight Hundred and Eighty New Taiwan Dollars.
October 2010	IP camera ICA-H312, fiber optic media converter FT-802S15, and Ethernet over VDSL2 converter VC-201A facilitated the rescue of Chilean miners to be successfully achieved.
December 2010	VDSL2 IP DSLAM, and Professional PoE IP Phone with Expansion Function received the “2011 Taiwan Excellence Award“.
April 2011	One of the six finalists under the “Education Promotion” category of the “Corporate Social Responsibility Award” by Global Views Monthly Magazine, and was the only TPEX listed company among all finalists.
May 2011	The IP surveillance solution won “PC3 Platinum Brand Award 2010” in Hong Kong.
August 2011	Ranked 1st place of the “2011 Taiwan’s Excellence in Corporate Social Responsibility Award” under the medium-sized company (annual revenue within NT\$ 10 billion) by Commonwealth Magazine.
November 2011	The Wired Mega-Pixel Cube IP Camera (ICA-HM100) was awarded with “Editor’s Choice 2011” by PC Market Magazine in Hong Kong.
December 2011	Five innovative network products received the “2012 Taiwan Excellence Award”, including IP67 Industrial M12 Fast Ethernet PoE Switch, Industrial VDSL2/PoE Ethernet Extender, PoE Solar Power System, Wireless Fisheye Panorama IP Camera, and Desktop Unified Office Gateway.
January 2012	Selected as “The Top 10 Suppliers of 2011” by the largest ICT B2B e-commerce platform “Computex.biz”.
February 2012	Honored the first term of “Excellent Corporate Award” under the “Social Responsibility” category by New Taipei City Government, Taiwan.
June 2012	Passed the “CG6007 Corporate Governance System Evaluation Certification”.
August 2012	<ul style="list-style-type: none"> ▪ Ranked 1st place of the “2012 Taiwan’s Excellence in Corporate Social Responsibility Award” under the medium-sized company (annual revenue within NT\$ 10 billion) again by Commonwealth Magazine. ▪ Received “Certification for Networking Products” from Belarus again.
December 2012	Six innovative network products received the “2013 Taiwan Excellence Award”, including Industrial Solar Power PoE Switch, Industrial 802.11n 30 0Mbps Wireless Access Point, 8-Port Gigabit 802.3at PoE Switch, Gigabit SSL VPN Security Router, 4-Ch NVR with HDMI, and 24-Port Gigabit Fiber plus 4-Port 10G Fiber Managed Metro Ethernet Switch.

- January 2013
- Ranked as the 1st place among “The Top 10 Suppliers of 2012” by the largest ICT B2B e-commerce platform “Computex.biz”.
 - Passed the ISO 9001 and ISO 14001 certification without defect again.
- June 2013
- Selected as “Top 10 Suppliers of 2013” in all three categories including “Most-inquired”, “Most-viewed”, and “Most Active” by the largest ICT B2B e-commerce platform “Computex.biz”.
- August 2013
- Awarded by Commonwealth Magazine with the “2013 Corporate Citizenship Awards”.
 - Capitalization of retained earnings for Eleven Million and Six Hundred and Thirty Six Thousand Eight Hundred and Sixty New Taiwan Dollars, and the paid-in capital was increased to Five Hundred and Ninety-Three Million Four Hundred and Seventy-Nine Thousand Seven Hundred and Forty New Taiwan Dollars.

Timeline	Past and Recent Developments
October 2013	Conversion of employee options to 376,000 common shares, and the paid-in capital was Five Hundred Ninety-Seven Million Two Hundred and Thirty-Nine Thousand Seven Hundred and Forty New Taiwan Dollars.
December 2013	Five innovative network products received the “2014 Taiwan Excellence Award”, including Layer 2/4 24-port Gigabit 802.3at PoE plus 4-port 10G SFP+ Intelligent Security Switch, Industrial 8-port Gigabit 802.3at PoE+ Managed Switch, Wireless Fisheye Cloud IP Camera, PoE over Coaxial Extenders, and HDMI/Video Wall over IP PoE Transmitter and Receiver.
December 2013	Certified as “Smoke-free Workplace” by Health Promotion Administration.
January 2014	Conversion of employee options to 350,000 common shares, and the paid-in capital was Six Hundred Million Seven Hundred and Thirty -Nine Thousand Seven Hundred and Forty New Taiwan Dollars.
August 2014	Awarded by CommonWealth Magazine with the “2014 Corporate Citizenship Awards”. In the eight-year history of this CSR award by CommonWealth Magazine, only twelve enterprises have won the award consecutively, among which, the Company was the only medium-sized enterprise listed.
September 2014	Capitalization of retained earnings for Twelve Million Fourteen Thousand and Eight Hundred New Taiwan Dollars, and the paid-in capital was increased to Six Hundred and Twelve Million Seven Hundred and Fifty-Four Thousand Five Hundred and Forty New Taiwan Dollars.
November 2014	Passed the ISO 9001 and ISO 14001 certification without defect.
December 2014	Five innovative network products received the “2015 Taiwan Excellence Award”, including Industrial IP67 Rated Waterproof/Dustproof Gigabit Managed Switch with 4-port PoE+, Industrial 8-port Gigabit Wall-mounted Switch with 4-port 802.3at PoE+, 1200Mbps 802.11ac Dual Band Ceiling Mount Wireless Access Point, 5 Mega-pixel Wireless Fisheye IP Camera, and Industrial Internet Video Server.
March 2015	Selected as “2015 Potential Taiwan Mittelstand Award” by MOEA, as well as the first enterprise won the “Taiwan Mittelstand Award for Gender Equality”.
April 2015	Certified an ‘A+’ grade for information disclosure in the 2014 Information Disclosure and Transparency Ranking Evaluation in Taiwan.
May 2015	At the first term of “Corporate Governance Evaluation System” conducted by the Taiwan Stock Exchange (TWSE) and TPEX in 2014, the Company was ranked at the top 5% of all TPEX listed companies.
August 2015	Awarded by CommonWealth Magazine with the “2015 Corporate Citizenship Awards”.
September 2015	Capitalization of retained earnings for Twelve Million and Two Hundred and Fifty Five Thousand One Hundred New Taiwan Dollars, and the paid-in capital was increased to Six Hundred Twenty Five Million Nine Thousand Six Hundred and Forty New Taiwan Dollars.

November 2015	Passed the ISO 9001:2015 and ISO 14000:2015 certification without defect; leading the domestic enterprises.
December 2015	Three innovative network products and solutions received the “2016 Taiwan Excellence Award”, including Smart Cloud Home Automation with VoIP Solution, Long Reach PoE/PoC Solution, and 16-port Ultra PoE Managed Gigabit Switch.
April 2016	Certified to be in the top 5 percent of all TPEX listed companies in the 2015 Corporate Governance Evaluation System officially and jointly held by the TWSE and TPEX.
August 2016	Awarded by CommonWealth Magazine with the “2016 Corporate Citizenship Awards”.
November 2016	Passed the ISO 9001:2015 and ISO 14001:2015 certification without defect.

Timeline	Past and Recent Developments
December 2016	Five innovative network products and solutions received the “2017 Taiwan Excellence Award”, including Renewable Energy Industrial 802.3at PoE Managed Ethernet Switch, Industrial Gigabit plus 20G Fiber Managed Switch Series, Industrial L2+ 24-Port 802.3at PoE+ plus 4-Port Shared Gigabit Fiber Managed Switch, L2+ Centralized Wireless APs Management Solution, and H.265 IP Surveillance Total Solution.
April 2017	Certified to be in the top 6%~20% of all TPEX listed companies in the 2016 Corporate Governance Evaluation System officially and jointly held by the TWSE and TPEX.
June 2017	The Auditing Committee was established voluntarily, to enhance the corporate governance mechanism.
August 2017	Recognized by CommonWealth Magazine with the “2017 Corporate Citizenship Awards”. The Company was the only TPEX listed company receiving this CSR award for the consecutive 11 th year.
September 2017	Invited by MOEA to participate World Congress on Information Technology (WCIT) 2017 sponsored by Taiwan. In this Olympics of the world's information technology industry, PLANET Technology presented its innovative network transmission products and technologies to fulfill diversified market needs of network infrastructure of IoT and IIoT applications. The Company successfully demonstrated the development and trend of digital technology in Taiwan to the world.
October 2017	Four innovative network products and solutions received the “2018 Taiwan Excellence Award”, including L2+ 2.5G 802.3at PoE+ Managed Multigigabit Switch, L2+ Managed Switch Series with Color Touch LCD, Industrial Modbus L2+ Ultra PoE Managed Ethernet Switch, and L2+ 12-Port 10GbE SFP+ Managed Switch with DC Redundant Power.
January 2018	Certified with the Taiwantrade Supplier Business Information Verification by TÜV Rheinland, Germany, which recognized the good operating, R&D, and production capabilities of PLANET, as well as its compliance and management system, and thus improved the reputation of PLANET brand.
April 2018	Certified to be in the top 5% of all TPEX listed companies in the 2017 Corporate Governance Evaluation System officially and jointly held by the TWSE and TPEX.
May 2018	Enterprise-class Wireless LAN Controller won “Best Choice Award 2018”, the official award of Computex Taipei.
June 2018	Recognized as a global CSR model, PLANET is the only company in Taiwan receiving the first term of “Humane Entrepreneurship Award” by the International Council for Small Business (ICSB) for its outstanding performance in achieving the 17 SDGs of the United Nation.
August 2018	Awarded by CommonWealth Magazine with the “2018 Corporate Citizenship Awards”.

November 2018 Color Touch LCD Wireless LAN Managed Switch won “2019 Taiwan Excellence Silver Award”, along with PLANET’s other three intuitive products being awarded “2019 Taiwan Excellence Award: Enterprise-class Wireless LAN Controller Series, Industrial Flat-type Smart Router with Color Touch LCD Screen, and Industrial Flat-type L2+ Managed Switch with Color Touch LCD Series.

The Company received the “2019 Taiwan Excellence Achievement Award” for more than 50 PLANET products have been awarded the honor of Taiwan Excellence.

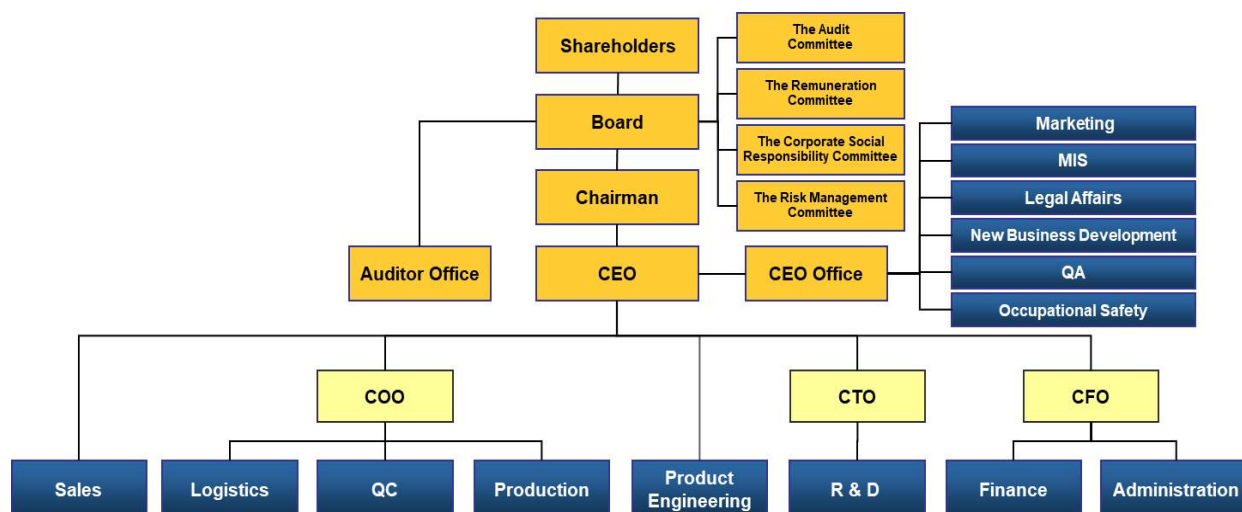
Timeline	Past and Recent Developments
February 2019	Received D&B D-U-N-S Certification.
April 2019	Certified to be in the top 6%~20% of all TPEX listed companies in the 2018 Corporate Governance Evaluation System officially and jointly held by the TWSE and TPEX.
May 2019	Won the “Asia Responsible Enterprise Awards 2019 - Social Empowerment”, organized by Enterprise Asia.
June 2019	The appearance design of products was innovated to enhance the brand identity and the professional technology brand image of PLANET. The renovation of product appearance design was recognized by MOEA CITD program, and debuted in 2019 Computex Taipei for the first time.
July 2019	Set up the Corporate Governance Officer voluntarily, to enhance the corporate governance mechanism.
August 2019	Selected as “2019 Potential Taiwan Mittelstand Award” by MOEA, and received the “Taiwan Mittelstand Award for Workplace Friendliness” again.
September 2019	Recognized by CommonWealth Magazine with the “2019 Corporate Citizenship Awards”. The Company was the only TPEX listed company receiving this CSR award for the consecutive 13 th year.
October 2019	Chen, Ching-Kang, the Chairman, won the “Asia Pacific Entrepreneurship Awards 2019” under the Outstanding category, organized by Enterprise Asia.
November 2019	Three smart network products and solutions won the “2020 Taiwan Excellence Award”: Universal Network Management System, L3 Industrial 8-Port 90-Watt PoE++ Managed Ethernet Switch with 20G SFP+ Uplink, and Industrial VPN Security Gateway Series.
November 2019	Chen, Ching-Kang, the Chairman, received the “2019 Taiwan EY Sustainable Leader Entrepreneur of the Year” from EY Taiwan.
March 2020	Due to the global outbreak of COVID-19, the Company has established the “Contingency Task Force for Pandemic”, as the decision-making unit for the Company-wide containment measures, and various possible operating patterns responding to the outbreak development, so that the employees’ health is well guarded and the Company may operate as usual.
April 2020	Certified to be in the top 6%~20% of all TPEX listed companies in the 2019 Corporate Governance Evaluation System officially and jointly held by the TWSE and TPEX.

August 2020	Started to use a new corporate slogan of “Shaping Future Networking, Digital Innovation, Connecting the Future” to highlight the core spirit of PLANET, which lies on continuous innovation in the transmission technology and equipment of digital network, seamless connection between Internet application and service platform to create a new technology era with futuristic intelligence, friendliness and sustainability.
September 2020	Recognized by CommonWealth Magazine with the “2020 Corporate Citizenship Awards” for 14 successive years.
November 2020	Won “Taiwan Excellence Award” for 18 successive years! Four innovative network products were granted the “2021 Taiwan Excellence Award”- Renewable energy for power supply intelligent network management controller series, industrial 4G LTE IOT gateway series, layer-3 gateway 24-port 95-watt 802.3 bt Ethernet power supply switch with 2,400 watt double-slot hot plug power supply.
December 2020	Independently established functional committees including Corporate Social Responsibility Committee and Risk Management Committee to strengthen the corporate governance.
December 2020	Established Occupational Safety and Health (OSH) Management Committee to improve the management of occupational safety and health.
April 2021	Certified to be in the top 5% of all TPEX listed companies in the 2020 Corporate Governance Evaluation System officially and jointly held by the TWSE and TPEX.

3. Corporate Governance Report

I. Organizational structure

(I) Current organizational structure



(II) Operations and functions of the major department:

<u>Auditor Office:</u>	Internal control system audit, assesses the effectiveness of operations, and suggestions for continuous improvement.
<u>CEO Office:</u>	Company objectives and strategies; decision-making of product development and global branding; establishing of each system of the Company and controlling documents; information management; intellectual properties; ISO system implementation and oversight; promoting and implementing the occupational health and safety; handling public relations; and expanding new business opportunities.
<u>Dept. of Sales:</u>	In charge of managing domestic and overseas markets and distribution channels, managing sales orders, shipment and payment; and handling customer complaints.
<u>Dept. of Logistics:</u>	In charge of product production and material outsourcing; inventory managing; shipping arrangement; and custom declaration.
<u>Dept. of Quality Control:</u>	Product and raw material inspection to ensure the product quality.
<u>Dept. of Production:</u>	Manage the production schedules and processes of the outsourced plants and onsite production monitoring of the outsourced plants.
<u>Dept. of Product Engineering:</u>	Decide product strategies, develop new technologies and new products; validation of the reliability and functions of products. Also, in charge of technical supports to clients, product technical documents, trainings to employees and clients.
<u>Dept. of R&D:</u>	In charge of the design of product hardware and software.
<u>Dept. of Finance:</u>	Planning and dispatching funds, risk management and cashier, handling accounting affairs, and reviewing the annual budgets and settlements.
<u>Dept. of Management:</u>	In charge of human resource recruitment and training, employee welfare planning and implementation, general affairs and safety management of the workplace.

II. Directors, Supervisors and Management Team

(I) Directors and Supervisors

Unit: shares

Information about directors & supervisors (1)

Apr. 11, 2021

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Inauguration Date	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 4)
							Shares	%	Shares (Note 1)	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C.	Chen, Ching-Kang	M	2020.6.10	3 years	1993.1.5	4,211,978	6.74%	4,211,978	6.74%	3,030,241	4.85%	—	—	PhD, Business Administration, Macau University of Science and Technology Chief of International Marketing, Wang Laboratories Chief Supervisor, National Innovation and Entrepreneurship Association, R.O.C.(TAIWAN)	CEO of PLANET Technology Corporation. Director of Puyang Investment Co., Ltd	Director	Hsu, Hwa-Lin	Spouse	The Chairman and the CEO are held by the same person. Thus, seats of independent directors are added, and more than a half of directors do not concur the Company's employees or managers.

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term(Years)	Inauguration Date	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 4)
							Shares	%	Shares (Note 1)	%	Shares	%	Shares	%			Shares	%	Title	
Director	R.O.C	Hsu, Hwa-Lin	F	2020.6.10	3 years	1993.1.5	3,030,241	4.85%	3,030,241	4.85%	4,211,978	6.74%	—	—	B.A., Department of Music, Chinese Culture University	Vice president of PLANET Technology Corporation. Chairman of Puyang Investment Co., Ltd Representative director of Planet International Inc. Director of First Commercial Bank Culture and Education Foundation	Chairman	Chen, Ching-Kang	Spouse	
Director	R.O.C	Representative of Puyang Investment Co., Ltd	M	2020.6.10	3 years	2001.8.8	16,856,237	26.97%	16,856,237	26.97%	—	—	—	—	PhD, Business Administration, Macau University of Science and Technology EMBA, National Taiwan University	President of Zhang Yue Construction Corporate. President of Lan Bou Wan Development Co., Ltd.	N/A	N/A	N/A	
	R.O.C	Li, I-Chuan				2005.6.17	43,195	0.07%	43,195	0.07%	9,323	0.01%	—	—	Associate vice president, Audit Office and Dept. of Finance, Pacific Sogo Department					

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Inauguration Date	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 4)		
							Shares	%	Shares (Note 1)	%	Shares	%	Shares	%			Share s	%	Title		Name	Relat ionsh ip
Director	R.O.C	Representative of Puyang Investment Co., Ltd	F	2020.6.10	3 years	2001.8.8	16,856,237	26.97%	16,856,237	26.97%	—	—	—	—	EMBA, National Chengchi University Dept. of Accounting, Tunghai University Manager, Wei-Feng Security Manager, Ju-Ba Electrical Engineering Vice manager, Taishin Diandian	CFO of PLANET Technology Corporation.	N/A	N/A	N/A			
	R.O.C	Lin, Man-Tsu				2017.6.13	323,555	0.52%	323,555	0.52%	5,665	0.01%	—	—								
Independent director	R.O.C	Chen, Shuh	M	2020.6.10	3 years	2017.6.13	—	—	—	—	—	—	—	—	PhD, in Business Administration, National Taiwan University Chairperson, Financial Supervisory Commission, Executive Yuan Chairman, Taiwan Stock Exchange	Chairman, Central Investment Co., Ltd. Independent director, Asia Cement Corporaion Independent director, Accton Technology Corporation Chairman, Zhong Dao Association of Leadership and Culture	N/A	N/A	N/A			

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Inauguration Date	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 4)
							Shares	%	Shares (Note 1)	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent director	R.O.C	Huang, Hsin Hsien	M	2020.6.10	3 years	2017.6.13	—	—	—	—	—	—	—	Dept. of Law, Soochow University Passed Examination for Judges and Prosecutors and Bar Examination Judge, Chiayi, Taoyuan, and Shilin District Courts Director and member of Remuneration Committee, Test Rite International Co., Ltd. Director, Tsai Won Industrial Co., Ltd Member, Committee of the Taipei City Center for Prevention of Domestic Violence and Sexual Assault	Head of Chian-Yuan Law Firm Director, Jingshua Society Cultural Foundation	N/A	N/A	N/A		

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Inauguration Date	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 4)
							Shares	%	Shares (Note 1)	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent director	R.O.C	Chang, Pao-Thai	F	2020.6.10	Term (Years)	2017.6.13	—	—	—	—	—	—	—	Executive Class, Antai College of Economics and Management, Shanghai Jiao Tong University	Chairperson, Premier International Co., Ltd. President, Tsai-Ku Human Resource Consultancy Co., Ltd. Director and member of Remuneration Committee, Apex Science & Engineering Corp.	N/A	N/A	N/A		

Note 1: Number of shares is based on the shareholder register.

Note 2: Institutional shareholders shall list the name of institutional shareholders and representatives respectively (The name of the institutional shareholder shall be marked if he/she is also the representative), and fill in the following Table 1.

Note 3: Fill in the time of first recruitment as the director or supervisor of the Company. Remarks shall be added, if there is any cancellation.

Note 4: The title or position held at the previous companies should be related to the current position, like at audit and accounting firms or related companies.

Note 5: Where the chairman of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as adding seats of independent directors, and more than a half of directors do not concur employees or managers)

Major shareholders of the institutional shareholder

Apr. 11, 2021

Name of the institutional shareholder	Major shareholders of the institutional shareholder	
	Top 10 shareholders	Ratio of shareholding
Puyang Investment Co., Ltd	Hsu, Hwa-Lin	50%
	Chen, Ching-Kang	50%

Information about directors & supervisors (2)

Name	Qualification	More than five (5) years of experience and the following professional qualifications			Status of independence (Note)												Number of public companies where the person holds the title as independent director
		Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities.	Pass the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company.	Required Work experience in commerce, law, finance, accounting or others required by the Company.	1	2	3	4	5	6	7	8	9	10	11	12	
Chen, Ching-Kang	—	—	√	—	—	—	—	—	√	—	√	√	—	√	√	0	
Hsu, Hwa-Lin	—	—	√	—	—	—	—	—	√	—	√	√	—	√	√	0	
Representative of Puyang Investment Co., Ltd: Li, I-Chuan	—	—	√	√	√	√	√	√	√	√	√	√	√	√	—	0	
Representative of Puyang Investment Co., Ltd: Lin, Man-Tsu	—	—	√	—	√	—	√	√	√	√	√	√	√	√	—	0	
Chen, Shuh	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	2	
Huang, Hsin Hsien	—	√	√	√	√	√	√	√	√	√	√	√	√	√	√	0	
Chang, Pao-Thai	—	—	√	√	√	√	√	√	√	√	√	√	√	√	√	1	

Note 1: “✓“ is placed in the box below if the member met the following criteria at any time during active duty and two years prior to the date of appointment.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the Company, its parent company, subsidiary, or another subsidiary of the parent that is compliant with the Act or local laws).
- (3) Does not hold more than 1% of the Company’s outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.
- (4) Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2) or (3).
- (5) Not a director, supervisor or employee of any corporate shareholder that: 1. holds 5% or more of the Company’s outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act local laws).
- (6) Not a director, supervisor or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).
- (7) Does not assume concurrent duty as Chairman, CEO or equivalent role, and is not a director, supervisor or employee of another company or institution owned by spouse. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).
- (8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company’s parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).
- (9) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT\$500,000 in the last 2 years, to the Company or its affiliate, 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 affiliated companies . This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers And Acquisitions Act.
- (10) Not a spouse or relative of second degree or closer to any other directors.
- (11) Does not meet any of the conditions stated in Article 30 of The Company Act.
- (12) Not elected as a government or corporate representative according to Article 27 of The Company Act.

(II) Information About CEO, Vice President, Assistant Vice President, and Head of Department and Branch:

Unit: shares
Apr. 11, 2021

Title	Nationality	Name	Gender	Date appointed	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Position	Managers who are spouses or within two degrees of kinship			Remarks (Note 4)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CEO	R.O.C.	Chen, Ching-Kang	M	1993.01.05	4,211,978	6.74%	3,030,241	4.85%	—	—	PhD, Business Administration, Macau University of Science and Technology Chief of International Marketing, Wang Laboratories Chief Supervisor, National Innovation and Entrepreneurship Association ,R.O.C.(TAIWAN)	Director of Puyang Investment Co., Ltd	Vice President	Hsu, Hwa-Lin	Spouse	The Chairman and the CEO is by the same person. Thus, seats of independent directors are added, and more than a half of directors do not concur the Company's employees or managers.
Vice President	R.O.C.	Hsu, Hwa-Lin	F	1993.01.05	3,030,241	4.85%	4,211,978	6.74%	—	—	B.A., Dept. of Music, Chinese Culture University	Chairman of Director of Puyang Investment Co., Ltd Planet International Inc. Representative of Director of First Commercial Bank Culture and Education Foundation	CEO	Chen, Ching-Kang	Spouse	
CFO	R.O.C.	Lin, Man-Tsu	F	1999.07.19	323,555	0.52%	5,665	0.01%	—	—	EMBA, National Chengchi University Dept. of Accounting, Tunghai University Manager, Wei-Feng Security Manager, Ju-Ba Electrical Engineering Vice manager, Taishin Diandian	N/A	N/A	N/A	N/A	
CTO	R.O.C.	Shih, Yi-Shen	M	1995.08.28	313,775	0.50%	120,205	0.19%	—	—	EMBA, National Central University Dept. of Information Management, National Central University Manager, Dept. of R&D, PLANET Technology	N/A	N/A	N/A	N/A	

Title	Nationality	Name	Gender	Date appointed	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee		Education and Experience	Other Position	Managers who are spouses or within two degrees of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
COO	R.O.C.	Wu, Hsueh-Ju	F	1994.10.24	301,057	0.48%	—	—	—	—	EMBA, National Taiwan University of Science and Technology Dept. of International Business, Pingtung Commercial Junior College Manager, Dept. of Procurement, PLANET Technology Manager, Dept. of Materials, PLANET Technology	N/A	N/A	N/A	N/A	
Director, Dept. of Product Engineering	R.O.C.	Kang, Shih-Sheng	M	2015.08.01	87,398	0.14%	—	—	—	—	Dept. of Industrial Engineering, Tunghai University Digital engineer, Yam Co., Ltd. SME micro- and macro service engineering, Acer Co, Ltd. Level Two coordinator of Institute, Quanta Computer Inc. Senior manager, Dept. of Product Development, PLANET Technology	N/A	N/A	N/A	N/A	
Director, Dept. of R&D	R.O.C.	Leong, Chi-Tong	M	2020.01.01	13,000	0.02%	—	—	—	—	Dept. of Information Management, Fujen Catholic University Vice engineer, China Productivity Center Senior engineer, Siemens Telecommunication Systems Limited. Manager, Askey Computer Corporation Chief, Delta Networks, Inc. Senior manager, PLANET Technology	N/A	N/A	N/A	N/A	

Note 1: Number of shares is based on the shareholder register.

Note 2: Including information of CEO, Vice President, Manager Assistant and Head of Department and Branch, and all positions which are equivalent to the positions above, whatever their title.

Note 3: The title or position held at the previous companies should be related to the current position, like at audit and accounting firms or related companies.

Note 4: Where the chairman of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as adding seats of independent directors, and more than a half of directors do not concur employees or managers)

III. Last year's remunerations paid to directors, supervisors, the CEO and vice presidents

Remunerations paid to directors, supervisors, the CEO and vice presidents

(I) Remunerations to non-independent and independent directors

Unit: NTD thousands

Position	Name	Remuneration to directors								The total amount of A, B, C and D in net income after tax (%)		Remuneration in the capacity as employees								The sum of A, B, C, D, E, F and G to Earnings after Tax (%)		Compensation from parent company or invested businesses other than subsidiaries
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Business execution fee (D)				Salaries, bonus and special subsidies (E)		Pension (F)		Remuneration to employees (G)						
		The Company	All companies included into the financial statement.	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company		All companies included into the		The Company	All companies included into the financial statement.			
Director	Chairman	Chen, Ching-Kang																				
	Director	Hsu, Hwa-Lin																				
	Director	Puyang Investment Co., Ltd Representative: Li, I-Chuan																				
	Director	Puyang Investment Co., Ltd Representative: Lin, Man-Tsu																				
Independent director	Independent director	Chen, Shuh																				
	Independent director	Huang, HsinHsien																				
	Independent director	Chang, Pao-Thai																				
		-	-	-	-	5,324	5,324	86	86	2.00%	2.00%	6,654	6,654	116	116	1,240	-	1,240	-	4.97%	4.97%	N/A

1. Please explain the policy, system, standards and structure by which independent director remuneration is paid, and association between the amount paid and independent directors' responsibilities, risks and time committed:
The Company's principle of remunerations to directors is handled pursuant to Article 16, the Articles of Association: "the decisions of remunerations to directors (including independent directors), is authorized to the Board of Directors, based on their participation, contributions to the Company's operations, and by referring to the payments made by peers;" As well as Article 19-1: "Should there be profit in a year, no less than 5% shall be contributed as the remuneration to employees and no higher than 2% as the remuneration to directors. profits must first be set aside to offset cumulative losses if any. The aforesaid remuneration to employees may be in cash or shares; the eligible receivers may include the employees of the Company or the subsidiaries. The aforesaid remuneration to directors may only be made in cash. The remuneration to employees and directors shall be resolved by the Board of Directors and reported to the Shareholders' meeting".
The remunerations to directors and independent directors shall be determined as per the Articles of Association and "Measures on the Performance Evaluation of Board of Directors"; items included in evaluating the performance of directors of board include: (1) Understanding of the Company's goals and tasks; (2) Recognition of directors' duties; (3) Participation in the operation of the Company; (4) Operation and communication of internal relations; (5) Expertise and further learning of directors; (6) Internal control. Performance evaluation to some directors shall be made based on their duties, risks and time, all of which serve as the reference of their remunerations.

2. Compensation received by director for providing service to any company included in the consolidated financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None

Note 1: It is the contribution as the severance and retirement expenses

Breakdown of Remunerations

Breakdown of remuneration paid to each director	Name of Director			
	The sum of (A+B+C+D)		The sum of (A+B+C+D+E+F+G)	
	The Company	All companies included into the financial	The Company	All companies included into the financial
Less than NT\$1,000,000	Chen, Shuh; Huang, Hsin Hsien; Chang, Pao-Thai	Chen, Shuh; Huang, Hsin Hsien; Chang, Pao-Thai	Chen, Shuh; Huang, Hsin Hsien; Chang, Pao-Thai	Chen, Shuh; Huang, Hsin Hsien; Chang, Pao-Thai
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Puyang Investment Co., Ltd; Chen, Ching-Kang; Hsu, Hwa-Lin	Puyang Investment Co., Ltd; Chen, Ching-Kang; Hsu, Hwa-Lin	Puyang Investment Co., Ltd	Puyang Investment Co., Ltd
NT\$2,000,000 (inclusive) ~ NT\$3,500,000	--	--	--	--
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	--	--	Chen, Ching-Kang; Hsu, Hwa-Lin	Chen, Ching-Kang; Hsu, Hwa-Lin
NT\$5,000,000 (inclusive) ~ NT\$10,000,000	--	--	--	--
NT\$10,000,000 (inclusive) ~ NT\$15,000,000	--	--	--	--
NT\$15,000,000 (inclusive) ~ NT\$30,000,000	--	--	--	--
NT\$30,000,000 (inclusive) ~ NT\$50,000,000	--	--	--	--
NT\$50,000,000 (inclusive) ~ NT\$100,000,000	--	--	--	--
NT\$100,000,000 or more	--	--	--	--
Total	6	6	6	6
Breakdown of remuneration paid to each director				

(II) Remuneration to supervisors

The Company has established the Audit Committee to replace supervisors, and thus not applicable.

Remuneration to CEO and vice presidents

Unit: NT\$ thousands

Title	Name	Salary (A)		Pension (B)		Bonus and special allowance (C)		Remuneration to employees (D)				Sum of A, B, C, and D as a percentage of net income (%)		Compensation from parent company or invested businesses other than subsidiaries
		The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company		All companies included into the financial statement.		The Company	All companies included into the financial statement.	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
CEO	Chen, Ching-Kang	4,414	4,414	116	116	2,240	2,240	1,240	-	1,240	-	2.96%	2.96%	N/A
Vice President	Hsu, Hwa-Lin													

Note 1: Contributions were treated as the severance and retirement expenses

Note 2: CEO and Vice President each were also provided with transportation allowance of NT\$1,518; the additional driver assignment fee is NT\$876.

Breakdown of Remunerations

Breakdown of remuneration paid to each CEO and vice president	Names of CEO and vice president	
	The Company	All companies included into the financial statement.
Less than NT\$1,000,000	--	--
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	--	--
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Hsu, Hwa-Lin	Hsu, Hwa-Lin
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Chen, Ching-Kang	Chen, Ching-Kang
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	--	--
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	--	--
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	--	--
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	--	--
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	--	--
NT\$100,000,000 or more	--	--
Total	2	2

Remunerations paid to managerial officers, and the status of allocation:

Unit: NT\$ thousands
Mar. 31, 2021

	Position	Name	Amount of shares (proposed amount)	Amount of cash (proposed amount)	Total	Proportion to Earnings After Tax of 2020 (%)
Manager	CEO	Chen, Ching-Kang	0	4,720	4,720	1.75%
	Vice President	Hsu, Hwa-Lin				
	CFO	Lin, Man-Tsu				
	CTO	Shih, Yi-Shen				
	COO	Wu, Hsueh-Ju				
	Director, Dept. of Product Engineering	Kang, Shih-Sheng				
	Director, Dept. of R&D	Leong, Chi-Tong				

(IV) Specify and compare the remunerations to directors, supervisors, presidents and vice presidents of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements in the most recent two (2) years, and specify the policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance and future risk.

1. Remunerations paid to the Company's directors, supervisors, president and vice presidents in the last two years, and percentage related to net income

	Director	CEO and vice presidents
2019	2.00%	2.00%
2020	2.00%	2.96%

Description of changes

Director: The remunerations for the Company's directors was accrued in accordance with the Company's Articles of Association. 1.5% of the pretax earnings accounted for 2% of after-tax net benefit in 2019 and 2020 respectively.

Supervisors: It ceases to apply, as audit Committee has been set to replace the supervisors.

CEO and vice presidents: The ratio of remunerations of CEO and vice presidents to after-tax net profit increased from 2019 to 2020, due to the addition of vehicle fees.

2. Policies, standards, and packages of remuneration payment, the procedure to set remuneration, and relevance to the operating performance and future risks:

The Company's principle of remunerations to directors is established by the Board of Directors in the Articles of Association, and presented to the Shareholders' meeting for approval. It is handled pursuant to Article 16, the Articles of Association: "the decisions of remunerations to directors (including independent directors), is authorized to the Board of Directors, based on their participation, contributions to the Company's operations, and by referring to the payments made by peers;" The remunerations to directors is also handled pursuant to Article 19-1 of the Articles of Association: "Should there be profit in a year, no less than 5% shall be contributed as the remuneration to employees and no higher than 2% as the remuneration to directors. Profits must first be set aside to offset cumulative losses if any. The aforesaid remuneration to employees may be in cash or shares; the eligible receivers may include the employees of the Company or the subsidiaries. The aforesaid remuneration to directors may only be made in cash. The remuneration to employees and directors shall be resolved by the Board of Directors and reported to the Shareholders' meeting".

The remunerations to CEO and vice presidents include the basic salary, subsidies, and bonus; the payment is made based on the achievement of the Company's holistic goals, personal performance, and by referring to the payments made by peers to the equivalents.

From 2009, the Company has purchased liability insurance for directors to thoroughly protect the directors' liabilities and the assets. In addition, there is no litigation or maintenance obligation that may result in future liability, obligation, or debt of the Company.

IV. Corporate governance

(I) 1. Operations of the Board

a. The key points of the Board in 2020 are as follows

- Review 2021 business plan
- Review 2019 financial report
- Evaluation over the effectiveness of internal control system
- Commission of CPAs and auditing of remunerations
- Promotion of Blueprint for 3.0 Sustainable Development of Company Governance

b. In 2020, the Company convened total six Board meetings, and operated as follows:

● Mar. 9, 2020

Discussed:

- (1) Proposal of remunerations to employees and directors for 2019
- (2) 2019 “Declaration of Internal Control System”
- (3) Proposal of the consolidated and parent-company-only financial statements for 2019
- (4) Revision of “The Rules of Procedure for Shareholders’ meetings”
- (5) Revision of “The Rules of Procedure for Board’s Meetings”
- (6) Revision of “The Organization Regulations for Audit Committee”
- (7) Revision of “The Organization Regulations for Remuneration Committee”
- (8) Revision of “The Rules of Responsibility Scope of Independent Directors”
- (9) Proposal of amending the “Best-Practice Principles of the Company”
- (10) Revise of “The Corporate Social Responsibility Best Practice Principles”
- (11) Reelection of directors
- (12) Affairs related to the convention of the Shareholder’s Meeting 2020, acceptance of proposals from shareholders with 1% shareholding and director nomination
- (13) Proposal of self-assessment of directors for 2019 and performance evaluation of Board of Directors
- (14) Proposal of assessment to attesting accountants’ independence and suitability, 2019
- (15) Proposal of engaging attesting accountants and their compensations, 2020
- (16) Proposal of appraising managers’ performance and the evaluations to the auditors, 2019

● Apr. 30, 2020:

Discussed:

- (1) Proposal of business report for 2019
- (2) Proposal of earnings distribution for 2019
- (3) Revision of “Ethical Corporate Management Best Practice Principles”
- (4) Revision of “Guidelines of Procedures and Behaviors for Ethical Business Operation”

- (5) Remedy to affairs related to the convention of Shareholders' Meeting 2020, acceptance of proposals from shareholders with 1% shareholding and director nomination
- (6) Proposal of auditing the nominee list of the 11th directors and independent directors of the Company and their qualifications
- (7) Proposal to relieve the ban of non-competition for new directors

●Jun. 10, 2020:

Discussed:

- (1) Election of the President
- (2) Affairs related to the election of members of the Remuneration Committee

●Aug. 5, 2020:

Discussed:

- (1) Proposal to apply the renewal of credit facilities from Shanghai Commercial Bank
- (2) Revision of proposals of internal control system and detailed regulations for internal auditing
- (3) Proposal of amending the "Rules of Procedure for Board of Directors Meetings"
- (4) Revision of "The Regulations of Director Election"
- (5) Revision of "The Rules of Responsibility Scope of Independent Directors"
- (6) Revision of "The Code of Conducts for Directors and Managers"
- (7) Revision of "Guidelines of Appraising Performance of the Directors"
- (8) Revision of "The Organization Regulations for Remuneration Committee"
- (9) Revision of "The Organization Regulations for Audit Committee"
- (10) Revision of "The Regulations for Intercompany Financial and Operation of Affiliates"
- (11) Proposal of remunerations distributed to directors, managers, and employees for 2019

● Nov. 4, 2020:

Discussed:

- (1) Audit Plan for 2021
- (2) Revision of "The Organization Regulations for Risk Management Committee"
- (3) Proposal of "The Organization Regulations for Corporate Social Responsibility Committee"

●Dec. 22, 2020:

Discussed:

- (1) The business plan and budgets for 2021
- (2) Proposal of the establishment of Corporate Social Responsibility (CSR) Committee
- (3) Proposal of the establishment of Risk Management Committee
- (4) Proposal of the year-end bonus to the managers for 2020 and the adjustment of the fixed salaries for 2021

c. The Board convened six (A) meetings in the most recent fiscal year (2020); the attendance of supervisors are as follows:

Position	Name (Note)	Actual attendance (%) (B)	Attendance by proxy	Actual attendance (participation) rate (%) [B/A]	Remarks
Chairman	Chen, Ching-Kang	6	0	100%	-
Director	Hsu, Hwa-Lin	6	0	100%	
Director	Representative of Puyang Investment Co., Ltd: Li, I-Chuan	6	0	100%	
Director	Representative of Puyang Investment Co., Ltd: Lin, Man-Tsu	6	0	100%	
Independent director	Chen, Shuh	6	0	100%	
Independent director	Huang, Hsin Hsien	6	0	100%	
Independent director	Chang, Pao-Thai	6	0	100%	

Note: The directors and independent directors were reelected totally on Jun. 10, 2020. All former directors and independent directors were reappointed as the members of the 11th Board of Directors. The former members had meetings for 2 times and the new members had 4 meetings.

Other notes:

I. If any of the following is applicable to the operation of the Board, specify the date, the series of the session, the content of the motions, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(I) Conditions described in Article 14-3 of the Securities and Exchange Act.

(II) Any other documented objection or qualified opinion raised by independent director against board resolution in relation to matters other than those described above.

Six meetings of the Board were convened in 2020, and sufficient discussions were given in each meeting. To each proposal, the Chairman inquired the opinions of the directors and independent directors. As there was no condition described in Article 14-3 of the Securities and Exchange Act, all proposals were passed as proposed. All contents of the meetings were recorded in meeting records and disclosed on the Company's website.

II. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting

process:

The Company,

- In the Board's meeting on Aug. 5, 2020:
Discussed the remunerations to directors and managers proposed by the Remuneration Committee. As decided by the Chairman, the managers recused first; for the attending directors, these who are stakeholders including Chairman, Chen, Ching-Kang, Independent Director, Chen, Shuh, Independent Director, Huang, Hsin Hsien, Independent Director, Chang, Pao-Thai, Director, Hsu, Hwa-Lin, Director Representative, Li, I-Chuan and Director Representative, Lin, Man-Tsu were not allowed to discuss or vote the remuneration proposal resolved by the Remuneration Committee.
 - The Board's meeting on Dec. 22, 2020:
Discussed the proposal of the year-end bonus to the managers for 2020 and the adjustment of the fixed salaries for 2021, submitted by the Remuneration Committee: As decided by the Chairman, the managers recused first; Chairman/CEO, Chen, Ching-Kang; Director/Vice President, Hsu, Hwa-Lin; and Director/Manager, Lin, Man-Tsu all recused from voting. The directors selected Independent Director, Chang, Pao-Thai to act as the Chairman to host the discussion. The attending Directors with voting rights passed the proposal of the Remuneration Committee.
- III. TWSE/TPEX Listed Companies shall disclose information of the assessment cycle and interval, scope of assessment, assessment method and details of assessment, and fill in the implementation of appraisal to the Board of Directors:
- The Company made "directors' self-evaluation and evaluation to the Board's performance" and evaluated the performance of the Board of Directors, members of Directors and functional members of the Committees.

Assessment cycle	Assessment interval	Scope of assessment:	Assessment method	Details of assessment
Annually	The evaluation to the Board was conducted against their performance from January 1, 2020 to December 31, 2020	Board of directors	Internal self-evaluation of Board	<u>Board of directors:</u> 1. Participation of the Company's operation (20%) 2. Improvement of the decision quality of the Board (20%) 3. Composition and structure of the board of directors (20%) 4. Election and continuing learning and education (20%) 5. Internal control (20%) The overall operation is complete and therefore a high score was granted. It is in accordance with the requirements of the corporate governance and was passed by the Board of Directors on Mar. 11, 2021.
Annually	The evaluation to the Board was conducted against their performance from January 1, 2020 to December 31, 2020	Individual director	Self-evaluation of individual director	<u>Self-evaluation of individual director:</u> 1. Command of the Company's goals and tasks (15%) 2. Recognition of the director's duties (10%) 3. Participation of the Company's operation accounts (30%) 4. Operation and communication of internal relations (15%) 5. Expertise and continuing learning and education of the directors (15%) 6. Internal control (15%) All individual directors got high scores in the indicators above and were passed by the Board of Directors on Mar. 11, 2021.
Annually	The evaluation to the Board was conducted against their performance from January 1, 2020 to December 31, 2020	Functional Committee: Audit Committee	Internal self-evaluation of Audit Committee	<u>Functional committee-Audit Committee:</u> 1. Participation of the Company's operation (15%) 2. Recognition of the duties of the Audit Committee (25%) 3. Improvement of the decision quality of the Audit Committee (30%)

Annually	The evaluation to the Board was conducted against their performance from January 1, 2020 to December 31, 2020	Functional Committee: Remuneration Committee	Internal self-evaluation of Remuneration Committee	<p>4. Composition and member election of the Audit Committee (15%)</p> <p>5. Internal control (15%)</p> <p>Members of the Audit Committee got high scores in the indicators above and were passed by the Board of Directors in Mar. 11, 2021.</p> <p><u>Functional committee-Remuneration Committee:</u></p> <p>1. Participation of the Company’s operation (20%)</p> <p>2. Recognition of the duties of the Remuneration Committee (25%)</p> <p>3. Improvement of the decision quality of the Remuneration Committee (35%)</p> <p>4. Composition and member election of the Remuneration Committee (15%)</p> <p>5. Internal control (5%)</p> <p>Members of the Remuneration Committee got high scores in the indicators above and were passed by the Board of Directors in Mar. 11, 2021.</p>
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IV. 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 etc.), and the progress of such enhancements:

1. The “Regulations of Director Election” specifies that the elections of directors must take the background and competencies of individual directors in to account, so the directors of the Company are well diversified. Also the gender equality is particularly emphasized, with no less than one third of seats of directors taken by females. For the expertise, one of each seat owns the expertise of commerce, law, finance, accounting, or the Company’s business, respectively, as complementary.

Currently, there are seven seats of directors; among them, there are three seats of independent directors, or 43% of total directors. There are also three female directors, or 43% of total directors. The seven directors have different professional capabilities in the regard to technology, construction, finance, accounting, law, and human resources, which are complementary to each other, and could be a synergy in the future. The

diversification of the Board of Directors is specified as follows:

Name	Gender	Age		Tenure as an independent director		Concurrence to the Company's employee	1 Capability of operational judgement	2 Capability of corporate management	3 Capability of risk management	4 Insight on the international market	5 Leadership	6 Professional capability	7 Industry knowledge
		51 to 60	61 to 70	Less than three years	Three to nine years								
Chen, Ching-Kang	Male		√			√	√	√	√	√	√	Network communication	Technologies
Hsu, Hwa-Lin	Female		√			√	√	√	√	√	√	Network communication	Technologies
Li, I-Chuan	Male	√					√	√	√	√	√	Business administration	Construction
Lin, Man-Tsu	Female	√				√	√	√	√	√	√	Finance and accounting	Technologies
Chen, Shuh	Male		√		√		√	√	√	√	√	Finance and accounting	Finance
Huang, Hsin Hsien	Male	√			√		√	√	√	√	√	Legal matters	Legal matters
Chang, Pao-Thai	Female	√			√		√	√	√	√	√	HR	HR

2. From 2009, the Company has purchased the liability insurance for the directors, supervisors, and key officers of the Company. The insurance report was reported to the Board of Directors on Nov. 4, 2020, so that the directors may fulfill their duties of overseeing and governing the Company without concern.
3. In the 2020 Shareholders' meeting, all seven seats of directors, including Chairman, Jack Chen; the independent director concurring convener of the Audit Committee, Chen, Shuh; the independent director concurring convener of the Remuneration Committee, Chang, Pao-Thai; the independent director, Huang, Hsin Hsien; Director, Hsu, Hua-Lin, Li, I-Chuan, and Lin, Man-Tsu, attended.
4. To improve the information transparency, the Company has held four Audit Committee Meeting on Mar. 9, 2020, Apr. 30, 2020, Aug. 5, 2020 and Nov. 9, 2020 respectively since the voluntary establishment of Audit Committee in 2017, to discuss the financial reports of 2019, the appraisal to the effectiveness of the internal control system, evaluation of the attesting accountants, the business plan, the earning distribution, and the audit plan, before submitting the aforementioned to the Board of Directors for approval. The performance evaluation of Audit Committee for 2020 was made based on "Guidelines of Appraising Performance of the Board of Directors". On Mar. 11, 2021, the proposal of appraising performance of functional committees was passed by the Board of Directors.
5. In 2020, three Remuneration Committee Meetings were held on Mar. 9, 2020, Aug. 5, 2020 and Dec. 22, 2020 respectively. Pursuant to the Article 7-1, of "Organization Regulations for Remuneration Committee", it is set forth that "The Committee shall perform the following authorities with due care of stewardship, and submit the proposal to the Board of Directors for discussion: (1) Establishing and reviewing on the regular basis the evaluations to the directors and managers' performance, as well as the policies, systems, standards, and structures of remunerations. (2) Evaluate and decided, on the regular basis, the remunerations to directors and managers". After fully discussing the performance evaluation to each individual director and manager, the proposal is submitted to the Board of Directors. Performance evaluation of Remuneration Committee for 2020 was made based on "Guidelines of Appraising Performance of the Board of Directors". On Mar. 11, 2021, the proposal of appraising performance of functional committees was passed by the Board of Directors.

- (II) Operations of the Audit Committee or the participation of supervisors to the Board of Directors: the Company re-elected the directors and supervisors on Jun. 13, 2017, and the Audit Committee was established to replace the supervisors.
1. The key points of the Remuneration Committee in 2020 are as follows:
 - Proper presentation of auditing financial report
 - Evaluation on the appointment, remuneration, independence and performance of CPAs for 2020
 - Evaluation over the effectiveness of internal control system
 - Revision of “Ethical Corporate Management Best Practice Principles” and “Corporate Internal Control System and Detailed Regulations for Internal Auditing”
 2. In 2020, the Company convened a total of four Audit Committee meetings, and operated as follows:
 - Mar. 9, 2020:
Internal audit report
Discussed:
 - (1) 2019 “Declaration of Internal Control System”
 - (2) Proposal of the consolidated and parent-company-only financial statements for 2019
 - (3) Proposal of assessment to attesting accountants’ independence and suitability, 2019
 - (4) Proposal of engaging attesting accountants and their compensations, 2020
 - Apr. 30, 2020:
Report:
 - (1) Consolidated financial statements of Q1, 2020
 - (2) Internal audit reportDiscussed:
 - (1) Proposal of business report for 2019
 - (2) Proposal of earnings distribution for 2019
 - (3) Revision of “Ethical Corporate Management Best Practice Principles”
 - (4) Revision of “Guidelines of Procedures and Behaviors for Ethical Business Operation”
 - Aug. 5, 2020:
Report
 - (1) Consolidated financial statements of the first half of 2020
 - (2) Internal audit reportDiscussed and revised “Corporate Internal Control System and Detailed Regulations for Internal Auditing”
 - Nov. 4, 2020:
Report:
 - (1) Consolidated financial statements of Q1 to Q3 2020
 - (2) Internal audit reportDiscussed:
 - (1) Audit Plan for 2021

3. The Audit Committee convened four (A) meetings in the most recent fiscal year (2020); the attendance of independent directors are as follows:

Position	Name (Note)	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)(Note)	Remarks
Independent director	Chen, Shuh	4	0	100%	
Independent director	Huang, Hsin Hsien	4	0	100%	
Independent director	Chang, Pao-Thai	4	0	100%	

Note: The directors were reelected on Jun. 10, 2020 totally by the Audit Committee together with the Board of Directors. All former directors and independent directors were reappointed as the members of the 2th Audit Committee. The former members had meetings for 2 times and the new members had 2 meetings.

Other notes:

- I. Where operation of the audit committee exhibits any of the following, the minutes concerned shall clearly state the meeting date, term, the motions, audit committee's resolution and the Company's response to Audit Committee's opinions.

- (I) Conditions described in Article 14-5 of the Securities and Exchange Act
- (II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors:

In 2020, the Company convened a total of four Audit Committee meetings:

●Mar. 9, 2020:

Discussed:

- (1) 2019 Declaration of Internal Control System
- (2) Proposal of the consolidated and parent-company-only financial statements for 2019
- (3) Proposal of assessment to attesting accountants' independence and suitability, 2019
- (4) Proposal of engaging attesting accountants and their compensations, 2020

●Apr. 30, 2020:

Discussed:

- (1) Proposal of business report for 2019
- (2) Proposal of earnings distribution for 2019
- (3) Revision of "Ethical Corporate Management Best Practice Principles"
- (4) Revision of "Guidelines of Procedures and Behaviors for Ethical Business Operation"

●Aug. 5, 2020:

Discussed and revised "Corporate Internal Control System and Detailed Regulations for Internal Auditing"

●Nov. 4, 2020:

Discussed Audit Plan for 2021

All the proposals above have been discussed fully and agreed by the all members before its submission to the Board of Directors. These proposals contain no the matters described in Article 14-5 of the Securities and Exchange Act or other matters not approved by the Audit Committee but shall be approved by over 2/3 directors of the Board.

II. Avoidance of involvements in interest-conflicting discussions by independent directors; state the names of concerned independent directors, the discussions, the nature of conflicting interests, and the voting process:

The Company’s independent directors, Chen, Shuh, Huang, Hsin Hsien, Chang, Pao-Thai, convened four Audit Committee meetings in 2020:

● Mar. 9, 2020:

Discussion (1) 2019 “Declaration of Internal Control System”

(2) Proposal of the consolidated and parent-company-only financial statements for 2019

(3) Proposal of assessment to attesting accountants’ independence and suitability, 2019

(4) Proposal of engaging attesting accountants and their compensations, 2020

● Apr. 30, 2020:

Discussed (1) Proposal of business report for 2019

(2) Proposal of earnings distribution for 2019

(3) Revision of “Ethical Corporate Management Best Practice Principles”

(4) Revision of “Guidelines of Procedures and Behaviors for Ethical Business Operation”

● Aug. 5, 2020:

Discussed and revised “Corporate Internal Control System and Detailed Regulations for Internal Auditing”

● Nov. 4, 2020:

Discussed Audit Plan for 2021

All proposals did not involve any interests of the independent directors; therefore no recusal was required. Proposals were passed by all independent directors without objection.

III. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company’s financial and business affairs, the method of communication used, and the outcome):

Communications between the independent directors and the CPAs

Date	Method of communication	Issue of communication	Outcome of communication
Mar. 9, 2020	Audit Committee	Explanation and discussion of the financial statements of 2019	The independent directors had no objections to the CPA’s explanation
Apr. 30, 2020	Audit Committee	Explanation and discussion of the consolidated financial statements of Q1, 2020	
Aug. 5, 2020	Audit Committee	Explanation and discussion of the consolidated financial statements of the first half of 2020	
Nov. 4, 2020	Audit Committee	Explanation and discussion of the consolidated financial statements of Q1 to Q3 2020	
Mar. 11, 2021	Accountant and Audit Committee	Explanation and discussion of the financial statements of 2020	The independent directors had no objections to the CPA’s explanation

Communications between the independent directors and the Audit officer

Date	Method of communication	Issue of communication	Outcome of communication
Jan. 30, 2020	E-mail delivery	Submission of the Dec. audit report of 2019	The independent directors had no dissent to the concerned audit report.
Feb. 13, 2020	E-mail delivery	Submission of the Jan. audit report of 2020	
Mar. 9, 2020	Audit Committee	Report regarding audit implementation from Nov. 2019 to Jan. 2020.	The independent directors had no dissent to the audit implementation report.
Mar. 27, 2020	E-mail delivery	Submission of the Feb. audit report of 2020	The independent directors had no dissent to the concerned audit report.
Apr. 29, 2020	E-mail delivery	Submission of the Mar. audit report of 2020	
Apr. 30, 2020	Audit Committee	Report regarding audit implementation of Feb., 2020	The independent directors had no dissent to the audit implementation report.
May 27, 2020	E-mail delivery	Submission of the Apr. audit report of 2020	The independent directors had no dissent to the concerned audit report.
Jun. 29, 2020	E-mail delivery	Submission of the May audit report of 2020	
Jul. 30, 2020	E-mail delivery	Submission of the Jun. audit report of 2020	
Aug. 5, 2020	Audit Committee	Report regarding audit implementation from Mar. to May, 2020	The independent directors had no dissent to the audit implementation report.
Aug. 24, 2020	E-mail delivery	Submission of the Jul. audit report of 2020	The independent directors had no dissent to the concerned audit report.
Sep. 28, 2020	E-mail delivery	Submission of the Aug. audit report of 2020	
Oct. 30, 2020	E-mail delivery	Submission of the Sep. audit report of 2020	
Nov. 4, 2020	Audit Committee	Report regarding audit implementation from Jun. to Aug., 2020	The independent directors had no dissent to the audit implementation report.
Nov. 30, 2020	E-mail delivery	Submission of the Oct. audit report of 2020	The independent directors had no dissent to the concerned audit report.
Dec. 31, 2020	E-mail delivery	Submission of the Nov. audit report of 2020	
Jan. 29, 2021	E-mail delivery	Submission of the Dec. audit report of 2020	
Feb. 25, 2021	E-mail delivery	Submission of the Jan. audit report of 2021	The independent directors had no dissent to the audit implementation report.
Mar. 11, 2021	Audit Committee	Report regarding audit implementation from Sep. 2020 to Jan. 2021	
Mar. 11, 2021	Meeting of independent directors, auditors and CPAs	Discussion of the audited matters of 2020	The independent directors had no objections to the CPA's and auditors' explanation
Apr. 29, 2021	E-mail delivery	Submission of the Feb. audit report of 2021	The independent directors had no dissent to the concerned audit report.

(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		To establish a good corporate governance system, the Company established the “Corporate Governance Best Practice Principles”, pursuant to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” on Jun. 13, 2008. Besides complying with laws and regulations, it safeguarded shareholders’ rights and interests, intensified board functions, gave play to functions of Audit Committee and implemented corporate governance on the basis of respecting stakeholders’ rights and interests and improving information transparency; on Jul. 18, 2019, the Company, upon board’s approval, designated the corporate governance director enjoying the qualifications requested by laws and scope of his or her duties, who would deal with relevant corporate governance affairs. All regulations related to the corporate governance are disclosed in the “Stakeholder Section” of the Company’s website. (http://www.planet.com.tw/tw/ir/corporate-governance) and the MOPS, while continuing the implementation of corporate governance.	N/A
II. Shareholding structure & shareholders’ rights				
(I) Whether the Company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	V		(I) The company has established the “Procedure of Handling Investor Relationship”. Shareholder’s suggestions, questions, disputes, and litigious affairs are handled by the spokesperson and the acting spokesperson. At the “Stakeholder Section” of the Company’s website, not only the telephone numbers and mailboxes of the spokesperson, acting spokesperson, and the Audit Committee, other contacts are also provided to the stakeholders, to ensure every shareholder may fully express themselves through a transparent and public platform. Besides, the treatment report of investor relations is prepared at the beginning of each year.	N/A
(II) Whether the Company possess the list of its major shareholders and the controlling parties of such shareholders?	V		(II) The Company has full control over the major shareholders actually controlling the Company, and the shareholders’ affairs agency provides the shareholder register as well.	N/A
(III) Whether the Company establishes or implements some risk control and firewall mechanisms between the Company and its affiliates	V		(III) Regarding the risk control to the affiliates, the Company has established the relevant management measures such as “Managerial Regulations for Operation of Long- and Short-Term Investment”, “Regulations for Intercompany Financial and Operation of Affiliates”, “Operational Procedures for Transactions Among Certain Companies, Group’s Enterprises, and Related Party”, the “Regulations for Overseeing Subsidiaries” in the internal control system, as the controlling mechanism. The mechanism not only clearly divides the job and responsibilities of the Company and the affiliates, and serves as the basis of implementation and periodical review, to respond the evolutions of the internal and external environment, while ensuring the effectiveness of the design and implementation of such system, and building proper firewall based on the risk assessment. No transaction occurred among the affiliates in 2020.	N/A
(IV) Does the Company set up internal norms to prohibit the insiders from utilizing	V		(IV) The directors and employees of the Company, not only comply with the Securities and Exchange Act, but also the “Operational Procedures to Prevent Insider Trading”, the “Corporate Governance Best Practice Principles”, the	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
<p>the undisclosed information to trade securities?</p> <p>III. The organization of Board of Directors and its duties: (I) Does the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?</p>	V		<p>“Managerial Guidelines for Handling Material Information”, “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, and “Corporate Ethic Regulations” set up by the Company, which strictly forbid related personnel to obtain benefits with the internal undisclosed information, nor leak such information to others. In 2020, besides requesting all employees to re-sign “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”, and offered education and training to new employees who have being working for one week about various measures.</p> <p>(I) To improve board structure, the elections of directors must take the background and competencies of individual directors into account, so the directors of the Company are well diversified.</p> <p>Goals of diversification policy</p> <ul style="list-style-type: none"> ● Professional capacity: For commerce, legal affairs, financial accounting or other professional and industrial knowledge required for the Company’s business, each occupies around one seat or above, so as to supplement each other, supervise the Company’s operation and minimize shareholders’ rights and interests. ● Gender equality: Proportion of female directors shall not be less than 1/3 of all directors. ● At least independent directors shall be selected. <p>Executive achievements of diversification</p> <ul style="list-style-type: none"> ● Currently, there are seven seats of directors; among them, there are two proficient in commercial affairs, two proficient in legal affairs, two proficient in financial accounting and two proficient in professional knowledge required for the Company’s other businesses; in terms of industrial knowledge, the three directors have different capacities in the regard to finance, law and human resources respectively; the four directors master the industrial knowledge required for the Company’s other businesses. All those have comprehensive benefits for the Company’s future development. ● Among the seven directors, three are female, with a proportion of 43%. ● There are three independent directors at present. 	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:																																																																																																																				
	Yes	No																																																																																																																						
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(III) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation, remuneration and nomination decisions?	V		<p>(II) The company established the Remuneration Committee on Apr. 27, 2011; and the Audit Committee was established on Jun. 13, 2017 voluntarily. The company formulated Rules of Organization of Corporate Social Responsibility Committee and Regulations of Risk Management Committee on Nov. 4, 2020, and on Dec. 22, 2020, the Company, upon board's approval, voluntarily established the functional committees such as "Corporate Social Responsibility Committee", and the "Risk Management Committee", more than half of members of which are independent directors, so as to fully implement the corporate governance.</p> <p>(III) The company established the "Guidelines of Appraising the Board of Directors and Directors". Every year, each director evaluate himself/herself, pursuant to the "Guidelines of Appraising Performance of the Directors", in the regard to the items such mastery of goals and tasks, cognition of responsibilities, participation in company's operation, operation and communication of international relations, profession and continuing education and internal control; after the self-evaluation, submit the result to discussing organization for performance appraisal of board of directors. The discussing organization shall make evaluation based on the items such as participation in company's operation, improvement of quality of board decision, composition and structure of board, election and continuing education of directors and internal control. In 2020, each director actively participated in the discussion regarding the Company's operation, and fully complied with laws and regulations. The</p>	N/A																																																																																																																				

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	Yes	No		
(IV) Does the Company have the independence of the public accountant evaluated regularly?	V		<p>Board's performance was appraised as 100 points, and approved in the Board's meeting on Mar. 11, 2021.</p> <p>Also it is set forth in Article 19-1 of the Articles of Association: "Should there be profit in a year, no less than 5% shall be contributed as the remuneration to employees and no higher than 2% as the remuneration to directors. profits must first be set aside to offset cumulative losses if any. II. The aforesaid remuneration to employees may be in cash or shares; the eligible receivers may include the employees of the Company or the subsidiaries or companies under the Company's control. The aforesaid remuneration to directors may only be made in cash. The remuneration to employees and directors shall be resolved by the Board of Directors and reported to the Shareholders' meeting". The outcomes of individual director's performance evaluation were taken into account during the discussions of remuneration to each director by the Remuneration Committee, and provided as referenced to the Board of Directors when nominating the directors for re-election</p>	N/A
IV. Has the Company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	V		<p>The Company formulated "Corporate Governance Best Practice Principles". In addition to deploying adequate number of competent corporate governance staff, on Jul. 18, 2019, the Board of Director appointed the CFO, Lin, Man-Chu, as the Corporate Governance Officer. Ms. Lin has been qualified to be in a managerial position for at least three years, handling financial affairs and stock affairs, as required by public company and conforms to the eligibility condition. <u>The functions of the Corporate Governance Officer including:</u></p> <ol style="list-style-type: none"> 1. Handling of matters relating to board of directors meetings and shareholders meetings in compliance with law; 2. Preparation of minutes of the board of directors meetings and shareholders meetings; 3. Assistance to inauguration and continuing education of directors; 4. Provision of information required for performance of duties by the directors and supervisors; 5. Assistance to compliance by directors; 6. Other matters described or established in the articles of incorporation or under contract. <p><u>Key points of business execution for 2020 are as follows:</u></p> <ol style="list-style-type: none"> 1. Ensure the favorable communication between directors and heads of 	N/A

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V. Has the Company established channels for communications with the stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a section for stakeholders at the official website of the Company with proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	V		<p>departments and provide company's financial or business operation information.</p> <p>2. Purchase the "liability insurance of directors and key personnel" every year, so all directors are protected. The insurance coverage shall be reported to the Board of Directors periodically.</p> <p>3. Implement rules of procedure of board of directors, notify directors and provide complete meeting data seven days ahead of the meeting, and within 20 days upon the meeting, provide minutes of meeting to all directors within 20 days upon the meeting.</p> <p>4. Providing the continuing education information to directors from time to time, and arrange directors to take courses pursuant to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".</p> <p>5. Intensify operation of board of shareholders and improve electronic voting of board of shareholders; announce meeting handbook 30 days and the annual report 14 days ahead of the meeting of board of shareholders, and upon the end of the meeting of board of shareholders, announce the voting of proposal of meeting of board of shareholders.</p> <p>6. Check the fulfillment of the corporate governance indicators one by one, and complete the self-evaluation.</p> <p>Continuing education of the Corporate Governance Officer in 2020 are as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Date</th> <th rowspan="2">Institute</th> <th rowspan="2">Name of Course</th> <th rowspan="2">Hours</th> <th rowspan="2">Is the continuing education compliant?</th> </tr> <tr> <th>Start</th> <th>End</th> </tr> </thead> <tbody> <tr> <td>2020/03/24</td> <td>2020/03/25</td> <td>Securities & Futures Institute</td> <td>12HR practice seminar for the first-time elected directors and supervisors (independent directors included) and head of corporate governance</td> <td>12</td> <td rowspan="2">Yes</td> </tr> <tr> <td>2020/03/31</td> <td>2020/03/31</td> <td>Accounting Research and Development Foundation</td> <td>How to enhance the effectiveness of internal control with Robotic Process Automation (RPA)</td> <td>6</td> </tr> </tbody> </table> <p>The Company appointed the spokesperson and the acting spokesperson to handle the questions and opinions of stakeholders, as well as established the "Stakeholder Section" at the Company's website. Not only the telephone numbers and email addresses of the spokesperson, acting spokesperson, and the Audit Committee, other corresponding contacts are also provided to the different type of stakeholders, so that every stakeholder may fully express themselves through a transparent and public platform. At the "Stakeholder Section", the issues regarding CSR, corporate governance, and financial information are responded. The communications with the stakeholders in</p>	Date		Institute	Name of Course	Hours	Is the continuing education compliant?	Start	End	2020/03/24	2020/03/25	Securities & Futures Institute	12HR practice seminar for the first-time elected directors and supervisors (independent directors included) and head of corporate governance	12	Yes	2020/03/31	2020/03/31	Accounting Research and Development Foundation	How to enhance the effectiveness of internal control with Robotic Process Automation (RPA)	6	N/A
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VI. Has the Company commissioned a professional share registration and investor service institution for providing services to shareholders?			<p>2020 was reported to the Board of Directors on Apr. 29, 2021.</p> <p>Communications with stakeholders:</p> <table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Concerned issue</th> <th>Contact</th> </tr> </thead> <tbody> <tr> <td>Employees</td> <td> <ul style="list-style-type: none"> Talent attraction and retention Human rights Multiple equality and friendly workplace Occupational health and safety </td> <td>CEO email: ceo@planet.com.tw</td> </tr> <tr> <td>Investors</td> <td> <ul style="list-style-type: none"> Corporate governance and operation performance Integrity management and compliance with laws and regulations Risk management Privacy right protection Green product and innovative R&D </td> <td>Spokesperson email: natalie@planet.com.tw Acting Spokesperson email: shallon@planet.com.tw</td> </tr> <tr> <td>Customer</td> <td> <ul style="list-style-type: none"> Product quality and safety Customer relation management Enterprise image Green product and innovative R&D Supply chain management Privacy right protection </td> <td>Dept. of Sales email: sales@planet.com.tw</td> </tr> <tr> <td>Suppliers:</td> <td> <ul style="list-style-type: none"> Corporate governance and operation performance Supply chain management Green product and innovative R&D </td> <td>COO email: shallon@planet.com.tw</td> </tr> <tr> <td>Government agencies</td> <td> <ul style="list-style-type: none"> Corporate governance and operation performance Integrity management and compliance with laws and regulations Investor protection Capital market internationalization Climate change </td> <td>CFO email: natalie@planet.com.tw</td> </tr> <tr> <td>NPO/NGO</td> <td> <ul style="list-style-type: none"> Human rights Enterprise image Environment protection Climate change </td> <td>Special assistant email: jennys@planet.com.tw</td> </tr> <tr> <td>Community</td> <td> <ul style="list-style-type: none"> Environmental protection Community participation and care Enterprise image </td> <td>Special assistant email: jennys@planet.com.tw</td> </tr> </tbody> </table>	Stakeholder	Concerned issue	Contact	Employees	<ul style="list-style-type: none"> Talent attraction and retention Human rights Multiple equality and friendly workplace Occupational health and safety 	CEO email: ceo@planet.com.tw	Investors	<ul style="list-style-type: none"> Corporate governance and operation performance Integrity management and compliance with laws and regulations Risk management Privacy right protection Green product and innovative R&D 	Spokesperson email: natalie@planet.com.tw Acting Spokesperson email: shallon@planet.com.tw	Customer	<ul style="list-style-type: none"> Product quality and safety Customer relation management Enterprise image Green product and innovative R&D Supply chain management Privacy right protection 	Dept. of Sales email: sales@planet.com.tw	Suppliers:	<ul style="list-style-type: none"> Corporate governance and operation performance Supply chain management Green product and innovative R&D 	COO email: shallon@planet.com.tw	Government agencies	<ul style="list-style-type: none"> Corporate governance and operation performance Integrity management and compliance with laws and regulations Investor protection Capital market internationalization Climate change 	CFO email: natalie@planet.com.tw	NPO/NGO	<ul style="list-style-type: none"> Human rights Enterprise image Environment protection Climate change 	Special assistant email: jennys@planet.com.tw	Community	<ul style="list-style-type: none"> Environmental protection Community participation and care Enterprise image 	Special assistant email: jennys@planet.com.tw		
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	V		<p>The Company has engaged Yuanta Securities Co., Ltd. which is a profession shareholders' affairs agency to handle the affairs of Shareholders' meeting.</p>	N/A																									

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VII. Disclosure of information																				
(I) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		(I) The Company's website is in both Chinese and English versions to introduce the related activities. The Corporate Social Responsibility Section and Stakeholder Section are established to disclose the information related to finance, business, and corporate governance. (http://www.planet.com.tw/tw/ir/corporate-governance)	N/A																
(II) Whether there are other means for disclosure adopted by the Company (e.g. set up a English website, with the personnel dedicated to gathering and disclosing relevant information, properly implement the spokesman system, and post the meetings minutes with institutional investors on the Company website)?	V		(II) The Company's website is in both Chinese and English versions to provide the information related to brands, products, and financial statements. There are dedicated personnel in charge of collecting and disclosing the Company's information, and updating the Company's website from time to time. The spokesperson and the acting spokesperson are in charge of responding to the investors' questions and suggestions. The Company held the second road show in 2020; participated in online performance press conference in TPEX on May 20, 2020; participated in phone road show of Jih Sun Securities on Nov. 26, 2020. Information of road show is disclosed in the Stakeholder Section /shareholder service/road show of the Company's websites. (https://planet.com.tw/tw/ir/financial-meetings)	N/A																
(III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	V		(III) The Company announced the 2020 financial report on Mar. 11, 2020. The financial reports of Q1 to Q3, 2020 were announced on Apr. 30, 2020, Aug. 5, 2020, and Nov. 4, 2020, respectively. These dates were earlier than the dates required by law, and the operation of each month was reported and announced before the deadlines. Announcement of Revenues during Various Months of 2020	N/A																
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VIII. Other important information facilitating understanding of the functioning of corporate governance (including but not limited to, the state of employees' rights and interests, concern for employees, investor relations, vendor relations, rights of interested parties, continuing education of directors and supervisors, implementation of risk management policy and risk assessment criteria, implementation of customer policy, and liability insurance purchased by the Company for directors and supervisors)?	V		<table border="1"> <tr> <td>Aug. 2020</td> <td>Sep.8, 2020</td> </tr> <tr> <td>Sep. 2020</td> <td>Oct. 8, 2020</td> </tr> <tr> <td>Oct. 2020</td> <td>Nov. 9, 2020</td> </tr> <tr> <td>Nov. 2020</td> <td>Dec. 8, 2020</td> </tr> <tr> <td>Dec. 2020</td> <td>Jan. 8, 2021</td> </tr> </table> <p>(I) Employees Interests:</p> <ol style="list-style-type: none"> The Employee Benefit Committee is established, in charging of planning and custody of employee benefit fund and promoting various employee benefit contents. Besides the labor and health insurances, group insurance and education and training, the Company also provides employee bonus, education subsidy for employees' children, birth subsidy, good pregnancy package, year-end bonus, operation performance bonus, cash gifts for Dragon Boat Festival, Mid-Autumn Festival and Spring Festival, birthday cash gift and subsidies for birth, wedding and funeral and held activities such as employee tourism, family day, volunteering day, club activity and cultural and entertaining activity; holding employee health examination regularly every year, providing psychological counseling and caring employees' physical and psychological health comprehensively. The long-term talent cultivation is one of the priorities to the Company by continuously enhancing employees' knowledge, skills and expertise, and building up ample human capital. For the development of employees' career, the cultivation of core expertise and the balanced mental and physical development are both taken care of. <ol style="list-style-type: none"> Cultivation of professional ability: <p>Each year, the annual plans of continuing education and trainings for employees are decided pursuant to the "Detailed Guidelines of Trainings", to enhance the employees' core competency, professional competency, and managerial competency. Other than establishing the PLANET e-Learning platform, which enables employees' online learning regardless time and location, to improve the learning effectiveness, as well as the convenience for the employees' continuing education, different expertise trainings are provided to different departments. For instance, in 2020, 42 "new product trainings" were conducted. Also professional courses</p> 	Aug. 2020	Sep.8, 2020	Sep. 2020	Oct. 8, 2020	Oct. 2020	Nov. 9, 2020	Nov. 2020	Dec. 8, 2020	Dec. 2020	Jan. 8, 2021	N/A
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			<p>specific to different departments, such as “Commercial Photography Course” and “Import & Export of China Mainland, Hong Kong and Macao of China and Taiwan of China”, were provided. The Company also uploads the outlines and key points of the internal and external trainings on the intranet, to achieve information-sharing and heritage. External courses are also engaged to improve the professional and managerial capabilities of employees.</p> <p>(2) Development of Competency: Experts are engaged to help the employees to understand their own personalities and development of careers through competency behaviors and test of characteristics, and thus the individual development plan (IDP) is established.</p> <p>(3) Annual performance appraisal and human resource inventory: Promotion and rotation are applied to employees based on their performance, to give them the job suitable for their talents, so that the potential talents in the Company may exploit their capabilities and realize their career development. All employees receive the annual performance appraisals. For the salary-related issue, employees may consult their supervisors directly before being approved by the management. Performance bonuses are granted to these who outperformed, as an incentive.</p> <p>3. Actively promoting the equality of genders: (1) The Company has respected the working equality of genders and human integrity, and established the “Guidelines of Preventing Sexual Harassment”, reviewed and approved by the Labor Bureau, New Taipei City Government, as well as the “Guidelines of Managing Gender Equality” and “Protection Program to the Maternal Health in Workplace“. The regular consultancy by the professional occupational doctors is provided to the pregnant female employees and these have given birth as cares to their mental and physical status. The breastfeeding room and contracted day-care services are also provided to establish a good gender-equal workplace. (2) The Company respects the “gender equality”, and actively promotes this concept. Regardless their genders, all employees with the same job shares common compensation and quality. The equal employment and promotion for women in their career</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
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			<p>development are emphasized. In 2015, the Company was elected by MOEA as the excellent mittelstand enterprise with outstanding gender equality, by winning the “Taiwan Mittelstand Award for Gender Equality“, as well as the recommendation from MOEA as the benchmark plant for gender mainstream in 2016. In 2019, the Company was recognized by MOEA with the “Taiwan Mittelstand Award for Workplace Friendliness” again. Among the 153 employees in 2020, female employees accounted for 51% and male employees accounted for 49%; there were 35 directors, including 49% female directors.</p> <p>4. Emphasizing the occupational health and safety:</p> <p>(1) Abide by “Occupational Safety and Health Act”, set up the first-level organization- Labor Safety Office and establish the safety and health matters researched and discussed by Occupational Safety and Health Committee; assign full-time safety and health manger to promote the safety and health matters, offer training regularly via an external institution, to maintain validity of certificate and improve the Company’s safety and health management.</p> <p>(2) Promote on-site medical service and employ professional registered nurse and occupational medical practitioner to provide one-to-one consulting service.</p> <p>(3) Implement the four programs of Occupational Safety and Health Administration Ministry of Labor, Taiwan: Preventive Program to the Disease Triggered by Abnormal Workloads”, the “Preventive Program to the Man-Made Hazards”, the “Protection Program to the Maternal Health in Workplace”, and the “Preventive Program to Illegal Intrusions when Executing Duties”.</p> <p>(4) Monitor working environment.</p> <p>(5) Identify laws and regulations at regular intervals and formulate relevant measures about occupational safety and health.</p> <p>(6) All employees are insured with a group insurance coverage, as the compliance to the “Occupational Safety and Health Act”. For the maintenance of equipment, work, and health and safety are specified to be implemented, as the protection to employees’ safety in the workplaces.</p> <p>(7) The “Contingency Management Regulations for Disasters” and the “Fire-Fighting Protection Program”</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<p>are established, as well as the “Contingency Panel” and the paramedics. The disaster reporting and contingency directions are clearly divided. The fire-fighting and first-aid safety trainings and drills are conducted twice every year to provide a fully safe workplace to the employees.</p> <p>5. To ensure that the liabilities and risks of the directors of the Board and key officers of the Company are under control and diversified, the liability insurance is provided every year. The insurance is reported to the Board of Directors when the contract is renewed.</p> <p>(II) Cares to employees</p> <p>1. <u>Balanced Development Program for Employees’ Mental and Physical Health:</u></p> <p>(1) From 2008, a topic has been set for each year, to lead the employees to enhance their knowledge and thinking regarding environment, LOHAS, and mentality. The topic from 2016 to 2020 is “Green Energy 2.0r”, and employees are encouraged to protect environment from inner mind to external environment, so as to develop the green and healthy life.</p> <p>(2) Health 360 Program: through various health seminars, the health awareness of employees are developed. The Company also hires physicians and Chinese medicine doctors to provide consultancy in the Company every quarter; also nurses come to the Company to provide services every month, as the assistance to the occupational health and safety issues. Moreover, to counter the COVID-19 outbreak, the Company promotes the measures and concepts of containment, as well as the works of containment, so that the health of the employees are well protected.</p> <p>(3) Every fortnight, the massage service is provided, and the office stretch activity is conducted weekly, as the measure to release physical and mental pressure. The Company also sponsors the “Healthy Fat-Losing Club” and</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<p>“Smiling Super Jogging” Activity, where a professional instructor lead participants to work out and keep healthy.</p> <p>2. <u>PLANET Care to Rookies by Veterans:</u></p> <p>(1) In each department, veterans are appointed to assist the new employees, so that the latter may fit into their job better, and adapt to the Company’s culture quickly.</p> <p>(2) Vis-a-vis meetings between new employees and the head of HR are conducted regularly, so that how the new employees adapt to the Company and their needs are made known.</p> <p>3. <u>Education subsidies to employees’ children:</u></p> <p>(1) The Company gives education subsidies to employees’ children to ease their burdens.</p> <p>(2) The day-care and kindergarten incentives are provided as a care to them and their families.</p> <p>4. <u>Employee birth subsidy:</u></p> <p>The company gives birth subsidy of NTD 10,000 for each infant, for rewards of fertility.</p> <p>5. <u>Warm good pregnancy package and convenient breastfeeding and nursery programs</u></p> <p>The company provides pregnant employees with good pregnancy package and prepares abundant and practical gifts for mothers and infants. The company has established a special breastfeeding room for the use of female employees during working time; for the special day-care services, has signed contract with kindergarten nearby to strike for expense discount and group pickup, to eliminate worry of employees and their family members.</p> <p>6. <u>Emergency relief to employees:</u></p> <p>If any emergency disturbing one’s normal life occurs to an employee, the Company provides the emergency relief program to employees, for the purpose of relieving their</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<p>burdens, and keeping their lives acceptable during the difficult time, so that they may work and live without concern.</p> <p>7. <u>Flexible working hours and remote working:</u> When employees have changes in their lives or environments, or pursue continuing education, the flexible working hours or remote working program may be granted, so that they can continue their own development, while taking care of their work, lives, education, and families.</p> <p>8. <u>CEO mailbox is provided on the website:</u> For employees to sent their opinions to the CEO.</p> <p>(III) Investor Relations: The Company discloses information of the Company’s finance, corporate governance, and CSR at the “Stakeholder Section” of the Company’s website, for investors’ review. The mailboxes of the Audit Committee, spokesperson, acting spokesperson are also provided as the communication channels between investors and the Company. Moreover, the “Procedures of Handling Investor Relationship” is established, to set up the spokesperson system. Investors’ recommendations, questions, disputes, and litigations are handled by the spokesperson and acting spokesperson. Such events are also presented to the executives and the President. Every year, the investor relationship report of the previous year is presented to the President.</p> <p>(IV) Supplier relationship: The Company maintains the communication with suppliers always. Through conferences, video conferences, phone calls and the dedicated mailbox listed on the website, the product policies, quality objectives, and progress of cooperation are communicated. To respond to international environmental protection trend, the Company develops green products comprehensively and formulates “Principles</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<p>for Development of Green-Energy Products”; abides by environmental protection codes and requirements in good faith during the stages from technical R&D, design, manufacturing and transport to recycling, develops design and energy-saving products, uses energy-saving chips, applies environmentally friendly and renewable packaging material to product carton and interior buffer material and improves resources recycling efficiency.</p> <p>The Company has signed “CSR and Environmental Promise of the Suppliers” with suppliers, as the environmental protection guarantee of green products, so as to make sure the Company’s products are environmentally friendly and energy-saving and minimize the environmental impact from raw material to finished product output.</p> <p>By staying true to the philosophy of ethical management, and on t he basis of fairness and mutual respects, the Company strictly complies with the policy of no gift/ anti-bribery, and has established the “Principles of Gifts during Business”. The employees are strictly prohibited from receiving gifts, directly or indirectly, when conducting business. The gifts provided by the partners are also strictly regulated, to maintain the ethical business relationships between the Company and the vendors.</p> <p>(V) Rights of stakeholders: The Company has established the “Managerial Guidelines for Handling Material Information”, to protect the interests of investors. The Company abides by the requirements of information disclosure and transparency pursuant to laws, and uploads all material information to the MOPS in both Chinese and English. Also such information is communicated to all employees, managers, and directors through e-mail, to prevent the insider trading or violation to such requirements. The Company also values the protection</p>	

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			<p>to the interests of stakeholders. Except creating the profit performance, corresponding contacts are provided to the different type of stakeholders. To provide a safe workplace to employees, various trainings and activities are provided from time to time, to enhance their professional techniques and capabilities, while taking care of their mental and physical health, as the protection to employees' rights.</p> <p>(VI) Status of continuing education of directors & supervisors for 2020:</p> <p>On Jun. 13, 2017, the Company established Audit Committee, which would supersede the supervisor. Directors of the Board choose the suitable course based on their available schedule and professional background. The courses taken are compliant with the requirements, and described as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Position</th> <th rowspan="2">Name</th> <th colspan="2">Date</th> <th rowspan="2">Institute</th> <th rowspan="2">Name of Course</th> <th rowspan="2">Hours</th> <th rowspan="2">Is the continuing education compliant?</th> </tr> <tr> <th>Start</th> <th>End</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Director</td> <td rowspan="3">Chen, Ching-Kang</td> <td>2020/01/13</td> <td>2020/01/13</td> <td>Taiwan Listed Companies Association</td> <td>Common shortcomings in corporate governance</td> <td>2</td> <td rowspan="3">Yes</td> </tr> <tr> <td>2020/05/15</td> <td>2020/05/15</td> <td rowspan="2">Zhong Dao Association of Leadership & Culture</td> <td>Importing corporate governance and social responsibility to enterprise culture</td> <td>3</td> </tr> <tr> <td>2020/05/22</td> <td>2020/05/22</td> <td>Talent cultivation and succession plan for corporate governance</td> <td>3</td> </tr> <tr> <td rowspan="2">Director</td> <td rowspan="2">Hsu, Hwa-Lin</td> <td>2020/05/15</td> <td>2020/05/15</td> <td rowspan="2">Zhong Dao Association of Leadership & Culture</td> <td>Importing corporate governance and social responsibility to enterprise culture</td> <td>3</td> <td rowspan="2">Yes</td> </tr> <tr> <td>2020/05/22</td> <td>2020/05/22</td> <td>Talent cultivation and succession plan for corporate governance</td> <td>3</td> </tr> <tr> <td>Representative of corporate director</td> <td>Li, I-Chuan</td> <td>2020/05/15</td> <td>2020/05/15</td> <td>Zhong Dao Association of Leadership & Culture</td> <td>Importing corporate governance and social responsibility to enterprise culture</td> <td>3</td> <td>Yes</td> </tr> </tbody> </table>	Position	Name	Date		Institute	Name of Course	Hours	Is the continuing education compliant?	Start	End	Director	Chen, Ching-Kang	2020/01/13	2020/01/13	Taiwan Listed Companies Association	Common shortcomings in corporate governance	2	Yes	2020/05/15	2020/05/15	Zhong Dao Association of Leadership & Culture	Importing corporate governance and social responsibility to enterprise culture	3	2020/05/22	2020/05/22	Talent cultivation and succession plan for corporate governance	3	Director	Hsu, Hwa-Lin	2020/05/15	2020/05/15	Zhong Dao Association of Leadership & Culture	Importing corporate governance and social responsibility to enterprise culture	3	Yes	2020/05/22	2020/05/22	Talent cultivation and succession plan for corporate governance	3	Representative of corporate director	Li, I-Chuan	2020/05/15	2020/05/15	Zhong Dao Association of Leadership & Culture	Importing corporate governance and social responsibility to enterprise culture	3	Yes	
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			<p>(VII) Risk management policies and risk assessment standards:</p> <p>On Nov. 4, 2020, the Company formulated the “Organization Regulations for Risk Management Committee”; on Dec. 22, 2020, the board of directors established Risk Management Committee by appointing over half of independent directors, so as to control risks effectively; “internal control system” and “Detailed Principles to Implement the Internal Control” were sustainably operated; Audit Office also worked in accordance with annual audit plan, so as to implement supervision mechanism and implement all kinds of risk management.</p>																																																									

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<p>(VIII) Implementation of customer policy:</p> <ol style="list-style-type: none"> 1. The Managerial Regulations of Customer Credit Limits: a mechanism of credit rating and customer credit control is set up, to discover potential quality clients, and promotes the sales and business expansion. The relationships with clients follow the “Managerial Regulations of Customer Credit Limits”, supplemented with the receivable insurance, to ensure the collection of payments. 2. Customer service mailbox and technical consultancy services: the business unit and the technical engineers must reply clients’ questions withing 24 hours. 3. The Regulations Handling Complaints: the channel of filing customer complaint is set, and the consumption compensation application procedure is established. 4. Customer satisfaction survey: the “Guidelines of Customer Satisfaction Survey” is established to conduct the customer satisfaction survey every year. The outcomes of such surveys will be taken into account when appraising the related execution departments. For the customer satisfaction survey of 2020, the overall satisfaction to the Company was 99.77%. 5. After-sale service: the Warranty Policy is established to specify the complete after-sale services, providing the return and exchange of goods, maintenance, and recovery for the global distributors. 6. Through the visits or video conference from time to time, the product trainings are provided to clients, to enable them understand the functions and applications of products. 7. In consideration of the COVID-19 pandemic situation, set up virtual exhibition and meet customer’s needs for product experience. <p>(IX) Insurance against directors’ liabilities</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:																		
	Yes	No																				
			<p>To ensure that the liabilities, assets, and risks of the directors and supervisors are under control and diversified, on Jul. 25, 2008, the Board of Directors approved to amend some clauses of the Articles of Association, and the same was approved by the Shareholders' meeting in 2009. Since 2009, every year the directors and supervisors have been insured under the liability insurance. The insurance is reported to the Board of Directors, so that the directors may fulfill their duties of overseeing and governing the Company without concern.</p> <p>(X) The continuing educations of the accounting officer complied with the requirements for 2020, and described as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Position</th> <th rowspan="2">Name</th> <th colspan="2">Date</th> <th rowspan="2">Institute</th> <th rowspan="2">Name of Course</th> <th rowspan="2">Hours</th> <th rowspan="2">Is the continuing education compliant?</th> </tr> <tr> <th>Start</th> <th>End</th> </tr> </thead> <tbody> <tr> <td>Accounting officer</td> <td>Lin, Man-Tsu</td> <td>2020/10/15</td> <td>2020/10/16</td> <td>Accounting Research and Development Foundation</td> <td>Continuing education program for accounting officer of issuer, securities firm and securities exchange</td> <td>12</td> <td>Yes</td> </tr> </tbody> </table>	Position	Name	Date		Institute	Name of Course	Hours	Is the continuing education compliant?	Start	End	Accounting officer	Lin, Man-Tsu	2020/10/15	2020/10/16	Accounting Research and Development Foundation	Continuing education program for accounting officer of issuer, securities firm and securities exchange	12	Yes	
Position	Name	Date				Institute	Name of Course					Hours	Is the continuing education compliant?									
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Accounting officer	Lin, Man-Tsu	2020/10/15	2020/10/16	Accounting Research and Development Foundation	Continuing education program for accounting officer of issuer, securities firm and securities exchange	12	Yes															

IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified:

The description of the outcomes of the 6th Term (2020) of Corporate Governance Evaluation, and the improvements

Question	Indicator	Type	Self-evaluation by the Company	Actual points received	Description of deviance	Improvements
1.11	Does the Company upload the English annual report seven days prior to the Shareholders' meeting?	A	0	0	The company uploaded the 2018 annual report on May 28, 2019, but not the English annual report.	The Company uploaded the English 2019 annual report on Jun. 2, 2020.
2.2	Does the Company formulate the diversification policy for board members and disclose the specific management goals and implementation of the diversification policy in its website and annual report?	A	1	0	The Company has disclosed the diversification policy in its website and annual report, but hasn't disclosed the specific management goals and implementation.	The Company disclosed the diversification policy for board members, management goals, situation of achievement and situation of diversification for background of individual directors. Revealed on Pages 39~40 and 46~47 of the annual report and Company's website (https://www.planet.com.tw/tw/ir/policy)

Question	Indicator	Type	Self-evaluation by the Company	Actual points received	Description of deviance	Improvements
2.14	Does the Company establish any non-statutory functional committee? Is the number of members not less than 3? Are over half of members independent directors? Does over one member enjoy professional ability required by this committee? Are the composition, responsibilities and operation disclosed?	A	0	0	The Company does not establish any non-statutory functional committee.	<p>The Company voluntarily established CSR Committee and Risk Management Committee on Dec. 22, 2020: <u>Corporate Social Responsibility Committee</u> consists of five members, including three independent directors. The convener Hsu, Hwa-Lin has the specialty of corporate governance and conforms to the professional ability requested by the committee.</p> <p><u>Risk Management Committee</u> consists of three members, including two independent directors. The convener Lawyer Huang, Hsin Hsien has specialties of law and risk control and conforms to the professional ability requested by the committee. The Company has disclosed the composition, responsibilities and operation of current year respectively in Pages 47 72~75 and 317~318 of annual report and stakeholder section/board of directors/ diversification policy of its website.</p> <p>(https://planet.com.tw/tw/ir/functional-committees)</p>

Question	Indicator	Type	Self-evaluation by the Company	Actual points received	Description of deviance	Improvements
2.21	Does the Company designate a corporate governance director, to take charge of relevant affairs of corporate governance and specify scope of duties, key business implementation points of current year and continuing education in its website and annual report?	A	0	0	<p>The Company has determined the Finance Department as the organization in charge of corporate governance, and designated corporate governance director on Jul. 18, 2019, who, besides providing the data required for directors' performance of businesses, should take charge of the relevant affairs such as notice of board meeting and meeting of board of shareholders and minutes of meeting and company change registration. It has been disclosed in shareholder section of the Company's website but not disclosed in annual report.</p>	<p>The Company designed corporate governance director on Jul. 18, 2019 and disclosed the scope of duties, key business implementation points of current year and continuing education in stakeholder section of its website and 2020 annual report.</p> <p>Observation station of public information: <a)<="" a="" href="http://doc.twse.com.tw/server-java/t57sb01?step=1&colorchg=1&co_id=6263&year=108&mtype=F&"> Stakeholder section\board of directors\corporate governance director: <a)<="" a="" href="https://planet.com.tw/tw/ir/supervisor"></p>

Question	Indicator	Type	Self-evaluation by the Company	Actual points received	Description of deviance	Improvements
2.22	Are the appraisal measures for performance of board of directors formulated by the Company ratified by board of directors? Is the self-appraisal implemented at least once a year and are the appraisal results disclosed in the Company's website or annual report?	A	0	0	The Company has formulated the "Appraisal Measures for Performance of Board of Directors" and evaluates it every year. The appraisal table for performance of board of directors for 2018 was ratified on Mar. 21, 2019 and has been disclosed in Pages 28 and 29 of 2018 annual year report, but hasn't undergone the performance appraisal of functional committee; therefore, no point is given.	The Company has formulated the "Appraisal Measures for Performance of Board of Directors" and evaluates board of directors and functional committee regularly every year. The appraisal table for performance of board of directors, Remuneration Committee and Audit Committee for 2020 was ratified by board of directors on Mar. 11, 2021 upon the discussion and has been disclosed in Pages 37~39 and 46 of 2020 annual report.

Question	Indicator	Type	Self-evaluation by the Company	Actual points received	Description of deviance	Improvements
4.5	Does the Company prepare the reports disclosing its non-financial information (e.g. CSR report) and obtain the third-party verification?	A	0	0	The Company has prepared the 2018 CSR report according to GRI Standards newly released by Global Reporting Initiative (GRI), but since the report hasn't undergone the third-party verifications, no point is given.	The 2020 CSR report prepared by the Company has passed the verification of the third-party international verification institute AFNOR Asia, Ltd. The third-party statement of warranty has been disclosed in the Company's website. (Website: https://www.planet.com.tw/tw/csr/corporate-citizenship)
4.12	Does the Company formulate the energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction or any other waste management policy?	A+	0	0	The company has disclosed energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction or any other waste management policy in Pages 23~26 of 2018 CSR report and Pages 42~44 and 48~52 of 2018 annual report, but since the quantitative management goals hasn't been disclosed, no point is given	In consideration of the climate change and environmental sustainability, the Company includes the environmental protection idea into the enterprise policy and the environment sustainable development strategy into management system and formulated PLANET's "Environmental Policies". With the goal of low-carbon and sustainable PLANET, the Company, under such goal framework, formulated short, medium and long-term environmental sustainability goals, in hope to master the continuously changing environment issues. Relevant information has been disclosed in Pages 75~80 and 96-97 of 2020 annual report.

(IV) Disclose the composition, responsibilities, and functioning of remuneration committee, if available

(1) Information about Remuneration Committee members

ID	Name	Qualification	More than five (5) years of work experience and the following professional qualifications			Status of independence (Note)										Number of public companies where the person holds the title as Remuneration Committee member	Remarks
			Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities.	Pass the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company.	Work experience in commerce, law, finance and banking, accounting or necessary for company operation.	1	2	3	4	5	6	7	8	9	10		
Independent director	Chen, Shuh	√	√	√	√	√	√	√	√	√	√	√	√	√	√	0	
Independent director	Huang, Hsin Hsien	—	√	√	√	√	√	√	√	√	√	√	√	√	√	0	
Independent director	Chang, Pao-Thai	—	—	√	√	√	√	√	√	√	√	√	√	√	√	1	

Note 1: If any of the following is applicable to the Directors and Supervisors in the period of 2 years prior to the election to office and within the term of office, put a “√“in the appropriate box below.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the Company, its parent company, subsidiary, or another subsidiary of the parent that is compliant with Securities and Exchange Act or local laws).
- (3) Does not hold more than 1% of the Company’s outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.
- (4) Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2) or (3).
- (5) Not a director, supervisor or employee of any corporate shareholder that: 1. holds 5% or more of the Company’s outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws)
- (6) Not a director, supervisor or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).
- (7) Does not assume concurrent duty as Chairman, CEO or equivalent role, and is not a director, supervisor or employee of another company or institution owned by spouse. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).

- (8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).
- (9) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT\$500,000 in the last 2 years, to the Company or its affiliate, 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 affiliated companies . This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers And Acquisitions Act.
- (10) Does not meet any of the conditions stated in Article 30 of The Company Act.

(2) Information about status of Remuneration Committee

- I. The Company's Remuneration Committee consists of three (3) members, all of which are independent directors.
- II. Term of office of the members: from Jun. 10, 2020 to Jun. 9, 2023. In the most recent fiscal year (2020), Remuneration Committee has convened three (A) meetings. The qualifications and attendance of members are as follows:
- III. The key points of the Remuneration Committee in 2020 are as follows:
- Review the remuneration policies, systems, standards and structures, and performance of directors and managers.
 - Evaluate and decide the remunerations of directors and managers.
- IV. In 2020, the Company convened a total of three Remuneration Committee meetings, and operated as follows:
- Mar. 9, 2020:
Proposal of remunerations of employees and directors for 2019
 - Aug. 5, 2020:
Evaluation and decision of the remuneration distributed to directors and managers and employees for 2019
 - Dec. 22, 2020:
Review the year-end bonus of managers for 2020 and proposal of the fixed remuneration adjustment for 2021

Position	Name (Note)	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Chang, Pao-Thai	3	0	100%	
Member	Chen, Shuh	3	0	100%	
Member	Huang, Hsin Hsien	3	0	100%	

Note: The directors were reelected on Jun. 10, 2020 totally by the Remuneration Committee together with the Board of Directors. All former directors and independent directors were reappointed as the members of the 4th Remuneration Committee. The former members had one meeting and the new members had 2 meetings.

Other notes:

- I. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the motion, the board's resolution, and how the Company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee)

In 2020, the Company convened a total of three Remuneration Committee meetings:

●Mar. 9, 2020:

Discussed the proposal of providing the remunerations to employees and directors for 2020: provided pursuant to the Articles of Association and as required by the Company Act.

●Aug. 5, 2020:

Discussed the proposal of remunerations distributed to directors, managers, and employees for 2019: referring to the peers' standard of payment, the personal performance, and the Company's future risks; the proposal was submitted to the Board of Directors for discussion.

●Dec. 22, 2020:

Discussed the proposal of the year-end bonus to the managers for 2020 and the adjustment of the fixed salaries for 2021: referring to the peers' standard of payment, operations in 2020, the personal performance, and the Company's future risk; the proposal was submitted to the Board of Directors for discussion.

The aforementioned proposals were presented to the Board of Directors upon the approval of the Remuneration Committee. After the full discussions by the Board of Directors, all directors passed the proposals of Remuneration Committee. Therefore, there is no status of non-adoption or modifications of the suggestions of the Remuneration Committee.

- II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions.

In 2020, the Company has convened total three Remuneration Committee meetings:

●Mar. 9, 2020:

Discussed the proposal of providing the remunerations to employees and directors for 2019

●Aug. 5, 2020:



Discussed the proposal of remunerations distributed to directors, managers, and employees for 2019

●Dec. 22, 2020:

Discussed the proposal of the year-end bonus to the managers for 2020 and the adjustment of the fixed salaries for 2021

For the aforementioned proposals, the members of the Remuneration Committee had fully discussed the remunerations to directors and managers, by referring to the peers' standard of payment, the personal performance, and the Company's future risks. The proposals were passed without objections with inquiries to all members. The discussions were documented in the meeting minutes, but there was no objection or reserved opinion of the Remuneration Committee's members.

(III) Fulfillment of social responsibilities and deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies:

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
I. Has the Company conducted risk assessment on environmental, social and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?	V		<p>I. On Dec. 22, 2020, board of directors voluntarily established the Corporate Social Responsibility Committee and Risk Management Committee, which should make overall plan on the implementation of relevant policies and goals, check performance regularly every year and report to board of directors.</p> <p>With respect to the risk management policy, the Company, under the business policy, defined various risks according to internal control system and concerned various major issues at the Company’s governance, environment and society levels as per the stakeholders; made risk assessment and formulated risk prevention strategies and methods.</p> <p style="text-align: center;"><i>Organizational Structure of Corporate Social Responsibility Committee</i></p>  <p style="text-align: center;"><i>Organizational Structure of Risk Management Committee</i></p>  <p>Members of Corporate Social Responsibility Committee should make assessment from two aspects “the Company’s Impact on E conomy, Environment and Social Production” and “Degree of</p>	N/A

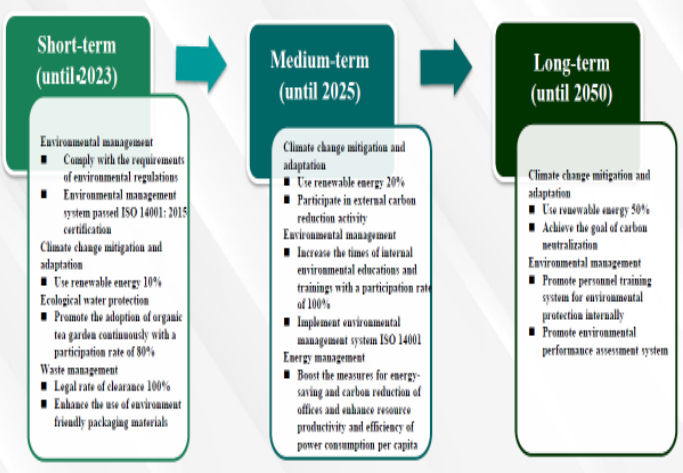
Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
			<p>Affecting Stakeholders' Decision" according to diverse issue, to analyze and identify the influence and impact degree of each issue and generate a significant topic matrix.</p> <p>The Company's CSR report was subject to the GRI sustainability reporting standards and major analysis and disclosure were made based on the steps such as identification, sorting and validation.</p> <p>The Company also implemented the 2020 risk assessment regarding the significant issues at the levels of corporate governance, environment and society.</p> <p>[Risk assessment]</p> <p>Since part of countries seal off the city or nation due to COVID-19 pandemic situation, affecting materials supply or goods transport, the overall economic growth in 2021 will still be impacted according to the estimation</p> <p>[Risk prevention strategy]</p> <p>The steady and safe network communications transmission is required with the application and popularization of intelligent network in future fields, and in light of the prevalence of COVID-19 pandemic around the world, part of countries should still be sealed off, and the needs for telemedicine and telecommunications are increased sharply. Therefore, the Company focused on the R&D and innovation of network communications infrastructures and kept a close eye to changes of industry, market and technology, adjusted market strategy and product structure appropriately and shaped diversity; took international environmental protection into consideration, developed green energy products and provided efficient and energy-saving network communications equipment; consolidated market competitive advantages and performed social</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
II. Does the Company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and does the unit report its progress to the board of directors?	V		<p>responsibilities in good faith. [Risk response strategy] Keep a close watch on COVID-19 pandemic, take measures to protect the health of employees, care about the operating status of customers and suppliers, jointly reduce the impact of the pandemic or minimize the impact to maintain the continuous operation of the Company. Intensify technical advantage and improve the remote management and cloud management characteristics of PLANET network communications equipment; provide the steady and safe transmission for network infrastructures of market remote work, telemedicine and remote video and highlight product added value. Master materials supply, improve proportion of alternative material source and ensure the normal product manufacturing and supply.</p> <p>II. Board of directors established the Corporate Social Responsibility Committee on Dec. 22, 2020. Composed of three independent directors and two directors, the committee is the highest organization leading CSR development, which should make overall plan on the formulation of CSR objectives and directions of sustainable development of the whole company and review the achievement and performance of these objectives regularly. Corporate Social Responsibility Committee establishes Corporate Governance Team, Green Energy Product Team, Environmental Protection Promotion Team and Social Participation Team, which are led by top management and should implement the sustainable strategies and operations regarding the governance, environment and society (ESG), so as to participate in the healthy corporate governance, environmental protection and social</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
<p>III. Environmental issues</p> <p>(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p>		V	<p>care and perform the commitments to various stakeholders; step towards enterprise sustainable development and perform responsibilities of corporate citizenship in good faith.</p> <p>Report to board of directors regularly every year. On Dec. 22, 2020, board of directors reported the Company's CSR implementation results in 2020 and various strategies and plans for 2021.</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.				
	Yes	No						
			<table border="1"> <tr> <td>Certification agencies</td> <td>Valid period</td> </tr> <tr> <td>TUV Nord</td> <td>Feb. 9, 2019 to Feb. 8, 2022</td> </tr> </table> <p>The Company made the environment protection policies as follows and made implementation regulations for the environment management based on it, so as to practice the spirit of the policies.</p> <p>1. <u>Environment Protection Policies</u></p> <p>(1) Conform to the legislations of environment protection and support environment protection.</p> <p>(2) Strengthen the education and training and clarify the responsibility of environment protection.</p> <p>(3) Lower the pollution continuously and reach the goal of waste reduction.</p> <p>(4) Make use of resources effectively and implement the recycling of resources.</p> <p>2. <u>Relevant Regulations for Environment Management</u></p> <p>(1) The Managerial Regulations of Environment Planning</p> <p>(2) The Managerial Regulations of Environment Monitor and Abnormality</p> <p>(3) The Managerial Regulations of Pollution Prevention</p> <p>(4) The Guidelines of Standard Operation of Chemicals Control</p> <p>(5) The Guidelines of Waste Disposal</p> <p>(6) The Managerial Regulations of Regular Check for Testing System</p> <p>(7) The Managerial Regulations of Devices and Instrument Caliberation</p> <p>(8) The Managerial Regulations of Protection from Static Electricity</p> <p>(9) The Regulations for Using Welding Tin</p>	Certification agencies	Valid period	TUV Nord	Feb. 9, 2019 to Feb. 8, 2022	
Certification agencies	Valid period							
TUV Nord	Feb. 9, 2019 to Feb. 8, 2022							

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	V		<p>(10)Contingency management regulations for disasters</p> <p>Devoted to the environmental protection actions, PLANET promoted “Green Action Plan”, “Environmental Protection Policies” and “Precautions for Office Energy Saving” and improved employee environmental protection awareness through environmental protection advocacy and environmental protection lecture; implemented environmental protection actions (e.g. establishing health corridor to replace the use of elevator, starting/shutting off electrical equipment regularly and turning off lamp during lunch break).</p> <p>(II) PLANET promoted the improvement of resources utilization efficiency, including energy efficiency improvement, product efficiency improvement, utilization efficiency improvement of raw materials and the use of renewable materials that have low impact on environment, so as to lower environmental impact and implement responsible production. The Company fully adopts the development of green-energy products, and establishes the “Principles of Developing Green-Energy Products”. From the technology R&D, design, manufacturing, transportation, and recycling for reuse, each stage strictly complies with the environment regulations; the energy-saving products are developed and designed; the energy-saving chips are applied, and the environmental regenerated materials are applied to the external boxes and buffering materials of products, to improve the efficiency of resources reuse.</p> <p>Moreover, the Company has established the “CSR Managerial Regulations for Suppliers/Partners”, and signed the “CSR and Environmental Promise of the Suppliers” with all suppliers, as the environmental assurance of green products, so as to make sure the Company’s products are environmentally friendly</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
(III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	V		<p>and energy-saving and minimize the environmental impact from raw material to finished product output.</p> <p>(III) In consideration of the climate change and environmental sustainability, the Company includes the environmental protection idea into the enterprise policy and the environment sustainable development strategy into management system and formulated PLANET’s “Environmental Policies”. With the goal of low-carbon and sustainable PLANET, the Company, under such goal framework, concerns the issues such as “Climate Change”, “Ecological Water Source”, “Energy Saving and Carbon Reduction” and “Simple Life with Less Plastic”. The short-, mid-, and long-term environmentally sustainable goals are set, to seek to control the ever-evolving environmental issues, such as energies and climate changes, enhancement of resources efficiencies, and inhibition of pollution emission, to achieve the goal of Road to Zero.</p>  <p>Short-term (until 2023)</p> <ul style="list-style-type: none"> Environmental management <ul style="list-style-type: none"> Comply with the requirements of environmental regulations Environmental management system passed ISO 14001: 2015 certification Climate change mitigation and adaptation <ul style="list-style-type: none"> Use renewable energy 10% Ecological water protection <ul style="list-style-type: none"> Promote the adoption of organic tea garden continuously with a participation rate of 80% Waste management <ul style="list-style-type: none"> Legal rate of clearance 100% Enhance the use of environment friendly packaging materials <p>Medium-term (until 2025)</p> <ul style="list-style-type: none"> Climate change mitigation and adaptation <ul style="list-style-type: none"> Use renewable energy 20% Participate in external carbon reduction activity Environmental management <ul style="list-style-type: none"> Increase the times of internal environmental educations and trainings with a participation rate of 100% Implement environmental management system ISO 14001 Energy management <ul style="list-style-type: none"> Boost the measures for energy-saving and carbon reduction of offices and enhance resource productivity and efficiency of power consumption per capita <p>Long-term (until 2050)</p> <ul style="list-style-type: none"> Climate change mitigation and adaptation <ul style="list-style-type: none"> Use renewable energy 50% Achieve the goal of carbon neutralization Environmental management <ul style="list-style-type: none"> Promote personnel training system for environmental protection internally Promote environmental performance assessment system <p>In light of the close relation between energy use and climate change, we responded RE100 (Renewable Energy 100) and launched green electricity (renewal energy) assessment and cooperation scheme; used green electricity and lowered carbon emission, which served as one of climate</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(IV) Does the Company maintain statistics on greenhouse gas emission, water usage and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste?	V		<p>change mitigation. At the beginning of 2020, the Company signed a letter of intent for purchasing green electricity with seller of electricity, the renewable energy; in 2021, PLANET will use 10% renewable energy to support climate change mitigation.</p> <p>Furthermore, PLANET Technology owns the globally exclusive technologies, which, based on the potential risks of climate change, integrates the renewable energy, e.g. solar, wind, and water, to some PoE network management devices, as the opportunities to develop Green Switch (Power Saving Switch) and energy-saving PoE Switch with intelligent PoE Schedule. All those effectively addresses the difficulty of wire-laying for outdoor networks, and strives to the goal of global sustainability.</p> <p>(IV) The Company's <u>environmental sustainability policy</u> to respond to climate change and environment sustainability: Conform to the legislations of environment protection and support environment protection. Strengthen the education and training and clarify the responsibility of environment protection. Lower the pollution continuously and reach the goal of waste reduction. Make use of resources effectively and implement the recycling of resources. According to the energy saving and carbon reduction policy, the Company set the objectives for annual reduction of greenhouse gas emission and water and power consumption and implemented annual greenhouse gas investigation by referring to the energy management spirit of ISO 50001; scope of greenhouse gas investigation includes the greenhouse gas emission generated by Category 1 (company vehicle) and Category 2 (power). The greenhouse gas emission in 2020 was 195.64 t/ CO₂e, with Category 2 accounting for 97% and category 1 accounting for 3%. The</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.																														
	Yes	No																																
			<p>emission was increased by 6.95 t/ CO2e compared with that of last year, a 3.7% growth. It should be mainly ascribed to the carbon emission increase from power, which is due to increase of proportion of the high-power consumption resulted from development of industrial-grade and PoE power supply equipment. Therefore, in future product development, it is necessary to try to realize the objectives of power consumption and greenhouse gas emission reduction on the basis of not affecting product acceptance quality.</p> <p>In 2020, the Company signed with a letter of intent for purchasing green electricity with seller of electricity, the renewable energy, agreeing that in 2021, PLANET would use the 10% renewable energy to respond to the climate change mitigation.</p> <p>The objectives and achievements in the most recent two years are summarized as the following:</p> <p>●Power consumption</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2019</th> <th>2020</th> <th>Actual %</th> <th>Objective %</th> </tr> </thead> <tbody> <tr> <td>Power consumption</td> <td>714,214</td> <td>741,845</td> <td>+ 3.9 %</td> <td>± 5 %</td> </tr> </tbody> </table> <p>●Water consumption</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2019</th> <th>2020</th> <th>Actual %</th> <th>Objective %</th> </tr> </thead> <tbody> <tr> <td>Volume of used water (tonne)</td> <td>2,762</td> <td>3,346</td> <td>+ 21.1 %</td> <td>± 20 %</td> </tr> </tbody> </table> <p>Note: Water for waterproof verification test for industrial-grade product was increased.</p> <p>●Emission of greenhouse gas</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2019</th> <th>2020</th> <th>Actual %</th> <th>Objective %</th> </tr> </thead> <tbody> <tr> <td>Volume of greenhouse gas emission (tonne)</td> <td>188.69</td> <td>195.64</td> <td>+3.7 %</td> <td>± 5%</td> </tr> </tbody> </table> <p>●Wastes; the annual objective is 2% deduction There had been no industrial wastes required reporting to the competent authority (New Taipei City Government) in 2019 and 2020. The objective was achieved.</p>	Year	2019	2020	Actual %	Objective %	Power consumption	714,214	741,845	+ 3.9 %	± 5 %	Year	2019	2020	Actual %	Objective %	Volume of used water (tonne)	2,762	3,346	+ 21.1 %	± 20 %	Year	2019	2020	Actual %	Objective %	Volume of greenhouse gas emission (tonne)	188.69	195.64	+3.7 %	± 5%	
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Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
IV. Social issues (I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		<p>(I) The Company has established the “Corporate Social Responsibility Best Practice Principles” and the “Corporate Social Responsibility System and Policies”, where the gender equality is actively promoted, and the compliance to the related labor laws and regulations is also specified. The Company also complies with various international human rights conventions, supports the principles and spirits of “UN Universal Declaration of Human Rights”, the “United Nations Global Compact”, the “UN Guiding Principles on Business & Human Rights”, and the “International Labor Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy”, specifying that the basic rights of labors shall not be endangered, and the corporate responsibility of protecting human rights shall be duly fulfilled.</p> <p>In addition, the “Employees’ Rules of Working” have been established pursuant to the Labor Standard Act“. No labor violating laws, such as illegal or child labor, is hired. The mentally and physically challenged people are also hired.</p> <p>The labor meetings are convened regularly to protect the employees’ rights. The “Guidelines of Preventing Sexual Harassment”, the “Guidelines of Managing Gender Equality” and the “Preventive Plans for Removal of Illegal Violation from Personnel in Implementing their Works” are established. The training of “Prevention of Sexual Harassment and Protection to Human Rights” is conducted once a year. The outcome of the active promotion for the gender equality and friendly workplace, has won the Company the “Taiwan Mittelstand Award for Gender Equality” in 2015 and “Taiwan Mittelstand Award for Workplace Friendliness” in 2019, from MOEA. The regulations and principles relevant to the “Managerial Regulations of Human Resources” of the Company are retained at the shared internal platform</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(II) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	V		<p>of the Company for employees to inquire any time, as the protection to their interests.</p> <p>(II) The Company has set forth in Article 19-1 of the Articles of Association: "I. Should there be profit in a year, no less than 5% shall be contributed as the remuneration to employees and no higher than 2% as the remuneration to directors. profits must first be set aside to offset cumulative losses if any". In the most recent two years, the contribution of the employees' remunerations have been 6%, to be distributed to all employees annually. Other than the basic benefits, such as labor and health insurance, group insurance, year-end bonus, bonus of three major holidays, gift money for birthday, subsidies for marriage/funeral/celebration, educational subsidies to employees' children, annual physical check, and trainings, the operation bonus when the operational goal is achieved, performance bonus, sales bonus, and well-rounded salary-adjustment system are provided. Employee trips, club subsidies, cultural and recreational activities, art exhibitions, health seminars, consultancy from both physician and Chinese medical doctors, and contracted day care centers near the Company are also provided, so that the employees may work with peace of mind.</p> <p>In 2010, total salary amount of non-director full-time employees was increased by NTD 4.374 million compared with that of 2019, and in this year, the average amount of non-director full-time employees reached NTD 751,000.</p> <p>In 2020, the Company, to encourage childbirth, improved birth allowance (NTD 10,000 for each infant) and increased Good Pregnancy Package, giving gifts to pregnant mothers and babies.</p> <p>The education subsidy for employees' children is superior to that of the industry. The Company provides</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	V		<p>education/ nursery subsidy of NTD 10,000 for each term for employees' children from puppy preschool to university (college), to encourage employees to concern children education and bring up next generation securely.</p> <p>The company has a well-rounded leave and retirement system:</p> <p>(1) <u>Leave system</u> Other than the paid-leaves, the Company also grants unpaid and sick leave, occupational injury and sick leave, bereavement leave, menstrual cycle leave, maternity leave, paternity leave, pregnancy checkup leave, tocolysis leave, parental leave without payment, family care leave, volunteer leave, and aboriginal leave.</p> <p>(2) <u>Retirement system</u> Each month, the 6% new-system pensions are contributed to the labor's accounts under the Ministry of Labor. For the employees employed before Jul. 2005, 2% of their salaries are contributed to Bank of Taiwan. Every year, actuaries are engaged regularly to provide the actuary report. Employees qualified for retirement may apply retirement based on the "Managerial Regulations of Human Resources". Up to now, the contributed pensions in Bank of Taiwan has reached NTD 12,284,000, sufficient to pay pensions to these who are qualified for retirement.</p> <p>(III) The Company establishes the fissional primary organization – Occupational Safety Office, which should formulae, plan and promote occupational safety and health affairs.</p> <p>(1) <u>Working environment</u> Patrol check working place and formulate totally 12 equipment and environment improvement plans, including improvement of chemicals storage and disposal equipment, working environment monitoring,</p>	N/A


Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
			<p>air quality monitoring and equipment safety mark. Provide employees with mouse pad and PPEs conforming to human engineering, such as safety shoes and goggles, so as to improve work safety. According to the independent check systems, such as spot check of safety equipment, 5S spot check and workplace patrol check, for the fire equipment, electrical equipment, environment and even elevator health in public area, so as to dig up problems and realize improvement and provide employees with a healthy and safe working environment.</p> <p><u>(2) Education and training</u> Offer online education and training, such as personnel occupational safety training, fire education and training and sexual harassment prevention advocacy, and strengthen employee safety and fire protection awareness. Implement self-defense fire protection marshalling tasks and escape process operations and improve employee emergency response ability. Establish the management of relevant licenses about occupational safety and health and allocate managers according to requirements of laws and regulations; allocate business directors and managers in terms of occupational safety and health and the sufficient fire protection managers and first-aid personnel in terms of the first aid; maintain the validity of licenses through training of external institution and improve the Company's safety and health management.</p> <p><u>(3) COVID-19 pandemic prevention</u> The Company established the "Contingency Panel of Pandemic Prevention" in Mar. 20, 2020. The panel is convened by the Chairman, and the general director is the vice president. Head of each department is in charge of news and PR, information security, HR/health and safety, procurement/production, sales, and R&D, to counter the occurrence of various risks.</p>	



Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		<p>The containment measures taken include the regular sterilization of the office and public areas in the Company; body temperature measurement and mask-wearing for employees; health management of employees, and visitor controls. Any sick employee must provide the self health management declaration and report to his/her supervisors; they will be tracked by dedicate personnel until recovery. The containment information are promoted to all employees periodically to maintain a health and safe workplace, as well as the health of all employees.</p> <p>(IV) The long-term talent cultivation is one of the priority to the Company by continuously enhancing employees' knowledge, skills and expertise, and building up ample human capital. For the development of employees' career, the cultivation of core expertise and the balanced mental and physical development are both taken care of.</p> <p>(1) <u>Cultivation of expertise:</u> Each year, the annual plans of continuing education and trainings for employees are decided pursuant to the "Detailed Guidelines of Trainings", to enhance the employees' core competency, professional competency, and managerial competency. Other than establishing the PLANET e-Learning platform, which enables employees' online learning regardless time and location, to improve the learning effectives, as well as the convenience for the employees' continuing education, different expertise trainings are provided to different departments. For instance, in 2020, 42 "Education and Training on New Products" lessons were held and professional courses such as "Commercial photographing Course" and "Course on Imports and Exports in Both Sides of the Straits and Three Regions" were provided. The Company also</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
			<p>uploads the outlines and key points of the internal and external trainings on the intranet, to achieve information-sharing and heritage. External courses are also engaged to improve the professional and managerial capabilities of employees.</p> <p>(2) <u>Development of Competency:</u> Experts are engaged to help the employees to understand their own personalities and development of careers through competency behaviors and test of characteristics, and thus the individual development plan (IDP) is established.</p> <p>(3) <u>Annual performance appraisal and human resource inventory:</u> Promotion and rotation are applied to employees based on their performance, to give them the job suitable for their talents, so that the potential talents in the Company may exploit their capabilities and realize their career development. All employees receive the annual performance appraisals. For the salary-related issue, employees may consult their supervisors directly before being approved by the management. Performance bonuses are granted to these who outperformed, as an incentive.</p> <p>(4) <u>Supports to mental and physical growth:</u> han family days, employee trips, volunteer activities, the innovative “Health 360” program has been conducted since 2016, to help the employees to maintain their own and their families’ health from all aspects. The measures include setting the health management equipment in offices, quarterly physicians and Chinese medical doctors consultancy, regular annual physical check, as well as the physical and mental seminars and activities from time to time, such as health-related seminars including “How to Relieve Life Stress”, “How to Get Rid of Sarcopenia” and “Relieve your Neck & Shoulder” to help the</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(V) Has the Company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?	V		<p>employees to maintain their overall mental and physical health.</p> <p>(V) The Company's products are marketed to more than 140 countries in the world. The marketing and labeling of products and services all conform to the regulatory requirements of the concerned markets and international standards. The Company completely discloses the information of existing products and new products in the catalogues and the official website, for review of clients any time. At the Company's website, there are "Customer Service ", "Technical Support", and "Partner Area". The "Regulations Handling Complaints", the "Guidelines of Customer Satisfaction Survey", and the "Warranty Policy" are established as the complete after-sale services. The product and service contracts are entered with clients based on their needs, respectively. The customer satisfaction survey is conducted annually, and the opinions and recommendations from clients are responded actively. The solutions and improvement plans are provided for a thorough protections to the consumers' right.</p>	N/A
(VI) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance on a regular basis?	V		<p>(VI) All of the Company's suppliers has agreed its "CSR Managerial Regulations for Suppliers/Partners", and the "CSR and Environmental Promise of the Suppliers", as the environmental assurance of green products. The regulated items include:</p> <ul style="list-style-type: none"> ●Suppliers must apply the lead-free processes ●The product design must comply with the principles of environmental friendliness and energy saving. ●No hazardous material is used in products. ●Products comply with RoHS of EU, REACH, WEEE regulations, and EuP directives. ●Newly outsourced processing plants mus have ISO 14001 certification in place. ●Outsourced processing plants must conform to the safety regulations. ●Suppliers do not use any illegal or child labor ●Materials of suppliers do not use the conflict mines 	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
V. Does the Company prepare corporate social responsibility report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by assurance or opinion of a third-party certifier?	V		<p>and metals from the peripheral countries of Congo. The Company announced ISO 14001 environment system to all suppliers to ensure the supply chain to compliant to the requirements of environment management regulations. If the contracts between the Company and main suppliers specify that if the supplier violates the Company's CSR policies and causes significant impact on the environment and society, it is deemed breach of contracts, and the Company may terminate or cancel the contract at any time. For the outsourced processing plants, the QA unit of the Company conducts audit and facilitation regarding environment, quality, and CSR management, to ensure these companies' productions conforming to the international environment and human right regulations.</p> <p>V. From 2011, the Company has voluntarily prepared the Corporate Social Responsibility Report every year, and published at the "CSR Section" of the official website. From 2014, the CSR reports have been uploaded to the MOPS before the end of Jun.. Since the beginning of 2019, the report has been prepared in accordance with the GRI Standards 2016 issued by Global Reporting Initiative (GRI), which complies with "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and UN's Sustainable Development Goals (SDGs). In 2020, the report was initially verified by the third verification institute AFNOR Asia, Ltd. and passed AA 1000 assurance standards and GRI Sustainability Reporting Standards. The third-party statement of warranty is provided.</p> <p>(https://www.planet.com.tw/tw/csr/corporate-citizenship)</p>	N/A
VI. If the Company has established CSR principles in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles:				

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
<p>The Company has established the “Corporate Social Responsibility Best Practice Principles” and the “Corporate Social Responsibility System and Policies”, integrate the social responsibilities as an integral part of the core business strategies. The CSRs are implemented pursuant to the Principles, and the Company has been recognized by the Government, media, and society. The Company was selected by Commonwealth Magazine as the “Corporate Citizenship Awards” winner for 14 consecutive years. It won the “Asia Responsible Enterprise Awards - Social Empowerment”, organized by Enterprise Asia, and the “Taiwan Mittelstand Award for Workplace Friendliness” from MOEA again. It is the CSR model enterprise in both Taiwan and international countries and regions.</p>				
<p>VII. Other information useful to the understanding of corporate social responsibilities: PLANET Technology views CSR as an important section of the enterprise management strategy. It is specifically propelled by CSR Committee to internalize the concept s the corporate value and culture. The Company actively plays the role of corporate citizen simultaneously with the international trend. The corporate governance is implemented strictly to realize the cares to employees, environmental protection, and social welfares, while maintaining the solid and good health of corporate, leveling the brand value, and the sustaining the development of the Company.</p> <p>The sustainable achievements of PLANT in 2020 are as follows:</p>				
In Terms of	Achievements		Correspondin g SDGs Goals	
Governance field	<ol style="list-style-type: none"> 1. With the market covering more than 140 countries in the world, PLANET Technology has a stable profit income and its EPS in 2020 was NTD 4.33. 2. According to the survey for 2,000 enterprises investigation for 2020 by Commonwealth Magazine, PLANET’s profit ratio ranked 30th in manufacturing industry. 3. At the 6th term of “Corporate Governance Evaluation System” conducted by the Taiwan Stock Exchange (TWSE) and TPEX, the Company was ranked at 6~20% of all TPEX listed companies. In the 7th term of “Corporate Governance Evaluation System”, the Company ranked at the top 5% of all TPEX listed companies. 4. The Company was the only TPEX listed company selected by Commonwealth Magazine as the “Corporate Citizenship 			

Items under evaluation	Status			Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No			
				Awards” winner for 14 consecutive years.	
Environmental field				<p>5. In 2020, the renewable power supply and management equipment was awarded the “2021 Taiwan Excellence Award”</p> <p>6. The Company initiated energy-saving and carbon reduction actions in the office. The participation rate of carbon reduction education and training reached 100%, and the recyclable wastes reached 5,443 kg.</p> <p>7. The Company has adopted organic tea garden in Pinglin for consecutive 10 years and our employee adoptability rate reached 72%. The plant area of organic tea garden in Pinglin has increased from 1 hectare in 2010 to 55 hectares in 2020.</p>	
Social field				<p>8. The Company won the first “Taiwan Mittelstand Award for Gender Equality” by the Dept. of Finance. In 2019, it was awarded “Taiwan Mittelstand Award for Workplace Friendliness” again. There was no kind of discrimination happened in the recruitment for 2020.</p> <p>9. The total training hours of all employees were 2,614h in 2020, and every employee received a training of 17.08h on average.</p> <p>10. The Company strengthened its protection against COVID-19 by setting up an epidemic prevention and response team. Since Jan. 2020, the Company has been checking the temperature of the employees and visitors. In 2020, a total of 46 employees implemented independent health management. No confirmed case was found in the Company till now.</p> <p>11. The Company established Occupational Safety and Health Committee to take charge of the employees health. In 2020, it provided Chinese and western medicine doctors’ one-on-one health consultation service in each quarter, with 134 people participating in it totally.</p> <p>12. The Company has promoted the "Remedial education/psychological counseling for disadvantaged children" program for consecutive 16 years. Since 2004, the Company</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
			has helped disadvantaged children to regain the motivation and confidence in learning for 9,299 person-times. Teachers and volunteers that engaged in this growing team activity totaled 1,729. The sponsorship number reached 11,028 persons in total.	
<p>“Corporate Social Responsibility Policy”</p> <p>The Company has integrated corporate social responsibility into its core business strategy. It has gathered the core value of the corporate culture and paid special attention to the economic, environmental and social issues at home and abroad. By following the corporate governance, corporate commitment, environment protection and social charity in good faith, the Company has maintained its image as a favorable and outstanding enterprise and improved its brand value. It firmly holds the belief that only companies that are responsible for social diversity can acquire the recognition of all shareholders and achieve its sustainable development.</p> <p>The vision and mission of the Company are to take the lead in global network communication products and technological products. It upholds the operational concept of honesty, innovation, quality and efficiency. By continuously innovating its transmission technology and equipment in digital network, the Company takes its lead in intelligent network with personalized management. It fulfills its CSR and creates the sustainable value of corporate.</p> <p>Based on the Company’s CSR development blueprint, it will, under the guidance of ESG sustainable investment value, comply with the UN sustainable development goals (SDGs), and implement its corporate social responsibilities (CSR), so as to achieve the economic, social and environmental sustainability vision of the globe.</p> <p>The corporate social responsibility policies are established as follows:</p> <ul style="list-style-type: none"> ■ <u>Implement sound corporate governance</u> Ensures the adherence of code of business ethics, the independence of the Board, transparent disclosure of financial information, protection of shareholders' interests, labor rights and fair competition. ■ <u>Achieving highest level of corporate commitment</u> Commitment to customers and suppliers, employees training and care, and R&D innovations ■ <u>Striving for environmental sustainability</u> Promotes recycling, energy saving and carbon reduction, green product development and manufacturing 				

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
<p> <ul style="list-style-type: none"> ■ <u>Contributing in social activities to create long-term benefits</u> Applies the standards of business practice to social participation, aiming at create positive impacts on the society in the long run. <p>Therefore, our enterprise commitments are:</p> <ul style="list-style-type: none"> ■ Maintains strong corporate governance and adhere to the law and business ethics ■ Provides employees a healthy and safe working place ■ Protects employees working interests, and supports to fully develop their talents and capabilities ■ Invests on eco-friendly product research and development, actively involves in environmental protection and energy saving education ■ Creates a win-win partnership with customers and suppliers ■ Provides transparent disclosure of financial information ■ Creates value and enhances shareholders’ interests ■ Fulfills our role as a global corporate citizen and contributes to the community <p>By staying true to the spirit of corporate social responsibility, the Company seeks to enhance the operational indicators, to satisfy the employees, shareholders, clients, and vendors, in a strategic and long-term manner that implement the corporate social responsibility.</p> <p>“Corporate Social Responsibility Committee”</p> <p>The Company has established Corporate Social Responsibility Committee, which serves as the highest organization leading the development of corporate social responsibility internally. The Committee was set up based on the Company’s former operation. On Dec. 22, 2020, the committee formally became one of the functional committees of the Board of Directors. The committee has five members (including three independent directors), so as to strengthen the CSR policies and implementation performance comprehensively.</p> </p>				

Items under evaluation	Status			Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No	Summary	



(1) Corporate Governance

The “Corporate Governance Best Practice Principles“, the “Ethical Corporate Management Best Practice Principles“, and the “Code of Conducts” are complied with, to established the effective governance framework and ethical standards. These are reviewed and improved from time to time. The issues regarding environment, social and corporate governance are reported to the Board of Directors for their treatment.

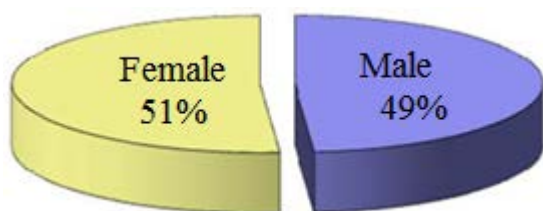
(2) Sustainable Production

- Eco-friendly product design: using energy-saving chips for the development and design of green products.
- Sustainable sourcing & Green: the environmental components certified by the 3rd party certifiers are used for the components of products, complying with RoHS of EU, REACH, WEEE, EuP directives, and halogen free requirements. The procurement of product components complies with the managerial regulations of green procurement.
- Quality Control: product and material inspection to ensure product quality.

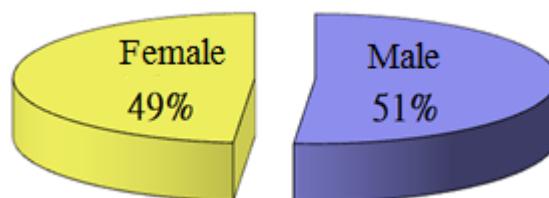
Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
<p>(3) Promotion of Environment Protection</p> <ul style="list-style-type: none"> ■ Ensures a safe workplace ■ Energy-saving and carbon reduction for product development and workplace. <p>(4) Social Participation</p> <ul style="list-style-type: none"> ■ Social Participation: PLANET Educational Charitable Trust is established to help support the disadvantaged children as well as to promote education to enhance human resource quality. ■ Corporate Commitment: Provide employees with a happy and safe working environment and care for their physical and mental health. <p>Promoting Gender Equality</p> <p>(1) The Company has respected the working equality of genders and human integrity, and established the “Guidelines of Preventing Sexual Harassment“, reviewed and approved by the Labor Bureau, New Taipei City Government, as well as the “Guidelines of Managing Gender Equality” and “Protection Program to the Maternal Health in Workplace“. The regular consultancy by the professional occupational doctors is provided to the pregnant female employees and these have given birth as cares to their mental and physical status. The breastfeeding room and contracted day-care services are also provided to establish a good gender-equal workplace.</p> <p>(2) The Company respects the “gender equality”, and actively promotes this concept. Regardless their genders, all employees with the same job shares common compensation and quality. The equal employment and promotion for women in their career development are emphasized. In 2015, the Company was elected by MOEA as the excellent mittelstand enterprise with outstanding gender equality, by winning the “Taiwan Mittelstand Award for Gender Equality”, as well as the recommendation from MOEA as the benchmark plant for gender mainstream in 2016. In 2019, the Company was recognized by MOEA with the “Taiwan Mittelstand Award for Workplace Friendliness” again. The gender distribution of the employees in 2020:</p>				

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		

Genders of all employees in 2020
(total employees: 153)



Genders of Managers in 2020
(total managers: 35)



Setting topic of the year to build the CSR consensus

From 2008, a topic has been set for each year by the Company, to lead the employees to enhance their knowledge and thinking regarding environment, LOHAS, and mentality. The year topic from 2016 to 2020 is “Green Energy 2.0”, and related courses and activities have been conducted, pursuant to the topic, to encourage the employees to bring the green live to their daily lives; not only implementing environmental measures in the external environment, but also making the inner minds more eco.

The summary of “Green Energy 2.0” is as follows:

Activities of the Year’s Topic	Time of execution
[LOHAS Office] <ul style="list-style-type: none"> ■ First-aid: call CAB ■ Small bonzais ■ Table games are fun 	Mar. to Jul., 2016
[Healthy Body] <ul style="list-style-type: none"> ■ Massage sessions ■ Tuesday, Veggie Day, for the love to the Earth ■ Move your body for better health and energy ■ Foundation of “Healthy Weight-loss Club” ■ Launching of “Jogging with Smile”activity 	Has been conducted since Oct. 2012 up to now Has been conducted since Mar. 2016 up to now Has been conducted since Jan. 2018 up to now Has been conducted since Jan. 2020 up to now Nov. 14, 2020

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		

<p>[Health 360]</p> <p>First thumb-up: Friendly report of health Second thumb-up: tailor-made health seminar Third thumb-up: PLANET-specific family doctor</p> <p>Fourth thumb-up: health consultancy by Chinese medical doctor Fifth thumb-up: specially-engaged occupational doctors and nurses onsite consultancy</p>	Has been conducted since May 2016 up to now
	Has been conducted since Feb. 2019 up to now
	Has been conducted since Jan. 2020 up to now
<p>[Eco and environment protection]</p> <ul style="list-style-type: none"> Tea for water source protection: adoption of organic tea garden Eco sustainability Family Day 	<p>Has been conducted since 2010 up to now</p> <p>Has been conducted regularly since 2017 up to now</p>

Development of green-energy products and friendly products and services

The Company fully adopts the development of green-energy products; from R&D, design, manufacturing, transportation, and recycling for reuse, each stage strictly complies with the environment regulations

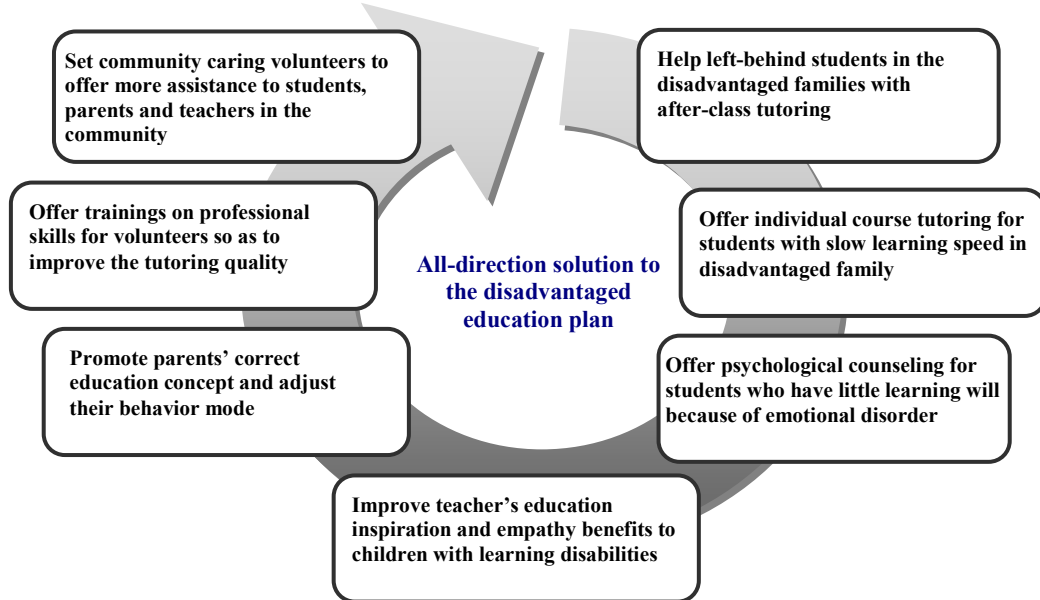


- [Green product development]:** using energy-saving chips for the green product development and design, such as Green Switch.
- [Environmental design]:**
 - The environmental components certified by the 3rd party certifiers are used for the components of products, complying with RoHS of EU, REACH, WEEE, EuP

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
			<p>directives, and halogen free requirements.</p> <ul style="list-style-type: none"> ■ All products apply the switching power gradually, conforming to the “Energy Star” regulations of California Energy Commission Appliance Efficiency Regulations. ■ The environmental regenerated materials are applied to the external boxes and buffering materials of products. <p>(3) [Green procurement]: the green supply chain is developed. All suppliers must sign the “CSR Managerial Regulations for Suppliers/Partners”. The procurement of product components complies with the green procurement management regulations. All suppliers must sign “Commitment of Not Using Hazardous Materials“, the “Suppliers’ Promise to Environmental Requirements“, or “CSR and Environmental Promise of the Suppliers”.</p> <p>(4) [Green production process]: the lead-free process is applied to all product lines.</p> <p>(5) [Carbon-reduction transportation]:</p> <ul style="list-style-type: none"> ■ [Development and design]: when being developed and designed, the compact packing for transportation is introduced, to seek the optimization of transportation energy-savings. ■ [Marine freight]: containers are applied with the principle of “full-container transportation”, seeking leaving no space in containers to achieve the energy-saving effects. ■ [Air freight]: the arrangements of air freight shipment are mainly “direct flights” for efficiency and energy-savings. <p>(6) [Recycle and reuse]: the Company’s products conform to the WEEE regulations to reduce the generation volume and disposal volume of wasted batteries, to mitigate the hazards to environment and human beings. The “disposal and removal of industrial wastes” is conducted to ensure no-pollution to the environment.</p> <p>Social engagement with long-term influences</p> <p>Based on the concept of “taking from the society, and applying to the society”, the Company feedback the society with appreciations. In 2019, the following initiatives have been taken continuously to engage the society, and promoted the harmonious relationship with community residents.</p> <p>1. Encouraging the employees to participate together, and contribute their efforts to various social services and charitable activities</p> <p>(1) The “Charity with Warmth Section” of the internal sharing platform regularly updates the information of charitable activities, as encouragements and introductions to employees for participating social charitable activities, and combining the power of groups to serve the society.</p> <p>(2) This was the eleventh year for adopting the organic tea garden at Pinglin. In 2020, 110</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
			<p>employees participated in the adopting of the organic tea garden for protecting the water resources in the upstream of Feitsui Reservoir.</p> <p>(3) Calling the employees to be social service volunteers for the better community environment and humanity. The corporate volunteer activities are as the following:</p> <ul style="list-style-type: none"> ■ Volunteers for organic tea garden adoption, to support the organic agriculture and recover the Earth's vitality. ■ Volunteers for mountain cleaning, to maintain the eco system of the mountains in the community. ■ Volunteers for blood donation, to deliver their love with the hot blood and contribute to the society. ■ Night Angle Volunteers for the after-school tutoring to the aboriginal kids in the cities. <p>2. "PLANET Educational Charitable Trust" - The first public trust fund in Taiwan focusing on education support</p> <p>This charitable trust, established in Aug. 2004, is the first charitable fund with the purpose of education. The focus is on the "education" issue, with the mission of "promoting education business and enhancing workforce quality", the efforts are made to cares for the education to the underprivileged and the promotion, and assist individuals, schools, or families to solve their difficulties while improve the development to their potentials. Tutoring services are provided to the children in economically underprivileged families, with activities such as remedy education, and emotion therapies. The purpose is to assist the underprivileged children to build the solid education foundations from all aspects, and shape healthy personalities, while improving the potential problems, as the joint success of schools, families, and the society.</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		



The operation of this trust fund, infused with the managerial capabilities of enterprise, to establish and promote the executive standards, for strategic and effective execution. For the 16-year operation, the Fund has sponsored the supplementary education to students from many schools in New Taipei City and Taipei City, as well as the sponsorship to academic researches of institutes and social charitable culture subsidies, including;

- (1) Tutoring and counselling to underprivileged: total 9,299 students attending the tutoring and counselling, and 1,729 teachers and volunteers attending the growth group activities, for total 11,028 people have been sponsored and helped.

Schools:

Mingdao Elementary School Wanhsin Elementary School
 Chunchen Elementary School Peihsin Elementary School
 Hsinho Elementary School Qingtan Elementary School
 Quaishan Elementary School Ankeng Elementary School
 Minyi Elementary School Shuangcheng Elementary School
 Yulin Elementary School Wanli Junior High School
 Xindian Elementary School Erchung Elementary School
 Daping Elementary School Wufeng Junior High School

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
<p>Qingshan Elementary and Junior High School</p> <p><u>Non-profit organizations:</u> YongAn Taiwan Presbyterian Church, Happy Gifts of Social Service Association (Wheatland Association)</p> <p>(2) Scholarships/grants: 80 students in Chinese Culture University; seven students in Dept. of English Literature of National Chengchi University; subsidies to labor's children for 806 people, Grants to PLANET employees for four people, for total 827 people.</p> <p>(3) Donation to school buildings: Pu-Tai Elementary School and Junior High School; Weather sports field of Pi-Tou Junior High School; and the weight-limiting hall of Pi-Tou Junior High School.</p> <p>(4) Club activities: Wen-Shan Special school; Wu-Lai Elementary School and Junior High School; the wind music class of Pi-Tou Junior High School; nutritious breakfast for Ping-Lin Junior High School, and the ocarina class of Da-Ping Elementary School and Chengfu Junior School Track and Field Team.</p> <p>(5) Academic researches: Taiwan Elementary School Language Education Institute, research expenditures for the coronary artery and heart study in the National Taiwan University Hospital; the interactive research of music for college cross straight by Taipei Artist Culture and Education Promotion Foundation; Taiwan Youth Climate Association; and the 2015 annual convention and academic seminar of China Young Children Education Institute.</p> <p>(6) Charitable donations: donation for the Southern Asia Tsunami to Buddhist Compassion Relief Tzu Chi Foundation; the donation for the 2011 earthquake off the Pacific coast of Tohoku to the Red Cross.</p> <p>(7) Culture and arts: Cantary an ensemble; Xindian City Arts and Culture Association, promotions of folk culture education in Pi-Tou Elementary School and Junior High School; APAC Music Festival by the APAC Composer Federation, Hsinchu Chorus Music Festival, annual training of choruses, and the 6th and 10th Term of Cross-Straight Chorus Festivals by the Taipei Artist Culture and Education Promotion Foundation.</p> <p>(8) Promotion of international volunteers: Up with Peoploe invited the international youth volunteers to visit Taiwan; the North Thailand Service Program by the International Volunteer Group of the Chinese Culture University.</p> <p>(9) Promotion of social education: the life education growth for the owners of enterprises by Bliss</p>				

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
			and Wisdom Foundation of Culture and Education; “Love Sea My Home” exhibition by the Society of Wilderness; the image education action program, “Prisoned Dogs: Dogs with Chained” by Taiwan Animal Equality Association; early therapies to the children from underprivileged families; the inspirational and therapeutic education program by Abao Educational Foundation; and the accompanied singing program by the Kibbutz Senior Association.	

(VI) Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies

The Company has taken efficiency, innovation, quality and honesty as its quality policy since its establishment. To ensure the implementation of the ethical management policies, on Dec. 24, 2010, the Board’s meeting established the “Ethical Corporate Management Best Practice Principles”, and reported such in the 2011 Shareholders’ meeting. On Apr. 21, 2015, the Board of Director passed the amendment of the “Ethical Corporate Management Best Practice Principles”, based on which, the “Procedures for Ethical Management and Guidelines for Conduct” were added. On Apr. 25, 2016, The Dept. of Finance is appointed as the dedicated unit, under the Board of Directors, to amend, implement, interpret, provide consult service regarding the Operational Procedures and the Guidelines for Conduct, documenting the reports, and report the implementation outcomes to Board of Directors regularly each year. On Dec. 22, 2020, the outcomes of implementation were reported to the Board of Directors.

On Apr. 30, 2020, by accommodating TWSE, the Board of Directors approved to amend the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct“, to established the corporate culture with sustainable ethical management.

Implementation of ethical business practices

Items under evaluation	Status			Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
<p>I. Establish ethical business policies and programs</p> <p>(I) Has the Company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the polices and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?</p>	V		<p>(I) The Company made “Ethical Corporate Management Best Practice Principles” on Dec. 24, 2010 and added “The Procedures for Ethical Management and Guidelines for Conduct” on Apr. 21, 2015. These policies clearly specify that “the Company shall establish the ethic-based policies on the basis of the operational philosophy of integrity, transparency, and responsibility, and establish the good corporate governance and risk control mechanism, to build up an operating environment with sustainable development.” and “when conducting business activities, the directors, managers, employees and appointees or people with actual control abilities (hereinafter referred to as “actual controllers”) of the Company shall not, either directly or indirectly, offer, commit, require or accept any illegal interests, or make unethical behaviors in violation of ethnics, illegal actions or violation to the trustee obligations, so as to acquire or maintain the interests.”</p> <p>And following prevention measures were made:</p> <ol style="list-style-type: none"> 1. Forbid bribery and corruption. 2. Forbid providing illegal political contributions. 3. Forbid improper charitable donation or sponsors. 4. Forbid offer or accept improper gifts, entertainments or other illegal interests. 5. Forbid infringement to business secrets, trademark rights, patents, copyrights, or other rights of intellectual properties. 6. Forbid engagement in unfair competition. 7. Forbid direct or indirect damage to customers or other shareholders’ rights and interests, health and safety caused by the products and service in the process of R & D, procurement, 	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No		
(II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and	V		<p>manufacturing, offering or sale.</p> <p>The Company revised the “Ethical Corporate Management Best Practice Principles” and “The Procedures for Ethical Management and Guidelines for Conduct” on Apr. 30, 2020, to add that the directors and the executives must provide the declaration of complying with the ethical management policies, and such compliance must be specified in the offer letter. On Jun. 10, 2020, all directors assumed their posts and signed “Statement on Obeying the Ethical Management Principles” and “Statements on Non-Violation of Ethical Principle Behaviors”. On Dec. 29, 2020, all employees resigned “Statement on Obeying the Ethical Management Principles”. New employees of the Company signed “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” when signing the labor contracts and would start education and training upon registration.</p> <p>On Dec. 22, 2020, the “2020 Implementation of Ethical Management” was reported to the Board of Directors. And on the same day, a 30-minute course, “Strict Prohibition of Insiders Trading and the Penalties“, was conducted to the Board of Directors and managers, for total ten people. Such regulations are disclosed at the “Stakeholder Section” of the Company’s website (http://www.planet.com.tw/tw/ir/corporate-governance) and the MOPS.</p> <p>(II) The Company regularly analyze and evaluation any business activity with possible unethical risks. To respond Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” setting forth the conditions requiring prevention measures, the “Procedures for Handling Political Donation” are established to prevent briberies and illegal political donations, while strictly controlling the limit and approval authorities for political donations. The accounting of such</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No		
implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?”			<p>donations must comply with the Political Donations Act, other relevant laws and regulations, and accounting treatment procedures. The “Procedures for Handling Charitable Donations or Sponsorships” are established, to specify that the de facto controller, i.e. directors, managers, and employees, must comply with the related laws and regulations and internal regulations when making charitable donations. The disguised bribery is strictly forbidden, and the donation limits and approval authorities are strictly controlled. The “Managerial Regulations of Business Secrets” are established, to prevent the invasions to the Company’s business secrets, trademark rights, copyrights, and rights to other intellectual properties. The keepers of such are responsible to keep and protect the business secrets, without leaking at will; shall there be any loss or leaking, such events will be handled pursuant to the working rules or related laws and regulations. The Principles of Gifts during Business” are established, strictly prohibiting from giving or taking unreasonable business gifts, hospitality or other improper benefits. Thus the Company establishes good corporate governance and risk management mechanism, builds up an operating environment with sustainable development, and implement such thoroughly in the internal management and external business activities.</p> <p>Inquiry: the information is disclosed in the “Stakeholder Section” at the Company’s website http://www.planet.com.tw/tw/ir/corporate-governance and the MOPS website.</p>	
(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part	V	(III)	To prevent any unethical behavior, the Company has established related regulations, including the “Ethical Corporate Management Best Practice Principles”, “The Procedures for	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No		
of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?			<p>Handling Political Donation“, the “Procedures for Handling Charitable Donations or Sponsorships”, and the “Detailed Principles of Awards and Disciplinary Actions”, as the reference of implementation to the Board of Directors and the management. Such regulations are regularly reviewed and amended. On Apr. 30, 2020, the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” were amended, requiring the directors and the executives must provide the declaration of complying with the ethical management policies, and such compliance must be specified in the offer letter. The audit plan will be prepared based on the risk assessment of unethical behaviors, to be reported to the executives and dedicate unit of the ethical management, before preparing the audit reports to be presented to the Board of Directors. The Company has established the “Operational Procedures to Prevent Insider Trading”. Every year, the promotions of preventing insider trading and ethical management are conducted to the insiders. On Dec. 27, 2019, a 30-minute course, “Strict Prohibition of Insiders Trading and the Penalties”, was conducted to the Board of Directors and managers, for total ten people. The Company also conducts the trainings of “Corporate Ethic Regulations”, “Ethical Corporate Management Best Practice Principles”, and the “Employees’ Code of Conducts” to the new employees. The complete whistle-blowing, complaint, and disciplinary action systems are established for the thorough implementation.</p>	

Items under evaluation	Status			Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
<p>II. Implementation of ethical business practices</p> <p>(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p>	V		<p>(I) The Company conducts business in the manner of fairness, honest, reliability, and transparency, on the basis of principles of ethical management. Before conducting business, the Company investigate the counterparties, including agencies, suppliers, clients, or other parties, to check if they are involved with any unethical behaviors, which in turn resulting the termination or elimination of contracts. To maintain fairness and mutual respects, the Company strictly implements the policy of no gift/ anti-bribery, with the “Principles of Gifts during Business”. The gifts provided by the partners are also strictly regulated, to maintain the ethical business relationships between the Company and the vendors.</p>	N/A
<p>(II) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis?</p>	V		<p>(II) The Company designated the Financial Department to implement the ethical operation of the Company and propel its implementation. At the end of each year, outcomes of implementation are reported to the Board of Directors. On Dec. 22, 2020, the outcomes of implementation were reported to the Board of Directors and managers for total ten people, to enable the supervision of the Board of Directors.</p>	N/A
<p>(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the</p>	V		<p>(III) To prevent any conflict of interests, the Company has established the “Code of Conducts for Directors and Managers”, providing an appropriate channel for directors and mangers to voluntarily declare their potential conflict of interests with the Company. If any attendee and participant of a Board’s meetings, who has a</p>	N/A

Items under evaluation	Status			Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
<p>policies?</p> <p>(IV) Has the Company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?</p>	V		<p>personal interest in the matter under discussion at the meeting, which may impair the interest of the Company, although they may express their opinions and reply inquiries, they shall not discuss or vote, while recusing from the discussion and voting, nor exercise the voting right on behalf of another director. The directors shall not support each other in an inappropriate manner.</p> <p>(IV) Regarding the business activities and operational procedures with higher possibility of unethical behaviors, the Company has established the effective accounting and internal control system, which are under regular review, to ensure the continuous effect of the design and execution of such systems, as the implementation of ethical management. The internal auditors not only schedule the annual audit plans based on the risk assessments, every month they inspect the compliances pursuant to the annual audit plan, and report to the Audit Committee via emails. The audit implementations are also presented to the Board of Directors and the Audit Committee. The internal control systems are also be audited by engaging accountants.</p>	N/A
<p>(V) Does the Company organize internal or external training on a regular basis to maintain ethical management?</p>	V		<p>(V) During the orientations to new employees, the trainings of ethical management are conducted. In 2020, 20 trainings were conducted. On Dec. 22, 2020, a 30-minute course, "Strict Prohibition of Insiders Trading and the Penalties", was conducted to the Board of Directors and managers, for total ten people.</p>	N/A

Items under evaluation	Status			Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWS/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
III. Reporting of misconducts				
(I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	V		(I) The Company has established the disciplinary action and complaint systems for the violations of ethical management, with well-rounded whistle-blowing system and channel. The “Stakeholder Section” at the Company’s website provides the mailboxes of the Audit Committee, CEO, spokesperson, and acting spokesperson; other corresponding contacts are also provided to the different type of stakeholders. Complaints may be filed through various channels, and will be accepted by the dedicated personnel.	N/A
(II) Has the Company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?	V		(II) The Company has various complaint channels in place. The complaints may be filed through the mailboxes or telephone of CEO, the Audit Committee, HR, spokesperson, and acting spokesperson. The employees may file their opinions directly to the CEO or Dept. of Administration. The Company has established the “Guidelines of Preventing Sexual Harassment and the Penalties”. Anyone encounters any sexual harassment may report to HR directly. An investigation team will be organized by the Dept. of Administration immediately pursuant to laws. During the investigation and review, the rights of the plaintiff will be defended, without leaking his/her identity and information. All outcomes of investigation are documented for retaining. The Company also has various confidentiality mechanisms, specified in the “Rules of Management“, the “Managerial Regulations of Business Secrets”, and “Labor Contract”.	N/A
(III) Has the Company provided proper whistle blower protection?	V		(III) In all regulations of the Company, it is specified the rights of whistle-blowers must be protected during the investigations and reviews, so that they are not treated improperly due to whistle-blowing. The complaints are handle in	N/A

Items under evaluation	Status			Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
			manner of absolute confidentiality, names of whistle-blowers and any identifiable information are strictly prohibited from leaking.	
IV. Strengthening information disclosure Has the Company disclosed its Ethical Corporate Management Best Practice Principles and progress onto its website and MOP?	V		The “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” are disclosed at the “Stakeholder Section” of the Company’s website. The information and effects of the ethical management is also disclosed at the “CSR Section” and “About US/Company Overview” of the Company’s website. The Ethical Corporate Management Best Practice Principles are also disclosed on the MOPS. “Stakeholder Section” at the Company’s website (http://www.planet.com.tw/tw/ir/corporate-governance) “About Us/Overview/Ethical Management” (https://planet.com.tw/tw/about/manage) MOPS “Corporate Governance Section”(http://mops.twse.com.tw)	N/A
<p>V. If the Company has established its ethical corporate management best practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”,</p> <p>The Company, pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, has established the “Ethical Corporate Management Best Practice Principles” on Apr. 21, 2015; and pursuant to the amendments of the “Ethical Corporate Management Best Practice Principles“, the Company added the “Ethical Management and Guidelines for Conduct”. On Apr. 30, 2020, pursuant to the Letter Tai-Cheng-Chi-Li-Zhi No. 1080008378 issued by TWSE, the “Ethical Corporate Management Best Practice Principles” were amended, as well as pursuant to Letter Tai-Cheng-Chi-Li-Zhi No. 1090002299 issued by TWSE, the “Ethical Management and Guidelines for Conduct” were amended. The Board of Directors, management, and all employees shall fully comply with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” for their practices.</p>				

Items under evaluation	Status		
	Yes	No	Summary
<p>VI. Other information relevant to understanding the Company’s ethical management operation (e.g. review of the Ethical Corporate Management Best Practice Principles):</p> <p>The Company has established the “Ethical Corporate Management Best Practice Principles”, and the “Procedures for Ethical Management and Guidelines for Conduct“. The Dept. of Finance is appointed as the dedicated unit, under the Board of Directors, to amend, implement, interpret, and consult the issues regarding the related affairs. On Apr. 30, 2020, pursuant to the Letter Tai-Cheng-Chi-Li-Zhi No. 1080008378 issued by TWSE, the “Ethical Corporate Management Best Practice Principles” were amended, as well as pursuant to Letter Tai-Cheng-Chi-Li-Zhi No. 1090002299 issued by TWSE, the “Ethical Management and Guidelines for Conduct” were amended. At the end of each year, the report is presented to the Board of Directors, as the implementation of ethical business practices.</p>			

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

1. The Company has established the following regulations and guidelines pursuant to the “Corporate Governance Best-Practice Principles”:

- (1) The Rules of Procedure for Shareholders’ meetings
- (2) The Rules of Procedure for Board’s Meetings
- (3) The Rules of Responsibility Scope of Independent Directors
- (4) The Organization Regulations for Audit Committee
- (5) The Regulations for Intercompany Financial and Operation of Affiliates
- (6) The Regulations of Director Election
- (7) The “Code of Conducts for Directors and Managers”
- (8) The Asset Acquisition and Disposal Procedures
- (9) The Procedures for Providing Endorsements/Guarantees.
- (10) The Procedures for Loaning Funds to Others.
- (11) The Organization Regulations for Risk Management Committee
- (12) Ethical Corporate Management Best Practice Principles
- (13) The Corporate Social Responsibility Best Practice Principles
- (14) Guidelines of Appraising Performance of the Board of Directors’
- (15) Guidelines of Appraising Performance of the Directors
- (16) The Organization Regulations for Remuneration Committee
- (17) The Operational Procedures to Prevent Insider Trading
- (18) The Guidelines of Appraising Performance of the Auditors
- (19) The Program to Evaluate the Quality of Internal Audit
- (20) The Managerial Regulations of M&A Strategy and Examination
- (21) The Managerial Guidelines for Handling Material Information

- (22) The Procedures for Handling Political Donation
- (23) The Procedures for Handling Charitable Donations or Sponsorships
- (24) The Oversight Operation to Subsidiaries
- (25) The Operational Procedures for Transactions Among Certain Companies, Group's Enterprises, and Related Party
- (26) The Managerial Regulations for Operation of Long- and Short-Term Investment
- (27) The Managerial Regulations for Liability Commitments and Contingencies
- (28) The Procedures for Ethical Management and Guidelines for Conduct
- (29) The Corporate Social Responsibility System and Policies
- (30) The Operational Procedures of Applying Suspension or Resumption of Transactions
- (31) The Managerial Regulations of Shareholders' Affairs
- (32) The Managerial Regulations of Personal Information Protection
- (33) The Procedures for Handling Requests Made by Directors
- (34) The Organizational Rules of CSR Committee

2. Inquiry: the information is disclosed in the "Stakeholder Section" at the Company's website (<http://www.planet.com.tw/tw/ir/corporate-governance>) and the MOPS website (<http://mops.twse.com.tw>).

(VIII) Other important information material to the understanding of corporate governance within the Company:

1. Since the Audit Committee established on Jun. 13, 2017, the Committee convened four meeting in 2020. In 2021, two meetings were also convened up to now to fully discuss the presentation of the Company's financial statements, internal control system and audit, as well as the amendments to various regulations
2. The Company stipulated Organizational Regulations of CSR Committee and Regulations of Risk Management Committee on Nov. 4, 2020, and the board of directors set up CSR Committee and Risk Management Committee on Dec. 22, 2020. Both the committees hold at least 2 meetings each year to deal with various operations. And more than half of the committee members are independent directors
3. The Company always inform the directors seven days prior to the meeting through emails. The meeting notices not only specify the reasons of convention, but also provide sufficient information for the directors to review. The meeting minutes were sent to directors within 20 days after the meetings. During the meeting, shall the independent directors have objections or reserved opinions, such happenings would be recorded in the meeting minute. Also to establish a good corporate governance, assist directors to fulfill their duties, and enhance the performance of the Board of Directors, the Company has established the "Procedures for Handling Requests Made by Directors" on Mar. 21, 2019, specifying that the requests made by directors shall be handled within five working days, to fully facilitate the directors to

fulfill their duties with corresponding information and resources.

4. The Company respects and values the recommendations of the independent directors. The management regularly presents the operation reports, CSR implementation report, internal audit report, ethical management implementation report, and educational promotion of insider trading prevention to the Board of Directors, so that the independent directors may have insights to the Company's operations in the regards of finance, business, R&D, and materials, and their compliance with related laws and regulations are assisted.
5. The Company is not only obliged to fully disclose information to the domestic investors, but also voluntarily discloses the following information in English to the international investors:
 - (1) Material information
 - (2) Annual financial reports and financial reports of Q1 to Q3
 - (3) Meeting notices of Shareholders' meetings and the rules of procedure handbooks
 - (4) Annual reports of Shareholders' meetings
 - (5) Corporate social responsibility report
6. Base on management 3.0 of competent authority company-sustainable development blueprint, promoting five main axes, and enhancing the performance of corporate governance, the following was completed in 2021:
 - (1) Independent directors are no less than the one third of the directors.
 - (2) Annual newspaper and website of multiple information disclosure for directors board.
 - (3) Introduce corporate risk management system, and set up risk management committee which takes more than half of independent directors as its members.
 - (4) Carry out the performance evaluations of director board, some directors, and functional committee, which were passed by director board on Mar. 11, 2021.
 - (5) Provide multiple training programs for the directors.
 - (6) Set up a competent corporate management officer and define his or her responsibilities.
 - (7) More than half of the independent directors shouldn't serve for more than three consecutive terms.
 - (8) From 2021, financial report of each quarter should be agreed by Audit Committee.
 - (9) The Corporate Social Responsibility Report formulated annually changed name into Sustainable Report from 2021
 - (10) On Apr. 23, 2021, The Corporate Social Responsibility Report was checked by the third-party.
 - (11) The annual financial statement will be announced 75 days after the expiration of the year.
 - (12) Since 2017, shareholder meeting has adopted electronic voting.
 - (13) Since 2014, the manual is reported in 30 days before and annual report of the

shareholder meeting is reported in fourteen days before.

(14) The voting on motions of the shareholder meeting should be reported after the meeting.

(15) At least 2 illustration meetings for legal person should be held in each year.

(IX) Disclosure of internal control system

1. Internal Control Declaration:

PLANET Technology Corporation
Declaration of International Control System

Date: Mar. 11, 2021

Based on the findings of a self-assessment, PLANET Technology Corporation states the following with regard to its internal control system during the year 2020:

- I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. The Company's internal control system is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.
- III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each of the five elements is then divided into a sub-category. Please refer to "the Regulations" for details.
- IV. The Company has adopted the abovementioned criteria to validate the effectiveness of its system design and execution.
- V. Based on the result of the assessment, the Company finally determined the effectiveness of the design and implementation of our internal control system until Dec. 31, 2020 (including supervision and management of subsidiaries) regarding the effectiveness and efficiency of operations, the reliability, promptness, and transparency of reports and compliance with relevant laws and regulations. This system provided reasonable assurance that the above objectives have been achieved.
- VI. The Declaration of Internal Control System is the main content of the Company's annual report and prospectus published. Any false and concealment of the published contents referred to above involves the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. The Declaration of Internal Control System was resolved at the Board meeting with the objection of 0 board directors out of the 7 attending board directors on Mar. 11, 2021. The contents of the declaration have been accepted without objection.

PLANET Technology Corporation

Chairman: Chen, Ching-Kang

Signature/Seal

CEO: Chen, Ching-Kang

Signature/Seal

2.The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: N/A.

(X) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control system, in the most recent year up till the publication date of annual report that may significantly impact shareholders' interest or security price; describe details of the penalty, areas of weakness and any corrective actions taken: None.

(XI) Resolutions reached in the shareholder's meeting or by the Board of Directors during the most recent year and up to the date of publication of this annual report:

1. Shareholders' meetings

Date of meeting	Type of meeting	Important resolution	Result	Status															
Jun. 10, 2020	Shareholders' meeting	1. Ratified the business report and financial statements 2019.	Outcome of the poll to this proposal: when voting, the voting rights were 33,232,517 votes of the attending shareholders; the favorable votes were 32,666,420 votes (31,009,523 votes were executed via e-voting), or 98.29% of the all voting rights; the unfavorable votes were 3,264 votes (3,264 votes were executed via e-voting); invalid vote was zero, and the abstained votes were 562,833 votes (214,638 votes were executed via e-voting). The proposal was passed as proposed by the Board of Directors.																
		2. Ratifying the proposal of 2019 earnings distribution.	Outcome of the poll to this proposal: when voting, the voting rights were 33,232,517 votes of the attending shareholders; the favorable votes were 32,863,420 votes (31,206,523 votes were executed via e-voting), or 98.88% of the all voting rights; the unfavorable votes were 3,264 votes (3,264 votes were executed via e-voting); invalid vote was zero, and the abstained votes were 365,833 votes (17,638 votes were executed via e-voting). The proposal was passed as proposed by the Board of Directors.	The ex-dividend base date was set on Aug. 13, 2020, and the cash dividends were paid on Sep.4, 2020, for total NTD 281,254,338.															
		3. Reselection of directors	This proposal was passed based on the motion put forward by the director board. (1) Director	List of directors: Chen, Ching-Kang, and Hsu, Hwa-Lin, Representatives of Puyang Investment Co., Ltd: Li, I-Chuan and Lin, Man-Chu List of independent															
			<table border="1"> <thead> <tr> <th>User No.</th> <th>User Name</th> <th>Number of Elected Rights</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>Chen, Ching-Kang</td> <td>41,192,807</td> </tr> <tr> <td>3</td> <td>Hsu, Hwa-Lin</td> <td>36,826,229</td> </tr> <tr> <td>1</td> <td>Puyang Investment Co., Ltd Representative: Li, I-Chuan</td> <td>33,136,569</td> </tr> <tr> <td>1</td> <td>Puyang Investment Co., Ltd Representative: Lin, Man-Chu</td> <td>32,201,239</td> </tr> </tbody> </table>	User No.	User Name	Number of Elected Rights	2	Chen, Ching-Kang	41,192,807	3	Hsu, Hwa-Lin	36,826,229	1	Puyang Investment Co., Ltd Representative: Li, I-Chuan	33,136,569	1	Puyang Investment Co., Ltd Representative: Lin, Man-Chu	32,201,239	
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Jun. 10, 2020	Shareholders' meeting		(2)Independent director	directors: Chen, Shuh, Huang, Hsin Hsien, and Chang, Pao-Thai												
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G2200XXXXX	Chang, Pao-Thai	27,061,898														
4.Clear the prohibition proposal on the competitions for new directors.	Outcome of the poll to this proposal: when voting, the voting rights were 33,232,517 votes of the attending shareholders; the favorable votes were 32,708,201 votes (31,054,304 votes were executed via e-voting), or 98.42% of the all voting rights; the unfavorable votes were 41,974 votes (41,974 votes were executed via e-voting); invalid vote was zero, and the abstained votes were 482,342 votes (131,147 votes were executed via e-voting). The proposal was passed as proposed by the Board of Directors.															
5.Amendment to the “Operating Procedure for Loaning to Others” of the Company.	Outcome of the poll to this proposal: when voting, the voting rights were 33,232,517 votes of the attending shareholders; the favorable votes were 32,721,506 votes (31,067,609 votes were executed via e-voting), or 98.46% of the all voting rights; the unfavorable votes were 27,569 votes (27,569 votes were executed via e-voting); invalid vote was zero, and the abstained votes were 483,442 votes (132,247 votes were executed via e-voting). The proposal was passed as proposed by the Board of Directors.	Operated with the amended “Procedures for Loaning Funds to Others”.														

2. Board of Directors

Date of meeting	Type of meeting	Important resolution
Mar. 9, 2020	Board of directors	<ol style="list-style-type: none"> 1. Proposal of staffs' remuneration and directors' remuneration for 2019. 2. Proposal of "Statement of Internal Control System" for 2019. 3. Proposal of the consolidated and parent-company-only financial statements for 2019. 4. Proposal of amendment of "Rules of Procedure for Shareholders' Meetings". 5. Proposal of amendment of "Rules of Procedure for Board's Meetings". 6. Proposal of amendment of "Organization Regulations for Audit Committee". 7. Proposal of amendment of "Organization Regulations for Remuneration Committee". 8. Proposal of amendment of "Rules of Responsibility Scope of Independent Directors". 9. Proposal of amendment of "Best-Practice Principles of the Company". 10. Proposal of amendment of "Corporate Social Responsibility Best Practice Principles". 11. Reselection of directors. 12. The related terms of 2020 General Meeting of Shareholders and receiving proposal of 1% shareholders. 13. Proposal of evaluation of directors and the performance evaluation of directors board for 2019. 14. Proposal of evaluation of the independence and competence of CPA for 2019. 15. Proposal of remuneration and appointment of CPA for 2020. 16. Proposal of performance evaluation of managers and evaluation of auditors for 2019
Apr. 30, 2020	Board of directors	<ol style="list-style-type: none"> 1. Proposal of business report for 2019. 2. Proposal of earnings distribution for 2019. 3. Proposal of amendment of "Ethical Corporate Management Best Practice Principles". 4. Proposal of amendment of "Procedures for Ethical Management and Guidelines for Conduct". 5. Additions and corrections of related terms of 2020 General Meeting of Shareholders and receiving proposal of 1% shareholders. 6. Proposal of reviewing the qualifications and lists of candidates for the 11th directors and independent directors. 7. Remove the prohibition on the competition between new directors of the Company.
Jun. 10, 2020	Board of directors	<ol style="list-style-type: none"> 1. Election of Chairman. 2. Relevant matters of selection and appointment of the Compensation Committee.

Aug. 5, 2020	Board of directors	<ol style="list-style-type: none"> 1. The proposal of intending to apply credit line renewal to the Shanghai Commercial Bank 2. Proposal of amendment of “Internal Control System and Implementation Details of Internal Audit”. 3. Proposal of amendment of “Rules of Procedure for Board’s Meetings”. 4. Proposal of amendment of “Regulations of Director Election”. 5. Proposal of amendment of “Rules of Responsibility Scope of Independent Directors”. 6. Proposal of amendment of “Code of Conducts for Directors and Managers”. 7. Proposal of amendment of “Guidelines of Appraising Performance of the Directors”. 8. Proposal of amendment of “Organization Regulations for Remuneration Committee”. 9. Proposal of amendment of “Organization Regulations for Audit Committee”. 10. Proposal of amendment of “Financial and Business Related Operation Standards between Affiliate Enterprises”. 11. Proposal of remuneration distribution of directors and managers for 2019.
Nov. 4, 2020	Board of directors	<ol style="list-style-type: none"> 1. Audit Plan for 2021. 2. Proposal of amendment of “Organization Regulations for Risk Management Committee”. 3. Proposal of stipulation of “Regulations on CRS Committee”.
Dec. 22, 2020	Board of directors	<ol style="list-style-type: none"> 1. The operation plan and budget for 2021. 2. Proposal of setting up a CSR committee. 3. Proposal of setting up a Risk Management Committee. 4. Proposal of year-end bonus of managers for 2020 and adjustment of fixed remuneration for 2021.
Mar. 11, 2021	Board of directors	<ol style="list-style-type: none"> 1. Proposal of remuneration of staff and directors for 2020. 2. Proposal of “Declaration of Internal Control System” for 2020. 3. Proposal of consolidated and parent-company-only financial statements for 2020. 4. Proposal of “Internal Control System and Implementation Details of Internal Audit”. 5. Proposal of amendment of “Rules of Procedure for Shareholders’ Meetings”. 6. The related terms of 2021 General Meeting of Shareholders and receiving proposal of 1% shareholders. 7. Proposal of performance evaluation of director board for 2020. 8. Proposal of performance evaluation of Functional Committee for 2020. 9. Proposal of the evaluation of the independence and competence of CPA for 2020. 10. Proposal of appointment and remuneration for 2021. 11. Performance evaluation of managers and evaluation of auditors for 2020.
Apr. 29, 2021	Board of directors	<ol style="list-style-type: none"> 1. Proposal of business report for 2020. 2. Proposal of earnings distribution for 2020. 3. Additions and corrections of related terms of 2021 General Meeting of Shareholders and receiving proposal of 1% shareholders.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the Board of Directors during the most recent year and up to the date of publication of this annual report.

(XIII) Resignation or dismissal of the Chairman, CEO, head of accounting, head of finance, chief internal auditor, corporate governance officer or head of R&D in the most recent year up till the publication date of annual report.

V. Disclosure of auditors' remuneration

- (I) If the on-audit fees paid to the CPA, CPA firm and their affiliates exceeded the audit fees in excess of twenty-five percent, the Company shall disclose the audit fee and non-audit fee, as well as the contents of the non-audit service: the Company's non-audit fees are less than a quarter of the audit fee in 2020.

Disclosure of auditors' remuneration

Unit: thousands NTD

Firm Name	CPA Name	Audit Fee	Non-Audit Fee					Audit Period of the Accountants	Remarks
			System Design n	Commercial and Industrial Registration	HR	Others (Note 2)	Subtotal		
Major experience: Baker Tilly Clock & CO	Lai, Yung-Chi; Wu, Hsin-Liang	2,420	—	8	—	30	38	2020	—

Note 1: The audit period of the accountants covered the complete fiscal year, and the year of audit is 2020.

Note 2: Others refer to the consultancy fee for reviewing annual reports of NTD 30,000.

- (II) Change of accounting firm that resulted in the reduction of audit remuneration from the previous year; disclose audit remuneration before and after the change and the cause of such change: No accounting firm was changed, and thus not applicable.

- (III) Any reduction in audit remuneration by more than 10% compared to the previous year; state the amount, the percentage and reason of such variation: None, and thus not applicable.

VI. Information regarding independent auditor replacement: in the recent two fiscal years and the before/after the period, there was only internal adjustment of accountant, but no accounting firm was changed.

VII. Information About Chairman, CEO, and Financial or Accounting Manager of the Company Who Has Worked with the CPA Firm Which Conducts the Audit of the Company or Affiliate to Such Firm in the Most Recent One Year: N/A

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer or shareholder with a stake of more than 10 percent in the most recent year and until to the date of publication of the annual report

(I) Changes of the shareholdings of directors, managers and shareholders holding more than 10% of the shares

Unit: shares

Position	Name	2020		2021, up till Apr. 11	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman/ CEO	Chen, Ching-Kang	—	—	—	—
Chairman/ Vice President	Hsu, Hwa-Lin	—	—	—	—
Director	Representative of Puyang Investment Co., Ltd: Li, I-Chuan	—	—	—	—
Director/ CFO	Representative of Puyang Investment Co., Ltd: Lin, Man-Chu	—	—	—	—
Independent director	Chen, Shuh	—	—	—	—
Independent director	Huang, Hsin-Hsien	—	—	—	—
Independent director	Chang, Pao-Thai	—	—	—	—
CTO	Shih, Yi-Shen	—	—	—	—
COO	Wu, Hsueh-Ju	—	—	—	—
Assistant Manager	Kang, Shih-Sheng	2,000	—	—	—
Assistant Manager	Leong, Chi-Tong	2,000	—	—	—

Note: 1. Number of shares is based on the shareholder register.
2. None of director or manager pledged shares.

(II) Shall the counterpart of the share transfer or share pledged be a related party, the relationship and the shares obtained or pledged between directors, supervisors, managers, and the shareholder holding 10% or more shares: None.

IX. Relationships characterized as spouse or second-degree relatives or closer among top-ten shareholders

Information about the relationship among the Company's 10 largest shareholders:

Apr. 11, 2021

Name	Own shareholding		Current Shares Held by Spouse and Children of Minor Age		Total shareholding Under the Name of A Third Party		Information on top 10 shareholders in proportion of shareholdings and are related to one another or kin at the second pillar under the Civil Code to one another, their names and relations.		Remarks
	Shares	Shareholding Ratio	Shares	Ratio of shareholding	Shares	Shareholding Ratio	Name	Relationship	
Puyang Investment Co., Ltd: Responsible person Hsu, Hwa-Lin	16,856,237	26.97%	--	--	--	--	Hsu, Hwa-Lin Chen, Ching-Kang	Chairman Director	--
Chen, Ching-Kang	4,211,978	6.74%	3,030,241	4.85%	--	--	Hsu, Hwa-Lin Puyang Investment Co., Ltd Hsu, Ya-Ling	Spouse Chen, Ching-Kang is a director of Puyang Investment Older sister of the spouse	--
Hsu, Hwa-Lin	3,030,241	4.85%	4,211,978	6.74%	--	--	Chen, Ching-Kang Puyang Investment Co., Ltd Hsu, Ya-Ling	Spouse Hsu, Hwa-Lin is the Chairman of Puyang Investment Older sister	--
PLANET fund dedicate trust account,	1,506,293	2.41%	--	--	--	--	--	--	--

Bank of Taiwan									
Fengteng Investment Co., Ltd	600,000	0.96%	--	--	--	--	--	--	--
Chou, Hsiao-Chuan	483,917	0.77%	--	--	--	--	--	--	--
Huang, Wei-Jen	482,511	0.77%	--	--	--	--	--	--	--
Hsu, Ya-Ling	410,892	0.66%	213,786	0.34%	--	--	Chen, Ching-Kang Hsu, Hwa-Lin	Brother in law Younger sister	--
Lin, Man-Tsu	323,555	0.52%	5,665	0.01%	--	--	--	--	--
Shih, Yi-Shen	313,775	0.50%	120,205	0.19%	--	--	--	--	--

X. The number of shares held by the Company and the Company's directors, supervisors and managers, and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the Company, and calculating the consolidated shareholding percentage of the above categories

Unit: shares; %
Mar. 31, 2021

Investee	Invested by the Company		Invested by directors, supervisors, managers, and entities controlled by the Company directly or indirectly		Combined investment	
	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding
Planet International Inc.	100,000	100.00%	--	--	100,000	100.00%

Note: This is the long-term equity investment of the Company

4. Status of Fund Raising

I. Capital and shares

(I) Source of Share Capital

1. Categories of Issued Shares in the most recent year up to the printing date of the annual report

Unit: share; NTD
Apr. 30, 2021

Year/Month	Issuance price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Paid in properties other than cash	Others
1992.12	10	500,000	5,000,000	500,000	5,000,000	Share capital at the Incorporation	N/A	—
1997.05	10	2,000,000	20,000,000	2,000,000	20,000,000	Cash capitalization 15,000,000	N/A	Note 1
2000.11	10	11,000,000	110,000,000	11,000,000	110,000,000	Cash capitalization 90,000,000	N/A	Note 2
2001.05	10	14,340,000	143,400,000	14,340,000	143,400,000	Capital increase upon recapitalization of employee bonus 400,000 Capital increase upon recapitalization of earnings 33,000,000	N/A	Note 3
2002.07	10	43,620,000	436,200,000	21,660,000	216,600,000	Capital increase upon recapitalization of employee bonus 4,368,000 Capital increase upon recapitalization of earnings 68,832,000	N/A	Note 4

Year/Month	Issuance price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Paid in properties other than cash	Others
2003.07	10	43,620,000	436,200,000	28,000,000	280,000,000	Capital increase upon recapitalization of employee bonus 4,918,000 Capital increase upon recapitalization of earnings 58,482,000	N/A	Note 5
2004.08	10	43,620,000	436,200,000	34,200,000	342,000,000	Capital increase upon recapitalization of employee bonus 6,000,000 Capital increase upon recapitalization of earnings 56,000,000	N/A	Note 6
2005.04	10	43,620,000	436,200,000	34,343,000	343,430,000	Conversion of employee options to 143,000 common shares	N/A	Note 7
2005.08	10	64,471,000	644,710,000	41,125,000	411,250,000	Capital increase upon recapitalization of employee bonus 6,002,600 Capital increase upon recapitalization of earnings 61,817,400	N/A	Note 8
2006.04	10	64,471,000	644,710,000	41,163,000	411,630,000	Conversion of employee options to 38,000 common shares	N/A	Note 9

Year/Month	Issuance price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Paid in properties other than cash	Others
2006.08	10	64,471,000	644,710,000	47,165,000	471,165,000	Capital increase upon recapitalization of employee bonus 6,508,100 Capital increase upon recapitalization of earnings 53,511,900	N/A	Note 10
2007.05	10	64,471,000	644,710,000	47,193,000	471,930,000	Conversion of employee options to 28,000 common shares	N/A	Note 11
2007.09	10	64,471,000	644,710,000	51,640,000	516,400,000	Capital increase upon recapitalization of employee bonus 6,715,600 Capital increase upon recapitalization of earnings 37,754,400	N/A	Note 12
2008.01	10	64,471,000	644,710,000	51,676,000	516,760,000	Conversion of employee options to 36,000 common shares	N/A	Note 13
2008.09	10	64,471,000	644,710,000	55,130,000	551,300,000	Capital increase upon recapitalization of employee bonus 8,702,000 Capital increase upon recapitalization of earnings 25,838,000	N/A	Note 14
2009.04	10	64,471,000	644,710,000	54,820,000	548,200,000	Cancellation of treasury shares to reduce capital of NTD 3,100,000	N/A	Note 15
2009.09	10	64,471,000	644,710,000	56,464,600	564,646,000	Capital increase upon recapitalization of earnings 16,446,000	N/A	Note 16

Year/Month	Issuance price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Paid in properties other than cash	Others
2010.03	10	64,471,000	644,710,000	56,469,600	564,696,000	Conversion of employee options to 5,000 common shares	N/A	Note 17
2010.04	10	64,471,000	644,710,000	56,489,600	564,896,000	Conversion of employee options to 20,000 common shares	N/A	Note 18
2010.09	10	64,471,000	644,710,000	58,184,288	581,842,880	Capital increase upon recapitalization of earnings 16,946,880	N/A	Note 19
2013.08	10	64,471,000	644,710,000	59,347,974	593,479,740	Capital increase upon recapitalization of earnings 11,636,860	N/A	Note 20
2013.10	10	64,471,000	644,710,000	59,723,974	597,239,740	Conversion of employee options to 376,000 common shares	N/A	Note 21
2014.01	10	64,471,000	644,710,000	60,073,974	600,739,740	Conversion of employee options to 350,000 common shares	N/A	Note 22
2014.09	10	64,471,000	644,710,000	61,275,454	612,754,540	Capital increase upon recapitalization of earnings 12,014,800	N/A	Note 23
2015.09	10	64,471,000	644,710,000	62,500,964	625,009,640	Capital increase upon recapitalization of earnings 12,255,100	N/A	Note 24
2019.07	10	100,000,000	100,000,000	62,500,964	625,009,640	–	N/A	Note 25

- Note 1: May 8, 1997, Jing-Chien-Yi-Zhi No.86290601
Note 2: Dec. 18, 2000, Jing (89) Shang-Zhi No.089145887
Note 3: May 18, 2001, Jing (90) Shang-Zhi No.09001178620
Note 4: Aug. 5, 2002, Jing (91) Shang-Zhi No.09101312500
Note 5: Jul. 17, 2003, Jing-Shou-Zhong-Zhi No.09232366230
Note 6: Aug. 6, 2004, Jing-Shou-Zhong-Zhi No.09332521780
Note 7: Apr. 21, 2005, Jing-Shou-Zhong-Zhi No.09431988860
Note 8: Aug. 25, 2005, Jing-Shou-Zhong-Zhi No.09432723610
Note 9: Apr. 19, 2006, Jing-Shou-Zhong-Zhi No.09532043620
Note 10: Aug. 22, 2006, Jing-Shou-Zhong-Zhi No.09532715340

Note 11: May 21, 2007, Jing-Shou-Zhong-Zhi No.09632131340
 Note 12: Sep. 28, 2007, Jing-Shou-Zhong-Zhi No.09601234250
 Note 13: Jan. 15, 2008, Jing-Shou-Zhong-Zhi No.09701009640
 Note 14: Sep.11, 2008, Jing-Shou-Zhong-Zhi No.09701229750
 Note 15: Apr. 6, 2009, Jing-Shou-Zhong-Zhi No.09801065870
 Note 16: Sep.4, 2009, Jing-Shou-Zhong-Zhi No.09801201880
 Note 17: Apr. 19, 2010, Jing-Shou-Zhong-Zhi No.09901077640
 Note 18: Jun. 24, 2010, Jing-Shou-Zhong-Zhi No.09901130940
 Note 19: Sep.13, 2010, Jing-Shou-Zhong-Zhi No.09901205760
 Note 20: Aug. 27, 2013, Jing-Shou-Zhong-Zhi No.10201176380
 Note 21: Oct. 16, 2013, Jing-Shou-Zhong-Zhi No.10201212740
 Note 22: Jan. 20, 2014, Jing-Shou-Zhong-Zhi No.10301010040
 Note 23: Sep.1, 2014, Jing-Shou-Zhong-Zhi No.10301180350
 Note 24: Sep.4, 2015, Jing-Shou-Zhong-Zhi No.10401183390
 Note 25: Jul. 2, 2019, Jing-Shou-Zhong-Zhi No.10801079940

Unit: shares
Apr. 30, 2021

Type of share	Authorized share capital (Note)			Remarks
	Outstanding shares (TPex listed shares)	Unissued shares	Total	
Common registered share	62,500,964	37,499,036	100,000,000	—

Note: The Shareholders' meeting in 2012 approved the share capital to be 1 billion NTD, because the latest enforced Company Act deleted Article 278 on November 1, 2018: "No capital shall be increased unless a company has fully issued the defined total shares. The total shares after the capital increase may be issued in different batches". Therefore, the Company has changed to the registration in 2019 to apply the increase of approved share capital, and the application was approved by MOEA with the letter Jing-Shou-Zhong-Zhi No. 10801079940, dated Jul. 2, 2019.

- If approval has been granted to offer and issue securities by shelf registration, additionally disclose the approved amount and information regarding securities to be issued or already issued: None

(II) Composition of shareholders

Unit: shares, shareholder, %
Apr. 11, 2021

Composition of shareholders	Government agencies	Financial institution	Other juristic persons	Individual	Foreign institutions and foreigners	Total
Quantity						
Number of person	—	2	43	7,801	38	7,884
Shares held	—	1,581,293	18,202,647	41,508,044	1,208,980	62,500,964
Ratio of shareholding	—	2.53%	29.13%	66.41%	1.93%	100.00%

Note: TWSE and TPex listed, and emerging companies shall disclose the shareholding ratio of Mainland Chinese

shareholders: “Mainland Chinese shareholders” refer to people, legal persons, organization, other institutions from Mainland China, or the companies invested by them in a 3rd place, set forth in Article 3 of the “Regulations for the Investment Permits to the Mainland Chinese in Taiwan”.

(III) Distribution of shareholding

Distribution of shareholding

Unit: shareholder; share
Apr. 11, 2021

Range of Shares	Number of Shareholders	Shares held	Ratio of shareholding
1 to 999	2,155	390,309	0.62%
1,000 to 5,000	4,495	8,933,986	14.29%
5,001 to 10,000	603	4,510,340	7.22%
10,001 to 15,000	233	2,876,222	4.60%
15,001 to 20,000	118	2,122,641	3.40%
20,001 to 30,000	104	2,555,613	4.09%
30,001 to 40,000	49	1,726,157	2.76%
40,001 to 50,000	23	1,050,136	1.68%
50,001 to 100,000	62	4,388,442	7.02%
100,001 to 200,000	22	3,078,983	4.93%
200,001 to 400,000	12	3,286,066	5.26%
400,001 to 600,000	4	1,977,320	3.16%
600,001 to 800,000	0	0	0.00%
800,001 to 1,000,000	0	0	0.00%
Over 1,000,001	4	25,604,749	40.97%
Total	7,884	62,500,964	100.00%

Note: No preferential share issued by the Company

(IV) Major shareholders: If the number of shareholders with more than 5% ownership interest is less than ten, disclose the top ten shareholders with the highest shareholding

Unit: shares
Apr. 11, 2021

Name of Major Shareholder	Share	Shares held	Ratio of shareholding
Puyang Investment Co., Ltd		16,856,237	26.97%
Chen, Ching-Kang		4,211,978	6.74%
Hsu, Hwa-Lin		3,030,241	4.85%
PLANET fund dedicate trust account, Bank of Taiwan		1,506,293	2.41%
Fengteng Investment Co., Ltd		600,000	0.96%
Chou, Hsiao-Chuan		483,917	0.77%
Huang, Wei-Jen		482,511	0.77%
Hsu, Ya-Ling		410,892	0.66%
Lin, Man-Chu		323,555	0.52%
Shih, Yi-Shen		313,775	0.50%

(V) Information on market value, net value, earnings and dividends per share in the most recent two years

Information on market value, net value, earnings and dividends per share

Unit: NTD; share

Item		Year	2019	2020	2021 up to May 5 (Note 8)
Market price per share (Note 1)	The Highest		67.60	70.90	66.90
	The Lowest		56.50	51.00	60.90
	Average		64.08	63.38	63.59
Net value per share (Note 2)	Before distribution		21.52	21.34	22.36
	After distribution		17.02	-	-
EPS	Weighted average shares		62,500,964	62,500,964	62,500,964
	EPS (Note 3)	Before adjustment	5.01	4.33	1.02
		After adjustment	-	-	-
Dividend per share	Cash dividend		4.5	4 (Note 9)	-
	Free-Gratis dividends	From earnings	-	-	-
		Capital surplus shares distribution	-	-	-
	Cumulative unpaid dividends (Note 4)		-	-	-
Return on investment analysis	Price-Earnings Ratio (Note 5)		12.79	14.64	-
	Price-Dividend Ratio (Note 6)		14.24	15.85	-
	Cash dividend yield (Note 7)		7.02%	6.31%	-

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution

Note 1: Setting forth the highest and lowest market price per share of common stock for each fiscal year, and calculating each fiscal year's average market price based upon each fiscal year's actual transaction prices and volume.

Note 2: Using the number of the outstanding issued shares at year end as the basis, and filling in pursuant to the resolved distribution by the Shareholders' meeting.

Note 3: If it is necessary to make adjustment retroactively due to Free-Gratis dividends, please identify the EPS before and after adjustment.

Note 4: If the issuance conditions of the equity securities set forth that the undistributed dividends in a year may be accumulated until the year with profit to be distributed, the unpaid dividends up to the current year shall be disclosed individually.

Note 5: Price-Earnings Ratio = Average Closing Price per Share in current year/Earnings per Share

Note 6: Price-Dividend Ratio = Average Closing Price per Share in current year/Cash Dividend per Share

Note 7: Cash Dividend Yields = Cash Dividend per Share/Average Closing Price per Share in current year

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of annual report. For all other fields, calculations are based on data as at the end of their respective years.

Note 9: Approved by the Board of Directors on Apr. 29, 2021

(VI) Dividend Policy and the Status of Implementation:

1. The dividend police set forth in the Company's Articles of Association is as the following:

Article 20

- I. If the Company has a profit in the total final account of a fiscal year, it shall first pay the taxes, make up any losses from past years, and then make contribution of 10% as the statutory reserve unless the statutory reserve reaches the total amount of the paid-in capital. The special reserves may be made or reversed when necessary. Shall there be earnings, the Board of Directors may propose the earning distribution pursuant to the Company's dividend policy. If new shares will be issued as distribution, the proposal shall be submitted to the Shareholders' meeting for resolution.

The Company may, pursuant to Paragraph 5, Article 240 of the Company Act, authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' meeting.

- II. The Company's dividend policy is as the following: to be adaptable to the growth characteristic of the industry, the long-term financial planning, and fund demands for operation expansion, the residual dividend policy is applied. While the earnings are distributed pursuant to Article 20 of the Article of Association, the principle toward shareholder bonus is to distribute the share dividends and cash dividends in a balanced manner. The Board of Directors proposes the contribution from the distributable earnings for the shareholder bonus, and the amount shall not be less than 30% of the distributable earnings of the year. Such proposal will be submitted to the Shareholders' meeting for resolution. The needed funds are reserved via the share dividends distribution, and then the remaining earnings are distributed in cash; provided, the percentage of the cash distribution shall not be less than 10% of the total dividend amount.

Article 20-1

The Company may, pursuant to Article 241 of the Company Act, all or part of the legal reserve and capital reserve may be distributed to shareholders, in cash or shares, proportionally to their shareholdings; in case of cash, the Company may authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of

directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' meeting.

2. Allocation of dividends proposed at the Shareholders' meeting in the current year:

The proposal of 2020 earning distribution has been resolved by the Board of Directors on Apr. 29, 2021, to distribute cash dividend NTD 4 per share. It is intended that the Board of Directors authorize the Chairman to decided the ex-dividend base date, payment date, and handle other related affairs. This cash dividends will be calculated in round-off manner and the total sum of amount after decimal points will be handled by the person designed by the chairman.

The proposed earning distribution table for the Shareholders' meeting is as the following:

PLANET Technology Corporation
2020 earning distribution table

Item	Amount(NTD)
Undistributed balance at the beginning of the period	52,289,959
Less: Effect of retrospective application of IFRS 16	8,123
Less: adjustment for the actual difference from the employee benefit actuarial plan of the year	248,584
Add: net profit after tax	270,319,170
Distributable net profit	322,352,422
Less: Provision of 10% legal reserve	27,007,059
Distributable items:	
Shareholder bonus - stock 0	0
Shareholder bonus - cash 4	250,003,856
Unappropriated retained earnings	45,341,507
Note: This cash dividends will be calculated in round-off manner and the total sum of amount after decimal points will be handled by the person designed by the chairman.	

Chairman: Chen, Ching-Kang Manager: Chen, Ching-Kang Accounting officer: Lin, Man-Tsu

3. If any material change is expected regarding the dividend policy, please specify: none.

(VII) Impacts of proposed share dividends on the Company's business performance and earnings per share: Not applicable. As the Company has not disclose the 2021 financial forecast, nor share dividend will be distributed, this is not applicable.

(VIII) Remunerations to Employees, Directors and Supervisors

1. Proportion or scope of remuneration to employees and directors/supervisors as stated in the Articles of Association:

Article 19-1 of the Company's Articles of Association sets forth:

- I. Shall there be profit in a year, no less than 5% shall be contributed as the remuneration to employees and no higher than 2% as the remuneration to directors. profits must first be set aside to offset cumulative losses if any.
- II. The aforesaid remuneration to employees may be in cash or shares; the eligible receivers may include the employees of the Company or the subsidiaries or companies under the Company's control. The aforesaid remuneration to directors may only be made in cash. The remuneration to employees and directors shall be resolved by the Board of Directors, and reported to the Shareholders' meeting.

2. The accounting in the case of deviation from the basis for stating remuneration to employees and directors/supervisors, the basis for calculating the quantity of stock dividends to be allocated, and the actual allocation:

The Company has estimated the 2020 remuneration to employees and directors is NTD 21,298,000 and NTD 5,324,000, respectively; the basis is the profit of the pre-tax net profit before deducting the remuneration to employees and directors, and the estimation percentage is 6% and 1.5%, respectively

3. Allocation of remuneration approved by the board of directors:

(1) Remunerations to employees, directors and supervisors paid in cash or shares If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

A. Employee remuneration: NTD 21,297,518 in cash

B. Director remuneration: NTD 5,324,379

C. There is no discrepancy from the these expenses are recognize in 2020 financial report.

(2) Proposed amount of employees' remuneration in shares as a percentage to the current period net profit after tax and the total amount of employees' remuneration: no share was distributed to employees.

4. Actual payment of employees'/directors'/supervisors' remuneration for the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain

the amount, the cause, and treatment of such discrepancies).

- (1) Remuneration to employees, directors and supervisors for 2019 approved by the Board of Directors 2020:
 - A. Employee remuneration: NTD 24,734,762 in cash.
 - B. Director remuneration: NTD 6,183,691.
 - C. There is no discrepancy from these expenses as recognized in 2019 financial report.
- (2) The proposal of earning distribution for 2019 has been approved by the Annual General Meeting on Jun. 10, 2020; the actual distribution was in line with the proposal of earning distribution approved by the Shareholders' meeting on Sep. 4, 2020.

(IX) Holding or disposition of the Company's stock by subsidiaries in the most recent year and up to the publication date of the annual report: N/A.

II. Disclosure relating to corporate bonds: None

III. Disclosure relating to preferential shares: None

IV. Disclosure relating to depository receipts: None

V. Disclosure relating to employee stock options: None

VI. Disclosure relating to restricted stock awards (RSA): None

VII. Disclosure relating to new shares issued for the acquisition or transfer of other company's shares: None

VIII. Implementation of fund utilization

(I) Description of plan:

Any incomplete previous issuance or private placement, or any offering completed within three recent years but without effect seen: None

(II) Implementation: N/A

5. Overview of Operation

I. Business contents

(I) Business lines

1. Business contents

(1) The Company is engaged in the principal business specified below:

- A. CC01060 Wired Communication Equipment and Apparatus Manufacturing
- B. CC01070 Telecommunication Equipment and Apparatus Manufacturing
- C. CC01080 Electronic Parts and Components Manufacturing
- D. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
- E. CC01110 Computers and Computing Peripheral Equipments Manufacturing
- F. E605010 Computing Equipments Installation Construction
- G. E701010 Telecommunications Construction
- H. E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction
- I. F113020 Wholesale of Household Appliance
- J. F113050 Wholesale of Computing and Business Machinery Equipment
- K. F113070 Wholesale of Telecom Instruments
- L. F118010 Wholesale of Computer Software
- M. F119010 Wholesale of Electronic Materials
- N. F213030 Retail sale of Computing and Business Machinery Equipment
- O. F213060 Retail Sale of Telecom Instruments
- P. F218010 Retail Sale of Computer Software
- Q. F219010 Retail Sale of Electronic Materials
- R. F401010 International Trade
- S. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- T. I301010 Software Design Services
- U. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(2) The Company is committed to the research, development, manufacture and sales of computer network and communications products. The main product lineup includes:

- A. LAN Ethernet Switches
- B. PoE (Power over Ethernet) devices
- C. Fiber-optic Network devices
- D. Industrial Ethernet Network devices
- E. Industrial Automation devices
- F. Wireless LAN Network devices
- G. IP Surveillance devices

- H. VoIP devices
- I. Network Security devices
- J. Network Management Systems
- K. Home Automation Systems and Network Peripherals

2. 2020 Sales Revenue Classified by Product Category

Unit: NTD thousands

Product Categories	Sales Revenue	Business Proportion (%)
LAN Ethernet Switch	120,228	9.80%
Fiber-optic Network	186,108	15.17%
Power over Ethernet	350,673	28.58%
Industrial Ethernet Network	467,215	38.07%
Wireless LAN Network	21,534	1.75%
VoIP	17,073	1.39%
IP Surveillance	5,118	0.42%
Broadband Communication	38,124	3.11%
Others	21,032	1.71%
Total	1,227,105	100.00%

3. Current products of the Company

(1) LAN Ethernet Switch:

Provides high-speed Ethernet Fast Ethernet, Gigabit Ethernet to 10G/40G/100G metro switches with different bandwidths. These switches range from Layer 2 managed, Layer 3 IPv4/IPv6 routing managed, stackable network ones to touch screen ones and Ethernet backbone ones which meet the requirements of network infrastructure and applications in diverse fields.

(2) PoE (Power over Ethernet) devices:

Commercial and industrial-grade network devices, which are mainly used for data transmission and power supply, include:

- A. IEEE 802.3at PoE+, 802.3bt PoE++ compliant Layer2, Layer2 Stackable, Layer3 managed switches, touch screen management switches, industrial-grade Ethernet switches, etc. The power supplied from one port ranges from 15W, 36W to up to 95W.
- B. IEEE 802.3at PoE+, 802.3bt PoE++ compliant managed PoE injectors, splitters, and extenders.
- C. Long Reach PoE or Power over Coaxial, Power over telephone line switches, extenders.

(3) Fiber-optic Network devices:

Fast Ethernet, Gigabit Ethernet, 10Gbps fiber-optic network converters which are available for management of the multi-slot Media Converter Chassis for fiber-optic converters.

- A. Standard, smart, managed fiber-optic converters with several bandwidths from 10/100Mbps to 1000Mbps and 10Gbps. The fiber-optic transmission distance is between 20 and 120 km.
- B. Standard, managed, 7 to 16-slot Media Converter Chassis.
- C. Various media conversion devices which convert fiber optic to analog video, Serial over Ethernet, VDSL2 to coaxial cable and other transfer or extension device.
- D. Multi-mode/single-mode fiber transceivers.
- E. PON (Passive Optic Network) devices, including the single-unit/multi-unit ONU and OLT.
- F. Fiber Routers, including the wireless routers, fiber routing switches, etc.

(4) Industrial Ethernet Network devices:

Applicable to the related network devices for different challenging environments with high and low temperatures and unstable power supply for the Industry 4.0, vehicle, railway, transportation, agriculture, fishery, mine, telecommunications fields. They are shock resistant, drop resistant, waterproof, and allow you to easily to transmit data and provide the backup mechanism which keep the network up and running. The industrial Ethernet network product lineup includes:

- A. Managed switches with G.8032 ERPS network redundant high-speed ring and IEEE1588 network time calibration, Modbus TCP switches, IP67 M12 waterproof, MIL-SPEC, EN50155 vehicle PoE switches, and PoE switches for renewable energies, such as solar/wind/hydropower.
- B. Ethernet switch with patented flat design, router, and tough-friendly user interface.
- C. Fiber Bypass Switch
- D. Media Converter
- E. Ethernet Extender, PoE over Coaxial
- F. Industrial and automotive wireless/4G LTE/GPS switches, routers and central monitoring platforms
- G. Industrial PSUs.

(5) Industrial Automation devices:

Suitable for connection devices with diverse protocols for Industry 4.0 and IoT. The product lineup includes:

- A. Serial Device Server.
- B. Modbus RTU Gateway.
- C. EtherCAT Slave I/O Module.

(6) Wireless LAN Network devices:

Compatible to 802.11a/b/g/n – high-speed 802.11ac/ax wireless transmission standard; 2.4 GHz, 5 GHz or dual-frequency/multi-frequency band communication;

production lines include:

- A. Wireless access devices: Various wireless access devices, routers (Wireless AP, AP Router), Bridge for outdoor use, 4G LTE wireless router for telecommunication.
- B. Wireless adapter: IEEE 802.11a/b/g/ac compliant wireless transmission standards.
- C. Wireless network accessories: 2.4GHz, 5GHz wireless network antenna, amplifiers, lightning arresters, etc.:
- D. Wireless network control platforms which enable centralized management of the wireless bands, encryption, connection settings and status of all wireless devices over the network to effectively the management costs and improve the security of the wireless network.

(7) IP Surveillance devices:

Various types of ONVIF H.264/H.265 cameras, NVR (Network Video Recorder), CMS (Central Management Software).

- A. CMOS IP cameras, including indoor/outdoor high-speed domes with the HD, Full HD, 4K to 5MP resolutions, IR, explosion-proof, zooming, 360° fisheye, and industrial specifications, and the video cameras with the AI smart recognition feature.
- B. AHD video cameras which support the 1080p HD resolution.
- C. NVR (Network Video Recorder), AI NVR, DVR (Digital Video Recorder), HDVR (Hybrid DVR) and Ethernet power supply switch NVR.
- D. Central management software, smart recognition, license plate recognition, phone monitoring APP.
- E. Accessories for c communication monitoring devices, such as joysticks, lightning arresters, brackets, etc.

(8) VoIP devices:

Various SIP-based VoIP devices help users reduce significant costs of voice communications.

- A. IP Phone: Mono/color high-quality IP phones, DECT wireless IP phones, ATA (Analog Telephone Adapter), Video Conference phones, multimedia phones, and multi-point conference IP phones.
- B. Door Phone: Indoor or outdoor single-dwelling, multi-dwelling video intercoms with the ONVIF feature and Mobile App which enables remote monitoring and door opening.
- C. Audio announcer: SIP Public Announcement adapters perform audio announcement, monitoring, interactive conversation, and remote device control via SIP.
- D. Voice Gateway: 2 to 32-port SIP voice gateway.
- E. SIP IP PBX: PBX with 30 to 500 extension lines which supports fax, PSTN, BRI/PRI, and GSM central office terminal serial port.
- F. Unified Office Gateway: Integrated office devices equipped with the Ethernet switch, wireless AP, firewall, network storage, IP PBX, FXO audio interface.

(9) Network Security devices:

Cascade advanced security devices, such as firewalls, VPN routers, Anti-Virus / Anti-Spam devices for information networks.

A. Corporate network security, packet monitoring, bandwidth control devices:

Provide enterprise security and protection functions such as anti-virus, packet monitoring, point-to-point software monitoring, and wireless AP control, in addition to multi-WAN port, firewall, VPN.

B. Enterprise routers and multi-routing devices: Multi-WAN port routers and router gateway with SSL VPN (Secured Service Layer / Virtual Private Network), IPSEC (IP Security) VPN, firewall, intrusion prevention features.

C. Home routers: WAN (Wide Area Network) one-port, 10/100Mbps, 10/100/1000Mbps routers, wireless routers, integrated voice routers, broadband routers.

(10) Network Management Systems:

Management platforms for centralized management of a large amount of network devices with a graphic interface which helps the IT staff improve the network management performance. Product lineup includes:

A. Software-based smart central network management platform which manages up to 10,000 nodes.

B. Hardware-based network management controller which is plug-n-play and supports management of up to 1,000 nodes.

C. Touchable network management controller which supports up to 1,000 nodes for factories and server rooms to manage network in real time.

D. APP managed by cloud-based mobile device, and APP monitored by Android/iOS platform device.

(11) Home Automation, Network Peripheral devices:

A. Home automation systems: Indoor touch home automation control platform and indoor/outdoor central control device for door access, TVs, air conditioners, motorized curtain blinds, room temperature sensing, air sensing, light control, situation control. They can also be controlled by a smartphone app.

B. Office/room automation: IP Power Management, room KVM switches, temperature and humidity sensing, etc.

C. PCI-E network adapter: Include 1G fiber, 10G fiber, 10G RJ45 network adapters with the PoE feature. They are high-speed network adapters which are pluggable into computer host to supply power to remote PoE Powered Devices.

D. Other peripherals: IP HDMI extenders, network storage devices.

4. Planned products:

- (1) In response to the high bandwidth transmission needs for mobile network of next generation, the Company researched and developed the high bandwidth Ethernet switching equipment, including the provided standard and Chassis plug-in card above 1T bps backboard bandwidths and single-port 40G/100Gbps high-order switch; expand the energy saving constant of telecommunications, large enterprise and cloud data

center through the flexible plug-in card design.

- (2) Develop 5G NR/4G LTE and WiFi 6-high speed wireless interface network equipment oriented to mobile network, including home router, vehicle/industrial router, information security router and IoT terminal networking equipment; establish cloud central/cloud management platform and provide the services such as data-based connection, transmission, equipment management and big data collection.
- (3) For various applications driven by industrial 4.0, such as smart factory, IIoT, AIIoT and IOV, develop relevant wired/wireless and OT/IT linked network equipment with Time-Sensitive network ability.

(II) Overview of industry

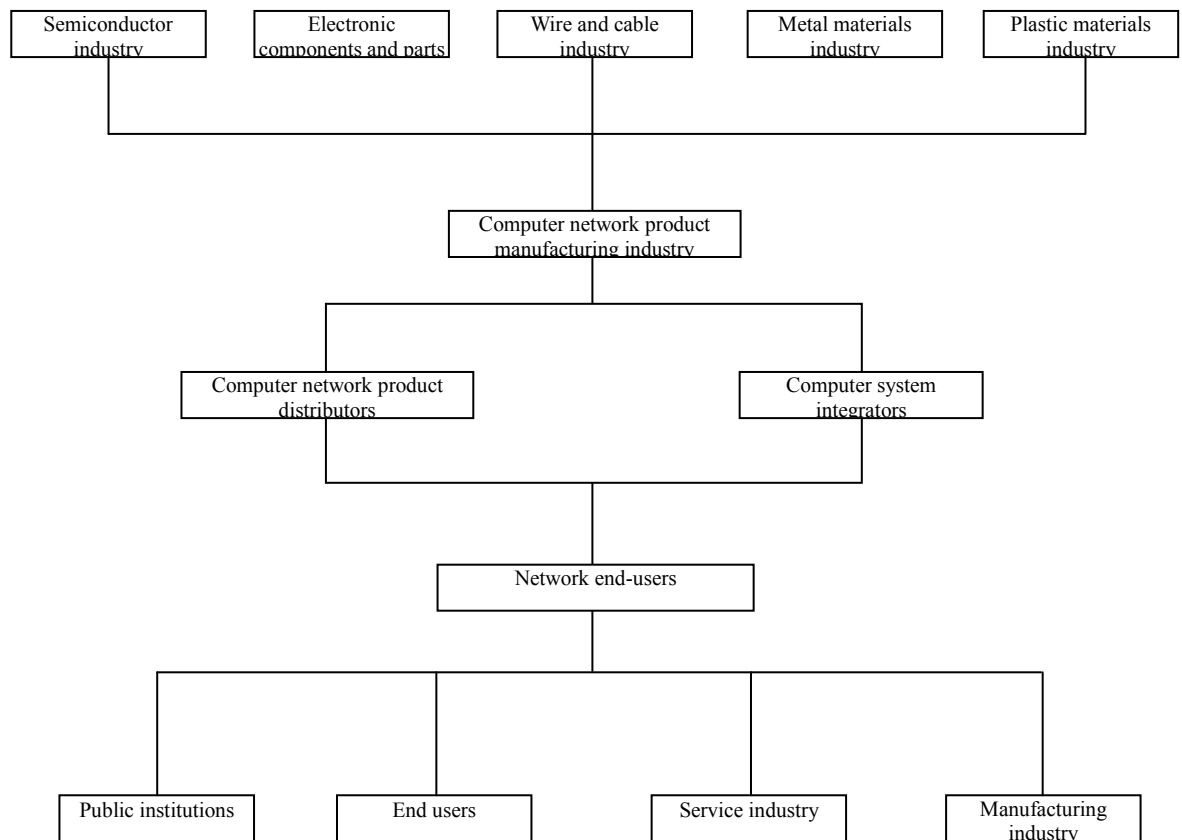
1. Overview and development of Taiwanese network communication industry

According to the IEK research of ITRI (Industrial Technology Research Institute), the overall production value of the Taiwanese communications equipment in 2020 was worse than that of 2019 due to the influence of global COVID-19 pandemic. But since benefited from the 5G drive, including upgrading of various network equipment and products (e.g. mobile phone, wireless network, GPS, Ethernet switch and terminal broadband network equipment), the estimated value of the Taiwanese communications equipment in 2021 will be NTD 868 billion, a 4% growth compared with that of last year. Meanwhile, with the continuous fermentation of remote business opportunities and the application and growth of emerging technologies (high-efficiency operation), market prospects of IoT, cloud operation and edge operation) are promising, which is expected to the needs for relevant equipment of network infrastructure.

2. Correlation between the up-stream, mid-stream and down-stream dealers in the industry

The company is engaged in the research, development, production and marketing of network communication devices. Our main products include switches, PoE, industrial Ethernet devices, fiber optic network conversion equipment, wireless network, IP Surveillance, IP telephony, broadband network communication, network information security, central network management platform, Home Automation systems, network peripherals, etc. The upstream of the industry is mainly composed of the semiconductor industry (chipset) and electronic components industry (PCBs, PSUs/adapters, etc.), wire and cable industry, metal materials industry, plastic materials industry, etc. Domestic manufacturers in related industries have developed rich production experience and technical capabilities over the years so that they have built a complete upstream supply system. The downstream of the industry is mainly computer / network system integrators and computer network product distributors. Its final utility is to achieve the purpose of information transfer and resource sharing through network communication. In line with the business philosophy of integrity, PLANET has established a good interactive relationship with upstream and downstream suppliers and customers for many years. We have reached a consensus in terms of quality requirements, price rationalization, and delivery deadlines. In the future, we will continue to closely work with each other through strategic alliances to strengthen market competitiveness.

Relevance between the upstream, middle stream, and downstream of the computer network industry



3. Development trends of each main product

(1) LAN Ethernet Switches /PoE devices

With the full realization of intelligent networking applications such as IoT, IIoT, IoV etc., enterprises around the world have the layout of business digital transformation, which will drive the relevant demand for cloud center construction and high bandwidth network exchange. The Ethernet power supply (PoE) switching equipment guarantees data and power supply through network cables, which, furthermore, improves the provisioning flexibility of networked equipment. PLANET has developed Layer 3 managed switches with many ports, including the 100G managed, fiber-optic managed, latest standard 802.3bt PoE ++ 95-watt PoE switch, Touch LCD smart managed switch, and long-distance Ethernet device to meet the needs for smart network applications, and the infrastructure provisioning of telecommunications providers, cloud service providers, big data centers, governments, enterprises, schools, communities, etc.

(2) Fiber-optic/broadband network

Today's optical fiber network transmission has become the mainstream of the community and enterprise network media. With the huge amount of data transmitted and up to 120km transmission distance, it can meet the requirements of the high-definition video and audio bandwidth transmission in this network generation. In

response to construction of FTTx infrastructures, PLANET has developed and launched a full range of fiber-optic converters, metro fiber-optic switches, GEAPON OLT central office devices and ONU terminal devices, PoE fiber-optic converters, etc. We also provide VDSL2 broadband devices to provide a more flexible solution for the he last-mile broadband construction for telecom terminals, communities and home users.

(3) Industrial network devices

With the maturity of Ethernet technology and the demand for intelligent production in factory automation, Ethernet has become one of the important communication technologies in the industrial field, and the equipment linked through industrial Ethernet technology has replaced the traditional industrial Fieldbus linked equipment. IIoT and automatic application are accelerated. The industrial network device is the main product lineup of PLANET Technology. It has launched multi-port rack-type backbone switches, Modbus TCP/IP network devices, DIN-rail switches, and renewable energy PoE managed switches, 95-watt PoE network devices, fiber optic managed devices, and other full-range industrial Ethernet solutions. It has also developed more product lines of industrial automation and mobile transportation network transmission to provide network applications in severe environments such as industrial networks, large public infrastructure and transportation, and enhance the Company's differentiated competitive advantage in products.

(4) Wireless LAN Network

The wireless transmission has been moving toward 5G mobile broadband technology, and more and more 802.11ax WiFi 6, LTE and other related wireless APs are being provisioned. It is an important channel for IoT and mobile network communications, and the market is expected to grow in the future. PLANET's full range of wireless AP central management PoE switches enable managers to remotely monitor, control and manage wireless network devices in real time. When used with our indoor and outdoor 2.4/5GHz dual-band wireless routers and APs using 802.11ax and 802.11ac technology, they facilitate the construction and management of large-scale wireless networks, and promotes telecommunications network, mobile commerce, home networking, and audio-visual multimedia wireless applications, making users enjoy digital life experience with ultra-high-speed wireless broadband connectivity.

(5) Network communication application devices

VoIP, IP surveillance and smart networking gradually spread from enterprise networks to consumer applications. To maintain the gross profit, PLANET mainly develops network appliances for enterprises. VoIP devices include the IP PBX, VoIP Gateway, high-definition IP phones, multimedia touch screen phones, LCD color screen video telephones, conference IP phones, etc. IP surveillance devices include a full range of 5MP, 4K, Full HD, fisheye 360-degree panorama, PTZ, speed dome cameras, network video recorders (NVR) and highly technically integrated central monitoring and management software, license plate recognition, intelligent identification software, etc. They are combined with cloud services and monitoring APPs, providing high value-added security monitoring solutions for operators, enterprises, and home users. In addition, we provide home automation system devices,

including home automation central control devices, IP door phone, Z-Wave wireless sensing devices, to help communities and home users enjoy a friendly and convenient smart home automation network.

(6) Network management system

With gradual popularization of intelligent network and 5G network, a great number of devices are interconnected, and how to manage all network devices efficiently is a great challenge for system managers. PLANET provides intelligent central management systems and equipment and renewable energy central management platforms (NMS system), which enable efficient centralized management of community, enterprise, factory, and public area network devices. Managers can use the graphical management interface to quickly know the status of all connected devices over the network and improve network management performance.

4. Competition

In response to the demands for application of market IoT and remote communications, PLANET Technology gives play to the R&D energy of IP core technology and has launched innovative high-quality and high value-added innovative networking devices and intelligent central managed platform, which provide networking device solutions required by other network infrastructures, such as smart city, smart transportation, smart factory, smart home to create competitive differentiation. Through the extensive dealer network in more than 140 countries, professional international networking trade shows, and diverse digital marketing as well as promotion strategies, the company has enhanced the professional networking brand image and awareness of PLANET. In terms of brand strategies, response to market demand, cost control, product development and technology leadership strategies, we have established time-to-market plans to maintain the brand's competitive advantage.

(III) Overview of technology and R&D

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

Unit: NTD thousands

Item	2020	Q1 2021
R&D expenditures	71,093	19,260
Ratio of operating revenue	5.79%	6.18%

2. Technologies or products successfully developed in the most recent year and as of the publication date of annual report

(1) Industrial Ethernet equipment: Industrial 10G network equipment is launched, including single-port 10G media converter, dual-port 10G industrial-standard switch and compact industry-grade five-port 10G Layer 3 managed switch. In particular, managed switch exchange enjoys optical fiber and Ethernet power supply transmission ports, and when supporting IEEE 1588 network calibration, it is in favor of provisioning of 5G base station. To respond to the harsh and complicated working environment, the Company has developed EN50155/EN50121 rail and IP67 waterproof managed switch, flat POE power supply switch and M12 military-standard splice switch with bypass function.

- (2) Ethernet power supply equipment: In the flat switch series (WGS series), LCD colored touch control and single-port 90W managed switch – WGS series is launched, which provides light and handy data power linker with powerful function. In addition, VPN router (VRT series) for Ethernet power supply is launched, so as to provide high-speed and safe linkage mechanism for IoT application; the POE power supply networking equipment and encrypted packet transmission guarantee the information security.
 - (3) Wireless network product: Upon the marketing of Wave 2 wireless AP and router, the high-order wireless AP and router with 802.11ax WiFi6 are provided, which provides the wireless high-speed transmission efficiency for 1.8Gbps take-off. Together with the wireless ap controller switch or PLANET's central network management platform, it provides complete and safe solution for wireless network of public buildings (e.g. enterprise and government) and large place (e.g. shopping mall).
 - (4) Network management product lineup: Renewable energy central management platform (NMS series) product is launched. System administrator could manage the renewable energy PoE switch on a centralized basis and monitor solar energy or renewable energy power generation of remote network, power consumption of terminal network equipment and data transmission in real time. Besides, the touchable screen network management equipment is continuously expanded, including touchable central management controller, renewable energy power management platform, design of friendly use interface and network management efficiency improvement.
- (IV) Long-term and short-term business development plans
1. Short-term development plans
 - (1) Brand marketing and market development strategies
Respond to market change demand flexibly, strategically adjust channel operation and create brand efficiency with digital brand marketing and differentiated products.
 - (2) R&D and production
Expand the layout in intelligent networking infrastructure and equipment development of 5G network, including the equipment with cloud connection ability, 10 Gbps network switch and extension equipment and WiFi 6 wireless AP. In terms of production, insist on quality and control production and inventory costs, so as to provide customers with high-quality and high-added value product solution and keep product competitive advantages.
 - (3) Business management
Implement corporate governance and CSR, maintain steady financial operation, realize enterprise value optimization and customer satisfaction and achieve the Company's profit objectives.
 2. Long-term development plans
 - (1) Brand marketing and market development strategy
Master market demand, strategically expand global brand channel, keep improving brand value and consolidate the leading status among global network communications brands.
 - (2) R&D and production

Master the application requirements such as IoT, IIoT, IoV, Cloud Service, Data Center and AI, expand revenue niche with differentiated products, accumulate IP technology patent assets and improve quality and cost control efficiency.

(3) Business management

With the corporate philosophies of integrity, quality, innovation and efficiency, keep pursuing quality supreme and customer satisfaction, improve ESG practice performance continuously and create sustainable business value.

II. Overview of market and production & marketing

(I) Market analysis

1. Sales Revenue Classified by Regions

Unit: NTD thousands

Regions	2019		2020	
Europe	622,760	46.20%	551,663	44.96%
America	319,355	23.69%	287,727	23.45%
Asia	264,424	19.61%	234,491	19.11%
Others	141,493	10.50%	153,224	12.48%
Total	1,348,032	100.00%	1,227,105	100.00%

2. Market share of main products

PLANET Technology focuses on the design and R&D of networking devices, keep a close watch on market changes and customer needs, and provides a comprehensive range of network infrastructure, communication and transmission devices and solutions for connections between the digital networks of businesses, government/public agencies, telecom networks, home automation networks, and strict industrial environment, including transportation, factory automation, public network connection, etc. Its full range of complete IP digital network devices can meet the requirements at different levels. Its products are widely used and well recognized in various global markets. A number of PoE and industrial network devices have been repeatedly nominated for use in the European and American markets and government projects, which successfully increases market share. In addition, through the extensive global dealer network, we actively participate in the representative networking technology trade shows in the world, and supplemented with digital brand promotion, strengthen the professional networking brand image and visibility, and expand PLANET's global brand market.

3. Future supply & demand and growth of market

(1) LAN Ethernet Switches /PoE devices

In response to the needs of cloud services, data centers, metropolitan networks and various smart networking infrastructure, the Ethernet switch market has grown steadily. In addition to high-bandwidth and secure management functions, the PoE switch demand has grown gradually. The US's research institute Grand View Research analyzes and estimates that the

global PoE market will grow at USD 3.77 billion in 2025.

PLANET Technology has launched the 100G managed, Layer 3 IPv4/IPv6 routing switch, Layer 3 managed stackable, industrial managed, multi-port fiber-optic managed switches, lead the industry to introduce touch LCD smart PoE managed switches, and continue to develop high-wattage PoE switches with hot-swappable power supplies (CRPS) to improve network management efficiency and meet the requirements of telecommunications services, cloud networks, data centers, or the applications of high-performance network transmission and processing in large enterprise networks.

(2) Fiber-optic/broadband network

According to the market research report published by P&S Intelligence, optical networking and communication market is expected to reach USD 32.8 billion by 2030. The growth in the market can be mainly attributed to high network bandwidth requirements, various intelligent networking and M2M application. In addition to the existing fiber-optic broadband network devices, such as multi-port fiber network managed switches, fiber network conversion devices, GEAPON fiber devices, PoE fiber converter, PLANET continues to develop VDSL2, coaxial cables, and PoE fiber switches to meet the need of conversion between different transmission interfaces.

(3) Industrial network devices

Industry 4.0 and Industrial Internet of Things are applied gradually extensively, which improves various industrial fields, including the production and automatic control for transportation, energy, aviation and national defense and driving the growth of the industrial network market. According to research published by Global Market Insights, the global industrial Ethernet market scale exceeded USD 35 billion in 2019, and that number is expected to grow at a compound annual growth rate of 15% from 2020 to 2026. PLANET Technology is actively developing industrial networking devices, and will continue to expand high-end industrial Layer 3 managed devices, renewable energy PoE network management switches and PoE device, etc., and develop the industrial network devices with the 40G high-frequency bandwidth and with "Industrial Network Protocol." It will also continue to develop network devices that utilize traditional operational technology (OT), strengthens product competitiveness, and meets the requirements of network infrastructure applications of smart factories, smart transportation, smart health care, smart campuses, outdoor remote areas, etc.

(4) Wireless LAN Network

The wireless broadband transmission technology has been upgraded to the standard of 802.11ax WiFi 6, and improvement of action Internet convenience and the remote communications demand stimulated by the COVID 19 pandemic situation promote the growth of application markets of public local area network and home wireless network. As estimated by investigation report of the international research institution Research and Markets, scale of global wireless network equipment will reach USD 141.1 billion by 2025. PLANET has launched the dual frequency ultra-high speed wireless accessor supporting 802.11ax and 802.11ac, which meets various environment setup wireless networks and provides friendly wireless network management; it also launches wireless AP central

controller, provides complete solution for operators, middle and small-sized enterprises, SOHO/ household and even urban wireless network provisioning, so as to provide the management efficiency of wireless network.

(5) Network communication application devices

In response to future smart network audio and video communication needs of the business, industry, transportation, transportation, home, etc., in addition to providing a strong network infrastructure product lineup, PLANET Technology continues to develop network voice devices for diverse applications, such as enterprises VoIP devices, IP-based audio announcement devices, multi-dwelling indoor and outdoor video intercoms, etc. PLANET Technology has launched high-end network cameras with license plate recognition and intelligent recognition capabilities, will develop relevant software and hardware platform devices able to link with cloud service demand through home automation networks and establish a digital, automated, and secure digital environment.

(6) Central network management system

In response to the trend of cloud-based network management, in addition to providing a strong network infrastructure product lineup, PLANET provides the devices with cloud connectivity and networking advantages for a secure connection between the people, machines, and cloud through cloud platforms such as Amazon AWS and Microsoft AZURE. We have developed cloud switches, PoE, and routers with cloud connectivity and developed cloud managed Apps to provide a subscription-based network management platform for network administrators and device holders, to develop new network management mechanisms and create new source of profit.

4. Competition niches

Since its establishment in 1993, the company has focused on the research and development of IP-based technology, developing a full range of high-quality, high value-added networking products and comprehensive solutions, which successfully helps bring its own brand PLANET to the international market. Furthermore, in the trend of smart networking applications, the company quickly responded to market demands, launched niche-based network communication infrastructure solutions, and enhanced PLANET's competitiveness in the international professional networking market. In 2020, PLANET, by formulating the brand-new enterprise slogan “Shaping Future Networking”, highlighted the core spirits of PLANET brand lies in the continuous innovation of digital network transmission technology and equipment and lineage with future wisdom and friendly and sustainable new ere of science and technology. The PLANET brand dealership network has been in more than 140 countries in the world. In the future, it will continue to integrate the global marketing channel platform, maximize the team's synergy, grow with channel partners, and consolidate the world-class professional networking brand status.

5. Advantages and disadvantages for future development, and the countermeasures

(1) Advantages:

A. Sharp growth of remote communications improves product differentiation completeness.

With rapid market changes of the era of science and technology and increasingly growth of intelligent network and remote communications, PLANET focuses on the R&D and innovation of network communications infrastructure, develops the innovative and differentiated full range of network communications equipment conforming to environmental protection requirement, improves remote communications efficiency, keeps product differentiation competitiveness and improves the Company's oval operation steadily.

B. Digital promotion of the brand for improved international brand benefits

Intensify digital brand marketing and promotion strategy, promote the real-time interaction with market and customer, create comprehensive efficiency for brand and product promotion in multiple ways, strengthen local brand promotion through distributor channel resources of global more than 140 countries and improve brand professionalism and competitiveness.

C. Improve ESG practical performance and create enterprise's sustainable competitive value.

The CSR philosophies are rooted in the Company's corporate culture. While pursuing better business performance and fulfilling social responsibilities, we improved ESG practical performance. We have won the Excellence in Corporate Social Responsibility of Common Wealth Magazine for 14 consecutive years. We also won the award "Excellent Mittelst and Enterprise Building Friendly Workplace" by Ministry of Economic Affairs, and "Asia Responsible Enterprise Awards," sponsored by CSRone. These demonstrate PLANET Technology is an example of CSR companies, has operated stably for a long term, cared for social growth, and created the sustainable operation values.

(2) Unfavorable Factors and Countermeasures

Unfavorable Factors:

The COVID-19 pandemic affects global economic development. Part of countries implement border control from time to time due to the pandemic situation, affecting materials supply or goods transportation. The overall economy is expected to face challenges still in 2021.

Corresponding countermeasures:

- A. Keep a close watch on COVID-19 pandemic, take measures to protect the health of employees, care about the operating status of customers and suppliers, jointly reduce the impact of the pandemic or minimize the impact to maintain the continuous operation of the Company.
- B. Intensify technical advantages, improve the remote management and cloud management capabilities of PLANET's networking devices to provide stable and safe transmission for the network infrastructure of remote working, telemedicine, and remote video in the market, and strengthen the added value of the product.
- C. Monitor the availability of materials and improve the ratio of alternative material sources to ensure normal manufacturing and supply of products.

(II) Important purpose and manufacturing processes of main products

1. Important purpose of main products:

- (1) LAN Ethernet Switches:** active LAN components include Ethernet switches, network adaptwrs, etc. Network switches provide Fast Ethernet (Gigabit), Gigabit Ethernet (Gigabit), and 10G Ethernet (10 Gigabit) transmission rates, and are now moving towards faster transmission rates such as 40Gbps and 100Gbps. The switch with management functions can help the installer or administrator to effectively control the network resources and perform debugging, while the serial network terminals can be connected to the central server or have cloud computing capabilities. A network adapter is a basic hardware component that connects a personal computer to the network. With the driver, it can operate under different network operating systems. It can be used with wired connection devices, such as network switches to achieve the function of information sharing.
- (2) Fiber-optic converter/fiber-optic network system devices:** The fiber-optic converter is a medium used for UTP (un-shielded twisted pair) conversion into fiber-optic lines. Through the conversion of electronic and optical media, the digital connection distance of the network can be extended to 2 kilometers, 20 kilometers, or even up to 120 kilometers while the bandwidth is increased. There will be no need to rebuild the fiber network due to device upgrades (such as 1Gbps to 10Gbps). With the increasing popularity of fiber-to-the-home (FTTH) and fiber-to-the-enterprise (FTTC) applications, fiber optic networks are characterized by energy saving, interference resistance, and high scalability, and have become the mainstream of today's backbone network transmission.
- (3) Power Over Ethernet (PoE) devices:** Wired network devices which are located 100 meters away are powered through the Ethernet, while still providing data connection, without the need to find an additional power outlet or install sockets at an additional cost during network setup. The network devices can be directly installed, which gives convenience to networking device system integrators. The power supplied by PLANET's latest PoE devices has been increased to 95 watts to meet the power requirements of various powered data devices and even high-power terminal devices. In addition, power supplies can be centrally managed more, PLANET PoE product lineup is complete and power management function has market uniqueness; effective control is implemented oriented to power equipment, to achieve the benefits of energy saving and carbon reduction.
- (4) Industrial Ethernet devices and industrial automation devices:** With the promotion of IPv6, fiber-optic networks, public transportation, Industry 4.0, and the Industrial Internet of Thing (IIoT), the demand for networks used in harsh environments in the future is relatively increasing. The biggest difference between industrial network devices and general network devices is that its required operating state and operating environment are more severe than those of general commercial devices; for example, they can still be used in a complex power source, an environment with a temperature of minus 40 degrees C or a high temperature of 75 degrees C. They comply with the

requirements of interference resistance, anti-vibration, anti-shock, anti-drop and so on in harsh environments.

- (5) **Wireless network devices:** In places where it is not easy to perform wiring or where the user's location is not fixed and there is a need for network connection, wireless products are an ideal solution for the user. With the popularity of 4G / LTE, 5G NR and mobile devices, such as smart phones / tablets with wireless capabilities, there are increasing needs for wireless network bandwidth and safety connection level. Nowadays wireless transmission bandwidth has been upgraded to WiFi 6, and the 10Gbps transmission rate can be realized.
- (6) **IP Surveillance devices:** The IP-based network cameras allows companies to use existing Ethernet or wireless networks for security monitoring purposes, thereby reducing the overall cost of building security monitoring for companies. At the same time, they provide megapixel-grade high-definition images suitable for monitoring applications in various industries. The mainstream image quality has been upgraded from HD to Full HD, and is developing towards 4K UHD. With the development of compression technology H.265, this also drives the market demand for high-resolution surveillance such as 8K, and integrates AI in response to the needs of big data to provide data analysis, e.g. the application fields such as face recognition, behavior, environmental changes and automatic drive are gradually expanded.
- (7) **VoIP devices:** Voice over IP allows companies or individuals with Internet connectivity to convert analog voice into digital packets without any additional cost, and perform video communications all over the world via digital network. They have the advantages of high-quality audio and video communications and cost-efficiency.
- (8) **Network Security devices:** Information security devices enable companies to connect to the Internet via IP routing or multi-routing, and through a virtual channel (VPN) function, the information transmitted on the network is encrypted and sent to ensure that the data will not be stolen to maintain corporate information security. The advanced security devices have the resource management and IPv4 / IPv6 routing / channel transmission capabilities. Features include scanning spam messages, blocking advertising messages, establishing secure channels, firewalls, bandwidth control and assignment, packet content monitoring and capturing, etc., which effectively controls confidential corporate information and avoids losses.
- (9) **Broadband networking devices and passive fiber-optic networks:** Broadband communication allows users to connect to the Internet at home, office, or anywhere where this network exists through the existing telephone line or ADSL, VDSL network. The bandwidth has been upgraded towards 1000 Mbps. The passive fiber-optic network provides another option for the last mile. Through optical splitters, high-speed digital networks can be deployed at large scale in the community.
- (10) **Home automation system/network peripherals:** Home automation network devices allow home users to easily control access control, electrical appliances, voice

communication, etc. at home by using connected devices or mobile phones. With cloud servers, APP, network connection and management are more convenient. The digital IP KVM (Keyboard, VGA and Mouse) can control a large number of equipment in the remote computer room, and can manage computer room servers without installing any software on the server. IP power management has the ability to manage room power remotely. The room manager can remotely obtain power consumption and ambient information, auto/manually switch on/off power, and adjust as well control the room temperature and humidity.

(11) Network management system: In response to multi-location or large-scale construction of future networks, PLANET has developed the central network management system for network administrators to quickly know the status of all installed devices over the network and manage them.

2. Production processes of the primary products

Except for some products which are outsourced, the Company develop, researched, and design the rest of its products on its own. It also strictly monitor and control the production processes of all products from production, burn-in of machines, assembly inspection, stocking at each stage to ensure product quality.

(III) Supply of main raw materials

The Company has a good relationship with the outsourced factories and raw material suppliers. The raw materials used are not special materials and are easily accessible in the market. The availability of raw materials is normal.

(IV) Suppliers/Customers Accounted for at Least 10% of Purchase/Sales and Respective Amount and Percentage in the most recent 2 years, and describe reasons for changes

1. Name list of the customer to whom the Company has supplied 10 percent or more of the Company's sales in one of the recent two (2) years

Unit: NTD thousands

Item	2019				2020				As of Q1, 2021			
	Name	Amount	Annual net purchase ratio [%]	Relationship with the issuer	Name	Amount	Annual net purchase ratio [%]	Relationship with the issuer	Name	Amount	Net procurement ratio as of previous Q1 of the current year [%]	Relationship with the issuer
1	Company B	71,717	10.52%	N/A	Company B	69,500	11.50%	N/A	Company B	24,497	14.08%	N/A
2	Company D	68,626	10.07%		Others	534,956	88.50%		Others	149,479	85.92%	
3	Others	541,357	79.41%									
	Net procurement	681,700	100.00%		Net procurement	604,456	100.00%		Net procurement	173,976	100.00%	

Note: Consolidated financial statements developed in accordance with the International Accounting Standards

Reasons for change: The feedstock of Company D accounted for 8.83% in 2020, and the feedstock accounted for 9.26% in Q1 of 2021.

The data was not more than 10%, so the difference is not significant compared with the 10.07% in 2019.

2. Name list of the customer to whom the Company has supplied 10 percent or more of the Company's sales in one of the recent two (2) years.

Unit: NTD thousands

Item	2019				2020				As of Q1, 2021			
	Name	Amount	Annual net sales ratio [%]	Relationship with the issuer	Name	Amount	Annual net sales ratio [%]	Relationship with the issuer	Name	Amount	Net sales ratio as of previous Q1 of the current year [%]	Relationship with the issuer
1	N/A	-	-	N/A	N/A	-	-	N/A	N/A	-	-	N/A
2	Others	1,348,032	100.00%		Others	1,227,105	100.00%		Others	311,430	100.00%	
	Net sales	1,348,032	100.00%		Net sales	1,227,105	100.00%		Net sales	311,430	100.00%	

Note: Consolidated financial statements developed in accordance with the International Accounting Standards

Reasons for change: None

(V) Production value over the last two (2) years

Unit: pcs (port); NTD thousands

Main products	Year Production value	2019			2020		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Switch		—	1,116,941	107,048	—	843,184	75,210
Fiber-optic Network		—	341,381	109,206	—	345,491	100,672
Power over Ethernet		—	1,225,008	254,660	—	1,156,105	222,340
Industrial Ethernet Network		—	798,956	243,447	—	832,717	251,268
Wireless LAN Network		—	20,209	8,075	—	31,335	14,801
Voice		—	20,609	13,296	—	22,935	13,206
Monitoring		—	8,355	3,350	—	8,293	4,183
Broadband Network		—	46,525	25,859	—	33,517	21,730
Others		—	46,904	14,733	—	20,614	9,195
Total		—	3,624,888	779,674	—	3,294,191	712,605

(VI) Sales value over the last two years

Unit: pcs (port); NTD thousands

Main products	2019		2020					
	Domestic market		Export		Domestic market		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
LAN Ethernet Switch	13,264	2,898	1,129,183	167,258	16,580	3,241	846,331	116,987
Fiber-optic Network	8,247	4,606	338,543	189,587	11,652	6,705	344,141	179,403
Power over Ethernet	33,441	13,394	1,235,067	402,289	35,886	11,941	1,127,771	338,732
Industrial Ethernet Network	40,924	25,305	733,871	425,233	41,996	22,728	797,175	444,487
Wireless LAN Network	1,949	1,839	22,586	15,744	1,911	1,138	28,421	20,396
VoIP	1,905	1,119	19,981	18,735	2,937	1,651	17,681	15,422
IP Surveillance	294	355	5,038	5,372	723	592	6,240	4,526
Broadband Communication	3,105	4,291	44,399	41,108	2,412	2,567	33,596	35,557
Others	7,136	2,653	62,605	26,246	23,793	1,802	52,920	19,230
Total	110,265	56,460	3,591,273	1,291,572	137,890	52,365	3,254,276	1,174,740

III. Information about the employees in the recent two years and as of the printing date of the annual report

Unit: shareholders; %

Year		2019	2020	2021 As of Apr. 30th
Number of employees	Manager or above	24	23	24
	R&D units	33	36	39
	Sales marketing units	21	20	21
	Production management units	52	55	53
	Administration management units	17	19	15
	Total	147	153	152
Average age		39.50	41.02	41.24
Average years of service		7.94	8.47	8.49
Qualification	Doctoral degree	0.7%	0.7%	0.7%
	Master's degree	15.6%	16.3%	17.8%
	University/college	72.1%	70.6%	69.7%
	High school	11.6%	12.4%	11.8%
	High school (or below)	-	-	-

IV. Environmental protection expenditure information

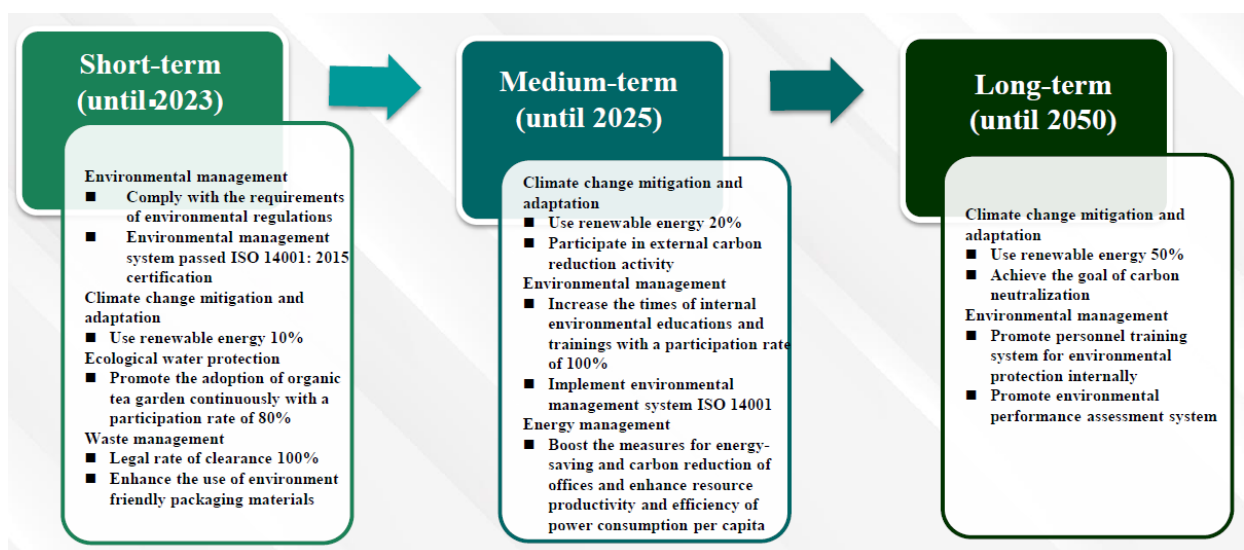
Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company never has any losses caused by environmental pollution before. After evaluation, it still has no risks of losses in the future. The following describes the environmental protection actions for product development and business management respectively:

1. "Product development" — The Company has developed the "principles for green product development" for complete development of green products:
 - (1) Products comply with international laws and regulations: RoHS of EU, REACH, and EuP directives.
 - (2) Design and development of energy saving products:
 - A. Featuring EOC chips

- B. All products apply the switching power gradually, conforming to the “Energy Star” regulations of the California Energy Commission Appliance Efficiency Regulations.
- C. Switch products have been upgraded to Green Switches (Power Saving Switches) gradually.
- D. PoE switches feature smart PoE power management.
- E. The outer packages and inner cushioning materials are environmentally friendly.
- (3) The new outsourced factories shall be certified by ISO 14001 Environmental Management System.
- (4) The lead-free process is applied on all product lines.

2. “Operation management” - PLANET has integrated the concept of environmental protection into its corporate policies, and environmental sustainable development into its management system. It has also set short, medium and long term sustainable goals with a view to coping with the environmental issues that change continuously, such as energy and climate change, improving resource efficiency and curbing pollutant emissions, etc., in order to realize the goal of Road to Zero. In accordance with requirements of ISO14001, the Company has established and documented the environmental management system, process and their mutual influences. All employees have implemented the files and kept improving their effectiveness. Since 2001, we have passed ISO14001 environmental management system certification for 10 consecutive years. In 2020, the Company finished 216 environmental operations for environmental risk evaluation for its activities, products, and operations. In addition, the Company also supervised its regulation compliance and environmental practices through 56 environmental regulations, and has improved the workplace environment through internal environment. Besides, the Company set up PLANET “Environmental Policy” and committed to exercise the influence of its value chain and build a friendly business model. By following the goal of building a low-carbon and sustainable PLANET, the Company has paid special attentions to issues, such as “climate change”, “ecological water resources”, “energy saving and carbon emission reduction”, “plastic consumption reduction in life”, etc.



- (1) Climate change:
 - A. PLANET continues to conduct annual greenhouse examination and energy management by referring to the requirements of ISO 50001.
 - B. It launched the Cooperative Plan of Environment Friendly Power, and aims to transform and supply 10% renewable energy in 2021.
 - C. It promoted CRS education and training for all employees attending to enhance their environmental awareness.
- (2) Ecological water resources and environmental protection:
 - A. In 2020, there were 110 employees participating in the Adoption Activity of Pinglin Organic Tea Garden. The adoption rate of employees was 72%. And the protected area of the garden was 55 hectares.
 - B. It has cooperated with environmental protection companies to start the “Taiwan Yufutian Good Air Plan”, which is estimated to invest 100,000 NTD.
- (3) Energy conservation and carbon emission reduction:
 - A. Carbon reduction activity means recycling by cooperating with platform that provides materials with a total investment of NTD 80,000.
 - B. In 2018, the Company started “Private Cloud Project”, which achieved the goal of energy conservation by server virtualization. As of 2020, the server virtualization had reached 81%. During the period from 2018 to 2020, the total quantity of energy saved reached 55,188 Kw/h.
 - C. It promoted vegetarian activity internally, which was responded by 935 persons in 2020. In 2020 the carbon dioxide’s emission reduction was expected to reach 710 kg.
- (4) Plastic consumption reduction in life:
 - A. Since 2020, the Company has used bubble packs with environment friendly materials to replace the traditional filling materials.
 - B. The Company distributed environment friendly silicon cup to staff for replacing disposable paper cups.
 - C. The third-party with Class A waste disposal was entrusted with the disposal of business waste generated in the process of operation management. The business waste treatment is conducted and calculated annually. The quantity of wastes recycled increased from 3.54t in 2018 to the 5.44t in 2020.

3. From the technology R&D, design, manufacturing, transportation and recycling for re-use, each stage strictly complies with the environment regulations



V. Employee relations

1. Fringe benefits, further education, trainings, pension funds and their implementations, agreements between the employees and the management, as well as various employee rights protection measures are as follows:

(1) Fringe benefits and pension funds: to promote employee physical and mental health, and productivity, our comprehensive care measures are as follows:

Items	Measures
[Be Happy] Protecting employees physical and mental environment	Courses for mental health, counseling, stress management workshops, diagnosis, consultation, follow-up counseling are offered.
[Be Cultured] Humanistic quality	A staff welfare committee is set up to hold various art societies and activities .
[Be Athletic] Exercises	A staff welfare committee is set up to set up various sports clubs and activities such as fitness club, badminton club and rock climbing club.
[Be Healthy] Health management	Regularly employee health checkups, health seminars, and quarterly consultations are held by PLANET contracted family doctors and doctors of traditional chinese medicine; and monthly on-site health care services are provided by specially appointed nurses. Physiotherapists consultation may be added this year.
[Be Long-Lived!] Lifestyles of Health and Sustainability (LOHAS)	Various LOHAS health activities, such as courses for well-being, office aerobics, organic farm experience, regular sharing of LOHAS articles on the Company's intranet etc. Set up [Stress Relief and Health] area: <ul style="list-style-type: none"> ■ Charitable Massage services: professional visually-impaired massage therapists are on-site and offer their services; employees not only enjoy pain relief, but also provide financial assistance to therapists. ■ Health monitoring "station": provides blood pressure monitors, body fat analyzers, ear (forehead) thermometers, etc., the station also helps employees to keep and track their health records. ■ Fun exercises: professional fitness instructors are invited to the Company to offer dance-along sessions, so that employees can stretch and release stress.

In addition to the standard benefits such as National Labor & Health insurance, education and training, year-end bonus, group insurance, health checkups, 3 festival bonuses (for Dragon-boat festival, Mid-autumn festival and Chinese new year), birthday bonus and subsidies for weddings and funerals; employee dividends, organized staff trips, club and society subsidies, leisure and recreational activities, art exhibitions, etc are also provided.

Based on the new government policy, 6% of superannuation contributions will be made to the designated bank accounts governed by the Ministry of Labor; 2% of superannuation contributions will be made to the Bank of Taiwan for employees hired prior to Jul. 2005. An actuary was hired at an opportune time to submit an actuarial report on estimation of the accrued pension liabilities. As of Mar. 2021, NTD\$12,284,000 has been allocated, and should be sufficient to cover the pensions of retiring staff. Additionally, employees are free to communicate their rights and concerns with the management through any forms of channels; here we enjoy well-maintained employee relations.

(2) Staff further education and trainings

A. Offering trainings to employees is a responsible investment to the Company. We endeavor to develop the potentials of our employees, so they can be even greater assets to the Company. Courses and on-the-job trainings are held every year to enhance the professional skills and management knowledge of our employees. The employee trainings are outlined as follows:

Training categories	Training objectives	Training courses
Core competency-based trainings	Developing staff solidarity, and building the core culture of the enterprise	Teamwork, strength of execution, and innovative courses
Managerial competency-based training	Building supervisor's management skills	Team leadership, performance management, risk management
Professional competency-based trainings	Professional knowledge and skill-based trainings	R & D project management, sales skills
General knowledge trainings	Improving self-management skills on top of professional knowledge	Communication skills, archives management

B. To meet the Company's development objectives and build up employees' knowledge and skills, all employee trainings and courses are scheduled in accordance with the annual plan formulated by the "Education and Training Implementation Standards". In addition to inviting scholars and experts from professional institutes and our own lecturers, since 2011, the brand new e-learning method became available and is still popular since its inception; it diversified learning channels and resource sharing for our employees. °

a. 2020 Education and training courses are as follows:

Specialized Courses		General Courses	
1	Measures on the Management of Inventory Counting	1	Staff Pre-employment Training Program
2	Measures on the Test of Inventory Quality	2	Staff Induction by Department
3	Measures on the Management of Equipment & Instrument Calibration	3	Inductions for New Employees & Basic Product Training
4	Measures on Periodic Test System Inspection	4	Safety and Hygiene Training Program
5	Measures on the Management of Electrostatic Discharge (ESD)	5	Management of Decrees and Other Regulations
6	Internal Training for Auditors in ISO 9001: 2015 Quality Management System	6	Waste Management

Specialized Courses		General Courses	
7	Internal Training for Auditors in ISO 14001: 2015 Quality Management System	7	Emergency Prevention and Preparedness Workshop
8	6S Management and Storage Space Planning	8	Sexual Harassment and Human Rights Protection Training
9	802.3bt's Operation Experience Sharing	9	New Product Knowledge Training
10	CASE Painting - Case Painting Training	10	Health Forum/Chinese Medicine for Health - How to Relieve Stress in Life
11	Management of CRM Customer Relationship	11	Health Forum/How to Get Rid of Sarcopenia
12	Circuit Planning and Layout Design of EMI and Safety	12	Health Talk/[Health360] Relieving Pressure on Shoulder and Neck
13	Basic Courses of ESD Electrostatic Protection	13	Low-carbon-emission and Environmental Education & Training - "Use 'Simplifying Life' to reduce Carbon Emission and Protect the Earth"
14	How to Develop and Verify New Customers?	14	CSR Education and Training - "Company Social Responsibility" Course
15	How to Use Exist Marketing Resources to Get More Business Properly?	15	Annual Cultural Management and Education Training
16	How to Verify and Filter the Questions from Customer for Internal Discussion	16	Communication and Expression
17	IERSs Discussion- IFRS10 Consolidated Financial Report & Statement of Financial Report IAS1	17	Essential Skills for Presentation
18	Common Questions and Explanations of IFRS15 and IFRS9		
19	MQTT's Operation Experience Sharing		
20	NMS-360V		
21	NMS-500/NMS-1000V		
22	Open WRT's Operation Experience Sharing		
23	Analysis of PCB Abnormality		
24	PCB Production Process and Control; Education & Training of Impedance Trial Computation		
25	Analysis of RMA Special Anomaly		
26	UML Unified Modeling Language		
27	WMS Operational Process for Import and Introduction to the Using Skills of PDA		
28	Artificial Intelligence: Opportunities for		

Specialized Courses		General Courses	
	Industries in Taiwan		
29	Operation Activity of Dishonesty Behavior Risk and Case Analysis		
30	Relevant Laws and Precautions for Equity Changes of Internal Person		
31	Practice Discussion and Analysis on The Internal Auditors' Obedience of Laws on Information Safety and Personal Privacy		
32	Company Products/ Competing Goods Education Training		
33	How to Use "Robot Process Automation" (RPA) to Improve Internal Control Efficiency		
34	Safeguard the Deep Blue-Design Principle of Clean Ocean		
35	Damage Training and Teaching (Reading Materials)		
36	Resumption of Import and Export Across the Taiwan Strait		
37	Newly-appointed Directors and Supervisors (Including Independent Ones) & Corporate Governance Director 12hr Practice Workshop		
38	Assist the Company to Improve Its Self-Compiling Ability for Financial Reports		
39	Activity Design and Management		
40	Instruction on Material and Parts Code		
41	Bolt Gauge Introduction		
42	Commercial Photographing Courses		
43	Application and Practice Course of Questionnaire Design and Analysis		
44	Enforcement and Interpersonal Interaction		
45	Major Program of Labor Inspection		
46	Continuing Learning Courses for Accounting Directors of Issuer's Securities Stock Exchanges		
47	Electronic Circuit Design		
48	Introduction to Power Safety		

Specialized Courses		General Courses	
	Regulation-(62368 Safety Regulation Introduction)		
49	Real Practice of Auditing Operation and Discussion on Moral Ethics		
50	Introduction to the Lithium Battery Transport Regulations		
51	Procurement and Payment Request of General Services		
52	Safety and Health On-The-Job Education and Training Class for Business Director in Vocational Safety and Health		
53	Response-type Website Design Real-Practice Experience Sharing		

b. 2020 Online e-Learning Platform

The annual total e-Learning time taken by staff was 331.9 hours. Course classifications and average hours spent:

- I. School of finance: 30 sessions in total, course hours: 57.0
- II. School of general knowledge: 19 sessions in total, course hours: 46.5
- III. School of information technology: 35 sessions in total, course hours: 119.5
- IV. School of marketing & logistics: 12 sessions in total, course hours: 42.5
- V. School of human resource: 12 sessions in total, course hours: 66.4

To facilitate information and knowledge sharing, the syllabus and key highlights are uploaded on the Company's internal sharing platform; other professional on-the-job training and department specific skill-based courses are conducted by managers through periodic coaching and training sessions, to ensure professional skills and task related techniques are communicated. In 2020, total staff training time was 3,148.2 hours.

(3) Employee behavior and code of conduct: details are set out in the following table.

Item No.	Protection measures	Implementation/policies	Note
1		Work rules	Rules are stipulated according to the Labor Standards Law and its affiliated regulations, and are approved and recorded by the Ministry of Labor.
2		<ul style="list-style-type: none"> • Sexual harassment prevention and disciplinary measures • Measures for gender 	In order to safeguard gender equality and dignity at work, based on the New Taipei City Self-Government Ordinance for Sexual Harassment Prevention, "Sexual Harassment

Item No.	Protection measures	Implementation/policies	Note
			<p>techniques, writings, or business classified data during one's employment, whether or not the staff has obtained patents, exclusive trademarks, copyrights, or any other rights, the Company remains the sole owner of all related rights and benefits.</p> <p>h. Within a supervisor's reasonable job scope, when tasks are assigned, employees must follow the instructions.</p> <p>i. Due to business requirements, employees are required to comply with requests such as working extra hours, working in different locations or capacities or go on business trips.</p> <p>j. Honesty and good behaviors are highly regarded. Illegal conducts such as gambling, binge drinking, drug abuse and other criminal offenses are not tolerated.</p> <p>4. To comply with new government policies immediately, our leave regulations have been partially amended.</p>
4		Staff manual	<p>1. During inductions, all new employees will be given a copy for their perusal.</p> <p>2. Human resource management policies, staff code of conduct, and measures to the implementation of rewards and disciplinary actions were announced.</p>
5		Corporate virtues and code of ethics	To ensure our employees comply with virtues and code of ethics, through internal campaigns, each department sets out and implement its own code of ethics. The Company implemented this policy to ensure all employees share our business social responsibilities.
6	II. Honesty and code of integrity	<p>Honesty and code of Integrity are the cores of our business</p> <p>Integrity business operating procedures and behavioral guidelines</p>	The code of integrity assisted the Company to establish an honest corporate culture and a resounding development; it also serves as a great example for future establishment of good business operations.
7		Office rules	<p>Set out office confidentiality principles:</p> <p>1. Revealing business classified data during conversations is strictly prohibited.</p> <p>2. Handle, store and destroy confidential</p>

Item No.	Protection measures	Implementation/policies	Note
	III. Code of conduct for confidentiality		documents with extreme care.
8		Labor contract	<ol style="list-style-type: none"> To protect the Company's business classified data, the labor contract specifies the confidentiality agreement on relevant business and the ownership of intellectual properties. Classified information such as marketing, client details, sales, and pricing of the Company's products, should be kept confidential; and employees are not permitted to sell products to compete against the Company, be it for personal or competitor's business.
		Trade Secret Act and measures	<ol style="list-style-type: none"> To enhance the management of trade secrets, based on our Human resource management policies, measures are set out in our labor contracts and work rules, to avoid leakage of our trade secrets and company loss. These measures are devised in accordance with the relevant laws and regulations based on intellectual property rights management, such as the Patent Law, Trademark Law, Copyright Law, and Trade Secret Act.
9	IV. Information security regulations	Information system security management and measures	We have establish information system security management regulations to avoid the leakage of confidential and sensitive information and company losses.
10		Consent to use legal software	In respect of intellectual property rights, our employees shall not use illegal and unauthorized software.
11		MIS introductions and rules for our new employees	Information security code of conduct is stipulated and should be adhered to.

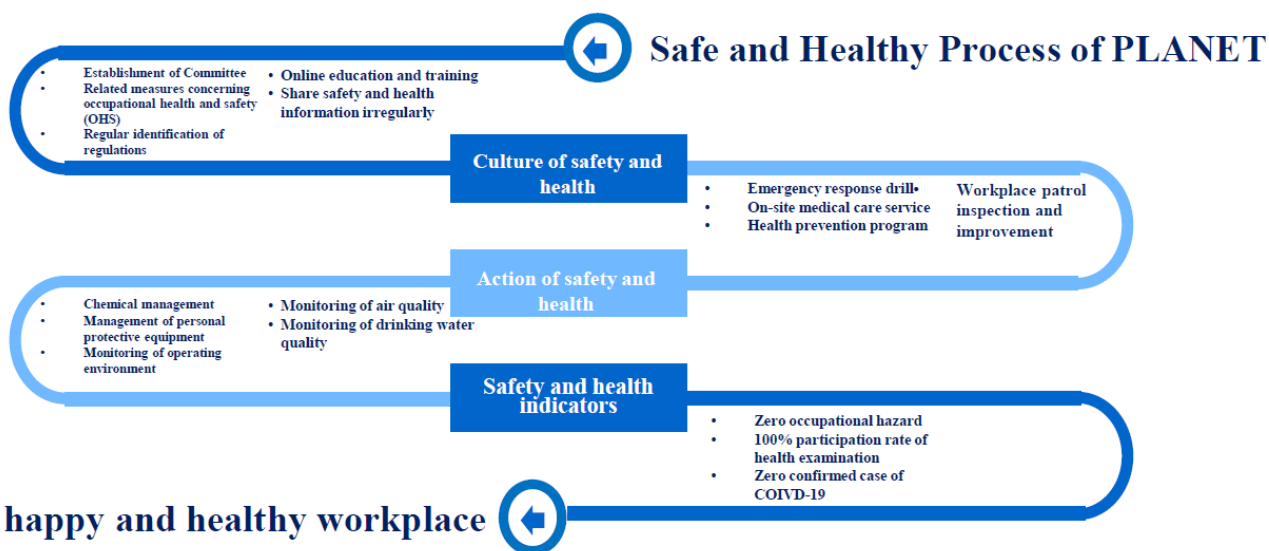
(4) Measures on providing a safe and hygienic environment and employee personal safety protection:

PLANT Technology takes the lead in professional network communication. Since its establishment, the Company has deeply known that employees and suppliers are the most important assets in the corporate sustainable development. Besides conforming to relevant laws and regulations concerning occupational safety and health, the Company shall improve its safety

and health continuously, so as to avoid unsafe behaviors, environment and devices and prevent occupational damage, thus bearing the responsibility of safeguarding employees' safety.

Our protection measures for employees are as follows:

- A. Establish a safety and health organization: The Company holds meetings of Vocational Safety and Health Committee on a quarterly basis and management and auditing meetings annually.
- B. Calculation of annual vocational damages: Through various safety and health management plan, the Company has realized zero vocational damage for consecutive 5 years (from 2016 to 2020). The combined damage index is 0 in 2020.
- C. Organize safety and health education training and practice: In 2020, 2 “ fire prevention practice” were made with 304 employees participated. And online courses and tests were added so as to make employees to command escaping skills.
- D. Propel risk evaluation and safety auditing: 10 measures related to vocational safety and health were added. 43 laws and regulations were regularly examined and identified. 5S and safety equipment were regularly checked.
- E. Complete the improvement of the action plan: The Company has 14 improved action plans, of which, 7 plans are for equipment, 5 for working process and 2 for environment.
- F. Implement the management of chemicals: The Company has made the hazard communication plan. Implementation personnel shall examine the sites before operation, and regular checks shall be conducted to the equipment. Chemicals shall be stored in designated places and personal protection devices shall be provided. There is no near miss happened in 2020.
- G. Implement monitoring of operational environment: The Company implemented indoor laboratory air quality monitoring every six months, and the results reached 100% excellent. It also implemented density monitoring of CO₂ and chemicals in operational environment, and the results reached 100% qualified. For every season, the quality of drinking water will be examined and regular cleaning and disinfection will be conducted.
- H. Found emergency response team: Response to major disasters and coordinate administrative supports, so as to improve disaster prevention and rescue efficacy, reduce the accident loss and ensure the normal operation of the working site and the employees' safety.
- I. Organize annual health check: The Company is superior to laws and regulations by providing free health check to employees every year.
- J. Provide sound personal protection equipment: The Company is equipped with local exhaust ventilation system and provides personal protection devices, so as to prevent the damages caused by metal smokes generated in the R&D and maintenance process to human bodies.
- K. Propel clinical medical health service: The Company recruited doctors of Occupational Medicine, Tzu Chi Hospital to provide services for 3 hours per season. It has also cooperated with Health Management and Consultation Company by appointing professional nurses that provide services for 8 hours per month.
- L. Propel consultation and seminars: In 2019, the consultation of TCM was introduced. And in 2020, 4 consultation meetings were organized with 49 people participated in the health seminar. 3 sessions were held in 2020 in total. And the health themes are: Health care of TCM - How to relieve life stress, get rid of sarcopenia and relieve your shoulder and neck. 105 participated in it as recorded



2. From recent years and up to the publishing date of the current annual report, we hereby disclose the Company losses suffered due to labor disputes (Including but not limited to, the violation of the Labor Standards Law when labor force audit was conducted, the date of the disciplinary action, the case number of the disciplinary action, the regulations violated, details of the violation, and details of the disciplinary action should all be listed), current and estimated future losses and countermeasures: the Company enjoys balanced employee relations, and has never suffered any losses due to labor disputes. °

VI. Important contract

Nature of contract	Principals	Duration	Contents	Restrictive clause
Lease contract	Triun Ho Binding Co., Ltd.	Sep.16, 2020-Sep.15, 2023	Property leased- 9F, 10F, No.96	N/A
Lease contract	Konglin Constructions & Manufacturing Co., Ltd.	Oct. 1, 2020-Sep.30, 2023	Property lease- B1F, No.98	N/A
Lease contract	Tai Hsing Printing & Bookbinding Co., Ltd.	Sep.16, 2020-Sep.15, 2023	Property leased- B1F, No.96	N/A
Lease contract	Kuo Yee Binding Company Ltd.	Sep.16, 2020-Sep.15, 2023	Property leased- 8F, No.96	N/A
Lease contract	Kuo Yee Binding Company Ltd.	Sep.16, 2020-Sep.15, 2023	Property leased- 7F, No.96	N/A
Lease contract	Tai Hsing Printing & Bookbinding Co., Ltd.	May 16, 2020-Sep.15, 2023	Property leased- 2F, No.96	N/A

6. Overview of Finance Positions

I. Condensed financial information in the most recent five years

(i). Condensed balance sheet and comprehensive income statement

1. Consolidated Condensed Balance Sheet – Based on IFRS

U

Unit: NTD thousands

Item		Financial Summary for The Last Five Years						
		Year	2016	2017	2018	2019	2020	As of 31/03/2021 of the Current Fiscal Year
Current assets			1,464,969	1,510,526	1,564,886	1,595,398	1,587,772	1,668,338
Property, Plant and Equipment			11,193	10,968	8,923	7,562	7,598	7,253
Intangible assets			2,009	2,033	2,241	2,378	3,226	3,281
Other assets			14,757	10,638	11,749	46,538	61,860	57,293
Total assets			1,492,928	1,534,165	1,587,799	1,651,876	1,660,456	1,736,165
Current liabilities	Before distribution		280,004	258,296	280,010	282,595	289,221	305,856
	After distribution		523,758	527,050	548,764	563,849	Undistributed	Undistributed
No-current liabilities			6,432	7,181	6,597	24,207	37,345	32,602
Total liabilities	Before distribution		286,436	265,477	286,607	306,802	326,566	338,458
	After distribution		530,190	534,231	555,361	588,056	Undistributed	Undistributed
Equity attributable to shareholders of the parent			1,206,492	1,268,688	1,301,192	1,345,074	1,333,890	1,397,707
Capital stock			625,010	625,010	625,010	625,010	625,010	625,010
Capital surplus			11,022	11,202	11,202	11,202	11,202	11,202
Retained earnings	Before distribution		570,460	632,476	664,980	708,862	697,678	761,495
	After distribution		326,706	363,722	396,226	427,608	Undistributed	Undistributed
Other equity interest			-	-	-	-	-	-
Treasury stock			-	-	-	-	-	-
Non-controlling interests			-	-	-	-	-	-
Total equity	Before distribution		1,206,492	1,268,688	1,301,192	1,345,074	1,333,890	1,397,707
	After distribution		962,738	999,934	1,032,438	1,063,820	Undistributed	Undistributed

Note 1: All financial data has audited and reviewed by Ting Hung-Hsun, Chou Ying-Lai, Lai Yung-Chi and Wu Hsin-Liang of Baker Tilly Clock & Co., and has issued an audit report related to the financial statements.

Note 2: The number after distribution was based on the distribution passed at the following year's Shareholders' meeting .

2. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NTD thousands

Year Item	Financial Summary for The Last Five Years					
	2016	2017	2018	2019	2020	As of 31/03/2021 of the Current Fiscal Year
Operating revenue	1,279,531	1,361,090	1,367,538	1,348,032	1,227,105	311,430
Gross profit	499,634	522,648	533,278	550,090	493,477	124,349
Income from operations	314,835	346,587	349,707	364,840	322,079	78,146
Non-operating income	7,980	10,619	17,283	16,488	6,258	183
Income before tax	322,815	357,206	366,990	381,328	328,337	78,329
Income from Continued Operations	274,055	306,386	301,040	312,852	270,319	63,817
Loss from Discontinued Operations	-	-	-	-	-	-
Net income (Loss)	274,055	306,386	301,040	312,852	270,319	63,817
Other comprehensive income (income after tax)	(428)	(616)	218	(208)	(249)	-
Total comprehensive income	273,627	305,770	301,258	312,644	270,070	63,817
Net income attributable to Shareholders of the parent	274,055	306,386	301,040	312,852	270,319	63,817
Net income attributable to non-controlling interest	-	-	-	-	-	-
Total comprehensive income attributable to Shareholders of the parent	273,627	305,770	301,258	312,644	270,070	63,817
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	4.38	4.90	4.82	5.01	4.33	1.02

Note 1: All financial data has audited and reviewed by Ting Hung-Hsun, Chou Ying-Lai, Lai Yung-Chi and Wu Hsin-Liang of Baker Tilly Clock & Co., and has issued an audit report relating to the financial statements.

Note 2: The number after distribution was based on the distribution passed at the following year's Shareholders' meeting.

3. Parent Company Only Condensed Balance Sheet – Based on IFRS

Unit: NTD thousands

Project		Financial Summary for The Last Five Years				
		2016	2017	2018	2019	2020
Current assets		1,460,149	1,507,136	1,561,669	1,592,306	1,584,727
Property, Plant and Equipment		11,184	10,968	8,923	7,562	7,598
Intangible assets		2,009	2,033	2,241	2,378	3,226
All other assets		17,971	13,852	14,963	49,752	64,905
Total assets		1,491,313	1,533,989	1,587,796	1,651,998	1,660,456
Current liabilities	Before distribution	278,389	258,120	280,007	282,717	289,221
	After distribution	522,143	526,874	548,761	563,971	Undistributed
Non-current liabilities		6,432	7,181	6,597	24,207	37,345
Total liabilities	Before distribution	284,821	265,301	286,604	306,924	326,566
	After distribution	528,575	534,055	555,358	588,178	Undistributed
Equity attributable to shareholders of the parent		1,206,492	1,268,688	1,301,192	1,345,074	1,333,890
Capital stock		625,010	625,010	625,010	625,010	625,010
Capital surplus		11,022	11,202	11,202	11,202	11,202
Retained earnings	Before distribution	570,460	632,476	664,980	708,862	697,678
	After distribution	326,706	363,722	396,226	427,608	Unassigned
Other equity assets		-	-	-	-	-
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	1,206,492	1,268,688	1,301,192	1,345,074	1,333,890
	After distribution	962,738	999,934	1,032,438	1,063,820	Unassigned

Note 1: All financial data has audited and reviewed by Ting Hung-Hsun, Chou Ying-Lai, Lai Yung-Chi and Wu Hsin-Liang of Baker Tilly Clock & Co., and has issued an audit report relating to the financial statements.

Note 2: The number after distribution was based on the distribution passed at the following year's Shareholders' meeting.

4. Parent Company Only Condensed Statement of Comprehensive Income– Based on IFRS

Unit: NTD thousands

Item \ Year	Financial Summary for The Last Five Years				
	2016	2017	2018	2019	2020
Operating revenue	1,279,530	1,361,087	1,367,538	1,348,032	1,227,105
Gross profit	499,548	522,395	533,372	550,090	493,477
Income from operations	314,783	346,393	349,858	364,880	322,115
Non-operating income	8,032	10,813	17,132	16,448	6,222
Income before tax	322,815	357,206	366,990	381,328	328,337
Income from Continued Operations	274,055	306,386	301,040	312,852	270,319
Loss from Discontinued Operations	-	-	-	-	-
Net income (Loss)	274,055	306,386	301,040	312,852	270,319
Other comprehensive income (income after tax)	(428)	(616)	218	(208)	(249)
Total comprehensive income	273,627	305,770	301,258	312,644	270,070
Net income attributable to Shareholders of the parent	-	-	-	-	-
Net income attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to Shareholders of the parent	-	-	-	-	-
Total comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	4.38	4.90	4.82	5.01	4.33

Note 1: All financial data has audited and reviewed by Ting Hung-Hsun, Chou Ying-Lai, Lai Yung-Chi and Wu Hsin-Liang of Baker Tilly Clock & Co., and has issued an audit report relating to the financial statements.

Note 2: The number after distribution was based on the distribution passed at the following year's Shareholders' meeting.

(II) Auditors' opinions in the most recent five years

Year	CPA	Check opinions
2016	Ting, Hung-Hsun; Lai, Yung-Chi	An Unmodified Opinion
2017	Ting, Hung-Hsun; Chou, Ying-Lai	An Unmodified Opinion
2018	Ting, Hung-Hsun; Chou, Ying-Lai	An Unmodified Opinion
2019	Lai, Yung-Chi; Wu, Hsin-Liang	An Unmodified Opinion
2020	Lai, Yung-Chi; Wu, Hsin-Liang	An Unmodified Opinion

II. Condensed financial Analysis of Recent Five Years

(i) Financial analysis:

1. Combination of financial analysis of recent five years-adopting IAS

Items for Analysis		Financial data of recent five years					As of 31/03/2021 of the Current Fiscal Year (Note)
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debt-asset ratio	19.19	17.30	18.05	18.57	19.67	19.49
	Ratio of long-term capital to property, plant and equipment	10,836.45	11,632.65	14,656.38	18,107.39	18,047.32	19,720.24
Solvency (%)	Current ratio	523.20	584.80	558.87	564.55	548.98	545.47
	Quick ratio	441.62	495.89	470.51	482.45	480.18	476.14
	Interest coverage ratio	-	-	-	580.53	593.67	413.26
Operating Ability	Receivables turnover rate (times)	19.51	18.03	14.97	15.02	14.45	14.49
	Average collection days for receivables	18.71	20.24	24.38	24.30	25.25	25.18
	Inventory turnover rate (times)	3.63	3.76	3.59	3.41	3.50	3.75
	Payables turnover rate (times)	5.28	5.22	5.53	5.26	5.38	6.08
	Average days for sale	100.55	97.07	101.67	107.03	104.28	97.33
	Property, plant and equipment turnover rate (times)	93.83	122.84	137.50	163.55	161.89	167.76
	Total asset turnover rate (times)	0.89	0.90	0.88	0.83	0.74	0.73
Profitability	Return on assets (%)	19.01	20.24	19.29	19.35	16.35	15.07
	Return on equity (%)	23.06	24.76	23.43	23.64	20.18	18.69
	Ratio of income before tax to paid-in capital (%)	51.65	57.15	58.72	61.01	52.53	50.13
	Profit margin before tax (%)	21.42	22.51	22.01	23.21	22.03	20.49
	Earnings per share (NTD)	4.38	4.90	4.82	5.01	4.33	1.02
Cash Flow	Cash flow ratio (%)	114.10	103.29	102.93	124.12	108.77	26.05
	Cash flow adequacy ratio (%)	120.58	111.87	109.06	114.56	113.61	116.84
	Cash flow reinvestment ratio (%)	6.67	1.78	1.46	5.90	2.39	5.47
Leveraging	Operating leverage	1.51	1.48	1.49	1.48	1.51	1.57
	Financial leverage	1.00	1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%):

1. Decrease in cash reinvestment ratio: the net cash flow was decreased in this operating activity, so the cash reinvestment ratio declined compared with 2019.

Note: The financial data has been annualized

2. Parent Company Only Financial Analysis for the Most Recent Five Years- with the adoption of the IFRS

Fiscal Year		Financial Analysis for the Most Recent Five Years				
		2016	2017	2018	2019	2020
Items for Analysis						
Financial Structure (%)	Debt-asset ratio	19.10	17.29	18.05	18.58	19.67
	Ratio of long-term capital to property, plant and equipment	10,845.17	11,632.65	14,656.38	18,107.39	18,047.32
Debt-paying capacity %	Current ratio	524.50	583.89	557.72	563.22	547.93
	Quick ratio	442.89	494.94	469.37	481.15	479.13
	Interest coverage ratio	-	-	-	580.53	593.67
Operational ability	Receivables turnover rate (times)	19.51	18.03	14.97	15.02	14.45
	Average collection days for receivables	18.71	20.24	24.38	24.30	25.25
	Inventory turnover rate (times)	3.68	3.77	3.59	3.41	3.50
	Payables turnover rate (times)	5.35	5.25	5.53	5.26	5.38
	Average days for sale	99.18	96.82	101.67	107.03	104.28
	Property, plant and equipment turnover rate (times)	93.99	122.89	137.50	163.55	161.89
	Total asset turnover rate (times)	0.89	0.90	0.88	0.83	0.74
Profitability	Return on assets (%)	19.03	20.25	19.29	19.35	16.35
	Return on equity (%)	23.06	24.76	23.43	23.64	20.18
	Ratio of income before tax to paid-in capital (%)	51.65	57.15	58.72	61.01	52.53
	Profit margin before tax (%)	21.42	22.51	22.01	23.21	22.03
	Earnings per share (NTD)	4.38	4.90	4.82	5.01	4.33
Cash Flow	Cash flow ratio (%)	113.93	103.47	103.00	124.14	108.79
	Cash flow adequacy ratio (%)	120.46	111.51	108.77	114.06	113.16
	Cash flow reinvestment ratio (%)	6.48	1.81	1.48	5.91	2.39
Leveraging	Operating leverage	1.51	1.48	1.49	1.48	1.51
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%):

1. Decrease in cash reinvestment ratio: the net cash flow was decreased in this operating activity, so the cash reinvestment ratio declined compared with 2019.

Calculation formulas:

1. Financial Structure

- (1) Debt-asset ratio = total liabilities / total assets
- (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment

2. Solvency

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities
- (3) Interest coverage ratio = income before income tax and interest expenses / current interest

3. Operating ability

- (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
- (2) Average collection days for receivables = 365 / receivables turn over rate
- (3) Inventory turnover rate = cost of sales / average inventory
- (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
- (5) Average days of sale = 365 / inventory turnover rate
- (6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment
- (7) Total asset turnover rate = net sales / average total assets

4. Profitability

- (1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets
- (2) Return on equity = net income / average total equity
- (3) Ratio of income before tax to paid-in capital = income before tax / paid-in capital
- (4) Profit margin before tax = net income / net sales
- (5) Earnings per share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / current liabilities
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
- (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital)

6. Leveraging

- (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income
- (2) Financial leverage = operating income / (operating income / interest expenses)

III. Audit committee's report in the most recent year

Planet Technology Corporation Audit Committee's Report

The Board of Directors has prepared the Company's 2020 Consolidated Financial Statements and Parent Company Only Financial Statements. Lai, Yung-Chi and Wu, Hsin-Liang of Baker Tilly Clock & Co were retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements. The Financial Statements have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

To

2021 Annual Meeting of Shareholders of Planet Technology Corporation

Chairman of the Audit Committee :

March 11, 2021,

Planet Technology Corporation Audit Committee's Report

The Board of Directors has prepared the Company's 2020 Business Report and 2019 Surplus Distribution Table. The Company's 2020 Business Report and 2020 Surplus Distribution Table have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

To

2021 Annual Meeting of Shareholders of Planet Technology Corporation

Chairman of the Audit Committee :

April 29, 2021

IV. Financial statements in the most recent year

INDEPENDENT AUDITORS' REPORT

NO.10711090CEA

To the Board of Directors of Planet Technology Corporation and its subsidiaries,

Opinion

We have audited the accompanying consolidated financial statements of Planet Technology Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Group's financial statements are stated as follows:

Revenue recognition

Refer to Note 4(14) “for accounting policies on recognition of operating revenue” to the consolidated financial statements.

The sales revenue of the Group is mainly from exports, accounting for more than 96% of the total revenue. The Group recognizes performance obligations according to transaction conditions, and recognizes the sales revenue at the time the control of goods is transferred to the buyer. Therefore, the timing of revenue recognition has a significant impact on the financial statements, and the revenue is an important indicator reflecting the Group's operating conditions. As the recognition of export revenues involves contract review and complex operations, the certified public accountant considers that the cut-off time for the audit of export revenues of the Group is one of the most important items in this year's audit.

The certified public accountant's main responding procedures for the key audit matters above are as follows:

1. Confirm the appropriateness of the timing for revenue recognition and the integrity of relevant internal control of the Group by testing the control points of internal control for sales revenue.
2. Identify performance obligations according to customer contracts, and perform cut-off tests for sales revenue before and after the balance sheet date, including checking shipping documents and actual status of goods, checking the customs declaration system and confirming transaction conditions, so as to evaluate the correctness of revenue recognition timing.
3. In addition, carry out detailed tests and confirmation analysis procedures for the sales to key customers, in order to verify the recognition of revenue.

Valuation of Inventories

Refer to Note 4 (10) Inventory of the consolidated financial statements for details of the accounting policy concerning inventory evaluation, Note 5 (2) of the consolidated financial statements for uncertainties in the inventory valuation, and Note 9 amount of allowance for inventory valuation loss to the consolidated financial statements.

Inventory is measured by the lower of cost and net realizable value. When the net realizable value of inventory is lower than the cost, it is necessary to list the inventory price decline and the sluggish loss of goods. As the evaluation involves the management's major judgment, and the book value of inventory is significant to the overall financial statement, the evaluation of net realizable value of inventory is a key audit item.

The rationality of the certified public accountant's verification of the net realizable value of inventory is as follows:

1. Understand and evaluate the effectiveness of the design and implementation of the internal control system for inventory, including the correctness of inventory age.

2. Evaluate the rationality of the inventory policy and check whether it has been implemented in accordance with the established accounting policies of the Group and whether it has been adopted consistently in the years before and after.
3. Review the inventory age report, analyze the changes of inventory age in each period, and verify the appropriateness of the Group's inventory age distinction and statistics.
4. Verify the rationality of the basic assumptions and data used in calculating the net realizable value.
5. Evaluate the rationality of outdated or damaged inventory items as identified by the management as well as the relevant supporting documents, and check them against the information obtained from inventory counts.
6. Assess the appropriateness of the management's disclosure of inventory measurement.

Other Matter

We have also audited the parent company only financial statements of Planet Technology Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, (including members of the Audit Committee), are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly Clock & Co

Yung-Chi Lai , CPA

Hsin-Liang Wu ,CPA

March 11 , 2021

Notes to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	4,6	\$ 1,281,652	77	\$ 1,266,197	77
Financial assets at fair value through profit or loss-current	4,7	10,740	1	10,700	1
Notes receivable, net	4,5,8	46	—	—	—
Accounts receivable, net	4,5,8	90,301	6	79,493	5
Other receivables		6,008	—	6,963	—
Inventories	4,5,9	193,139	12	225,668	14
Prepayments		5,843	—	6,337	—
Other current assets		43	—	40	—
Total current assets		1,587,772	96	1,595,398	97
NONCURRENT ASSETS					
Property, plant and equipment	4,10	7,598	1	7,562	1
Right-of-use assets	4,11	49,531	3	32,989	2
Intangible assets	4,12	3,226	—	2,378	—
Deferred incomes tax assets	4,21	6,221	—	6,167	—
Prepayments for equipment		9	—	1,283	—
Refundable deposits		6,099	—	6,099	—
Total noncurrent assets		72,684	4	56,478	3
TOTAL		\$ 1,660,456	100	\$ 1,651,876	100

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31,2020		December 31,2019	
		Amount	%	Amount	%
CURRENT LIABILITIES					
Contract liabilities-current	17	\$ 21,984	1	\$ 21,691	1
Notes payable	13	45,888	3	58,900	4
Accounts payable	13	79,565	5	88,285	5
Other payables	14	57,540	4	59,504	4
Current tax liabilities	4	64,297	4	37,643	2
Lease liabilities-current	4,11	18,584	1	15,330	1
Other current liabilities		1,363	—	1,242	—
Total current liabilities		289,221	18	282,595	17
NONCURRENT LIABILITIES					
Deferred income tax liabilities	4,21	37	—	113	—
Lease liabilities-noncurrent	4,11	30,973	2	17,737	1
Net defined benefit liabilities	4,15	6,335	—	6,357	—
Total noncurrent liabilities		37,345	2	24,207	1
Total liabilities		326,566	20	306,802	18
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
Capital stock	16	625,010	38	625,010	38
Ordinary share		625,010	38	625,010	38
Capital surplus	16	11,202	1	11,202	1
Retained earnings	16	697,678	41	708,862	43
Legal reserve		375,325	22	344,061	21
Unappropriated earnings		322,353	19	364,801	22
Total equity attributable to shareholders of the parent		1,333,890	80	1,345,074	82
Total equity		1,333,890	80	1,345,074	82
TOTAL		\$ 1,660,456	100	\$ 1,651,876	100

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	NOTES	2020		2019	
		Amount	%	Amount	%
OPERATING REVENUES	4,17	\$ 1,227,105	100	\$ 1,348,032	100
OPERATING COSTS	9	(733,628)	(60)	(797,942)	(59)
GROSS PROFIT		493,477	40	550,090	41
OPERATING EXPENSES					
Selling and marketing expenses		(63,278)	(5)	(75,937)	(6)
General and administrative expenses		(37,027)	(3)	(37,402)	(3)
Research and development expenses		(71,093)	(6)	(71,911)	(5)
Total operating expenses		(171,398)	(14)	(185,250)	(14)
INCOME FROM OPERATIONS		322,079	26	364,840	27
NON-OPERATING INCOME AND EXPENSES					
Interest income	18	5,710	1	8,176	—
Other income	19	6,980	1	8,548	1
Other gains and losses	20	(5,878)	(1)	422	—
Finance costs		(554)	—	(658)	—
Total non-operating income and expenses		6,258	1	16,488	1
INCOME BEFORE INCOME TAX		328,337	27	381,328	28
INCOME TAX EXPENSE	4,21	(58,018)	(5)	(68,476)	(5)
NET INCOME		270,319	22	312,852	23
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	15	(311)	—	(260)	—
Income tax benefit related to items that will not be reclassified subsequently to profit or loss	21	62	—	52	—
Other comprehensive loss, net of income tax		(249)	—	(208)	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 270,070	22	\$ 312,644	23
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 270,319	22	\$ 312,852	23
Non-controlling interests		—	—	—	—
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 270,070	22	\$ 312,644	23
Non-controlling interests		—	—	—	—
EARNING PER SHARE(NT\$)					
Basic earnings per share	22	\$ 4.33		\$ 5.01	
Diluted earnings per share	22	\$ 4.30		\$ 4.97	

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Equity attributable to shareholders of the parent					Non-controlling interests	Total equity
	Capital Stock	Capital surplus	Retained earnings		Subtotal		
			Legal reserve	Unappropriated earnings			
BALANCE, JANUARY 1, 2019	\$ 625,010	\$ 11,202	\$ 313,957	\$ 351,023	\$ 1,301,192	\$ —	\$ 1,301,192
Effect of retrospective application IFRS16	—	—	—	(8)	(8)	—	(8)
ADJUSTED BALANCE , JANUARY 1, 2019	625,010	11,202	313,957	351,015	1,301,184	—	1,301,184
Appropriations of prior year's earnings							
Legal reserve	—	—	30,104	(30,104)	—	—	—
Cash dividends	—	—	—	(268,754)	(268,754)	—	(268,754)
Net income in 2019	—	—	—	312,852	312,852	—	312,852
Other comprehensive income in 2019, net of income tax	—	—	—	(208)	(208)	—	(208)
Total comprehensive income in 2019	—	—	—	312,644	312,644	—	312,644
BALANCE, JANUARY 1, 2020	625,010	11,202	344,061	364,801	1,345,074	—	1,345,074
Appropriations of prior year's earnings							
Legal reserve	—	—	31,264	(31,264)	—	—	—
Cash dividends	—	—	—	(281,254)	(281,254)	—	(281,254)
Net income in 2020	—	—	—	270,319	270,319	—	270,319
Other comprehensive income in 2020, net of income tax	—	—	—	(249)	(249)	—	(249)
Total comprehensive income in 2020	—	—	—	270,070	270,070	—	270,070
BALANCE, DECEMBER 31, 2020	\$ 625,010	\$ 11,202	\$ 375,325	\$ 322,353	\$ 1,333,890	\$ —	\$ 1,333,890

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED ON DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

Items	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 328,337	\$ 381,328
Adjustments for:		
Income and expense (loss) items		
Depreciation expense	23,061	22,626
Amortization expense	1,167	1,224
Net gain on financial assets at fair value through profit or loss	(40)	(55)
Interest income	(5,710)	(8,176)
Interest expense	554	658
Gain on disposal of property, plant and equipment	(230)	(1,119)
Changes in operating assets and liabilities		
Notes receivable	(46)	218
Accounts receivable	(10,808)	20,244
Other receivables	842	292
Inventories	32,529	15,433
Prepayments	494	(31)
Other current assets	(3)	7
Contract liabilities	293	(475)
Notes payable	(13,012)	6,167
Accounts payable	(8,720)	(14,918)
Other payables	(1,933)	1,284
Other current liabilities	121	64
Net defined benefit liabilities	(333)	(304)
Cash generated from operations	346,563	424,467
Interest paid	(554)	(658)
Income taxes paid	(31,432)	(73,043)
Net cash generated by operating activities	314,577	350,766
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(4,573)	(3,396)
Payments of Intangible Assets	(2,015)	(1,361)
Proceeds from disposal of property, plant and equipment	300	1,178
Decrease (Increase) in prepayments for equipment	1,274	(1,283)
Decrease (Increase) in Refundable Deposits	—	(1,020)
Interest received	5,823	8,174
Net cash generated by investing activities	809	2,292
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends	(281,254)	(268,754)
Repayment of the principal portion of lease liabilities	(18,677)	(17,686)
Net cash used in financing activities	(299,931)	(286,440)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,455	66,618
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,266,197	1,199,579
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 1,281,652	\$ 1,266,197

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in thousands of New Taiwan dollars, unless otherwise stated)

1. GENERAL

Planet Technology Corporation (collectively as “the Company”) was established in January 1993 in accordance with the Company Act and other relevant laws and regulations. The Company is mainly engaged in the business of import and export of computers and peripheral equipment, internet equipment and software, as well as research and development, manufacturing and trading. The Company's shares were publicly issued since July 2001 under the approval of the Securities and Futures Bureau of the Financial Supervisory Commission. Besides, the company’s shares were approved over-the-counter by the Securities and Futures Bureau of Financial Supervisory Commission on and June 13, 2003 and shares were listed as a general stock on the Taipei Exchange on September 17, 2003.

The consolidated financial statements were included Planet Technology Corporation and its subsidiaries (collectively as “the Group”).

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollars.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 11 , 2021.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Initial application of the amendments to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, there is no significant impact on the group’s financial status and operating results.

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

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by 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 believes that the adoption of the above IFRSs won’t have any material impact on its consolidated financial statements.

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

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards, and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022(Note 4)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022(Note 5)

Note 1 : Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2 : The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3 : The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4 : The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5 : The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

The Group is evaluating the impact of its initial adoption of the abovementioned standards and interpretations on its consolidated financial position and consolidated financial performance. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

The group consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “IFRSs”).

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss and defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(3) Basis of Consolidation

A. The basis for the consolidated financial statements

The consolidated financial statements incorporated the financial statements of Planet Technology Co.,Ltd. and its controlled entities (the subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

B. The subsidiaries in the consolidated financial statements:

Name of Investor	Name of Investee	Main Businesses and Products	Establishment and Operating Location
Planet Technology Corporation.	PLANET INTERNATIONAL INC.	International trade business	Samoa

Name of Investee	Percentage of Ownership	
	December 31,2020	December 31,2019
PLANET INTERNATIONAL INC.	100%	100%

The data of the subsidiaries included in the consolidated financial statements in the above table are prepared based on the financial statements audited by the certified public accountant during the same period.

C. Subsidiaries excluded from consolidated financial statement: None.

(4) Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- A. Assets held primarily for the purpose of trading.
- B. Assets expected to be realized within twelve months after the reporting period.
- C. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- A. Liabilities held primarily for the purpose of trading.
- B. Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue.
- C. The Group does not have an unconditional right to defer liabilities for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

(5) Foreign Currencies

The individual financial statements of each individual consolidated entity were expressed in the currency, which reflected its primary economic environment (functional currency). In the preparation of the consolidated financial statements, the operating results and financial positions of each consolidated entity are converted into the New Taiwan Dollar (the functional currency of the Company and the currency in which the consolidated statements are expressed).

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(6) Cash equivalents

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits with original maturities of one year or less and investments with three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(8) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

A. Measurement category

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (“FVTPL”) and financial assets at amortized cost.

(A) Financial assets at FVTPL

Financial assets at FVTPL includes the financial assets mandatorily classified as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 25.

(B) Financial assets at amortized cost

Financial assets that meet the following two conditions are subsequently measured at amortized cost:

- a. The financial asset is held within a business model whose objective is collecting contractual cash flows
- b. 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.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable, bond investment without active market and refundable deposits), are measured at amortized cost, which equals gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets.
- b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime Expected Credit Losses (“ECLs”) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

C. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

(9) Financial Liabilities

A. Financial liabilities

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period. Financial liabilities measured at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Related net profits or net losses are listed in "other profits and losses" of the consolidated statement of comprehensive income.

B. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized (including any non-cash assets transferred or liabilities assumed) in profit or loss.

C. Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported in the net amount in the consolidated 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.

(10) Inventories

Inventories consist of raw materials, finished goods and work-in-process. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made on an item-by-item basis, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs. Inventories are recorded at weighted-average cost on the balance sheet date.

(11) Property, Plant, and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant item is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The estimated useful lives of the assets are as follows:

machinery and equipment: 5 year; transportation equipment: 5 years; furniture and fixtures: 5 years; other facilities : 2 to 5 years.

(12) Intangible Assets

A Intangible assets are mainly the Group's patented expertise and are amortized on a straight-line basis over the legal period of 10 to 20 years.

B. Computer software is stated initially at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

C. After that the subsequent book value is measured by cost less accumulated amortization and accumulated impairment losses. The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(13) Impairment of Non-financial Assets (Impairment of Tangible and Intangible Assets)

At each balance sheet date, the Group review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined with no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(14) Revenue recognition

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

When applying IFRS 15, the Group shall recognize revenue by applying the following steps:

- A. Identify the contract with the customer.
- B. Identify the performance obligations in the contract.
- C. Determine the transaction price.
- D. Allocate the transaction price to the performance obligations in the contract.
- E. Recognize revenue when the entity satisfies its performance obligation.

Revenue from the sale of goods

The revenue from the sale of goods comes from the sale of communication equipment products. The Group recognizes the revenue when the products are delivered to the customers' specified locations or are shipped, besides, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for resale, and bears the obsolescence risk of the goods.

(15) Leasing

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption which are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Subsequent measurement is calculated as cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented separately in the consolidated only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payment, in-substance fixed payment, variable lease payments which depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, payments for the purchase or termination options that are reasonably certain to be exercised and less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in expected paid amount under the residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in an index or a rate used to those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. If the carrying amount has been reduced to zero, the remaining amount will recognize in profit and loss. Lease liabilities are presented separately in the consolidated balance sheets.

(16) Employee Benefits

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

B. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(17) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the parent company only statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Income tax on unaappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (A) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (B) the taxing of deferred tax assets and liabilities levied by the same taxing authority; or levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

- C. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group has considered the economic implications of COVID-19 on critical accounting estimates. Management will review continually the estimates and underlying assumptions. Revisions to accounting estimates are recognized in current the period if the revisions affect only that period. If the revisions affect both current and future periods, then revisions are recongized in two periods.

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

(1) Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about the risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on t he Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Please refer to Note 8 for the details of the key assumptions and inputs used. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(2) Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Group use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid industrial changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

The book value of the Group's inventory is detailed in Note 9.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 198	\$ 214
Cash in banks	1,281,454	1,265,983
Total	<u>\$ 1,281,652</u>	<u>\$ 1,266,197</u>

7. CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial assets mandatorily measured at fair value		
Non-derivative financial assets-Funds	<u>\$ 10,740</u>	<u>\$ 10,700</u>

8. NOTES AND ACCOUNTS RECEIVABLE- NET

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ 46</u>	<u>\$ —</u>
Accounts receivable	\$ 90,397	\$ 79,589
Loss allowance	<u>(96)</u>	<u>(96)</u>
Net	<u>\$ 90,301</u>	<u>\$ 79,493</u>

(1) In principle, the payment term granted to customers is due 30 days from the invoice date, and some customers have a monthly settlement for a period of 45 to 60 days.

In order to minimize credit risk, the management of the Group has delegated a person responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for all accounts receivable. The evaluation of the lifetime expected credit loss is made by considering past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions. GDP forecasts and the outlook of the industry are also considered.

(2) Aging analysis of notes and accounts receivable

	December 31, 2020	December 31, 2019
Neither past due nor impaired	\$ 90,291	\$ 78,511
Past due but not impaired		
Less than 30 days	56	982
31 to 180 days	—	—
over 181 days	—	—
Subtotal	56	982
Total	\$ 90,347	\$ 79,493

(3) Movements of the loss allowance for notes and accounts receivable were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 96	\$ 96
Provision	—	—
Amount written off	—	—
Balance at December 31	\$ 96	\$ 96

The Group's recognized impairment loss of the receivables is judged on a group basis, and there is no individual judgment on the impairment loss of any individual receivable.

9. INVENTORIES

	December 31, 2020	December 31, 2019
Raw materials	\$ 38,119	\$ 38,573
Work in process	48,711	63,418
Finished goods	106,309	123,677
Total	\$ 193,139	\$ 225,668

(1) The allowance for inventory devaluation (including idle products) was \$3,679 thousand as of December 31, 2020 and 2019.

(2) The cost of inventories recognized as cost of sales for the years ended December 31, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
The cost of goods sold	\$ 733,674	\$ 797,963
Gain on physical inventory	(46)	(21)
Total	\$ 733,628	\$ 797,942

10. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2020

Item	Balance, Beginning of year	Additions	Disposals	Reclassifications	Balance, End of year
<u>Cost</u>					
Machinery and equipment	\$ 17,680	\$ 785	\$ (5)	\$ —	\$ 18,460
Furniture and fixtures	4,640	541	(5)	—	5,176
Other facilities	9,329	3,216	(667)	—	11,878
Subtotal	31,649	4,542	(677)	—	35,514
<u>Accumulated depreciation and impairment</u>					
Machinery and equipment	13,890	1,432	(5)	—	15,317
Furniture and fixtures	2,755	746	(5)	—	3,496
Other facilities	7,442	2,258	(597)	—	9,103
Subtotal	24,087	\$ 4,436	\$ (607)	\$ —	27,916
Net	\$ 7,562				\$ 7,598

For the Year Ended December 31, 2019

Item	Balance, Beginning of year	Additions	Disposals	Reclassifications	Balance, End of year
<u>Cost</u>					
Machinery and equipment	\$ 16,997	\$ 802	\$ (119)	\$ —	\$ 17,680
Transportation equipment	4,460	—	(4,460)	—	—
Furniture and fixtures	4,201	439	—	—	4,640
Other facilities	7,647	2,327	(569)	(76)	9,329
Subtotal	33,305	3,568	(5,148)	(76)	31,649
<u>Accumulated depreciation and impairment</u>					
Machinery and equipment	11,733	2,276	(119)	—	13,890
Transportation equipment	4,460	—	(4,460)	—	—
Furniture and fixtures	2,004	751	—	—	2,755
Other facilities	6,185	1,843	(510)	(76)	7,442
Subtotal	24,382	\$ 4,870	\$ (5,089)	\$ (76)	24,087
Net	\$ 8,923				\$ 7,562

11. Lease Agreement

(1) Right-of-use assets

For the Year Ended December 31, 2020

Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Buildings	\$ 68,095	\$ 35,167	\$ (35,476)	\$ 67,786
Transportation equipment	4,443	—	—	4,443
Subtotal	72,538	35,167	(35,476)	72,229
<u>Accumulated depreciation and impairment</u>				
Buildings	38,932	17,144	(35,476)	20,600
Transportation equipment	617	1,481	—	2,098
Subtotal	39,549	\$ 18,625	\$ (35,476)	22,698
Net	\$ 32,989			\$ 49,531

Item	For the Year Ended December 31, 2019			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Buildings	\$ 68,095	\$ —	\$ —	\$ 68,095
Transportation equipment	—	4,443	—	4,443
Subtotal	<u>68,095</u>	<u>4,443</u>	<u>—</u>	<u>72,538</u>
<u>Accumulated depreciation and impairment</u>				
Buildings	21,793	17,139	—	38,932
Transportation equipment	—	617	—	617
Subtotal	<u>\$ 21,793</u>	<u>\$ 17,756</u>	<u>\$ —</u>	<u>\$ 39,549</u>
Net	<u>\$ 46,302</u>			<u>\$ 32,989</u>

(2) Lease liabilities

	December 31, 2020	December 31, 2019
Current	<u>\$ 18,584</u>	<u>\$ 15,330</u>
Non-current	<u>\$ 30,973</u>	<u>\$ 17,737</u>

Discount rate for lease liabilities was 1.6%~1.7%.

(3) Material lease-in activities and terms

The Group leases buildings and transportations equipment for the use of offices and business. The leasing period is from 2017 to 2023 and from 2019 to 2022. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

(4) Other lease information

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Expenses relating to short-term leases	<u>\$ 9</u>	<u>\$ 12</u>
Expenses relating to low-value asset leases	<u>\$ 144</u>	<u>\$ 144</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ —</u>	<u>\$ —</u>
Total cash outflow for leases	<u>\$ (153)</u>	<u>\$ (156)</u>

A. The Group applies the recognition exemption to leases of safe deposit boxes qualifying as short-term leases and certain photocopier qualifying as low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases.

B. The amount of lease commitments for short-term leases and low-value asset leases which the recognition exemption are applied as of December 31, 2020 and 2019 are \$346 thousand and \$135 thousand, respectively.

12. INTANGIBLE ASSETS

Item	For the Year Ended December 31, 2020			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Trademarks	\$ 7	\$ 73	\$ —	\$ 80
Patents	1,107	124	—	1,231
Computer software	9,220	1,818	(60)	10,978
Subtotal	10,334	2,015	(60)	12,289
<u>Accumulated amortization and impairment</u>				
Trademarks	—	6	—	6
Patents	343	148	—	491
Computer software	7,613	1,013	(60)	8,566
Subtotal	7,956	\$ 1,167	\$ (60)	9,063
Net	\$ 2,378			\$ 3,226

Item	For the Year Ended December 31, 2019				
	Balance, Beginning of year	Additions	Disposals	Reclassifications	Balance, End of year
<u>Cost</u>					
Trademarks	\$ —	\$ 7	\$ —	\$ —	\$ 7
Patents	921	186	—	—	1,107
Computer software	8,036	1,168	(60)	76	9,220
Subtotal	8,957	1,361	(60)	76	10,334
<u>Accumulated amortization and impairment</u>					
Patents	189	154	—	—	343
Computer software	6,527	1,070	(60)	76	7,613
Subtotal	6,716	\$ 1,224	\$ (60)	\$ 76	7,956
Net	\$ 2,241				\$ 2,378

13. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes payable	\$ 45,888	\$ 58,900
Accounts payable	79,565	88,285
Total	<u>\$ 125,453</u>	<u>\$ 147,185</u>
Current	<u>\$ 125,453</u>	<u>\$ 147,185</u>

(1) The average credit purchase period of payables is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

(2) For the disclosure of the Group's payables exposing currency and liquidity risks and other payables, please refer to Note 25.

14. OTHER PAYABLES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salary and wages payable	\$ 15,174	\$ 13,447
Employee Bonus payable	21,298	24,735
Directors' remuneration payable	5,324	6,184
Advertising payable	3,081	3,126
Export fee payable	3,658	2,674
Other accrued expenses	5,880	6,213
Payable for annual leave	3,125	3,125
Total	<u>\$ 57,540</u>	<u>\$ 59,504</u>
Current	<u>\$ 57,540</u>	<u>\$ 59,504</u>

15. RETIRED BENEFIT PLANS

(A) Defined contribution plans

The plan under the R.O.C. Labor Pension Act ("the Act") is deemed a defined contribution plan. Pursuant to the Act, the Company makes monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Company recognized expenses of NT\$ 5,016 thousand and NT\$4,888 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2020 and 2019, respectively.

(B) Defined benefit plans

(a) The Company have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 18,354	\$ 17,553
Fair value of plan assets	(12,019)	(11,196)
Net defined benefit liability	<u>\$ 6,335</u>	<u>\$ 6,357</u>

a. 2020

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	\$ 17,553	\$ (11,196)	\$ 6,357
Current service cost	—	—	—
Net interest expense(income)	121	(78)	43
Recognized in profit or loss	121	(78)	43
Remeasurement			
Experience adjustments	(12)	—	(12)
Changes in demographic assumptions	—	—	—
Changes in financial assumptions	692	—	692
Return on plan assets	—	(369)	(369)
Recognized in other comprehensive loss (income)	680	(369)	311
Contributions from the employer	—	(376)	(376)
Paid pension	—	—	—
Balance at December 31	\$ 18,354	\$ (12,019)	\$ 6,335

The Company's planned asset type is bank deposits.

b. 2019

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	\$ 16,766	\$ (10,365)	\$ 6,401
Current service cost	—	—	—
Net interest expense(income)	166	(104)	62
Recognized in profit or loss	166	(104)	62
Remeasurement			
Experience adjustments	91	—	91
Changes in demographic assumptions	—	—	—
Changes in financial assumptions	530	—	530
Return on plan assets	—	(361)	(361)
Recognized in other comprehensive loss (income)	621	(361)	260
Contributions from the employer	—	(366)	(366)
Paid pension	—	—	—
Balance at December 31	\$ 17,553	\$ (11,196)	\$ 6,357

The Company's planned asset type is bank deposits

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the follows categories:

	For the Year Ended December 31	
	2020	2019
Operating costs	\$ 8	\$ 11
Selling and marketing expenses	11	16
General and administrative expenses	6	9
Research and development expenses	18	26
Total	\$ 43	\$ 62

(C) Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- (a) Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.
- (b) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
- (c) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(D) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	For the Year Ended December 31	
	2020	2019
Discount rate	0.30%	0.70%
Expected rate of salary increase	3.00%	3.00%

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	For the Year Ended December 31	
	2020	2019
Discount rate		
0.25% increase	\$ (437)	\$ (433)
0.25% decrease	454	461
Expected rate of salary increase		
0.25% increase	441	449
0.25% decrease	(427)	(435)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity which may not be representative of the actual change in the defined benefit obligation and the method of calculating net pension liability in the balance sheet are the same.

(E) Expected contributions to the defined benefit pension plans of the Company within one year from December 31, 2021 are NT\$354 thousand.

(F) As of December 31, 2020, the weighted average duration of that retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 405
2 to 5 years	5,067
Over 6 years	13,422
	<u>\$ 18,894</u>

16. EQUITY

(1) Capital stock

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Shares authorized	\$ 1,000,000	\$ 1,000,000
Shares issued	\$ 625,010	\$ 625,010

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

(2) Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Additional paid-in	\$ 11,022	\$ 11,022
Other	180	180
Total	\$ 11,202	\$ 11,202

Under the relevant laws, the capital surplus can only be used to offset a deficit. However, the capital surplus from donations and the excess of the issuance price over par value of capital stock (including the stock issued for new capital, mergers, convertible bonds and treasury stock transactions) may be capitalized or shall be distributed by cash, on a certain percentage of the Company's paid-in capital every year. Also, the capital surplus from long-term investments, employee share options and share options may not be used for any purpose.

(3) Retained earnings and dividend policy

(A) Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, unless the accumulated amount of the legal reserve has reached the total issued capital of the Company. The remaining balance is to be set aside or reverse or rotation as special reserve if necessary. According to the dividend policy, bonus distributed shall be proposed by the Board of Directors and resolved by the stockholders' meeting. In accordance with the provisions of Article 240, Item 5 of the Company Act, the company may explicitly stipulate to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

(B)The Company adopts the residual dividend policy in order to meet the growth characteristics of the industry and the capital needs of the Company's long-term financial planning and operation expansion. That is, the surplus distribution is handled according to Article 20 of the Articles of Association. The shareholder dividends are based on the principle of balanced distribution between stock and cash dividends. The board of directors proposes to set aside from the distributable surplus the dividends to be distributed, with the amount of the distribution no less than 30% of the distributable surplus in the current year, and distributed according to the Company's Articles of Incorporation. Stock dividends have the priority in order to retain the required funds, and the remaining surplus is to be distributed in the form of cash dividends; however, the proportion of cash dividends shall not be less than 10% of the total dividends. In accordance with Article 241 of the Company Act, Company distributes its legal reserve and the following capital reserve, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash, after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

(C)According to the Company Act, the appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

(D) Pursuant to existing regulations, the company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity items (including exchange differences on translating foreign operations, unrealized gain or loss on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of a cash flow hedge but excluding treasury stock). For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

(E) The Company's 2020 surplus distribution proposal has not been approved by the board of directors as of the date of issuance of the financial statements.

(F) The Company's earnings allocation for the previous year of 2019 and 2018, were approved in the regular meeting of shareholders on June 10, 2020 and June 12, 2019. The actual allocation of remuneration to director auditors is the same as the proposed allocation passed by the board of directors. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends per Share(NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 31,264	\$ 30,104		
Cash dividends	281,254	268,754	4.5	4.3
Total	\$ 312,518	\$ 298,858		

17. OPERATING REVENUES

	For the Year Ended December 31	
	2020	2019
Net revenue from sale of goods	\$ 1,227,105	\$ 1,348,032

(1) Breakdown of revenue from contracts with customers

	For the Year Ended December 31	
	2020	2019
Europe	\$ 551,663	\$ 622,760
America	287,727	319,355
Asia	234,491	264,424
Others	153,224	141,493
Total	\$ 1,227,105	\$ 1,348,032

(2) Contract liabilities

	For the Year Ended December 31	
	2020	2019
Contract liabilities-current	\$ 21,984	\$ 21,691

For the year ended December 31, 2020 and 2019, the Company recognized NT\$13,586 thousand and NT\$13,726 thousand in revenue from the beginning balance of contract liability, respectively.

18. INTEREST INCOME

	For the Year Ended December 31	
	2020	2019
Interest income from bank deposits	\$ 5,710	\$ 8,176

19. OTHER INCOME

	For the Year Ended December 31	
	2020	2019
Rent income	\$ 86	\$ 65
Other gains	6,894	8,483
Total	\$ 6,980	\$ 8,548

20. OTHER GAINS AND LOSSES

	For the Year Ended December 31	
	2020	2019
Gains on disposal of property, plant and equipment	\$ 230	\$ 1,119
Foreign exchange gains (losses)	(6,148)	(752)
Gains on financial assets at fair value through profit or losses	40	55
Total	\$ (5,878)	\$ 422

21. INCOME TAX

(1) Income tax recognized in profit or loss

(A) A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	\$ 65,667	\$ 76,266
Effect from items disallowed by tax regulation	27	(357)
Change in deferred income tax	—	—
Effect from investment tax credits	(4,244)	(5,505)
Tax on undistributed earnings	6	120
Tax expenses	\$ 61,456	\$ 70,524

(B) Income tax expense consisted of the following:

	For the Year Ended December 31	
	2020	2019
Tax expenses	\$ 61,456	\$ 70,524
Net change in deferred income tax	(67)	285
Adjustments for prior year's income tax	(3,371)	(2,333)
Income tax expense recognized in profit or loss	\$ 58,018	\$ 68,476

(2) Income tax expense (benefit) recognized in other comprehensive income

Deferred tax

	For the Year Ended December 31	
	2020	2019
Remeasurements of defined benefit obligations	\$ 62	\$ 52

(3) Deferred tax

(A) The analysis of deferred income tax in the consolidated balance sheets was as follows:

	December 31, 2020	December 31, 2019
Deferred tax assets		
Defined benefit liabilities	\$ 1,792	\$ 1,730
Advertisement expense	617	625
Unrealized investment loss	2,265	2,265
Unrealized impairment loss	186	186
Inventory valuation losses	736	736
Unrealized employee vacation payable	625	625
Total	\$ 6,221	\$ 6,167
Deferred tax liabilities		
Unrealized exchange gain	\$ 37	\$ 113

	For the Year Ended December 31, 2020				
	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of exchange rate changes	Balance, End of year
Deferred tax assets					
Defined benefit liabilities	\$ 1,730	\$ —	\$ 62	\$ —	\$ 1,792
Advertisement expense	625	(8)	—	—	617
Unrealized investment loss	2,265	—	—	—	2,265
Unrealized impairment loss	186	—	—	—	186
Inventory valuation losses	736	—	—	—	736
Unrealized employee vacation payable	625	—	—	—	625
Total	\$ 6,167	\$ (8)	\$ 62	\$ —	\$ 6,221
Deferred tax liabilities					
Unrealized exchange gain	\$ (113)	\$ 76	\$ —	\$ —	\$ (37)

For the Year Ended December 31, 2019

	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of exchange rate changes	Balance, End of year
Deferred tax assets					
Defined benefit liabilities	\$ 1,678	\$ —	\$ 52	\$ —	\$ 1,730
Advertisement expense	684	(59)	—	—	625
Sales revenue	310	(310)	—	—	—
Unrealized investment loss	2,265	—	—	—	2,265
Unrealized impairment loss	186	—	—	—	186
Inventory valuation losses	736	—	—	—	736
Unrealized employee vacation payable	625	—	—	—	625
Total	<u>\$ 6,484</u>	<u>\$ (369)</u>	<u>\$ 52</u>	<u>\$ —</u>	<u>\$ 6,167</u>
Deferred tax liabilities					
Cost of sales	\$ (177)	\$ 177	\$ —	\$ —	\$ —
Unrealized exchange gain	(19)	(94)	—	—	(113)
Total	<u>\$ (196)</u>	<u>\$ 83</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (113)</u>

(B) Items for which no deferred tax assets have been recognized: None.

(4) Unappropriated retained earnings:

	December 31,2020	December 31,2019
1998 to 2009	\$ 32,002	\$ 32,002
after 2010	290,351	332,799
Total	<u>\$ 322,353</u>	<u>\$ 364,801</u>

(5) Income tax assessments

The Company's income tax returns through 2018 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

For the Year Ended December 31

	2020	2019
Basic EPS(NT\$)	\$ 4.33	\$ 5.01
Diluted EPS(NT\$)	<u>\$ 4.30</u>	<u>\$ 4.97</u>

EPS is computed as follows:

(1) Basic earnings per share

	For the Year Ended December 31	
	2020	2019
Profit attributable to ordinary shareholders of the parent (in thousand)	\$ 270,319	\$ 312,852
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Basic EPS(NT\$)	\$ 4.33	\$ 5.01

(2) Diluted earnings per share

	For the Year Ended December 31	
	2020	2019
Profit attributable to ordinary shareholders of the parent (in thousand)	\$ 270,319	\$ 312,852
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Effect of potentially dilutive ordinary shares- Employees' remuneration (in thousand shares)	416	464
Weighted average number of dilutive ordinary shares outstanding (in thousand shares)	62,917	62,965
Diluted EPS(NT\$)	\$ 4.30	\$ 4.97

Due to the employee remuneration may be paid in the form of company shares, it is assumed that the employee's remuneration will be issued by means of shares when calculating the earnings per share. When the potential ordinary shares have a dilution effect, they are included in the weighted average number of outstanding shares to calculate the diluted earnings per share. When the shareholders' meeting decides the number of shares in the employee's remuneration for the previous year by calculating the basic earnings per share, the number of shares will be included in the weighted average number of outstanding shares in the resolution of the shareholder's meeting. Moreover, since the capital increase from employee remuneration is no longer a free share allotment, no retroactive adjustment is required for the calculation of the basic and diluted earnings per share.

23. ADDITIONAL INFORMATION OF EXPENSES BY NATURE

The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2020 and 2019:

	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefits	\$ 25,716	\$ 114,924	\$ 140,640	\$ 24,615	\$ 115,483	\$ 140,098
Payroll expense	21,505	99,167	120,672	20,506	99,842	120,348
Insurance expense	2,083	7,974	10,057	2,024	7,887	9,911
Pension	1,002	4,057	5,059	948	4,002	4,950
Others	1,126	3,726	4,852	1,137	3,752	4,889
Depreciation	5,002	18,059	23,061	4,825	17,801	22,626
Amortization	-	1,167	1,167	-	1,224	1,224

(1) As of December 31, 2020 and 2019, the Group had 153 and 151 employees, respectively, including 4 non-employee directors for both years.

(2) According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 2% for directors' remuneration.

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period. 6% is applied to employees' compensation, and 1.5% is applied to director's and supervisor's remuneration that were expensed under operating costs or operating expenses during 2020 and 2019.

The estimated amounts are as follows:

	For the Year Ended December 31	
	2020	2019
Employees' compensation	\$ 21,298	\$ 24,735
Remuneration to directors	5,324	6,184

If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate. If the board of directors decides to pay the employee remuneration in the form of company shares, the number of dividend shares is determined by dividing the amount of the dividend by the fair value of the share. The fair value of the share is based on the closing price of the day before the resolution date of the shareholders' meeting, with the ex-dividend impact considered.

The 2019 and 2018 employee's compensation and director's and supervisor's remuneration were respectively resolved in the board meeting on March 9, 2020 and March 21, 2019 as follows:

	For the Year Ended December 31	
	2019	2018
Employees' compensation	\$ 24,735	\$ 23,805
Remuneration to directors	6,184	5,951

There is no difference between the 2019 and 2018 employee's compensation and director's and supervisor's remuneration and the Company's 2019 and 2018 recognized fee estimates.

The information about appropriations of the Company's employees' compensation and remuneration to directors is available on the Market Observation Post System website.

24. CAPITAL MANAGEMENT

The Group plans its working capital required for the future in accordance with the characteristics currently existing in its industry and its future development status while it also considers the changes in the external environment, so as to ensure its sustainable operations. In so doing, the Group will be able to concurrently protect the interests of its shareholders and other related parties, maintain the optimal capital structure, and elevate the stockholder value. As a whole, the Group adopts a prudent risk management strategy. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or return capital to shareholders.

25. FINANCIAL INSTRUMENTS

(1) Categories of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 10,740	\$ 10,700
Amortized cost		
Cash and cash equivalents	1,281,652	1,266,197
Notes and accounts receivable	90,347	79,493
Other receivables	6,008	6,963
Refundable deposits	6,099	6,099
Total	<u>\$ 1,394,846</u>	<u>\$ 1,369,452</u>
<u>Financial liabilities</u>		
Amortized cost		
Notes and accounts payable	\$ 125,453	\$ 147,185
Other payables	57,540	59,504
Lease liabilities	49,557	33,067
Total	<u>\$ 232,550</u>	<u>\$ 239,756</u>

(2) Fair value of financial instruments

(A) Fair value of financial instruments that are not measured at fair value

Among the financial assets and financial liabilities that are not measured at fair value, the management of the Group considers that there is no significant difference between the carrying amounts and the fair values.

(B) Fair value as recognized in the balance sheet

According to IFRS 13, the Group's fair values of the assets or liabilities are estimated based on the fair values assessed by major market participants. Considering the fair value assumptions of market participants, the observable fair value measurements can be divided into the following three levels:

- (a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- (c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- (d) For the assets and liabilities recognized in the financial statements on a repetitive basis, the classification is re-evaluated at the end of each reporting period to determine whether there is a transfer between the levels of the fair value hierarchy.
- (e) The Group has no financial assets or liabilities that are measured at fair value on a non-repetitive basis. The financial assets and liabilities measured at fair value on a repetitive basis are presented below:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Funds	\$ 10,740	\$ —	\$ —	\$ 10,740
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	\$ —	\$ —	\$ —	\$ —
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Funds	\$ 10,700	\$ —	\$ —	\$ 10,700
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	\$ —	\$ —	\$ —	\$ —

For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

There were no purchases and disposals for assets on Level 3 for the years ended December 31, 2020 and 2019, respectively.

(C) Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

Monetary funds are closed-end funds with standard terms and conditions; investors may request the fund management companies for redemption at any time, and the fair values are based on the net values of the funds.

(D) Financial assets and liabilities which are not measured at fair value, but the fair values need to be disclosed: None.

(3) Financial risk management objectives

The Group's objectives of financial risk management are to manage its exposure to currency risk, interest rate risk, credit risk and liquidity risk related to the operating activities. To reduce the related financial risks, the Group engages in identifying, assessing and avoiding the market uncertainties with the objective to reduce the potentially adverse effects on its financial performance by the market change.

The Group's major financial activities are reviewed by the board of directors in accordance with the related regulations and internal control system. During the financial plan execution period, the Group must comply with the financial operation procedures related to overall financial risk management and accrual basis.

(4) Market risk

The Group is exposed to the market risks arising from changes in foreign currency rates and interest rates, and not utilizes derivative financial instruments to reduce the related risks.

(A) Foreign currency risk

The Group's operating activities and investment in foreign are mainly denominated in foreign currencies and exposed to foreign currency risk.

The Group did not engage in any hedging.

The Group's sensitivity analysis to foreign currency risk mainly focuses on the net foreign currency assets and liabilities monetary items at the end of the reporting period.

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2020			
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 3,854	28.48	\$ 109,840	\$ 1,098
EUR	178	35.02	6,243	62
<u>Non-monetary items</u>	—	—	—	—
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	1,717	28.48	48,600	486
<u>Non-monetary items</u>	—	—	—	—
	December 31, 2019			
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 4,134	29.98	\$ 124,967	\$ 1,250
EUR	175	33.59	5,872	59
<u>Non-monetary items</u>	—	—	—	—
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	1,799	29.98	54,626	546
<u>Non-monetary items</u>	—	—	—	—

(B) Interest rate risk

Interest rate risk refers the risk caused by the change in the fair value of financial instruments as a result of change of the market interest rate. The interest rate risk of the Group is mainly from the floating-rate time deposit investment. As the current market interest rate is already low, it is expected that there is no significant interest rate risk, and therefore the Group is not engaged in any hedging.

Regarding the sensitivity analysis of the interest rate risk, the calculation is made according to the amount of changes in fair value of fixed income investment at the end of the report period. If the interest rate increased or decreased by 0.25%, the Group's profit or loss for the years ended December 31, 2020 and 2019 would increase or decrease NT\$3,142 thousand and NT\$3,047 thousand respectively.

(C) Other price risk

The Group is exposed to equity instrument price risk arising from financial assets at fair value through profit or loss, mandatorily measured at fair value. Except for investments made through venture capital funds, all other major equity investments are to be approved by the board of directors of the Group in advance.

The sensitivity analysis for the equity instruments is based on the change in fair value as of the reporting date. Assuming a hypothetical increase or decrease of 5% in prices of the equity investment at the end of the reporting period for the years ended December 31, 2020 and 2019, the income would have increased or decreased by NT\$537 thousand and NT\$535 thousand, respectively.

(5) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily accounts receivable, and from financing activities of fixed-income deposits investments. Credit risk is managed separately for business related and financial related exposures.

(A) Business related credit risk

In order to maintain its quality of accounts receivable, the Group has set up operation related credit risk management procedure.

The individual customer risk assessment covers the factors of an individual customer's financial status and credit rating agency's ratings, the Group's internal credit ratings and historical transaction records and current economic status, etc. which may affect customer's solvency capacity. In addition, the Group will also use some credit enhancement instruments, such as advance sales receipts and accounts receivable insurance, etc., at an appropriate time to reduce the credit risk of some specific customers. The management of the Group has delegated a person responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

As of December 31, 2020 and 2019, the Group's top ten customers accounted for 62.30% and 41.85% of accounts receivable, respectively. The Group believes the concentration of credit risk is insignificant for the remaining accounts receivable.

(B) Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Group's financial department. The Group's transaction counterparts and contract performance parties are the financial institutions with good credit, and the Group has diversified its risk by dealing with multiple financial institutions, so there shall be no significant credit risk caused by too much concentration on some financial institutions and no significant doubt about contract performance. As such, the Group shall have no material credit risk.

(6) Liquidity risk management

The Group's goal in managing liquidity risk is to control capital expenditures and working capital.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	December 31, 2020				
	Less Than 1 year	2-3 year	4-5 year	Over 5 year	Total
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 125,453	\$ —	\$ —	\$ —	\$ 125,453
Other payable	57,540	—	—	—	57,540
Lease liabilities	19,230	31,381	—	—	50,611
Subtotal	202,223	31,381	—	—	233,604
<u>Derivative financial liabilities</u>					
Total	\$ 202,223	\$ 31,381	\$ —	\$ —	\$ 233,604

	December 31, 2019				
	Less Than 1 year	2-3 year	4-5 year	Over 5 year	Total
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 147,185	\$ —	\$ —	\$ —	\$ 147,185
Other payable	59,504	—	—	—	59,504
Lease liabilities	15,730	18,117	—	—	33,847
Subtotal	222,419	18,117	—	—	240,536
<u>Derivative financial liabilities</u>					
Total	\$ 222,419	\$ 18,117	\$ —	\$ —	\$ 240,536

26. RELATED PARTY TRANSACTIONS

The transaction amount and balance between the Company and its subsidiaries (the related persons of the Company) have been eliminated in the preparation of the consolidated financial statements and are not disclosed in this note.

The transaction details of the Company and other related parties are disclosed as

follows:

(1) Planet Technology Corporation is the ultimate controller of the consolidated company.

(2) Compensation of key management personnel

The compensation to directors and other key management personnel compensation comprised:

	For the Year Ended December 31	
	2020	2019
Short-term benefits	\$ 11,677	\$ 12,413
Post-employment benefits	116	120
Total	\$ 11,793	\$ 12,533

(A) The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the standard level of the industry.

(B) The 2020 surplus distribution proposal of the Company has not been approved by the board of directors as of the date of issuance of the financial statements.

(C) For more detailed information, please refer to the contents of the annual report of the shareholders' meeting.

27. PLEDGED ASSETS: None.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED

COMMITMENTS: None.

29. SIGNIFICANT DISASTER LOSS: None.

30. SUBSEQUENT EVENTS: :None.

31. OTHER:

Non-cash transactions.

Investing activities with partial cash payments :

	For the Year Ended December 31	
	2020	2019
Purchase of property ,plant and equipment	\$ 4,542	\$ 3,568
Add : Beginning balance of payable for equipment	91	105
Less : Transfer from prepaid equipment at the beginning of the period	—	(186)
Ending balance of payable for equipment	(60)	(91)
Cash paid during the period	\$ 4,573	\$ 3,396

32. ADDITIONAL DISCLOSURES

When preparing the consolidated financial statements, the major transactions between the parent and subsidiary companies and their balances have been fully eliminated.

(1) Information on significant transactions:

- (A) Financing provided to others: None;
- (B) Endorsements/guarantees provided: None;
- (C) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Please see Table 1 attached;
- (D) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (E) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- (F) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- (G) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;

- (H) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
 - (I) Information about the derivative instruments transaction: None;
 - (J) Other: Intercompany relationships and significant intercompany transactions: None.
- (2) Information on investees:
- (A) Names, locations, and related information of investee companies: Please see Table 2 attached;
 - (B) Significant transactions information: None.
- (3) Information on investment in Mainland China: None.
- (4) Information of major shareholders: list of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please see Table 3 attached.

TABLE 1

MARKETABLE SECURITIES HELD

Amount in Thousands of New Taiwan Dollars

Held company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Planet Technology Corporation	Money market Fuh Hwa Money Fund fund	—	Financial assets at fair value through profit or loss-current	218,437.60	\$ 3,177	—	\$ 3,177	
	" Yuanta Wan Tai Money Market Fund	—	"	210,029.60	3,204	—	3,204	
	" Eastspring Investments Well Pool Money Market Fund	—	"	317,883.00	4,359	—	4,359	
	Stock ESSENCE TECHNOLOGY SOLUTION INC.	—	Financial assets at fair value through profit or loss-non-current	42,000.00	—	1.56	—	

Notes : Above exclude subsidiaries.

TABLE 2

INFORMATION ON INVESTEEES

Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investor company	Investee company	Location	Main Businesses and Products	Original Investment		Balance as of December 31, 2020			Net Income (Losses) of the Investee	Shares of Profits/Losses of Investee	Notes
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Carrying value			
Planet Technology Corporation	PLANET INTERNATIONAL INC.	Samoa	International trade business	US\$100,000	US\$100,000	100,000	100%	\$ 3,045	\$ (169)	\$ (169)	Notes

Notes :

- 1.The investment income (loss) is recognized based on the investee's financial statements that were audited and attested by parent company's CPA for the year ended December 31, 2020.
- 2.Merged for reversal when preparing the consolidated report.

TABLE 3

Information of major shareholders

Shareholders	Shares	Total Shares owned	Ownership Percentage
Puyan Investment Co., Ltd		16,856,237	26.97%
CHEN, CHING-KANG		4,211,978	6.74%

33. SEGMENT INFORMATION

(1) The Group focuses on the research, development, manufacturing and sales of network equipment and peripheral equipment, and operates in only a single industry; besides, the Group's operational decision-making system assesses performance and allocates resources as a whole, and it is identified that the Group has only a single department which needs to be reported.

Items	For the Year Ended December 31, 2020		
	Single Operating Department	Adjustment and Elimination	Total
Net revenue from external customers	\$ 1,227,105	\$ —	\$ 1,227,105
Revenue from other departments within the company	—	—	—
Segment profit(Income before income tax)	328,337	—	328,337
Segment assets	1,660,456	—	1,660,456
Items	For the Year Ended December 31, 2019		
	Single Operating Department	Adjustment and Elimination	Total
Net revenue from external customers	\$ 1,348,032	\$ —	\$ 1,348,032
Revenue from other departments within the company	—	—	—
Segment profit(Income before income tax)	381,328	—	381,328
Segment assets	1,651,876	—	1,651,876

(2) Geographical information

The Group's revenue from operations from external customers by location of operations and information on its non-current assets by location of assets are shown below. The Group categorized the net revenue based on the country in which the customer is headquartered. Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other noncurrent assets. Excluding financial instruments and deferred tax assets.

	Net Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31,	December 31,
	2020	2019	2020	2019
Europe	\$ 551,663	\$ 622,760	\$ —	\$ —
America	287,727	319,355	—	—
Asia	234,491	264,424	60,355	42,929
Others	153,224	141,493	—	—
Total	\$ 1,227,105	\$ 1,348,032	\$ 60,355	\$ 42,929

(3) Major Customers information

No single customer contributed 10% or more to the Group's revenue for both 2020 and 2019.

INDEPENDENT AUDITORS' REPORT

NO.10711090EA

To the Board of Directors of PLANET Technology Corporation

Opinion

We have audited the accompanying parent company only financial statements of Planet Technology Corporation (“the Company”), which comprise the parent company only balance sheets as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company's parent company only financial statements are stated as follows:

Revenue recognition

Refer to Note 4(14) for accounting policies on recognition of operating revenue to the parent company only financial statements.

The sales revenue of the Company is mainly from exports, accounting for more than 96% of the total revenue. The Company recognizes performance obligations according to transaction conditions, and recognizes the sales revenue at the time the control of goods is transferred to the buyer. Therefore, the timing of revenue recognition has a significant impact on the financial statements, and the revenue is an important indicator reflecting the Company's operating conditions. As the recognition of export revenues involves contract

review and complex operations, the certified public accountant considers that the cut-off time for the audit of export revenues of the Company is one of the most important items in this year's audit.

The certified public accountant's main responding procedures for the key audit matters above are as follows:

1. Confirm the appropriateness of the timing for revenue recognition and the integrity of relevant internal control of the Company by testing the control points of internal control for sales revenue.
2. Identify performance obligations according to customer contracts, and perform cut-off tests for sales revenue before and after the balance sheet date, including checking shipping documents and actual status of goods, checking the customs declaration system and confirming transaction conditions, so as to evaluate the correctness of revenue recognition timing.
3. In addition, carry out detailed tests and confirmation analysis procedures for the sales to key customers, in order to verify the recognition of revenue.

Valuation of Inventories

Refer to Note4 (9) Inventory of the parent company only financial statements for details of accounting policy concerning inventory evaluation, Note5 (2) of the parent company only financial statements for uncertainties in the inventory valuation, and Note 9 amount of allowance for inventory valuation loss to the parent company only financial statements.

Inventory is measured by the lower of cost and net realizable value. When the net realizable value of inventory is lower than the cost, it is necessary to list the inventory price decline and the sluggish loss of goods. As the evaluation involves the management's major judgment, and the book value of inventory is significant to the overall financial statement, the evaluation of net realizable value of inventory is a key audit item.

The rationality of the certified public accountant's verification of the net realizable value of inventory is as follows:

1. Understand and evaluate the effectiveness of the design and implementation of the internal control system for inventory, including the correctness of inventory age.
2. Evaluate the rationality of the inventory policy and check whether it has been implemented in accordance with the established accounting policies of the Company and whether it has been adopted consistently in the years before and after.
3. Review the inventory age report, analyze the changes of inventory age in each period, and verify the appropriateness of the Company's inventory age distinction and statistics.
4. Verify the rationality of the basic assumptions and data used in calculating the net realizable value.
5. Evaluate the rationality of outdated or damaged inventory items as identified by the management as well as the relevant supporting documents, and check them against the information obtained from inventory counts.
6. Assess the appropriateness of the management's disclosure of inventory measurement.

Responsibilities of Management and Those Charged with Governance for the Parent

Company Only Financial Statements

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

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

Those charged with governance, (including members of the Audit Committee), are responsible for overseeing the Company's financial reporting process.

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 an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly Clock & Co

Yung-Chi Lai , CPA

Hsin-Liang Wu, CPA

March 11 , 2021

Notes to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

PLANET TECHNOLOGY CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	4,6	\$ 1,278,608	77	\$ 1,263,105	77
Financial assets at fair value through profit or loss-current	4,7	10,740	1	10,700	1
Notes receivable, net	4,5,8	46	—	—	—
Accounts receivable, net	4,5,8	90,301	6	79,493	5
Other receivables		6,007	—	6,963	—
Inventories	4,5,9	193,139	12	225,668	14
Prepayments		5,843	—	6,337	—
Other current assets		43	—	40	—
Total current assets		1,584,727	96	1,592,306	97
NONCURRENT ASSETS					
Investments accounted for using equity method	4,10	3,045	—	3,214	—
Property, plant and equipment	4,11	7,598	1	7,562	1
Right-of-use assets	4,12	49,531	3	32,989	2
Intangible assets	4,13	3,226	—	2,378	—
Deferred income tax assets	4,22	6,221	—	6,167	—
Prepayments for equipment		9	—	1,283	—
Refundable deposits		6,099	—	6,099	—
Total noncurrent assets		75,729	4	59,692	3
TOTAL		\$ 1,660,456	100	\$ 1,651,998	100

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

PLANET TECHNOLOGY CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31,2020		December 31,2019	
		Amount	%	Amount	%
CURRENT LIABILITIES					
Contract liabilities-current	18	\$ 21,984	1	\$ 21,691	1
Notes payable	14	45,888	3	58,900	4
Accounts payable	14	79,565	5	88,285	5
Other payables	15	57,540	4	59,626	4
Current tax liabilities	4	64,297	4	37,643	2
Lease liabilities-current	4,12	18,584	1	15,330	1
Other current liabilities		1,363	—	1,242	—
Total current liabilities		289,221	18	282,717	17
NONCURRENT LIABILITIES					
Deferred income tax liabilities	4,22	37	—	113	—
Lease liabilities-noncurrent	4,12	30,973	2	17,737	1
Net defined benefit liabilities	4,16	6,335	—	6,357	—
Total noncurrent liabilities		37,345	2	24,207	1
Total liabilities		326,566	20	306,924	18
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
Capital stock	17	625,010	38	625,010	38
Ordinary share		625,010	38	625,010	38
Capital surplus	17	11,202	1	11,202	1
Retained earnings	17	697,678	41	708,862	43
Legal reserve		375,325	22	344,061	21
Unappropriated earnings		322,353	19	364,801	22
Total equity		1,333,890	80	1,345,074	82
TOTAL		\$ 1,660,456	100	\$ 1,651,998	100

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

PLANET TECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	NOTES	2020		2019	
		Amount	%	Amount	%
OPERATING REVENUES	4,18	\$ 1,227,105	100	\$ 1,348,032	100
OPERATING COSTS	9	(733,628)	(60)	(797,942)	(59)
GROSS PROFIT		493,477	40	550,090	41
OPERATING EXPENSES					
Selling and marketing expenses		(63,278)	(5)	(75,937)	(6)
General and administrative expenses		(36,991)	(3)	(37,362)	(3)
Research and development expenses		(71,093)	(6)	(71,911)	(5)
Total operating expenses		(171,362)	(14)	(185,210)	(14)
INCOME FROM OPERATIONS		322,115	26	364,880	27
NON-OPERATING INCOME AND EXPENSES					
Interest income	19	5,682	1	8,110	—
Other income	20	6,980	1	8,496	1
Other gains and losses	21	(5,886)	(1)	500	—
Finance costs		(554)	—	(658)	—
Total non-operating income and expenses		6,222	1	16,448	1
INCOME BEFORE INCOME TAX		328,337	27	381,328	28
INCOME TAX EXPENSE	4,22	(58,018)	(5)	(68,476)	(5)
NET INCOME		270,319	22	312,852	23
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	16	(311)	—	(260)	—
Income tax benefit related to items that will not be reclassified subsequently to profit or loss	22	62	—	52	—
Other comprehensive loss, net of income tax		(249)	—	(208)	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 270,070	22	\$ 312,644	23
EARNING PER SHARE (NT\$)					
Basic earnings per share	23	\$ 4.33		\$ 5.01	
Diluted earnings per share	23	\$ 4.30		\$ 4.97	

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

PLANET TECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Capital Stock	Capital surplus	Retained earnings		Total equity
			Legal reserve	Unappropriated earnings	
BALANCE, JANUARY 1, 2019	\$ 625,010	\$ 11,202	\$ 313,957	\$ 351,023	\$ 1,301,192
Effect of retrospective application IFRS16	—	—	—	(8)	(8)
ADJUSTED BALANCE , JANUARY 1, 2019	625,010	11,202	313,957	351,015	1,301,184
Appropriations of prior year's earnings					
Legal reserve	—	—	30,104	(30,104)	—
Cash dividends	—	—	—	(268,754)	(268,754)
Net income in 2019	—	—	—	312,852	312,852
Other comprehensive income in 2019, net of income tax	—	—	—	(208)	(208)
Total comprehensive income in 2019	—	—	—	312,644	312,644
BALANCE, JANUARY 1, 2020	625,010	11,202	344,061	364,801	1,345,074
Appropriations of prior year's earnings					
Legal reserve	—	—	31,264	(31,264)	—
Cash dividends	—	—	—	(281,254)	(281,254)
Net income in 2020	—	—	—	270,319	270,319
Other comprehensive income in 2020, net of income tax	—	—	—	(249)	(249)
Total comprehensive income in 2020	—	—	—	270,070	270,070
BALANCE, DECEMBER 31, 2020	\$ 625,010	\$ 11,202	\$ 375,325	\$ 322,353	\$ 1,333,890

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

PLANET TECHNOLOGY CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

Items	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 328,337	\$ 381,328
Adjustments for:		
Income and expense (loss) items		
Depreciation expense	23,061	22,626
Amortization expense	1,167	1,224
Net gain on financial assets at fair value through profit or loss	(40)	(55)
Interest income	(5,682)	(8,110)
Interest expense	554	658
Share of loss of subsidiaries and associates	169	—
Gain on disposal of property, plant and equipment	(230)	(1,119)
Changes in operating assets and liabilities		
Notes receivable	(46)	218
Accounts receivable	(10,808)	20,244
Other receivables	842	296
Inventories	32,529	15,433
Prepayments	494	(31)
Other current assets	(3)	7
Contract liabilities	293	(475)
Notes payable	(13,012)	6,167
Accounts payable	(8,720)	(14,915)
Other payables	(2,055)	1,406
Other current liabilities	121	64
Net defined benefit liabilities	(333)	(304)
Cash generated from operations	346,638	424,662
Interest paid	(554)	(658)
Income taxes paid	(31,432)	(73,043)
Net cash generated by operating activities	314,652	350,961
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(4,573)	(3,396)
Purchase of Intangible Assets	(2,015)	(1,361)
Proceeds from disposal of property, plant and equipment	300	1,178
Decrease (Increase) in prepayments for equipment	1,274	(1,283)
Decrease (Increase) in Refundable Deposits	—	(1,020)
Interest received	5,796	8,101
Net cash generated by investing activities	782	2,219
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends	(281,254)	(268,754)
Repayment of the principal portion of lease liabilities	(18,677)	(17,686)
Net cash used in financing activities	(299,931)	(286,440)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,503	66,740
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,263,105	1,196,365
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 1,278,608	\$ 1,263,105

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

PLANET TECHNOLOGY CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in thousands of New Taiwan dollars, unless otherwise stated)

1. GENERAL

Planet Technology Corporation (Collectively as “the Company”) was established in January 1993 in accordance with the Company Act and other relevant laws and regulations. The company is mainly engaged in the business of import and export of computers and peripheral equipment, internet equipment and software, as well as research and development, manufacturing and trading. The Company's shares are publicly issued since July 2001 under the approval of the Securities and Futures Bureau of the Financial Supervisory Commission. Besides, the company’s shares were approved over-the-counter by the Securities and Futures Bureau of Financial Supervisory Commission on and June 13, 2003 and shares were listed as a general stock on the Taipei Exchange on September 17, 2003.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 11 , 2021.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Initial application of the amendments to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, there is no significant impact on the company's financial status and operating results.

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

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by 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 believes that the adoption of the above IFRSs won’t have any material impact on its parent company only financial statements.

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

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards, and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022(Note 4)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022(Note 5)

Note 1 : Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2 : The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3 : The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4 : The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5 : The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

The Company is evaluating the impact of its initial adoption of the abovementioned standards and interpretations on the Company's financial position and company's financial performance. The related impact will be disclosed when the company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

The accompanying parent only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, "IFRSs").

(2) Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss and defined benefit liabilities recognised based on the net amount of pension fund asset less present value of defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The subsidiaries, associates and jointly controlled entities are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on parent company only financial statements, the effect of the differences between basis of parent company only and basis of consolidation are adjusted in the investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and associates and related equity.

(3) Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- A. Assets held primarily for the purpose of trading.
- B. Assets expected to be realized within twelve months after the reporting period.
- C. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- A. Liabilities held primarily for the purpose of trading.
- B. Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue.
- C. The Company does not have an unconditional right to defer liabilities for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the period in which they arise. Non-monetary items measured at fair value that are denominated in foreign

currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are recognized in profit or loss for the year except for exchange difference arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(5) Cash equivalents

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits with original maturities of one year or less and investments with three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(7) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

A. Measurement category

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (“FVTPL”) and financial assets at amortized cost.

(A) Financial assets at FVTPL

Financial assets at FVTPL includes the financial assets are mandatorily classified as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 26.

(B) Financial assets at amortized cost

Financial assets that meet the following two conditions are subsequently measured at amortized cost:

- a. The financial asset is held within a business model whose objective is collecting contractual cash flows.
- b. 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.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable , bond investment without active market and refundable deposits), are measured at amortized cost, which equals gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets.
- b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime Expected Credit Losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

C. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

(8) Financial Liabilities

A. Financial liabilities

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period. Financial liabilities measured at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Related net profits or net losses are listed in "other profits and losses" of the parent company only statement of comprehensive income.

B. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized (including any non-cash assets transferred or liabilities assumed) in profit or loss.

C. Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported in the net amount in the parent company only 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.

(9) Inventories

Inventories consist of raw materials, finished goods and work-in-process. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made on an item-by-item basis, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs. Inventories are recorded at weighted-average cost on the balance sheet date.

(10) Investments Accounted for Using Equity Method

Investments accounted for using the equity method is investments in subsidiaries. A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity. When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (including any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company shall continue to recognize losses based on the shareholding percentage.

The acquisition cost exceeding the amount of the share of the fair value of the subsidiary's recognizable assets and liabilities received by the Company on its acquisition day is listed as goodwill. Such goodwill includes the investment's book value which cannot be amortized. The amount exceeding the share of the fair value of the subsidiary's recognizable assets and liabilities received by the Company on its acquisition day is listed as the current income.

When losing the control of its subsidiary, the Company measures its residual investment in the aforesaid subsidiary according to the fair value at the day that the Company loses its control of the subsidiary. The difference between the residual investment's fair value as well as any disposal amount and the investment book value at the day that the Company loses its control is listed as the current profit or loss. In addition, the accounting treatment of all the amounts related to the subsidiary in question and recognized in the comprehensive income is same as the basis required to be complied with in the Company's direct handling of related assets or liabilities.

The unrealized profit or loss in downstream transactions between the Company and the subsidiary shall be eliminated in the parent company only financial statements. Profit or loss generated in upstream transactions between the Company and subsidiaries or transactions between subsidiaries shall only be recognized in the parent company only financial statements when it is not related to the Company's interest in the subsidiaries.

(11) Property, Plant, and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant item is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The estimated useful lives of the assets are as follows:

machinery and equipment: 5 year; transportation equipment: 5 years; furniture and fixtures: 5 years; other facilities: 2 to 5 years.

(12) Intangible Assets

- A. Intangible assets are mainly the Company's patented expertise and are amortized on a straight-line basis over the legal period of 10 to 20 years.
- B. Computer software is stated initially at cost and amortized on a straight-line basis over its estimated useful life of 3 years.
- C. After that the subsequent book value is measured by cost less accumulated amortization and accumulated impairment losses. The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(13) Impairment of Non-financial Assets (Impairment of Tangible and Intangible Assets)

At each balance sheet date, the Company review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined with no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(14) Revenue recognition

The Company identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

When applying IFRS 15, the Company shall recognize revenue by applying the following steps:

- A. Identify the contract with the customer.
- B. Identify the performance obligations in the contract.
- C. Determine the transaction price.
- D. Allocate the transaction price to the performance obligations in the contract
- E. Recognize revenue when the entity satisfies its performance obligation.

Revenue from the sale of goods

The revenue from the sale of goods comes from the sale of communication equipment products. The Company recognizes the revenue when the products are delivered to the customers' specified locations or are shipped, besides, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for resale, and bears the obsolescence risk of the goods.

(15) Leasing

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption which are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Subsequent measurement is calculated as cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented separately in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payment, in-substance fixed payment, variable lease payments which depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, payments for the purchase or termination options that are reasonably certain to be exercised and less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in expected paid amount under the residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in an index or a rate used to those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. If the carrying amount has been reduced to zero, the remaining amount will recognize in profit and loss. Lease liabilities are presented separately in the parent company only balance sheets.

(16) Employee Benefits

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

B. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(17) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the parent company only statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Income tax on unaappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (A) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (B) the taxing of deferred tax assets and liabilities levied by the same taxing authority; or levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

- C. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company has considered the economic implications of COVID-19 on critical accounting estimates. Management will review continually the estimates and underlying assumptions. Revisions to accounting estimates are recognized in current the period if the revisions affect only that period. If the revisions affect both current and future periods, then revisions are recongized in two periods.

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the parent company only financial statements.

(1) Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about the risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Please refer to Note 8 for the details of the key assumptions and inputs used. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(2) Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid industrial changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

The book value of the Company's inventory is detailed in Note 9.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 198	\$ 214
Cash in banks	1,278,410	1,262,891
Total	<u>\$ 1,278,608</u>	<u>\$ 1,263,105</u>

7. CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial assets mandatorily measured at fair value		
Non-derivative financial assets-Funds	<u>\$ 10,740</u>	<u>\$ 10,700</u>

8. NOTES AND ACCOUNTS RECEIVABLE- NET

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ 46</u>	<u>\$ —</u>
Accounts receivable	<u>\$ 90,397</u>	<u>\$ 79,589</u>
Loss allowance	<u>(96)</u>	<u>(96)</u>
Net	<u>\$ 90,301</u>	<u>\$ 79,493</u>

(1) In principle, the payment term granted to customers is due 30 days from the invoice date, and some customers have a monthly settlement for a period of 45 to 60 days.

In order to minimize credit risk, the management of the Company has delegated a person responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for all accounts receivable. The evaluation of the lifetime expected credit loss is made by considering past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions. GDP forecasts and the outlook of the industry are also considered.

(B) Aging analysis of notes and accounts receivable

	December 31, 2020	December 31, 2019
Neither past due nor impaired	\$ 90,291	\$ 78,511
Past due but not impaired		
Less than 30 days	56	982
31 to 180 days	—	—
over 181 days	—	—
Subtotal	56	982
Total	\$ 90,347	\$ 79,493

(C) Movements of the loss allowance for notes and accounts receivable were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 96	\$ 96
Provision	—	—
Amount written off	—	—
Balance at December 31	\$ 96	\$ 96

The Company's recognized impairment loss of the receivables is judged on a group basis, and there is no individual judgment on the impairment loss of any individual receivable.

9. INVENTORIES

	December 31, 2020	December 31, 2019
Raw materials	\$ 38,119	\$ 38,573
Work in process	48,711	63,418
Finished goods	106,309	123,677
Total	\$ 193,139	\$ 225,668

(1) The allowance for inventory devaluation (including idle products) was \$3,679 thousand as of December 31, 2020 and 2019.

(2) The cost of inventories recognized as cost of sales for the years ended December 31, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
The cost of goods sold	\$ 733,674	\$ 797,963
Gain on physical inventory	(46)	(21)
Total	\$ 733,628	\$ 797,942

10. INVESTMENT ACCOUNTED FOR EQUITY METHOD

Subsidiaries	Carrying Amount		% of Ownership and Voting Right Held by the Company	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
PLANET INTERNATIONAL INC.	\$ 3,045	\$ 3,214	100.00%	100.00%

(A) In 2020 and 2019, the recognized investment loss in the audited financial statements of the invested company of \$169 thousand and 0, respectively.

(B) The disclosure of relevant information is detailed in Note 33.

11. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2020

Item	Balance, Beginning of year	Additions	Disposals	Reclassifications	Balance, End of year
<u>Cost</u>					
Machinery and equipment	\$ 17,680	\$ 785	\$ (5)	\$ —	\$ 18,460
Furniture and fixtures	4,640	541	(5)	—	5,176
Other facilities	9,329	3,216	(667)	—	11,878
Subtotal	31,649	4,542	(677)	—	35,514
<u>Accumulated depreciation and impairment</u>					
Machinery and equipment	13,890	1,432	(5)	—	15,317
Furniture and fixtures	2,755	746	(5)	—	3,496
Other facilities	7,442	2,258	(597)	—	9,103
Subtotal	24,087	\$ 4,436	\$ (607)	\$ —	27,916
Net	\$ 7,562				\$ 7,598

For the Year Ended December 31, 2019

Item	Balance, Beginning of year	Additions	Disposals	Reclassifications	Balance, End of year
<u>Cost</u>					
Machinery and equipment	\$ 16,997	\$ 802	\$ (119)	\$ —	\$ 17,680
Transportation equipment	4,460	—	(4,460)	—	—
Furniture and fixtures	4,201	439	—	—	4,640
Other facilities	7,647	2,327	(569)	(76)	9,329
Subtotal	33,305	3,568	(5,148)	(76)	31,649
<u>Accumulated depreciation and impairment</u>					
Machinery and equipment	11,733	2,276	(119)	—	13,890
Transportation equipment	4,460	—	(4,460)	—	—
Furniture and fixtures	2,004	751	—	—	2,755
Other facilities	6,185	1,843	(510)	(76)	7,442
Subtotal	24,382	\$ 4,870	\$ (5,089)	\$ (76)	24,087
Net	\$ 8,923				\$ 7,562

12. Lease Agreement

(1) Right-of-use assets

For the Year Ended December 31, 2020

Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Buildings	\$ 68,095	\$ 35,167	\$ (35,476)	\$ 67,786
Transportation equipment	4,443	—	—	4,443
Subtotal	72,538	35,167	(35,476)	72,229
<u>Accumulated depreciation and impairment</u>				
Buildings	38,932	17,144	(35,476)	20,600
Transportation equipment	617	1,481	—	2,098
Subtotal	39,549	\$ 18,625	\$ (35,476)	22,698
Net	\$ 32,989			\$ 49,531

For the Year Ended December 31, 2019

Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Buildings	\$ 68,095	\$ —	\$ —	\$ 68,095
Transportation equipment	—	4,443	—	4,443
Subtotal	68,095	4,443	—	72,538
<u>Accumulated depreciation and impairment</u>				
Buildings	21,793	17,139	—	38,932
Transportation equipment	—	617	—	617
Subtotal	\$ 21,793	\$ 17,756	\$ —	39,549
Net	\$ 46,302			\$ 32,989

(2) Lease liabilities

	December 31, 2020	December 31, 2019
Current	\$ 18,584	\$ 15,330
Non-current	\$ 30,973	\$ 17,737

Discount rate for lease liabilities was 1.6%~1.7%.

(3) Material lease-in activities and terms

The Company leases buildings and transportations equipment for the use of offices and business. The leasing period is from 2017 to 2023 and from 2019 to 2022. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

(4) Other lease information

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Expenses relating to short-term leases	\$ 9	\$ 12
Expenses relating to low-value asset leases	\$ 144	\$ 144
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ —	\$ —
Total cash outflow for leases	\$ (153)	\$ (156)

A. The Company applies the recognition exemption to leases of safe deposit boxes qualifying as short-term leases and certain photocopier qualifying as low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases.

B. The amount of lease commitments for short-term leases and low-value asset leases which the recognition exemption are applied as of December 31, 2020 and 2019 is \$346 thousand and \$135 thousand, respectively.

13. INTANGIBLE ASSETS

Item	For the Year Ended December 31, 2020			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Trademarks	\$ 7	\$ 73	\$ —	\$ 80
Patents	1,107	124	—	1,231
Computer software	9,220	1,818	(60)	10,978
Subtotal	10,334	2,015	(60)	12,289
<u>Accumulated amortization and impairment</u>				
Trademarks	—	6	—	6
Patents	343	148	—	491
Computer software	7,613	1,013	(60)	8,566
Subtotal	7,956	\$ 1,167	\$ (60)	9,063
Net	\$ 2,378			\$ 3,226

Item	For the Year Ended December 31, 2019				
	Balance, Beginning of year	Additions	Disposals	Reclassifications	Balance, End of year
<u>Cost</u>					
Trademarks	\$ —	\$ 7	\$ —	\$ —	\$ 7
Patents	921	186	—	—	1,107
Computer software	8,036	1,168	(60)	76	9,220
Subtotal	8,957	1,361	(60)	76	10,334
<u>Accumulated amortization and impairment</u>					
Patents	189	154	—	—	343
Computer software	6,527	1,070	(60)	76	7,613
Subtotal	6,716	\$ 1,224	\$ (60)	\$ 76	7,956
Net	\$ 2,241				\$ 2,378

14. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes payable	\$ 45,888	\$ 58,900
Accounts payable	79,565	88,285
Total	<u>\$ 125,453</u>	<u>\$ 147,185</u>
Current	<u>\$ 125,453</u>	<u>\$ 147,185</u>

(A) The average credit purchase period of payables is 30 to 60 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

(B) For the disclosure of the Company's payables exposing currency and liquidity risks and other payables, please refer to Note 26.

15. OTHER PAYABLES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salary and wages payable	\$ 15,174	\$ 13,447
Employee Bonus payable	21,298	24,735
Directors' remuneration payable	5,324	6,184
Advertising payable	3,081	3,126
Export fee payable	3,658	2,674
Other accrued expenses	5,880	6,335
Payable for annual leave	3,125	3,125
Total	<u>\$ 57,540</u>	<u>\$ 59,626</u>
Current	<u>\$ 57,540</u>	<u>\$ 59,626</u>

16. RETIRED BENEFIT PLANS

(A) Defined contribution plans

The plan under the R.O.C. Labor Pension Act ("the Act") is deemed a defined contribution plan. Pursuant to the Act, the Company makes monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Company recognized expenses of NT\$ 5,016 thousand and NT\$4,888 thousand in the parent company only statements of comprehensive income for the years ended December 31, 2020 and 2019, respectively.

(B) Defined benefit plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

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

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 18,354	\$ 17,553
Fair value of plan assets	(12,019)	(11,196)
Net defined benefit liability	\$ 6,335	\$ 6,357

a. 2020

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1,	\$ 17,553	\$ (11,196)	\$ 6,357
Current service cost	—	—	—
Net interest expense (income)	121	(78)	43
Recognized in profit or loss	121	(78)	43
Remeasurement			
Experience adjustments	(12)	—	(12)
Changes in demographic assumptions	—	—	—
Changes in financial assumptions	692	—	692
Return on plan assets	—	(369)	(369)
Recognized in other comprehensive loss (income)	680	(369)	311
Contributions from the employer	—	(376)	(376)
Paid pension	—	—	—
Balance at December 31	<u>\$ 18,354</u>	<u>\$ (12,019)</u>	<u>\$ 6,335</u>

The Company's planned asset type is bank deposits.

b. 2019

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1,	\$ 16,766	\$ (10,365)	\$ 6,401
Current service cost	—	—	—
Net interest expense (income)	166	(104)	62
Recognized in profit or loss	166	(104)	62
Remeasurement			
Experience adjustments	91	—	91
Changes in demographic assumptions	—	—	—
Changes in financial assumptions	530	—	530
Return on plan assets	—	(361)	(361)
Recognized in other comprehensive loss (income)	621	(361)	260
Contributions from the employer	—	(366)	(366)
Paid pension	—	—	—
Balance at December 31	<u>\$ 17,553</u>	<u>\$ (11,196)</u>	<u>\$ 6,357</u>

The Company's planned asset type is bank deposits.

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the follows categories:

	For the Year Ended December 31	
	2020	2019
Operating costs	\$ 8	\$ 11
Selling and marketing expenses	11	16
General and administrative expenses	6	9
Research and development expenses	18	26
Total	\$ 43	\$ 62

(C) Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- (a) Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.
- (b) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
- (c) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(D) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	For the Year Ended December 31	
	2020	2019
Discount rate	0.30%	0.70%
Expected rate of salary increase	3.00%	3.00%

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	For the Year Ended December 31	
	2020	2019
Discount rate		
0.25% increase	\$ (437)	\$ (433)
0.25% decrease	454	461
Expected rate of salary increase		
0.25% increase	441	449
0.25% decrease	(427)	(435)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity which may not be representative of the actual change in the defined benefit obligation and the method of calculating net pension liability in the balance sheet are the same.

(E) Expected contributions to the defined benefit pension plans of the Company within one year from December 31, 2021 are NT\$354 thousand.

(F) As of December 31, 2020, the weighted average duration of that retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 405
2 to 5 years	5,067
Over 6 years	13,422
	<u>\$ 18,894</u>

17. EQUITY

(1) Capital stock

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Shares authorized	\$ 1,000,000	\$ 1,000,000
Shares issued	\$ 625,010	\$ 625,010

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

(2) Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Additional paid-in	\$ 11,022	\$ 11,022
Other	180	180
Total	\$ 11,202	\$ 11,202

Under the relevant laws, the capital surplus can only be used to offset a deficit. However, the capital surplus from donations and the excess of the issuance price over par value of capital stock (including the stock issued for new capital, mergers, convertible bonds and treasury stock transactions) may be capitalized or shall be distributed by cash, on a certain percentage of the Company's paid-in capital every year. Also, the capital surplus from long-term investments, employee share options and share options may not be used for any purpose.

(3) Retained earnings and dividend policy

(A) Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, unless the accumulated amount of the legal reserve has reached the total issued capital of the Company. The remaining balance is to be set aside or reverse or rotation as special reserve if necessary. According to the dividend policy, bonus distributed shall be proposed by the Board of Directors and resolved by the stockholders' meeting. In accordance with the provisions of Article 240, Item 5 of the Company Act, the company may explicitly stipulate to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

(B)The Company adopts the residual dividend policy in order to meet the growth characteristics of the industry and the capital needs of the Company's long-term financial planning and operation expansion. That is, the surplus distribution is handled according to Article 20 of the Articles of Association. The shareholder dividends are based on the principle of balanced distribution between stock and cash dividends. The board of directors proposes to set aside from the distributable surplus the dividends to be distributed, with the amount of the distribution no less than 30% of the distributable surplus in the current year, and distributed according to the Company's Articles of Incorporation. Stock dividends have the priority in order to retain the required funds, and the remaining surplus is to be distributed in the form of cash dividends; however, the proportion of cash dividends shall not be less than 10% of the total dividends. In accordance with Article 241 of the Company Act, Company distributes its legal reserve and the following capital reserve, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash, after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

(C)According to the Company Act, the appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

(D) Pursuant to existing regulations, the company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity items (including exchange differences on translating foreign operations, unrealized gain or loss on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of a cash flow hedge but excluding treasury stock). For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

(E) The Company's 2020 surplus distribution proposal has not been approved by the board of directors as of the date of issuance of the financial statements.

(F) The Company's earnings allocation for the previous year of 2019 and 2018, were approved in the regular meeting of shareholders on June 10, 2020 and June 12, 2019. The actual allocation of remuneration to director auditors is the same as the proposed allocation passed by the board of directors. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends per Share(NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 31,264	\$ 30,104		
Cash dividends	281,254	268,754	4.5	4.3
Total	\$ 312,518	\$ 298,858		

18. OPERATING REVENUE

	For the Year Ended December 31	
	2020	2019
Net revenue from sale of goods	\$ 1,227,105	\$ 1,348,032

(1) Breakdown of revenue from contracts with customers

	For the Year Ended December 31	
	2020	2019
Europe	\$ 551,663	\$ 622,760
America	287,727	319,355
Asia	234,491	264,424
Others	153,224	141,493
Total	\$ 1,227,105	\$ 1,348,032

(2) Contract liabilities

	For the Year Ended December 31	
	2020	2019
Contract liabilities-current	\$ 21,984	\$ 21,691

For the year ended December 31, 2020 and 2019, the Company recognized NT\$13,586 thousand and NT\$13,726 thousand in revenue from the beginning balance of contract liability, respectively.

19. INTEREST INCOME

	For the Year Ended December 31	
	2020	2019
Interest income from bank deposits	\$ 5,682	\$ 8,110

20. OTHER INCOME

	For the Year Ended December 31	
	2020	2019
Rent income	\$ 86	\$ 65
Other gains	6,894	8,431
Total	\$ 6,980	\$ 8,496

21. OTHER GAINS AND LOSSES

	For the Year Ended December 31	
	2020	2019
Gains on disposal of property, plant and equipment	\$ 230	\$ 1,119
Foreign exchange gains (losses)	(5,987)	(674)
Gains on financial assets at fair value through profit	40	55
Share of loss of subsidiaries and associates	(169)	—
Total	\$ (5,886)	\$ 500

22. INCOME TAX

(1) Income tax recognized in profit or loss

(A) A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	\$ 65,667	\$ 76,266
Effect from items disallowed by tax regulation	27	(357)
Change in deferred income tax	—	—
Effect from investment tax credits	(4,244)	(5,505)
Tax on undistributed earnings	6	120
Tax expenses	\$ 61,456	\$ 70,524

(B) Income tax expense consisted of the following:

	For the Year Ended December 31	
	2020	2019
Tax expenses	\$ 61,456	\$ 70,524
Net change in deferred income tax	(67)	285
Adjustments for prior year's income tax	(3,371)	(2,333)
Income tax expense recognized in profit or loss	\$ 58,018	\$ 68,476

(2) Income tax expense (benefit) recognized in other comprehensive income

Deferred tax

	For the Year Ended December 31	
	2020	2019
Remeasurements of defined benefit obligations	\$ 62	\$ 52

(3) Deferred tax

(A) The analysis of deferred income tax in the parent company only balance sheets was as follows:

	December 31, 2020	December 31, 2019
Deferred tax assets		
Defined benefit liabilities	\$ 1,792	\$ 1,730
Advertisement expense	617	625
Unrealized investment loss	2,265	2,265
Unrealized impairment loss	186	186
Inventory valuation losses	736	736
Unrealized employee vacation payable	625	625
Total	\$ 6,221	\$ 6,167
Deferred tax liabilities		
Unrealized exchange gain	\$ 37	\$ 113

	For the Year Ended December 31, 2020				
	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of exchange rate changes	Balance, End of year
Deferred tax assets					
Defined benefit liabilities	\$ 1,730	\$ —	\$ 62	\$ —	\$ 1,792
Advertisement expense	625	(8)	—	—	617
Unrealized investment loss	2,265	—	—	—	2,265
Unrealized impairment loss	186	—	—	—	186
Inventory valuation losses	736	—	—	—	736
Unrealized employee vacation payable	625	—	—	—	625
Total	\$ 6,167	\$ (8)	\$ 62	\$ —	\$ 6,221
Deferred tax liabilities					
Unrealized exchange gain	\$ (113)	\$ 76	\$ —	\$ —	\$ (37)

For the Year Ended December 31, 2019

	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of exchange rate changes	Balance, End of year
Deferred tax assets					
Defined benefit liabilities	\$ 1,678	\$ —	\$ 52	\$ —	\$ 1,730
Advertisement expense	684	(59)	—	—	625
Sales revenue	310	(310)	—	—	—
Unrealized investment loss	2,265	—	—	—	2,265
Unrealized impairment loss	186	—	—	—	186
Inventory valuation losses	736	—	—	—	736
Unrealized employee vacation payable	625	—	—	—	625
Total	<u>\$ 6,484</u>	<u>\$ (369)</u>	<u>\$ 52</u>	<u>\$ —</u>	<u>\$ 6,167</u>
Deferred tax liabilities					
Cost of sales	\$ (177)	\$ 177	\$ —	\$ —	\$ —
Unrealized exchange gain	(19)	(94)	—	—	(113)
Total	<u>\$ (196)</u>	<u>\$ 83</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (113)</u>

(B) Items for which no deferred tax assets have been recognized: None.

(4) Unappropriated retained earnings:

	December 31, 2020	December 31, 2019
1998 to 2009	\$ 32,002	\$ 32,002
after 2010	290,351	332,799
Total	<u>\$ 322,353</u>	<u>\$ 364,801</u>

(5) Income tax assessments

The Company's income tax returns through 2018 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

For the Year Ended December 31

	2020	2019
Basic EPS(NT\$)	\$ 4.33	\$ 5.01
Diluted EPS(NT\$)	<u>\$ 4.30</u>	<u>\$ 4.97</u>

EPS is computed as follows:

(1) Basic earnings per share

	For the Year Ended December 31	
	2020	2019
Profit attributable to ordinary shareholders of the parent (in thousand)	\$ 270,319	\$ 312,852
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Basic EPS (NT\$)	\$ 4.33	\$ 5.01

(2) Diluted earnings per share

	For the Year Ended December 31	
	2020	2019
Profit attributable to ordinary shareholders of the parent (in thousand)	\$ 270,319	\$ 312,852
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Effect of potentially dilutive ordinary shares- Employees' remuneration (in thousand shares)	416	464
Weighted average number of dilutive ordinary shares outstanding (in thousand shares)	62,917	62,965
Diluted EPS(NT\$)	\$ 4.30	\$ 4.97

Due to the employee remuneration may be paid in the form of company shares, it is assumed that the employee's remuneration will be issued by means of shares when calculating the earnings per share. When the potential ordinary shares have a dilution effect, they are included in the weighted average number of outstanding shares to calculate the diluted earnings per share. When the shareholders' meeting decides the number of shares in the employee's remuneration for the previous year by calculating the basic earnings per share, the number of shares will be included in the weighted average number of outstanding shares in the resolution of the shareholder's meeting. Moreover, since the capital increase from employee remuneration is no longer a free share allotment, no retroactive adjustment is required for the calculation of the basic and diluted earnings per share.

24. ADDITIONAL INFORMATION OF EXPENSES BY NATURE

The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2020 and 2019:

	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefits	\$ 25,716	\$ 114,924	\$ 140,640	\$ 24,615	\$ 115,483	\$ 140,098
Payroll expense	21,505	93,756	115,261	20,506	93,576	114,082
Insurance expense	2,083	7,974	10,057	2,024	7,887	9,911
Pension	1,002	4,057	5,059	948	4,002	4,950
Board compensation	—	5,411	5,411	—	6,266	6,266
Others	1,126	3,726	4,852	1,137	3,752	4,889
Depreciation	5,002	18,059	23,061	4,825	17,801	22,626
Amortization	—	1,167	1,167	—	1,224	1,224

(1) As of December 31, 2020 and 2019, the Company had 153 and 151 employees, respectively, including 4 non-employee directors for both year.

(2) Companies whose stocks are listed on the stock exchange or listed on the stock counter trading center should disclose the following information:

A. In 2020 and 2019, the allowance for average employee benefits were \$908 thousand and \$910 thousand, respectively.

B. In 2020 and 2019, the allowance for average employee payroll expense were \$774 thousand and \$776 thousand, respectively.

C. The change in the average employee's payroll was (0.26%).

D. The Company has established the Audit Committee in replace of supervisors , so the remuneration of the supervisor is not recognized.

E. The Company's salary and remuneration policy, including that for directors, supervisors, managers and employees, is as follows:

(a) In accordance with the Company's articles of association, the remuneration of directors (including independent directors) is authorized to the board of directors according to their degree of involvement in the company's operations and the value of their contribution to the company's operations, and to negotiation with the usual standards of the industry.

According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be higher than 2% for directors' remuneration.

(b) The Company's employee compensation includes salary, year-end bonus, employees' compensation, etc., as described below:

I. Salary is determined by market mechanism and employees' professional skills.

II. Year-end bonuses are assessed based on individual performance.

III. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation. Employee compensation is based on consideration of the company's operating performance, with reference to the same industry, number of employees in the company, future prospects, etc. The managers based on personal performance and assessment results report to the remuneration committee for resolutions to be issued.

(3) The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period. 6% is applied to employee's compensation, and 1.5% is applied to director's and supervisor's remuneration that were expensed under operating costs or operating expenses during 2020 and 2019.

The estimated amounts are as follows:

	For the Year Ended December 31	
	2020	2019
Employees' compensation	\$ 21,298	\$ 24,735
Remuneration to directors	5,324	6,184

If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate. If the board of directors decides to pay the employee remuneration in the form of company shares, the number of dividend shares is determined by dividing the amount of the dividend by the fair value of the share. The fair value of the share is based on the closing price of the day before the resolution date of the shareholders' meeting, with the ex-dividend impact considered.

The 2019 and 2018 employee's compensation and director's and supervisor's remuneration were respectively resolved in the board meeting on March 9, 2020 and March 21, 2019 as follows:

	For the Year Ended December 31	
	2019	2018
Employees' compensation	\$ 24,735	\$ 23,805
Remuneration to directors	6,184	5,951

There is no difference between the 2019 and 2018 employee's compensation and director's and supervisor's remuneration and the Company's 2019 and 2018 recognized fee estimates.

The information about appropriations of the Company's employees' compensation and remuneration to directors is available on the Market Observation Post System website.

25. CAPITAL MANAGEMENT

The Company plans its working capital required for the future in accordance with the characteristics currently existing in its industry and its future development status while it also considers the changes in the external environment, so as to ensure its sustainable operations. In so doing, the Company will be able to concurrently protect the interests of its shareholders and other related parties, maintain the optimal capital structure, and elevate the stockholder value. As a whole, the Company adopts a prudent risk management strategy. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares or return capital to shareholders.

26. FINANCIAL INSTRUMENTS

(1) Categories of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 10,740	\$ 10,700
Amortized cost		
Cash and cash equivalents	1,278,608	1,263,105
Notes and accounts receivable	90,347	79,493
Other receivables	6,007	6,963
Refundable deposits	6,099	6,099
Total	<u>\$ 1,391,801</u>	<u>\$ 1,366,360</u>
<u>Financial liabilities</u>		
Amortized cost		
Notes and accounts payable	\$ 125,453	\$ 147,185
Other payables	57,540	59,626
Lease liabilities	49,557	33,067
Total	<u>\$ 232,550</u>	<u>\$ 239,878</u>

(2) Fair value of financial instruments

(A) Fair value of financial instruments that are not measured at fair value

Among the financial assets and financial liabilities that are not measured at fair value, the management of the Company considers that there is no significant difference between the carrying amounts and the fair values.

(B) Fair value as recognized in the balance sheet

According to IFRS 13, the Company's fair values of the assets or liabilities are estimated based on the fair values assessed by major market participants. Considering the fair value assumptions of market participants, the observable fair value measurements can be divided into the following three levels:

- (a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- (c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- (d) For the assets and liabilities recognized in the financial statements on a repetitive basis, the classification is re-evaluated at the end of each reporting period to determine whether there is a transfer between the levels of the fair value hierarchy.
- (e) The Company has no financial assets or liabilities that are measured at fair value on a non-repetitive basis. The financial assets and liabilities measured at fair value on a repetitive basis are presented below:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Funds	\$ 10,740	\$ —	\$ —	\$ 10,740
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	\$ —	\$ —	\$ —	\$ —
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Funds	\$ 10,700	\$ —	\$ —	\$ 10,700
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	\$ —	\$ —	\$ —	\$ —

For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

There were no purchases and disposals for assets on Level 3 for the years ended December 31, 2020 and 2019, respectively.

(C) Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

Monetary funds are closed-end funds with standard terms and conditions; investors may request the fund management companies for redemption at any time, and the fair values are based on the net values of the funds.

(D) Financial assets and liabilities which are not measured at fair value, but the fair values need to be disclosed: None.

(3) Financial risk management objectives

The Company objectives of financial risk management are to manage its exposure to currency risk, interest rate risk, credit risk and liquidity risk related to the operating activities. To reduce the related financial risks, the Company engages in identifying, assessing and avoiding the market uncertainties with the objective to reduce the potentially adverse effects on its financial performance by the market change.

The Company's major financial activities are reviewed by the board of directors in accordance with the related regulations and internal control system. During the financial plan execution period, the Company must comply with the financial operation procedures related to overall financial risk management and accrual basis.

(4) Market risk

The Company is exposed to the market risks arising from changes in foreign currency rates and interest rates, and not utilizes derivative financial instruments to reduce the related risks.

(A) Foreign currency risk

The Company's operating activities and investment in foreign are mainly denominated in foreign currencies and exposed to foreign currency risk. The Company did not engage in any hedging.

The Company's sensitivity analysis to foreign currency risk mainly focuses on the net foreign currency assets and liabilities monetary items at the end of the reporting period.

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2020			
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 3,747	28.48	\$ 106,796	\$ 1,068
EUR	178	35.02	6,243	62
<u>Non-monetary items</u>	—	—	—	—
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	1,717	28.48	48,600	486
<u>Non-monetary items</u>	—	—	—	—

	December 31, 2019			
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 4,031	29.98	\$ 121,875	\$ 1,219
EUR	175	33.59	5,872	59
<u>Non-monetary items</u>				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	1,799	29.98	54,626	546
<u>Non-monetary items</u>				

(B) Interest rate risk

Interest rate risk refers the risk caused by the change in the fair value of financial instruments as a result of change of the market interest rate. The interest rate risk of the Company is mainly from the floating-rate time deposit investment. As the current market interest rate is already low, it is expected that there is no significant interest rate risk, and therefore the Company is not engaged in any hedging.

Regarding the sensitivity analysis of the interest rate risk, the calculation is made according to the amount of changes in fair value of fixed income investment at the end of the report period. If the interest rate increased or decreased by 0.25%, the Company's profit or loss for the years ended December 31, 2020 and 2019 would increase or decrease NT\$3,135 thousand and NT\$3,039 thousand respectively.

(C) Other price risk

The Company is exposed to equity instrument price risk arising from financial assets at fair value through profit or loss, mandatorily measured at fair value. Except for investments made through venture capital funds, all other major equity investments are to be approved by the board of directors of the Company in advance.

The sensitivity analysis for the equity instruments is based on the change in fair value as of the reporting date. Assuming a hypothetical increase/decrease of 5% in prices of the equity investment at the end of the reporting period for the years ended December 31, 2020 and 2019, the income would have increased /decreased by NT\$537 thousand and NT\$535 thousand, respectively.

(5) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily accounts receivable, and from financing activities, of fixed-income deposits investments. Credit risk is managed separately for business related and financial related exposures.

(A) Business related credit risk

In order to maintain its quality of accounts receivable, the Company has set up operation related credit risk management procedure.

The individual customer risk assessment covers the factors of an individual customer's financial status and credit rating agency's ratings, the Company's internal credit ratings and historical transaction records and current economic status, etc. which may affect customer's solvency capacity. In addition, the Company will also use some credit enhancement instruments, such as advance sales receipts and accounts receivable insurance, etc., at an appropriate time to reduce the credit risk of some specific customers. The management of the Company has delegated a person responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

As of December 31, 2020 and 2019, the Company's top ten customers accounted for 62.30% and 41.85% of accounts receivable, respectively. The Company believes the concentration of credit risk is insignificant for the remaining accounts receivable.

(B) Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company's financial department. The Company's transaction counterparts and contract performance parties are the financial institutions with good credit, and the Company has diversified its risk by dealing with multiple financial institutions, so there shall be no significant credit risk caused by too much concentration on some financial institutions and no significant doubt about contract performance. As such, the Company shall have no material credit risk.

(6) Liquidity risk management

The Company's goal in managing liquidity risk is to control capital expenditures and working capital.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	December 31, 2020				
	Less Than 1 year	2-3 year	4-5 year	Over 5 year	Total
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 125,453	\$ —	\$ —	\$ —	\$ 125,453
Other payable	57,540	—	—	—	57,540
Lease liabilities	19,230	31,381	—	—	50,611
Subtotal	202,223	31,381	—	—	233,604
<u>Derivative financial liabilities</u>					
	—	—	—	—	—
Total	\$ 202,223	\$ 31,381	\$ —	\$ —	\$ 233,604

	December 31, 2019				
	Less Than 1 year	2-3 year	4-5 year	Over 5 year	Total
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 147,185	\$ —	\$ —	\$ —	\$ 147,185
Other payable	59,626	—	—	—	59,626
Lease liabilities	15,730	18,117	—	—	33,847
Subtotal	222,541	18,117	—	—	240,658
<u>Derivative financial liabilities</u>					
	—	—	—	—	—
Total	\$ 222,541	\$ 18,117	\$ —	\$ —	\$ 240,658

27. RELATED PARTY TRANSACTIONS

(1)	Related party name and categories	Related Party Categories
	PLANET INTERNATIONAL INC.	Subsidiary
	Directors, general managers, vice general managers across the board	The Company's major management executives

(2) Significant transactions and balances with related parties

(A) Other payables

	For the Year Ended December 31	
	2019	
	Amount	%
PLANET INTERNATIONAL INC.	\$ 122	—

(3) Compensation of key management personnel

The compensation to directors and other key management personnel compensation comprised:

	For the Year Ended December 31	
	2020	2019
Short-term benefits	\$ 11,677	\$ 12,413
Post-employment benefits	116	120
Total	\$ 11,793	\$ 12,533

(A)The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the standard level of the industry.

(B)The 2020 surplus distribution proposal of the Company has not been approved by the board of directors as of the date of issuance of the financial statements.

(C)For more detailed information, please refer to the contents of the annual report of the shareholders' meeting.

28. PLEDGED ASSETS: None.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS: None.

30. SIGNIFICANT DISASTER LOSS: None.

31. SUBSEQUENT EVENTS: None.

32. OTHER:

Non-cash transactions.

Investing activities with partial cash payments :

	For the Year Ended December 31	
	2020	2019
Purchase of property ,plant and equipment	\$ 4,542	\$ 3,568
Add : Beginning balance of payable for equipment	91	105
Less : Transfer from prepaid equipment at the beginning of the period	—	(186)
Ending balance of payable for equipment	(60)	(91)
Cash paid during the period	<u>\$ 4,573</u>	<u>\$ 3,396</u>

33. ADDITIONAL DISCLOSURES

- (1) Information on significant transactions:
 - (A) Financing provided to others: None;
 - (B) Endorsements/guarantees provided: None;
 - (C) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Please see Table 1 attached;
 - (D) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - (E) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None;
 - (F) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - (G) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
 - (H) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
 - (I) Information about the derivative instruments transaction: None;
 - (J) Other: Intercompany relationships and significant intercompany transactions: None.
- (2) Information on investees:
 - (A) Names, locations, and related information of investee companies: Please see Table 2 attached;
 - (B) Significant transactions information: None.
- (3) Information on investment in Mainland China: None.
- (4) Information of major shareholders: list of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please see Table 3 attached.

34. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

TABLE 1

MARKETABLE SECURITIES HELD

Amount in Thousands of New Taiwan Dollars

Held company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Planet Technology Corporation	Money market Fuh Hwa Money Fund fund	—	Financial assets at fair value through profit or loss-current	218,437.60	\$ 3,177	—	\$ 3,177	Note 1
	" Yuanta Wan Tai Money Market Fund	—	"	210,029.60	3,204	—	3,204	"
	" Eastspring Investments Well Pool Money Market Fund	—	"	317,883.00	4,359	—	4,359	"
	Stock PLANET INTERNATIONAL INC.	Invested companies evaluated by equity method	Investments accounted for using equity method	100,000.00	3,045	100.00	3,045	"
	" ESSENCE TECHNOLOGY SOLUTION INC.	—	Financial assets at fair value through profit or loss-non-current	42,000.00	—	1.56	—	

Note1: The market price is the net value of December 31, 2020.

TABLE 2

INFORMATION ON INVESTEEES

Amount in Thousands of New Taiwan Dollars

Investor company	Investee company	Location	Main Businesses and Products	Original Investment		Balance as of December 31, 2020			Net Income (Losses) of the Investee	Shares of Profits/Losses of Investee	Notes
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Carrying value			
Planet Technology Corporation	PLANET INTERNATIONAL INC.	Samoa	International trade business	US\$100,000	US\$100,000	100,000	100%	\$ 3,045	\$ (169)	\$ (169)	Notes

Notes : The investment income (loss) is recognized based on the investee's financial statements that were audited and attested by parent company's CPA for the year ended December 31, 2020.

TABLE 3

Information of major shareholders

Shareholders	Shares	Total Shares owned	Ownership Percentage
Puyan Investment Co., Ltd		16,856,237	26.97%
CHEN, CHING-KANG		4,211,978	6.74%

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2020

Item	Description	Amount
Cash on hand		\$ 198
Savings accounts	Included USD 332,126.94	24,566
	EUR 177,972.53	
	RMB 3,470.53	
Time deposits		1,253,844
Total		\$ 1,278,608

Exchange rate : US \$1 = NT\$ 28.48

EUR\$1 = NT\$ 35.02

RMB\$1 = NT\$ 4.377

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT

OR LOSS, CURRENT

DECEMBER 31, 2020

Name of securities	Description	Units (thousand)/ bonds/ shares (thousand)	Par Value	Amount	Rate (%)	Cost	Fair Value		Note
							Unit Price (NTD)	Amount	
Fuh Hwa Money Fund	Money market fund	218,437.6	—	\$ 2,994	—	\$ 2,994	14.5440	\$ 3,177	
Yuanta Wan Tai Money Market Fund	"	210,029.6	—	3,000	—	3,000	15.2552	3,204	
Eastspring Investments Well Pool Money Market Fund	"	317,883	—	4,093	—	4,093	13.7127	4,359	
Subtotal				\$ 10,087	—	\$ 10,087		\$ 10,740	
Add : valuation adjustment						653			
Total						\$ 10,740			

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2020

Client Name	Description	Amount	Note
Client A		\$ 13,676	
Client B		11,705	
Client C		8,995	
Client D		6,565	
Client E		6,176	
Others	The amount of individual item in others does not exceed 5% of the account balance	43,280	
Total		90,397	
Less: allowance for doubtful accounts		(96)	
Net		\$ 90,301	

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2020

Item	Description	Amount	Note
Tax refund receivable		\$ 5,832	
Interest receivable		175	
Total		\$ 6,007	

STATEMENT OF INVENTORIES

DECEMBER 31, 2020

Item	Description	Cost	Net Realizable Value	Note
Raw material		\$ 38,886	\$ 38,882	
Work in process		48,829	79,003	
Finished goods		109,103	176,523	
Total		196,818	\$ 294,408	
Less: allowance for loss		(3,679)		
Net		\$ 193,139		

STATEMENT OF PREPAYMENTS

DECEMBER 31, 2020

Item	Description	Amount	Note
Prepaid rents		\$ 528	
Prepaid insurance premiums		1,217	
Prepayment for purchases		226	
Others		3,872	
Total		\$ 5,843	

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2020

Name of Securities	As of January 1, 2020		Additions		Decrease		As of December 31, 2020		Fair value / Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Unit Price (NT\$)	Amount		
PLANET INTERNATIONAL INC.	100,000	\$ 3,214	—	\$ —	—	\$ (169)	100,000	\$ 3,045	—	\$ 3,045	—	Note

Note : Including investment loss recognized under equity method amount to \$169 thousand .

STATEMENT OF CONTRACT LIABILITIES

DECEMBER 31, 2020

Item	Description	Amount	Note
ClientM		\$ 7,017	
ClientN		4,899	
ClientO		3,532	
Others	The amount of individual item in others does not exceed 5% of the account balance	6,536	
Total		\$ 21,984	

STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2020

Item	Description	Amount	Note
Vendor F		\$ 3,159	
Vendor G		2,785	
Vendor H		2,713	
Vendor I		2,597	
Vendor J		2,138	
Vendor K		2,119	
Others	The amount of individual item in others does not exceed 5% of the account balance	30,377	
Total		\$ 45,888	

STATEMENT OF ACCOUNTS PAYABLES

DECEMBER 31, 2020

Item	Description	Amount	Note
Third Parties			
Vendor J		\$ 9,252	
Vendor K		8,408	
Vendor L		8,088	
Others	The amount of individual item in others does not exceed 5% of the account balance	53,817	
Total		\$ 79,565	

STATEMENT OF CURRENT LIABILITIES

DECEMBER 31, 2020

Item	Description	Amount	Note
Temporary credits		\$ 121	
Receipts under custody	Employees' payroll taxes, labor insurance and health insurance	1,242	
Total		\$ 1,363	

STATEMENT OF NET OPERATING REVENUES

FOR THE YEAR ENDED DECEMBER 31, 2020

Item	Amount	Note
Sales revenues	\$ 1,228,395	
Less: Sales returns	(1,015)	
Sales discounts	(275)	
Other operating revenues	\$ 1,227,105	

STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Item	Amount	
	Subtotal	Total
Raw material		\$ 598,205
Balance, beginning of year	\$ 39,339	
Add: raw material purchased	604,456	
Gain on physical inventory	46	
Less: transferred to manufacturing operating expenses	(3,049)	
Cost of goods sold-by-product	(3,701)	
Raw material, end of year	(38,886)	
Direct labor		15,128
Manufacturing expenses		84,564
Manufacturing cost		697,897
Add: work in process, beginning of year		63,536
Less: work in process, end of year		(48,829)
Cost of finished goods		712,604
Add: finished goods, beginning of year		126,472
Less: finished goods, end of year		(109,103)
Add: Cost of goods sold-by-product		3,701
Less: other		(46)
Total		\$ 733,628

STATEMENT OF MANUFACTURING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

Item	Description	Amount	Note
Wages and salaries		\$ 8,069	
Depreciation		5,002	
Processing cost		66,239	
Others expense	The amount of individual item in others does not exceed 5% of the account balance	5,254	
Total		\$ 84,564	

STATEMENT OF SALES AND MARKETING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

Item	Description	Amount	Note
Wages and salaries		\$ 30,637	
Advertisement expense		3,745	
Insurance expense		5,048	
Depreciation		7,733	
Export expense		6,424	
Others expense	The amount of individual item in others does not exceed 5% of the account balance	9,691	
Total		\$ 63,278	

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

Item	Description	Amount	Note
Wages and salaries		\$ 22,528	
Depreciation		3,325	
Professional service		4,982	
Others expense	The amount of individual item in others does not exceed 5% of the account balance	6,156	
Total		\$ 36,991	

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

Item	Description	Amount	Note
Wages and salaries		\$ 50,265	
Depreciation		7,001	
Insurance expense		4,028	
Others expense	The amount of individual item in others does not exceed 5% of the account balance	9,799	
Total		\$ 71,093	

VI. In the case of any insolvency of the Company and its affiliates in the most recent year and up to the publication date of the annual report, specify its effect on the Company's financial status: N/A

7. Review, Analysis, and Assessment of Overview of Finance Status and Performance, and Risk Management

I. Financial position

Unit: NTD thousands

Item \ Year	2020	2019	Difference	
			Amount	%
Current asset	1,587,772	1,595,398	(7,626)	(0.48%)
Property, Plant and Equipment	7,598	7,562	36	0.48%
Intangible asset	3,226	2,378	848	35.66%
Other assets	61,860	46,538	15,322	32.92%
Total assets	1,660,456	1,651,876	8,580	0.52%
Current liabilities	289,221	282,595	6,626	2.34%
non-current liabilities	37,345	24,207	13,138	54.27%
Total liabilities	326,566	306,802	19,764	6.44%
Share capital	625,010	625,010	0	0.00%
Additional paid-in capital	11,202	11,202	0	0.00%
Retained earnings	697,678	708,862	(11,184)	(1.58%)
Total shareholders' equity	1,333,890	1,345,074	(11,184)	(0.83%)

Note: For any material change to assets, liabilities, and shareholder's equity (change between two consecutive periods is over 20%, and amount is NTD 10 million or more) in the most recent two years, specify the main causes and effect, if the effect is material, and also specify the future countermeasure: Due to the exchange of office lease contracts in 2020, the amount and ratio of other assets and non-current liabilities increased currently, which sets the recognition that should be carried out with the right-to-use asset, and lease liabilities in every three years.

II. Financial performance

- (I) The major causes of material changes to the operating revenue, operating net profit, and pre-tax net profit in the most recent two years.

Unit: NTD thousands

Year Item	2020	2019	Amount changed	Change (%)
Net operating revenue	1,227,105	1,348,032	(120,927)	(8.97%)
Net operating profit	322,079	364,840	(42,761)	(11.72%)
Pre-tax net profit	328,337	381,328	(52,991)	(13.90%)
The Company's operating income, net income and net income before tax decreased due to the pandemic of COVID-19.				

- (II) The estimated sales volume and its basis, the possible effect to the Company's future finance and business, and the countermeasure:

The Company does not forecast finance and thus no applicable.

III. Cash flow

Analysis of changes in the cash flow for the most recent year:

Year Item	2020	2019	Increase and Decrease Ratio
Cash flow ratio	108.77%	124.12%	(12.37%)
Cash flow adequacy ratio	113.61%	114.56%	(0.83%)
Cash flow reinvestment ratio	2.39%	5.90%	(59.49%)
Statement of analysis of increase and decrease ratio changes: The Company's cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio decreased compared with that in 2019, due to the decrease of operating income, net interests, and net cash flow in this operating activity influenced by the COVID-19 pandemic.			

- (II) Cash flow analysis for the next year: The Company has always focused on its business and continues to make profits, so its cash is still abundant.

IV. Major capital expenditure and its impact on the financial operations of the Company in the most recent year: None.

V. Reinvestment policy in the most recent year, the main reasons for profit or loss and the corrective action plan and investment plan for the coming year: the Company has had no new reinvestment in 2020, and currently has no new investment plan.

VI. Risk Analyses and Assessment for the recent year and up to the printing date of the annual report

(I) The impacts of the interest rate and inflation on the Company loss and profit, and the measures:

1. Interest rate: In order to reduce the serious impact of the epidemic on the economy, various countries have increased their financial spending and offering unprecedentedly easy monetary policy to promote the financial liquidity, which combine both the monetary and the financial policies and are adopted to stabilize the economic fundamentals of each country. Interest changes in our country are relatively stable compared with the others and the Company has no external borrowings, so the increase of interest rates will not affect the profit and loss of the Company. Interest rate risk mainly results from floating CD investment. In order to effectively reduce the risk of the interest decrease of each bank, the Company selects public banks and high-quality financial institutions to get along with, and maintains good and close relationships with the banks to obtain more favorable interest rates and higher return rate with low risks. The sensitivity analysis of interest rate risk is based on changes in fair value of the fixed-income investments at the end of the financial reporting period. If interest rates increase/decrease 0.25%, the company's profit and loss will increase/decrease by NTD 3,124,000 in 2020, which will have little impact on the Company's operations and income.
2. Exchange rate: The Company's products are mainly occupied in export, which cover all over the world. Because some of the high-end critical components are also imported from abroad, the exchange rate fluctuations have a certain degree of impact on the Company's cost and profitability.

The Company's exchange loss for 2020 was NTD 6,148,000 accounting for only 0.5 % of total revenue, so the risk of exchange rate changes is still under control, and the measures are as follows:

- (1) Based on the physical truth, the Company should hold different foreign currencies in addition to the U.S. Dollar, to spread the risk of currency concentration.
- (2) Product pricing needs to take consideration of the impact of the exchange rate changes to ensure the reasonable profit for the Company. And the Company also needs to use natural hedging methods to pay the manufacturer by the weak currency, to reduce the shock of the low exchange rate.
- (3) The finance department closely monitors the directions and information of exchange rate fluctuations, and maintains close contacts with corresponding banks. The Company needs to obtain information on exchange rates from banks on every hour, and change them into NTD based on the physical truth to meet the capital

requirements.

- (4) If necessary, the Company needs to commit to foreign exchange hedging instruments to reduce exchange rate risk.

3. Inflation: Global raw material prices fluctuation has some impact on our company, so the measures are as follows: The Company should know about the market changes and maintains good interaction with suppliers and customers, should increase the use of alternative materials and cooperate with third parties, and should adjust our procurement and sales strategies to develop high-end products, enhance product differences, and improve gross margins to cope with the impact of inflation.

(II) Policy on high-risk, high-leverage investments, loaning of funds, endorsements and guarantees as well as transactions of financial derivatives, major causes for profits or losses and future countermeasures:

1. The Company has not engaged in the high-risk, high-leverage investments, loaning of funds to others, endorsements and guarantees as well as transactions of financial derivatives in 2020.
2. Pursuant to the requirements of the competent authorities, the “Procedures for Acquisition or Disposal of Assets“, the “Procedures for Providing Endorsements/Guarantees“, and the “Procedures for Loaning Funds to Others” are established.

(III) Future R & D plans and estimated investment in R & D

The company takes IP (Internet Protocol) as the core of product’s technology R & D. And the full series of network equipment meet the requirements of network infrastructure at all levels. In response to the diverse applications of the Internet of Things, Industrial Internet of things, and Car Networking, R & D of our products focus on intelligent management, environment friendly power saving, and stable & secure communication transmission design, which enhance the network communication efficiency for the harsh industrial environments, such as enterprise and public digital networks, telecommunication, home automation network, intelligent transportation and intelligent manufacturing, etc. The R & D plan is as follows:

1. Develop switching equipment with high port number speed more than 10G to provide infrastructure of future bandwidth expansion and next generation’s network construction for medium and large enterprises, telecom, and cloud data centers.
2. Expand high port and high bandwidth transmission equipment for industrial networks, enhance automatic control development of automatic control equipment, and do R & D on control products related to the soft and hard industrial transmission, such as anti-vibration and anti-interference for calibration, vehicle and power plant environments, which benefit the construction of IIoT.
3. To meet the multiple applications of 5G network, relevant devices such as 5G commercial, industrial and automotive routers, wireless, and Ethernet power supply were developed to provide IoT terminal device connectivity. Consideration was made for the marginal operation and cloud management.
4. The Central Management Platform constantly invest R&D energy by the

differentiate and friendly interface and the mobile management design

The R & D expenses of 2021 are estimated to be 5.5%~ 6.5% of total.

- (IV) The impacts on the Company's financial and business of the changes for foreign and domestic policies and laws and response measures:

The Company knows about the changes of the foreign and domestic policies and laws and responds to them quickly. The management echelon also pays attentions to the information of changes. If necessary, the company will counsel related experts for suggestions and take corresponding measures to accord with company's operation requirements.

- (V) The impacts on the company's financial and business of technology changes and the response measures:

Because the Company closely observes the changes in industry technology, keep close touch with customers and suppliers to require the first-hand information, and adjust the production and sales strategies for response, the technology changes have no impacts on the Company's financial operations.

- (VI) The impacts on company risk management of company image changes and response measures:

The Company has good corporate and brand awareness. In 2020, the Company passed the "2020 Corporate Governance Evaluation System" sponsored by TWSE and TPEX, and was ranked at the top 6%~20% of the outstanding TPEX listed companies. And in 2021, the Company even ranked at the top 5% of the outstanding TPEX listed companies at the "2021 Corporate Governance Evaluation System". From 2007 to 2020, the Company were granted by CommonWealth Magazine the "Corporate Citizenship Awards" for the consecutive 14 years; and in the 14-year history of this CSR award by CommonWealth Magazine, the Company was the only mittelstand enterprise selected every year. In 2015, the Company was recognized with the "Potential Taiwan Mittelstand Award" by MOEA, as well as the first enterprise won the "Taiwan Mittelstand Award for Gender Equality". In 2018, the Company received the first term of "Humane Entrepreneurship Award" by International Council for Small Business (ICSB), as the only awarded Taiwanese enterprise. In 2019, the Company received the award of "Taiwan Mittelstand Award for Workplace Friendliness" by MOEA again, and "Asia Responsible Enterprise Awards - Social Empowerment" by Enterprise Asia. The Chairman, Jack Chen is also granted "Asia Pacific Entrepreneurship Awards 2019" under the Outstanding category, organized by Enterprise Asia, and "2019 Taiwan EY Sustainable Leader Entrepreneur Of The Year" by EY Taiwan. In 2020, Chen, Ching-Kang the Chairman of PLANET Technology Corporation is also granted to "10 Best Inspiring CEOs of 2020". There is no enterprise crisis due to change in corporate image.

- (VII) Estimated benefits, potential risks and response measures for M & A: The Company has no M & A plans.

- (VIII) Estimated benefits, potential risks and response measures for plant expansion: The Company has no plant expansion plans.

- (IX) Facing risks and response measures for stocking or sales concentration: The Company strives to scatter the purchasing manufacturers and trade debtors. Therefore, it has no

- concentrated risk.
- (X) The influence, risk and response measures of equity transfer or change of directors, supervisors or shareholders with over 10% shares: There is no status of equity transfer or change of directors or shareholders with over 10% shares in the Company.
- (XI) The influence, risk and response measures of change in franchise right on the Company: The Company has no status of change in franchise right.
- (XII) Litigation and non-litigation matters: Major litigations, non-litigations or administrative litigation matters of the directors, supervisors, CEO, actual directors, major shareholders with over 10% shares and affiliated companies that have been judged or has been ongoing shall be listed. For results of matters that have significant impacts on the equity of shareholders or security price, the litigation facts, targeted amount of money, starting date of litigation, major interested parties of the litigations and status of handling as of the printing date of the annual report shall be disclosed: N/A.
- (XIII) Other significant risk and response measures:
1. Assessment of information security and the counter measures: there are four people deployed to the Information Management Office, in charge of the development of the soft and hardware, information security, and monitor. The information security policies include: prevention against the intrusion of virus and hackers, prevention against the information leaking, and the internal audit. At the end of every year, Information Management Office assess the information security risks, and propose the information management program for the next year, to respond to the operational and information security needs. The policy management program is as the following:
 - Prevention against the intrusion of virus: all computers in the Company are installed with full-feature anti-virus software. The IT personnel check the system security daily, and update the virus code to prevent against the virus.
 - Prevention against the intrusion of hackers: a solid firewall is built to the Company's network system. Other than the basic protection of spam mails, the firewall also effectively determine and quarantine the threatening or dubious e-mails, to protect users from the phishing mails that steal confidential information. However, the information security always evolves, so the IT personnel not only have to monitor any abnormality at the network, they also check the machine room in person daily, to make sure all the IT devices in the machine room work properly. The data are backed up weekly with hard disks that would be sent to safe in banks as the external backup support, as the countermeasure to the data destruction resulted from significant disasters or incidents.
 - Prevention against the information leaking: every employee of the Company has his/her own system account and password. The account application of new employees must be approved by the supervisors in charge and the head of IT. Once resigns, the IT personnel would change/delete the account of the concerned employee immediately pursuant to the regulations. Except the password administrator or the head of IT, password cannot be inquired without authorization. All employees are required to change passwords

annually. In the regards of Company’s secrets, all employees have signed NDA, strictly prohibiting them from leaking business secrets. Each computer is under the device management. Other than the management and IT personnel, external storage devices are banned from general employees. The Company conducts the information security promotion periodically every year, to enhance the risk awareness of the employees to the information security. A solid firewall mechanism is established; other than the basic protection of spam mails, the firewall also effectively determine and quarantine the threatening or dubious e-mails, to protect users from the phishing mails that steal confidential information. The “Regulations of Handling and Managing Material Information” are established, to set up the handling and disclosure mechanism for the Company’s material internal information. Except preventing the improper leaking of information, the consistency and accuracy of the Company’s disclosed information.

- Internal audit: to strictly implement the measures related to the information security, the internal audit include the “digital information cycle“, as well as “audit to the information management operation“. Every year, a thorough inspection is conducted to the indicators affecting the information security, such as control of passwords, security control of files and devices, management of the machine room, and management of data backup. As of the inspection of 2020, no abnormality has been found. The outcome has been reported to the Board of Directors.

2. Organization and operation of risk management:

(1) The Company strengthens the management of coproate risk based on the internal control system. On Nov. 4, 2020, the regulations of the Risk Management Committee was revised. On Dec. 22, 2020, the Risk Management Committee was passed by the Board of Directors and was subordinated to the functional committees of the Board of Directors. More than half members of the Committee is composed of independent directors. It has three members (including two independent directors). The Convenor of the Committee, Lawyer Huang, Hsin Hsien is an expert in law, which conforms to the expertise requirement of the Committee. The other two members are Independent Director, Chang, Pao-Thai and COO, Wu, Hsueh-Ju. The risk management scale of the Company includes “corporate risk” “financial risk” and “operational risk”, which are taken charge of by CTO, CFO and COO of the Company respectively.



(2) Evaluation matters of major risk

Groups	Evaluation matters
Corporate risk unit	<ol style="list-style-type: none">1. Changes in policies and laws2. Change in corporate image3. Litigation and non-litigation affairs4. Behaviors and moral integrity of personnel5. Obligation of SOP and laws and regulations
Financial risk unit	<ol style="list-style-type: none">1. Changes in franchise right2. Equity changes in directors and major shareholders3. Management of procedures of Board of Directors4. Interest rate, exchange rate and financial risks5. High-risk highly-leveraged investment, loans funded to others, derivatives trading and financial investment6. Investment, reinvestment and merger & acquisition benefits
Operational risk unit	<ol style="list-style-type: none">1. Technology and industry changes2. Plant or production expansion3. R & D plan4. Concentrated stocking and sales5. Other operational matters

(3) Risk management mechanism

Strengthen corporate risk management based on internal control system, which includes risk identification, measuring, monitoring, report and handling;

Three-level mechanism for risk management is implemented in the Company:

Level 1: Organizing unit or undertakers shall be responsible for the initial risk identification, measuring, monitoring design and prevention work.

Level 2: Personnel in charge of all units shall be responsible for the decision feasibility and evaluation, report and handling of various risks.

Level 3: Members of Risk Management Committee shall start up all kinds of plans and programs. And auditors shall examine and evaluate the risks and improve the tracking, and report to the Board of Directors and Audit Committee.

VII. Other important disclosures: N/A.

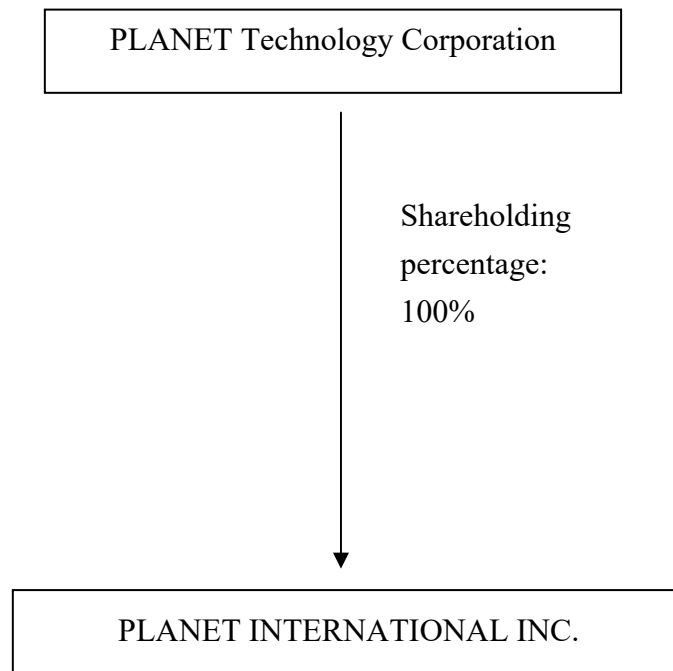
8. Special notes

I. Information on affiliate enterprises:

(I) Consolidated Business Report of Affiliates

1. Organizational chart of affiliates

Dec. 31, 2020



2. Profile of affiliated enterprises

Unit: thousand NTD Dec. 31, 2020

Name of enterprise	Date of incorporation	Address	Paid-in capital	Principal business or production lines
Planet International Inc.	Jan. 7, 2005	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa.	3,214	International trading

Note: The date stated is when PLANET remitted the first investment as the share capital of Planet International Inc.

4. Businesses covered by affiliated enterprises

The major business of Planet International Inc. is international trading.

5. Directors, supervisors, and CEO of affiliated enterprises

Dec. 31, 2020

Name of enterprise	Position	Name or representative	Shares held	
			Shares held (shares)	Ratio of shareholding (%)
Planet International Inc.	Director	PLANET Technology Corporation. Representative: Hsu, Hwa-Lin	100,000	100%

6. Performance of affiliated companies

Unit: thousand NTD; Dec. 31, 2020

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (Losses)	Current net profit	EPS (NTD)
Planet International Inc.(Note)	3,214	3,045	0	3,045	0	(169)	(169)	-1.69

Note: Audited and attested by CPAs

(II) Consolidated financial statements of affiliates: please refer to the consolidated financial reports of the parent company and subsidiaries (P177~P238)

Statement

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2020 (from Jan. 1, 2020 to Dec. 31, 2020) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included into the consolidated financial report of the parent company and subsidiaries pursuant to the IAS No. 10. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the said consolidated financial report of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial report of affiliated enterprises separately.

Company name: PLANET Technology Corporation

Responsible person: Chen, Ching-Kang

Mar. 11, 2021

- II. There the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the Company, participation in the operations of the Company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan: None.
- III. Holding or disposal of the Company's shares by subsidiaries in the last financial year, up till the publication date of annual report: None.
- IV. Other required supplementary explanation: the Company does not apply hedge accounting, and thus not applicable.

9. Matters with Significant Influence

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