CAMEO

stockcode：6142

CAMEO COMMUNICATIONS, INC.

2020 Annual Report

Taiwan Stock Exchange Market Observation System：http://mops.twse.com.tw
CAMEO COMMUNICATIONS, INC.website：http://www.cameo.com.tw
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6. Name of any overseas securities trading agency and search name in the said overseas securities trading agency: None
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Letters to Shareholders

I. Annual Report in 2020

（1）Achievement of business in 2020

The consolidated revenue in 2020 reached 3.29 billion, which was a slight drop of approximately 3% from the consolidated revenue of 3.39 billion in 2019. The main reason for the decline in revenue is still the impact of the appreciation of the New Taiwan dollar against the U.S. dollar. According to the Central Bank’s data, the rate of appreciation of the New Taiwan Dollar against the U.S. dollar in 2020 was about 5.7%. If calculated in U.S. dollar revenue, compared with the consolidated revenue in 2019, the consolidated revenue in 2020 was about 2% growing.

In terms of product mix, wireless communication products accounted for approximately 37% of revenue. Benefited from the impact of COVID-19, the demand for home wireless routers driven by long-distance work and home school has grown by about 30%; in addition, the wireless access point (Enterprise Access Point) in the enterprise market has been cultivated in the past few years. It also started a bumper harvest last year, with a substantial growth of about 68%. Not only did it increase in quantity, but the average unit price also increased due to the introduction of 11AX products. Therefore, the overall revenue of wireless communication products in 2020 increased by about 32% compared to the revenue in 2019.

The revenue of wired communication products accounted for about 60%, which was a decline of about 17% compared to the revenue of 2019. The main reason is the decline in the overall sales volume, which led to the decline in revenue. It is estimated that due to the impact of COVID-19, companies and operators are not clear about the industry's prospects. Therefore, capital expenditures on network infrastructure have fallen or been delayed. Fortunately, the average sales price is roughly the same. Therefore, when the future demand increases, it is expected to return to the track of revenue growth.

In summary, regarding the revenue distribution of the product portfolio in 2020, the following table is:

Mix		2021	2019	YoY%
Wired Products	Revenue (in Million New Taiwan dollar)	1,963	2,365	-17
Wireless Products	Revenue (in Million New Taiwan dollar)	1,230	929	32
Others	Revenue (in Million New Taiwan dollar)	98	99	-1
SUM	Revenue (in Million New Taiwan dollar)	3,291	3,393	-3

（2）Achievement of budget in 2020

The company did not issue a financial forecast for 2009, thus, there is no budget implementation achievement.

（3）Financial profitability analysis

Factors	2020	2019
Debt to assets ratio（%）	57.87	51.52
Long-term capital to fixed assets ratio （%）	173.37	167.25
Current ratio（%）	160.93	155.72
Speed ratio（%）	112.44	113.50
Return on assets（%）	-8.95	-7.01
Return on equity（%）	-20.36	-13.64
Net profit rate（%）	-13.22	-10.00
EPS (after fully diluted)	-1.89	-1.48

(*) Calculated based on the amount of the consolidated financial report audited by CPA of KPMG.

（4）Research and Development

The product roadmap is as below list：

- 10G/25G/100G/200G/400G High Density Data Center Switch
- Data center OCP chassis high-density 25G/100G/200G Ethernet Line Module
- 2.5G/5G/10G RJ45 POE++ (802.3bt) network switch
- Cloud Managed Network Switch (Cloud Switch)
- Cloud Network Management Service Platform (Cloud Management System)
- Outdoor Wide Temperature Switch
- L2 stacked network management network switch
- L3 network management network switch
- White Box or Bare Metal Switch
- Software Defined Network Switch (SDN Switch)
- 802.11ax router
- Cloud Commercial Wireless Local Area Network Access Point (Cloud Enterprise Access Point)
- Commercial Wireless Local Area Network Controller (Wireless Enterprise Access Controller)
- Commercial Wireless Local Area Network Access Point (Wireless Enterprise Access Point)
- Outdoor Access Point
- 5G/LTE wireless router (5G/LTE 802.11ax Wireless Router)
- Optical fiber converter (Fanout 100G to 4x25G Card)

II. Business Plan in 2021

（1） Management policy

1. Become the best partner of chip vendors: In terms of R&D investment, we will quickly work with chip vendors to complete the product concept (POC, Proof of Concept) in terms of firmware and software, in order to become the best partner of chip vendors. A good partner, and increase our contribution to chip vendors in value chain. And we plan to expand cooperation with new chip vendors around the world in the data center product market in the next five years to deepen our understanding of the application market and increase our competitiveness in this vertical market and solutions.

2. Extend the life cycle of product portfolio: The Company has successively shifted its product portfolio from retail user products and telecommunications and operator user-end product markets to enterprise user products and data center product markets. Adjustments, on the one hand, prolong the contribution time of the product

portfolio to revenue and profit, in order to obtain better R&D investment recovery; on the other hand, through the adjustment of the target customers focused on the product portfolio, to get rid of low unit prices and low gross rates, Bargaining competition with low entry barriers.

3. Lean manufacturing replaces mass manufacturing: In 2018, we have completed the factory infrastructure construction of the Tainan factory in Taiwan and invested in SMT equipment, automated warehousing and warehouse management systems (WMS, Warehouse Management System) to better understand the material status in real time. To respond to changes in customer needs. And, integrate Oracle EBS's Advanced Supply Chain Planning (ASCP, Advanced Supply Chain Planning) to increase inventory turnover and reduce the level of inventory. In the next five years, we will continue to invest in automation systems on this basis to achieve the manufacturing vision unveiled by Industry 4.0. Completing the construction of this system will help us to respond to the production of future models, and when demand changes drastically, while increasing flexibility, we can still effectively improve efficiency. We look forward to improving per capita output by increasing to offset the rising wages in the future.

（2） Expected sales volume, basis and important production and sales policies

1. The estimated sales of the company in 2021:

   In terms of wired products, the main focus of resources is to invest in high unit price, smart high-port-count switches, and develop 10G/25G/100G/200G/400G high-density data center network switches, and 2.5G/5G/10G RJ45 PoE The network switch is expected to bring an increase in gross profit this year.

   In terms of wireless products, the future development direction will be toward high unit price, high value-added enterprise wireless access points, cloud commercial wireless network access points, 5G/LTE wireless routers, and look forward to better product quality and use To get rid of the price war competition.

2. Basis and important production and marketing policies:

   Improve production efficiency and automated production introduction, reduce production costs, lean manufacturing and improve production competitiveness; establish deeper adhesion with manufacturers, increase the competitiveness of raw material prices; invest in future product research and development, expand target markets, and develop key customers in hopes Improve the company's operating performance.

III. Future development strategies, and external, regulatory and overall business environment

（1） Future development strategies

The estimated sales of the company in 2021:

The following is a summary of the development strategies for the three main axes that need to be strengthened:

1. Become the best partner of chip manufacturers.
2. Extend the life cycle of the product portfolio.
3. Lean manufacturing replaces mass manufacturing.

However, short-term development strategies must continue to increase revenue and reduce expenditure. In the open source part, first adjust the product mix and optimize the customer structure to enter different target markets. The throttling part is to continue to invest in automation and improve processes to reduce manufacturing and operating costs.

（2） The influence of external competition environment, legal environment and overall business environment

1. In 2010, as the COVID-19 vaccine began to be administered, the global economy has gradually begun to unblock, and the economic recovery should be expected. However, after two years of wrestling in the US-China trade war, especially the supply and demand imbalance caused by the semiconductor project, as the economy recovers, the problem seems to be more difficult to deal with. Therefore, whether the shortage of materials can be effectively alleviated will be a key factor in whether our revenue can grow.

2. Domestic manufacturers have gradually mastered key technologies and are now developing towards high-end products: With the formulation of the 802.11ax (renamed WIFI 6) standard, it is expected that domestic chip manufacturers will also appear in 2021, allowing wireless networks Lu officially entered the sixth generation. However, price competition is also inevitable, and the challenge to our revenue will be the second biggest worry.

3. Rising oil prices, rising non-precious metal materials, and unfavorable factors such as rising costs of containers and freight, estimate that it will continue to extend to 2021. As for whether the impact will be in the whole year or only in the first half of the year, this will have a bearing on our profit status.

In summary, 2021 is a year full of opportunities and challenges. The establishment of the economic recovery is indeed an opportunity; but with the rise in various costs, it is also a great challenge. Therefore, how to effectively integrate the advantages of the upstream and downstream supply chains of Taiwan's communications industry could effectively overcome challenges and seize opportunities.

Finally, I wish all shareholders good health and a safe family!

Chairman：Jerry Chien

CEO/President： Steve Lin/ Juan Tseng

Accounting Supervisor：Amy Wang

Chapter 2 Company Profile

I.Date of Incorporation：March 11, 1991

II.Company History

1991	Cameo Communications Inc. was established with NT$ 32,670 thousand. （included technology stocks NT$8,190 thousand dollars）
1992	Increase capital for cash NT$62,564thousand for improving financial status.(included technology stocks NT$ 15,641 thousand.)The paid-in capital amountedNT$95,324thousand.
1993	Increase capital for cash NT$14,675thousand for improving financial status.（included technology stocksNT$3,668 thousand.） The paid-in capital amoumted NT$110,000 thousand.
	Ultra Hub AH5000 was lauched.
	CAMEO SNMP hub was ranked 2st in test result of Communication Week.
	Integrated Boundary Router HUB launched.
1994	Increase capital for cash NT$62,564thousand for improving financial status. The paid-in capital amoumtedNT$159,000thousand. Ultra Hub 1000 was selected best choice in British online professional magazine. Smart Regional Bridge hub was launched.
1995	Cameo obtained international quality management system certification ISO9001 on April, 28.
1996	Proposal for a capital reduction of NT$39,750thousand to offset company lossesand increase capital $80,000thousand.The paid-in capital after the capitalreduce/increase was NT 199,250thousand. Cameo acquired Youju Co., Ltd.98.4%Long-term equity investmentfrom D-LINK CORPORATION for NT$68,880thousand.
1997	In order to reduce management costs and increase the competitiveness of export sales, Cameo merged with Youju Co., Ltd. to bear all its assets, liabilities, employees and business. Mr. Huang Qiz-hen took over as the chairman and general manager ofCameo Communications Inc.
1998	To expand the scale of business and increase the market share, the company issued 15,800 thousand shares and merged with June Kai International Co., Ltd. After the capital increase, the paid-in capital was NT$ 357,250 thousand.Cameo purchased 6th and 7th floors of the "Asia Pacific Economic and Trade Center", No. 28, Zhongxing Road, Xizhi Town, Taipei County as plant for expandingproduction capacity. Mr. Huang Qiz-hen who resigned as general manager of Cameo wasreplaced by Mr. JerryChien. Cameodeveloped and mass-produced 10M Ethernet network card, hub and 100M Ethernet hub.
1999	Due to the growing business, the storage site was becoming increasingly crowded. In order to improve the working environment, the first floor space of No. 22 Zhongxing Road was purchased in 1988 as a warehouse after proper planning. Cameo went public on June 28, 1999. Mr. Huang Qizhen stepped down as the chairman of the company and was replaced by Mr. Jian Zhihao. The position of general manager was promoted by Ms. Wang Baoyi, deputy general manager. Cameo completed the development of 10/100M Nway Ethernet network card, dual-speed hub and switch.

2000	In order to repay the loan for the purchase of factory buildings and improve the financial structure, a cash capital increase of NT$ 160,000 thousandwas processed, and the capital increase was NT$ 60,777.5 thousandthrough capitalization of earnings. After the capital increase, the paid-in capital was NT$578,027.5 thousand. HomePNA 1.0 and VLAN 10/100M Nway Ethernet was launched.
2001	In order to strengthen the R&D team, the 7th floor space of No. 32 and 34 Zhongxing Road was purchased as a R&D laboratory. In May, Cameo applied to the Taipei Exchange for stock trading. In September, the paid-in capital after capital increase wasNT$674,621.6 thousand through capitalization of earnings. Cameo was approved to trade general stocks in Taipei Exchange.
2002	On January 22,2002. Cameo listed in Taipei Exchange. In August, head office moved from Hsinchu Science Park to Xizhi City, Taipei County. In September, the capital increasethrough capitalization of earnings, the paid-in capital amounted to NT$ 902,008.1 thousand. In October, the wireless communication research and development department established.
2003	On August 4, Cameo stock trading transferred from Taipei Exchange toTaiwan Stock Exchange Corporation.The paid-in capital amounted to NT$ 902,008.1 thousandthrough capitalization of earnings. Gigabit switches product sales rank firstin Taiwan.
2004	The paid-in capital amounted to NT$ 1,113,369.6 thousand through capitalization of earnings in October. On October 29, the board of directors approved the merger with Yangqing Electronics Co., Ltd.
2005	On May 13, 1994, board of directors withdrew the merger with Yangqing Electronics Co., Ltd., and adopted stock swap to incorporate Yangqing Electronics Co., Ltd. as a 100% subsidiary. In July, the paid-in capital amounted to NT$ 1,331,248.81 thousand through capitalization of earnings NT$217,879.24 thousand. On December 1 was the record date for Cameo to acquire Yangqing Electronics Co., Ltd.
2006	In April,Cameo Holding Ltd.invested NettechTechnology (Suzhou) Co., Ltd. in China. In September, Cameo participated inTurboComm Tech Inc private placement with NT$60 million. In October, the paid-in capital amounted to NT$ 1,685,483thousand through capitalization of earnings NT$204,134.8thousand.
2007	In March, Cameo issued NT$ 800 million unsecured conversion corporate bonds In April, the board of directors approved the dissolution and liquidation of its subsidiary, Yangqing Electronics Co., Ltd. In August, the paid-in capital amounted to NT$ 1,814,612thousand through capitalization of earnings and employee bonus NT$ 129,129thousand. On September 20, the board of directors approved the merger with Wide View Technology Co., Ltd., and the record date of the merger was set on October 1.
2008	In September, the paid-in capital amounted to NT$ 2,209,063 thousand through capitalization of earnings, employee bonus and capital surplus NT$ 394,451 thousand. On September 30, the board of directors approved the merger with Kaijin Technology Co., Ltd., and the record date of the merger was November 1.

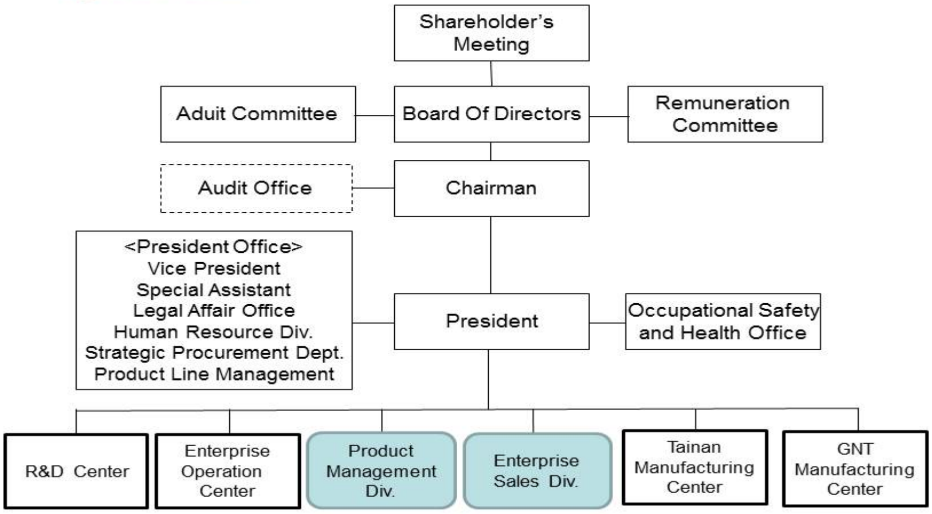
2009	In September, the paid-in capital amounted to NT$ 2,275,335 thousand through capitalization of earnings and capital surplus NT$ 66,272 thousand. On December 16, the seventh board of directors in 2009 purchased the corporate operating headquarters in Neihu; the purchase price was re-negotiated and changed to 1.483 billion (tax included) on July 12,2010.
2010	In September, the paid-in capital amounted to NT$ 2,571,129thousand through capitalization of earnings and capital surplus NT$ 295,794 thousand.
2011	In September, the paid-in capital amounted to NT$ 2,725,397thousand through capitalization of earnings NT$ 154,268 thousand.
2013	On November 11, the board of directors approveddisposing subsidiary Cameo Holding Ltd.
2014	In September,subsidiaryQianjin Investment Co., Ltd. investedSOARNEX TECHNOLOGY CORPORATION.
2015	Through treasury stocks reduction NT$ 43,040 thousand, the paid-in capital reduced to NT$
2016	In December, the board of directors approved the Tainan factory construction project and signed a long-term factory construction contract with Liming Creation Co., Ltd. The total construction price was 1.088 billion.
2017	In March, the board of directors approvedthe dissolution and liquidation of Wide View Technology(Shanghai)Co., Ltd. In November, theboard of directors approvedNT$400 millionTainan plant equipment purchase project.
2018	In August, Tainan factory obtained the license and factory registration certificate. In September, the subsidiary Wide ViewTechnology (Shanghai) Co., Ltd. was dissolved and liquidated.
2019	In March, the board of directors approved of its subsidiary, NettechTechnology (Suzhou) Co., Ltd. soldSuzhou Soarnex Technology Co., Ltd. 100% Investment to its subsidiary, Luis Jo’se Investments Inc. In August, the board of directors approved NT$ 360 million for Tainan plant purchaseproject. In October, the transfer of the equity of SuzhouSoarnex Technology Co., Ltd. to Luis Jo’se Investments Inc. was completed.
2020	In September, TheExtraordinary Shareholders' Meeting approved an interim capital reduction to make up for the loss of NT$ 385,564 thousand. After the capital reduction, the paid-in capital was NT$ 2,296,792 thousand.Record date of the capital reduction was Decemer 30, 2020.
2021	In February, the Company processed 101,100,000 privateplacement of common stock and the paid-in capital after the capital increase was NT$ 3,307,792 thousand.The delivery date was April 15,2021 In April, it was completed capital reduction and issuance of stocks.

Chapter 3 Corporate Governance Report

I.Organization

（I）Organizational structure：

Cameo Communications, Inc. Organizational Chart



(II)Responsibilities and functions of major departments：

Board of directors	The chairman of the board is responsible for convening the board of directors, supervising the company's operations, determining the company's important strategies, and planning the company's future business direction and goals.
Audit office	1. Make annual audit plan and perform audit work. 2. Maintain the effectiveness and completeness of the internal audit control system. 3. Establish an internal control risk management system to prevent the company's losses.
President office	As a general manager and staff unit, it includes functions such as production and sales planning, planning execution, budget control, human resource management, intellectual property rights management, regulatory consultation and product line management.
R&D Center	1.Responsible for the planning, implementation and supervision of the company's product research and development affairs. 2. Responsible for the implementation of the company's product development related operating procedures and file management. 3. Responsible for the R&D quality control of the company's products. 4. Responsible for the technical support and service of the company's products. 5. Responsible for the design and verification of the electronic hardware related fields of the company's products. 6. Responsible for the industrial and mechanical design of the company's products. 7. Product development-related support services and management, including product engineering support (DFM), product function verification (DFT), product safety regulatory certification and recognition of components (including power supply components). 8. Human resources training and planning for product development related support matters.

Enterprise Operation Center	1.Production and sales control, procurement, production material management, production planning and other operations. 2.Financial accounting planning, budgeting, financing, cashier income and expenditure, shareholder rights, stock affairs, taxes and other operations. 3.Computerized operating system software and hardware planning and management, computerized operating authority control. 4.Corporate safety, public safety maintenance, occupational safety and other general administrative maintenance and planning. 5.Import and export business to ensure smooth shipment and emergency handling.
Product management Div.	1. Project management for the wired and wireless network-related products. 2. Work with sales to solve customer-related product needs. 3. Work with R&D department to develop product specifications. 4. Coordinate the cooperation of relevant departments, including materials, production, R&D to promote business-related operations. 5. Fabricate product marketing materials, manuals, software GUI wording and teaching materials. 6. Plan wired-related generic products for sales.
Enterprise Sales Div.	1.Product Sales. 2.New Technology and Marketing Research. 3.New Product/Project Development and Management. 4.Customer New Product/Project and Sales Management. 5.Marketing Analysis.
Tainan manufacturing Center	1.To execute production plans and manage their progress to effectively achieve the shipping target. 2.Setup and maintain quality management system to meet international quality, occupational health and safety, environmental management system construction. 3.To maintain quality system includes quality management, quality prevention training and audit, production quality control, manufacturer audit and guidance, customer after-sales RMA repair and customer quality service. 4.Production quality control and improvement, product process control and management. 5.To manage production operations safety and also react and handle abnormal situations. 6.Not only responsible for the production line working normally but also abnormal analysis , continuous improvement when the product is in mass production phase. To make new product can be built smoothiy in NPI (New Product Introduction) phase and the advanced production methodologies must be concerned such as automation and re-layout if it is necessary. 7.To setup and manage manufacturing test equipments efficiency and to control retest hours effectiveness.

	8.To standardize production technologies and to revise them if it is necessary. 9.To make the company's product in and out of the ship smoothly and exactly same as shipping request. 10.To manage warehouse-related operation such as incoming material, raw material kitting, finished goods packing, materials properly preserved ,and bill management. 11.Job safety team: work environment safety and health management and supervision, safe production of zero accidents. 12.To enforce the company's quality policy, quality management norms and product pest control and other related operating norms. 13.To meet international quality, occupational health and safety, environmental management system construction and request. 14.To enforce and maintain quality system includes quality management, quality prevention training and audit, production quality control, manufacturer audit and guidance, customer after-sales RMA repair and customer quality service. 15.To enforce international regulations and directives such as Restriction of Hazardous Substances (RoHS), Energy-related products directive (ErP), Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), Waste Electrical & Electronic Equipment (WEEE), and complete requested reports.
GNT manufacturing Center	1. Responsible for the production and manufacture of the company's products, and complete the shipment requirements on schedule. 2.Factory layout and work improvement, warehouse management and billing management. 3.Accurately grasp the smooth progress of the company's products when they are imported and shipped. 4.Formulation and revision of production technology standardization.

II.Information on Directors, President,Vice Presidents,Assistant Vice Presidents,and Heads of Departments and Branches

(Ⅰ) Director Information：

April 20, 2021

Title	Nationality or place of registration	Name	Gender	Date elected	Term (Years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/ percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
Chairman	Republic of China	Jerry Chien	Male	2020.6.15	3	1999.12.10	4,577,898	1.71	3,919,867	1.18	-	-	-	-	National United University Department of Electronic Engineering President,JuneKai International Co., Ltd	Director,Chien Chin Investment Co.Ltd. Director, Cameo International Ltd. Director,Huge Castle LTD Director,Perfect Choice Co., Ltd. Director,Soarnex Technology Coporation Director,NettechTechnology (Suzhou) Co., Ltd. Director,Suzhou Soarnex Technology Co., Ltd.	Representative Director	Jun Yang Investment Co., Ltd.	Note1	-
Director	Republic of China	D-Link Corporation		2020.6.15	3	1999.5.14	21,498,506	8.02	137,532,993	41.58	-		-	-	-	-	-	-	-	-
D-Link CorporationRepresentative Director	Republic of China	Joseph Wang	Male	2020.6.15	3	2020.6.15	-	-	-	-	-	-	-	-	Bachelor of Law, National Chung Hsing University Leading Lawyer of General Law Firm	Director,S-Tech Corp. Vice chairman,Chun Zu Machinery Industry Co.Ltd. Director,Chun Zu Plant. Director,KMC INTERNATIONAL INC. Director,SOFT-WORLD INTERNATIONAL CORPORATION. Director, Taiwan Styrene Monomer Corporation. Independent Director, Huang Long Development Co.,Ltd. Director, Hi-Ace Trading Co., Ltd. Director, Chun Yu Bio-Tech Co.,Ltd. Director, ChunYuInvestments Co.,Ltd, Supervisor,Chun Yu(DongGuan)Metal Products Co., Ltd. Supervisor, Shanghai Uchee Hardware Products Co.,Ltd Director, ShanghaiChun Zu Machinery Industry Co.Ltd Chairman,Homkom Precision Industry Corp. Chairman, GSMC Guangzhou Chairman, GSMCTianjin Chairman, GSMCXian Chairman, GSMC Zhejiang Jiaxing Chairman, Goldway Special Metal Co.,Ltd. (Zhejiang Jiaxing) Chairman,He Yang Investment Co.,Ltd. Chairman,ALLOY TOOL STEEL INC. Chairman, G-YAO ENTERPRISES LTD. Chairman, ALL WIN ENTERPRISES LTD. Chairman, FAITH ENTERPRISES LTD.	-	-	-	-

Title	Nationality or place of registration	Name	Gender	Date elected	Term (years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/percentage of sharesheld in the name ofotherpersons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
Director	Republic of China	JunYang Investment Co., Ltd.		2020.6.15	3	2011.6.10	2,561,000	0.95	5,612,879	1.70	-	-	-	-	-	-	Chairman	Jerry Chien	Note1	-
JunYang Investment Co., Ltd. Representative Director	Republic of China	Joseph Lin	Male	2020.6.15	3	2011.6.10	-	-	-	-	-	-	-	-	Master of Business Administration, Stanford University General Manager of Tianli Venture Capital	Independent director, Taiwan Allied Container Terminal Corp.	-	-	-	-
Director	Republic of China	D-Link Investment Co., Ltd.		2020.6.15	3	2020.6.15	350,000	0.13	299,690	0.09	-	-	-	-	-	-	-	-	-	-
D-Link Investment Co., Ltd. Representative Director	Republic of China	JamesHuang	Male	2021.3.24	3	2021.3.24	-	-	-	-	-	-	-	-	National Kaohsiung University of Science and Technology, Master of Finance	President, S-Tech Corp. Chairman, Yitongyuan investment Co., Ltd. Supervisor,Taiwan Steel Group Director, Quintain Steel Co., LTD. Director, Solar Applied Materials Technology Corp. Director,UFC GYM TAIWAN LIMITED Supervisor,Taiwan Steel Aerospace Manufacturing Co., LTD.	-	-	-	-
Independent director	Republic of China	Arens Chiang	Male	2020.6.15	3	2017.6.16	-	-	-	-	-	-	-	-	Bachelor of Accounting, National Taiwan University CPA,Chienchen Accounting firm Independent director INMAX HOLDING CO., LTD. Assistant of Accounting, National Taiwan University	CPA,Chienchen Accounting firm	-	-	-	-
Independent director	Republic of China	Yu-Chang Lin	Male	2020.6.15	3	2020.6.15	-	-	-	-	-	-	-	-	Bachelor of Laws, National Taipei University Vice president, MasterLink Securities Corporation	Independent director ,Kaimei Electronic Corp. Independent director ,Jia Jie Biomedical Co., Ltd. Independent director ,Chilisin Electronics Corp.	-	-	-	-

Title	Nationality or place of registration	Name	Gender	Date elected	Term (years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/percentage of sharesheld in the name ofotherpersons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
Independent director	Republic of China	Jeff Hong	Male	2020.6.15	3	2020.6.15	-	-	-	-	-	-	-	-	Bachelor of Law, National Chung Hsing University Lawyer of Hong Renjie Law Firm	Lawyer of Jeff Hong Law Firm IndependentDirector, Top High Image Corp. Representative Director ,OFCO Industrial Corporation	-	-	-	-

(Note1)Chairman of JunYang Investment Co., Ltd.is the spouse of Cameo Chairman Jerry Chien。

(Note2)D-Link Investment Co., Ltd. Representative Director Victor Kuo resigned and Steve Lin succeeded on 2021.2.2. Steve Lin resigned on 2021.3.24 and James Huangsucceeded on 2021.3.24.

(2)Major shareholders of Institutional Shareholders

04/20/2021

Name of Institutional Shareholder	Major shareholders of Institutional Shareholders	
	Shareholders	Percentage
D-Link Corporation	Sapido Technology Inc.	9.97%
	Yitongyuan investment Co., Ltd.	4.40%
	Chia Hwa Investment Corporation	2.66%
	PU Chu Investment Corporation	1.92%
	Lee, Chung-Wang	1.79%
	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1.23%
	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. – Equity Trading Division (Proprietary Trading Desk)	1.20%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds	1.17%
	D-link Investment Co., Ltd.	1.00%
	Gloria Material Technology Corp.	0.97%
JunYang Investment Co., Ltd.	Su Yue Ye	40.00%
	Pei Yu Chien	20.00%
	Shao chun Chien	20.00%
	ching yen Chien	20.00%
D-link Investment Co., Ltd.	Taiwan Network Group United Co., Ltd.	100%

(3)Institutional shareholders whose major shareholders are institutions

04/20/2021

Name of Institutional Shareholder	Major shareholders of Institutional Shareholders	
	Shareholders	Percentage
Sapido Technology Inc.	E-Top Metal Co., Ltd	100%
Yitongyuan investment Co., Ltd.	E-Sheng Steel Co., Ltd	100%
Chia Hwa Investment Corporation	Lori Hu	70.25%
	PRIME PACIFIC LTD.	16.13%
	Gary Kao	6.93%
	Howard Kao	6.69%
Puju Investment Co.,Ltd.	Lori Hu	99.93%
	Howard Kao	0.07%
GLORIA MATERIAL TECHNOLOGY CORP	KINGS ASSET MANAGEMENT CORP.	7.12%
	Rong Gang Investment Co., Ltd.	5.78%
	TAI BEN Investment Co., Ltd	4.39%
	TAIWAN STEEL GROUP UNITED CO., LTD.	4.36%
	CHING KANG INVESTMENT Co., Ltd.	3.57%
	GOLDEN WIN STEEL NDUSTRIAL CORP.	3.46%
	S-Tech Corp.	2.8%
	HO YANG INVESTMENT CORP.	2.75%
	VICTORIA INVESTMENT CORP.	2.18%
	Investment account of Norges Bank managed by Citibank	1.80%
Taiwan Network Group United Co., Ltd.	Yitongyuan investment Co., Ltd.	100%

(4)Professional qualifications and independence of the Directors

04/20/2021

Qualification / Name	Meets one of the following professional qualifications, with at least five years of work experience			Independence criteria (Note1)												Number of other public companies where the individual concurrently serves as an independent director
	Currently serving as an instructor or in higher positions in a private or public college or university in the field of business, law,finance, accounting,or the business sector of the Company	Currently serving as a judge, prosecutor, lawyer, certified public accountant or other professional or technician that must undergo national examinations and specialized license	Professional experience necessary for business administration, legal affairs, finance, accounting or company sales	1	2	3	4	5	6	7	8	9	10	11	12	
Jerry Chien			✓				✓	✓	✓	✓	✓	✓	Note2	✓	✓	0
D-Link Corporation Representative Director Joseph Wang		✓	✓	✓		✓	✓		✓	✓		✓	✓	✓	✓	1
JunYang Investment Co., Ltd. Representative Director Joseph Lin			✓	✓	✓	✓	✓		✓	✓	✓	✓	Note2	✓	✓	1
D-Link Investment Co., Ltd. Representative Director JamesHuang			✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		0
Yu-Chang Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Jeff Hong		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Arens Chiang		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note1: Please check "✓" the corresponding boxes if the directors meet the following conditions during the two years prior to the nomination and during the term of office.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independentdirector of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of thecountry of the parent or subsidiary.

(3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by theperson under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or isranked in the top 10 in shareholdings.

(4) Not a manager in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship,of any of the persons in (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued sharesof the company or of a corporate shareholder that ranks among the top five in shareholdings. Not applicable in cases where theperson is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act orwith the laws of the country of the parent or subsidiary.

(6) Not a director, supervisor, or employee of another company that holds director seats in the Company or more than half of the shareswith voting rights and is controlled by the same person. Not applicable in cases where the person is an independent director of theCompany, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of theparent or subsidiary.

(7) Not a director (a member of the governing board), supervisor (a member of the supervising board) or employee of a company orinstitution which is the same person or spouse as the chairman, general manager, or equivalent of the Company. Not applicable incases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordancewith the Act or with the laws of the country of the parent or subsidiary.

(8) Not a director (a member of the governing board), supervisor (a member of the supervising board), managerial officer or shareholderwho holds more than 5% of the shares of a specified company or institution that has a financial or business relationship with theCompany. Not applicable in cases where the specified company or institution holds more than 20% of the total number of issuedshares of the Company and not more than 50% and the person is an independent director of the Company, its parent company, orany subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(9) Not a professional individual or owner, partner, director (a member of the governing board), supervisor (a member of the supervisingboard), managerial officer and his/her spouse of a professional, sole proprietorship, partnership, company or institution that providesaudit services to the Company or an affiliated enterprise or has received remuneration in the 2 most recent years not exceedingNT$500,000 for business, legal, financial and accounting related services. However, members of the special committee onremuneration, public acquisition review, or merger and acquisition who perform their functions and powers in accordance with theprovisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not besubject to this provision.

(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

(11) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

(12) Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article27 of the Company Act

Note2：Chairman of JunYang Investment Co., Ltd.is the spouse of Cameo Chairman Jerry Chien。

（II）Information regarding President,Vice Presidents,Assistant Vice Presidents, and Heads of Departments and Branches

April 20.2021

Title	Nationality	Name	Gender	Date of appointment	Number of shares currently held		Shares held by spouse or minor children		Number/percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
					Number of shares held	percentage	Number of shares held	percentage	Number of shares held	percentage			Title	Name	Relation	
Chief executive officer/ President	Republic of China	Steve Lin	Male	2021.3.24	-	-	-	-	-	-	Bachelorof Communications Engineering National Chiao Tung University President of D-Link Corporation	Chairman,InfinityCommunication Technologies, Inc. Chairman of Heli-Ocean Supervisor,Technology Co.Ltd. YLTLink Technology Corporation	-	-	-	
Chief Technology Officer	Republic of China	Juan Tseng	Male	2016.10.6	-	-	115,594	0.03	-	-	Master of Electrical Information, National Central University. BU President, Pegatron Corporation	-	-	-	-	
R&D Center Vice President	Republic of China	Angus Yang	Male	2012.7.11	145,067	0.04	-	-	-	-	Master of Electronics Engineering, NCTU R&D Center Vice President	Director,SOARNEXTECHNOLOGY CORPORATION President (Suzhou) SOARNEX HOLDING CO.,LTD	-	-	-	
Financial Administration Div. Vice President	Republic of China	Doris Hsieh	Female	2021.5.4	-	-	-	-	-	-	Master of Finance, University of Illinois at Urbana-Champaign Senior Vice President of HSBC Bank (Taiwan)		-	-	-	
Enterprise Operation Center Chief Operating Officer	Republic of China	Victor Lee	Male	2009.11.01	331,557	0.10	-	-	-	-	Master of Business Administration, NCCU Vice President and CFO, Global Sun Tech Co.,Ltd President, Cameo Communications Inc.	Director,Perfet Choice Co., Ltd. Director,SOARNEX TECHNOLOGY CORPORATIONDirector ,Luis Jo'se Investment Inc. Director, Nettech Technology(Suzhou) Co.,Ltd.	-	-	-	
Tainan manufacturing Center Vice President	Republic of China	Jeff Kung	Male	2020.11.16	-	-	-	-	-	-	Executive Master of Business Administration, NCTU Vice President,Alpha Networks Inc.	-	-	-	-	
Product management Div. Vice President	Republic of China	Peter Yu	Male	1999.03.01	2,407	0.00	-	-	-	-	Master of Optics and Photonics, National Central University. PM, D-link Corporation.	-	-	-	-	
Quality Management Div. Vice President	Republic of China	DavidLee	Male	2020.1.18	-	-	-	-	-	-	Bachelor of Industrial Engineering and Engineering Management National Tsing Hua University AM,Alpha Networks Inc.	-	-	-	-	
Hardware R&D Vice President	Malaysia	CK Lee	Male	2017.04.12	-	-	-	-	-	-	Bachelor of Electrical Engineering, NTU Director, LITE-ON TECHNOLOGY CORP.	-	-	-	-	
GNT manufacturing Center Vice President	Republic of China	Ray mao	Male	2010.05.01	487	0.00	-	-	-	-	Bachelor of Business Administration, Chung Yuan Christian University Director, Neo-Neon Group	Director&President, Nettech Technology(Suzhou) Co.,Ltd.	-	-	-	
Tainan manufacturing Center Assistant Vice President	Republic of China	M Lee	Male	2010.05.01	1,266	0.00	-	-	-	-	Bachelor of Electronic Engineering, NKUST Factory Director, Cameo Communications Inc.	Supervisor, SOARNEX TECHNOLOGY CORPORATION	-	-	-	
Executive Assistant	Republic of China	Phil Ko	Male	2021.3.24	-	-	-	-	-	-	National Chengchi UniversityEMBA D-Link Chief Operating Officer, European Business Group	-	-	-	-	
Accounting Supervisor	Republic of China	Amy Wang	Female	2016.04.01	3,156	0.00	1,323	0.00	-	-	Bachelor of Accounting Information,Takming University of Science and Technology.	Director,Perfet Choice Co., Ltd.	-	-	-	

Note1 : Quality Management Div.Vice President Peter Sun resigned on 2020.11.30. David Lee succeeded on 2021.1.18.Note2 :Chief Operating Officer Victor Lee resigned on 2021.5.7 andFinancial Administration Div.Vice President Doris Hsiehappointed on 2021.5.4. Note3 President Juan Tseng wasdismissed and transferred to the chief technicalofficer on 2021.5.4and, the chief executive officerSteve Lin also served as the president.

III.Remuneration paid to Directors, President and Vice Presidents,General Directors,and Independent Directors

1. Remuneration paid to directors (including independent directors)

Unit NT$ Thousands

Title	Name	Remuneration to directors								Ratio of total remuneration (A+B+C+D) to net income		Relevant remuneration received by directors who are also employees								Total remuneration (A+B+C+D+E+F+G) as a % of net income after tax		Remuneration from an invested company other than the Company's subsidiaries or parent company
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companieslisted in thefinancial statements		The Company	All companies listed in the financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Jerry Chien	-	-	-	-	-	-	16	16	-0.0037	-0.0037	2,800	2,800	-	-	-	-	-	-	-0.6474	-0.6474	-
Director	D-Link Corporation Representative Director Evelyn Wang (resigned) Joseph Wang	-	-	-	-	-	-	16	16	-0.0037	-0.0037	-	-	-	-	-	-	-	-	-0.0037	-0.0037	-
Director	JunYang Investment Co., Ltd. Representative Director Joseph Lin	-	-	-	-	-	-	16	16	-0.0037	-0.0037	-	-	-	-	-	-	-	-	-0.0037	-0.0037	-
Director	Victor Lee (resigned on 6/15/2020)							4	4	-0.0009	-0.0009	1,159	1,159	50	50	-	-	-	-	-0.2789	-0.2789	-
Director	D-Link Investment Co., Ltd. Representative Director Victor Kuo	-	-	-	-	-	-	12	12	-0.0028	-0.0028	-	-	-	-	-	-	-	-	-0.0028	-0.0028	-
Independent Director	Yu-Chang Lin	100	100	-	-	-	-	12	12	-0.0258	-0.0258	-	-	-	-	-	-	-	-	-0.0258	-0.0258	-
Independent Director	Jeff Hong	100	100	-	-	-	-	12	12	-0.0258	-0.0258	-	-	-	-	-	-	-	-	-0.0258	-0.0258	-
Independent Director	Arens Chiang	200	200	-	-	-	-	27	27	-0.0522	-0.0522	-	-	-	-	-	-	-	-	-0.0522	-0.0522	-
Independent Director	Mei Ho	100	100	-	-	-	-	10	10	-0.0253	-0.0253	-	-	-	-	-	-	-	-	-0.0253	-0.0253	-
Independent Director	Samuel Hou	100	100	-	-	-	-	-	-	-0.0230	-0.0230	-	-	-	-	-	-	-	-	-0.0230	-0.0230	-

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
According to the company's directors' salary and remuneration method, independent directors are entitled to remuneration of NT$200,000 per person per year, paid quarterly. Directors attending the board of directors or attending the general meeting of shareholders may receive NT$5,000 per person per ride instead of NT$2,000 after admendent of board of director on August 4.2020.
2.In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors:None.

Table of Remuneration Ranges for the Directors

Range of remuneration to the Directors	Name			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	TheCompany	All companies listed in the financial statements	TheCompany	All companies listed in the financial statements
Less than NT$ 1,000,000	Jerry Chien、D-Link Coporation Representative Director, Evelyn Wang/Joseph Wang 、Victor Lee、 JunYang Investment Co., Ltd. Representative Director,Joseph Lin、D-Link Investment Co., Ltd. Representative Director Victor Kuo、Arens Chiang、Yu-Chang Lin、Jeff Hong、Mei Ho、Samuel Hou	Jerry Chien、D-Link Coporation Representative Director, Evelyn Wang/Joseph Wang 、Victor Lee、 JunYang Investment Co., Ltd. Representative Director,Joseph Lin、D-Link Investment Co., Ltd. Representative DirectorVictor Kuo、Arens Chiang、Yu-Chang Lin、Jeff Hong、Mei Ho、Samuel Hou	D-Link Coporation Representative Director, Evelyn Wang/Joseph Wang、 JunYang Investment Co., Ltd. Representative Director,Joseph Lin、D-Link Investment Co., Ltd. Representative Director, Victor Kuo、Arens Chiang、Yu-Chang Lin、Jeff Hong、Mei Ho、Samuel Hou	D-Link Coporation Representative Director, Evelyn Wang/Joseph Wang、 JunYang Investment Co., Ltd. Representative Director,Joseph Lin、D-Link Investment Co., Ltd. Representative Director, Victor Kuo、Arens Chiang、Yu-Chang Lin、Jeff Hong、Mei Ho、Samuel Hou
NT$ 1,000,000 (inclusive) to 2,000,000 (not inclusive)			Victor Lee	Victor Lee
NT$ 2,000,000 (inclusive) to 3,500,000 (not inclusive)			Jerry Chien	Jerry Chien
NT$ 3,500,000 (inclusive) to 5,000,000 (not inclusive)				
NT$5,000,000 (inclusive) to NT$10,000,000 (not inclusive)				
NT$10,000,000 (inclusive) to NT$15,000,000 (not inclusive)				
NT$15,000,000 (inclusive) to NT$30,000,000 (not inclusive)				
NT$30,000,000 (inclusive) to NT$50,000,000 (not inclusive)				
NT$50,000,000 (inclusive) to NT$100,000,000 (not inclusive)				
NT$100,000,000 and above				
Total	10	10	10	10

Note 1: Retirement pensions are all appropriated for retirement pension expenses in 2020.
Note 2: DirectorVictor Lee /Mei Ho/Samuel Hou resigned on 2020.6.15.
Note 3:D-Link Investment Co., Ltd. Representative Director Victor Kuo resigned and Steve Lin succeeded on 2021.2.2. Steve Lin resigned on 2021.3.24 and James Huang succeeded on 2021.3.24.

2、Remuneration paid toSupervisors

The company has elected all independent directors to form Audit Committee for replacing supervisors on Shareholder meeting on June 16,2017. The remuneration of the supervisors was no longer paid.

3、Remuneration paid tothe President and Vice PresidentsUnit NT$ Thousands

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Allowances (C)		Employee bonus (D)				Ratio of totalremuneration (A+B+C+D) to netIncome(%)		Remuneration from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Cash	stock	Cash	stock			
President	Juan Tseng	14,505	18,932	637	637	3,530	3,530	-	-	-	-	-4.29%	-5.31%	-
Chief Operating Officer	Victor Lee													
Vice President	Peter Yu													
Vice President	Peter Sun													
Vice President	CK Lee													
Vice President	Jeff Kung													
Vice President	Angus Yang													
Vice President	Ray Mao													

Table of Remuneration Ranges for the President and Vice Presidents

Range of remuneration to the President and Vice Presidents	Name	
	TheCompany	All companieslisted in thefinancial statements
Less than NT$ 1,000,000	Jeff Kung	Jeff Kung
NT$ 1,000,000 (inclusive) to 2,000,000 (not inclusive)	Ray Mao、 Peter Sun	Peter Sun
NT$ 2,000,000 (inclusive) to 3,500,000 (not inclusive)	Peter Yu、 Angus Yang、 Victor Lee、 Juan Tseng、 CK Lee	Peter Yu、 Angus Yang、 Victor Lee、 Ray Mao
NT$ 3,500,000 (inclusive) to 5,000,000 (not inclusive)		Juan Tseng 、 CK Lee
NT$5,000,000 (inclusive) to NT$10,000,000 (not inclusive)		
NT$10,000,000 (inclusive) to NT$15,000,000 (not inclusive)		
NT$15,000,000 (inclusive) to NT$30,000,000 (not inclusive)		
NT$30,000,000 (inclusive) to NT$50,000,000 (not inclusive)		
NT$50,000,000 (inclusive) to NT$100,000,000 (not inclusive)		
NT$100,000,000 and above		
Total	8	8

Note 1: Retirement pensions are all appropriated for retirement pension expenses in 2020.

4、Top Five Managerial Officers with the Highest Remuneration

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Allowances (C)		Employee bonus (D)				Ratio of total remuneration (A+B+C+D) to net Income(%)		Remuneration from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Cash	stock	Cash	stock			
President	Juan Tseng	2,760	3,960	0	0	421	421	-	-	-	-	-0.7314	-1.0073	-
Vice President	CK Lee	2,400	3,360	108	108	877	877	-	-	-	-	-0.7783	-0.9990	-
Vice President	Ray Mao	285	2,553	108	108	659	659	-	-	-	-	-0.2419	-0.7633	-
Chief Operating Officer	Victor Lee	2,529	2,529	108	108	517	517	-	-	-	-	-0.7252	-0.7252	-
Vice President	Angus Yang	2,306	2,306	108	108	401	401	-	-	-	-	-0.6472	-0.6472	-

5、Names of managerial officers who receive employee bonus, and distribution of employee bonus

December 31, 2020 (Unit: NT$ thousands)

	Title	Name	Stock	Cash	Total	Ratio of totalamount to Net income(%)
Managerial officer	President	Juan Tseng	-	-	-	-%
	Chief Operating Officer	Victor Lee				
	Vice President	Jeff Kung				
	Vice President	Peter Yu				
	Vice President	Angus Yang				
	Vice President	CK Lee				
	Vice President	Ray Mao				
	Vice President	Peter Sun				
	Assistant Vice President	M Lee				
	Accounting Supervisor	Amy Wang				

（IV）The analysis of the ratio of the total remuneration paid to the Company'sDirectors,President,and Vice Presidents by the Company and all companies listed in the consolidated statements in the most recent two years to net income, and the relevance between the remuneration payment policy, standard and package, and procedure for determining remuneration and business performance and future risk shall be compared and stated:

Title	Ratio of total remuneration to net income after tax (%) 2020		Ratio of total remuneration to net income after tax (%) 2019	
	The Company	All companies listed in the financialstatements	The Company	All companies listed in the financial statements
Directors	-5.10%	-6.12%	-7.10%	-8.67%
Supervisors				
President and Vice Presidents				

The remuneration paid to directors and supervisors by the company and all companies listed in the consolidated statements in the most recent two years is appropriated according tothe Articles of Incorporation, which stipulate that: "From the profit earned by the Company as shown through the annual account closing, no more than 2% shall be taken for for directors' and supervisors' compensation. The annual earning distribution status is submitted to the Board of Directors for discussion before being sent to the shareholders' meeting for resolution. There was little difference in the percentage of net loss after tax in 2020 and 2019. According to the company's directors' salary and remuneration method, independent directors are entitled to remuneration of NT$200,000 per person per year, paid quarterly. Directors attending the board of directors or attending the general meeting of shareholders may receive NT$5,000 per person per ride.

The salary structure of the president, executivevice presidents, vice presidents, and technical director is composed by salary,food allowance, duty allowance, and transportation allowance.The difference in salary is determined by the contribution of the position and performance of the individual related to academic background, experience, performance, working years and job title.

The company established the Remuneration Committee on December 23, 2011with professional and objective status for evaluating the company's directors and managers' compensation policies and systems, and making recommendations to the board of directors for their decision-making reference.

The performance evaluation and salary remuneration of directors and managers under the Remuneration Committeesystem should refer to the usual level of payment in the industry, and consider the time invested by the individual, the responsibilities, the achievement of personal goals, the performance of other positions, and the salary and remuneration given to employees of the same position in recent years, including the company's short-term and long-term sales goals, the company's financial status, and the relevant to personal performance and company operating performance and future risksetc.

Directors and managers should not be guided to engage in behaviors that exceed the company's risk appetite in pursuit of remuneration. The proportion of short-term performance compensation for directors and senior managers and the payment time of the variable salary compensation should be determined by considering the characteristics of the industry and the nature of the company's business.

IV、Operation of corporate governance

（I）Operations of the Board of Directors

A total of 6 meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Jerry Chien	6	0	100.0	Elected on 2020.6.15
Director	Victor Lee	2	0	100.0	Term of office expired
Director	D-Link Corporation Representative Director Evelyn Wang	2	0	100.0	Term of office expired
Director	D-Link Corporation Representative Director Joseph Wang	4	0	100.0	Elected on 2020.6.15
Director	JunYang Investment Co.,Ltd. Representative Director Joseph Lin	6	0	100.0	Elected on 2020.6.15
Director	D-Link Investment Co., Ltd. Representative Director Victor Kuo	4	0	100.0	Elected on 2020.6.15 Resigned on 2021.2.2
Independent Director	Mei Ho	2	0	100.0	Term of office expired
Independent Director	Samuel Hou	0	2	0.0	Term of office expired
Independent Director	Arens Chiang	6	0	100.0	Elected on 2020.6.15
Independent Director	Yu-Chang Lin	4	0	100.0	Elected on 2020.6.15
Independent Director	Jeff Hong	4	0	100.0	Elected on 2020.6.15

Other mentionable items:

I.If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1)Matters referred to in Article 14-3 of the Securities and Exchange Act.

Date	Proposal	All independent directors' opinions
The 12th meeting of the 10th term 2020.3.24	1. Approval of 2019 business report and consolidated financial statement. (inclusive parent company only financial statement) 2. Approval of the 2019 deficit compensation proposal. 3. Approval of 2019 business plan. 4. Approval 2019 Internal Contro System Statement. 5. Approval of 2019 CPA independence assessment. 6. Approval of 2020 CPA fees. 7. Report on 2020 derivative financial products transactions. 8. Report on improving its own financial reporting capabilities.	Approved by all independent directors
The 13th meeting of the 10th term 2020.5.4	1.Approval of 2020 Q1 consolidated financialstatement. 2.Report on 2020 derivative financial products transactions. 3.To approve renewal liability insurance for directors and managers 4.To approve the amendment of the “Articles of Incorporation”.	
The1st meeting of the 11th term 2020.6.15	1.Election of the company chairman.	
The 2nd meeting of the 11th term 2020.8.4	1.Approval of 2020 Q2 consolidated financialstatement. 2.Report on 2020 derivative financial products transactions. 3. Approval of2020 Q2status of Endorsement and Guarantee. 4Approval of appointment of internal audit supervisor. 5.To approve the amendment to“Remuneration for Directors”. 6. Approval of 2020 Lending Funds to Other Parties. 7.Approved the amendment to2019 deficit compensation proposal. 8.Approved the amendment to 2020 Q2 deficit compensation proposal. 9.Proposal for a midterm capital reduction plan to offset companylosses. 10.Proposal for a cash offering by private placement.	
The 3th meeting of the 11th term 2020.9.18	1.Approval of 2020 Q2financial statement.	
The 4th meeting of the 11th term 2020.11.3	1.Approval of 2020 Q3 consolidated financial statement. 2.Report on 2020 derivative financial products transactions. 3.Approval of 2020 audit plan. 4.Approved the amendment to Rules Governing the Scope of Duties of Independent Directors 5.Approval of 2020 Lending Funds to Other Parties.	

(2)Except the aforementioned matters, other resolutions approved by two-thirds or more of all the directors but yet to be approved by the Audit Committee: None.

II.With regard to the recusal of independent directors from voting due to conflict of interests,the name of independent directors, the content of proposals, reasons for recusal due toconflict of interests and participation in voting shall be stated: None.

III. TWSE/TPEx listed companies shall disclose information such as the evaluation cycle andperiod, scope, method, and items of the Board’s self (or peer) evaluation, and fill out theimplementation status of evaluation of the Board in Table 2(2).

IV.Goals for enhancing the functions of the Board of Directors (such as establishing an AuditCommittee or increasing information transparency) for the current year and most recent yearas well as the assessment of the actions implemented:

The company established an audit committee on June 16, 2017, composed of all independent directors to improve the effectiveness of the board of directors.In order to consolidate corporate governance and enhance the functions of the company's board of directors, the company has formulated the "Board Performance Evaluation Method" on March 26, 2018,and conducts annual performance evaluations to enhance the operational efficiency of the board of directors.

The implementation status of evaluation of the Board of directors

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2020/1/1~ 2020/12/31	the Board of directors	the Board of directors self-evaluation	1.Degree of participation in company operations. 2.Quality decision making by directors. 3.The component and structure of the board of directors. 4.Directors election and futher education. 5.Internal Control.
Once a year	2020/1/1~ 2020/12/31	Performance evaluation of individual board members	Board member self-evaluation	1.Company goals and tasksresponsibilities of the directors 2.Degree of participation in company operations. 3.Relationship and communication 4.Profession and further education of directors 5.Internal Control.
Once a year	2020/1/1~ 2020/12/31	Performance evaluation of individual board members	Board member self-evaluation	1.Participation in the operation of the Company; 2.Awareness of the duties of the audit committee; 3.Improvement of quality of decisions made by the audit committee; 4. Makeup of the audit committee and election of itsmembers; 5. Internal control.

The attendance of independent directors of the board of directors in 2020

☺Attend in person ✡By Proxy ✧Not attend

Date / Name	2020.3.24	2020.5.4	2020.6.15	2020.8.4	2020.9.18	2020.11.3
Mei Ho	☺	☺	NA	NA	NA	NA
Samuel Hou	✡	✡	NA	NA	NA	NA
Arens Chiang	☺	☺	☺	☺	☺	☺
Yu-Chang Lin	X	X	☺	☺	☺	☺
Jeff Hong	X	X	☺	☺	☺	☺

(II) Operation of Audit Committee

1、Audit Committee：

A total of 5 Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent Director	Mei Ho	2	0	100.0	Term of office expired
Independent Director	Samuel Hou	0	2	0.0	Term of office expired
Independent Director	Arens Chiang	5	0	100.0	Elected on 2020/6/15
Independent Director	Yu-Chang Lin	3	0	100.0	Elected on 2020/6/15
Independent Director	Jeff Hong	3	0	100.0	Elected on 2020/6/15

Other mentionable items

I. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

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

Date	Proposal	All members' opinions
The 11th meeting of the 1st term 2020.3.24	1. Approval of 2019 business report and consolidated financial statement. (inclusive parent company only financial statement) 2. Approval of the 2019 deficit compensation proposal. 3. Approval 2019 Internal Control System Statement. 4. Approval of 2019 CPA independence assessment. 5. Approval of 2020 CPA fees.	Approved by all committee members
The 12th meeting of the 1st term 2020.5.4	1. Approval of 2020 Q1 consolidated financial statement. 2. Report on 2020 derivative financial products transactions.	
The 1st meeting of the 2nd term 2020.8.4	1.Approval of 2020 Q2 consolidated financial statement. 2.Report on 2020 derivative financial products transactions. 3. To approve the amendment of "Remuneration for Directors". 4 Approval of appointment of internal audit supervisor. 5. Approval of 2020 Lending Funds to Other Parties. 6. Approval of 2020 Q2 status of Endorsement and Guarantee. 7. To approve the amendment of 2019 deficit compensation proposal. 8. To approve the amendment of 2020 Q2 deficit compensation proposal. 9. Proposal for a cash offering by private placement.	
The2nd meeting of the 2nd term 2020.9.18	1.Approval of 2020 Q2 financial statement.	
The3th meeting of the 2nd term 2020.11.3	1. Approval of 2020 Q3 consolidated financial statement. 2. Approval of 2020 audit plan. 3.To approve the amendment of Rules Governing the Scope of Duties of Independent Directors 4. Approval of 2020 Lending Funds to Other Parties. 5.Report on 2020 derivative financial products transactions.	

(2) Except the aforementioned matters, other resolutions approved by two-thirds or more of all the directors but yet to be approved by the Audit Committee: None.

II.With regard to the recusal of independent directors from voting due to conflict of interests, the name of independent directors, the content of proposals, reasons for recusal due to conflict of interests and participation in voting shall be stated: None.

III.Communication between directors and the internal auditing officer and CPAs (including material issues, audit methods and results relating to the Company's finances and business).

(1)The audit supervisor of the company quarterly reports to the members of the audit committee on the implementation of the audit plan.No major abnormalities were discovered in 2020, and the communication between the independent directors of the company and the internal audit supervisorwas good.

(2)CPAquarterly reports to the members of the audit committee on the audit result of financial report and other items required by SEC laws .No major abnormalities were discovered in 2020, and the communication between the independent directors and the CPAwas good .

(3)Communication between independent directors and Internal Auditing Officer:

Date	Content of the communication	Result
2020.3.24	Approval 2019 Internal Control System statement.	Independentdirectors have no opinion.

Communication between independent directors and CPA:

Date	Content of the communication	Result
2020.3.24	2019consolidated(individual) financial report auditresults. Proposal of 2020 CPA fees. 2020 communication aboutkey audit matters withcorporate governance.	Approved by all Independent directors Signed 2020 CPA Proposal Independent directors have no opinion.
2020.11.3	2020 communication about key audit matters with corporate governance.	Independent directors have no opinion.

2、Audit Committee work point:

- Adoption or amendment of an internal control system pursuant to Article 14-1.
- Assessment of the effectiveness of the internal control system.
- Review financial Statement audited by CPA
- A material asset or derivatives transaction.
- A material monetary loan, endorsement, or provision of guarantee.
- The offering, issuance, or private placement of any equity-type securities.
- The hiring or dismissal of an attesting CPA and independent assesment.
- The appointment or discharge of a financial, accounting, or internal auditing officer.

➢ Review financial Statement audited by CPA

The 2020 business report,financial statements and deficit compensation proposalwhich were agreed upon the Audit Committee and resolved by the Board,were audited by the CPA of KPMG, and a review report was issued.

➢ Assessment of the effectiveness of the internal control system.

The audit committee assessed the company’s internal control system for the year 2020, including five major aspects: control environment, risk assessment, control operations, information communication and supervision for evaluation of the effectiveness of internal control, as well as whether the design and system of internal control were actually implemented. The committee believes that the company's internal control system is effective and the company will continue to make amendments to improve the internal control system.

（III）Corporate governance implementation status and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I.Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		Cameo has formulated the Corporate Governance Best-Practice Principles which approved by the board of directors on March 24.2017.in accordance with the Best-Practice Principles for TWSE/TPExListed Companies.	No material deviations
II. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The company has dedicated personnel to deal with shareholder suggestions or disputes and other issues, and if it involves Legal issues will be referred to the company's legal counsel.The company possesses the list of its major shareholders as well as the ultimate owners of those shares shall be disclosed in accordance with regulations.	No material deviations
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company has delegated adedicated person to manage therelevant information about the company's list of its major shareholders as well as the ultimate owners of those shares.	No material deviations
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The company establish and execute the risk management and firewall system within its conglomerate structurein accordance with"Transaction procedures for group companies, specific companies and related parties'' "Supervision Measures for Subsidiaries'', "Procedure for Endorsement and Guarantee" 、"Procedure for	No material deviations

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		lending funds to other parties." (4)The companystipulated"Procedure of Material internal information".	No material deviations
III. Composition and Responsibilities of the Board of Directors	V			
(1) Does the Board develop and implement a diversified policy for the composition of its members?			(1) The board of directors has different professional backgrounds and work areas which improve the company's board diversified policy.	No material deviations
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) The Company has established theRemuneration Committee and theAudit Committee in accordance withthe law. Establishingother functional committees would be considered.	No material deviations
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(3) The company stipulated"Performance Evaluation Method for the board of directors" on March 26, 2018.It is required that the directors complete the self-evaluation questionnaire and submit it to the stock affairs department before the first quarter of following year. Stock affairs department will evaluate perfotmance of directors and report the result. On March 24, 2021, the performance results of the 2020board of directors' evaluation submitted to the board of directors. The rate of evaluation for the year is about 80%, which is still good. The company will take as a reference for the nomination for	No material deviations

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	V		reelection of directors. Remuneration paid to directors is currently a fixed. (4) The company regularly evaluates the independence ofCPAs once a year. 2020 result submitted to the board of directors on March 24,2021.According to result, Sammel Au CPA and Isabella Lou CPA both meet the standard of independence of CPAs.	No material deviations
IV. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The company has assigned a corporate governance officer concurrently as the accounting supervisor through board of directors on May 4, 2021. According to the "Standard Operating Procedures for Dealing with Directors' Requirements", the company currently appoint financial staff part-time to deal with matters related to the board of directors and shareholders meeting, company registration, preparing minutes of the board of directors and shareholders meeting, etc. Information required by directors and supervisors to perform their business and assist them to comply with laws and regulations.	No material deviations
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has set up a section on the Company's website dedicated to stakeholders,where any questions and suggestions can be communicated with the Company through the channels,and the Company will handle and respond directly as soon as possible.	No material deviations

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
shareholder service agency to deal with shareholder affairs?			of Horizon Securities Co., Ltd. to handle affairs relevant to the shareholders' meeting.	
VII.Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The company has set up a company website section to disclose financial business-related information. Investors can also require the company's financial status, business and corporate governance information through Market Observation Post System.	No material deviations No material deviations
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The company has dedicated personnel todisclose financialinformation on the company's website and Market Observation Post System.	No material deviations
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		V	(3) The company has not announced and reported annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit	Still under evaluation
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations,supplier relations,stakeholder rights,directors' and	V		Major Information will be disclosed on the company websiteand Market Observation Post System, which help shareholders to comprehend company's operation and strategy.The directors of the company had a total of 25 hours of training in 2020.The company has purchased liability insurance for directors and important staff, and	No material deviations

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
supervisors' training records,implementation of risk management policies and risk evaluation measures,implementation of customer policies, and participation in liability insurance by directors and supervisors)?			reported the insurance coverage to the board of directors for approval and then announced it on the Market Observation Post System.	
IX.Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. The company participated in the evaluation of the sixth self-assessment of corporate governance of listed companies conducted by the Taiwan Stock Exchange Co., Ltd.The company updated the corporate governance area, anddisclosecommunication between the management and the CPAs, internal audit supervisor and audit committee, retirement policy and implementation status. In addition, amending the issues and response of stakeholders.				

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

Note3 : Content of the CPA's independence and competence assessment.

items	Result	Whether independence or not
1. It wasn't changing for seven years till last audit by CPA .	Yes	Yes
2. No significant financial interest in the client.	Yes	Yes
3. No any inappropriate relationship with the client.	Yes	Yes
4. Accountants should ensure that their assistants are honest, impartial and independent.	Yes	Yes
5.The financial statements of the organization within the first two years of practice shall not be audited.	Yes	Yes
6. CPA may not be represent by others.	Yes	Yes
7. No shares held in the company or related companies.	Yes	Yes
8.No lending funds to the company or related companies.	Yes	Yes
9. No joint investment or benefit-sharing relationship with the company or related companies.	Yes	Yes
10. No fixed salary is paid or no taking position in the company or related companies.	Yes	Yes
11.Not involve the decision-making by management of the company or related companies to make decisions.	Yes	Yes
12. Not operating other businesses that may lose their independence.	Yes	Yes
13. No spouse, direct blood relative, direct in-law relationship, or second relative of the company's management staff.	Yes	Yes
14. No commissions related to the business have been received.	Yes	Yes
15. Until now, no punishment has been imposed or the principle of independence has been compromised.	Yes	Yes

(IV)Composition, Responsibilities and Operations of the Remuneration Committee

(1)、Information on the members of the Remuneration Committee

Qualification / Name	Meets one of the following professional qualifications,with at least five years of work experience			Independence criteria (Note1)										Number of other public companies where the individual concurrently serves as an Remuneration Committee Member
	Currently serving as an instructor or in higher positions in a private or public college or university in the field of business, law,finance, accounting,or the business sector of the Company	Currently serving as a judge, prosecutor, lawyer, certified public accountant or other professional or technician that must undergo national examinations and specialized license	Professional experience necessary for business administration, legal affairs, finance, accounting or company sales	1	2	3	4	5	6	7	8	9	10	
Yu-Chang Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Jeff Hong		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Arens Chiang		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: For any member who fulfills the relevant condition(s) two years before being elected or during the term of office, please tick (✓) the field underthe corresponding condition(s).

(1) Not employed by the Company or an affiliated business.

(2) Not serving as a director or supervisor of the Company or any affiliated business (this does not apply in cases where the person is an independentdirector of the Company, its parent or subsidiary, or a subsidiary of the same parent company established in pursuant to this law or local laws).

(3) Not a natural person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, includingthe shares held in the name of the person's spouse, minor children, or in the name of others.

(4) Not a manager in (1), or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in (2) and (3).

(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top 5 in holdings or is a legal person shareholder who is a director or supervisor of the Company per paragraph 1 or 2 ofArticle 27 of the Companies Act (this does not apply in cases where the person is an independent director of the Company, its parent or subsidiary,or a subsidiary of the same parent company established in pursuant to this law or local laws).

(6) Not a director, supervisor or employee of another company that is controlled by the same person but holds more than half of the shares carryingvoting rights or director seats (this does not apply in cases where the person is an independent director of the Company, its parent or subsidiary, ora subsidiary of the same parent company established in pursuant to this law or local laws).

(7) Not a director (a member of the governing board), supervisor (a member of the supervising board) or employee of a company or institution whichis the same person or spouse as

the chairman, general manager or equivalent of the Company (except where the same person is an independentdirector of the Company and its parent, subsidiary or subsidiary which is the same parent company in compliance with the local laws or regulations).

(8) Not a director (a member of the governing board), supervisor (a member of the supervising board), managerial officer or shareholder who holdsmore than 5% of the shares of a specified company or institution that has a financial or business relationship with the Company (this does not applyin cases where the specified company or institution holds more than 20% of the total number of issued shares of the Company and does not excee50% of the total number of shares of the Company and the person is an independent director of the Company, its parent or subsidiary, or a subsidiaryof the same parent company established in pursuant to this law or local laws)

(9) Not a professional individual or owner, partner, director (a member of the governing board), supervisor (a member of the supervising board),managerial officer and his/her spouse in respect of commercial, legal, financial, accounting, and other related services for which the audit wasprovided to the Company or its affiliated companies, or where the aggregate amount of remuneration in the past two years exceed NT$500,000.However, members of the special committee on remuneration, public acquisition review, or merger and acquisition who perform their functionsand powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevantregulations shall not be subject to this provision.

(10)None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.

(2)、Duties of Remuneration Committee Member

This committee should faithfully perform the following duities with the good attention:

1、Regularly review the organizational procedures of the Remuneration Committee and propose amendments.

2、Formulate and regularly review the company's directors, supervisors and managers' annual and long-term performance targets and remuneration policies, systems, standards and structures.

3、Regularly evaluate the achievement of the performance goals of the company's directors, supervisors and managers, and determine the content and amount of their individual remuneration.

(3)、Operation of the Remuneration Committee

There are 3 members in the Remuneration Committee. Duration of the current term of service: June 15, 2020, until June 14, 2023

A total of 2 Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairperson	Arens Chaing	2	0	100%	Appointed on 2020.8.4
member	Yu-Chang Lin	1	0	100%	Appointed on 2020.8.4
member	Jeff Hong	1	0	100%	Appointed on 2020.8.4
Chairperson	Mei Ho	1	0	100%	Term of office expired
member	Samuel Hou	0	1	0%	Term of office expired

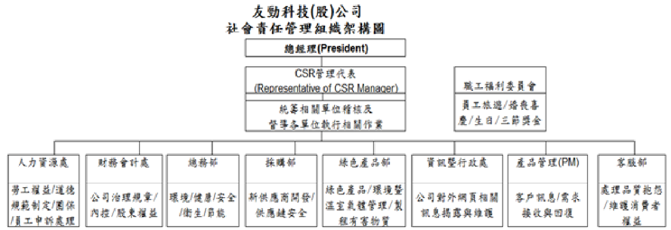
Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

Date	Proposal	All members'opinions
The 6th meeting of the3th term 2020.5.4	1.2019 salary information report for full-time employees of supervisors and non-supervisors. 2. Comparison of the number of employees and the average annual salary in 2018 and 2019. 3. Review the range of remuneration which applicable for managers by the Remuneration Committee.	Approved by all committee members
The1st meeting of the 4th term 2020.11.3	1. In accordance with the resolution of the board of directors, the first remuneration committee of the fourth term also elected the fourth chairmn. 2.Employeesstatusreport in Tainan factory.	

（V）Corporate Social Responsibility (CSR), Deviations from "Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies" and Reasons

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
I. Has the Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies?	V		All CAMEO of the interested parties shall be dealt with in accordance with the "Group Enterprise and Specific Company Affiliate Trading Procedures" and the "Subsidiary Supervision Regulation". Identify the interested parties based on relevance, including employees, shareholders, customers, suppliers, etc. It can be a reference for future CSR policies and plans through daily two-way interactive or communication with the company through various channels. CAMEO has established, the CSR (Corporate Social Responsibility) Management Manual, which covers employee policy (employee protection and human rights) ethical guidelines, health and safety, environment, etc. GNT, CAMEO's factory in China perform CSR on-site audits from time to time and track improvements in time when safety-related non-compliance is found. CSR education implemented in GNT, including A. New comers are trained in CSR; B. Annual training for all employees in GNT.	No material deviation.

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implantation status (Note1)</th><th rowspan="2">Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary(Note2)</th></tr>
<tr><td>II.Does the Company establish a dedicated (or part-time) unit for promoting corporate social responsibility? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?</td><td>V</td><td></td><td>The CSR organization is organized by all departments of the company on a part-time basis. The organization diagram showed as below,

</td><td>No material deviation.</td></tr>
<tr><td>III. Environmental issues
(I)Has the Company based on the nature of its industry，established a suitable Environment Management System (EMS)?</td><td>V</td><td></td><td>(I)CAMEO factories established ISO 14001 environmental management and develops sustainable environmental operations as following,
1. CAMEO implements green procurement measures, all components and raw materials should be complied with hazardous substances regulations, such as RoHS requirements. Suppliers are required to upload RoHS reports, REACH data and MSDS (material safety data sheet) on the http://gpmap.cameo.com.tw.
2. Perform hazardous substance incoming test at the factory with XRF (X-ray Fluorescence) spectrometer, In the product</td><td>No material deviation.</td></tr>
</table>

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			development stage, a disassembly report is made according to customer needs, and reach the 3R (Reuse, Recycle, Recovery) target to comply with WEEE [Waste Electrical and Electronic Equipment] related directives and reduce environmental load. 3. ISO 14001 Environmental Management System was certificated by SGS at Dec 12, 2018 and is valid until Dec 12, 2021.	
(II)Is the Company committed to improving usage efficiency of various resources and utilizing renewable resources with reduced environmental impact?	V		(II) 1. CAMEO implements waste classification, waste electronic materials recycling to reduce the impact on environmental pollution. 2. At present, the General Affairs Department part-time supervises the cleaning vendor to carry out environmental cleaning work, all staff to jointly maintain environment. 3. CAMEO promotes paperless operations in the office, and switch off the lights during lunch breaks to reduce energy waste, running water with water-saving devices,	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			the use of power-saving lighting devices, power and air conditioning system partition switching control devices, contributes to the energy conservation and carbon reduction and greenhouse gas reduction and other measures.	
(III)Has the Company assessed the potential risks and opportunities arising from climate change at present and in the future and taken relevant countermeasures?	V		(III) CAMEO pays attention to the impact of climate change on its operational activities, and design product in accordance with energy saving directives such as the EU ErP, the office buildings were changed to T5 lamp settings to comply with the company's energy conservation and reduction policy for carbon and greenhouse gas reduction. In view of the increasingly serious problem of global warming, CAMEO in environmental protection concerns on the issue is not falling behind others, started from the enterprise internally, executed from the garbage classification, kitchen waste recycling, office paperless, energy conservation, so that energy-saving, water-saving device design, in more attempt to contribute on Taiwan's environment	No material deviation.
(IV) Has the Company calculated the greenhouse gas emissions,		V	(IV) CAMEO's factory side ever implemented ISO 14064-1 certification and the annual CO2 emission target had been	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
Water consumption and total weight of waste over the past two years and established the policies with regard to energy conservation and carbon reduction, greenhouse gas reductions， water consumption, and waste management?			reduced to 3%. 1. Total direct and indirect CO_2e (CO_2 equivalent) emissions from January to December in 2013 were 11,708.31 tons. 2. Total direct and indirect CO_2e (CO_2 equivalent) emissions from January to December in 2014 were 9,215.65 tons. 3. Due to reduced production, we had stopped the CO_2 emissions check from 2015.	
IV. Social issues (I)Has the Company formulated appropriate management policiesand procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) According to the Labor Standards Acts and related labor laws and regulations, timely amend management system rules and labor working conditions superior to the Labor Standards Acts, and the CAMEO suppliers all are required the corporate social responsibility and the EICC (commitment of the Electronic Industry Code of Conduct)	No material deviation.
(II)Has the Company established and offered proper employee benefits (including remuneration, leave,and other benefits) and reflected the business performance or results in employee remuneration appropriately?	V		(II) 1. Employee welfares, based on the needs of employees, to provide peer labor insurance, health insurance, group insurance and marriage, death, child-care, hospital condolences, birthday gifts, annual Boxing Day gifts and other benefits.	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			2. Make the performance appraisal management methods, CAMEO every six months to one year to implement performance evaluation on the basis of performance evaluation in July of each year to carry out promotion operations; Employee work rules, clearly set an effective reward and punishment system.	
(III) Has the Company provided employees with safe and healthy work environments as well as regular classes on health and safety?	V		(III) 1. In accordance with the provisions of the Occupational Safety and Health Act, the measurement of the working environment is conducted on a regular half-annual basis. ISO 45001 is surveillance annually by SGS at the factory end and is valid until 2021.12.12. 2. Any new comers are implemented labor safety and health training. Fire safety lectures and exercises are conducted every six months.	No material deviation.
(IV) Has the Company established effective career competence training plan for its employees?	V		(IV) There is on-the-job training and training system for employees to develop their career capabilities and assist them in exploring functional development.	No material deviation.
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety,	V		(V) CAMEO's main business model is ODM, OEM and EMS brands of customers, so there is a provision for each	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
customer privacy, and marketing and labeling of its products and services and established related consumer protection policies and grievance procedures?			contract to protect the interests of customers. Quality, service, customer satisfaction In line with the company's commitment to timely and effective quality management skills and improve services to ensure that the quality management system meets the requirements and effectiveness and continual improvement to meet customer needs.CAMEO got the ISO9001 certification, in addition to the third party certification group through the evaluation of international credibility, enhance the corporate image, and the implementation of this system, can establish a sound written system, procedures and organizations, not only can leave the enterprise technical document assets, when necessary, become a model of operational communication, so that internal communication is easier to master, but also because of the establishment of management system to improve management efficiency, efficiency and work quality to maintain product output stability and safety, can provide consumers with peace of mind. CAMEO through the management of the operating	

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			system, in the process, material management in full compliance with the RoHS specifications, the implementation of "source flow management", by the procurement staff for suppliers to propose a code similar to the RoHS Directive, requiring suppliers to self-control, self-testing, signing RoHS guarantee and audit, to ensure that the company uses materials and processes can comply with the relevant norms and customer requirements.	
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulationsrelated to environmental protection, occupational safety and health or labor rights and supervised their compliance?	V		(VI)CAMEO complied with the regulations and international guidelines for all products and services designated by our customers. We will require suppliers to provide a variety of quality and environmental management guarantees. When performing periodic audits, query for records that have an impact on the environment and society. All suppliers will be required to sign the Corporate Social Code of Conduct (CSR-CoC) commitment, which contains provisions in violation of environmental and social policies.	No material deviation.
V. Did the Company, following internationally recognized guidelines, prepare and publish reports such as its Corporate	V		V. The CSR report has been published on the official website of http://www.cameo.com.tw/investor.action. You can see it:	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
Social Responsibility report to disclose non-financial information of the Company? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution?			1. Corporate Social Responsibility Report: CSR Report, January to December 2018. 2. CSR Code of Conduct 3. Continuity Business Management CAMEO's Corporate Social Responsibility Report has not yet obtained the firm or guarantee opinion of the third party verification.	
VI. Where the Company has stipulated its own Best Practices on CSR according to the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, please describe any gaps between the prescribed best practices and actual activities taken by the Company: t is still in the preliminary stage of establishment. The factory CAMEO owned in China release monthly CSR report implementation status, [overtime hours] comply with EICC (Electronic Industry Code of Conduct) and customer requirements.				
VII. Any important information useful for understanding the state of CSR operations: The corporate social responsibility operation status report can be found on CAMEO's official website http://www.cameo.com.tw/.				

Note 1: If "Yes" under the "Status of Operations" is ticked off, please explain the key policies, strategies, and measures adopted and their implementation results; if "No" is ticked off, please give the reason and specify related policies, strategies, and measures to be adopted in the future.

Note 2: Companies that have compiled CSR reports may specify ways to access the report and indicate the page numbers of the cited pages.

Note 3: The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.

（VI）Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"：

Items	Implantation status (Note1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
I. Formulating ethical corporate management policies and programs				No material deviations
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies?	V		(I) The company estabished the " CorporateIntegrity Management Principle" and "Code of Corporate Ethics" at the "Important Rules of Corporate Governance" area of the of the public website.	
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	V		(II)The company's standard "Labor Contract" and its annex "Integrity and Confidentiality Promise Letters" stipulates the obligations and ethics related to integrity, and confidentiality in addition, The compamy formulates "employee work rules" and set up complaints mailbox receiving employee 's opinion. 1. mailbox mail：declare@cameo.com.tw 2. TEL：77363619、0962090135。 3. receving department：Human Resource deparment	
(III) Has the Company specified in its prevention programs the operating procedures, guidelines,punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	V		(II) Standard "Labor Contract" Article 11: Intellectual Property Rights, Article 12: Confidentiality Obligation, Article 13: Non-competition, and its annex "Integrity and Confidentiality Promise Letters",are preventive measures for business activities with high risk of dishonesty.	
II. Implementing ethical corporate management				No material deviations
(I) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct?	V		(I) Suppliers sign purchase contracts (including integrity obligations), integrity commitments, and supplier corporate social responsibility codes of conduct commitments.	
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and	V		(II) In order to improve the management of integrity, human resourcesis currently responsible	

Items	Implantation status (Note1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?			for policy advocacy and personnel pre-employment education and training. Theimplementation of ethical corporate management performs by each department.The board of directors of the company shall perform the duty of care of good managers. The audit office shall conduct inspections from time to time and report to the board of directors to supervise and prevent dishonest behavior, and review its implementation effectiveness with continuous improvement to ensure the implementation of the integrity management policy.	
(III) Has the Company establishedpolicies to prevent conflicts of interest, provided an appropriate channel for reporting such conflicts and implemented them?	V		(III) The company has formulated the"Code of Corporate Ethics" 、『Labor Contract』 and its annex "Integrity and Confidentiality Promise Letters" to prevent conflicts ofInterest, and provide appropriate statement channels through e-mail and telephone lines.	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(IV) In order to implement integrity management, the company has established internal control systems, accounting systems and other internal regulations, and has taken into consideration the "Code of Integrity Management of Listed OTC Companies" as the basis for implementing integrity management. In addition, the audit office will conduct irregular inspections and report to the board of directors to prevent violations of integrity.	
(V) Does the Company regularly hold internal and external training related to ethical corporate management?	V		(V)The company declares the integrity management philosophy to each department and makes a written promise of integrity.When new employeesreport for duty , they will sign"Labor Contract" and "Integrity and Confidentiality Promise Letters" ,declaring the integrity of commitment at the same time .	

Items	Implantation status (Note1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
III. Implementation of the Company's whistleblowing system (I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?	V		(I) Whistleblowing channels： 1. mailbox mail：declare@cameo.com.tw 2. TEL：77363619、0962090135。 3. receving department：Human Resource deparment。	No material deviations
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	V		(II) Establish a process for receving reports and added fidential warnings to related operating procedures.	
(III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?		V	(III) Procedure will be discussed.	
IV. Enhancing information disclosure (I) Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities upon its official website or Market Observation Post System?	V		The company has disclosed " Corporate Integrity Management Principle" and "Code of Corporate Ethics" relvant to integrity management under"Important Rules of Corporate Governance"area on the website. (https://www.cameo.com.tw/home/company/company-management/)	No material deviations
V.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation:No difference.				
VI. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). None.				

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

(VII) If the Company has established the corporate governance best practice principles and other relevant regulations, the means to search for these regulations shall be disclosed:

The board of directors has approved the formulation of the corporate governance best principle .Please visit MOPS(http://mops.twse.com.tw/mops/web/index) or the official website of the Company. (http://www.cameo.com.tw/home/company/company-management/)

(VIII) Other important information to enhance the understanding of the implementation of corporategovernance at the Company：None.

（IX） Disclosures Required for the Implementation of the Internal Control System：

1.Statement on Internal Control System

Cameo Communications Inc.

Statement on Internal Control System Date：March 24,2021

According to the results of the Company's self-assessment, the Company's statement pertaining to the internal control system in 2020 is as follows:

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system,it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition,the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control,the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.

V. Based on the aforementioned audit findings, the Company holds that as of December 31,2020., its internal control procedures(including the procedures to monitor subsidiaries),effectiveness and efficiency of operations, reliability, timeliness,transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.

VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the contents above will entail legal liability under Articles 20, 32,171,and 174 of the Securities and Exchange Act.

VII. This Statement has been passed at the Board of Directors meeting on March 24,2021, with none of the eight attending Directors expressing objectives; all Directors affirmed the content of this Statement.

Cameo Communications Inc.

Chairman：Jerry Chien

President：Juan Tseng

2. If a CPA has been hired to carry out a special audit of the internal control system, pleasefurnish the CPAaudit report: None.

(X) Penalties imposed on the Corporation and its internal staff, penalties imposed on its internal staff by the Company for violation of internal control regulations, major deficiencies and status of improvements made in the most recent year up to thepublication date of this annual report: None.

(XI) Major resolutions of the Shareholders' Meeting and the Board of Directors in the most recent year up to the publication date of this annual report

Date	Type of meeting	Major resolutions
2020.3.24	Board of Directors	1. Approval of 2019 business report and consolidated financial statement. (inclusive parent company only financial statement) 2.Approval of the 2019 deficit compensation proposal. 3.Approval of the 2020 business plan. 4. Approved matters related to the convening of the 2020 General Shareholders' Meeting. 5.Approved the period and location where the company's regular shareholders' meeting of 2020 accepted proposals. 6.Approval 2019 Internal Contro System Statement. 7.Election of the 11th terms of Directors. 8.Approval of the nomination of independent director candidates. 9. Proposal for the board of directors to approve the list of nominated independent director candidates and review qualification. 10.To approve the release of non-competition restrictions for Directors. 11. Approval of 2019 CPA independence assessment. 12. Approval of 2020 status of Endorsement and Guarantee. 13. Proposal for application for 2020 financial credit line. 14.Approved the amendment to" Rules of Audit Committee" . 15.Approved the amendment to" Rules of procedure for board of directors" . 16.Approved the amendment to" Corporate Governanceprinciple" . 17Approved the amendment to" Rules of Procedure for Shareholder Meetings" 18.To approve the amendment to" Corporate Integrity management principle" 19. Approval of 2020 CPA's fees.
2020.5.4	Board of Directors	1. Approval of 2020 Q1consolidated financial statement. 2. Approved the amendment to" Article of Incorporation" 3.Approved renewal liability insurance for directors and managers 4. To issueproposals related to the convening of the 2020 General Shareholders' Meeting. 5. Proposal for the board of directors to review and approve the list of independent director candidates. 6. Proposal for application for 2020 financial credit line.
2020.6.15	Shareholders' Meeting	1. Approval of 2019 business report and consolidated financial statement. (inclusive parent company only financial statement) 2. Approval of the 2019 deficit compensation proposal. 3. Election of the 11th terms of Directors. 4. Approved the amendment to "Rules of Procedure for Shareholder Meetings" 5. Approved the amendment to"Article of Incorporation" 6. Approved the release of non-competition restrictions for Directors.
	Implantation status	All resolutions were passed. The list of elected directors for the 11th term has been announced and the company change registration has been completed. "Rules of Procedure for Shareholder Meetings"and"Article of Incorporation"proceeded and disclosed on the MOPs and company website.
2020.6.15	Board of Directors	1. Election of the company chairman.
2020.8.4	Board of Directors	1. Approval of 2020 Q1 consolidated financial statement. 2. Approval of appointment ofRemuneration Committee. 3. Approved the amendment to"Procedure of the Board of Directors' Performance Evaluation".

		4. Approved the amendment to"Code of Corporate Ethics". 5. Approval of appointment of internal audit supervisor. 6. Approved the amendment to " Remunerationfor Directors". 7. Approval of 2020 Lending Funds to Other Parties. 8. Approved the amendment to 2019 deficit compensation proposal. 9. Approved the amendment to 2020 Q2 deficit compensation proposal. 10. Proposal for a midterm capital reduction plan to offset company losses. 11. Proposal for a cash offering by private placement. 12. Approved matters related to the convening of the 2020 first extraordinaryShareholders' Meeting.
2020.9.18	Board of Directors	1.Approval of 2020 Q2 financial statement.
2020.9.21	Shareholders' Meeting	1. Approved the amendment to 2019 deficit compensation proposal. 2. Approval of 2020 Q2 consolidated financialstatement. (inclusive parent company only financial statement) 3. Approved the amendment to 2020 Q2 deficit compensation proposal. 4. Proposal for a midterm capital reduction plan to offset company losses. 5. Proposal for a cash offering by private placement.
	Implantation status	Midterm capital reduction plan was approved by the Financial Supervisory Commission Securtires and Futures Bureau on October 21, 2020, by the No. 1090370259. The company has privately placed 101,100,000 shares on February 9, 2021, each with a parvalue of NT$10. The actual purchase price was NT$8.19 per share, and the total funds raised were NT$828,009 thousand and approved bythe Ministry of Economics as per letter with Ref. No. 11001034010.
2020.11.3	Board of Directors	1. Approval of 2020 Q2 consolidated financial statement. 2. Approval of 2020 audit plan. 3. Approved the amendment to Rules Governing the Scope of Duties of Independent Directors. 4.Proposal for application for 2020 financial credit line. 5. Approval of 2020 Lending Funds to Other Parties.
2021.2.2	Board of Directors	1.Approval of private placement common stock pricing matters. 2.Proposal for application for 2020 financial credit line.
2021.3.24	Board of Directors	1.Approval of 2020 business report and consolidated financialstatement. (inclusive parent company only financial statement) 2.Approval of the 2019 deficit compensation proposal. 3. Approval of the 2021 business plan. 4. Approved matters related to the convening of the 2021 General Shareholders' Meeting. 5.Approved the period and location where the company's regular shareholders' meeting of 2021 accepted proposals. 6.Approval 2020 Internal Contro System Statement. 7.Approval of 2020 CPA independence assessment. 8.Proposal for application for 2021 financial credit line. 9.Approval of 2021 CPA’s fees. 10.Approved the amendment to"Article of Incorporation". 11.Approval of Appointment of the CEO of the company. 12.Proposed to release of new director of non-competition restrictions. 13.Proposed to establish a "business strategy committee".
2021.5.4	Board of Directors	1.Approval of 2021 Q1 consolidated financial statement. 2.Approved renewal liability insurance for directors and managers 3.To approve the release of director of non-competition restrictions 4.To issue proposals related to the convening of the 2021 General Shareholders' Meeting. 5. Approval of appointment ofchief financial officer and spokesman. 6.Approval of appointment of chief corporate governance officer. 7. Proposal for application for 2021 financial credit line. 8. Approval of appointment of president.

(XII) Dissenting Opinions or Qualified Opinions on Resolutions Passed by the Board of Directors Which are Made by Directors and are Documented or Issued through Written Statements, Inthe Most Recent Year Up to the Publication Date of This Annual Report: None.

(XIII) Any resignation or dismissal of the Company's Chairman, President,accounting supervisor, financial executive, Audit Supervisor, and research anddevelopment executive in the most recent year up to the publication date of this report:

Tiltle	Name	Appointment Date	Date of Resignation or Dismissal	Reasons for resignation or dismissal
President	Juan Tseng	2016.10.6	2021.5.4	Job adjustment
Financial executive	Victor Lee	2009.11.1	2021.5.4	Job adjustment
Audit Supervisor	Sunny Sang	2015.9.1	2020.8.31	retirement

V. Certified Public Accountant Professional Fees

(I) Amount of audit and non-audit fees paid to CPAs, accounting firm and its affiliated companies,and content of non-audit services

Range of CPA fees

Name ofaccounting firm	Name of CPA		Audit period	Remark
KPMG	Samuel Au	Isabella Lou	2020/1/1~2020/12/31	

Range of fees \ Category of fees		Audit	None Audit	Total
1	Less than NT$2,000,000		✓	
2	NT$2,000,000 (inclusive) to NT$4,000,000	✓		✓
3	NT$4,000,000 (inclusive) to NT$6,000,000			
4	NT$6,000,000 (inclusive) to NT$ 8,000,000			
5	NT$8,000,000 (inclusive) to NT$10,000,000			
6	NT$10,000,000 or more			

(II) Where the accounting firm was replaced, and the audit fees for the year when replacement was made was less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and the reasons for paying such an amount shall be disclosed: None.

(III)Where the audit fees for the year were reduced by more than 15% compared to the previous year, the amount and percentage of decrease in audit fees, as well as the reason for such decrease shall be disclosed: None.

2020 Information on CPA feesUnit: NT$ thousands

Name of accounting firm	Name of CPA	Audit fee	Non-Audit fee					Audit period	Remark
			System Design	Business Registration	Human Resource	Other	Total		
KPMG	Samuel Au Isabella Lou	2,470	0	0	0	210	210	2020/1/1~ 2020/12/31	Note1

Note1:The report of transfer price is 90thousands and 2020 English consolidated&Individual financial report translation fee 120thousands。

VI. Replacement of CPAs: None

VII.The Corporation's Chairman, CEO, or any managerial officer in charge of finance or accounting matters who has held a position at the accounting firm of its CPAs or at an affiliated company in the most recent year: None.

VIII. Changes in Shareholdings of Directors, Managerial Officers,and Major Shareholders

(1)Transfer of shares and changes in equity pledge relating to the directors, managers and primary shareholders:

Unit:shares

Title	Name	2020		Up tp April 20,2021	
		Change in Quantity of Shareholding	Change in Quantity of Pledged Shares	Change in Quantity of Shareholding	Change in Quantity of Pledged Shares
Chairman	Jerry Chien	-	-	(658,031)	-
Director	D-Link Coporation	25,044,639	-	90,989,848	-
D-Link Coporation Representative Director	Joseph Wang	-	-	-	-
D-Link Coporation Representative Director	Evelyn Wang	-	-	-	-
Director	D-Link Investment Co., Ltd.	-	-	-	-
D-Link Investment Co., Ltd. Representative Director	James Huang	-	-	-	-
D-Link Investment Co., Ltd. Representative Director	Victor Kuo	-	-	-	-
Director	JunYang Investment Co., Ltd.	-	-	3,051,879	-
JunYang Investment Co., Ltd. Representative Director	Joseph Lin	-	-	-	-
Independent Director	Arens Chiang	-	-	-	-
Independent Director	Yu-Chang, Lin	-	-	-	-
Independent Director	Jeff Hong				
Independent Director	Mei Ho				
Independent Director	Samuel Hou	-	-	-	-
CEO	Steve Lin	-	-	-	-
President	Juan Tseng	-	-	-	-
Vice President	Jeff Kung	-	-	-	-
Vice President	Peter Sun	-	-	-	-
Vice President	Angus Yang	-	-	(24,353)	-
Vice President	Peter Yu	-	-	(405)	-
Vice President	David Lee				
Vice President	Ray Mao	-	-	(82)	-
Vice President	CK Lee	-	-	-	-
Vice President	Victor Lee			(55,659)	-
Executive Assistant	Phil Ko	-	-	-	-
Assistant Vice President	M Lee	(20,000)	-	(213)	-
Accounting Supervisor	Amy Wang	-	-	(530)	

Note: The company reduced 38,556 thousand shares and issued 101,100 thousand privately placed common shares. The base date for stock exchange is April 14, 2021.

(2)Stock transfer with related party:：None

(3)Stock Pledged with related party: None

IX. Relationship among the Top 10 Shareholders April 20, 2021

Name	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
D-Link Corporation	137,532,993	41.58	-	-	-	-	-	-	
Representative:John Lee	-	-	-	-	-	-	-	-	
Fubon Sec in Custody for Fubon HK Investment Account	12,843,887	3.88	-	-	-	-	-	-	
HORIZON SECURITIES CO., LTD.	12,560,465	3.80					-	-	
Representative: Jiang, Ke-Chyn	-	-					-	-	
JunYang Investment Co., Ltd.	5,612,879	1.70	-	-	-	-	Jerry Chien	The representative is within the first degree of kinship.	
Representative: Su Yue Ye	-	-	3,919,867	1.18	-	-	Jerry Chien	Spouse	
An kuang hui	4,170,838	1.26	-	-	-	-	-	-	
Jerry Chien	3,919,867	1.18	-	-	-	-	JunYang Investment Co., Ltd.	The representative is within the first degree of kinship.	
Shanghong Investment Co., Ltd.,	2,732,322	0.83	-	-	-	-	Yangzheng Investment Co., Ltd., Representative: Hsu, Chang-Hui	The representative is within the first degree of kinship.	
Representative: Chen, Shiang-Li	-	-	-	-	-	-	An kuang hui	Spouse.	
Yangzheng Investment Co., Ltd.,	2,695,503	0.81	-	-	-	-	Shanghong Investment Co., Ltd.,	The representative is within the first degree of kinship.	
Representative: Hsu, Chang-Hui	-	-	-	-	-	-	An kuang hui	Within the first degree of kinship.	
Liu chi	1,846,094	0.56	-	-	-	-	-	-	
Liau shu yi	1,771,884	0.54	-	-	-	-	-	-	

X.Ownership of Shares in Affiliated Enterprises

Unit: shares/ %；December 31, 2020

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/ Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Qianjin Investment Co., Ltd.	27,000,000	100%	-	-	27,000,000	100%
HUGE CASTLE LTD.	38,397,718	100%	-	-	38,397,718	100%
CAMEO INTERNATIONAL LTD.	-	-	1	100%	1	100%
PERFECT CHOICE CO.,LTD.	-	-	2,700,000	100%	2,700,000	100%
Nettech Technology Suzhou Co.,Ltd	-	-	-	100%	-	100%
LUIS JO'SE INVESTMENTS INC.	-	-	1,362,680	100%	1,362,680	100%
SOARNEX Technology Corporation.	-	-	2,400,000	100%	2,400,000	100%
SOARNEX HOLDING CO.,LTD.	-	-	1	100%	1	100%
(Suzhou) SOARNEX HOLDING CO.,LTD.	-	-	-	100%	-	100%

Chapter 4 Capital and Shares

I.Capital and Shares

(I)Source of shares Unit: Thousand shares; NT$ Thousand;

Month/ Year	Issue Price	Authorized capital		Capital Stock		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Capital increase by assets other than cash	Other
Mar.1991	10	3,276	32,760	3,276	32,760	Established 24,570	Technology Stock 8,190	Note1
Dec.1991	10	11,000	110,000	9,532	95,324	Capital Increase 46,923	Technology Stock 15,641	Note2
Jan. 1993	13.5	11,000	110,000	11,000	110,000	Capital Increase 11,007	Technology Stock 3,669	Note3
May,1994	16	19,000	190,000	15,900	159,000	Capital Increase 49,000		Note4
Nov.1996	10	19,925	199,250	19,925	199,250	Capital Reduction 39,750 Capital Increase 80,000		Note5
Oct.1998	10	50,000	500,000	35,725	357,250	Merge Increase	Merge Increase 158,000	Note6
Jun.2000	28	75,000	750,000	57,803	578,027	Capital Increase 160,000 Capital Increase from retaind earnings 53,588 Capital increase from employee bonus 7,190		Note7
Sep.2001	10	75,000	750,000	67,462	674,622	Capital Increase from retaind earnings 86,704 Capital increase from employee bonus 9,890		Note8
Aug.2002	10	135,000	1,350,000	90,201	902,008	Capital Increase from retaind earnings 202,386 Capital increase from employee bonus 25,000		Note9
Aug.2003	10	135,000	1,350,000	108,937	1,089,370	Capital Increase from retaind earnings 162,361 Capital increase from employee bonus 25,000		Note10
Oct.2004	10	135,000	1,350,000	111,337	1,113,370	Capital increase from employee bonus 24,000		Note11
Aug.2005	10	135,000	1,350,000	133,125	1,331,249	Capital Increase from retaind earnings 181,479 Capital increase from employee bonus 36,400		Note12
Dec.2005	10	188,000	1,880,000	148,135	1,481,348	Acquisition capital increase	Acquisition capital increase 150,099	Note13
Oct. 2006	10	188,000	1,880,000	168,548	1,685,483	Capital Increase from retaind earnings 148,135 Capital increase from employee bonus 56,000		Note14
Oct.2007	10	250,000	2,500,000	181,461	1,814,612	Capital Increase from retaind earnings and capital surplus 101,129 Capital increase from employee bonus 28,000		Note15
Oct.2008	10元	250,000	2,500,000	220,906	2,209,063	Capital Increase from retaind earnings and capital surplus 333,888 Capital increase from employee bonus 60,563		Note16
Sep.2009	10	250,000	2,500,000	227,534	2,275,335	Capital Increase from retaind earnings 66,272		Note17
Sep.2010	10	300,000	3,000,000	257,113	2,571,129	Capital Increase from retaind earnings and capital surplus 295,794		Note18
Sep.2011	10	300,000	3,000,000	272,540	2,725,397	Capital Increase from retaind earnings 154,268		Note19
Sep.2015	10	300,000	3,000,000	268,236	2,682,357	Reduction of treasury shares 43,040		Note20
Oct.2020	10	400,000	4,000,000	229,679	2,296,792	Reduction for offset losses 385,564		Note21
Mar.2021	8.19	400,000	4,000,000	330,779	3,307,792	Issued private placement of common stock $828,009		Note22

Note 1: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (80) 00091.
Note 2: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (80) 14862.
Note 3: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (82) 00375.
Note 4: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (83)05303.
Note 5: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (85) 17144.
Note 6: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (87) 021224.
Note 7: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 32519 dated April 20, 2000.
Note 8: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 148545 dated July 26, 2001.
Note 9: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 0910138255 dated July 10, 2002.
Note10: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 0920133034 dated July 22, 2003.
Note11: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 0930128417 dated June 28, 2004.
Note12: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0930128417 dated July 7, 2005.
Note13: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate - (I) 0940141675 dated October 3, 2005.
Note14:Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0950136282dated August 16, 2006.
Note15: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0960036107 dated July 12, 2007.
Note16: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0970034418 dated July 9, 2008.
Note17:Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0980034033 dated July 8, 2009.
Note18: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate-0990036388 dated July 13, 2010.
Note 19: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate-1000031361 dated July 6, 2011.
Note20:Approved by the Ministry of Economicsas per letter with Ref. No.10401189730.
Note21: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate-1090370259 dated October 21, 2020.
Note22:Approved by the Ministry of Economicsas per letter with Ref. No.11001034010.

Unit：Shares

Type of shares	Authorized capital stock			Remark
	Issued Shares (Note)	Un-issued Shares	Total Shares	
Common stock	229,679,215 Privately 101,100,000	69,220,785	400,000,000	

Note:Issued Shares are listed stocks.

(II)Shareholders structure

Unit：Shares；Persons as of April 20,2021

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	1	39	19,404	50	19,494
Shareholding	0	12,560,465	151,180,769	147,544,616	19,493,365	330,779,215
Percentage	0%	3.80%	45.70%	44.61%	5.89%	100.00%

(III)Shareholding Distribution Status

April 20,2021

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding	Percentage
1 to 999	9,748	2,785,297	0.84%
1,000to 5,000	5,582	13,434,628	4.06%
5,001to 10,000	1,949	13,908,729	4.20%
10,001 to 15,000	624	7,562,458	2.29%
15,001to 20,000	438	7,556,986	2.28%
20,001 to 30,000	398	9,838,623	2.97%
30,001 to 50,000	288	11,048,362	3.34%
50,001 to 100,000	238	16,984,137	5.13%
100,001 to 200,000	128	17,621,016	5.33%
200,001 to 400,000	51	14,291,607	4.32%
400,001 to 600,000	21	10,698,089	3.23 %
600,001 to 800,000	8	5,786,914	1.75 %
800,001 to 1,000,000	2	1,800,712	0.54%
1,000,001 more	19	197,461,657	59.70%
Total	19,494	330,779,215	100.00%

(IV) List of Major Shareholders

April 20,2021

Shares / Shareholder's Name	Shareholding	Percentage
D-Link Coporation	137,532,993	41.58%
Fubon Sec in Custody for Fubon HK Investment Account	12,843,887	3.88%
HORIZON SECURITIES CO., LTD.	12,560,465	3.80%
JunYang Investment Co., Ltd.	5,612,879	1.70%
An kuang hui	4,170,838	1.26%
Jerry Chien	3,919,867	1.18%
Shanghong Investment Co., Ltd.	2,732,322	0.83%
Yangzheng Investment Co., Ltd.,	2,695,503	0.81%
Liu chi	1,846,094	0.56%
Liau shu yi	1,771,884	0.54%

(V)Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$

			2019	2020	2021.1.1~ 2021.3.31
Market Price per Share	Highest		9.93	10.80	14.80
	Lowest		7.01	3.95	7.66
	Average		8.24	7.82	10.31
Net Worth per Share	Before Distribution		8.59	8.57	8.02
	After Distribution		8.59	8.57	8.02
Earnings per Share	Weighted Average Shares (thousand shares)	Before Adjustments	268,236	229,680	277,983
		After Adjustments	229,680		
	Earnings per Share	Before Adjustments	(1.26)	(1.89)	(0.45)
		After Adjustments	(1.48)	(1.89)	(0.45)
Dividends per Share	Cash Dividends		-	-	-
	Free allotment	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price/earnings ratio	Before Adjustments	(6.54)	(4.14)	(22.91)
		After Adjustments	(5.57)	(4.14)	(22.91)
	Price / Dividend Ratio		-	-	-
	Cash Dividend Yield Rate		-	-	-

Note 1:The Company's 2020 loss appropriation proposal was approved by the resolution of the board of directors at 2021.3.24, which is not yet to be recognized by the shareholders meeting.

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share
Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(VI) Dividend Policy and Implementation Status

1、Dividend Policy：

If there is a surplus in the company's annual final accounts, tax shall be withholding to cover previous losses, and if there is still a surplus, it shall be assigned in the following order:

(1)The withdrawal of 10% is a statutory surplus reserve, but this is not the case when the statutory surplus has reached the amount of capital received by the Company.

(2)Special surplus accumulations may be included or transferred in accordance with the relevant ordinances and the operation of the company.

(3)After deducting the previous balances, the board of directors shall propose a distribution motion for the balance and the cumulative uneared surplus, which shall be submitted to the shareholders' meeting for distribution by resolution. However, the cash dividend shall not be less than 10% of each dividend paid to shareholders.

2、Proposed Distribution of Dividend：

The company 2020 net loss NT$434,941,826,Deficit yet to be compensated – at the end of 2019 NT$158,274,062,Changes in Actuarial profit and loss NT$452,000, capital reduction plan to offset company losses NT$385,564,180, Disposal ofequity instrument measured at fair value through othercomprehensive income by subsidiaries $22,008,526,Total Deficit yet to be compensated NT$229,208,234.The Company does not distribute dividends in the current year.

（VII）Impact of stock dividends proposed by the Shareholders' Meeting on the Corporation's businessperformance and earnings per share (EPS): Not applicable.

（VIII）Compensation to employees and directors

1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:

   According to Article 18 of the Articles of Incorporation of the Company: Remuneration for employees, directors and supervisors shall be distributed in the following ways：

   Based on the profit of the year, the Company shall appropriate 3%~10% of the profit as remuneration to employees, and no more than 1% of the profit as remuneration to directors. However, profits must first be taken to offset against cumulative losses if any. The object of payment of stock or cash by the former employee shall include employees of a subordinate company who meet certain conditions, which shall be determined by the board of directors.

2. Accounting procedures for discrepancies between the estimated and actualdistributed amount of remuneration in the form of shares to the Company'semployees and Directors in this period:

   (1) Accounting procedures for the estimated amount of remuneration in theform of shares to the Company's employees and Directors: Since it was netloss before tax for 2020, the remuneration to employees, Directors, andsupervisors were not estimated.

   (2) Accounting procedures for discrepancies between the actual amountdistributed and the estimated amount: Listed as profit or loss for the currentperiod.

3. Employee compensation proposal adopted by the Board of Directors

   (1) Amount of remuneration distributed to employees and Directors in the formof cash or stock:

   The Company's Board of Directors resolved on March 24,2021 that no remuneration to employees, directors,and supervisors is estimated as it wasa net loss before tax for 2020.

   (2) The amount of any employee remuneration distributed in stocks,and theamount as a percentage of the sum of the after-tax net income stated in theparent company only financial reports or individual financial report: None.

4. If there is any discrepancy between the actual amount of remuneration distributedto employees and Directors (including number and amount of shares distributed, as well as share price) and the recognized amount of remuneration to employeesand Directors in the previous fiscal year,the amount,causes,and treatment of suchdiscrepancy shall be stated:

Unit：NT$

	2019		
	Actual amount	Recognized amunt	Diff
Employee compensation (cash)	0	0	-
remunerationto Directors	0	0	-

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

II. Corporate Bonds：None

III.Preferred Shares: None

IV.Overseas Depository Receipts：None

V. Employee Stock Option：None

VI. New Restricted Employee Shares：None

VII.New Shares Issuance in Connection with Mergers and Acquisitions：None

VIII.Financing Plans and Implementation：The purpose of issuing private stock is to enrich working capital. As of March 312021, the actual cumulative amount spent was NT$112,116,000, with a proportion of 13.54%, and the unspent amount was deposited into the company's bank deposits and fixed deposit accounts.

Chapter 5 Business Overview

I. Business Content：

（I）BusinessScope

1.Business Description:

（1）Research,development,manufacturing,and selling networking products, including wired communication products, wireless communication products, broadband products, and their accessories.

（2）Export and Import trade business of the above products.

（3）Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.

（4）Restrained Telecom Radio Frequency Equipments and Materials Import.

2.Product Revenue Proportion：

Unit: NT$ Thousands

Products	Total Sales amount in 2020	Proportion of annual revenue
Wired communication products	1,962,892	59.64%
Wireless communication products	1,229,630	37.36%
Others	98,738	3.00%

3. Current Products(Services)：

Major Product Category	Products
Wired Communication Product（Ethernet Switch & Router）	▶ Unmanaged GE/FE Ethernet Switch ▶ Data Center TOR 25G/100G/200G Switch ▶ Data Center Chassis 100G/200G Switch ▶ Data Center OCP Ethernet Line Card (100G/200G) ▶ WebSmart/ME 10GE/5G/2.5GE/GE/FE Ethernet Switch ▶ L2/L3Managed 10GE/5G/2.5GE/GE/FE Ethernet Switch ▶ PoE/PoE+/PoE++GE/FE Ethernet Switch ▶ VPN/Firewall Router ▶ Cloud Management Service
Wireless Communication Product（WLAN Access Point & Router）	▶ 802.11a/b/g/n/ac/ax WLAN Access Point ▶ 802.11a/b/g/n/ac/ax WLAN Router/Repeater ▶ 802.11a/b/g/n/ac/ax WLAN Mesh System ▶ 802.11a/b/g/n/ac/ax WLAN VPN/Firewall Router ▶ 802.11a/b/g/n/ac/ax WLAN Enterprise AP ▶ 802.11a/b/g/n/ac/ax WLAN Outdoor AP
Broadband Product (Router& Modem)	▶ Wireless broadband ADSL Router ▶ Wireless broadband ADSL w/VoIP Router (Wireless ADSL IAD) ▶ Wireless broadband VDSL2 w/VoIP Router(Wireless VDSL2 IAD) ▶ Cable Modem (DOCSIS 3.0 Data Modem)

	▶ VOIP/WiFi Cable Router(DOCSIS 3.0 EMTA WIFI Gateway) ▶ Wireless broadband LTE w/VoIP router(Wireless LTE IAD) ▶ Wireless broadband xDSL/LTE Hybrid wireless router(DSL/LTE Hybrid Wireless IAD) ▶ Wireless broadband 5G w/VoLTE Router (Wireless 5G/LTE IAD)
Others	▶ Optical Fiber Media Converter (Media Converter,100G/40G Media Repeater, Fanout 100G to 4x25G media module) ▶ PLC products. ▶ MoCAproducts. ▶ HPNA products. ▶ GPONproducts. ▶ G.hnproducts.

4. New products (services) planned for development

- 10G/25G/100G/200G/400G High density Data Center Ethernet Switch
- Data Center OCP Chassis with high density 25G/100G/200G Ethernet Line module
- 2.5G/5G/10G RJ45 POE++ (802.3bt) Ethernet Switch
- Cloud Managed Ethernet Switch (Cloud Switch)
- Cloud Management Service
- Outdoor Wide Temperature Ethernet Switch
- L2/L3 Stackable Managed Ethernet Switch
- White Box or Bare Metal Ethernet Switch
- Software Defined Network Ethernet Switch (SDN Switch)
- 802.11ax wireless Router
- Cloud Enterprise Access Point
- Wireless Enterprise Access Controller
- Wireless Enterprise Access Point
- Outdoor wireless Access Point
- 5G/LTE 802.11ax Wireless Router
- Optical Fiber Media Converter (Fanout 100G to 4x25G Card)

（II） Marketing Overview

1.Marketing state and vision:

Our main network communication products are wired and wireless network cards, switch, wireless Access points and routers, so we belong to the computer network industry. According to the classification of the Institute for Information Industry, Computer Network Industry covers two categories: Local Area Network and Wide Area Network：

(1) Local Area Network (LAN)

Local Area Network (LAN) means that within a small area (such as the offices, factories, campuses, etc.), through cable and switch equipmentconnect PCs、 workstations、terminal、printers and other peripheral equipment with each other to do communication、distributed processing, and distributed resource sharing. Ethernet is the mainstream of LAN.

①Ethernet

Ethernetdevices mainly include Network Interface Card (NIC)、Hub、and Switch. The router is the connection device between local area network (LAN) and the wide area network (WAN).LAN switch includes “Layer 2 Switch” that forward L2 packets, and “Layer 3 switch” that route Layer 3 IP packets over the Layer 2 switch.

In addition, according to the product stackable capability, there are two types: Chassis Switch and Stackable Switch. The price of Layer3switch is cheaper than that of routers, Layer3 switch has gradually and continuously replaced the router. Furthermore, Layer 2 switches can connect departments within a floor, and Layer 3 switches can connect departments across floors so that they are widely deployed in the enterprise.

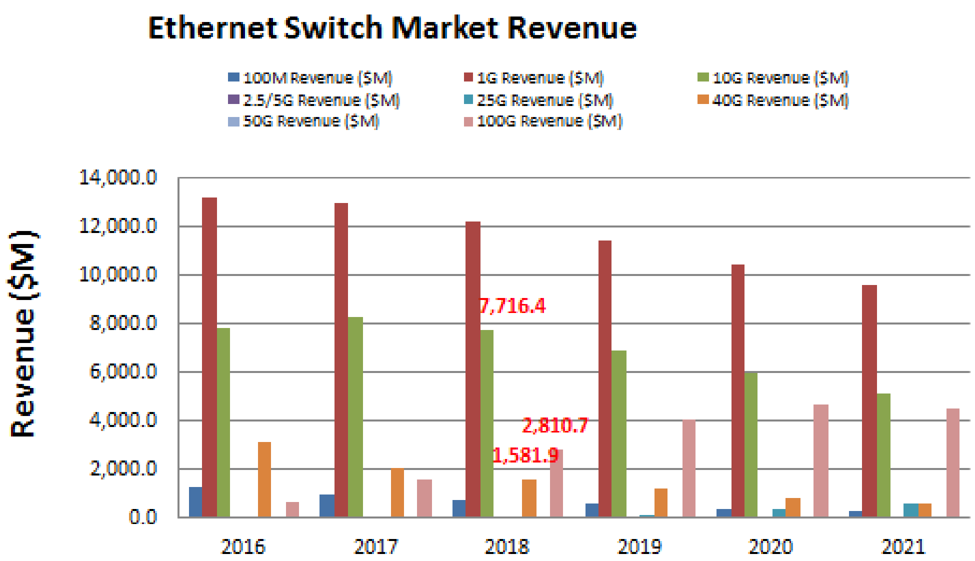
For the telecom operators, the market continues to expand as a result of the construction and strengthening of the basic environment because of the increase in the number of users of enterprise Ethernet services.

For enterprise users, the demand is expected to expand due to the introduction of new applications such as Internet and wide area network (WAN) service connections、VoIP and the establishment of new networks,. LAN Switch continue to develop high-speed、high density、network quality optimization. The increasing demand of network power over Ethernet, enhanced information security control causes various manufacturers to actively developEthernet Switches with PoE (Power Over Ethernet)、QoS(Quality Of Service)、Authentication (IEEE802.1x) function、Safety functions and additional functions. Since this kind of products whose prices have fallen drastically, suppliers will cooperate with each other in the future to actively provide solutions that utilize additional functions.

According to the Gartner report in the fourth quarter of 2017, network speed requirements will enter the era of 10G and 1G co-governance, and as the WLAN market enters the growth stage of 802.11ax, 2.5G/5G network switches requirement will grow as the commercial scale products. The year-by-year growth rate has been over double-digit. With the advent of the Data Center era, enterprises have been increasing requirements for the construction of data centers. In order to meet the huge demand for internet network in the new generation of data centers, the Data Center Switch has emerged.In addition to the existing 10G Ethernet Switch, the demand of 40G,100G,200G, and 400G Ethernet Switch also grow gradually. To meet the stringent requirements of cloud computing for high-speed and stable network bandwidth, the demand for high-speed network has also rapidly increased its growth rate.

Since the increasing demand for cloud management systems, along with the development of the high speed Ethernet Switch, the management Ethernet switchesare gradually popular. Because of the outbreak of new crown pneumonia in 2020, the demand for digital information exchangingis accelerating the shift to the Internet cloud. The inadequacy of the traditional basic network management architecture is also evident.Through mobility and cloud management technology, traditional networking management constraints are overcome. Facing the current cloud challenge, it is essential to provide secure and reliable high-performance bandwidth and analysis. To address increasing requirement of the borderless cloud service, in 2021 Cameo will develop cloud management service platform which will bring innovative and smart technologies of the cloud service.

With the trend of the cloudservice development, global telecommunications equipment manufacturers, through the OCP Alliance, have decided to build data center switches with openhardware design architecture and open operating systems. global telecommunications equipment manufacturers and information vendors including Big Switch、Broadcom、Cumulus Networks、Facebook、Intel、VMware、OpenDaylight、Open Network Foundation（ONF）,etc. also assist the development of software-defined networking (SDN). Data Center White box switcheswith SDN and open operation systems(such as SONiC proposed by Microsoft) gradually grow in data center network market. Since AT&T starts to plan new data centers using open networks,it declares that the hardware specifications in the data center are also standardized. In the 5G era, telecom companies will therefore process a large amount of user datarequiring faster data response. It is essential to actively develop relevant technical products in response to the global trends such as the high speed optical fiber generation and 5G networks in the device plan of the data center network.



Data From：Gartner 2017Q4 Report

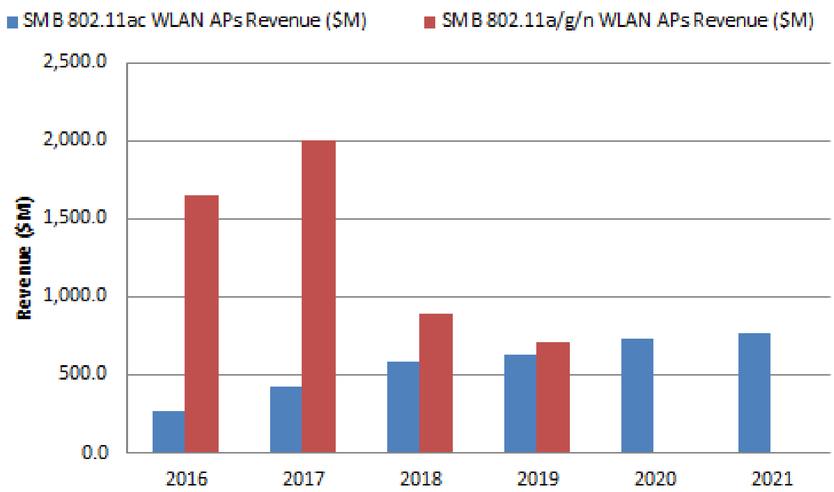
② WiFi

802.11, which is IEEE standard for WiFi, series devices mainly includewireless NIC(WLAN Network Interface Card)、AP(WLAN Access Point) and Router(WLAN Router).

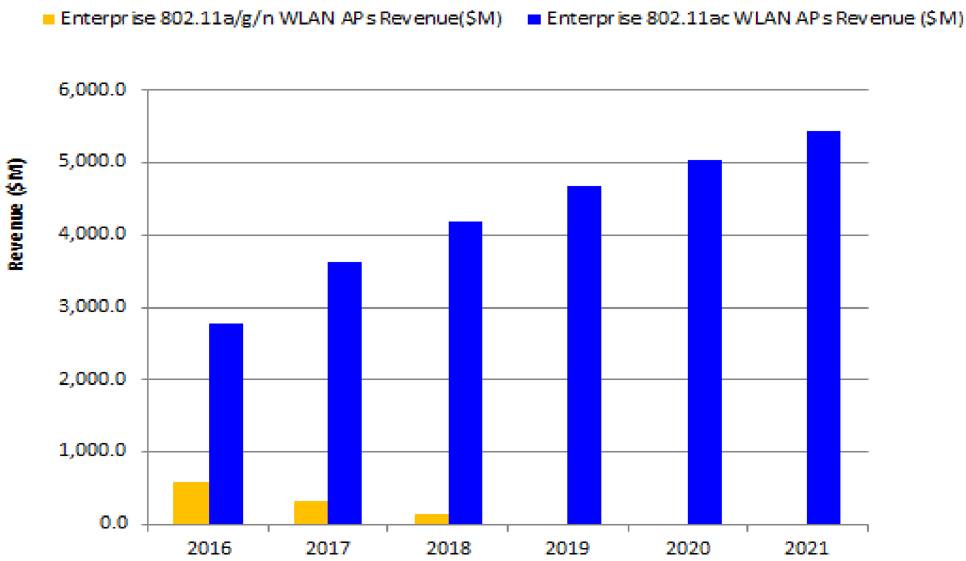
802.11ac has gradually replaced 802.11n. 802.1ac has gained over 80% market share.

With the popularity of 802.11ac(WiFi 5), the WiFi technology continues moves to 802.11ac WAVE2 withMU-MIMO to enhance the performance of multiple terminal devices at the same time. A new technology 802.11ax(WiFi 6)was popular in 2019. WiFi 6not only greatly increases the transmission rate of wireless networks, but also provides a better coordination mechanism for intensive and larger numbers of devices. WiFi 6 will contribute to the further development of the IOT industry.

SMB WLAN APs Revenue



Enterprise WLAN APs Market Revenue



Data From：Gartner 2017Q4 Report

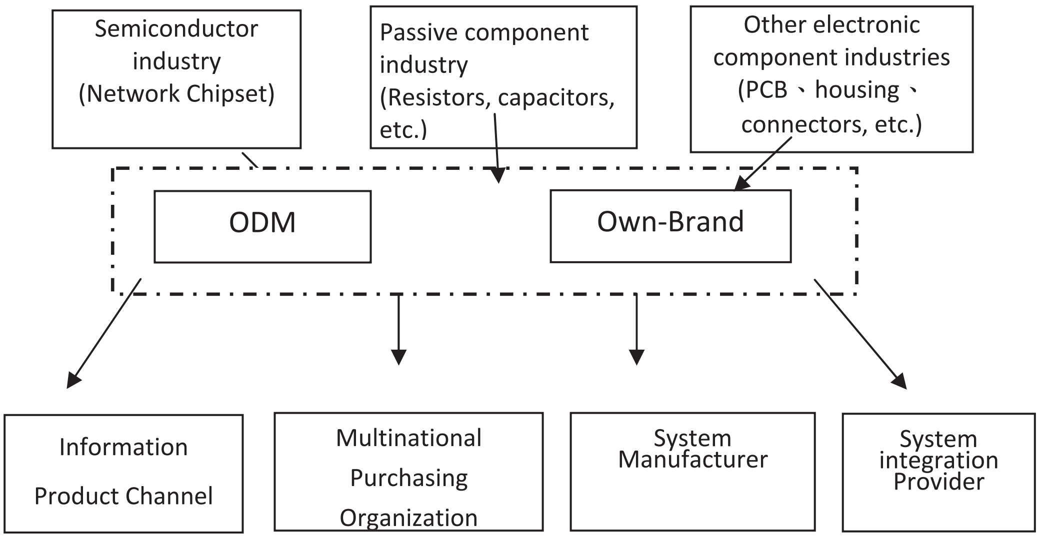
(2) Wide Area Network (WAN)

A wide area (broadband) network is a network that connects geographically users to each other through public communication equipment. The current broadband access technologies mainly include DSL、Cable and FTTH(Fiber to the Home). In the network transmission architecture, there are network applications and technologies of mainly Core, Metro, and Access. DSL and Cable are cost-effective, easy installation, and wider networkcoverage,they become the most widely deployed broadband access technology currently. In recent years, 4G LTE/5G technology has continued todevelop tonot only replace home voice services,but also gradually to replace home broadband data networksbecause of its high-speed data transmission. 5G technology became popular in2020 and It is expected that there will be further changes afterward.

2.The interrelationship among the upstream, middlestream and downstream of the network industry.

Cameo belongs to the local area network equipment industry of the computer network industry. The upstream of this industry is the semiconductor industry (network chipset), the passive component industry (resistors, capacitors, etc.), and other electronic component industries (such as PCB, housing, connectors, etc.). The downstream of this industry iscommunication product distributers, multinational procurement organizations (IPO), computer system manufacturers and system integrators (see the table below). Cameo's main business is the ODM production of local area network and wide area network equipment for OEM customers.

Interrelationship among the Upstream/Middlestream/Downstream of LAN industry



3.Trend of product development

(1) Domestic manufacturers have gradually mastered WiFi key technologies and start to develop high-end products now.

Domestic manufactures who continuously invest in researching and development with the rise of other industries fully grasp the key technologies of WiFi products. With the popularity of 11ac (WiFi 5) products, leading chipmakers have developed 11ac SOC chips, 3x3, 4x4 MU-MIMO high-end chips, and tri-band chips, in addition to the large volume of 2x2 11ac chips. Besides system manufacturers developed the WiFi products for the home market, they also actively developed WiFi products for enterprise market in order to strive for higher product profits with higher technical specifications and stable product performance. After the 802.11ax(WiFi 6/6E) standard is finalized, there were a large number of products using domestic chips on the market in 2020 and a new generation of SOC chip is expected to emerge in 2021. Then WiFi networks moved to the sixth generation of WiFi indeed.Online interactive services and multimedia applications drive demand for broadband network

Recently, ICP, ISP and other operators have done alliances or joint ventures to provide online interactive services and audio-visual multimedia applications. With the mutual support between them and fixed network or cable TV operators, broadband networks will be led into the first wave peak growth. The market ofLANproducts and the market of WANproducts both grow in this wave of growth of broadband network market.

(2) WiFi products facilitate the expansion of network coverage.

Recently, ICP, ISP and other operators have done alliances or joint ventures to provide online interactive services and audio-visual multimedia applications. With the mutual support between them and fixed network or cable TV operators, broadband networks will be led into the first wave peak growth. The market of LAN products and the market of WAN products both grow in this wave of growth of broadband network market.

(3) WiFi products facilitate the expansion of network coverage.

One widely criticized problem for wired LAN is that they have to face the problem of cutting walls and the indecent views brought about by cable winding and nudity when cables are installed. However, after portable notebooks and cell phones are popular, the demand for easy access to the Internet anytime and anywhere reveals the inconvenience of wired LAN. The launch of WiFi products which will easily solve the problem. However, WiFi network isn’t without drawbacks. For example, the radio waves it sends can only be suitable for short-range transmission due to distance limitations. Therefore, WiFi products do not totally replace wired LAN products, but expand the coverage of wired LAN products.

(4) SOHO network products are warmed by the rise of small LAN

The demand for setting up small LAN mainly comes from the following two trends:

First ,the growing trend that families owns two or morepersonal computers at a time, and the promotion of IOT issuessuch as smart homes and smart home appliances, are the reason why small-size networks are more frequently built, in recent years.

Second, as small or home studios (SOHO，Small Office/Home Office) are rapidly increasing, due to changes in the nature of jobs, the requirementsfor Internet, printers, or databases-sharing in the work place are heating up.Thus, the construction of small-size networks has become the main market driving force for the development of this SMB/SOHO network product.

The demand for setting up a small network mainly comes from the following two trends: The first is family demand. Due to the increasing demand for remote work and distance education, it’s gradually becoming common that families have more than one personal computer. The popularization of smart homes and smart home appliances has increased the demand for IoT. The second is SOHO demand. Due to the popularity of e-commerce and online sales, SOHO companies increased.

To meet this demand, the shipments of SOHO LAN products are rapidly heating up.

4. Competitive Situation

From Cameo's products and business model perspective, it has become almost complete. From products perspective, it includes Ethernet SOHO/SMB/Enterprise/Data Center Switch, SOHO/Enterprise WiFi AP/Router, and Broadband Router.Cameois one of the few that can provide customers with the service of one Stop Shopping and highly integrated products. From business model perspective,it includesoriginal design manufacturer (ODM), hardware only original design manufacturer (HW ODM), electronics manufacturing services (EMS) and cloud management value-added services for the Cameo’s related products. Through a large number of unified purchases, we could reduce procurement costs. We have strong and complete software and hardware R&D capabilities. Our factory offers professional and disciplined mass manufacturing capabilities. Therefore, we could keep our overall competitiveness and establish higher barriers to entry.

（III）Technology and Research Overview

1、R&D expenditure in the last two years Unit: NT$ Thousands

Year	2020	2021Q1
Research and development expenses	320,608	70,001
NetOperatingRevenue	3,291,260	701,708
Percentage (%)	9.74%	9.98%

2、Successfully developed technology or product before the date of publication of the annual report in the most recent year

Year	Development result
2020	▶ 128x100G Data Center Switch ▶ 32x100G/200G Data Center Switch ▶ 2.5GE Ethernet Switch ▶ 802.3bt POE switch ▶ 802.11ax WLAN Access Point/ Router

(IV)Long-term and short-term business development plan

1、Short-term business development plan

(1)Marketing strategy

- For existing customers, continue to strengthen services and provide a full product line of wired and wireless products; actively develop new customers with integrated products.
- Establish after-sales service to provide customers the professional consultation and maintenance of various products.

(2)Production policy

- Enhance capacity utilization and yield rate to continuously reduce costs.
- Strengthen inventory management to optimize inventory and reduce the risk of downtime.

(3)Product development

- Expand 2.5G Switch product line
- Expand WiFi 6 AP/ Router product line

(4)Operating scale

- Cooperate with suppliers with the professional technology to joint develop products for achieving Time-to-Market.
- Through market segmentation to achieve a higher market share in a specific application market for increasing purchase bargaining power and having more favorable payment time.

(5)Financial management

- Effectively manage working capital to increase interest income.
- Properly use hedging tools to reduce exchange risks and avoid exchange losses.

2、Long-term business development plan

(1)Marketing strategy

- Fully acquire professional certifications from various regions to enhance the image of the product quality.
- Actively cultivate professional sales, improve international marketing capabilities, and strive for orders from major international branding customers.

(2)Production policy

- Continuously improve producing process and professionally train operator, and establish the production operation process (SOP) in line with international major factory certification.
- Plan to purchase related machinery and equipment to enhance the automation of the production line.

(3)Product development

- Integrate our own technology and develop products with highly integrated functions.
- Develop networking products compliant with the industry standard .

(4)Operating scale

- Continue to reduce expense ratios to increase profits.
- Strengthen the relationship with customers and suppliers to establish higher barriers to entry.

(5)Financial management

- Establish diversified domestic and foreign financing channels, and improve the financial structure through the combination of financial products and reduce the cost of funds
- Strengthen financial planning capabilities to reduce operational risk and improve competitiveness.

II. Market, Production and Sales overview.

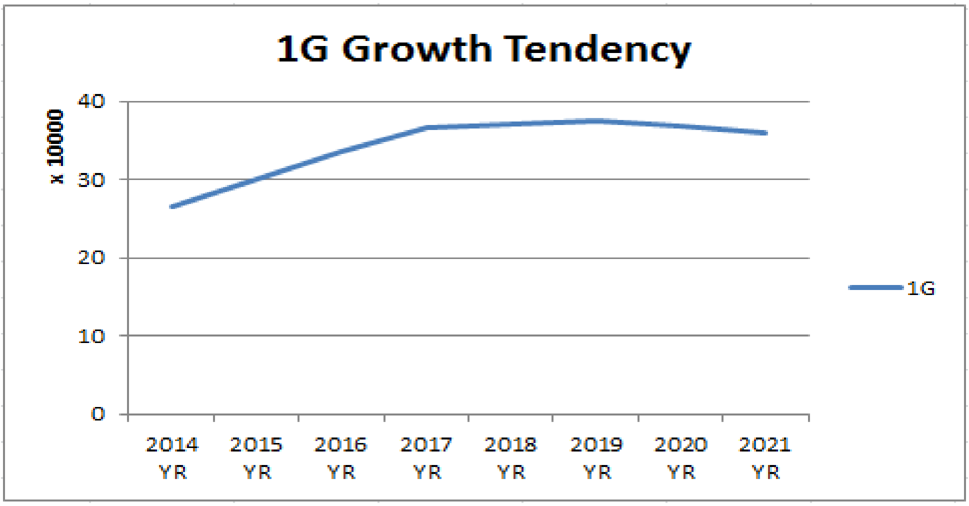
（I）Market Analysis ：

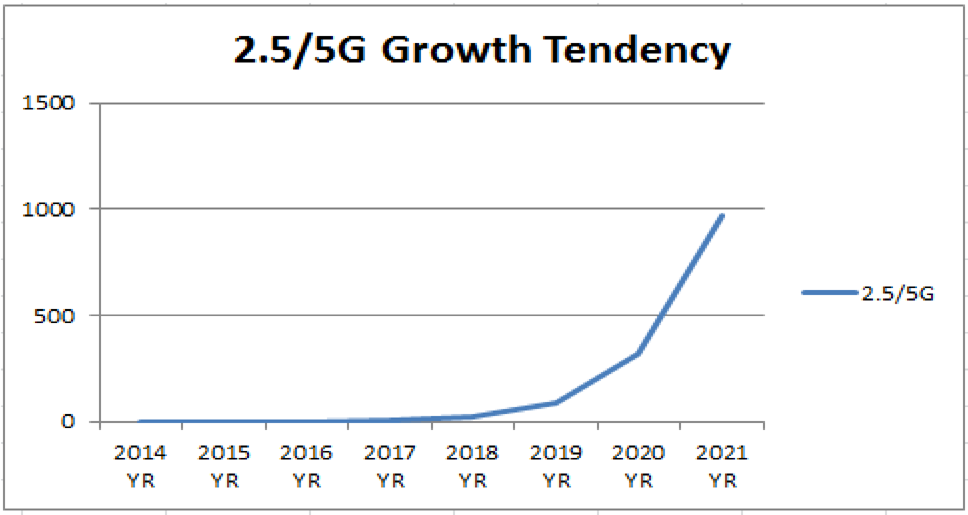
1、Sales region and ratio of main products Unit: NT$ Thousands

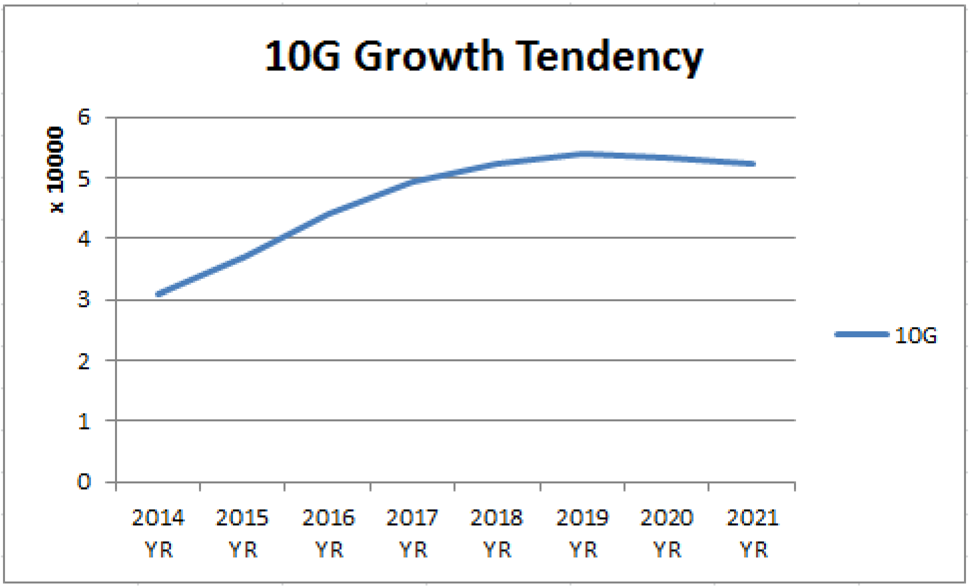
Year \ Sales Regions		Taiwan	APAC	US	EU	Others
2020	Amount	112,492	1,715,642	589,269	837,272	36,585
	(%)	3.42%	52.13%	17.90%	25.44%	1.11%

2、The future supply and demand situation and growth of the market：

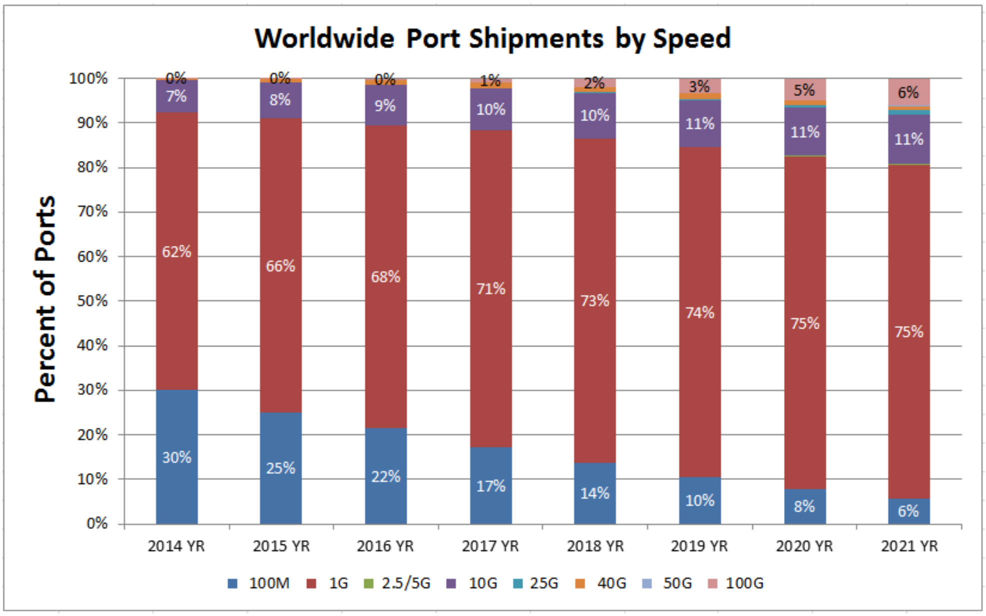
As Internet services become more widespread and the demand for social software and e-commerce is becoming more and more intense, the bandwidth and speed of network services have increased to offer the broadband service. Therefore, SOHO and home networks must also increase the speed. The demand for IEEE 802.11ax AP is becoming more and more popular. Currently, enterprises and campuses are gradually upgrading the uplink bandwidth of Ethernet switches from 1Gbps to 2.5Gbps. The 10G technology has become more sophisticated in recent years and the price of Per Port has been adjusted by price and volume factors. 10Gbps switches have been slowly showing positive growth year by year. The current demand for volume lies in the bandwidth upgrade of terminal devices, such as PCs or personal connection devices. The upgrade of the network card to 2.5G or 10G will once again trigger the fuze of the 2.5G/5G and 10G of the network equipment. According to Gartner's statistics on global Netcom market shipment information in recent years, it is also obvious that 2.5Gbps and 10Gbps products will be the key to the growth of the Ethernet market in the next three years.



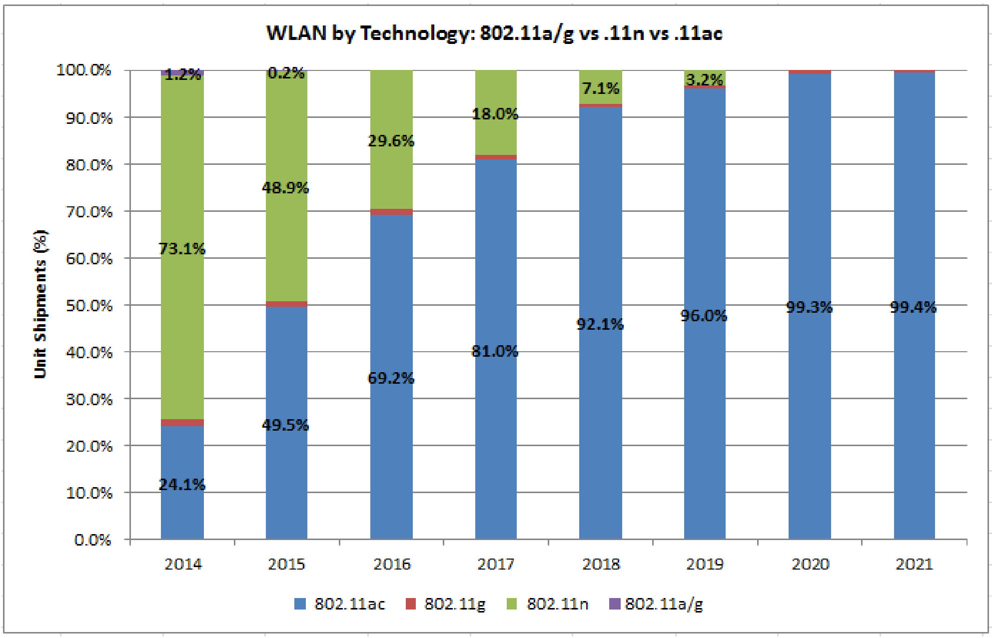




資料來源：Gartner 2017 Q4

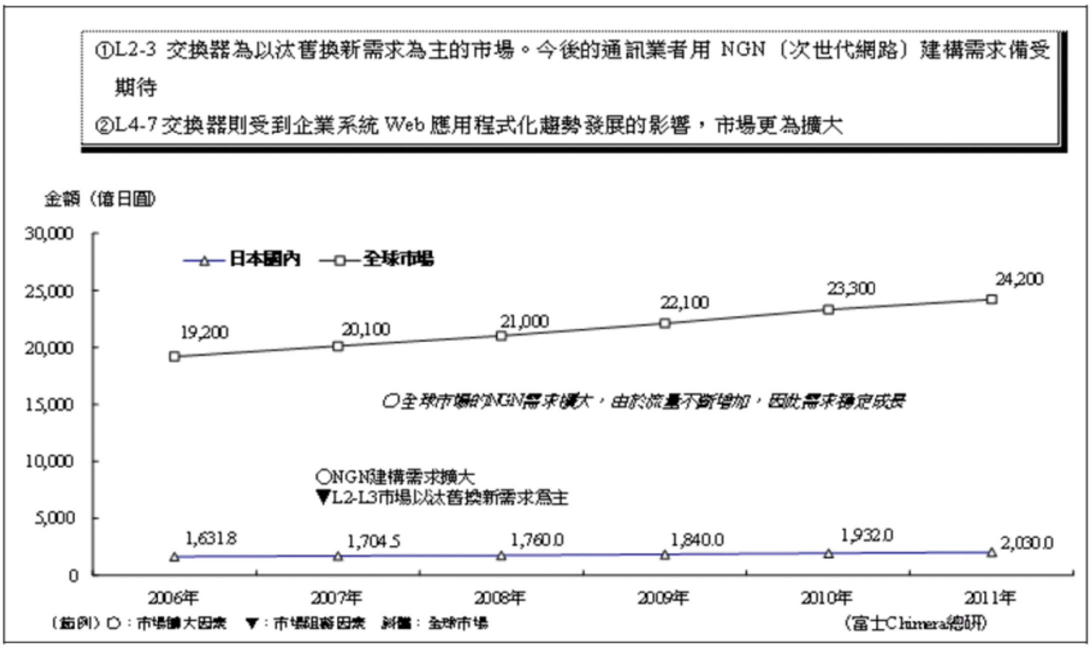


Data From：Gartner 2017 Q4



Data From：Gartner 2017 Q4

GE switch revenue accounted for approximate 73% of switch revenue and 33% of the Cameo's overall revenue. Therefore in the future GE switch will become the driving force for Cameo's short-term operational growth and will become a key factor for the sources of fundsof new products and new markets development.



Data From：富士總研

For reacting to the future market trends, Cameo will strengthen the research and development of the products in the following figure in order to get stable and sustained growth in the future.

		Market share ratio	
		High	Low
Market growth rate	High	Stars GE Switch 802.11ac AP/ Router	Opp. 10GE Switch 2.5GE Switch Enterprise Switch HW ODM Data Center Switch 802.11ax AP/Router Enterprise AP Outdoor AP 5G/LTE WiFi Router
	Low	Cash Cows NIC WLAN Card FE Switch	

3、Competitive niche

(1) Professional ODM business

Cameo focuses on professional ODM business and does not operate its own brand. Therefore, it greatly reduces marketing costs and risks, and can fully devote resources to provide best customer solutions and satisfactory after-sales service.

(2) A complete wired and wireless product line

Since Cameo engages the retail business for a long time, it has competitive advantage over the consumer network products. Because the product lines include wired, wireless and the integrated products, Cameo is an excellent strategic partner with customers and chip suppliers.

(3) Excellent R&D team

Because of the short life cycle of network products, Cameo has been accelerating to grasp the new product technology as always. Whenever customers intend to place ODM orders, Cameo can offer very short design and mass production lead time to win the orders.

(4) High cooperation with suppliers

Based on the principle of mutual benefit, Cameo has always maintained a harmonious cooperative relationship with upstream suppliers. Therefore, we have relatively stable raw material sources and processing capacity to ensure the normal product delivery and improve the capacity utilization.

4、Advantage and disadvantage factors on the development vision and the corresponding solutions:

(1)Advantage factors

①That the product lines tend to be complete will help deepen the relationship with customers and suppliers.

②Broadband is becoming more popular and application requirements are becoming more diversified. The demand of high speed transmission foraudio and visual application is gradually increasing. Cameo has invested 802.11ax AP/Router and 2.5GE/10GE switch for a long time.

(2)Disadvantage factors

①Although application demand continues to increase, the ratification of relevant specifications is time-consuming and rapid conversion. Therefore, when the new and legacy specifications are converted, the average sales unit price will continue to decline, and products of legacy specifications are at risk of falling prices and increasing inventory.

② China competitors seize the market with low prices.

(3)Solutions

①Products with integrated technologies and higher prices are added to slow down the continued declinationof average selling unit prices.In addition, inventory management continues to be strengthened to cope with the risk of falling prices and inventory increasing for products with legacy specifications.

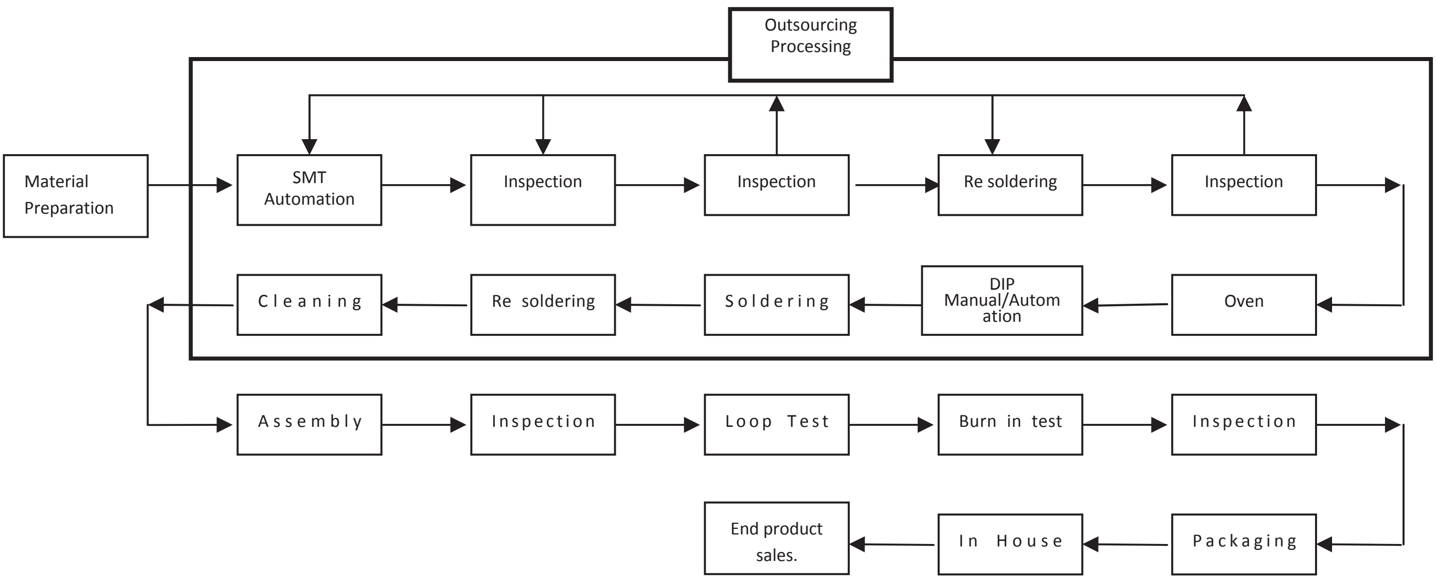
②Reduce material costs by unified purchases. Manage the factory according to the types of the product linesto reduce manufacturing costs. Develop value-added products to avoid the competition of low price product market.

(II)Key applications and production processes of the main products

1、Key applications of the main products：

Main Product Category	Application
Switch & Router	▸ The main transmission equipment for data exchange ▸ Broadband network equipment that provides computer and Internet connection
WLAN Access Point & Router	▸ Through wireless transmission technology to form wireless local area network (WLAN) transmission equipment.
Others	▸ Various wired and wireless technology transmission interface conversion ▸ Cloud Network Management Service

2、Production process of main products



(III)Supply of primary raw materials：

The main raw materials of the company’s products are POWER (power supply), IC (integrated circuits), printed circuit boards (PCB) and mechanical materials, etc. The main suppliers are specific domestic and foreign manufacturers, all of which are long-term cooperative manufacturers and the product supply was not out of stock.

(IV)Information on major suppliers and clients：

1. Information of important suppliers and clients in the most recent two years:

Unit: NT$ Thousands

Item	2020				2019				Up to 2021.3.31			
	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo
1	D-Link	1,437,759	44	Affiliated companies of the Company	D-Link	1,616,252	48	Affiliated companies of the Company	D-Link	296,627	42	Affiliated companies of the Company
2	AV.	958,856	29	-	AV.	808,761	24	-	AV	244,433	35	-
3	MM	328,584	10	-	AL	420,949	12	-				
4	AL	320,371	10									
	Others	245,690	7		Others	547,044	16		Others	160,648	23	
	Net Sales	3,291,260	100		Net Sales	3,393,006	100		Net Sales	701,708	100	

Analysis of changes: The major clients for the two periods did not change much, so analysis is not conducted.

2、Major purchasers in the last two years

Unit: NT$ Thousands

Item	2020				2019				Up to 2021.3.31			
	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo
1	MT009	286,986	11	-	FV002	243,655	10	-	MT009	119,619	20	-
	Others	2,277,378	89		Others	2,200,133	90		Others	310,402	80	
	Net Purchase	2,564,364	100		Net Purchase	2,443,788	100		Net Purchase	600,574	100	

Analysis of changes:Depending on the company's customer demand for products, the materials supply will change accordingly.

(V)Production in the Last Two Years

Unit: NT$ thousands

Year / Production volume and value / Major Products	2020			2019		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Wiredcommunication products	1,620	1,620	2,275,139	1,947	1,947	2,513,731
Wireless communication products	1,256	1,256	1,189,498	899	899	840,607
Others	647	647	74,518	805	805	72,152
Total	3,523	3,523	3,539,155	3,651	3,651	3,426,490

(VI)Shipments and Sales in the Last Two Years

Unit: NT$ thousands

Year / Sales volume and value / Major Products	2020				2019			
	Local		Export		Local		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wired communication products	32	37,397	1,413	1,925,495	44	50,474	1,675	2,314,237
Wireless communication products	11	13,563	1,207	1,216,067	7	8,516	869	920,550
Others	628	79,189	79,930	19,549	808	82,311	351	16,918
Total	671	130,149	82,550	3,161,111	859	141,301	2,895	3,251,705

III.Human Resource

Ratio of Employees in the Last Two Years up to the Printing Date of this Annual Report.

Year		2020	2019	Up to 2021.3.31
Number of employees	Direct Labor	453	373	419
	Indirect Labor	407	384	404
	Total	860	757	823
Average age		36.99	37.47	37.51
Average year of service (years)		4.3	4.4	4.7
Educationdistribution ratio(%)	Ph.D.	0.12%	0.13%	0.12%
	Master	8.14%	10.7%	8.14%
	Bachelor	61.05%	62.09%	61.36%
	High school	28.95%	25.36%	28.55%
	Below high school	1.74%	1.72%	1.82%

IV.Environmental Protection Expenditures

The total amount of losses (including compensation) and penalties causedenvironmentpollution in the most recent year up to the printing date of this annual report: None.

V.Labor Relations Management

(I)Welfare Measures for Employees

1. In addition to providing various benefits and insurance in accordance with the Labor Standards Act, each department purchases books and periodicals as needed, sets up reading rooms, and handles various education training for employees to enrich

themselves., and specifies the rate of distribution of remuneration for employees in the articles of association.

Implement the ideals of employees as shareholders, encourage participation in opinions, unity and cooperation, and enter the company's business through joint operations.

When the company issues new shares, a certain percentage of shares shall be reserved by employees in accordance with the provisions of the Company Act.

2. The company established the Employee Welfare Committee in accordance with the law to select welfare committee members to handle employee welfare matters. The source of the welfare funds is 1.5% of the capital allocated at the time of establishment and capital increase, and 0.1% of the monthly turnover.

   The welfare committee sets the annual plan and budget, and regularly holds welfare committee meetings to discuss, make decisions and organize various welfare activities, and announce the income and expenditure of welfare funds.

3. Colleagues will be insured for group insurance upon arrival, and family members will be allowed to add insurance at their own expense.
4. Conduct regular health checkups and arrange for physicians to provide staff consultation on the results of the health checkup.
5. Set up a nursing room for employees to use.
6. The company appoints visually impaired masseurs as regular employees and provides staff massage services.

(II) Further studies and Training for Employees

In order to improve the company's operating efficiency, enhance employees' work knowledge and skills, and improve their work efficiency and quality, with a view to integrating training with training, the company has formulated employee education and training methods, which are applicable to all employees in the company's formal establishment.

Employees of the company should accept various training courses arranged by the company at any time to absorb new knowledge, enhance professional capabilities, and enhance service efficiency.

The attendance status of employees participating in training, the performance during training, and the effectiveness and assessment after training can be regarded as the reference basis for employee promotion, rotation and change.

(III) Retirement system and its implementation

The company has established employee retirement management measures in accordance with the Labor Standards Act, and the retirement of employees is handled in accordance with the relevant retirement regulations and the retirement management measures issued by the company.

Since July 1, 2005, the company has cooperated with the implementation of the New Labor Retirement System Labor Pension Act. The Company grants 6 % per month according to the Monthly Appropriation Scale of the Labor Pension issued by the Bureau of Labor, the Company appropriate 6% of the worker’s monthly wage to his/her personal pension fund account.

The company's applicable regulations in accordance with the Labor Standards Act and Labor Pension

Regulations are as follows:

1. Retirement application:

A worker may apply for voluntary retirement under any of the following conditions:

(For those who choose to apply the Labor Pension Act, follow the same Regulations andregulations)

(1) the worker has worked for twenty-five years.

(2) the worker attains the age of fifty-five and has worked for fifteen years.

(3) the worker attains the age of sixty and has worked for ten years.

2. Mandatory retirement:

(1) the worker attains the age of sixty-five.

(2) the worker is unable to perform his/ her duties because of physical and mental disabilities.

3. Preferential retirement:

Fifth Five-Year Plan: Refers to those with a total of 55 years of service and age (only applicable to employees who worked before 2005/6/30, and the base calculation basis is the old service years of the Labor Standards Act.)

(IV) Agreements between labor and management and various employee rights protection measures:

In accordance with the Regulations for Implementing Labor-Management Meeting, the company elected five labor-management representatives at the labor-management conference on October 16, 2000, and appointed five management representatives. The labor-management Meeting was established on November 3 of the same year as a channel for coordination and communication between labor and management to promote interaction and harmony between labor and management.

(V) In the most recent year and as of the publication date of the annual report, the losses suffered due to labor disputes, and the estimated amount and corresponding measures that may occur at present and in the future are disclosed: The Company has no major dispute on labor relation or labor agreement in the latest year and up to the printing date of this Annual Report.

VI.Important Contracts: None.

Chapter 6 Financial Highlights

I. Condensed Balance Sheet, Statement of Comprehensive Income in the Most Recent Five Years

(I) Consolidated Condensed Balance Sheet-Based on IFRS

Unit: NT$ Thousands

Item / Year		Most Recent Five-Year Financial Information					As of March31,2021
		2016	2017	2018	2019	2020	
Current Assets		3,789,572	3,211,390	2,637,458	2,689,327	2,599,874	2,815,515
Property,plant,and equipment		642,919	1,021,443	1,689,572	1,795,368	1,763,854	1,737,604
Intangible assets		29,410	23,652	23,109	22,809	24,625	25,662
Other assets		172,209	163,056	198,032	242,431	285,304	248,716
Total asset value		4,634,110	4,419,541	4,548,171	4,749,935	4,673,657	4,827,497
Current liabilities	Before distribution	1,367,108	1,524,732	1,654,901	1,727,024	1,615,539	1,256,796
	After distribution	1,517,320	1,524,732	1,654,901	1,727,024	1,615,539	Note2
Non-current liabilities		55	55	224,759	720,082	1,089,242	917,806
Total liabilities	Before distribution	1,367,163	1,524,787	1,879,660	2,447,106	2,704,781	2,174,602
	After distribution	1,517,375	1,524,787	1,879,660	2,447,106	2,704,781	Note2
Equity attributable to shareholders of the parent		3,266,947	2,894,754	2,668,511	2,302,829	1,968,876	2,652,895
Share capital		2,682,357	2,682,357	2,682,357	2,682,357	2,296,792	3,307,792
Capital surplus		415,638	415,638	415,638	415,638	0	0
Retained earnings	Before distribution	166,515	(191,668)	(232,963)	(573,913)	(229,208)	(536,231)
	After distribution	16,303	(191,668)	(232,963)	(573,913)	(229,208)	Note2
Other equity interest		2,437	(11,573)	(196,521)	(221,253)	(98,708)	(118,666)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	3,266,947	2,894,754	2,668,511	2,302,829	1,968,876	2,652,895
	After distribution	3,116,735	2,894,754	2,668,511	2,302,829	1,968,876	Note2

Note1:The financial information as of March 31, 2021 was reviewed by CPA.

Note2: Loss appropriation proposal for 2020 was approved by the board of directors on March 24, 2021 which has not yet been resolved at the general shareholders' meeting.

Consolidated Condensed Income Statement-Based on IFRS

Unit: NT$ Thousands

Item \ Year	Most Recent Five-Year Financial Information					As of March31,2021
	2016	2017	2018	2019	2020	
Operating revenue	3,646,298	3,339,858	3,202,178	3,393,006	3,291,260	701,708
Gross profit	486,110	391,649	266,428	225,833	75,098	(12,685)
Income from operations	(176,796)	(207,317)	(318,365)	(381,431)	(503,091)	(149,479)
Non-operating income and expenses	378,884	1,889	98,781	42,248	68,116	25,447
Net income before tax	202,088	(205,428)	(219,584)	(339,183)	(434,975)	(124,032)
Net income from continuing operations	160,986	(205,429)	(220,698)	(339,135)	(434,942)	(124,032)
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss)	160,986	(205,429)	(220,698)	(339,135)	(434,942)	(124,032)
Other comprehensive income (loss) (net value after tax)	86,888	(16,552)	(5,545)	(26,547)	100,989	(19,958)
Total comprehensive income	247,874	(221,981)	(226,243)	(365,682)	(333,953)	(143,990)
Net income attributable to shareholders of the parent	160,986	(205,429)	(220,698)	(339,135)	(434,942)	(124,032)
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	247,874	(221,981)	(226,243)	(365,682)	(333,953)	(143,990)
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share(dollar)	0.60	(0.77)	(0.82)	(1.48)*	(1.89)	(0.45)

Note1:The financial information as of March 31, 2021 was reviewed by CPA.
*after adjustment

(II) Condensed Balance Sheet-Based on IFRS

Unit: NT$ Thousands

Item \ Year		Most Recent Five-Year Financial Information				
		2016	2017	2018	2019	2020
Current Assets		3,041,624	1,938,225	1,740,724	1,920,536	1,877,436
Property,plant,and equipment		421,167	818,849	1,539,717	1,687,501	1,679,721
Intangible assets		27,832	20,886	21,627	21,337	23,913
Other assets		1,287,185	1,180,194	1,127,082	1,129,178	1,034,599
Total asset value		4,777,808	3,958,154	4,429,150	4,758,552	4,615,669
Current liabilities	Before distribution	1,510,861	1,063,400	1,760,639	1,735,684	1,557,594
	After distribution	1,661,073	1,063,400	1,760,639	1,735,684	1,557,594
Non-current liabilities		0	0	0	720,039	1,089,199
Total liabilities	Before distribution	1,510,861	1,063,400	1,760,639	2,455,723	2,646,793
	After distribution	1,661,073	1,063,400	1,760,639	2,455,723	2,646,793
Equity attributable to shareholders of the parent		3,266,947	2,894,754	2,668,511	2,302,829	1,968,876
Share capital		2,682,357	2,682,357	2,682,357	2,682,357	2,296,792
Capital surplus		415,638	415,638	415,638	415,638	0
Retained earnings	Before distribution	166,515	(191,668)	(232,963)	(573,913)	(229,208)
	After distribution	16,303	(191,668)	(232,963)	(573,913)	(229,208)
Other equity interest		2,437	(11,573)	(196,521)	(221,253)	(98,708)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	3,266,947	2,894,754	2,668,511	2,302,829	1,968,876
	After distribution	3,116,735	2,894,754	2,668,511	2,302,829	1,968,876

Note1: The financial information as of March 31, 2021 was reviewed by CPA.

Note2: Loss appropriation proposal for 2020 was approved by the board of directors on March 24, 2021 which has not yet been resolved at the general shareholders' meeting.

Condensed Income Statement-Based on IFRS Unit: NT$ Thousands

Item \ Year	Most Recent Five-Year Financial Information				
	2016	2017	2018	2019	2020
Operating revenue	3,608,592	3,307,623	3,150,077	3,362,184	3,275,514
Gross profit	396,887	331,972	256,775	115,301	128,790
Income from operations	(96,563)	(115,841)	(182,628)	(358,519)	(346,399)
Non-operating income and expenses	300,387	(89,588)	(38,070)	19,384	(88,543)
Net income before tax	202,090	(205,429)	(220,698)	(339,135)	(434,942)
Net income from continuing operations	160,986	(205,429)	(220,698)	(339,135)	(434,942)
Loss from discontinued operations	0	0	0	0	0
Net income (loss)	160,986	(205,429)	(220,698)	(339,135)	(434,942)
Other comprehensive income (loss) (net value after tax)	86,888	(16,552)	(5,545)	(26,547)	100,989
Total comprehensive income	247,874	(221,981)	(226,243)	(365,682)	(333,953)
Net income attributable to shareholders of the parent	160,986	(205,429)	(220,698)	(339,135)	(434,942)
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	247,874	(221,981)	(226,243)	(365,682)	(333,953)
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share(dollar)	0.60	(0.77)	(0.82)	(1.48)*	(1.89)

*after adjustment

（III）Information on CPAs for the most recent five years and the audit opinion

Year	NameofCPA	Auditopinion
2016	Isabella Lou and Samuel Au	Unqualified opinion
2017	Samuel Au and Michelle Wang	Unqualified opinion
2018	Samuel Au and Michelle Wang	Unqualified opinion
2019	Samuel Au and Isabella Lou	Unqualified opinion
2020	Samuel Au and Isabella Lou	Unqualified opinion
2021Q1	Samuel Au and Isabella Lou	qualified review opinion

II.Financial Analyses for the Past Five Fiscal Years

Consolidated Financial Analysis – Based on IFRS

Item（Note3） Year（Note1）		Most Recent Five-Year Financial Information					As of March31,2021
		2016	2017	2018	2019	2020	
Financial structure %	Ratio of liabilities to assets	29.50	34.50	41.33	51.52	57.87	45.05
	Ratio of long-term capital to Property, plant, and equipment	508.14	283.40	171.24	167.25	173.37	205.49
Solvency %	Current ratio	277.20	210.62	159.37	155.72	160.93	224.02
	Quick ratio	238.16	175.73	106.84	113.50	112.44	156.42
	Times interest earned ratio	15.35	(9.99)	(14.14)	(19.45)	(25.36)	(29.95)
Operating ability	Receivables turnover rate (times)	3.99	4.85	4.60	4.04	3.77	3.34
	Average days for cash receipts	91.47	75.25	79.34	90.34	96.81	109.28
	Inventory turnover rate (times)	6.08	6.11	4.53	4.28	4.68	3.88
	Payables turnover rate (times)	3.63	3.46	3.43	3.76	4.30	3.78
	Average days for sale of goods	60.03	59.73	80.57	85.28	77.99	94.07
	Turnover rate for property, Plant,and equipment (times)	5.67	3.27	1.90	1.89	1.87	1.62
	Total assets turnover rate (times)	0.79	0.76	0.70	0.71	0.70	0.58
Profitability	Return on asset (%)	3.04	(4.20)	(4.66)	(7.01)	(8.95)	(10.17)
	Return on equity (%)	5.12	(6.67)	(7.93)	(13.64)	(20.36)	(21.47)
	Ratio of income before tax to paid-in capital (%)	7.53	(7.66)	(8.19)	(12.64)	(18.94)	(15.00)
	Net profit ratio (%)	4.42	(6.15)	(6.89)	(10.00)	(13.22)	(17.68)
	Earnings per share (NT$)	0.60	(0.77)	(0.82)	(1.26)	(1.89)	(0.45)
Cash flow	Cash flow ratio (%)	9.35	8.80	(42.19)	(5.03)	(29.75)	20.25
	Cash flow adequacy ratio (%)	80.81	61.91	(28.45)	(25.18)	(40.71)	(40.27)
	Cash re-investment ratio (%)	2.82	3.25	(17.59)	(2.19)	(11.72)	1.36
Leverage	Operating leverage	0.17	0.39	0.61	0.37	0.54	0.60
	Financial leverage	0.93	0.92	0.96	0.96	0.97	0.97

Analysis of financial ratio difference for the last two years

1. Times interest earned ratio and Profitability：The decrease was mainly due to the increase in the trial production cost of the Tainan plant's and the poor product mix, which resulted in a decrease in profit.
2. Cash flow：The decrease was mainly due to the increase revenue in Q4 , which resulted in an increase in accounts receivable at the end of the year compared to the previous year and net cash flow decrease.
3. Operating leverage：The increase in operating leverage was mainly due to the decrease in operating revenue and the increase in variable operating cost.

Note1: The financial information as of March 31, 2021 was reviewed by CPA.

Condensed Financial Analysis – Based on IFRS

Item（Note 3）	Year（Note1）	Financial analysis for the past five fiscal years				
		2016	2017	2018	2019	2020
Financial structure %	Ratio of liabilities to assets	31.62	26.87	39.75	51.61	57.34
	Ratio of long-term capital toProperty, plant, and equipment	775.69	353.51	173.31	177.95	182.06
Solvency %	Current ratio	201.32	182.27	98.87	110.65	120.53
	Quick ratio	196.08	176.75	82.14	84.95	81.42
	Times interest earned ratio	31.10	(22.75)	(54.02)	(33.01)	(27.09)
Operating ability	Receivables turnover rate (times)	3.97	4.87	4.74	4.18	3.85
	Average days for cash receipts	91.93	74.94	77.00	87.32	94.80
	Inventory turnover rate (times)	53.34	60.28	19.69	9.95	6.73
	Payables turnover rate (times)	3.46	3.11	3.13	3.25	4.00
	Average days for sale of goods	6.84	6.05	18.53	36.68	54.23
	Turnover rate for property, Plant,and equipment (times)	8.57	4.04	2.05	1.99	1.95
	Total assets turnover rate (times)	0.76	0.84	0.71	0.71	0.71
Profitability	Return on asset (%)	3.12	(4.54)	(5.19)	(7.21)	(9.02)
	Return on equity (%)	5.12	(6.67)	(7.93)	(13.64)	(20.36)
	Ratio of income before tax to paid-in capital (%)	7.53	(7.66)	(8.23)	(12.64)	(18.94)
	Net profit ratio (%)	4.46	(6.21)	(7.01)	(10.09)	(13.28)
	Earnings per share (NT$)	0.60	(0.77)	(0.82)	(1.48)	(1.89)
Cash flow	Cash flow ratio (%)	38.36	(22.22)	(2.93)	(38.89)	(30.85)
	Cash flow adequacy ratio (%)	146.62	97.79	(21.72)	(32.43)	(34.15)
	Cash re-investment ratio (%)	15.80	(7.14)	(1.71)	(19.78)	(13.52)
Leverage	Operating leverage	0.01	0.42	0.65	0.53	0.47
	Financial leverage	0.94	0.93	0.98	0.97	0.96

Analysis of financial ratio difference for the last two years

1. Inventory turnover rate and Profitability：The decrease in inventory turnover rate was mainly due to the transfer of the company’s main production capacity from China back to the Tainan factory for raw material preparation and semi-finished product production. The decrease inprofitability was mainly due to due to the decrease in revenue, poor product mix and insufficient capacity utilization of lacking of materials due toCOVID-19, and increased production costs.
2. Cash flow：The decrease was mainly due to the increase revenue in Q4 , which resulted in an increase in accounts receivable at the end of the year compared to the previous year and net cash flow decrease.

The following calculation formulas shall be listed at the end of this Table in the annual report:

1. Financial structure

(1) Liability to asset ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant, and equipment = (Total net equity + Non-current liabilities)/Net property, plant, and equipment.

2. Solvency

(1) Current ratio = Current assets/Current liabilities

(2) Quick ratio = (Current assets - Inventory - Prepaid expenditures)/Current liabilities.

(3) Interest protectionmultiples = Incomebeforeincometaxandinterestexpenditure/Interest expenditures for this period.

3. Business capability

(1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).

(2) Average collection days = 365/Receivables turnover rate.

(3) Inventory turnover = Sales expense/Average inventory value.

(4) Payables turnover rate (including bills payable resulting from accounts payable and businessoperations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).

(5) Average sales days = 365/Inventory turnover ratio.

(6) Property, plant, and equipment turnover ratio = Net sale/Average net property, plant, and equipment.

(7) Total asset turnover ratio = Net sales/Average total property, plant, and equipment.

4. Profitability

(1) Return on assets = [Gain (Loss) after tax + Interest expenses x (1 - interest rates)l/Average total asset value.

(2) Return on stockholders' equity = Net income (loss)/Average total equity.

(3) Net profit rate = Net gain (loss) after tax/Net sales.

(4) Earnings per share = (Net income (loss) attributable to owners of the parent company - preferred stock dividend)/Weighted average number of shares outstanding.

5. Cash flow volume

(1) Cash flow ratio = Net cash from business activities/Current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow for business activities for the last 5 years/(Capital expenses + Additional inventory sum + Cash dividend) for the past 5 fiscalyears.

(3) Cash re-investment ratio = (Net cash flow from business activities - Cash dividend)/(Gross amount of property, plant, and equipment+ Long-term investments + Other non-current assets + Business capital).

6. Leverage

(1) Operating leverage ratio= (Net operating revenue - variable operating costs andexpenses)/operating income

(2) Degree of financial leverage (DFL) = Operating profit/(Operating profit - Interest expenses).

III.Audit Committee's Audit Report on the 2020 Financial Report

Cameo Communications Inc.

Audit Committee's Review Report

The 2020 business report,financial statements, and deficit appropriation proposal, which were resolved by the Board, were audited by the CPAs Samuel Au and Isabella Lou of KPMG, and a review report was issued.

These have been reviewed and determined to be correct and accurate by the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act,hereby submit this Report.

Best regards

2021 General Shareholders' Meeting of Cameo Communications

Inc.Convener of the Audit Committee: Arens Chiang

March 24,2021

IV.Financial Report for the Most Recent Year

Please refer to pages 163 to 228 of this annual report.

V.Individual Financial Report Audited by CPAs for the Most Recent Year

Please refer to pages 100 to 162 of this annual report.

VI.Impact of Financial Difficulties of the Company and Affiliated Companies on the Financial Position of the Company in the Most Recent Year, up to the Printing Date of this Annual Report: None.

Chapter 7 Financial Status, Operation Results and Risk Management

I. Financial Position- Comparison Analysis Unit: NT$ Thousands

Year Item	2020	2019	Difference	
			Amount	%
Current assets	2,599,874	2,689,327	(89,453)	(3.33)%
Property,plant, and equipment	1,763,854	1,795,368	(31,514)	(1.76)%
Intangible assets	24,625	22,809	1,816	7.96%
Other assets	285,304	242,431	42,873	17.68%
Total asset value	4,673,657	4,749,935	(76,278)	(1.61)%
Current liabilities	1,615,539	1,727,024	(111,485)	(6.46)%
Non-current liabilities	1,089,199	700,000	389,199	55.60%
Other liabilities	43	20,082	(20,039)	(99.79)
Total liabilities	2,704,781	2,447,106	257,675	10.53%
Share capital	2,296,792	2,682,357	(385,565)	(14.37)%
Capital surplus	-	415,638	(415,638)	(100.00)%
Retained earnings	(229,208)	(573,913)	344,705	60.06%
Equity-Other	(98,708)	(221,253)	122,545	55.39%
Total equity	1,968,876	2,302,829	(333,953)	(14.50)%

Analysis of changes in increase/decrease ratio exceeding 20%:

(I) Non-current liabilities increase：It was due to the borrowing of long-term loans in 2020.

(II)Other liabilities decrease: It was due to decrease in lease liabilities-noncurrent.

(IIII)Share capital、Capital surplus decrease and Retained earnings increase：It was mainly due to the interim of shareholdersmeetingresolved to make capital reduction andoffsetcompensation losses with legal reserve of NT$15,824 thousand andCapital surplus of NT$415,638 thousand.

II. Financial Performance

(I) Financial performance comparison/analysis table

Unit: NT$ Thousands

Item \ Year	2020	2019	Increase /Decrease	Change ratio (%)
Net operating revenue	3,291,260	3,393,006	(101,746)	(3.00)%
Operating costs	3,216,162	3,167,173	48,989	1.55%
Gross profit	75,098	225,833	(150,735)	(66.75)%
Operating expenses	578,189	607,264	(29,075)	(4.79)%
Net operating income (loss)	(503,091)	(381,431)	(121,660)	(31.90)%
Non-operating income and expenses	68,116	42,248	25,868	61.23%
Net profit before tax (loss) fromcontinuing operations	(434,975)	(339,183)	(95,792)	(28.24)%
Income tax expenses	(33)	(48)	15	31.25%
Net income (loss) in thisperiod	(434,942)	(339,135)	(95,807)	(28.25)%

(I) Analysis of changes in increase/decrease ratio exceeding 20%

1. Gross profit decrease：The decrease was mainly due to the poor product mixand insufficient capacity utilization owing to the shortage of materials due to COVID-19.
2. Non-operating income and Expenses Increase：The inecrease was mainly due to the government subsidy received this year.
3. Net profit before tax (loss) from continuing operations and Net income (loss) in this period：The decrease was mainly due to the decline in revenue and Gross profit.

(II)Expected sales volume and its basis, potential impact on the Company's future financial operations, and response plans thereof:：

Please refer to "Letter to Shareholders" from pages 1 to 6.

III. Cash Flow

(I) Change in cash flow in the most recent fiscal year

Item \ Year	2020	2019	Increase (decrease) ratio %
Cash flow ratio (%)	(29.75)	(5.03)	(491.45)%
Cash flow adequacy ratio (%)	(40.71)	(25.18)	(61.68)%
Cash re-investment ratio (%)	(11.72)	(2.19)	(435.16)%

Analysis of changes in increase/decrease ratio exceeding 20%:

1. Cash flow ratio,Cash flow adequacy ratio andCash re-investment ratio decreased due to the decrease in net cash flowsused in operating activities in 2020.

(II)Improvement plan for insufficient liquidity and Cash liquidity analysis for the coming year (2021)

Unit: NT$ Thousands

Beginning Cash Balance	Casg flow from opeating activities all year	Casg flow from Investing/ Financing activities all year	Cash surplus (Insufficient) amount	Measures for insufficient cash	
				Investing plan	Financing plan
817,917	(47,490)	364,992	1,135,419	-	-

(1) Analysis of for the coming year

opearting activities：Net cash flows used in opearting activitieswas 47,490 thousandmainly due to the increase in accounts payable for the inventory and payment of working capital.

Investingactivities：Net cash flows used ininvestingactivities was99,892 thousand due to productionequipmentpurchased for the Tainan factory.

Financing activities：Net cash flows from financing activities was464,884 thousand due to 828,009 thousand for privately placed ordinary shares and 363,125 thousand for repayment of borrowings.

(2)Improvement plan for insufficient liquidity and Cash liquidity analysis：None.

IV.Material Expenditure for the Most Recent Fiscal Year and its Impact on the Company's Finances and Operations

(I) Review and analysis of major capital expenditures and their sources of funds

The Company has no other major capital expenditures in the most recent year.

(II) Expected benefits

1. The purchase of equipment can expect increasing the production and sales, value and gross profit. The Company purchase automatic system, warehouse and testing equipment to achieve manuafacturing industry 4.0.to improve efficiency and increase output to offset the impact on furture increasing wages.
2. Other benefits：None

V.The Company's Investment Policy for the Most Recent Fiscal Year, and the Main Reasons for the Profits/Losses Generated Thereby, the Improvement Plan, and Investment Plans for the Coming Year

(I)Investment policy for the Most Recent Fiscal Year：To meet requirements, The Company focuses on long-term holding

(II)Analysis of profit by investment：The Company recognized a loss on investments in the amount of NT$166,892thousandfor the year 2020.The main reason for the loss is that the global market andenvironment are changing rapidly. Competitors are competing for the market at lower prices, and the product differentiation is not obvious. As a result, the Company decline in turnover and gross profit has led to losses.

(III) Investment and improvement plans for the coming year:

1 Improvement plans for deficit：The company recognized loss in investment in 2020, and will continue to carry out cost down, reduce expenditure and improve manufacturing efficiency.

2. Investment and improvement plans for the coming year:：

The company is committed to improving production efficiency with automated manufacturing system introduction to reduce production costs. It will help lean manufacturing and improve production competitiveness. We will establish deep relationship with suppliers to raise competitiveness of material price, invest in future product research and development, expand target markets and develop key customers in order to improve the company's operating performance.

VI.Risks that Shall be Assessed in the Most Recent Year and up to the Printing Date of this Annual Report

(I) Impacts of interest rate, fluctuation in exchange rate, and inflation on corporate gains and losses and future response measures:

Rate- Generally speaking, changes in interest rates affect the cost of capital obtained by business owners. The ratio of interest revenue and interest expense to net operating income of the company in the year of 2020 was 0.40% and 0.50%; The ratio of interest revenue and interest expense to net operating income of the company in the year of 2019 was 0.56% and 0.49%;The ratio is not high. According to the past ratio of interest revenue/ expense to net operating income, the overall impact of interest rate changes on the company's profit and loss is still limited.

However, if interest expenses increase due to the need to lend funds from banks for operations, the impact of interest rate changes on the company's profit and loss will also increase. The company will continue previous financial policies, strictly control the level of liabilities, and take necessary measures (such as early repayment) to prevent changes in interest rates from adversely affecting the company's profit and loss.

exchange rate- The company export sales accounted for 96.58% of its net operating revenue in 2020.The rise and fall of the US dollar exchange rate will have an impact on the company's finances owing tomost of the export goods are reported in US dollars price.The company has always adopted a financial policy that strictly controls the level of foreign currency.

The ratio of net exchange losses to net operating revenue in 2020 was 0.80%. The ratio of net exchange losses to net operating revenue in 2019 was 0.31%.

In the future, the company will also gather exchange rate information at any time topredict exchange rate trends and reduce the adverse effects of exchange rate on the company's profit and loss.

Inflation - According to statistics fromDirectorate-General of Budget Accounting and Statistics Executive Yuan,the annual increase rate of consumer prices (CPI) was 0.30% in 2020;Annual Changes in Wholesale Price Index was-7.77%. The company will continue towork on cost reduction and pay attention to changes in the relevant economic environment and market to avoid adverse effects.

(II) Policies on high-risk, high-leverage investments, loans to other parties, endorsements, guarantees, and derivatives trading, are the main reasons for the profits or losses generated thereby, and future response measures to be undertaken:

The company avoids investing in high-risk and high-leverage investments for pursuing stable business operation. The company has not engaged in high-risk, high-leverage investments in the most recent year. Otherwise, there was no profit and loss due to provide lending funds and endorsement guarantees to 100% holding subsidiaries.

Derivative financial transactions have been implemented in accordance with relevant laws and regulations to improve the basis of finance and operation.The company’s derivative financial transactions are aimed at avoiding foreign exchange risks, and regularly report implementation and profit and loss to the board of directors.The above-mentioned relevant information is disclosed monthly on MOPS for investors’ reference.

(III) Future R&D projects and R&D expenditure to be invested:

New products (services) planned for development

- 10G/25G/100G/200G/400G High density Data Center Ethernet Switch
- Data Center OCP Chassis with high density 25G/100G/200G Ethernet Line module
- 2.5G/5G/10G RJ45 POE++ (802.3bt) Ethernet Switch
- Cloud Managed Ethernet Switch (Cloud Switch)
- Cloud Management Service
- Outdoor Wide Temperature Ethernet Switch
- L2/L3 Stackable Managed Ethernet Switch
- White Box or Bare Metal Ethernet Switch
- Software Defined Network Ethernet Switch (SDN Switch)
- 802.11ax wireless Router
- Cloud Enterprise Access Point
- Wireless Enterprise Access Controller
- Wireless Enterprise Access Point
- Outdoor wireless Access Point
- 5G/LTE 802.11ax Wireless Router
- Optical Fiber Media Converter (Fanout 100G to 4x25G Card)
- The estimated R&D expenditure for 2021 is NT$ 30 millions.

(IV) Impact of changes of important domestic and international policies and laws on the Company's finance and business, and response measures:

Industries that are easily affected by important domestic and foreign policies and legal changes include finance (affected by exchange rate and interest rate policies), petrochemicals (such as joint production reductions by oil-producing countries), raw materials (such as steel import tariffs) and textiles (such as textile import quota restrictions)) and other traditional industries. The company manufacturing communication products are less likely affected. There was nomajorimpact of changes of important domestic and international policies and laws on theCompany's finance and businessin the Most Recent Year and up to the Printing Date of this Annual Report.

However, the company’s products are currently mainly exported. The sales volume in the Asia-Pacific and Europe and the United States accounts for more than 90% of the net operating revenue.If the domestic export policy or law or the import policy or law of the two regions changes, may still have a certain impact on the company’s finances or business.The company will continue to pay attention to important domestic and foreign policies and legal changes, and consult experts in a timely manner to control possible risks.

(V) Impact of changes in technology and industry on the Company's finance and business, and response measures:

The company belongs to the field of network technology, and the industry dynamics change rapidly. With rapid growth of network technology or major changes in product development, the company's finances and business may be greatly affected by the inability to grasp the technology development or product trend in real time.Therefore, the company adopts continuous investment in research and development and pays attention to the trend of the industry, and grasps themthrough interaction with customers. So far, technical capabilities can meet customer needs, and network technology has not seen a leaping growth in recent years. There was nomajor impact of changes in technology and industry on the Company's finance and business, and response measures.

(VI)Impact of changes of corporate images on crisis management and response measures:

There was no event for damaging corporate images in the Most Recent Year and up to the Printing Date of this Annual Report.

However, once an accident that affects the corporate image occurs, it may have a major impact on the company's financial business. Therefore, the company would continuously declare corporate governance standards, consultexpert in a timely manner and followtheir recommendations to reduce the probability of these risks and the impact on the company's financial business.

(VII) Projected benefits and possible risks in engaging in mergers or acquisitions andresponse measures:

The company has not conducted mergers and acquisitions in the most recent year and up to the Printing Date of this Annual Report. There is no acquisition of equity in the market, and no merger is under negotiation.

(VIII) Projected benefits and possible risks in expanding plants and response measures:None.

According to a resolution passed by the Company Board of Directors on December 16, 2016,the construction of the new building of the headquarter in the Tainan Technology IndustrialPark was undertaken by Lee Ming Construction Co., Ltd., with a contract price totaling NT$1,088,000 thousand (including tax), which has been reclassified to buildings and constructionand depreciated since its completion in early 2019.

(IX) Risks posed by concentrated procurement and sales and response measures:

1、PurchaseRisks

The purchase items include IC, PCB, finished and semi-finished wireless products and others. In addition to finished and semi-finished products, the rest are available for replacement at any time by many manufacturers.The company’s supplier of finished and semi-finished products for wireless network products-Nettech Technology (Suzhou) Co., Ltd which has been entrusted to produce finished products and then repurchases through CAMEO International Ltd.since October 2011,100% owned by the company as an affiliated company. Most of the production capacity was transferred back to the company’s Tainan factory to produce.Therefore, the supply of materials is stable; there should be no significant concentration risk of purchases.

2、Sales Risks

Except for D-Link Group, the sales proportions of the remaining major customers of the company in 2020 and 2019 were 29% and 24% respectively.While the proportion of sales to D-Link in 2020 and 2019 was 44% and 48 respectively.The sales clients have been scattered in Asia, America and Europe, there should be no risk of excessive concentration.

(X)The impact on the Company, and risks arising from major exchange or transfer ofshares by Directors or major shareholders with over 10% of shareholdings, and theresponse measures:

The company’s 2020 shareholders’ meeting was elected for the eleventh term of directors, but the result didn’t have great influence on business operation. There was no major exchange or transfer ofshares by Directors or major shareholders with over 10% of shareholdings except for D-link Corporation increasing 25,044,639 holding sharesand contributing 97,680,000 private shares.

(XI) Effects of risks relating to and countermeasures to the changes in management rights

If the change in management right is not agreed or accepted by the original management team, it may have an impact on the company's business strategy or personnel. The personnel of the company's management team has not changed, so there should be no significant impact on the company's daily operations.

(XII) For litigation or non-litigation cases,major litigations, non-litigations, or administrative litigations that have been confirmed or are still in trial, in which the Company and its directors, President, substantive person in charge, major shareholders with a shareholding ratio of more than 10%, or subordinate companies are involved shall be specified. Where the results may affect the shareholders' equity, their disputed facts, the amount of the subject matter, the date of litigation, the main parties involved in the litigation, and the handling situation as of the printing date of this annual report shall be disclosed:None.

(XIII) Other material risks and response measures:

1.Information Security risk

(1) **Information Security Policy:**

As new technology advances, it brings civilization and convenience to mankind, but also brings side effects that make information security threats pervasive. In order to maintain the sustainability of the Company's operations, we comply with relevant laws and regulations and protect our information assets (including software, hardware, personnel and services) to ensure the confidentiality, integrity and availability of information assets, and to strengthen the information and communication security system. We have established the Information Security Policy as the standard and guideline for information security management to effectively and reasonably reduce the risk of the Company's operations.

(2) The Scope of Information Security Promotion:

This policy applies to the security management of all employees and all relevant information assets of the company.

(3) Information security is based on the following measures:

A. Education and training used by the company's various systems
B. Daily system backup
C. Set up the user permission table of each system
D. Set up a firewall with Trend Micro’s antivirus software to filter and defend against viruses
E. Information Machine Room Workday Log
F. System Recovery
G. The company will commission an external professional audit every year

(4) Faced with ever-changing technology, we have established regular security protection technology upgrades to address new external threats and internal weaknesses, and implemented various information security education and training to reduce information security risks.

VII.Other Important Matters:None.

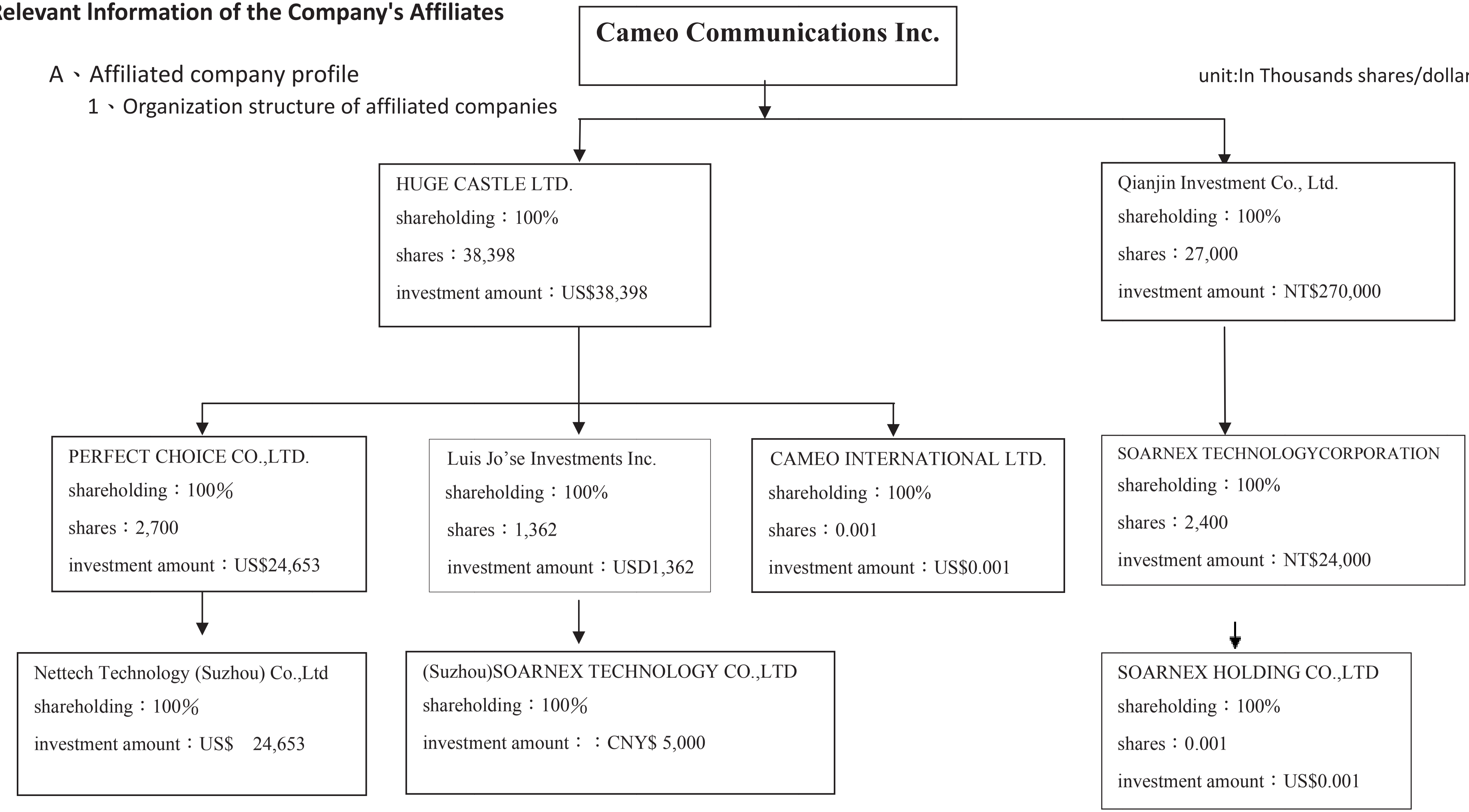
Chapter 8 Special Disclosure

I.Relevant Information of the Company's Affiliates

A、Affiliated company profile

1、Organization structure of affiliated companies

unit:In Thousands shares/dollars



2、Basic Information of affiliated companies

Unit: NT$ Thousands

Name	Dateof incorporation	Address	Actual paid-in capital	Primary business
Qianjin Investment Co., Ltd.	2008.02.18	10F., No. 70, Lequn 3rd Rd., Zhongshan Dist., Taipei City 104, Taiwan	270,000	Investment holding
HUGE CASTLE LTD.	2006.07.05	Vistra Corporate Sevices Centre, Ground Floor NPF Building, Beach Road,Apia, Samoa	1,162,507	Investment holding
CAMEO INTERNATIONAL LTD.	2011.03.18	Unit 25, 2nd Floor, Nia Mall, SaleufiStreet, Apia, Samoa	0.03	Import and export trade
Cameo Technology Development (Shenzhen) Co., Ltd.	2002.08.21	West side,10F ,High-tech Industrial Development Park, Nanshan District, Shenzhen,China	- (Note1)	R&D for communicatio ns technology and products
PERFECT CHOICE CO.,LTD.	2001.01.03	Level3,Alexander House,35 Cybercity,Ebene,Mauritius	788,294	Investment holding and trading
Nettech Technology (Suzhou) Co.,Ltd	2002.03.18	No.1 Chun Shen-Hu East Rd.,Xiangcheng Economic Development District, Suzhou, China	811,770	Production, processing, and sale of electronic communications equipment
Luis Jo’se Investment Inc.	2001.01.12	Coastal Building, Wickham’s Cay II,P.O Box 2221,Road Town, Tortola , British Virgin Islands.	43,673	Investment holding
Wide View Technology Inc.	2004.01.09	The Second Floor of 3 Parts, NO1. Building,No.79,Aona Road,Pilot Free Trade Zone,Shanghai, China	- (Note2)	production, and sale of electronic components
SOARNEX TECHNOLOGY CORPORATION	2014.09.25	5F., No. 158, Ruihu St., Neihu Dist., Taipei City 114, Taiwan	24,000	International trade
SOARNEX HOLDING CO.,LTD	2015.03.31	TMF Chambers, P.O. Box 3269,Apia,Samoa	0.03	Investment holding
(Suzhou) SOARNEX TECHNOLOGY CO.,LTD	2017.4.12	No.1 Chun Shen-Hu East Rd.,Xiangcheng Economic Development District, Suzhou, China	9,140	Software development and software services for computer information systems

3、Shareholders in common of the Company and its subsidiaries with deemed controland subordination :None.

4、Directors, supervisors, and presidents of affiliates

Unit: shares/dollars Dec,31,2021

Name	Title	Name or representative	Shareholding	
			Shares	Percentage (%)
Qianjin Investment Co., Ltd.	Director	Jerry Chien	27,000,000	100%
HUGE CASTLE LTD.	Director	Jerry Chien	38,397,718	100%
CAMEO INTERNATIONAL LTD.	Director	Jerry Chien	1	100%
PERFECT CHOICE CO.,LTD.	Director Director Director	Jerry Chien Victor Lee Amy Wang	2,700,000	100%
Nettech Technology (Suzhou) Co.,Ltd	Director Director president	Jerry Chien Victor Lee Ray Mao	PERFECT CHOICE CO.,LTD.Contribution USD24,653,145	100%
Luis Jo'se Investment Inc.	Director	Victor Lee	1,362,680	100%
SOARNEX TECHNOLOGY CORPORATION	Director Director Director supervisor	Jerry Chien Victor Lee Angus Yang M Lee	2,400,000	100%
SOARNEX HOLDING CO.,LTD	Director	Jerry Chien	1	100%
(Suzhou) SOARNEX TECHNOLOGY CO.,LTD	Director president	Jerry Chien Angus Yang	Luis Jo'se Investment Inc. Contribution RMB5.000,000	100%

B、Business operation profile：

(In Thousands of New Taiwan Dollars)

Name	Capital	Total Asssets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Net Income (after tax)	EPS
Qianjin Investment Co., Ltd.	270,000	201,769	80	201,689	0	(230)	(278)	(0.05)
CAMEO INTERNATIONAL LTD.	0.03	260,284	256,071	4,213	975,179	(49)	(266)	(266)
Cameo Technology Development (Shenzhen) Co., Ltd.	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)
Perfect Choice Co.,Ltd	788,294	772,228	55,035	716,923	0	(35,700)	(155,051)	(57.42)
Nettech Technology (Suzhou) Co.,Ltd	811,770	1,209,532	405,114	804,418	1,112,225	(119,473)	(119,401)	-
HUGE CASTLE LIMITED	1,162,507	751,238	20,889	730,349	0	(10,806)	(166,614)	(4.34)
Luis Jo'se Investments Inc.	43,673	28,989	5	28,984	0	(15)	(1,191)	(0.87)
Wide View Technology Inc.	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)
SOARNEX TECHNOLOGY CORPORATION	24,000	2,297	47	2,250	0	(87)	(111)	(0.05)
(Suzhou) SOARNEX TECHNOLOGY CO.,LTD	9,140	14,167	2,109	12,058	44,580	(1,215)	(964)	-

Note1：Cameo Technolog Developement (Shenzhen) Co., Ltd. completed its liquidation and in March 2012, and the payment for shares of US$177 thousand, was refunded to Huge Castle Ltd on November 28, 2013 with the approval of the Investment Commission, Ministry of Economic Affairs.

Note2：WIDE VIEW TECHNOLOGY INC. completed its liquidation in September 2018, and the payment for shares of US$740 thousand, was refunded to Luis Jo'se Investment Inc. on September 4, 2018 with the approval of the Investment Commission, Ministry of Economic Affairs,

II.Consolidated financial statements of affiliated companies：Please refers to page163 to 228.

Representation Letter

The entities that are required to be included in the combined financial statements of Cameo Communications, Inc. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Cameo Communications, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.
Company name: Cameo Communications, Inc.
Chairman: Jerry Chien
Date: March 24, 2021

III. The relation report：N/A。

II. Private Placement Securities in the Most Recent Years：

<table>
<tr><td>Item</td><td colspan="5">20201st Private Placement Issue Date: April 15, 2021.(Delivery date)</td></tr>
<tr><td>Securities under private placement</td><td colspan="5">Common stock</td></tr>
<tr><td>Date of resolution and approved quantity</td><td colspan="5">Date of share meeting: September 21, 2020.
The total amount of private placement of common stockis no more than 150,000,000 shares,which the board of directors authorized to be issued once within a year.</td></tr>
<tr><td>Basis and rationale for price setting</td><td colspan="5">The pricing of the private common stock is determined in accordance with the" Directions for Public Companies Conducting Private Placements of Securities",The price per share of private placement would be not lowerthan 80% of the reference price.The reference price shall be the higher of thefollowing two calculations:
a. The simple average closing price of the common stock of the TWSElisted or TPEx listed company for either the 1, 3, or 5 business daysbefore the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
b. The simple average closing price of the common stock of the TWSElisted or TPEx listed company for the 30 business days before the pricedetermination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.</td></tr>
<tr><td>Selection method of specified parties</td><td colspan="5">In accordance with Article 43-6 of the Securities and Exchange Act.</td></tr>
<tr><td>Reasons for private placement</td><td colspan="5">If the funds are raised by publicly raised securities, it may not be easy to obtain the required funds in a short period of time. Taking the timeliness and convenience of raising funds into considerdation, the Companyconduct private placement to raise funds from specific people in order to strengthen the financial structure and enrich operations funds.</td></tr>
<tr><td>Date of payment and completion</td><td colspan="5">February 9, 2021.</td></tr>
<tr><td rowspan="3">Information on contributing parties</td><td>Target</td><td>Eligibility</td><td>Quantity Purchased</td><td>Relationship with the Company</td><td>Participation in Company Operations</td></tr>
<tr><td>D-Link Corporation</td><td>Article43-6,paragraph1,of the Securities AndExchange Act</td><td>97,680,000</td><td>Director</td><td>Director</td></tr>
<tr><td>JunYang Investment Co., Ltd.</td><td>Article 43-6,paragraph 1,of the Securities and Exchange Act</td><td>3,420,000</td><td>Director</td><td>Director</td></tr>
<tr><td>Actual purchase (or conversion) price</td><td colspan="5">NT$ 8.19 per share.</td></tr>
<tr><td>Difference between the actual purchase (or conversion) price and the reference price</td><td colspan="5">The actual private placement price NT$8.19 is 80.6% of the reference price NT$10.23.</td></tr>
<tr><td>Impact of private placement on shareholders’ equity (ex. causing an increase in accumulated losses)</td><td colspan="5">The method for setting the price of common stockof private placement is in accordance with the laws and regulations of the competent authority.In order to increase the willingness to subscribesince the closing price of common stock of the company is currently lower than the par value of the stock, the actual private placement price is lower than that of the stock to cause the company to incur cumulative losses is reasonable.The company will take capital reduction, surplus or capital reserve to make up for losses into consideration depending operations.</td></tr>
</table>

Use of funds from private placement and progress of proposed plans	Expected to be completed in 2021 Q4.
Effectiveness of private placement	Private placement ofcommon stock is to enrich working capital, which is expected to strengthen financial structure and enhance operations, andhave positive effect on shareholders' equity

III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most RecentYear : None.

IV. Other supplementary matters: None.

V. Any event that results in substantial impact upon shareholders' equity orprices of the Corporation's securities as prescribed by Article 36,Paragraph 3, Subparagraph 2 of the Securities and Exchange Act thathave occurred in the most recent year up to the publication date of thisannual report: In the second quarter of 2020, the company changed one third of its directors. At present, the company has no new major operating business for more than 50% of the net operating income of the current period, so there should be no significant impact on the company's daily operations.

Independent Auditors' Report

To the Board of Directors of Cameo Communications, Inc.:

Opinion

We have audited the financial statements of Cameo Communications, Inc.("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit of the financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission on February 25, 2020, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(n) and Note 6(q) for accounting policy and detailed disclosure of revenue, respectively.

   Description of key audit matter:

   Cameo Communications, Inc. is a listed company primarily engaged in the manufacture and sale of wired and wireless communications products. As one of important items of the financial statements, the amount and movements in operating revenue may impact the understanding of the financial statements as a whole. Therefore, testing of revenue recognition has been identified as one of the key audit matters in our audit of the financial report.

   How the matter was addressed in our audit:

   The principal auditing procedures for the above key audit matters included the relevant controls of testing related to the sales and payment collection cycles; checking and reconciliating the sales system information and the general ledger; comparing the movements of the top ten customers in the current and previous years as well as analyzing the changes in the revenue with respect to each product and the price thereof to assess if there were material anomalies; conducting a sampling of sales transactions in the periods before and after the balance sheet date and checking the relevant certificates to assess whether or not the timing and amount of the recognition of the operating revenue were in accordance with pertinent accounting standards.

2. Valuation of inventories

   For the accounting policies for valuation of inventories, please refer to Note 4(g); for accounting estimates of inventory valuation, please refer to Note 5; for disclosures regarding inventories, please refer to Note 6(f).

   Description of key audit matter:

   The major business activities of the Company are the sale of wireless and wired communications products, with ODM, its core competitiveness, coupled with OEM, to establish a business model. Electronic products may experience price declines due to horizontal competition and advancing technology, and the amount of inventories will influence the understanding of the financial statements as a whole. Therefore, the testing of inventory valuation was determined to be one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matters above, our principal audit procedures included testing relevant controls over the operating cycle of cost, assessing whether the Company’s recognition of inventory write-downs and obsolescence loss were carried out according to the Company’s policies and relevant accounting standards. In addition, we assessed the reasonableness of management's estimate of allowances for inventory valuation through reviewing the inventory aging report, with a focus on inventories that had a longer inventory age, so as to understand the sales thereof subsequent and to assess the measurement basis adopted for their net realizable values.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Jui-Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2021

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 285,969	6	658,965	14
1110	Current financial assets at fair value through profit or loss (note 6(b))	4,930	-	-	-
1170	Notes and trade receivables, net (notes 6(c) and 6(q))	585,514	13	386,252	8
1180	Trade receivables due from related parties, net (notes 6(c), 6(q) and 7)	344,161	7	387,485	8
1200	Other receivables (note 6(d))	28,551	1	21,609	1
1210	Other receivables due from related parties (notes 6(d) and 7)	18,230	-	19,551	-
1220	Current tax assets	814	-	618	-
1310	Inventories, net (note 6(e))	538,655	12	396,161	8
1470	Other current assets	70,612	2	49,895	1
		1,877,436	41	1,920,536	40
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(f))	931,713	20	998,381	21
1600	Property, plant and equipment (notes 6(g) and 8)	1,679,721	36	1,687,501	35
1755	Right-of-use assets (note 6(h))	16,876	-	48,778	1
1780	Intangible assets (note 6(i))	23,913	1	21,337	1
1975	Net defined benefit assets, non-current (note 6(m))	19,171	-	18,614	-
1990	Other non-current assets (notes 6(a) and 8)	66,839	2	63,405	2
		2,738,233	59	2,838,016	60
	Total assets	$ 4,615,669	100	4,758,552	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 412,407	9	400,000	8
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	2,684	-	-	-
2170	Trade payables	481,207	10	313,550	7
2180	Trade payables to related parties (note 7)	272,724	6	504,572	11
2200	Other payables	190,808	4	287,849	6
2220	Other payables to related parties (note 7)	123,685	3	135,091	3
2280	Current lease liabilities (note 6(l))	17,200	-	29,351	1
2305	Other current liabilities	56,879	1	65,271	1
		1,557,594	33	1,735,684	37
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(k) and 8)	1,089,199	24	700,000	15
2580	Non-current lease liabilities (note 6(m))	-	-	20,039	-
		1,089,199	24	720,039	15
	Total liabilities	2,646,793	57	2,455,723	52
	Equity capital (note 6(o)):				
3110	Ordinary shares	2,296,792	50	2,682,357	56
3200	Capital surplus	-	-	415,638	9
3300	Retained earnings	(229,208)	(5)	(573,913)	(12)
3400	Other equity	(98,708)	(2)	(221,253)	(5)
	Total equity	1,968,876	43	2,302,829	48
	Total liabilities and equity	$ 4,615,669	100	4,758,552	100

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(q) and 7)	$ 3,275,514	100	3,362,184	100
5000	Operating costs (notes 6(e), 6(g), 6(h), 6(i), 6(m), 7 and 12)	3,146,724	96	3,246,883	97
5900	**Gross profit**	128,790	4	115,301	3
5910	Unrealized profit (loss) from sales	(211)	-	-	-
	Gross profit from operations	128,579	4	115,301	3
6000	**Operating expenses (notes 6(c), 6(g), 6(h), 6(i), 6(m), 7 and 12):**				
6100	Selling expenses	104,736	3	104,281	3
6200	Administrative expenses	106,912	4	135,993	4
6300	Research and development expenses	263,396	8	233,684	7
6450	Expected credit impairment loss (gain)	(66)	-	(138)	-
		474,978	15	473,820	14
6900	**Net operating loss**	(346,399)	(11)	(358,519)	(11)
7000	**Non-operating income and expenses (notes 6(f), 6(l), and 7):**				
7050	Finance costs	(15,484)	-	(9,973)	-
7100	Interest income	4,044	-	10,381	-
7190	Other income	99,480	3	45,271	1
7210	Gains on disposal of property, plant and equipment	1,680	-	-	-
7230	Foreign exchange losses	(15,141)	-	(16,061)	-
7235	Gains on financial assets (liabilities) at fair value through profit or loss	4,863	-	-	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	(166,892)	(5)	(10,234)	-
7590	Other loss	(1,093)	-	-	-
		(88,543)	(2)	19,384	1
7900	**Loss from continuing operations before tax**	(434,942)	(13)	(339,135)	(10)
7950	Less: Income tax expenses (note 6(n))	-	-	-	-
	Loss	(434,942)	(13)	(339,135)	(10)
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified to profit or loss** (note 6(m))				
8311	Gains (losses) on remeasurements of defined benefit plans	452	-	(1,815)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may not be reclassified to profit or loss	99,643	3	9,190	-
8349	Income tax related to items that may not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified to profit or loss	100,095	3	7,375	-
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	894	-	(33,922)	(1)
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified to profit or loss	894	-	(33,922)	(1)
8300	**Total other comprehensive income**	100,989	3	(26,547)	(1)
	Total comprehensive income	$ (333,953)	(10)	(365,682)	(11)
	Basic earnings per share (note 6(p))				
9750	Basic earnings (loss) per share	$ (1.89)		(1.48)	

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Accumulated deficits	Retained Earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Total equity
Balance at January 1, 2019	$ 2,682,357	415,638	15,824	(248,787)	(232,963)	(31,276)	(165,245)	(196,521)	2,668,511
Loss for the year ended December 31, 2019	-	-	-	(339,135)	(339,135)	-	-	-	(339,135)
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(1,815)	(1,815)	(33,922)	9,190	(24,732)	(26,547)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(340,950)	(340,950)	(33,922)	9,190	(24,732)	(365,682)
Balance at December 31, 2019	2,682,357	415,638	15,824	(589,737)	(573,913)	(65,198)	(156,055)	(221,253)	2,302,829
Appropriation and distribution of retained earnings:									
Legal reserve used to offset accumulated deficits	-	-	(15,824)	15,824	-	-	-	-	-
Other changes in capital surplus:									
Capital surplus used to offset accumulated deficits	-	(415,638)	-	415,638	415,638	-	-	-	-
Loss for the year ended December 31, 2020	-	-	-	(434,942)	(434,942)	-	-	-	(434,942)
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	452	452	894	99,643	100,537	100,989
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(434,490)	(434,490)	894	99,643	100,537	(333,953)
Capital reduction to offset accumulated deficits	(385,565)	-	-	385,565	385,565	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(22,008)	(22,008)	-	22,008	22,008	-
Balance at December 31, 2020	**$ 2,296,792**	**-**	**-**	**(229,208)**	**(229,208)**	**(64,304)**	**(34,404)**	**(98,708)**	**1,968,876**

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020	2019
Cash flows from (used in) operating activities:			
Loss before tax	$	(434,942)	(339,135)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		136,632	122,304
Amortization expense		12,050	8,740
Gain on reversal of expected credit impairment loss		(66)	(138)
Net gain on financial assets or liabilities at fair value through profit or loss		(4,863)	-
Interest expense		15,484	9,973
Interest income		(4,044)	(10,381)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method		166,892	10,234
Gain on disposal of property, plant and equipment		1,680	-
Others		530	62
Total adjustments to reconcile profit (loss)		324,295	140,794
Changes in operating assets and liabilities:			
Decrease in on financial assets at fair value through profit or loss mandatorily measured at fair value		5,468	-
Increase in notes and trade receivables		(199,196)	(13,067)
Decrease in trade receivables due from related parties		43,324	73,731
Increase in other receivables		(5,625)	(14,564)
Increase in inventories		(142,494)	(139,443)
Increase in net defined benefit assets		(105)	(148)
Increase in other operating assets		(20,387)	(9,893)
Total changes in operating assets		(319,015)	(103,384)
Decrease in financial liabilities held for trading		(2,851)	-
Increase in trade payables		167,657	97,464
Decrease in trade payables to related parties		(231,848)	(457,576)
Increase (decrease) in other payables		35,867	(2,549)
Decrease in other operating liabilities		(8,392)	(11,180)
Total changes in operating liabilities		(39,567)	(373,841)
Total changes in operating assets and liabilities, net		(358,582)	(477,225)
Total adjustments		(34,287)	(336,431)
Cash outflow generated from operations		(469,229)	(675,566)
Interest received		4,048	10,500
Interest paid		(15,084)	(9,806)
Income taxes paid		(196)	(201)
Net cash flows used in operating activities		(480,461)	(675,073)
Cash flows from (used in) investing activities:			
Acquisition of property, plant and equipment		(236,179)	(217,166)
Proceeds from disposal of property, plant and equipment		(1,680)	-
Increase in refundable deposits		953	71
Acquisition of intangible assets		(14,626)	(7,851)
Decrease in other receivables from related parties		-	215,005
(Increase) decrease in other non-current assets		(4,387)	9,978
Net cash flows (used in) from investing activities		(255,919)	37
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		12,407	179,000
Proceeds from long-term borrowings		389,199	700,000
Increase in other payables to related parties		(11,330)	113,590
Payment of lease liabilities		(26,892)	(28,346)
Net cash flows from financing activities		363,384	964,244
Net (decrease) increase in cash and cash equivalents		(372,996)	289,208
Cash and cash equivalents at beginning of period		658,965	369,757
Cash and cash equivalents at end of period	$	285,969	658,965

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Cameo Communications, Inc. ("the Company") was incorporated on March 11, 1991, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The major business activities of the Company include the manufacture and sale of networking system equipment and the components thereof, and research and development of pertinent technology.

(2) Approval date and procedures of the financial statements:

The financial statements were authorized for issue by the Board of Directors on March 24, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform －Phase 2"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies:

The significant accounting policies applied in the preparation of these financial statements are set out as below. The following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability 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 issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI)–equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the 'trade receivables' line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, refundable deposits and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the net income, other comprehensive income and equity attributable to shareholders of the Company in the financial statement, are equal to those in the consolidated financial statements.

Changes in the Company’ s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	buildings and construction	5~50 years
2)	Machinery and equipment	2~8 years
3)	Office and other facilities	2~6 years
4)	Lease improvements	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset–this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

   - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

   - the relevant decisions about how and for what purpose the asset is used are predetermined and:

     — the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

     — the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments; including in-substance fixed payments:

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities of dormitories and photocopying equipment that have a lease term of 12 months or less, or leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Patents	1~10 years
2)	Computer software and others	1~10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts its non-financial assets (other than inventories, contract assets, deferred tax assets and the defined benefit assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. The transfer of control refers to the situation where the products have been delivered to and accepted by the customer without remaining performance obligations from the Company. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Government grants

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   1) the same taxable entity; or

   2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segments

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose the operating segments information in the financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

There were no critical judgments in applying the accounting policies that had significant effect on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As electronic products may experience price declines due to horizontal competition and advancing technology, inventories are measured at the lower of cost and net realizable value. Since the net realizable value is measured based on the estimated selling price of the Group under normal operations, there is uncertainty in valuation.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2020	December 31, 2019
Foreign currencies on hand and petty cash	$	1,356	1,392
Check and demand deposits		284,613	657,573
	$	285,969	658,965

As of December 31, 2020 and 2019, the Company's restricted time deposits recognized as other non-current assets amounted to $53,371 and $50,000, respectively. Please refer to Note 8 for details.

Please refer to Note 6(t) for exchange rate risk, interest rate risk, and the fair value sensitivity analysis of the financial assets of the Company.

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details on financial assets and liabilities at fair value through profit or loss were as follows:

		December 31, 2020	December 31, 2019
Financial assets mandatorily measured at fair value through profit or loss:			
Forward exchange contracts	$	4,930	-
Held for trading financial liabilities:			
Derivative instruments not used for hedging			
Forward exchange contracts	$	2,684	-

Please refer to note 6(t) for exposures to credit risk and currency risk.

(ii) Non-hedging derivative financial instruments

The Company uses derivative instruments to hedge foreign currency risk the Company is exposed to arising from its operating activities. The following derivative instruments not applied hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2020		
	Contract amount (in thousands)	Currency	Maturity period
Derivative financial assets:			
Forward exchange contracts	CNY31,049/ USD4,590	CNY/USD	January 5, 2021 to February 8, 2021

	December 31, 2020		
	Contract amount (in thousands)	**Currency**	**Maturity period**
Derivative financial liabilities:			
Forward exchange contracts	TWD116,486/ USD4,050	TWD/USD	January 7, 2021

(c) Notes and trade receivables (including related parties)

	December 31, 2020	**December 31, 2019**
Notes receivable from operating activities	$ -	40
Trade receivables－measured at amortized cost	929,675	402,285
Trade receivables－measured at fair value through other comprehensive income	-	377,027
	929,675	779,352
Less: loss allowance	-	(5,615)
Notes and trade receivables, net	$ 929,675	773,737

The Company has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Company applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information. The expected credit losses on notes and trade receivables were as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 919,935	0%	-
1~30 days past due	9,740	0%	-
	$ 929,675		-

	December 31, 2019		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 764,669	0%	-
1~30 days past due	8,196	0%	-
31~60 days past due	418	0%	-
91~180 days past due	454	0%	-
More than 181 days past due	5,615	100%	5,615
	$ 779,352		5,615

The movement in the allowance for notes and trade receivables were as follows:

	2020	**2019**
Balance at January 1	$ 5,615	5,753
Impairment losses reversed	(66)	(138)
Reclassification	(5,549)	-
Balance at December 31	$ -	5,615

(i) As of December 31, 2020, the Company did not enter into trade receivable factoring agreements with banks. As of December 31, 2019, the factoring amount granted by the banks was $449,700. Under the agreements, within the limit of the Company's credit facilities, it does need to guarantee the debtor's solvency at the time when the claim is transferred and when the obligations are due. Upon the sale of trade receivables, the Company will be advanced an agreed percentage, and pay interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the trade receivables and recorded as other receivables.

December 31, 2019					
Source of payment	**Total Factoring limit**	**Amount of resale**	**Amount advanced (Derecognized)**	**Collateral Item**	**Significant Transferring Terms**
Trade receivables from related parties	$ 449,700	-	-	None	None

(ii) The aforementioned financial assets were not pledged as collateral.

(d) Other receivables (including related parties)

	December 31, 2020	**December 31, 2019**
Other receivables	$ 60,334	49,164
Less: loss allowance	(13,553)	(8,004)
	$ 46,781	41,160

The movement in the allowance for other receivables were as follows:

		2020	2019
Balance at January 1	$	8,004	8,004
Reclassification		5,549	-
Balance at December 31	$	13,553	8,004

(e) Inventories

		December 31, 2020	December 31, 2019
Raw materials	$	311,402	229,816
Work in progress and semi-finished goods		129,593	67,073
Finished goods		97,660	99,272
	$	538,655	396,161

(i) Inventories written down to net realizable value recognized as operating cost were as follows:

		2020	2020
Write-down of inventories	$	11,299	15,700
Loss on disposal of inventory		1,419	335
Loss (gain) on physical inventory		(128)	5
Unallocated production overheads		164,956	186,044
	$	177,546	202,084

(ii) As of December 31, 2020 and 2019, the Company did not provide any inventories as collateral for its loans.

(f) Investment accounted for using equity method

A summary of the Company’ s financial information for equity accounted investees in reporting date is as follows:

		December 31, 2020	December 31, 2019
Subsidiaries	$	931,713	998,381

(i) Subsidiaries please refer to consolidated financial statements for the year ended December 31, 2020.

(ii) The share of loss of subsidiaries accounted for using equity method amounted $166,892 and $10,234 for the years ended December 31, 2020 and 2019, respectively.

(iii) As of December 31, 2020 and 2019, the Company did not provide any investment accounted for using the equity method as collateral for its loans.

(g) Property, plant and equipment

The movements in the cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	Land	Buildings and construction	Machinery and equipment	Molding equipment	Office and other facilities	Lease improvements	Construction in progress and testing equipment	Total
Cost or deemed cost:								
Balance at January 1, 2020	$ 362,839	1,136,803	545,403	110	50,791	23,921	6,918	2,126,785
Additions	-	6,071	85,707	3,330	7,687	-	-	102,795
Disposal and derecognition	-	-	(35,603)	-	-	-	-	(35,603)
Transferred into (out)	-	6,258	500	-	(500)	-	(6,918)	(660)
Balance at December 31, 2020	$ 362,839	1,149,132	596,007	3,440	57,978	23,921	-	2,193,317
Balance at January 1, 2019	$ 362,839	34,055	468,057	-	38,641	23,921	963,442	1,890,955
Additions	-	148,574	81,813	110	12,828	-	619	243,944
Disposal and derecognition	-	-	(5,300)	-	-	-	-	(5,300)
Transferred into (out)	-	954,174	833	-	(678)	-	(957,143)	(2,814)
Balance at December 31, 2019	$ 362,839	1,136,803	545,403	110	50,791	23,921	6,918	2,126,785
Depreciation and impairments loss:								
Balance at January 1, 2020	$ -	49,836	346,054	-	27,903	15,491	-	439,284
Depreciation	-	37,282	56,592	1,059	10,198	4,784	-	109,915
Disposal and derecognition	-	-	(35,603)	-	-	-	-	(35,603)
Transferred into (out)	-	-	10	-	(10)	-	-	-
Balance at December 31, 2020	$ -	87,118	367,053	1,059	38,091	20,275	-	513,596
Balance at January 1, 2019	$ -	16,284	304,266	-	19,981	10,707	-	351,238
Depreciation	-	33,552	47,088	-	7,922	4,784	-	93,346
Disposal and derecognition	-	-	(5,300)	-	-	-	-	(5,300)
Balance at December 31, 2019	$ -	49,836	346,054	-	27,903	15,491	-	439,284
Carrying amount:								
Balance at December 31, 2020	$ 362,839	1,062,014	228,954	2,381	19,887	3,646	-	1,679,721
Balance at January 1, 2019	$ 362,839	17,771	163,791	-	18,660	13,214	963,442	1,539,717
Balance at December 31, 2019	$ 362,839	1,086,967	199,349	110	22,888	8,430	6,918	1,687,501

(i) The Company, pursuant to IAS 36–Impairment of Assets, conducted an impairment assessment on the reporting date, and the assessment for 2020 and 2019 showed indicators of impairment, for which no impairment loss was recognized after performing an impairment test.

(ii) According to a resolution passed by the Company’ s Board of Directors on December 16, 2016, the construction of the new building of the headquarter in the Tainan Technology Industrial Park was undertaken by Lee Ming Construction Co., Ltd., with a contract price totaling $1,088,000 (including tax), which has been reclassified to buildings and construction and depreciated since its completion in early 2019.

(iii) As of December 31, 2020 and 2019, the property, plant, and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to Note 8.

(h) Right-of-use assets

(i) The movements in cost and depreciation of leased land, buildings and construction, and transportation equipment of the Company were as follows:

		Buildings and construction	Transportation equipment	Total
Cost:				
Balance at January 1, 2020	$	75,773	1,963	77,736
Decrease		(11,165)	-	(11,165)
Balance at December 31, 2020	$	64,608	1,963	66,571
Balance at January 1, 2019 (As of balance at December 31, 2019)	$	75,773	1,963	77,736
Accumulated depreciation and impairment losses:	$			
Balance at January 1, 2020		28,304	654	28,958
Depreciation		26,062	655	26,717
Decrease		(5,980)	-	(5,980)
Balance at December 31, 2020		48,386	1,309	49,695
Balance at January 1, 2019	$	-	-	-
Depreciation		28,304	654	28,958
Balance at December 31, 2019	$	28,304	654	28,958
Carrying amount:				
Balance at December 31, 2020	$	16,222	654	16,876
Balance at January 1, 2019	$	47,469	1,309	48,778
Balance at December 31, 2019	$	75,773	1,963	77,736

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2020 and 2019, were as follows:

		Patent	Computer software and others	Total
Cost:				
Balance at January 1, 2020	$	31,615	169,965	201,580
Additions		454	14,172	14,626
Derecognition		(27,170)	(879)	(28,049)
Balance at December 31, 2020	$	4,899	183,258	188,157

		Patent	Computer software and others	Total
Balance at January 1, 2019	$	31,295	161,835	193,130
Additions		320	7,531	7,851
Transferred into (out)		-	599	599
Balance at December 31, 2019	$	31,615	169,965	201,580
Amortization:				
Balance at January 1, 2020	$	30,727	149,516	180,243
Amortization		570	11,480	12,050
Derecognition		(27,170)	(879)	(28,049)
Balance at December 31, 2020	$	4,127	160,117	164,244
Balance at January 1, 2019	$	30,103	141,400	171,503
Amortization		624	8,116	8,740
Balance at December 31, 2019	$	30,727	149,516	180,243
Carrying amount:				
Balance at December 31, 2020	$	772	23,141	23,913
Balance at January 1, 2019	$	1,192	20,435	21,627
Balance at December 31, 2019	$	888	20,449	21,337

(i) The amortization of intangible assets for the year ended December 31, 2020 and 2019, were recognized as operating expense in the statement of comprehensive income.

(ii) As of December 31, 2020 and 2019, none of the Company’ s intangible assets was pledged as collateral.

(j) Short-term borrowings

		December 31, 2020	December 31, 2019
Letters of credit	$	412,407	400,000
Unused credit lines	$	249,493	649,600
Range of interest rates		0.93%~1.27%	1.08%~3.48%

For information on the Company’ s interest risk, foreign currency risk, and liquidity risk, please refer to Note 6(t)

(k) Long-term borrowings

The Company’ s long-term borrowings details, conditions, and provisions were as follows:

	December 31, 2020				
	Currency	**Range of interest rates**	**Maturity year**		**Amount**
Secured loans	NTD	0.85%~1.13%	February 2035	$	1,000,000
Less: current portion		1.55%	October 2025		89,199
				$	1,089,199
Unused credit lines				$	110,801

	December 31, 2019				
	Currency	**Range of interest rates**	**Maturity**		**Amount**
Secured loans	NTD	1.05%	February 2021	$	700,000
Less: current portion					-
Total				$	700,000
Unused credit lines				$	-

(i) The proceeds from loan-term borrowings for 2020 was $389,199; the maturity of the $700,000 long-term borrowings due in February 2021 has been extended to February 2035.

(ii) The proceeds from loan-term borrowings for 2019 was $700,000, and a repayment of $224,715 has been made.

(iii) Information about the Company’ s risk exposure associated with interest rate, foreign currency, and liquidity is included in Note 6(t).

(iv) Please see Note 8 for the Company’ s property pledged as collateral to secure the long-term bank loans.

(l) Lease liabilities

The carrying amounts of the Company’ s lease liabilities were as follows:

	December 31, 2020	**December 31, 2019**
Current	$ 17,200	29,351
Non-current	$ -	20,039

For the maturity analysis, please refer to Note 6(t).

The amounts recognized in profit or loss were as follow:

	2020	2019
Interest expense on lease liabilities	$ 508	982
Expenses relating to short-term leases	$ 1,291	1,895
Cost of low-value leased assets	$ 589	574

The amounts recognized in the statement of cash flows for the Company was as follows:

	2020	2019
Total cash outflow for leases	$ 29,280	31,797

(i) Real estate leases

The Company leases land and buildings for its plant and office space. The leases of land and office space typically run for 50 years and 5 years, respectively. Some leases included an option to renew the lease for an additional period of the same duration at the end of the lease term.

(ii) Other leases

The Company leased transportation equipment with leased terms of two to three years. In some cases, the Company has options to purchase the assets at the end of the leased period.

The Company also leased photocopying equipment and dormitories with leased periods of three to four years and two to three months, respectively. These leases are short-term and leases of low value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value was as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 59,874	58,455
Fair value of plan assets	(79,045)	(77,069)
Net defined benefit liabilities (Assets)	$ (19,171)	(18,614)

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan, which provides pensions for employees upon retirement. Under the Labor Standards Act, each employee’s retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $79,045 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Defined benefit obligations at January 1	$	58,455	55,237
Current service cost and interest cost		658	694
Actuarial (gain) loss arising from financial assumptions		1,937	4,537
Benefits paid		(1,176)	(2,013)
Defined benefit obligations at December 31	$	59,874	58,455

3) Movements in the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Fair value of plan assets at January 1	$	77,069	75,518
Interest income		763	842
Remeasurements of net defined benefit assets			
-Return on plan assets (excluding current interest)		2,389	2,722
Benefits paid		(1,176)	(2,013)
Fair value of plan assets at December 31	$	79,045	77,069

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Current service cost	$ 81	80
Net interest of net assets for defined benefit assets	(186)	(228)
	$ (105)	(148)
Operating cost	$ (58)	(58)
Selling expense	(11)	(22)
Administrative expenses	(8)	(16)
Research and development expenses	(28)	(52)
	$ (105)	(148)

5) Remeasurement values of net defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurements in net defined benefit assets recognized in other comprehensive income were as follows:

	2020	2019
Cumulative amount at January 1	$ 16,026	17,841
Recognized in current period	452	(1,815)
Cumulative amount at January 1	$ 16,478	16,026

6) Actuarial assumptions

The followings are the principal actuarial assumptions at the reporting dates:

	December 31, 2020	December 31, 2019
Discount rate	0.625%	1.000%
Future salary increase rate	2.000%	2.000%

The Company has suspended the allocation of its retirement reserve from September 2019 to August 2021, with the approval from the Department of Labor, Taipei City Government.

The expected allocation payment to be made by to the defined benefit plans for the one-year period after the reporting date is $0.

The weighted-average duration of the defined benefit plan is 12.8 years.

7) Sensitivity analysis

As of December 31, 2019 and 2018, the changes in main actuarial assumptions might have the following impact on the present value of the defined benefit obligation:

		Influences of defined benefit obligations	
		Increase 0.25%	**Decrease 0.25%**
December 31, 2020			
Discount rate	$	(1,647)	1,726
Future salary increasing rate		1,655	(1,591)
December 31, 2019			
Discount rate	$	(1,694)	1,772
Future salary increasing rate		1,702	(1,664)

The sensitivity analysis above assumed all other assumptions remained constant during the measurement. In practice, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(ii) Defined contribution plans

The continuing operations allocate 6% of each employee’ s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates the labor pension at a specific percentage to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company’ s pension costs under the defined contribution method amounted to $22,741 and $20,133 for the years ended December 31, 2020 and 2019, respectively. Payment to the Bureau of Labor Insurance has been made.

(n) Income taxes

(i) Income tax expense

1) The components of income tax expense for the years ended December 31, 2020 and 2019 were as follows:

		2020	**2019**
Current tax expense	$	-	-
Deferred tax expense		-	-
Income tax expense	$	-	-

2) The Company's income tax expense reconciled between the actual income tax expense and net loss before tax for the years ended December 31, 2020 and 2019, was as follows:

	2020	2019
Net loss before tax	$ (434,942)	(339,135)
Income tax using the Company's domestic tax rate	(86,988)	(67,827)
Tax-exempt income	55	244
Changes in unrecognized temporary differences	35,814	4,768
Changes in previously unrecognized tax losses	50,115	61,901
Other	1,004	914
	$ -	-

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities: None.

2) Unrecognized deferred tax assets

The Company's unrecognized deferred tax assets were as follows:

	December 31, 2020	December 31, 2019
Deductible temporary difference	$ 141,943	106,129
The carryforward of unused tax losses	174,476	128,338
	$ 316,419	234,467

Unrecognized deductible temporary difference were mainly items such as the Company's impairment loss on financial assets and recognized loss on investments in subsidiaries, which were not recognized as deferred tax assets since they are not very likely to be realized in the foreseeable future.

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The temporary difference associated with the net losses was not recognized as deferred tax assets as the Company is not expected to have sufficient taxable income to offset against temporary difference in the foreseeable future.

As of December 31, 2020, the unused loss carryforwards and the respective expiry years were as follows:

Year of loss	Amount of loss		Deductible balance	Expiry year
2014	$ 130,996	(amount approved)	70,157	2024
2017	117,081	(amount approved)	117,081	2027
2018	144,063	(amount approved)	144,063	2028
2019	290,504	(amount reported)	290,504	2029
2020	250,575	(amount recognized)	250,575	2030
	$ 933,219		872,380	

(iii) The Company's tax returns for the years through 2018 have been examined and approved by tax authorities.

(o) Capital and other equity

(i) Ordinary shares

As of December 31, 2020 and 2019, the Company's authorized share capital amounted to $4,000,000, divided into 400,000 thousand shares, with a par value of $10 per share. The aggregate amount of the aforesaid approved share capital comprised only ordinary shares, and $200,000 thereof was retained for the execution of employee stock options, divided into 20,000 thousand shares with a par value of $10 per share. As of December 31, 2020 and 2019, the Company has issued 229,680 thousand shares and 268,236 thousand shares, respectively, all of which have been paid up upon issuance.

Reconciliation of shares outstanding for the years ended December 31, 2020 and 2019, was as follows:

	Ordinary shares	
(Expressed in thousands of shares)	2020	2019
Balance at January 1	268,236	268,236
Capital reduction	(38,556)	-
Balance at December 31	229,680	268,236

Based on the resolution approved during the special shareholders' meeting on September 21, 2020, the Company reduced its capital by 38,556 thousand shares with reduction ratio of 14.37% to offset accumulated losses, which was declared effective by the FSC on October 21, 2020 and completed on December 30, 2020. Subsequent to the capital reduction, the shares issued amounted to 229,680 thousand shares, amounting to $2,296,792. The relevant statutory registration procedures have been completed on March 15, 2021.

A resolution was passed during the Company's special meeting of shareholders held on September 21, 2020 for the issuance of ordinary shares not exceeding 150,000 thousand shares under private placement within a year after the meeting. Subsequently, another resolution was approved in the Board of Director's meeting held on February 2, 2021 for the issuance of 101,100 thousand ordinary shares at a price of $8.19 per share under private placement, with par value of $10 per share, amounting to $1,011,000. The date of capital injection was February 17, 2021 and relevant statutory registration procedures have been completed on March 15, 2021.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) under the Securities and Exchange Act. The application of these shares to be traded on the Taiwan Stock Exchange is in accordance with the said section where the shares should be elapsed after a three year period from the delivery date of the private placement securities before applying for a public offering with the Financial Supervisory Commission.

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2020	December 31, 2019
Share capital	$ -	325,101
Treasury share transactions	-	11,543
Share option and others	-	78,994
	$ -	415,638

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. The capital reserve transferred from the paid-in capital in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulator.

The aforesaid capital surplus-share options and other capital surplus not stipulated by Article 241 of the R.O.C. Company Act shall not be transferred to capital increase and approved for distribution of cash dividends.

In the Company's special meeting of shareholders held on September 21, 2020, legal reserve of $15,824 and capital surplus of $415,638 were used to offset accumulated losses.

(iii) Retained earnings

1) Legal reserve

According to the R.O.C. Company Act, 10 percent of the net profit shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital. When a company incurs no loss and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may, pursuant to a resolution reached in a shareholders' meeting, be used to increase the common stock or be distributed as cash dividends.

2) Special reserve

In accordance with Rule No. 101001286519 issued by the FSC on April 6, 2012, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be appropriated from current and prior-year earnings. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the IFRS first time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distribution.

(iv) Distribution of earnings and dividend policy

In accordance with the Company's articles of incorporation, if there are earnings at year end, 10 percent should be set aside as legal reserve and special earnings reserve or reversal according to the Securities and Exchange Act and the Company's operations after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of Directors can propose methods of distribution to be approved by the shareholders' meeting. Cash dividends, however, shall account for at least 10 percent of every distribution. Cash dividends, however, shall account for at least 10 percent of every distribution.

The Company incurred loss in the years ended December,31, 2020 and 2019, hence there was no distributable earning. The related information mentioned above can be found on websites such as the Market Observation Post System.

(p) Earnings (loss) per share

The Company's basic earnings (loss) per share were calculated as follows:

	2020	2019
Basic earnings (loss) per share (in New Taiwan Dollars)		
Net profit (loss) attributable to ordinary shareholders of the Company	$ (434,942)	(339,135)
Weighted-average number of ordinary shares outstanding (in thousand shares)	229,680	229,680
Basic earnings (loss) per share (in New Taiwan Dollars)	$ (1.89)	(1.48)

The aforesaid weighted-average number of shares outstanding was adjusted retroactively according to the capital reduction to offset accumulated deficits, and the relevant statutory registration procedures of the capital reduction effective dated December 30, 2020 have been completed on March 15, 2021.

During 2020 and 2019, the Company was not impacted by the effects of dilutive potential ordinary shares.

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020	2019
Main Market:		
Japan	$ 1,379,576	1,056,899
Netherlands	821,782	958,979
United States	487,340	557,598
China	30,168	93,539
Other	556,648	695,169
	$ 3,275,514	3,362,184
Major product:		
Wired communication products	1,949,716	2,337,934
Wireless communication products	1,229,630	930,947
Repairs and maintenance revenues and others	96,168	93,303
	$ 3,275,514	3,362,184

(ii) Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and trade receivables	$ 929,675	779,352	840,016
Less: loss allowance	-	(5,615)	(5,753)
	$ 929,675	773,737	834,263

For details on notes and trade receivables and the impairment thereof, please refer to Note 6(c).

(r) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute 3 to 10 percent of the profit as employee remuneration, and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated losses, the profit should be reserved to offset the losses. The recipients of shares and cash may include the employees of the affiliated companies who meet certain conditions stipulated by the Board of directors.

The Company incurred net loss before tax in the years ended December 31, 2020 and 2019, and thus, the Company was not required to accrue any remuneration to its employees and directors.

(s) Other income

The details of other income of the Company were as follows:

	2020	2019
Government grants	$ 36,250	-
Other	63,230	45,271
	$ 99,480	**45,271**

(t) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets, represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

For the years ended December 31, 2020 and 2019, the amount of sales to customers that contributed over 10% of the Company's operating revenue occupied 83% and 85% of the Company's total sales revenue, respectively. As of December 31, 2020 and 2019, the notes and trade receivables due from these customers accounted for 80% and 84% of the Company's total notes and trade receivables, respectively, exposing the Company to significant concentration of credit risk. The Company's credit risk management policy is detailed in Note 6(u).

(ii) Liquidity risk

The followings are the contractual maturities of financial liabilities, excluding the impact of estimated interest payments.

	Carrying amount	Contractual cash flows	1 year	1-2 years
December 31, 2020				
Non-derivative financial liabilities				
Short-term borrowings	$ 412,407	(412,407)	(412,407)	-
Trade payables (including related parties)	753,931	(753,931)	(753,931)	-
Other payables (including related parties)	314,493	(314,493)	(314,493)	-
Long-term borrowings	1,089,199	(1,089,199)	-	(1,089,199)
Lease liabilities (including current and non-current)	17,200	(17,200)	(17,200)	-
Derivative financial liabilities				
Foreign currency forward contracts				
Outflow	2,684	(116,486)	(116,486)	-
Inflow	-	113,785	113,785	-
	$ 2,589,914	(2,589,931)	(1,500,732)	(1,089,199)
December 31, 2019				
Non-derivative financial liabilities				
Short-term borrowings	$ 400,000	(400,000)	(400,000)	-
Notes and trade payables	818,122	(818,122)	(818,122)	-
Other payables (including related parties)	422,940	(422,940)	(422,940)	-
Long-term borrowings	700,000	(700,000)	-	(700,000)
Lease liabilities (including current and non-current)	49,390	(49,390)	(29,351)	(20,039)
	$ 2,390,452	(2,390,452)	(1,670,413)	(720,039)

The Company is not expecting the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Company's significant exposure to foreign currency risk was as follows:

Unit: foreign currency in thousands

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 38,765	USD/NTD =28.095	1,089,103	41,814	USD/NTD =29.980	1,253,584
CNY	202	CNY/NTD =4.319	872	3,503	CNY/NTD =4.305	15,080
Financial liabilities						
Monetary items						
USD	33,723	USD/NTD =28.095	947,448	30,244	USD/NTD =29.980	906,715
CNY	9,366	USD/CNY =4.319	40,452	4,711	USD/CNY =4.305	20,281

The Company's exposure to foreign currency risk mainly arose from the translation of cash and cash equivalents, trade receivables (including related parties), other receivables, other current financial assets, long-term and short-term borrowings, trade payables, and other payables denominated in foreign currency. Depreciation or appreciation of the USD against the NTD or the CNY against NTD by 5%, as of December 31, 2020 and 2019, with all other variables remained constant, would have increased or decreased the net loss before tax for the years then ended as follows:

	2020	2019
USD (against the NTD)		
Appreciation 5%	$ (7,083)	(17,343)
Depreciation 5%	7,083	17,343
CNY (against the NTD)		
Appreciation 5%	$ 1,979	260
Depreciation 5%	(1,979)	(260)

(iv) Exchange gains and losses of monetary items

Since the Company has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed on an aggregate basis. For the years ended December 31, 2020 and 2019, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $15,141 and $16,061, respectively.

(v) Interest rate analysis

The Company's exposure to interest rate risk arising from financial assets and liabilities was as follows:

	Carrying amount	
	December 31, 2020	**December 31, 2019**
Fixed rate instruments:		
Financial assets	$ **53,371**	**50,000**
Variable rate instruments:		
Financial assets	$ 282,430	655,015
Financial liabilities	(1,501,606)	(1,100,000)
	$ **(1,219,176)**	**(444,985)**

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivative financial instruments at the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Company's management for the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Company's net loss would have increased or decreased by 3,048 and 1,112 for 2020 and 2019, respectively. The basis of analysis was the same for both years, mainly due to the Company's borrowings and demand deposits at variable interest rates.

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income were measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information on the fair value hierarchy, but excluding the optional information on financial instruments whose fair values approximate their carrying amounts and lease liabilities) were as follows:

	December 31, 2020				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 4,930	-	4,930	-	4,930
Financial assets at amortized cost					
Cash and cash equivalents	285,969	-	-	-	-
Notes and trade receivables (including related parties)	929,675	-	-	-	-
Other receivables (including related parties)	46,781	-	-	-	-
Other non-current assets (restricted time deposits)	53,371	-	-	-	-
Other non-current assets (refundable deposits)	6,647	-	-	-	-
Subtotal	1,322,443				
	$ 1,327,373				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 2,684	-	2,684	-	2,684
Financial liabilities at amortized cost:					
Unsecured bank loans	412,407	-	-	-	-
Secured bank loans	1,089,199	-	-	-	-
Borrowings from related parties	123,580	-	-	-	-
Trade payables (including related parties)	753,931	-	-	-	-
Other payables (including related parties)	190,913	-	-	-	-
Lease liabilities (including current and non-current)	17,200	-	-	-	-
	$ 2,589,914				

	December 31, 2019				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Trade receivables (including related parties)	$ 377,027	-	377,027	-	377,027
Financial assets at amortized cost					
Cash and cash equivalents	658,965	-	-	-	-
Notes and trade receivables (including related parties)	396,710	-	-	-	-
Other receivables (including related parties)	41,160	-	-	-	-
Other non-current assets (restricted time deposits)	50,000	-	-	-	-
Other non-current assets (refundable deposits)	7,600	-	-	-	-
Subtotal	1,154,435				
	$ 1,531,462				
Financial liabilities at amortized cost:					
Unsecured bank loans	400,000	-	-	-	-
Secured bank loans	700,000	-	-	-	-
Borrowings from related parties	134,910	-	-	-	-
Notes and trade payable (including related parties)	818,122	-	-	-	-
Other payables (including related parties)	288,030	-	-	-	-
Lease liabilities (including current and non-current)	49,390	-	-	-	-
	$ 2,390,452				

2) Fair value valuation technique of financial instruments not measured at fair value

The Company's management considered that the disclosed carrying amounts of financial assets and financial liabilities measured at amortized cost approximated their fair values.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Fair value measurement of financial instruments was based on quoted market prices if these prices were available in an active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange was the basis of determining the fair value of the listed companies' equity instrument, and debt instrument that has the quoted price in an active market.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

The fair value of derivative instruments is based on quoted prices. The fair value of derivative financial instruments is estimated using a valuation technique, with estimates and assumptions based on the quotation information obtained from financial institutions, or the binomial pricing model widely accepted by market participants.

4) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2020 and 2019

(u) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Company. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's internal auditor oversaw how management monitored the risks that should have been be in compliance with the Company's risk management policies and procedures, and reviewed the adequacy of the risk management framework in relation to the risks faced by the Company. Internal auditor undertook both regular and ad hoc reviews of risk management controls and procedures, and the results of which were reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables due from customers and investments.

1) Trade receivables and other receivables

Management has established a credit policy, under which each new customer would be analyzed individually for creditworthiness before the Company's standard payment, delivery terms, and conditions are offered. The Company's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, and are reviewed periodically. The limits were reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

In order to reduce the credit risk for these trade receivables, the Company continues to evaluate the financial position of these customers and request for collaterals when necessary. Furthermore, the Company monitors and reviews the recoverable amount of the trade receivables and loss allowance for doubtful debts, with the amounts of loss expected by management.

The Company has established an allowance account for bad debts that reflects its estimate on incurred losses in respect of trade receivables and other receivables. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

2) Investments

The credit risks exposure in the bank deposits and other financial instruments were measured and monitored by the Company's finance department. Since the Company's transaction counterparties and the contractually obligated counterparties are banks and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk. As management actively monitors credit ratings and the Company can only invest in securities with high quality credit ratings, management does not expect any trading counterparty to be unable to fulfill its obligations.

3) Guarantees

The Company's policy is to provide financial guarantees only for subsidiaries with over 50% of their voting shares held by the Company. Please refer to note 7 for details of endorsements and guarantees provided by the Company for subsidiaries as of December 31, 2020 and 2019.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Bank loans are an important source of liquidity for the Company. As of December 31, 2020 and 2019, the Company's unused short-term credit lines were $249,493 and $649,600, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range, while optimizing the return.

1) Currency risk

The Company was exposed to currency risk on sales, purchases, and borrowings denominated in a currency other than the functional currencies of the Company. The primary functional currencies of the Company were denominated in US dollars and Renminbi, and there were also Hong Kong dollars, Euros and Yen.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and trading derivatives when necessary, to address short-term imbalances.

2) Interest rate risk

The Company borrowed funding at variable interest rates, which gave rise to cash flow risk.

(v) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. Management used the appropriate net debt/equity ratio to determine the most adequate capital structure of the Company. The Company aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time. The Company's liability-to-equity ratios at the end of each reporting period were as follows:

		December 31, 2020	December 31, 2019
Total liabilities	$	2,646,793	2,455,723
Less: Cash and cash equivalents		285,969	658,965
Net liabilities	$	2,360,824	1,796,758
Total equity	$	1,968,876	2,302,829
Net liability-to-equity ratio		120%	78%

The net debt-to-equity ratio increased as of December 31, 2020, primarily resulted from continued losses, in response to which ordinary shares for cash have been issued under private placement on February 17, 2021.

(w) Investing and financial activities not affecting current cash flow

The non-cash transactions for investing and financing activities of the Company were as follows:

(i) For right-of-use assets under leases, please refer to note 6(h).

(ii) Reconciliation of liabilities arising from financing activities was as follows:

				Non-cash changes	
		January 1, 2020	Cash Flow	Lease modifications	December 31, 2020
Short-term borrowings	$	400,000	12,407	-	412,407
Long-term borrowings		700,000	389,199	-	1,089,199
Other non-current liabilities		49,390	(26,892)	(5,298)	17,200
Total amount of liabilities arising from financing activities	$	1,149,390	374,714	(5,298)	1,518,806

		January 1, 2019	Cash Flow	December 31, 2019
Short-term borrowings	$	221,000	179,000	400,000
Long-term borrowings		-	700,000	700,000
Other non-current liabilities		77,736	(28,346)	49,390
Total amount of liabilities arising from financing activities	$	298,736	850,654	1,149,390

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that had transactions with the Company during the periods covered in the financial statements:

Name of related party	Relationship with the Company
Huge Castle Ltd.	Subsidiary
Qianjin Investment Co., Ltd.	〃
SOARNEX Technology Corporation	〃
Perfect choice Co., Ltd. (Perfect)	〃
CAMEO International Ltd.	〃
Nettech Technology (Suzhou) Co. Ltd.	〃
Suzhou Soarnex Technology Co., Ltd	〃
D-Link Corporation	The company director of the Company
D Link International Pte Ltd. (D Link International)	Subsidiary of D-Link Corporation
All Directors, general manager and deputy general manager	Key management personnel

(b) Significant transactions with related parties

(i) Sales to related parties

The amounts of significant sales by the Company to related parties and the outstanding balances are as follows:

		Sales		Trade receivables due from related parties	
		2020	2019	December 31, 2020	December 31, 2019
D-Link International	$	1,406,182	1,584,845	338,248	377,027
D-link Corporation		31,577	31,407	5,913	10,149
Subsidiaries		-	3,028	-	309
	$	1,437,759	1,619,280	344,161	387,485

The collection period of goods sold by the Company to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

(ii) Purchases from related parties

The amounts of purchases by the Company from related parties and the outstanding balances were as follows:

	Purchase		Trade payables to related parties	
	2020	2019	December 31, 2020	December 31, 2019
CAMEO International Ltd.	$ 531,451	1,999,589	272,724	504,572
Other related parties	-	2,097	-	-
	$ 531,451	2,001,686	272,724	504,572

The payment period for subsidiaries were executed in accordance with the actual financial position thereof, and two to three months for other related parties, which was not significantly different from the payment to ordinary vendors. Purchasing prices were based on general market price.

In 2020 and 2019, the Company purchased a portion of raw materials, outsourced the production to subsidiaries, and then purchased the finished goods from them. The raw materials were not classified as sales in the financial statements. Furthermore, the aforementioned purchases included the inventories whose unfinished production with materials purchased by the Company outsourced to subsidiaries.

Other receivables arising from the purchase of raw materials by the Company on behalf of its subsidiary, Nettech Technology, as of December 31, 2020 and 2019, amounted to $8,133 and $48,667, respectively; as of December 31, 2020 and 2019, the amount of trade payables for the purchase of the finished goods produced by Nettech Technology amounted to $280,857 and $553,239, respectively, and the net amounts were classified as trade payables based on actual transactions.

(iii) Payment to related parties

Miscellaneous expenses paid to related parties and the outstanding balances were as follows:

	Miscellaneous expenses		Other payables	
	2020	2019	December 31, 2020	December 31, 2019
CAMEO International Ltd.	$ 4,801	5,868	105	181
Other related parties	355	117	-	-
	$ 5,156	5,985	105	181

(iv) Received from related parties

Advances received by the Company from related parties netting to operating expense are set out below:

	Miscellaneous income		Other receivables	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
D-Link Corporation	$ 40,360	30,530	18,200	19,286
D-Link International	469	606	30	265
Subsidiaries	75	2,906	-	-
	$ 40,904	34,042	18,230	19,551

(v) Loans to related parties

1) Borrowing from related parties

The Company' s non-interest-bearing borrowing of funds from related parties in 2020 and 2019 due to capital demand was classified as other payables:

	December 31, 2020	**December 31, 2019**
Other payable to related parties		
Subsidiary－Perfect	$ 100,580	134,910
Other subsidiaries	23,000	-
	$ 123,580	134,910

The Company did not provide collateral for the aforementioned non-interest-bearing financing activities.

2) Loans to related parties

	December 31, 2020	**December 31, 2019**
Other receivables due from related parties (including interest receivables)		
Subsidiary－Nettech Technology	$ -	-

	Interest income	
	2020	**2019**
Subsidiary－Nettech Technology	$ -	5,640

As of December 31, 2019, the interest rate on loans to related parties was between 2.36% and 3.50%.

(vi) Guarantees

As of December 31, 2020 and 2019, the Company's endorsement and guarantee amounts for subsidiaries' bank loans were as follows:

	December 31, 2020	December 31, 2019
Subsidiaries	$ 280,950	539,800

As of December 31, 2020, the Company provided pledged collateral for bank loans of its subsidiary, CAMEO International Ltd.; please refer to note 8 for details.

(c) Key management personnel transactions

Key management personnel's compensation comprised:

	2020	2019
Short-term employee benefits	$ 23,689	24,902
Post-employment benefits	744	764
	$ 24,433	25,666

(8) Pledged assets:

The carrying amounts of the assets which the Company pledged as collateral were as follows:

Asset Name	Pledged to secure	December 31, 2020	December 31, 2019
Other non-current assets－restricted time deposits	Guarantee for customs duty	$ 3,371	-
Other non-current assets－restricted time deposits	Payment guarantee for suppliers	50,000	50,000
Property, plant, and equipment－land	Long-term bank loans	346,639	346,639
Property, plant, and equipment－buildings and construction	Long-term bank loans	1,022,087	1,053,060
		$ 1,422,097	1,449,699

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

A resolution was reached in the Company's meeting of board of directors held on February 2, 2021 for the issuance of 101,100 thousand ordinary shares at a price of $8.19 per share under private placement, with a par value of $10 per share, amounting to $1,011,000. The effective date of capital injection is February 17, 2021, and relevant statutory registration procedures have been completed on March 15, 2021, please refer to 4(o).

(12) Other disclosures:

(a) The summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

	For the years ended December 31					
	2020			2019		
By function / By item	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	225,006	260,127	485,133	146,124	262,419	408,543
Labor and health insurance	21,767	22,465	44,232	14,388	23,145	37,533
Pension	9,725	12,911	22,636	6,879	13,106	19,985
Remuneration of directors	-	725	725	-	682	682
Others	23,675	12,572	36,247	14,059	13,337	27,396
Depreciation	91,481	45,151	136,632	71,579	50,725	122,304
Amortization	3,148	8,902	12,050	-	8,740	8,740

Additional information on the number of employees and employee benefit expenses for the years ended December 31, 2020 and 2019 were as follow:

	2020	2019
Number of employees	866	767
Number of directors who were not employees	6	5
The average employee benefit	$ 684	648
The average salaries and wages	$ 564	536
Percentage change in average salary	5.22%	
Compensation to the supervisory	$ -	-

The Company's compensation policy (for directors, supervisors, executives, and employees) is as follows:

(i) The Company’ s policy for director compensation is implemented pursuant to the resolution of both the Compensation Committee and the Board of Directors.

1) Compensation of independent directors: Independent directors are remunerated quarterly despite the profit or loss of the Company; wherein discretionary adjustments may be made by the Compensation Committee based on their respective participation and contribution.

2) Compensation of directors: The Company does not provide remuneration for directors. However, profit shall be distributed as compensation pursuant to the Company's articles of Incorporation, wherein the Compensation Committee proposes the distribution scheme taking into account the overall performance of the Board and the Company, future operation, and risk appetite. The distribution proposal shall be approved by the Board of Directors and reported to the shareholders' meeting, and then be carried out according to the directors' respective participation and contribution.

(ii) Compensation of executives and staff: Pay adjustment shall be made based on annual performance evaluation and price level. In addition to base salary, year-end bonus and performance bonus are also included in the compensation package. In accordance with the Company's articles of Incorporation, the Company shall allocate employee compensation provided that there is profit for the year. Employees entitled to the aforementioned employee compensation, either in stock or in cash, may include affiliates' employees who meet certain conditions stipulated by the Board of Directors.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Company for the as of December 31, 2020:

(i) Loans to other parties:

Unit: foreign currency in thousand

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 4)
													Item	Value		
0	The Company	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Other receivables	Yes	USD11,800 331,521	USD8,000 224,760	-	TAIFX1 monthly interest rate plus 0.2%	2	-	Funding provided for affiliates	-		-	787,551	787,551
1	Perfect choice Co., Ltd.	The Company	〃	〃	USD4,500 126,428	USD4,500 126,428	USD3,580 100,580	-	〃	-	Working capital for parent	-		-	286,769	286,769
〃		Huge Castle Ltd	〃	〃	USD700 19,666	USD600 16,857	USD300 8,429	-	〃	-	Working capital for parent	-		-	286,769	286,769
	Total			〃		**143,285**				-						
2	Luis Jo'se Investments Inc.	Huge Castle Ltd	〃	〃	CNY2,000 8,638	CNY2,000 8,638	CNY1,990 8,595	-	〃	-	Working capital for parent	-		-	11,594	11,594
3	Qianjin Investment Co., Ltd	The Company	〃	〃	23,000	23,000	23,000	-	〃	-	Working capital for parent	-		-	80,675	80,675

Note 1: The numbering is as follows:
(i) "0" represents the Company
(ii) Subsidiaries are numbered starting from "1".
Note 2: The highest balance for the period was calculated based on the exchange rate of December 31, 2020.
Note 3: 1 represents a trading counterparty; 2 indicates the necessity of short-term financing.
Note 4: According to each subsidiary's "Procedures for Loans to Other Parties", for other companies or entities having short-term financing needs, the amount of loan to a single entity shall not exceed 40% of the net worth reported in the latest financial statements as of December 31, 2020. For subsidiaries whose voting shares are 100% owned, directly or indirectly, by the parent company, or for the loans between subsidiaries, the preceding limit does not apply; however, the total amount of loans shall not exceed 40 % of the net worth reported in the latest financial statements as of December 31, 2020. The aforementioned "Procedures for Loans to Other Parties" were approved in a shareholders' meeting held on June 16, 2017.
Note 5: USD is expressed in thousands of dollars.

(ii) Guarantees and endorsements for other parties:

Unit: foreign currency in thousand

No. (Note1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CAMEO International Ltd.	Subsidiary	2,296,792 (Note 2)	USD10,000 NTD240,000 520,950	USD10,000 280,950	-	-	14.27%	2,296,792	Y	N	N

Note 1: The numbering is as follows:
(i) “0” represents the Company
(ii) Subsidiaries are numbered starting from “1”.
Note 2: The Company’s endorsement/guarantee provided for the affiliates shall not exceed the paid-in capital ($2,296,792) reported in the latest financial statements as of December 31, 2020, and the endorsement/guarantee provided for an single non-affiliated entity shall not exceed one tenth of the capital ($229,679) reported in the latest financial statements as of December 31, 2020.
Note 3: The maximum endorsement/guarantee balance for the period was calculated based on the exchange rate for December 31, 2020.
Note 4: USD is expressed in thousands of dollars.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Harvatek Corporation	None	Financial assets at fair value through profit or loss	6,000	-	14.46%	-	(Note 1)
〃	Stock-Covia Inc.	〃	Financial assets at fair value through profit or loss	0.4	-	5.40%	-	(Note 2)
Qianjin Investment Co., Ltd.	D-Link CORPORATION	The company director of the Company	Financial assets at fair value through other comprehensive income	5,907	169,519	0.91%	169,519	

Note 1: Harvatek Corporation has been delisted since October 27, 2008, and the initial investment cost of it amounting to $60,000 has been fully recognized as loss by the Company.
Note 2: The investment in Covia Inc. investment valued at impairment loss amounting to $13,211, and the impairment loss has been fully recognized by the Company.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

			Transaction details				Transactions with terms different from others		Notes/Trade receivables (payables)	
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)
The Company	D-Link International Pte Ltd.	Subsidiary of D-link	Sale	(1,406,182)	(43)%	90 days after delivery	-		Trade receivables 338,248	36%
〃	CAMEO International Ltd.	Subsidiary	Purchasing and processing expenses	531,451	19%	38 days	-		Trade payables (272,724)	(38)%
CAMEO International Ltd.	The Company	Parent	Sale	(531,451)	(100)%	38 days	-		Trade receivables 272,724	100%
〃	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Affiliates	Purchasing and processing expenses	531,451	100%	38 days	-		Trade payables (272,724)	100%
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	CAMEO International Ltd.	Affiliates	Sale	(531,451)	(48)%	38 days	-		Trade receivables 272,724	94%

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Remark
					Amount	Action taken			
The Company	D-Link International Ltd.	Subsidiary of D-link Corporation	Trade receivables 338,248	3.93	-		226,594	-	
CAMEO International Ltd.	The Company	Parent	Trade receivables 272,724	1.37	-		254,735	-	
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	CAMEO International Ltd.	Affiliates	Trade receivables 272,724	1.41	-		254,735	-	
Perfect Choice Co Ltd.	The Company	Parent	Other receivables 100,580	-	-		-	-	(Note 2)

Note 1: Information as of March 24, 2021.
Note 2: Loans to other parties.

(ix) Trading in derivative instruments: Please refer to 6(b).

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

Unit: in thousands share

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value		
The Company	Huge Castle Ltd.	Samoa	Investment holding	1,162,507	1,162,507	38,398	100%	730,350	(166,614)	(166,614)
〃	Qianjin Investment Co., Ltd.	Taiwan	Investment holding	270,000	270,000	27,000	100%	201,688	(278)	(278)
Less: Unrealized profits (losses) of affiliates								(325)		
								931,713		(166,892)
Qianjin Investment Co., Ltd.	Soarnex Holding Co., Ltd.	Taiwan	International trade	24,000	24,000	2,400	100%	2,250	(111)	(111)
Soarnex Technology Corporation	Soarnex holding Co., Ltd.	Samoa	Investment holding	0.03	0.03	0.001	100%	-	-	-
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Mauritius	Investment holding and trading	788,294	788,294	2,700	100%	716,923	(155,051)	(155,051)
〃	Luis Jo'se Investments Inc.	The British Virgin Islands	Investment holding	43,673	43,673	1,362	100%	28,984	(1,191)	(1,191)
〃	CAMEO International Ltd.	Samoa	Import and export trade	0.03	0.03	0.001	100%	4,213	(266)	(266)

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: foreign currency in thousands

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance earnings as in current period	Note
					Outflow	Inflow							
Cameo Technology Development (Shenzhen) Co., Ltd.	R&D for communications technology and products	- (USD-)	Indirect investments in Mainland China through companies registered in a third region.	17,175 (USD500)	-	-	17,175 (USD500)	-	- %	-	(Note 3)	-	(Note 3)
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Production, processing, and sale of electronic communications equipment	811,770 (USD27,714)	〃	788,294 (USD24,653)	-	-	788,294 (USD24,653)	(119,401)	100%	(119,401)	804,418	-	(Note 2)
WIDE VIEW TECHNOLOGY INC.	R&D, production, and sale of electronic components	- (USD-)	〃	20,923 (USD663)	-	-	20,923 (USD663)	N/A	- %	NA	(Note 4)	-	(Note 4)
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064 (CNY5,000)	〃	-	-	-	-	(964)	100%	(964)	12,058	-	(Notes 2 and 5)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
826,392 (US$25,816)	839,577 (US$26,261)	1,181,326

Note 1: The investment limit in Mainland China was calculated based on the official document 006130 announced by the MOEAIC on November 16, 2001.

Note 2:The investment income (loss) were based on the financial statements audited by the Company's accountants and was accounted for using the equity method.

Note 3: Cameo Technology Development (Shenzhen) Co., Ltd. completed its liquidation and in March 2012, and the payment for shares of US$177 thousand, was refunded to Huge Castle Ltd on November 28, 2013 with the approval of the Investment Commission, Ministry of Economic Affairs.

Note 4: WIDE VIEW TECHNOLOGY INC. completed its liquidation in September 2018, and the payment for shares of US$740 thousand, was refunded to Luis Jo'se Investment Inc. on September 4, 2018 with the approval of the Investment Commission, Ministry of Economic Affairs,

Note 5: It was an investment by NETTECH TECHNOLOGY (SUZHOU) CO., LTD based in Mainland China through self-funding. In August 2019, NETTECH TECHNOLOGY transferred 100% of the shareholdings to Luis Jo'se Investment.

(iii) Significant transactions:

The significant inter-company transactions with investees in Mainland China for the year ended 2020, direct or indirect, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Unit: Share

Shareholding / Shareholder's Name	Shares	Percentage
D-Link CORPORATION	46,543,145	17.35%
Horizon Securities Corp.	26,500,000	9.87%

Note: (1) The table shows principal shareholders information, including shareholders holding more than 5% of the Company's delivered uncertificated/scripless shares (including treasury shares), with ordinary shares and preference shares combined at the last operating date of each quarter. As a result of different basis of calculation, there may be inconsistency between share capital reported in the financial statements and the actual awarded number of uncertificated/scripless shares.

(2) For a situation where a shareholder entrusted the shareholdings, the individual account of the settlor opened by the trustee was disclosed. The shareholders' reported insider's shares that exceeded 10% of the Company's total capital in accordance with Securities and Exchange Act, including personal holdings, plus trusted shares with voting rights. Please refer to the Public Information Observatory for information on the reporting of insider's shares.

(3) The relevant statutory registration procedures of the Company's capital reduction dated December 30, 2020 have not been completed until March 15, 2021; therefore, the number of shares above is shown by the number of shares before the capital reduction.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended 2020.

Independent Auditors' Report

To the Board of Directors of Cameo Communications, Inc.:

Opinion

We have audited the consolidated financial statements of Cameo Communications, Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission on February 25, 2020, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(n) and Note 6(r) for accounting policy and detailed disclosure of revenue, respectively.

   Description of key audit matter:

   Cameo Communications, Inc. is a listed company primarily engaged in the manufacture and sale of wired and wireless communications products. As one of important items of the consolidated financial statements, the amount and movements in operating revenue may impact the understanding of the consolidated financial statements as a whole. Therefore, testing of revenue recognition has been identified as one of the key audit matters in our audit of the consolidated financial report.

   How the matter was addressed in our audit:

   The principal auditing procedures for the above key audit matters included the relevant controls of testing related to the sales and payment collection cycles; checking and reconciliating the sales system information and the general ledger; comparing the movements of the top ten customers in the current and previous years as well as analyzing the changes in the revenue with respect to each product and the price thereof to assess if there were material anomalies; conducting a sampling of sales transactions in the periods before and after the balance sheet date and checking the relevant certificates to assess whether or not the timing and amount of the recognition of the operating revenue were in accordance with pertinent accounting standards.

2. Valuation of inventories

   For the accounting policies for valuation of inventories, please refer to Note 4(h); for accounting estimates of inventory valuation, please refer to Note 5; for disclosures regarding inventories, please refer to Note 6(f).

   Description of key audit matter:

   The major business activities of the Group are the sale of wireless and wired communications products, with ODM, its core competitiveness, coupled with OEM, to establish a business model. Electronic products may experience price declines due to horizontal competition and advancing technology, and the amounts of inventories will influence the understanding of the financial statements as a whole. Therefore, the testing of inventory valuation was determined to be one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matters above, our principal audit procedures included testing relevant controls over the operating cycle of cost, assessing whether the Group's recognition of inventory write-downs and obsolescence loss were carried out according to the Group's policies and relevant accounting standards. In addition, we assessed the reasonableness of management's estimate of allowances for inventory valuation through reviewing the inventory aging report, with a focus on inventories that had a longer inventory age, so as to understand the sales thereof subsequent and to assess the measurement basis adopted for their net realizable values.

Other Matter

Cameo Communications, Inc. has prepared its parent-company-only financial statements 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group' s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Jui-Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2021

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 817,917	18	1,116,280	24
1110	Current financial assets at fair value through profit or loss (notes 6(b) and 6(r))	4,930	-	-	-
1170	Notes and trade receivables, net (notes 6(d) and 6(r))	600,267	12	414,885	9
1180	Notes and trade receivables due from related parties, net (notes 6(d), 6(r) and 7)	344,161	7	387,176	8
1200	Other receivables, net (note 6(e))	30,210	1	21,686	1
1210	Other receivables due from related parties, net (notes 6(e) and 7)	18,230	-	19,551	-
1220	Current tax assets	814	-	618	-
1310	Inventories, net (note 6(f))	704,533	15	670,631	14
1470	Prepayments and other current assets	78,812	2	58,500	1
		2,599,874	55	2,689,327	57
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	169,519	4	97,789	2
1600	Property, plant and equipment (notes 6(g) and 8)	1,763,854	38	1,795,368	37
1755	Right-of-use assets (note 6(h))	29,728	1	61,988	2
1780	Intangible assets (note 6(i))	24,625	1	22,809	-
1920	Refundable deposits	6,677	-	7,779	-
1975	Net defined benefit assets, non-current (note 6(n))	19,171	-	18,614	-
1990	Other non-current assets, others (notes 6(a) and 8)	60,209	1	56,261	2
		2,073,783	45	2,060,608	43
	Total assets	$ 4,673,657	100	4,749,935	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 540,720	12	487,321	10
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	2,684	-	-	-
2170	Trade payables	721,775	15	772,841	16
2200	Other payables	271,860	6	380,465	8
2250	Current provisions (note 6(m))	4,581	-	4,484	-
2280	Current lease liabilities (note 6(l))	17,200	-	29,351	1
2305	Other current liabilities	56,719	1	52,562	1
		1,615,539	34	1,727,024	36
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(k) and 8)	1,089,199	23	700,000	15
2580	Non-current lease liabilities (note 6(l))	-	-	20,039	-
2600	Other non-current liabilities	43	-	43	-
		1,089,242	23	720,082	15
	Total liabilities	2,704,781	57	2,447,106	51
	Equity (note 6(p)):				
	Equity attributable to owners of parent :				
3110	Ordinary share	2,296,792	50	2,682,357	57
3200	Capital surplus	-	-	415,638	9
3300	Retained earnings	(229,208)	(5)	(573,913)	(12)
3400	Other equity	(98,708)	(2)	(221,253)	(5)
	Total equity	1,968,876	43	2,302,829	49
	Total liabilities and equity	$ 4,673,657	100	4,749,935	100

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	$ 3,291,260	100	3,393,006	100
5000	Operating costs (notes 6(f), 6(g), 6(h), 6(i), 6(n) and 12)	3,216,162	98	3,167,173	93
5900	**Gross profit**	75,098	2	225,833	7
6000	**Operating expenses (notes 6(d), 6(g), 6(h), 6(i), 6(n), 7 and 12):**				
6100	Selling expenses	114,517	3	126,665	4
6200	Administrative expenses	143,130	4	183,340	5
6300	Research and development expenses	320,608	10	297,277	9
6450	Expected credit impairment loss (gain)	(66)	-	(18)	-
	Total operating expenses	578,189	17	607,264	18
6900	**Net operating loss**	(503,091)	(15)	(381,431)	(11)
7000	**Non-operating income and expenses (notes 6(b), 6(l), 6(t) and 7):**				
7050	Finance costs	(16,501)	-	(16,589)	-
7100	Interest income	12,804	-	19,293	1
7130	Dividend income	-	-	1,470	-
7190	Other income	92,192	3	49,990	1
7210	Gains on disposals of property, plant and equipment	1,881	-	1,066	-
7230	Foreign exchange losses	(26,361)	(1)	(10,517)	-
7235	Gains on financial assets (liabilities) at fair value through profit or loss	5,246	-	-	-
7590	Other loss	(1,145)	-	(2,465)	-
		68,116	2	42,248	2
7900	**Loss from continuing operations before tax**	(434,975)	(13)	(339,183)	(9)
7950	Less: Income tax expenses (income) (note 6(o))	(33)	-	(48)	-
	Loss	(434,942)	(13)	(339,135)	(9)
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	452	-	(1,815)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	99,643	3	9,190	-
8349	Income tax related to items that may not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified to profit or loss	100,095	3	7,375	-
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	894	-	(33,922)	(1)
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified to profit or loss	894	-	(33,922)	(1)
8300	**Other comprehensive income**	100,989	3	(26,547)	(1)
8500	**Total comprehensive income**	$ (333,953)	(10)	(365,682)	(10)
	Basic earnings per share (note 6(q))				
9750	Basic earnings (loss) per share	$	(1.89)		(1.48)

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
			Retained earnings			Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Accumulated deficits	Retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Total equity
Balance at January 1, 2019	$ 2,682,357	415,638	15,824	(248,787)	(232,963)	(31,276)	(165,245)	(196,521)	2,668,511
Loss for the year ended December 31, 2019	-	-	-	(339,135)	(339,135)	-	-	-	(339,135)
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(1,815)	(1,815)	(33,922)	9,190	(24,732)	(26,547)
Total comprehensive income for the year ended December 31, 2019	-	-	-	(340,950)	(340,950)	(33,922)	9,190	(24,732)	(365,682)
Balance at December 31, 2019	2,682,357	415,638	15,824	(589,737)	(573,913)	(65,198)	(156,055)	(221,253)	2,302,829
Appropriation and distribution of retained earnings:									
Legal reserve used to offset accumulated deficits	-	-	(15,824)	15,824	-	-	-	-	-
Other changes in capital surplus:									
Capital surplus used to offset accumulated deficits	-	(415,638)	-	415,638	415,638	-	-	-	-
Loss for the year ended December 31, 2020	-	-	-	(434,942)	(434,942)	-	-	-	(434,942)
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	452	452	894	99,643	100,537	100,989
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(434,490)	(434,490)	894	99,643	100,537	(333,953)
Capital reduction to offset accumulated deficits	(385,565)	-	-	385,565	385,565	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(22,008)	(22,008)	-	22,008	22,008	-
Balance at December 31, 2020	**$ 2,296,792**	-	-	**(229,208)**	**(229,208)**	**(64,304)**	**(34,404)**	**(98,708)**	**1,968,876**

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020	2019
Cash flows from (used in) operating activities:			
Loss before tax	$	(434,975)	(339,183)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		171,462	164,069
Amortization expense		12,863	9,834
Gain on reversal of expected credit impairment loss		(66)	(18)
Net gain on financial assets or liabilities at fair value through profit or loss		(5,246)	-
Interest expense		16,501	16,589
Interest income		(12,804)	(19,293)
Dividend income		-	(1,470)
Gain on disposal of property, plant and equipment		(1,881)	(1,066)
Others		217	526
Total adjustments to reconcile profit (loss)		181,046	169,171
Changes in operating assets and liabilities:			
Decrease in on financial assets at fair value through profit or loss mandatorily measured at fair value		5,851	44,735
(Increase) decrease in notes and trade receivables		(185,316)	2,860
Decrease in trade receivables due from related parties		43,015	72,670
Increase in other receivables		(7,848)	(6,275)
Decrease (increase) in other receivable due from related parties		1,321	(11,010)
(Increase) decrease in inventories		(34,158)	139,305
(Increase) decrease in other current assets		(19,982)	1,979
Increase in net defined benefit assets		(105)	(148)
Total changes in operating assets		(197,222)	244,116
Decrease in financial liabilities held for trading		(2,851)	-
Decrease in trade payables		(51,066)	(140,720)
Increase (decrease) in other payable		24,334	(10,904)
Increase (decrease) in other operating liabilities		4,254	(13,906)
Total changes in operating liabilities		(25,329)	(165,530)
Total changes in operating assets and liabilities, net		(222,551)	78,586
Total adjustments		(41,505)	247,757
Cash outflow generated from operations		(476,480)	(91,426)
Interest received		12,128	19,662
Dividends received		-	1,470
Interest paid		(16,056)	(16,412)
Income taxes paid		(163)	(153)
Net cash flows used in operating activities		(480,571)	(86,859)
Cash flows from (used in) investing activities:			
Proceeds from disposal of financial assets at fair value through other comprehensive income		27,913	-
Acquisition of property, plant and equipment		(247,120)	(221,074)
Proceeds from disposal of property, plant and equipment		2,074	1,142
Acquisition of intangible assets		(14,684)	(8,950)
Decrease in other financial assets		525	43,781
(Increase) decrease in other non-current assets		(3,371)	10,974
Net cash flows used in investing activities		(234,663)	(174,127)
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		53,399	181,347
Proceeds from long-term borrowings		389,199	700,000
Repayments of long-term borrowings		-	(224,715)
Payment of lease liabilities		(26,892)	(28,346)
Decrease in other non-current liabilities		-	(1)
Net cash flows from financing activities		415,706	628,285
Effect of exchange rate changes on cash and cash equivalents		1,165	(28,308)
Net (decrease) increase in cash and cash equivalents		(298,363)	338,991
Cash and cash equivalents at beginning of period		1,116,280	777,289
Cash and cash equivalents at end of period	$	817,917	1,116,280

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Cameo Communications, Inc. ("the Company") was incorporated on March 11, 1991, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The consolidated financial statements comprised the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities"). The major business activities of the Group include the manufacture and sale of networking system equipment and the components thereof, and research and development of pertinent technology.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on March 24, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

● Amendments to IFRS 3 "Definition of a Business"

● Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"

● Amendments to IAS 1 and IAS 8 "Definition of Material"

● Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

● Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"

● Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform —Phase 2"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies:

The significant accounting policies applied in the preparation of these consolidated financial statements are set out as below. The following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets measured at fair value through other comprehensive income are measured at fair value;

3) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of Subsidiary**	**Principal activity**	**December 31, 2020**	**December 31, 2019**	**Remark**
The Company	Qianjin Investment Co., Ltd.	Investment holding	100%	100%	
〃	Huge Castle Ltd.	Investment holding	100%	100%	
Qianjin Investment Co., Ltd.	SOARNEX TECHNOLOGY CORPORATION	International trade, and wholesale of telecommunications equipment and information software	100%	100%	
SOARNEX TECHNOLOGY CORPORATION	Soarnex Holding Co., Ltd.	Investment holding	100%	100%	
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Investment holding and trading	100%	100%	
〃	Luis Jo'se Investment Inc.	Investment	100%	100%	
〃	CAMEO International Ltd.	Import and export trade	100%	100%	
Perfect Choice Co., Ltd.	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Production, processing, and sale of electronic communications equipment	100%	100%	
Luis Jo'se Investment Inc.	Suzhou Soarnex Technology Co., Ltd	Software development and software services on computer information systems	100%	100%	

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability 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 issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI)–equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI. However, they are included in the ‘trade receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, refundable deposits and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	buildings and construction	5~50 years
2)	Machinery and equipment	2~10 years
3)	Office and other facilities	1~10 years
4)	Lease improvements	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

   - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
   - the relevant decisions about how and for what purpose the asset is used are predetermined and:
     - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
     - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments; including in-substance fixed payments:
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is any lease modifications

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities of dormitories and photocopying equipment that have a lease term of 12 months or less, or leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Patents	1~10 years
2)	Computer software and others	1~10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts its non-financial assets (other than inventories, contract assets, deferred tax assets and the defined benefit assets to determine whether there is any indication of impairment. If any such indication exists, then the asset' s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. The transfer of control refers to the situation where the products have been delivered to and accepted by the customer without remaining performance obligations from the Group. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Group has objective evidence that all criteria for acceptance have been satisfied.

Trade receivables are recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

There were no critical judgments in applying the accounting policies that had significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As electronic products may experience price declines due to horizontal competition and advancing technology, inventories are measured at the lower of cost and net realizable value. Since the net realizable value is measured based on the estimated selling price of the Group under normal operations, there is uncertainty in valuation.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Foreign currencies on hand and petty cash	$ 1,386	1,422
Check and demand deposits	536,244	812,461
Time deposits	280,287	302,397
	$ 817,917	1,116,280

As of December 31, 2020 and 2019, the Group's restricted time deposits recognized as other non-current assets amounted to $53,371 and $50,000, respectively. Please refer to Note 8 for details.

Please refer to Note 6(u) for exchange rate risk, interest rate risk, and the fair value sensitivity analysis of the financial assets of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details on financial assets and liabilities at fair value through profit or loss were as follows:

	December 31, 2020	December 31, 2019
Financial assets mandatorily measured at fair value through profit or loss:		
Forward exchange contracts	$ 4,930	-
Held for trading financial liabilities:		
Derivative instruments not used for hedging		
Forward exchange contracts	$ 2,684	-

Please refer to note 6(u) for exposures to credit risk and currency risk.

(ii) Non-hedging derivative financial instruments

The Group uses derivative instruments to hedge foreign currency risk the Group is exposed to arising from its operating activities. The following derivative instruments not applied hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2020		
	Contract amount (in thousands)	**Currency**	**Maturity period**
Derivative financial assets:			
Forward exchange contracts	CNY31,049/ USD4,590	CNY/USD	January 5, 2021 to February 8, 2021
Derivative financial liabilities:			
Forward exchange contracts	TWD116,486/ USD4,050	TWD/USD	January 7, 2021

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

	December 31, 2020	**December 31, 2019**
Equity investments at fair value through other comprehensive income:		
Listed common shares of domestic company	$ 169,519	97,789

(i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

(ii) During 2020 and 2019, the Group recognized $99,643 and $9,190 as other comprehensive income relating to investments in equity instruments designated at fair value through other comprehensive income, respectively. In 2020, the Group disposed of its financial assets designated at fair value through other comprehensive income, with a fair value of $27,913; upon derecognition, the loss on disposal accumulated in other equity, amounting to $22,008, have been transferred to retained earnings.

There were no disposal of strategic investments and transfer of any cumulative gain or loss within equity relating to these investments for the year ended December 31, 2019.

(iii) For the disclosure of market risk, please refer to Note 6(u).

(iv) The aforementioned financial assets were not pledged as collateral.

(d) Notes and trade receivables (including related parties)

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	$ 11,447	15,438
Trade receivables－measured at amortized cost	933,101	415,331
Trade receivables －measured at fair value through other comprehensive income	-	377,027
	944,548	807,796
Less: loss allowance	(120)	(5,735)
Notes and trade receivables, net	**$ 944,428**	**802,061**

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information. The expected credit losses on notes and trade receivables were as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 934,577	0%	-
1~30 days past due	9,740	0%	-
31~60 days past due	65	0%	-
61~90 days past due	29	0%	-
91~180 days past due	17	0%	-
More than 181 days past due	120	100%	120
	$ 944,548		**120**

	December 31, 2019			
	Gross carrying amount		**Weighted-average loss rate**	**Loss allowance provision**
Current	$	791,125	0%	-
1~30 days past due		9,567	0%	-
31~60 days past due		834	0%	-
61～90 days past due		81	0%	-
91～180 days past due		454	0%	-
More than 181 days past due		5,735	100%	5,735
	$	807,796		5,735

The movement in the allowance for notes and trade receivables were as follows:

		2020	**2019**
Balance at January 1	$	5,735	5,753
Impairment losses reversed		(66)	(18)
Reclassification		(5,549)	-
Balance at December 31	$	120	5,735

(i) As of December 31, 2020, the Group did not enter into trade receivables factoring agreements with banks. As of December 31, 2019, the factoring amount granted by the banks was $449,700. Under the agreements, within the limit of the Group' s credit facilities, it does need to guarantee the debtor' s solvency at the time when the claim is transferred and when the obligations are due. Upon the sale of trade receivables, the Group will be advanced an agreed percentage, and pay interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the trade receivables and recorded as other receivables.

December 31, 2019						
Source of payment		**Total Factoring limit**	**Amount of resale**	**Amount advanced (Derecognized)**	**Collateral Item**	**Significant Transferring Terms**
Trade receivables from related parties	$	449,700	-	-	None	None

(ii) The aforementioned financial assets were not pledged as collateral.

(e) Other receivables (including related parties)

	December 31, 2020	December 31, 2019
Other receivables	$ 61,993	49,241
Less: loss allowance	(13,553)	(8,004)
	$ 48,440	41,237

The movement in the allowance for other receivables were as follows:

	2020	2019
Balance at January 1	$ 8,004	8,004
Reclassification	5,549	-
Balance at December 31	$ 13,553	8,004

(f) Inventories

	December 31, 2020	December 31, 2019
Raw materials	$ 440,186	383,550
Work in progress and semi-finished goods	148,263	140,242
Finished goods	116,084	146,839
	$ 704,533	670,631

(i) Inventories written down to net realizable value recognized as operating cost were as follows:

	2020	2019
Write-down of inventories	$ 791	14,234
Loss on disposal of inventory	27,605	12,984
Loss (gain) on physical inventory	(128)	7
Unallocated production overheads	224,095	291,774
	$ 252,363	318,999

(ii) As of December 31, 2020 and 2019, the Group did not provide any inventories as collateral for its loans.

(g) Property, plant and equipment

The movements in the cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows：

	Land	Buildings and construction	Machinery and equipment	Molding equipment	Office and other facilities	Lease improvements	Construction in progress and testing equipment	Total
Cost or deemed cost:								
Balance at January 1, 2020	$ 362,839	1,672,714	745,201	53,914	98,149	23,921	6,919	2,963,657
Additions	-	6,071	89,030	9,266	9,369	-	-	113,736
Disposal and derecognition	-	(3,542)	(49,684)	(16,736)	(3,542)	-	-	(73,504)
Transferred into (out)	-	6,259	500	-	(500)	-	(6,919)	(660)
Effects of movements in exchange rates	-	1,698	387	(43)	92	-	-	2,134
Balance at December 31, 2020	**$ 362,839**	**1,683,200**	**785,434**	**46,401**	**103,568**	**23,921**	**-**	**3,005,363**
Balance at January 1, 2019	$ 362,839	590,755	740,214	81,245	106,357	23,921	963,289	2,868,620
Additions	-	148,574	83,877	1,242	13,540	-	619	247,852
Disposal and derecognition	-	-	(71,002)	(26,461)	(19,875)	-	-	(117,338)
Transferred into (out)	-	954,174	-	-	-	-	(956,989)	(2,815)
Effect of movements in exchange rates	-	(20,789)	(7,888)	(2,112)	(1,873)	-	-	(32,662)
Balance at December 31, 2019	**$ 362,839**	**1,672,714**	**745,201**	**53,914**	**98,149**	**23,921**	**6,919**	**2,963,657**
Depreciation and impairments loss:								
Balance at January 1, 2020	$ -	493,674	538,061	47,416	73,647	15,491	-	1,168,289
Depreciation	-	49,417	61,570	5,446	23,127	4,785	-	144,345
Disposal and derecognition	-	(1,825)	(49,684)	(16,736)	(5,066)	-	-	(73,311)
Transferred into (out)	-	-	10	-	(10)	-	-	-
Effects of movements in exchange rates	-	1,534	420	(20)	252	-	-	2,186
Balance at December 31, 2020	**$ -**	**542,800**	**550,377**	**36,106**	**91,950**	**20,276**	**-**	**1,241,509**
Balance at January 1, 2019	$ -	451,592	560,102	70,747	85,900	10,707	-	1,179,048
Depreciation	-	59,327	56,966	5,032	8,601	4,784	-	134,710
Disposal and derecognition	-	-	(71,349)	(26,433)	(19,017)	-	-	(116,799)
Effects of movements in exchange rates	-	(17,245)	(7,658)	(1,930)	(1,837)	-	-	(28,670)
Balance at December 31, 2019	**$ -**	**493,674**	**538,061**	**47,416**	**73,647**	**15,491**	**-**	**1,168,289**
Carrying amount:								
Balance at December 31, 2020	**$ 362,839**	**1,140,400**	**235,057**	**10,295**	**11,618**	**3,645**	**-**	**1,763,854**
Balance at January 1, 2019	**$ 362,839**	**139,163**	**180,112**	**10,498**	**20,457**	**13,214**	**963,289**	**1,689,572**
Balance at December 31, 2019	**$ 362,839**	**1,179,040**	**207,140**	**6,498**	**24,502**	**8,430**	**6,919**	**1,795,368**

(i) The Group, pursuant to IAS 36 – Impairment of Assets, conducted an impairment assessment on the reporting date, and the assessment for 2020 and 2019 showed indicators of impairment, for which no impairment loss was recognized after performing an impairment test.

(ii) According to a resolution passed by the Company's Board of Directors on December 16, 2016, the construction of the new building of the headquarter in the Tainan Technology Industrial Park was undertaken by Lee Ming Construction Co., Ltd., with a contract price totaling $1,088,000 (including tax), which has been reclassified to buildings and construction and depreciated since its completion in early 2019.

(iii) As of December 31, 2020 and 2019, the property, plant, and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to Note 8.

(h) Right-of-use assets

(i) The movements in cost and depreciation of leased land, buildings and construction, and transportation equipment of the Group were as follows:

		Land	Buildings and construction	Transportation equipment	Total
Cost:					
Balance at January 1, 2020	$	13,610	75,773	1,963	91,346
Decrease		-	(11,165)	-	(11,165)
Effects of movements in exchange rates		43	-	-	43
Balance at December 31, 2020	$	13,653	64,608	1,963	80,224
Balance at January 1, 2019	$	14,138	75,773	1,963	91,874
Effects of movements in exchange rates		(528)	-	-	(528)
Balance at December 31, 2019	$	13,610	75,773	1,963	91,346
Accumulated depreciation and impairment losses:					
Balance at January 1, 2020	$	400	28,304	654	29,358
Depreciation		400	26,062	655	27,117
Decrease		-	(5,980)	-	(5,980)
Effects of movements in exchange rates		1	-	-	1
Balance at December 31, 2020	$	801	48,386	1,309	50,496
Balance at January 1, 2019	$	-	-	-	-
Depreciation		401	28,304	654	29,359
Effects of movements in exchange rates		(1)	-	-	(1)
Balance at December 31, 2019	$	400	28,304	654	29,358
Carrying amount:					
Balance at December 31, 2020	$	12,852	16,222	654	29,728
Balance at January 1, 2019	$	14,138	75,773	1,963	91,874
Balance at December 31, 2019	$	13,210	47,469	1,309	61,988

(ii) The Group obtained land use rights in Mainland China, and details of which were as follows:

Company name	Total land transfer fee	Term of transfer
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	$ 21,926 (CNY 4,903 thousand)	October 26, 2052

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2020 and 2019, were as follows:

		Patent	Computer software and others	Total
Cost:				
Balance at January 1, 2020	$	31,615	174,640	206,255
Additions		454	14,230	14,684
Derecognition		(27,170)	(879)	(28,049)
Effects of movements in exchange rate		-	13	13
Balance at December 31, 2020	$	4,899	188,004	192,903
Balance at January 1, 2019	$	31,295	165,528	196,823
Additions		320	8,630	8,950
Transferred into (out)		-	599	599
Effects of movements in exchange rate		-	(117)	(117)
Balance at December 31, 2019	$	31,615	174,640	206,255
Amortization:				
Balance at January 1, 2020	$	30,727	152,719	183,446
Amortization		570	12,293	12,863
Derecognition		(27,170)	(879)	(28,049)
Effects of movements in exchange rate		-	18	18
Balance at December 31, 2020	$	4,127	164,151	168,278
Balance at January 1, 2019	$	30,103	143,611	173,714
Amortization		624	9,210	9,834
Effects of movements in exchange rate		-	(102)	(102)
Balance at December 31, 2019	$	30,727	152,719	183,446
Carrying amount:				
Balance at December 31, 2020	$	772	23,853	24,625
Balance at January 1, 2019	$	1,192	21,917	23,109
Balance at December 31, 2019	$	888	21,921	22,809

(i) The amortization of intangible assets for the year ended December 31, 2020 and 2019, are included in the consolidated statement of comprehensive income:

		2020	2019
Operating Expenses	$	12,863	9,834

(ii) As of December 31, 2020 and 2019, none of the Group's intangible assets was pledged as collateral.

(j) Short-term borrowings

		December 31, 2020	December 31, 2019
Letters of credit	$	540,720	487,321
Unused credit lines	$	337,130	1,423,279
Range of interest rates		0.93%~1.64%	1.08%~3.14%

For information on the Group's interest risk, foreign currency risk, and liquidity risk, please refer to Note 6(u)

(k) Long-term borrowings

The Group's long-term borrowings details, conditions, and provisions were as follows:

	December 31, 2020				
	Currency	Range of interest rates	Maturity year		Amount
Secured loans	NTD	0.85%-1.13%	February 2035	$	1,000,000
〃		1.55%	October 2025		89,199
Less: current portion					-
Total				$	1,089,199
Unused credit lines				$	110,801

	December 31, 2019				
	Currency	Range of interest rates	Maturity year		Amount
Secured loans	NTD	1.05%	February 2021	$	700,000
Less: current portion					-
Total				$	700,000
Unused credit lines				$	-

(i) The proceeds from loan-term borrowings for 2020 was $389,199; the maturity of the $700,000 long-term borrowings due in February 2021 has been extended to February 2035.

(ii) The proceeds from loan-term borrowings for 2019 was $700,000, and a repayment of $224,715 has been made.

(iii) Information about the Group’ s risk exposure associated with interest rate, foreign currency, and liquidity is included in Note 6(u).

(iv) Please see Note 8 for the Group’ s property pledged as collateral to secure the long-term bank loans.

(l) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	$ 17,200	29,351
Non-current	$ -	20,039

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follow:

	2020	2019
Interest expense on lease liabilities	$ 508	982
Expenses relating to short-term leases	$ 1,291	1,895
Cost of low-value leased assets	$ 589	574

The amounts recognized in the consolidated statement of cash flows for the Group was as follows:

	2020	2019
Total cash outflow for leases	$ 29,280	31,797

(i) Real estate leases

The Group leases land and buildings for its plant and office space. The leases of land and office space typically run for 50 years and 5 years, respectively. Some leases included an option to renew the lease for an additional period of the same duration at the end of the lease term.

(ii) Other leases

The Group leased transportation equipment with leased terms of two to three years. In some cases, the Group has options to purchase the assets at the end of the leased period.

The Group also leased photocopying equipment and dormitories with leased periods of three to four years and two to three months, respectively. These leases are short-term and leases of low value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Provisions

		Warranty
Balance at January 1, 2020	$	4,484
Increase in provision for the current period		498
Reversal of provision for the current period		(401)
Balance at December 31, 2020	**$**	**4,581**
Balance at January 1, 2019	$	5,114
Increased provision for the current period		2,149
Used provision for the current period		(2,779)
Balance at December 31, 2019	**$**	**4,484**

The Group’ s provision for warranty was for sales of products. Provision for warranty was estimated based on the historical warranty information on similar products or services. The Group expected that most of the cost would occur within 1 year after sales.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value was as follows:

		December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$	59,874	58,455
Fair value of plan assets		(79,045)	(77,069)
Net defined benefit liabilities (Assets)	**$**	**(19,171)**	**(18,614)**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan, which provides pensions for employees upon retirement. Under the Labor Standards Act, each employee’ s retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $79,045 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Defined benefit obligations at January 1	$ 58,455	55,237
Current service cost and interest cost	658	694
Actuarial (gain) loss arising from financial assumptions	1,937	4,537
Benefits paid	(1,176)	(2,013)
Defined benefit obligations at December 31	$ 59,874	58,455

3) Movements in the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Fair value of plan assets at January 1	$ 77,069	75,518
Interest income	763	842
Remeasurements of net defined benefit assets		
-Return on plan assets (excluding current interest)	2,389	2,722
Benefits paid	(1,176)	(2,013)
Fair value of plan assets at December 31	$ 79,045	77,069

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Current service cost	$	81	80
Net interest of net assets for defined benefit assets		(186)	(228)
	$	(105)	(148)
Operating cost	$	(58)	(58)
Selling expense		(11)	(22)
Administrative expenses		(8)	(16)
Research and development expenses		(28)	(52)
	$	(105)	(148)

5) Remeasurement values of net defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurements in net defined benefit assets recognized in other comprehensive income were as follows:

		2020	2019
Cumulative amount at January 1	$	16,026	17,841
Recognized in current period		452	(1,815)
Cumulative amount at January 1	$	16,478	16,026

6) Actuarial assumptions

The followings are the principal actuarial assumptions at the reporting dates:

	December 31, 2020	December 31, 2019
Discount rate	0.625%	1.000%
Future salary increase rate	2.000%	2.000%

The Group has suspended the allocation of its retirement reserve from September 2019 to August 2021, with the approval from the Department of Labor, Taipei City Government.

The expected allocation payment to be made by to the defined benefit plans for the one-year period after the reporting date is $0.

The weighted-average duration of the defined benefit plan is 12.8 years.

7) Sensitivity analysis

As of December 31, 2019 and 2018, the changes in main actuarial assumptions might have the following impact on the present value of the defined benefit obligation:

		Influences of defined benefit obligations	
		Increase 0.25%	**Decrease 0.25%**
December 31, 2020			
Discount rate	$	(1,647)	1,726
Future salary increasing rate		1,655	(1,591)
December 31, 2019			
Discount rate		(1,694)	1,772
Future salary increasing rate		1,702	(1,664)

The sensitivity analysis above assumed all other assumptions remained constant during the measurement. In practice, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(ii) Defined contribution plans

The continuing operations allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates the labor pension at a specific percentage to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method amounted to $22,741 and $20,245 for the years ended December 31, 2020 and 2019, respectively. Payment to the Bureau of Labor Insurance has been made.

Subsidiaries in China shall comply with the regulations stipulated by the Mainland China Government to contribute monthly retirement annuity funds, based on a specific percentage of authorized employees' payroll. For the years ended December 31, 2020 and 2019, the retirement annuity funds amounted to $1,499 and $18,530, respectively.

(o) Income taxes

(i) Income tax expense (benefit)

1) The components of income tax expense for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Current tax expense (benefit)		
Current period	$ -	36
Adjustment for prior years	(33)	(84)
Income tax expense (benefit)	$ (33)	(48)

2) The Group's income tax expense (benefit) reconciled between the actual income tax expense (benefit) and net loss before tax for the years ended December 31, 2020 and 2019, was as follows:

	2020	2019
Net loss before tax	$ (434,975)	(339,183)
Income tax using the Company' s domestic tax rate	(86,995)	(67,837)
Tax-exempt income	55	244
Changes in unrecognized temporary differences	35,814	4,768
Changes in unrecognized tax losses	50,115	61,901
Other	978	876
	$ (33)	(48)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities: None.

2) Unrecognized deferred tax assets

The Group's unrecognized deferred tax assets were as follows:

	December 31, 2020	December 31, 2019
Deductible temporary difference	$ 141,943	106,129
The carryforward of unused tax losses	178,825	132,642
	$ 320,768	238,771

Unrecognized deductible temporary difference were mainly items such as the Group's impairment loss on financial assets and recognized loss on investments in subsidiaries, which were not recognized as deferred tax assets since they are not very likely to be realized in the foreseeable future.

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The temporary difference associated with the net losses was not recognized as deferred tax assets as the Group is not expected to have sufficient taxable income to offset against temporary difference in the foreseeable future.

As of December 31, 2020, the unused loss carryforwards and the respective expiry years were as follows:

Year of loss	Amount of loss		Deductible balance	Expiry year
The Company				
2014	$ 130,996	(amount approved)	70,157	2024
2017	117,081	(amount approved)	117,081	2027
2018	144,063	(amount approved)	144,063	2028
2019	290,504	(amount reported)	290,504	2029
2020	250,575	(amount recognized)	250,575	2030
	$ 933,219		872,380	
SOARNEX TECHNOLOGY CORPORATION				
2014	$ 435	(amount approved)	435	2024
2015	3,972	(amount approved)	3,972	2025
2016	5,901	(amount approved)	5,901	2026
2017	4,415	(amount approved)	4,415	2027
2018	3,992	(amount approved)	3,992	2028
2019	2,918	(amount approved)	2,918	2029
2020	111	(amount recognized)	111	2030
	21,744		21,744	
	$ 954,963		894,124	

(iii) The Company’ s tax returns for the years through 2018 have been examined and approved by tax authorities. The income tax returns of the Company's subsidiaries, Qianjin Investment Co., Ltd. and SOARNEX TECHNOLOGY CORPORATION for the years through 2019, have been examined and approved by tax authorities.

(p) Capital and other equity

(i) Ordinary shares

As of December 31, 2020 and 2019, the Company’ s authorized share capital amounted to $4,000,000, divided into 400,000 thousand shares, with a par value of $10 per share. The aggregate amount of the aforesaid approved share capital comprised only ordinary shares, and $200,000 thereof was retained for the execution of employee stock options, divided into 20,000 thousand shares with a par value of $10 per share. As of December 31, 2020 and 2019, the Company has issued 229,680 thousand shares and 268,236 thousand shares, respectively, all of which have been paid up upon issuance.

Reconciliation of shares outstanding for the years ended December 31, 2020 and 2019, was as follows:

	Ordinary shares	
(Expressed in thousands of shares)	**2020**	**2019**
Balance at January 1	268,236	268,236
Capital reduction	(38,556)	-
Balance at December 31	**229,680**	**268,236**

Based on the resolution approved during the special shareholders' meeting on September 21, 2020, the Company reduced its capital by 38,556 thousand shares with reduction ratio of 14.37% to offset accumulated losses, which was declared effective by the FSC on October 21, 2020 and completed on December 30, 2020. Subsequent to the capital reduction, the shares issued amounted to 229,680 thousand shares, amounting to $2,296,792. The relevant statutory registration procedures have been completed on March 15, 2021.

A resolution was passed during the Company's special meeting of shareholders held on September 21, 2020 for the issuance of ordinary shares not exceeding 150,000 thousand shares under private placement within a year after the meeting. Subsequently, another resolution was approved in the Board of Director's meeting held on February 2, 2021 for the issuance of 101,100 thousand ordinary shares at a price of $8.19 per share under private placement, with par value of $10 per share, amounting to $1,011,000. The date of capital injection was February 17, 2021 and relevant statutory registration procedures have been completed on March 15, 2021.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) under the Securities and Exchange Act. The application of these shares to be traded on the Taiwan Stock Exchange is in accordance with the said section where the shares should be elapsed after a three year period from the delivery date of the private placement securities before applying for a public offering with the Financial Supervisory Commission.

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2020	December 31, 2019
Share capital	$ -	325,101
Treasury share transactions	-	11,543
Share option and others	-	78,994
	$ -	**415,638**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. The capital reserve transferred from the paid-in capital in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulator.

The aforesaid capital surplus-share options and other capital surplus not stipulated by Article 241 of the R.O.C. Company Act shall not be transferred to capital increase and approved for distribution of cash dividends.

In the Company's special meeting of shareholders held on September 21, 2020, legal reserve of $15,824 and capital surplus of $415,638 were used to offset accumulated losses.

(iii) Retained earnings

1) Legal reserve

According to the R.O.C. Company Act, 10 percent of the net profit shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital. When a company incurs no loss and the legal reserve has exceeded 25% of the Company paid-in capital, the excess may, pursuant to a resolution reached in a shareholders’ meeting, be used to increase the common stock or be distributed as cash dividends.

2) Special reserve

In accordance with Rule No. 101001286519 issued by the FSC on April 6, 2012, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders’ equity shall be appropriated from current and prior-year earnings. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders’ equity pertaining to prior periods due to the IFRS first time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distribution.

(iv) Distribution of earnings and dividend policy

In accordance with the Company articles of incorporation, if there are earnings at year end, 10 percent should be set aside as legal reserve and special earnings reserve or reversal according to the Securities and Exchange Act and the Company operations after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of Directors can propose methods of distribution to be approved by the shareholders’ meeting. Cash dividends, however, shall account for at least 10 percent of every distribution. Cash dividends, however, shall account for at least 10 percent of every distribution.

The Company incurred loss in the years ended December,31, 2020 and 2019, hence there was no distributable earning. The related information mentioned above can be found on websites such as the Market Observation Post System.

(q) Earnings (loss) per share

The Group' s basic earnings (loss) per share were calculated as follows:

		2020	2019
Basic earnings (loss) per share (in New Taiwan Dollars)			
Net profit (loss) attributable to ordinary shareholders of the Company	$	(434,942)	(339,135)
Weighted-average number of ordinary shares outstanding (in thousand shares)		229,680	229,680
Basic earnings (loss) per share (in New Taiwan Dollars)	$	(1.89)	(1.48)

The aforesaid weighted-average number of shares outstanding was adjusted retroactively according to the capital reduction to offset accumulated deficits, and the relevant statutory registration procedures of the capital reduction effective dated December 30, 2020 have been completed on March 15, 2021.

During 2020 and 2019, the Group was not impacted by the effects of dilutive potential ordinary shares.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

		2020	2019
Main Market:			
Japan	$	1,379,576	1,056,899
Netherlands		821,782	958,979
United States		487,340	557,598
China		45,720	123,338
Other		556,842	696,192
	$	3,291,260	3,393,006
Major product:			
Wired communication products	$	1,962,892	2,364,711
Wireless communication products		1,229,630	929,066
Repairs and maintenance revenues and others		98,738	99,229
	$	3,291,260	3,393,006

(ii) Contract balance

		December 31, 2020	December 31, 2019	January 1, 2019
Notes and trade receivables	$	944,548	807,796	883,326
Less: loss allowance		(120)	(5,735)	(5,753)
	$	944,428	802,061	877,573

For details on notes and trade receivables and the impairment thereof, please refer to Note 6(d).

(s) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute 3 to 10 percent of the profit as employee remuneration, and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated losses, the profit should be reserved to offset the losses. The recipients of shares and cash may include the employees of the affiliated companies who meet certain conditions stipulated by the Board of directors.

The Company incurred net loss before tax in the years ended December 31, 2020 and 2019, and thus, the Company was not required to accrue any remuneration to its employees and directors.

(t) Other income

The details of other income of the Group were as follows:

		2020	2019
Government grants	$	36,250	-
Other		55,942	49,990
	$	92,192	49,990

(u) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets, represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

For the years ended December 31, 2020 and 2019, the amount of sales to customers that contributed over 10% of the Group's operating revenue occupied 83% and 84% of the Group's total sales revenue, respectively. As of December 31, 2020 and 2019, the notes and trade receivables due from these customers accounted for 79% and 81% of the Group's total notes and trade receivables, respectively, exposing the Group to significant concentration of credit risk. The Group's credit risk management policy is detailed in Note 6(v).

(ii) Liquidity risk

The followings are the contractual maturities of financial liabilities, excluding the impact of estimated interest payments.

	Carrying amount	Contractual cash flows	1 year	1-2 years	Over 2 years
December 31, 2020					
Non-derivative financial liabilities					
Short-term borrowings	$ 540,720	(540,720)	(540,720)	-	-
Trade payables	721,775	(721,775)	(721,775)	-	-
Other payables	271,860	(271,860)	(271,860)	-	-
Long-term borrowings	1,089,199	(1,089,199)	-	(1,089,199)	-
Lease liabilities (including current and non-current)	17,200	(17,200)	(17,200)	-	-
Derivative financial liabilities					
Foreign currency forward contracts					
Outflow	2,684	(116,486)	(116,486)	-	-
Inflow	-	113,785	113,785	-	-
	$ 2,643,438	(2,643,455)	(1,554,256)	(1,089,199)	-
December 31, 2019					
Non-derivative financial liabilities					
Short-term borrowings	$ 487,321	(487,321)	(487,321)	-	-
Trade payable	772,841	(772,841)	(772,841)	-	-
Other payables	380,465	(380,465)	(380,465)	-	-
Long-term borrowings	700,000	(700,000)	-	(700,000)	-
Lease liabilities (including current and non-current)	49,390	(49,390)	(29,351)	(20,039)	-
	$ 2,390,017	(2,390,017)	(1,669,978)	(720,039)	-

The Group is not expecting the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

Unit: foreign currency in thousands

	December 31, 2020			December 31, 2019		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 38,778	USD/NTD =28.095	1,089,468	41,838	USD/NTD =29.9800	1,254,303
USD	30,755	USD/CNY =6.5391	868,594	40,762	USD/CNY =6.9682	1,222,783
Financial liabilities						
Monetary items						
USD	33,723	USD/NTD =28.095	947,448	30,255	USD/NTD =29.9800	907,045
USD	18,586	USD/CNY =6.5391	524,913	28,234	USD/CNY =6.9682	846,966

The Group's exposure to foreign currency risk mainly arose from the translation of cash and cash equivalents, trade receivables (including related parties), other receivables, other current financial assets, long-term and short-term borrowings, trade payables (including related parties), and other payables denominated in foreign currency. Depreciation or appreciation of the USD against the NTD or the USD against CNY by 5%, as of December 31, 2020 and 2019, with all other variables remained constant, would have increased or decreased the net loss before tax for the years then ended as follows:

Unit: foreign currency in thousands

	2020	2019
USD (against the NTD)		
Appreciation 5%	$ (7,101)	(17,363)
Depreciation 5%	7,101	17,363
USD (against the CNY)		
Appreciation 5%	(17,184)	(18,791)
Depreciation 5%	17,184	18,791

The amounts of conversion gains and losses (including realized and unrealized) on the Group's monetary items converted into functional currency, and the exchange rate information on the Company's functional currency, NTD (the Group's expression currency), were as follows:

Unit: foreign currency in thousands

	2020		2019	
	Foreign exchange gain (loss)	**Average exchange rate**	**Foreign exchange gain (loss)**	**Average exchange rate**
NTD	(15,166)	1	(15,496)	1
CNY	CNY(8,208)	4.268275	CNY6,943	4.494311
	CNY5,575	4.276054	CNY(5,917)	4.432145

2) Interest rate analysis

The Group’s exposure to interest rate risk arising from financial assets and liabilities was as follows:

	Carrying amount	
	December 31, 2020	**December 31, 2019**
Fixed rate instruments:		
Financial assets	$ 333,658	352,397
Variable rate instruments:		
Financial assets	$ 534,061	809,903
Financial liabilities	(1,629,919)	(1,187,321)
	$ (1,095,858)	(377,418)

The following sensitivity analysis is based on the risk exposure to interest rates on non-derivative financial instruments at the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Group’s management for the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Group’s net loss would have increased or decreased by $2,740 and $944 for 2020 and 2019, respectively. The basis of analysis was the same for both years, mainly due to the Group's borrowings and demand deposits at variable interest rates.

3) Other price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the other comprehensive income as illustrated below:

	2020		2019	
	Other comprehensive income, before tax	Profit or loss before tax	Other comprehensive income, before tax	Profit or loss before tax
5% increase	$ 8,476	-	4,889	-
5% decrease	$ (8,476)	-	(4,889)	-

(iv) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The Group's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income were measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information on the fair value hierarchy, but excluding the optional information on financial instruments whose fair values approximate their carrying amounts and lease liabilities) were as follows:

	December 31, 2020				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 4,930	-	4,930	-	4,930
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	169,519	169,519	-	-	169,519
Financial assets at amortized cost					
Cash and cash equivalents	$ 817,917	-	-	-	-
Notes and trade receivables (including related parties)	944,428	-	-	-	-
Other receivables (including related parties)	48,440	-	-	-	-
Refundable deposits	6,677	-	-	-	-
Other non-current assets (restricted time deposits)	53,371	-	-	-	-
Subtotal	1,870,833				
	$ 2,045,282				

	December 31, 2020				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities	$ 2,684	-	2,684	-	2,684
Financial liabilities at amortized cost:					
Unsecured bank loans	540,720	-	-	-	-
Secured bank loans	1,089,199	-	-	-	-
Trade payables	721,775	-	-	-	-
Other payables	271,860	-	-	-	-
Lease liabilities (including current and non-current)	17,200	-	-	-	-
Other non-current liabilities (refundable deposits)	43	-	-	-	-
	$ 2,643,481				

	December 31, 2019				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	$ 97,789	97,789	-	-	97,789
Trade receivables	377,027	-	377,027	-	377,027
Subtotal	474,816				
Financial assets at amortized cost					
Cash and cash equivalents	1,116,280	-	-	-	-
Notes and trade receivables (including related parties)	425,034	-	-	-	-
Other receivables (including related parties)	41,237	-	-	-	-
Refundable deposits	7,779	-	-	-	-
Other non-current assets (restricted time deposits)	50,000	-	-	-	-
Subtotal	1,640,330				
	$ 2,115,146				

	December 31, 2019				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost:					
Unsecured bank loans	$ 487,321	-	-	-	-
Secured bank loans	700,000	-	-	-	-
Trade payables	772,841	-	-	-	-
Other payables	362,266	-	-	-	-
Lease liabilities (including current and non-current)	49,390	-	-	-	-
Other non-current liabilities (refundable deposits)	43	-	-	-	-
	$ 2,371,861				

2) Fair value valuation technique of financial instruments not measured at fair value

The Group's management considered that the disclosed carrying amounts of financial assets and financial liabilities measured at amortized cost approximated their fair values.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Fair value measurement of financial instruments was based on quoted market prices if these prices were available in an active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange was the basis of determining the fair value of the listed companies' equity instrument, and debt instrument that has the quoted price in an active market.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

The fair value of derivative instruments is based on quoted prices. The fair value of derivative financial instruments is estimated using a valuation technique, with estimates and assumptions based on the quotation information obtained from financial institutions, or the binomial pricing model widely accepted by market participants.

4) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2020 and 2019.

(v) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Group. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's internal auditor oversaw how management monitored the risks that should have been be in compliance with the Group's risk management policies and procedures, and reviewed the adequacy of the risk management framework in relation to the risks faced by the Group. Internal auditor undertook both regular and ad hoc reviews of risk management controls and procedures, and the results of which were reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables due from customers and investments.

1) Trade receivables and other receivables

Management has established a credit policy, under which each new customer would be analyzed individually for creditworthiness before the Group's standard payment, delivery terms, and conditions are offered. The Group's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, and are reviewed periodically. The limits were reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In order to reduce the credit risk for these Trade receivables, the Group continues to evaluate the financial position of these customers and request for collaterals when necessary. Furthermore, the Group monitors and reviews the recoverable amount of the trade receivables and loss allowance for doubtful debts, with the amounts of loss expected by management.

The Group has established an allowance account for bad debts that reflects its estimate on incurred losses in respect of trade receivables and other receivables. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

2) Investments

The credit risks exposure in the bank deposits and other financial instruments were measured and monitored by the Group's finance department. Since the Group's transaction counterparties and the contractually obligated counterparties are banks and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk. As management actively monitors credit ratings and the Group can only invest in securities with high quality credit ratings, management does not expect any trading counterparty to be unable to fulfill its obligations.

3) Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries with over 50% of their voting shares held by the Group. Please refer to Note 13(a) for details of endorsements and guarantees provided by the Group for subsidiaries as of December 31, 2020 and 2019.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Bank loans are an important source of liquidity for the Group. As of December 31, 2020 and 2019, the Group's unused short-term credit lines were $337,130 and $1,423,279, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group' s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk for sales, purchases, and borrowings denominated in a currency other than the functional currencies of the Group entities. The primary functional currencies of the Group entities are denominated in NT dollars , and there is also Renminbi.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and trading derivatives when necessary, to address short-term imbalances.

2) Interest rate risk

The Group borrowed funding at variable interest rates, which gave rise to cash flow risk.

3) Other market price risks

The Group is exposed to equity price risk due to the investments in listed equity securities.

(w) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Group manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. Management used the appropriate net debt/equity ratio to determine the most adequate capital structure of the Group. The Group aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time. The Group' s liability-to-equity ratios at the end of each reporting period were as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 2,704,781	2,447,106
Less: Cash and cash equivalents	817,917	1,116,280
Net liabilities (assets)	**$ 1,886,864**	**1,330,826**
Total equity	**$ 1,968,876**	**2,302,829**
Net liability-to-equity ratio	**96%**	**58%**

The net debt-to-equity ratio increased as of December 31, 2020, primarily resulted from continued losses, in response to which ordinary shares for cash have been issued under private placement on February 17, 2021.

(x) Investing and financial activities not affecting current cash flow

The non-cash transactions for investing and financing activities of the Group were as follows:

(i) For right-of-use assets under leases, please refer to note 6(h).

(ii) Reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes	
	January 1, 2020	Cash Flow	Lease modifications	December 31, 2020
Short-term borrowings	$ 487,321	53,399	-	540,720
Long-term borrowings	700,000	389,199	-	1,089,199
Lease liabilities	49,390	(26,892)	(5,298)	17,200
Other non-current liabilities	43	-	-	43
Total amount of liabilities arising from financing activities	$ 1,236,754	415,706	(5,298)	1,647,162

	January 1, 2019	Cash Flow	December 31, 2019
Current borrowings	$ 305,974	181,347	487,321
Non-current borrowings	224,715	475,285	700,000
Lease liabilities	77,736	(28,346)	49,390
Other non-current liabilities	44	(1)	43
Total amount of liabilities arising from financing activities	$ 608,469	628,285	1,236,754

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Company
D-Link Corporation	The company director of the Company
D-Link International Pte Ltd. (D-Link International)	Subsidiary of D-Link Corporation
All Directors, general manager, and deputy general manager	Key management personnel

(b) Significant transactions with related parties

(i) Sales to related parties

The amounts of significant sales by the Group to related parties and the outstanding balances are as follows:

	Sales		Trade receivables due from related parties	
	2020	2019	December 31, 2020	December 31, 2019
D-Link International	1,406,182	1,584,845	338,248	377,027
D-link Corporation	31,577	31,407	5,913	10,149
	1,437,759	1,616,252	344,161	387,176

The collection period of goods sold by the Group to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

(ii) Purchases from related parties

The amounts of purchases by the Group from related parties and the outstanding balances were as follows:

	Purchase		Payables to related parties	
	2020	2019	December 31, 2020	December 31, 2019
Other related parties	$ -	2,097	-	-

The payment terms for purchases from other related parties ranged from two to three months, which were not materially different from those agreed upon with third parties. Purchasing prices were based on general market price.

(iii) Payment to related parties

Miscellaneous expenses paid to related parties and the outstanding balances were as follows:

	Miscellaneous expenses		Other payables	
	2020	2019	December 31, 2020	December 31, 2019
Other related parties	$ 355	117	-	-

(iv) Received from related parties

Advances received by the Group from related parties netting to operation expense are set out below:

	Miscellaneous income			Other receivables	
		2020	2019	December 31, 2020	December 31, 2019
D-Link Corporation	$	40,360	30,530	18,200	19,286
Other related parties		469	606	30	265
	$	40,829	31,136	18,230	19,551

(c) Key management personnel transactions

Key management personnel’s compensation comprised:

		2020	2019
Short-term employee benefits	$	28,116	30,215
Post-employment benefits		744	764
	$	28,860	30,979

(8) Pledged assets:

The carrying amounts of the assets which the Group pledged as collateral were as follows:

Asset Name	Pledged to secure		December 31, 2020	December 31, 2019
Other non-current assets－restricted time deposits	Guarantee for customs duty	$	3,371	-
Other non-current assets－restricted time deposits	Payment guarantee for suppliers		50,000	50,000
Property, plant, and equipment－land	Long-term bank loans		346,639	346,639
Property, plant, and equipment－buildings and construction	Long-term bank loans		1,022,087	1,053,060
		$	1,422,097	1,449,699

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

A resolution was reached in the Company's meeting of board of directors held on February 2, 2021 for the issuance of 101,100 thousand ordinary shares at a price of $8.19 per share under private placement, with a par value of $10 per share, amounting to $1,011,000. The effective date of capital injection is February 17, 2021, and relevant statutory registration procedures have been completed on March 15, 2021, please refer to 4(p).

(12) Other:

(a) The summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

By function / By item	For the years ended December 31					
	2020			2019		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	322,036	320,766	642,802	313,203	326,680	639,883
Labor and health insurance	25,844	24,494	50,338	22,694	26,240	48,934
Pension	10,817	13,318	24,135	20,604	18,023	38,627
Others	34,942	18,838	53,780	30,330	21,812	52,142
Depreciation	116,319	55,143	171,462	103,064	61,005	164,069
Amortization	3,148	9,715	12,863	-	9,834	9,834

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the as of December 31, 2020:

(i) Loans to other parties:

Units: foreign currency in thousands

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 4)
													Item	Value		
0	The Company	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Other receivables	Yes	USD11,800 331,521	USD8,000 224,760	-	TAIFX1 monthly interest rate plus 0.2%	2	-	Funding provided for affiliates	-		-	787,551	787,551
1	Perfect choice Co., Ltd.	The Company	〃	〃	USD4,500 126,428	USD4,500 126,428	USD3,580 100,580	-	〃	-	Working capital for parent	-		-	286,769	286,769
	〃	Huge Castle Ltd	〃	〃	USD700 19,666	USD600 16,857	USD300 8,429	-	〃	-	Working capital for parent	-		-	286,769	286,769
	Total			〃		143,285				-						
2	Luis Jo'se Investments Inc.	Huge Castle Ltd	〃	〃	CNY2,000 8,638	CNY2,000 8,638	CNY1,990 8,595	-	〃	-	Working capital for parent	-		-	11,594	11,594

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 4)
													Item	Value		
3	Qianjin Investment Co., Ltd	The Company	〃	〃	23,000	23,000	23,000	-	〃	-	Working capital for parent	-		-	80,675	80,675

Note 1: The numbering is as follows:
(i) "0" represents the Company
(ii) Subsidiaries are numbered starting from "1".
Note 2: The highest balance for the period was calculated based on the exchange rate of December 31, 2020.
Note 3: 1 represents a trading counterparty; 2 indicates the necessity of short-term financing.
Note 4: According to each subsidiary's "Procedures for Loans to Other Parties", for other companies or entities having short-term financing needs, the amount of loan to a single entity shall not exceed 40% of the net worth reported in the latest financial statements as of December 31, 2020. For subsidiaries whose voting shares are 100% owned, directly or indirectly, by the parent company, or for the loans between subsidiaries, the preceding limit does not apply; however, the total amount of loans shall not exceed 40 % of the net worth reported in the latest financial statements as of December 31, 2020. The aforementioned "Procedures for Loans to Other Parties" were approved in a shareholders' meeting held on June 16, 2017.
Note 5: USD is expressed in thousands of dollars.
Note 6: The transactions above have already been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

Units: foreign currency in thousands

No. (Note1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CAMEO International Ltd.	Subsidiary	2,296,792 (Note 2)	USD10,000 NTD240,000 520,950	USD10,000 280,950	-	-	14.27%	2,296,792	Y	N	N

Note 1: The numbering is as follows:
(i) "0" represents the Company
(ii) Subsidiaries are numbered starting from "1".
Note 2: The Company's endorsement/guarantee provided for the affiliates shall not exceed the paid-in capital ($2,296,792) reported in the latest financial statements as of December 31, 2020, and the endorsement/guarantee provided for an single non-affiliated entity shall not exceed one tenth of the capital ($229,679) reported in the latest financial statements as of December 31, 2020.
Note 3: The maximum endorsement/guarantee balance for the period was calculated based on the exchange rate for December 31, 2020.
Note 4: USD is expressed in thousands of dollars.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Units: in thousands shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Harvatek Corporation	None	Financial assets at fair value through profit or loss	6,000	-	14.46%	-	14.46%	(Note 1)
〃	Stock-Covia Inc.	〃	Financial assets at fair value through profit or loss	0.4	-	5.40%	-	5.40%	(Note 2)
Qianjin Investment Co., Ltd.	D-Link Corporation	The company director of the Company	Financial assets at fair value through other comprehensive income	5,907	169,519	0.91%	169,519	1.13%	

Note 1: Harvatek Corporation has been delisted since October 27, 2008, and the initial investment cost of it amounting to $60,000 has been fully recognized as loss by the Company.
Note 2: The investment in Covia Inc. investment valued at impairment loss amounting to $13,211, and the impairment loss has been fully recognized by the Company.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

			Transaction details				Transactions with terms different from others		Notes/Trade receivables (payables)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	Note
The Company	D-Link International Pte Ltd.	Subsidiary D-link Corporation	Sale	1,406,182	(43)%	90 days after delivery	-		Trade receivables 338,248	36%	
〃	CAMEO International Ltd.	Subsidiary	Purchasing and processing expenses	531,451	19%	38 days	-		Trade payables (272,724)	38%	Note
CAMEO International Ltd.	The Company	Parent	Sale	(531,451)	(100)%	38 days	-		Trade receivables 272,724	100%	〃
〃	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Affiliates	Purchasing and processing expenses	531,451	100%	38 days	-		Trade payables (272,724)	100%	〃
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	CAMEO International Ltd.	Affiliates	Sale	(531,451)	(48)%	38 days	-		Trade receivables 272,724	94%	〃

Note: The transaction on the left has already been written off in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Units: in thousands shares

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Remark
					Amount	Action taken			
The Company	D-Link International Ltd.	Subsidiary of D-link Corporation	Trade receivables 338,248	3.93	-		226,594	-	
CAMEO International Ltd.	The Company	Parent	Trade receivables 272,724	1.37	-		254,735	-	(Note 3)
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	CAMEO International Ltd.	Affiliates	Trade receivables 272,724	1.41	-		254,735	-	〃
Perfect Choice Co Ltd.	The Company	Parent	Other receivables 100,580	-	-		-	-	(Note 2 and 3)

Note 1: Information as of March 24, 2021.
Note 2: Loans to other parties.
Note 3: The transaction on the left has already been written off in the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to 6(b).

(x) Business relationships and significant intercompany transactions:

				Intercompany transactions			
No.	Name of company	Name of counter-party	Nature of relationship	Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Suzhou Soarnex Technology Co., Ltd	1	Manufacturing expense	930	38 days	-%
〃	〃	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	1	Research and development expenses	3,871	〃	-%
〃	〃	CAMEO International Ltd.	1	Purchase	531,451	〃	16.00%
〃	〃	〃	1	Trade payables	272,724	〃	6.00%
〃	〃	Perfect Choice Co Ltd.	1	Other payables	100,580	Within one year subject to availability of funds	2.00%
1	Perfect Choice Co Ltd.	Huge Castle Ltd.	3	Other payables	8,429	Within one year subject to availability of funds	-%
〃	〃	The Company	2	〃	100,580	〃	2.00%
〃	〃	Suzhou Soarnex Technology Co., Ltd	3	Research and development expenses	32,529	38 days	-%
2	CAMEO International Ltd.	The Company	2	Sales	531,451	38 days	16.00%
〃	〃	〃	2	Trade receivables	272,724	〃	6.00%
〃	〃	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	3	Purchase	531,451	〃	16.00%
〃	〃	〃	2	Trade payables	272,724	〃	6.00%
3	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	The Company	2	Sales	3,871	38 days	-%
〃	〃	CAMEO International Ltd.	3	Sales	531,451	〃	16.00%
〃	〃	〃	3	Trade receivables	272,724	〃	6.00%
4	Suzhou Soarnex Technology Co., Ltd	The Company	2	Sales	930	38 days	-%
	〃	Huge Castle Ltd.	3	Sales	9,957	〃	-%
	〃	Perfect Choice Co Ltd.	3	Sales	32,529	〃	1.00%
5	Huge Castle Ltd.	Perfect Choice Co Ltd.	3	Other payables	8,429	Within one year subject to availability of funds	-%
	〃	Suzhou Soarnex Technology Co., Ltd	3	Research and development expenses	9,957	38 to 68 days	-%
	〃	Luis Jo'se Investments Inc.	3	Other payables	8,595	Within one year subject to availability of funds	-%
6	Luis Jo'se Investments Inc.	Huge Castle Ltd.	3	Other receivables	8,595	Within one year subject to availability of funds	-%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:
(i) “0” represents the Company
(ii) Subsidiaries are numbered starting from “1”.

Note 2: Categories of relationship are as below:
1 represents parent to subsidiary
2 represents subsidiary to parent
3 represents subsidiary to subsidiary

Note 3: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

Unit: in thousands shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: December 31, 2020	Original investment amount: December 31, 2019	Balance as of December 31, 2020: Shares (thousands)	Balance as of December 31, 2020: Percentage of ownership	Balance as of December 31, 2020: Carrying value	Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	Huge Castle Ltd.	Samoa	Investment holding	1,162,507	1,162,507	38,398	100.00%	730,350	100.00%	(166,614)	(166,614)	Note
〃	Qianjin Investment Co., Ltd.	Taiwan	Investment holding	270,000	270,000	27,000	100.00%	201,688	100.00%	(278)	(278)	〃
Less: Unrealized profits (losses) of affiliates								(325)				
								931,713			(166,892)	
Qianjin Investment Co., Ltd.	Soarnex Holding Co., Ltd.	Taiwan	International trade	24,000	24,000	2,400	100.00%	2,250	100.00%	(111)	(111)	〃
Soarnex Technology Corporation	Soarnex holding Co., Ltd.	Samoa	Investment holding	0.03	0.03	0.001	100.00%	-	100.00%	-	-	〃
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Mauritius	Investment holding and trading	788,294	788,294	2,700	100.00%	716,923	100.00%	(155,051)	(155,051)	〃
〃	Luis Jo'se Investments Inc.	The British Virgin Islands	Investment holding	43,673	43,673	1,362	100.00%	28,984	100.00%	(1,191)	(1,191)	〃
〃	CAMEO International Ltd.	Samoa	Import and export trade	0.03	0.03	0.001	100.00%	4,213	100.00%	(266)	(266)	〃

Note：The transactions on the left has already been eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: foreign currency in thousands

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance earnings as in current period	Note
Cameo Technolog Developem ent (Shenzhen) Co., Ltd.	R&D for communicatio ns technology and products	- (USD-)	Indirect investments in Mainland China through companies registered in a third region.	17,175 (USD500)	-	-	17,175 (USD500)	-	-	-%	NA	(Note 3)	-	(Note 3)
NETTECH TECHNOL OGY (SUZHOU) CO., LTD	Production, processing, and sale of electronic communicatio ns equipment	811,770 (USD27,714)	〃	788,294 (USD24,653)	-	-	788,294 (USD24,653)	(119,401)	100	100%	(119,401)	804,418	-	(Notes 2 and 6)
WIDE VIEW TECHNOL OGY INC.	R&D, production, and sale of electronic components	- (USD-)	〃	20,923 (USD663)	-	-	20,923 (USD663)	N/A	-	-%	NA	(Note 4)	-	(Note 4)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance earnings as in current period	Note
					Outflow	Inflow								
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064 (CNY5,000)	〃	-	-	-	-	(964)	100	100%	(964)	12,058	-	(Notes 2, 5 and 6)

(ii) Limitation on investment in Mainland China:

	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
	826,392 (US$25,816)	839,577 (US$26,261)	1,181,326

Note 1: The investment limit in Mainland China was calculated based on the official document No.006130 announced by the MOEAIC on November 16, 2001.

Note 2: The investment income (loss) were based on the financial statements audited by the Company's accountants and was accounted for using the equity method.

Note 3: Cameo Technolog Developement (Shenzhen) Co., Ltd. completed its liquidation and in March 2012, and the payment for shares of US$177 thousand, was refunded to Huge Castle Ltd on November 28, 2013 with the approval of the Investment Commission, Ministry of Economic Affairs.

Note 4: WIDE VIEW TECHNOLOGY INC. completed its liquidation in September 2018, and the payment for shares of US$740 thousand, was refunded to Luis Jo'se Investment Inc. on September 4, 2018 with the approval of the Investment Commission, Ministry of Economic Affairs,

Note 5: It was an investment by NETTECH TECHNOLOGY (SUZHOU) CO., LTD based in Mainland China through self-funding. In August 2019, NETTECH TECHNOLOGY transferred 100% of the shareholdings to Luis Jo'se Investment.

Note 6: The transaction on the left has already been eliminated in the consolidated financial statements.

(iii) Significant transactions:

The significant inter-company transactions with investees in Mainland China for the year ended 2020, direct or indirect, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Unit: Share

Shareholding Shareholder’s Name	Shares	Percentage
D-Link Corporation	46,543,145	17.35%
Horizon Securities Corp.	26,500,000	9.87%

Note: (1) The table shows principal shareholders information, including shareholders holding more than 5% of the Group’s delivered uncertificated/scripless shares (including treasury shares), with ordinary shares and preference shares combined at the last operating date of each quarter. As a result of different basis of calculation, there may be inconsistency between share capital reported in the financial statements and the actual awarded number of uncertificated/scripless shares.

(2) For a situation where a shareholder entrusted the shareholdings, the individual account of the settlor opened by the trustee was disclosed. The shareholders' reported insider’s shares that exceeded 10% of the Group’s total capital in accordance with Securities and Exchange Act, including personal holdings, plus trusted shares with voting rights. Please refer to the Public Information Observatory for information on the reporting of insider’s shares.

(3) The relevant statutory registration procedures of the Company's capital reduction dated December 30, 2020 have not been completed until March 15, 2021; therefore, the number of shares above is shown by the number of shares before the capital reduction.

(14) Segment information:

(a) General information

The Group allocates resources, and measures operating performance based on regular reviews made by chief operating decision makers. The Group is a single operating segment primarily engaged in the manufacture, processing, and trading of network system equipment and the components thereof. The disclosure of income (loss), assets, and liabilities is consistent with the preparation of the consolidated financial statements. Accounting policies for the operating segments correspond to those stated in Note 4.

(b) Information on products and services

Item		2020	2019
Wired communications products	$	1,962,892	2,364,711
Wireless communications products		1,229,630	929,066
Repairs and maintenance revenues and others		98,738	99,229
	$	3,291,260	3,393,006

(c) Geographic information

Segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Geographic information		2020	2019
Japan	$	1,379,576	1,056,899
Netherlands		821,782	958,979
United States		487,340	557,598
Mainland China		45,720	123,338
Other		556,842	696,192
	$	3,291,260	3,393,006

Non-current assets:

Geographic information	2020	2019
Taiwan	$ 1,733,980	1,771,029
Mainland China	97,725	122,720
	$ 1,831,705	1,893,749

Non-current assets include property, plant and equipment, intangible assets, other non-current assets, and refundable deposits paid, excluding financial instruments, net defined benefit assets, and deferred tax assets.

(d) Major customers

	2020		2019	
	Amount	**Percentage of total consolidated revenue(%)**	**Amount**	**Percentage of total consolidated revenue(%)**
KK	$ 1,437,759	44	1,616,252	48
EE	958,856	29	808,761	24
PP	320,371	10	420,949	12
	$ 2,716,986	83	2,845,962	84