

Stock Code : 6263

# PLANET TECHNOLOGY CORPORATION

## 2019 Annual Report

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<http://mops.twse.com.tw>

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**Notice to readers**

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

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## Table of Cotents

Page

One.	Letter to Shareholders .....	1
I.	2019 operation performance in review .....	1
II.	Business Plan for 2020.....	2
III.	The company's future development strategy .....	2
IV.	The effect of the external competitive, regulatory and macroeconomic environment	3
Two.	Company Profile .....	4
I.	Date of incorporation .....	4
II.	Company history .....	4
Three.	Corporate Governance Report .....	12
I.	Organizational structure .....	12
II.	Directors, Supervisors and Management Team .....	13
III.	Remuneration paid to directors, supervisors, the CEO and vice presidents in the last year.....	20
IV.	Corporate governance .....	25
V.	Disclosure of auditors' remuneration.....	105
VI.	Information regarding independent auditor replacement: in the recent two fiscal years and the before/after the period, there was only internal adjustment of accountant, but no accounting firm was changed. ....	105
VII.	Information About Chairman, CEO, and Financial or Accounting Manager of the Company Who Has Worked with the CPA Firm Which Conducts the Audit of the Company or Affiliate to Such Firm in the Most Recent One Year.....	106
VIII.	Any transfer of equity interests and pledge of change in equity interests by a director, supervisor, managerial officer or shareholder with a stake of more than 10 percent in the most recent year and until to the date of publication of the annual report.....	106
IX.	Relationships characterized as spouse or second-degree relatives or closer among top-ten shareholders .....	107
X.	The number of shares held by the Company and the Company's directors, supervisors and managers, and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the Company, and calculating the consolidated shareholding percentage of the above categories .....	108
Four.	Status of Fund Raising .....	109
I.	Capital and shares .....	109
II.	Disclosure relating to corporate bonds.....	119
III.	Disclosure relating to preferential shares.....	119
IV.	Disclosure relating to depository receipts .....	119
V.	Disclosure relating to employee stock options .....	119
VI.	Disclosure relating to restricted stock awards (RSA) .....	119
VII.	Disclosure relating to new shares issued for the acquisition or transfer of other company's shares .....	119
VIII.	Implementation of fund utilization .....	119
Five.	Overview of Operation.....	120
I.	Business contents .....	120
II.	Overview of market and production & marketing.....	130
III.	Information about the employees in the recent two years and as of the printing date of the annual report .....	139
IV.	Environmental protection expenditure information.....	140
V.	Employee relations.....	141

VI.	Important contract .....	154
Six.	Overview of Finance Positions .....	155
I.	Condensed financial information in the most recent five years .....	155
II.	Condensed financial analysis in the most recent five years .....	160
III.	Audit committee’s report in the most recent year .....	163
IV.	Financial statements in the most recent year .....	165
V.	Parent company only financial statements in the most recent year .....	229
VI.	In the case of any insolvency of the Company and its affiliates in the most recent year and up to the publication date of the annual report, specify its effect on the Company’s financial status .....	292
Seven.	Review, Analysis, and Assessment of Overview of Finance Status and Performance, and Risk Management .....	292
I.	Financial position .....	293
II.	Financial performance .....	293
III.	Cash flow .....	293
IV.	Major capital expenditure and its impact on the financial operations of the Company in the most recent year .....	293
V.	Reinvestment policy in the most recent year, the main reasons for profit or loss and the corrective action plan and investment plan for the coming year: the Company has had no new reinvestment in 2019, and currently has no new investment plan .....	293
VI.	Risk Analyses and Assessment for the recent year and up to the printing date of the annual report .....	294
VII.	Other important disclosures .....	301
Eight.	Special notes .....	302
I.	Information on affiliate enterprises .....	302
II.	The company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report .....	305
III.	Holding or disposal of the Company’s shares by subsidiaries in the last financial year, up till the publication date of annual report. ....	305
IV.	Other required supplementary explanation: the Company does not apply hedge accounting, and thus not applicable. ....	305
Nine.	Matters with Significant Influence .....	305



## One. Letter to Shareholders

Dear Shareholders:

### I. 2019 operation performance in review

PLANET Technology primarily focuses on the R&D of innovative networking devices and networking solutions exported under its own brand “PLANET” to the four corners of the world. The consolidated revenue of 2019 was NT\$1.34803 billion and EPS after tax was NT\$5.01.

For brand marketing, the company has successfully boosted its branding through participating in international information and communications trade shows in Europe, Asia, Americas, and the Middle East, thus driving the growth of the corporate network and industrial network markets and improving its business performance. Meanwhile, PLANET lives up to its philosophy “Corporate Sustainability” by maintaining a good business health, and putting its corporate social responsibilities into practice. The company was bestowed with several domestic and foreign CSR awards in 2019. In Taiwan, the company has won the award “Excellence in Corporate Social Responsibility” for 13 consecutive years, and other awards won include the Asia Responsible Enterprise Award, Asia Pacific Entrepreneurship Award, and Ernst & Young Entrepreneur of the Year Award, which further increase the brand value of the company.

The company has always followed the current market trends, and to that end, it is now developing smart managed platforms to improve the centralized network management efficiency and satisfy the requirements of IoT, IIoT, and IoV infrastructures. The company’s R&D and innovation results have been recognized by “Taiwan Excellence Award” for 17 consecutive years. The company’s R&D expenses of 2019 totaled NT\$71.911 million. The following briefly describes the major R&D results:

- (I) Industrial-grade network transmission product lineup: The company expanded not only the lineup of advanced, high value-added industrial Ethernet devices, but also that of automation control devices, including the serial device servers, Modbus gateways for smart manufacturing and smart traffic network to create a terminal device link.
- (II) Power over Ethernet (PoE) product lineup: The complete series of 95W PoE switches and PoE system comply with the latest IEEE 802.3bt PoE++ standards. When combined with the smart power supply management design, they facilitate network communication applications, such as security surveillance, wireless communications, etc., in cities.
- (III) LAN Ethernet Switch product lineup: The company enhances the cybersecurity and fiber transmission design of the Ethernet Switches, , and ensuring stronger protection against attack from hackers. For fiber network communications, we have launched optical fiber bypass switches and EPON OLT and ONU to enhance security of remote connections and flexibility of network extensions.

- (IV) Universal Network Management System: The company provides hardware-based and software based network management system designed with user-friendly interface which enables IT staff to comprehensively control PLANET's various network devices for realization of easy, simple, and safe one-stop device management. The innovative design of this platform was recognized by Taiwan Excellence Award 2020.

## II. Business Plan for 2020

### (I) Business objectives

1. Strategic global brand operations -- increase brand value, and enhance corporate competitiveness.
2. Focus on research and development of core technologies and products to improve differentiation and stay competitive.
3. Put social responsibilities into practice, aligning to the SDGs, to realize sustainable business operations.

### (II) Key sales and production strategies

#### 1. Marketing strategies

- (1) Increase the digital marketing efforts and participate in ICT and professional industrial network technology trade shows to improve the brand image.
- (2) Use the professional product solutions as well as support to actively win large bids.
- (3) Integrate global marketing resources and support local distributors to increase the market share.

#### 2. Product development and production strategies

- (1) Focus on customer needs, and actively develop networking products for infrastructure of IoT, IIoT, IoV, etc.
- (2) Introduce power-saving design to more green networking devices to comply with international environmental protection requirements and actively expand its patent portfolio.
- (3) Reduce product development costs, increase the capacity utilization, and improve quality continually.

## III. The company's future development strategy

1. Grasp the market trends and customer needs, global brand distribution channels, and reinforce our leadership in international networking brands.
2. Our network transmission devices feature efficient cloud management to improve product differentiation to stay competitive and have high margin.
3. Effectively integrate marketing and sales resources, and strictly control operations and product quality to improve business performance.

4. Put the corporate social responsibility into practice for sustainable business competitiveness.

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

Since the beginning of this year, the raging COVID-19 pandemic has greatly impacted the global businesses, and we have to continuously observe and evaluate the risks of growth uncertainty. In this critical moment, the demand for remote communication and remote management is on the rise. PLANET's products can quickly build remote network communications and telemedicine network infrastructures. The company will take advantage of its rich development experience in IP technology to actively develop niche smart and user-friendly networking devices with eco-design, while developing innovative technologies and complying with the requirements of environmental protection, energy savings, and carbon reduction. We are committed to maintaining a good business health and CSR corporate culture to improve the international competitive value of our own brands and pursue the sustainable corporate development.

Lastly, I appreciate each shareholder's support and trust on behalf of the Company's Board of Directors and all employees. All employees will make concerted efforts and make use of creativity and teamwork to increase profits and create higher values for all shareholders.

Yours sincerely

Chen, Ching-Kang  
Chairman

## Two. Company Profile

I. Date of incorporation: January 5, 1993

II. Company history

Time	Key Facts
January 1993	PLANT Technology Limited was incorporated (former PLANET Technology Corporation)
1996	Launched Fast Ethernet switches
May 1996	Re-organized as PLANET Technology Corporation.
January 1997	Firstly launched dual speed network hub, and thus officially entered the era of megabyte.
February 1997	Certified with ISO 9002 for the first time.
May 1997	Cash capitalized for Fifteen Million New Taiwan Dollars, and the paid-in capital was increased to Twenty Million New Taiwan Dollars.
September 1999	Launched Gigabit Ethernet products.
2000	Successfully launched broadband communication network products.
December 2000	Cash capitalized for Ninety Million New Taiwan Dollars, and the paid-in capital was increased to One Hundred and Ten Million New Taiwan Dollars.
January 2001	Certified with ISO-9002 for the second time
May 2001	Capitalization of retained earnings for Thirty three Million and Four Hundred Thousand New Taiwan Dollars, and the paid-in capital was increased to One Hundred and Forty-Three Million and Four Hundred Thousand New Taiwan Dollars.
July 2001	Launched Voice over IP gateways, and successfully applied the voice products to the internet.
July 2001	The Company's shares were approved by the Securities and Futures Commission for public listing.
December 2001	The Chairman, Mr. Chen, Ching-Kang, was awarded as "The Model of Chinese Young Entrepreneur, R.O.C".
2002	Launched Layer 3 Managed Routing Switches and multi-port VDSL switches.
July 2002	Capitalization of retained earnings for Seventy three Million and Two Hundred Thousand New Taiwan Dollars, and the paid-in capital was increased to Two Hundred and Sixteen Million and Six Hundred Thousand New Taiwan Dollars.
August 2002	The employee stock options were approved for issuance of 500 units by the SFC.
December 2002	The Company's shares were registered as the emerging shares at the TPEX
February 2003	On February 18, 2003, the Company issued 450 units of employee stock options
June 2003	On June 13, 2003, the Company was approved by the MOF and SFC for TPEX listing.
July 2003	Capitalization of retained earnings for Sixty three Million and Four Hundred Thousand New Taiwan Dollars, and the paid-in capital was increased to Two Hundred and Eighty Million New Taiwan Dollars.

Time	Key Facts
September 2003	On September 17, 2003, the Company was publicly listed in Taipei Stock Exchange (TPEX) Market.
January 2004	Received “2003 Taiwan Excellence Award” from TAITRA by three products: Bandwidth Manager, Powerline to Ethernet Bridge with 4-port switch, and 48-port Stackable Ethernet Switch with 2 Gigabit slots.
June 2004	PLANET VoIP Gateway with IP Sharing awarded with “Best Choice of COMPUTEX TAIPEI 2004”.
August 2004	Capitalization of retained earnings for Sixty two Million New Taiwan Dollars, and the paid-in capital was increased to Three Hundred Forty-two Million New Taiwan Dollars.
January 2005	Received “2005 Taiwan Excellence Award” from TAITRA by four products: Pan/Tilt Internet Camera, IEEE 802.3af Power Over Ethernet Adapter, Internet Telephony PBX System, 24-Port Gigabit Ethernet Security Switch.
January 2005	Reinvested in subsidiary Planet International Inc.
March 2005	143 units of employee stock options of 2002 were traded over-the-counter.
April 2005	Conversion of employee options to 143,000 common shares, and the paid-in capital was Three Hundred and Forty-three Million and Four Hundred and Thirty Thousand New Taiwan Dollars.
August 2005	Capitalization of retained earnings for Sixty Seven Million and Eight Hundred and Twenty Thousand New Taiwan Dollars, and the paid-in capital was increased to Four Hundred Eleven Million Two Hundred and Fifty Thousand New Taiwan Dollars.
December 2005	Won the “2005 MIS Best Choice“, sponsored by Institute for Information Industry, the 1st place in the enterprise wireless LAN segment, and the 3rd place in the firewall devices segment.
January 2006	The new enterprise slogan “ <i>Pioneer of IP Innovation</i> ”, and product slogan “ <i>Activating IP Power</i> ” were fully applied.
March 2006	38 units of employee stock options of 2002 were traded over-the-counter.
April 2006	Conversion of employee options to 38,000 common shares, and the paid-in capital was Four Hundred Eleven Million Two Hundred and Six Hundred Thirty Thousand New Taiwan Dollars.
August 2006	Capitalization of retained earnings for Sixty Million and Twenty Thousand New Taiwan Dollars, and the paid-in capital was increased to Four Hundred Seventy-One Million Sixty Hundred and Fifty Thousand New Taiwan Dollars.
August 2006	The outdoor wireless Mesh AP, and Internet Telephony PBX System won the “2006 Taiwan Excellence Award”.
August 2006	Received the Certificate of conformity the communication facility from Russia.
October 2006	Recognized “Asia’s 200 Best under a Billion” by Forbes Asia.
February 2007	Certified with ISO 9001: 2000 for the second time.
March 2007	Awarded by CommonWealth Magazine with the “2007 Taiwan’s Excellence in Corporate Social Responsibility Award”.
April 2007	28 units of employee stock options of 2002 were traded over-the-counter.

Time	Key Facts
May 2007	Conversion of employee options to 28,000 common shares, and the paid-in capital was Four Hundred Seventy-One Million Nine Hundred and Thirty Thousand New Taiwan Dollars.
June 2007	SIP IP Phone with PSTN Connectivity, and VDSL2 Router were awarded with the “2007 Taiwan Excellence Award”
August 2007	Capitalization of retained earnings for Forty-four Million and Four Hundred and Seventy Thousand New Taiwan Dollars, and the paid-in capital was increased to Five Hundred and Sixteen Million Four Hundred Thousand New Taiwan Dollars.
October 2007	Received “Certification for Networking Products” from Belarus.
December 2007	36 units of employee stock options of 2002 were traded over-the-counter.
January 2008	<ul style="list-style-type: none"> <li>▪ Conversion of employee options to 36,000 common shares, and the paid-in capital was Five Hundred Sixteen Million Seven Hundred and Sixty Thousand New Taiwan Dollars.</li> <li>▪ Brand new official website of PLANET was onboard.</li> <li>▪ PoE/802.11g CMOS P/T IR Internet Camera was awarded with the “2008 Taiwan Excellence Award”.</li> </ul>
March 2008	Awarded again by CommonWealth Magazine with the “2008 Taiwan’s Excellence in Corporate Social Responsibility Award”.
April 2008	RS-232/ RS-422/ RS-485 over Fast Ethernet Media Converter was selected as “Winner of Online Voting for Most Popular Product” by SecuTech Award 2008.
September 2008	Capitalization of retained earnings for Thirty-Four Million and Five Hundred and Forthy Thousand New Taiwan Dollars, and the paid-in capital was increased to Five Hundred and Fifty-One Million Three Hundred Thousand New Taiwan Dollars.
October 2008	Passed the “CG6004 Corporate Governance System Evaluation Certification”, among one of the first certified TPEX listed companies.
January 2009	To maintain the Company’s credit and the shareholders’ interests, treasury shares 310,000 shares were bought back.
March 2009	<p>Received two corporate social responsibility (CSR) awards consecutively as recognition:</p> <ol style="list-style-type: none"> <li>(1) The “2009 Corporate Social Responsibility Award” by Global Views Monthly Magazine, as the Model of the TPEX listed companies.</li> <li>(2) Recognized by CommonWealth Magazine as the “2009 Taiwan’s Excellence in Corporate Social Responsibility Award” winner for the third time.</li> </ol>
March 2009	Cancelled the treasury shares and thus reduce capital for Three Million and One Hundred New Taiwan Dollars, the paid-in capital became Five Hundred Forty-Eight Million and Two Hundred Thousand New Taiwan Dollars.
September 2009	Capitalization of retained earnings for Sixteen Million and Four Hundred and Forty-Six Thousand New Taiwan Dollars, and the paid-in capital was increased to Five Hundred and Sixty-Four Million Six Hundred and Forty-Six Thousand New Taiwan Dollars.

Time	Key Facts
October 2009	Passed the ISO 9001 (renewal) and ISO 14001 (1st time) certification without defect.
December 2009	<ul style="list-style-type: none"> <li>▪ Passed the “CG6005 Corporate Governance System Evaluation Certification” again after review, and secured the highest scores among TPEX listed companies.</li> <li>▪ Unified Office Gateway received the “2010 Taiwan Excellence Award”.</li> </ul>
February 2010	Five units of employee stock options of 2007 were traded over-the-counter.
March 2010	<ul style="list-style-type: none"> <li>▪ Received the Fiver Star recognition of “Corporate Social Responsibility Award” by Global Views Monthly Magazine, as the 1st place of the TPEX listed companies.</li> <li>▪ Conversion of employee options to 5,000 common shares, and the paid-in capital was Five Hundred Sixty-Four Million Six Hundred and Ninety-Six Thousand New Taiwan Dollars.</li> </ul>
April 2010	20 units of employee stock options of 2007 were traded over-the-counter.
June 2010	Conversion of employee options to 20,000 common shares, and the paid-in capital was Five Hundred Sixty-Four Million Eight Hundred and Ninety-Six Thousand New Taiwan Dollars.
August 2010	Awarded by CommonWealth Magazine with the “2010 Taiwan’s Excellence in Corporate Social Responsibility Award”.
September 2010	Capitalization of retained earnings for Sixteen Million and Nine Hundred and Forty-Six Thousand Eight Hundred and Eighty New Taiwan Dollars, and the paid-in capital was increased to Five Hundred and Eighty-One Million Eight Hundred and Forty-Two Thousand Eight Hundred and Eighty New Taiwan Dollars.
October 2010	IP camera ICA-H312, fiber optic media converter FT-802S15, and Ethernet over VDSL2 converter VC-201A facilitated the rescue of Chilean miners to be successfully achieved.
December 2010	VDSL2 IP DSLAM, and Professional PoE IP Phone with Expansion Function received the “2011 Taiwan Excellence Award”.
April 2011	One of the six finalists under the “Education Promotion” category of the “Corporate Social Responsibility Award” by Global Views Monthly Magazine, and was the only TPEX listed company among all finalists.
May 2011	The IP surveillance solution won “PC3 Platinum Brand Award 2010” in Hong Kong.
August 2011	Ranked 1 <sup>st</sup> place of the “2011 Taiwan’s Excellence in Corporate Social Responsibility Award” under the medium-sized company (annual revenue within NT\$ 10 billion) by CommonWealth Magazine.
November 2011	The Wired Mega-Pixel Cube IP Camera (ICA-HM100) was awarded with “Editor’s Choice 2011” by PC Market Magazine in Hong Kong.
December 2011	Five innovative network products received the “2012 Taiwan Excellence Award”, including IP67 Industrial M12 Fast Ethernet PoE Switch, Industrial VDSL2/PoE Ethernet Extender, PoE Solar Power System, Wireless Fisheye Panorama IP Camera, and Desktop Unified Office Gateway.

Time	Key Facts
January 2012	Selected as “The Top 10 Suppliers of 2011” by the largest ICT B2B e-commerce platform “Computex.biz”.
February 2012	Honored the first term of “Excellent Corporate Award” under the “Social Responsibility” category by New Taipei City Government, Taiwan.
June 2012	Passed the “CG6007 Corporate Governance System Evaluation Certification”.
August 2012	<ul style="list-style-type: none"> <li>▪ Ranked 1<sup>st</sup> place of the “2012 Taiwan’s Excellence in Corporate Social Responsibility Award” under the medium-sized company (annual revenue within NT\$ 10 billion) again by CommonWealth Magazine.</li> <li>▪ Received “Certification for Networking Products” from Belarus again.</li> </ul>
December 2012	Six innovative network products received the “2013 Taiwan Excellence Award”, including Industrial Solar Power PoE Switch, Industrial 802.11n 300Mbps Wireless Access Point, 8-Port Gigabit 802.3at PoE Switch, Gigabit SSL VPN Security Router, 4-Ch NVR with HDMI, and 24-Port Gigabit Fiber plus 4-Port 10G Fiber Managed Metro Ethernet Switch.
January 2013	<ul style="list-style-type: none"> <li>▪ Ranked as the 1st place among “The Top 10 Suppliers of 2012” by the largest ICT B2B e-commerce platform “Computex.biz”.</li> <li>▪ Passed the ISO 9001 and ISO 14001 certification without defect again.</li> </ul>
June 2013	Selected as “Top 10 Suppliers of 2013” in all three categories including “Most-inquired”, “Most-viewed”, and “Most Active” by the largest ICT B2B e-commerce platform “Computex.biz”.
August 2013	<ul style="list-style-type: none"> <li>▪ Awarded by CommonWealth Magazine with the “2013 Corporate Citizenship Awards”.</li> <li>▪ Capitalization of retained earnings for Eleven Million and Six Hundred and Thirty Six Thousand Eight Hundred and Sixty New Taiwan Dollars, and the paid-in capital was increased to Five Hundred and Ninety-Three Million Four Hundred and Seventy-Nine Thousand Seven Hundred and Forty New Taiwan Dollars.</li> </ul>
October 2013	Conversion of employee options to 376,000 common shares, and the paid-in capital was Five Hundred Ninety-Seven Million Two Hundred and Thirty-Nine Thousand Seven Hundred and Forty New Taiwan Dollars.
December 2013	Five innovative network products received the “2014 Taiwan Excellence Award”, including Layer 2/4 24-port Gigabit 802.3at PoE plus 4-port 10G SFP+ Intelligent Security Switch, Industrial 8-port Gigabit 802.3at PoE+ Managed Switch, Wireless Fisheye Cloud IP Camera, PoE over Coaxial Extenders, and HDMI/Video Wall over IP PoE Transmitter and Receiver.
December 2013	Certified as “Smoke-free Workplace” by Health Promotion Administration.
January 2014	Conversion of employee options to 350,000 common shares, and the paid-in capital was Six Hundred Million Seven Hundred and Thirty -Nine Thousand Seven Hundred and Forty New Taiwan Dollars.
August 2014	Awarded by CommonWealth Magazine with the “2014 Corporate Citizenship Awards”. In the eight-year history of this CSR award by CommonWealth Magazine, only twelve enterprises have won the award consecutively, among which, the Company was the only medium-sized enterprise listed.



Time	Key Facts
September 2014	Capitalization of retained earnings for Twelve Million Fourteen Thousand and Eight Hundred New Taiwan Dollars, and the paid-in capital was increased to Six Hundred and Twelve Million Seven Hundred and Fifty-Four Thousand Five Hundred and Forty New Taiwan Dollars.
November 2014	Passed the ISO 9001 and ISO 14001 certification without defect.
December 2014	Five innovative network products received the “2015 Taiwan Excellence Award”, including Industrial IP67 Rated Waterproof/Dustproof Gigabit Managed Switch with 4-port PoE+, Industrial 8-port Gigabit Wall-mounted Switch with 4-port 802.3at PoE+, 1200Mbps 802.11ac Dual Band Ceiling Mount Wireless Access Point, 5 Mega-pixel Wireless Fisheye IP Camera, and Industrial Internet Video Server.
March 2015	Selected as “2015 Potential Taiwan Mittelstand Award” by MOEA, as well as the first enterprise won the “Taiwan Mittelstand Award for Gender Equality”.
April 2015	Certified an ‘A+’ grade for information disclosure in the 2014 Information Disclosure and Transparency Ranking Evaluation in Taiwan.
May 2015	At the first term of “Corporate Governance Evaluation System” conducted by the Taiwan Stock Exchange (TWSE) and TPEX in 2014, the Company was ranked at the top 5% of all TPEX listed companies.
August 2015	Awarded by CommonWealth Magazine with the “2015 Corporate Citizenship Awards”.
September 2015	Capitalization of retained earnings for Twelve Million and Two Hundred and Fifty Five Thousand One Hundred New Taiwan Dollars, and the paid-in capital was increased to Six Hundred Twenty Five Million Nine Thousand Six Hundred and Forty New Taiwan Dollars.
November 2015	Passed the ISO 9001:2015 and ISO 14000:2015 certification without defect; leading the domestic enterprises.
December 2015	Three innovative network products and solutions received the “2016 Taiwan Excellence Award”, including Smart Cloud Home Automation with VoIP Solution, Long Reach PoE/PoC Solution, and 16-port Ultra PoE Managed Gigabit Switch.
April 2016	Certified to be in the top 5 percent of all TPEX listed companies in the 2015 Corporate Governance Evaluation System officially and jointly held by the TWSE and TPEX.
August 2016	Awarded by CommonWealth Magazine with the “2016 Corporate Citizenship Awards”.
November 2016	Passed the ISO 9001:2015 and ISO 14001:2015 certification without defect.
December 2016	Five innovative network products and solutions received the “2017 Taiwan Excellence Award”, including Renewable Energy Industrial 802.3at PoE Managed Ethernet Switch, Industrial Gigabit plus 20G Fiber Managed Switch Series, Industrial L2+ 24-Port 802.3at PoE+ plus 4-Port Shared Gigabit Fiber Managed Switch, L2+ Centralized Wireless APs Management Solution, and H.265 IP Surveillance Total Solution.

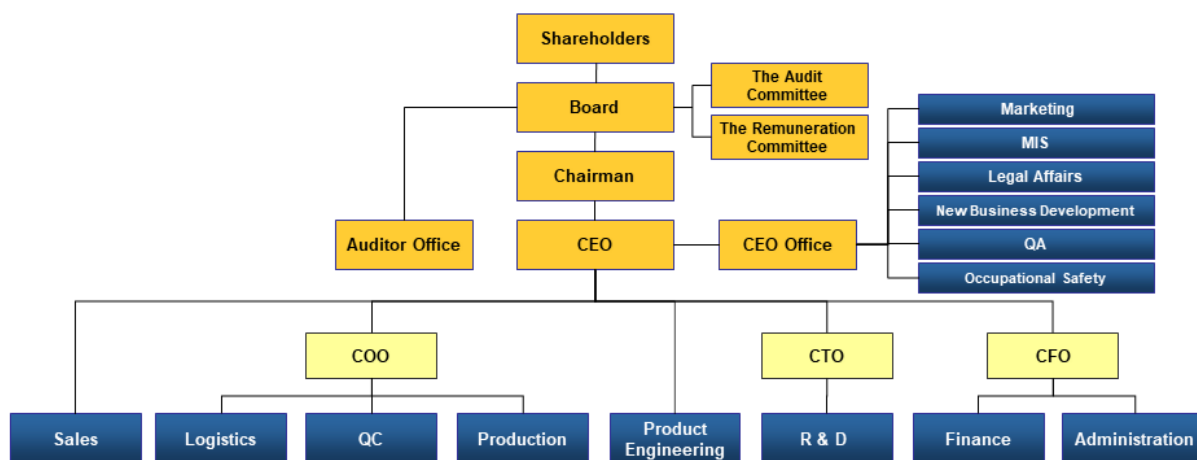
Time	Key Facts
April 2017	Certified to be in the top 6%~20% of all TPEX listed companies in the 2016 Corporate Governance Evaluation System officially and jointly held by the TWSE and TPEX.
June 2017	The Auditing Committee was established voluntarily, to enhance the corporate governance mechanism.
August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

Time	Key Facts
November 2018	<p>Color Touch LCD Wireless LAN Managed Switch won “2019 Taiwan Excellence Silver Award”, along with PLANET’s other three intuitive products being awarded “2019 Taiwan Excellence Award: Enterprise-class Wireless LAN Controller Series, Industrial Flat-type Smart Router with Color Touch LCD Screen, and Industrial Flat-type L2+ Managed Switch with Color Touch LCD Series.</p> <p>The company received the “2019 Taiwan Excellence Achievement Award” for more than 50 PLANET products have been awarded the honor of Taiwan Excellence.</p>
February 2019	Received D&B D-U-N-S Certification.
April 2019	Certified to be in the top 6%~20% of all TPEX listed companies in the 2018 Corporate Governance Evaluation System officially and jointly held by the TWSE and TPEX.
May 2019	Won the “Asia Responsible Enterprise Awards 2019 - Social Empowerment”, organized by Enterprise Asia.
June 2019	The appearance design of products was innovated to enhance the brand identity and the professional technology brand image of PLANET. The renovation of product appearance design was recognized by MOEA CITD program, and debuted in 2019 Computex Taipei for the first time.
July 2019	Set up the Corporate Governance Officer voluntarily, to enhance the corporate governance mechanism.
August 2019	Selected as “2019 Potential Taiwan Mittelstand Award” by MOEA, and received the “Taiwan Mittelstand Award for Workplace Friendliness” again.
September 2019	Recognized by CommonWealth Magazine with the “2019 Corporate Citizenship Awards”. The Company was the only TPEX listed company receiving this CSR award for the consecutive 13th year.
October 2019	Chen, Ching-Kang, the Chairman, won the “Asia Pacific Entrepreneurship Awards 2019” under the Outstanding category, organized by Enterprise Asia.
November 2019	Three smart network products and solutions won the “2020 Taiwan Excellence Award”: Universal Network Management System, L3 Industrial 8-Port 90-Watt PoE++ Managed Ethernet Switch with 20G SFP+ Uplink, and Industrial VPN Security Gateway Series.
November 2019	Chen, Ching-Kang, the Chairman, received the “2019 Taiwan EY Sustainable Leader Entrepreneur Of The Year” from EY Taiwan.
March 2020	Due to the global outbreak of COVID-19, the Company has established the “Contingency Task Force for Pandemic”, as the decision-making unit for the company-wide containment measures, and various possible operating patterns responding to the outbreak development, so that the employees’ health is well guarded and the Company may operate as usual.
April 2020	Certified to be in the top 6%~20% of all TPEX listed companies in the 2019 Corporate Governance Evaluation System officially and jointly held by the TWSE and TPEX.

### Three. Corporate Governance Report

#### I. Organizational structure

##### (I) Current organizational structure



##### (II) Operations and functions of the major department:

Auditor Office: internal control system audit, assess the effectiveness of operations, and suggestions for continuous improvement.

CEO Office: company objectives and strategies; decision-making of product development and global branding; establishing of each system of the Company and controlling documents; information management; intellectual properties; ISO system implementation and oversight; promoting and implementing the occupational health and safety; handling public relations; and expanding new business opportunities.

Department of Sales: in charge of managing domestic/overseas markets and distributor channels; managing sales orders, shipment and payment; and handling customer complaints.

Department of Logistics: in charge of product production and material outsourcing; inventory managing; shipping arrangement; and custom declaration.

Department of Quality Control: product and raw material inspection to ensure the product quality.

Department of Production: manage the production scheduling and processes of the outsourced plants; production monitoring on site of the outsourced plants.

Department of Product Engineering: deciding product strategies; developing new technologies and new products; validation of the reliability and functions of products. Also, in charge of technical supports to clients, product technical documents, trainings to employees and clients.

Department of R&D: in charge of the design of product hardware and software.

Department of Finance: planning and dispatching funds, risk management, cashier, handling accounting affairs, and reviewing the annual budgets and settlements.

Department of Administration: in charge of human resource recruiting and training, employee welfare planning and implementation, general affairs and safety management of the workplace.

## II. Directors, Supervisors and Management Team

### (I) Directors and Supervisors

Unit: shares  
April 11, 2020

#### Information about directors & supervisors (1)

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Inauguration Date	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 2)
							Shares	%	Shares (Note 1)	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C.	Chen, Ching-Kang	M	06.13.2017	3 years	1993.1.5	4,211,978	6.74%	4,211,978	6.74%	3,030,241	4.85%	—	—	PhD, Business Administration, Macau University of Science and Technology Chief of International Marketing, Wang Laboratories Chief Supervisor, National Innovation and Entrepreneurship Association , R.O.C.(TAIWAN)	CEO of PLANET Technology Corporation. Director of Puyang Investment Co., Ltd	Director	Hsu, Hwa-Lin	Spouse	The Chairman and the CEO is by the same person. Thus, seats of independent directors are added, and more than a half of directors do not concur the company's employees or managers.
Director	R.O.C.	Hsu, Hwa-Lin	F	06.13.2017	3 years	1993.1.5	3,030,241	4.85%	3,030,241	4.85%	4,211,978	6.74%	—	—	B.A., Department of Music, Chinese Culture University	Vice president of PLANET Technology Corporation. Chairman of Director of Puyang Investment Co., Ltd Representative director of Planet International Inc. Director of First Commercial Bank Culture and Education Foundation	Chairman	Chen, Ching-Kang	Spouse	
Director	R.O.C.	Representative of Puyang Investment Co., Ltd	M	06.13.2017	3 years	2001.8.8	16,856,237	26.97%	16,856,237	26.97%	—	—	—	—	PhD, Business Administration, Macau University of Science and Technology EMBA, National Taiwan University	President of Zhang Yue Construction Corporate. President of Lan Bou Wan Development Co., Ltd.	N/A	N/A	N/A	
	R.O.C.	Li, I-Chuan				2005.6.17	43,195	0.07%	43,195	0.07%	9,323	0.01%	—	—	Associate vice president, Audit Office and Department of Finance, Pacific Sogo Department					

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Inauguration Date	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 2)
							Shares	%	Shares (Note 1)	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	R.O.C.	Representative of Puyang Investment Co., Ltd	F	06.13.2017	3 years	2001.8.8	16,856,237	26.97%	16,856,237	26.97%	—	—	—	—	EMBA, National Chengchi University Department of Accounting, Tunghai University	CFO of PLANET Technology Corporation.	N/A	N/A	N/A	
	R.O.C.	Lin, Man-Tsu				2017.6.13	323,555	0.52%	323,555	0.52%	5,665	0.01%	—	—	Manager, Wei-Feng Security Manager, Ju-Ba Electrical Engineering Vice manager, Taishin Diandian					
Independent director	R.O.C.	Chen, Shuh	M	06.13.2017	3 years	2017.6.13	—	—	—	—	—	—	—	PhD, in Business Administration, National Taiwan University Chairperson, Financial Supervisory Commission, Executive Yuan Chairman, Taiwan Stock Exchange	Chairman, Central Investment Co., Ltd. Independent director, Asia Cement Corporation Independent director, Accton Technology Corporation Chairman, Zhong Dao Association of Leadership and Culture	N/A	N/A	N/A		
Independent director	R.O.C.	Huang, Hsin Hsien	M	06.13.2017	3 years	2017.6.13	—	—	—	—	—	—	—	Department of Law, Soochow University Passed Examination for Judges and Prosecutors and Bar Examination Judge, Chiayi, Taoyuan, and Shilin District Courts Director and member of Remuneration Committee, Test Rite International Co., Ltd. Director, Tsai Won Industrial Co., Ltd Member, Committee of the Taipei City Center for Prevention of Domestic Violence and Sexual Assault	Head of Chian-Yuan Law Firm Director, Jinghua Society Cultural Foundation	N/A	N/A	N/A		

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Inauguration Date	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 2)
							Shares	%	Shares (Note 1)	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent director	R.O.C.	Chang, Pao-Thai	F	106.06.13	3 years	2017.6.13	—	—	—	—	—	—	—	—	Executive Class, Antai College of Economics and Management, Shanghai Jiao Tong University	Chairperson, Premier International Co., Ltd. President, Tsai-Ku Human Resource Consultancy Co., Ltd. Director and member of Remuneration Committee, Apex Science & Engineering Corp.	N/A	N/A	N/A	

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

Note 2: Where the chairman of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as adding seats of independent directors, and more than a half of directors do not concur employees or managers)

Major shareholders of the institutional shareholder

April 11, 2020

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

Information about directors & supervisors (2)

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

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

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the company, its parent company, subsidiary, or another subsidiary of the parent that is compliant with the Act or local laws).
- (3) Does not hold more than 1% of the company’s outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the company.
- (4) Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2) or (3).
- (5) Not a director, supervisor or employee of any corporate shareholder that: 1. holds 5% or more of the Company’s outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act. (This excludes concurrent independent director positions held



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

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

Unit: shares  
April 11, 2020

Title	Nationality/ Origin Country of	Name	Gender	Date appointed	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Position	Managers who are spouses or within two degrees of kinship			Remarks (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CEO	R.O.C.	Chen, Ching-Kang	M	1993.1.5	4,211,978	6.74%	3,030,241	4.85%	—	—	PhD, Business Administration, Macau University of Science and Technology Chief of International Marketing, Wang Laboratories Chief Supervisor, National Innovation and Entrepreneurship Association ,R.O.C.(TAIWAN)	Director of Puyang Investment Co., Ltd	Vice President	Hsu, Hwa-Lin	Spouse	The Chairman and the CEO is by the same person. Thus, seats of independent directors are added, and more than a half of directors do not concur the company's employees or managers.
Vice President	R.O.C.	Hsu, Hwa-Lin	F	1993.1.5	3,030,241	4.85%	4,211,978	6.74%	—	—	B.A., Department of Music, Chinese Culture University	Chairman of Director of Puyang Investment Co., Ltd Planet International Inc. Representative of Director Director of First Commercial Bank Culture and Education Foundation	CEO	Chen, Ching-Kang	Spouse	
CFO	R.O.C.	Lin, Man-Tsu	F	1999.7.19	323,555	0.52%	5,665	0.01%	—	—	EMBA, National Chengchi University Department of Accounting, Tunghai University Manager, Wei-Feng Security Manager, Ju-Ba Electrical Engineering Vice manager, Taishin Diandian	N/A	N/A	N/A	N/A	
CTO	R.O.C.	Shih, Yi-Shen	M	1995.8.28	313,775	0.50%	120,205	0.19%	—	—	EMBA, National Central University Department of Information Management, National Central University Manager, Department of R&D, PLANET Technology	N/A	N/A	N/A	N/A	

COO	R.O.C.	Wu, Hsueh-Ju	♂	1994.10.24	301,057	0.48%	—	—	—	—	EMBA, National Taiwan University of Science and Technology Department of International Business, Pingtung Commercial Junior College Manager, Department of Procurement, PLANET Technology Manager, Department of Materials, PLANET Technology	N/A	N/A	N/A	N/A
Director, Department of Product Engineering	R.O.C.	Kang, Shih-Sheng	♂	2015.8.1	85,398	0.14%	—	—	—	—	Department of Industrial Engineering, Tunghai University Digital engineer, Yam Co., Ltd. SME micro- and macro service engineering, Acer Co, Ltd. Level Two coordinator of Institute, Quanta Computer Inc. Senior manager, Department of Product Development, PLANET Technology	N/A	N/A	N/A	N/A
Director, Department of R&D	R.O.C.	Leong, Chi-Tong	♂	2020.01.01	11,000	0.02%	—	—	—	—	Department of Information Management, Fujen Catholic University Vice engineer, China Productivity Center Senior engineer, Siemens Telecommunication Systems Limited. Manager, Askey Computer Corporation Chief, Delta Networks, Inc. Senior manager, PLANET Technology	N/A	N/A	N/A	N/A

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

Note 2: Where the chairman of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as adding seats of independent directors, and more than a half of directors do not concur employees or managers)

III. Remuneration paid to directors, supervisors, the CEO and vice presidents in the last year

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

(I) Remuneration to non-independent and independent directors

Unit: NT\$ thousands

Position	Name	Remuneration to directors								The total amount of A, B, C and D in net income after tax (%)		Remuneration in the capacity as employees								The sum of A, B, C, D, E, F and G to Earnings after Tax (%)		Compensation from parent company or invested businesses other than subsidiaries	
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Business execution fee (D)		Salaries, bonus and special subsidies (E)		Pension (F)		Remuneration to employees (G)				The Company	All companies included into the financial statement.				
		The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	Cash Amount	Shares Amount	Cash Amount	Shares Amount						
Director	Chairman	Chen, Ching-Kang																					
	Director	Hsu, Hwa-Lin																					
	Director	Puyang Investment Co., Ltd Representative: Li, I-Chuan																					
	Director	Puyang Investment Co., Ltd Representative: Lin, Man-Tsu		-	-	-	-	6,184	6,184	83	83	2.00%	2.00%	4,946	4,946	120 (Note 1)	120 (Note 1)	1,200	-	1,200	-	4.01%	4.01%
Independent director	Independent director	Chen, Shuh																					
	Independent director	Huang, HsinHsien																					
	Independent director	Chang, Pao-Thai																					

1. Please explain the policy, system, standards and structure by which independent director remuneration is paid, and association between the amount paid and independent directors' responsibilities, risks and time committed:  
The Company's principle of remunerations to directors is handled pursuant to Article 16, the Articles of Association: "the decisions of remunerations to directors (including independent directors), is authorized to the Board of Directors, based on their participation, contributions to the Company's operations, and by referring to the payments made by peers;" As well as Article 19-1: "Should there be profit in a year, no less than 5% shall be contributed as the remuneration to employees and no higher than 2% as the remuneration to directors. profits must first be set aside to offset cumulative losses if any. The aforesaid remuneration to employees may be in cash or shares; the eligible receivers may include the employees of the Company or the subsidiaries. The aforesaid remuneration to directors may only be made in cash. The remuneration to employees and directors shall be resolved by the Board of Directors and reported to the Shareholders' meeting".  
The remunerations to directors and independent directors vary; other than compliance with the regulations, their expertise, time input to the operation, and their functions are taken into account. Every year, each director's performance are evaluated based on their attendance to the Board meetings and Shareholders' meeting, continuing education, interactions with management, and their compliance with various ethic codes.  
2. Compensation received by director for providing service to any company included in the consolidated financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None

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

### Breakdown of Remuneration

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

(II) Remuneration to supervisors

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

(III) Remuneration to CEO and vice presidents

Unit: NT\$ thousands

Position	Name	Salary (A)		Pension (B)		Bonus and special allowance (C)		Remuneration to employees (D)				Sum of A, B, C, and D as a percentage of net income (%)		Compensation from parent company or invested businesses other than subsidiaries
		The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company		All companies included into the financial statement.		The Company	All companies included into the financial statement.	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
CEO	Chen, Ching-Kang	4,249	4,249	120	120	697	697	1,200	-	1,200	-	2.00%	2.00%	N/A
Vice President	Hsu, Hwa-Lin			(Note 1)	(Note 1)									

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

### Breakdown of Remuneration

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

Remuneration to employees paid to managerial officers, and the status of allocation:

Unit: NT\$ thousands  
March 31, 2020

	Position	Name	Amount of shares (proposed amount)	Amount of cash (proposed amount)	Total	Proportion to Earnings After Tax of 2019 (%)
Manager	CEO	Chen, Ching-Kang	0	4,620	4,620	1.48%
	Vice President	Hsu, Hwa-Lin				
	CFO	Lin, Man-Tsu				
	CTO	Shih, Yi-Shen				
	COO	Wu, Hsueh-Ju				
	Director, Department of Product Engineering	Kang, Shih-Sheng				
	Director, Department of R&D	Leong, Chi-Tong				

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

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

	Director	Supervisor	CEO and vice presidents
2018	2.01%	0%	2.05%
2019	2.00%	0%	2.00%

Description of changes

Director: The ratio of remunerations of directors to after-tax net profit decreased from 2018 to 2019, because the after-tax net profit of 2019 increased from 2018.  
Supervisors: The Company has established the Audit Committee to replace supervisors, and thus no remuneration to supervisor was paid.



CEO and vice presidents: The ratio of remunerations of CEO and vice presidents to after-tax net profit decreased from 2018 to 2019, because the after-tax net profit of 2019 increased from 2018.

2. Policies, standards, and packages of remuneration payment, the procedure to set remuneration, and relevance to the operating performance and future risks:  
The company's principle of remunerations to directors is established by the Board of Directors in the Articles of Association, and presented to the Shareholders' meeting for approval. It is handled pursuant to Article 16, the Articles of Association: "the decisions of remunerations to directors (including independent directors), is authorized to the Board of Directors, based on their participation, contributions to the Company's operations, and by referring to the payments made by peers;" The remunerations to directors is also handled pursuant to Article 19-1 of the Articles of Association: "Should there be profit in a year, no less than 5% shall be contributed as the remuneration to employees and no higher than 2% as the remuneration to directors. Profits must first be set aside to offset cumulative losses if any. The aforesaid remuneration to employees may be in cash or shares; the eligible receivers may include the employees of the company or the subsidiaries. The aforesaid remuneration to directors may only be made in cash. The remuneration to employees and directors shall be resolved by the Board of Directors and reported to the Shareholders' meeting".  
The remunerations to CEO and vice presidents include the basic salary, subsidies, and bonus; the payment is made based on the achievement of the company's holistic goals, personal performance, and by referring to the payments made by peers to the equivalents.  
From 2009, the company has purchased liability insurance for directors to thoroughly protect the directors' liabilities and the assets. In addition, there is no litigation or maintenance obligation that may result in future liability, obligation, or debt of the company.

#### IV. Corporate governance

##### (I) 1. Operations of the Board

a. The key points of the Board in 2019 are as follows:

- Review 2020 business plan
- Review 2018 financial report
- Evaluation over the effectiveness of internal control system
- Amendments to the "Procedures for Acquisition or Disposal of Assets", the "Procedures for Providing Endorsements/Guarantees" and the "Procedures for Loaning Funds to Others"
- Appointment and dismissal of the internal audit manager

b. In 2019, the company convened total six Board meetings, and operated as follows:

- March 21, 2019:
  - Discussed(1) Proposal of remunerations to employees and directors for 2018
  - (2) 2018 "Declaration of Internal Control System"
  - (3) Proposal of the consolidated and parent-company-only financial statements for 2018

- (4) Proposal of amending the Company's "Asset Acquisition and Disposal Procedures"
- (5) Proposal of amending the "Best-Practice Principles of the Company"
- (6) Proposal of establishing the "Procedures for Handling Requests Made by Directors"
- (7) Remedy to the affairs related to the convention of the Shareholders' meeting 2019, and acceptance of proposals from shareholders with 1% shareholding
- (8) Proposal of directors' self-evaluation and evaluation to the Board's performance for 2018
- (9) Proposal of assessment to attesting accountants' independence and suitability, 2018
- (10) Proposal of engaging attesting accountants and their compensations, 2019
- (11) Proposal of appraising managers' performance and the evaluations to the auditors, 2018

- April 25, 2019

- Discussed
- (1) Proposal of business report for 2018
  - (2) Proposal of earnings distribution for 2018
  - (3) Proposal of amending some clauses of the Articles of Association
  - (4) Proposal of amending the "Procedures for Loaning Funds to Others"
  - (5) Proposal of amending the "Procedures for Providing Endorsements/Guarantees"
  - (6) Remedy to the affairs related to the convention of the Shareholders' meeting 2019, and acceptance of proposals from shareholders with 1% shareholding
  - (7) Proposal of appointing the internal audit manager

- July 18, 2019

- Discussed
- (1) Affairs related to the decision of cash dividends and ex-dividend base date
  - (2) Proposal to apply the renewal of credit facilities from Shanghai Commercial Bank
  - (3) Proposal of appointing the Corporate Governance Officer
  - (4) Proposal of amending the "Procedures for Handling Requests Made by Directors"
  - (5) Proposal of amending the "Rules of Procedure for Board of Directors Meetings"
  - (6) Proposal of amending the "Best-Practice Principles of the Company"
  - (7) Proposal of amending the "Organization Regulations for Audit Committee"

- August 8, 2019  
Discussed(1) Proposal of remunerations distributed to directors, managers, and employees for 2018
- November 6, 2019  
Discussed(1) Audit Plan for 2020
- December 27, 2019  
Discussed(1)The business plan and budgets for 2020
  - (2) The company proposed to pass the proposal of investing 2018 undistributed earnings of NT\$2,399,896 to accommodate “Article 23-3 added to the Statute for Industrial Innovation”
  - (3) The Remuneration Committee proposed the year-end bonus to the managers for 2019 and the adjustment of the fixed salaries for 2020

c. The Board convened six (A) meetings in the most recent fiscal year (2019); the attendance of supervisors are as follows:

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

Other notes:

- I. If any of the following is applicable to the operation of the Board, specify the date, the series of the session, the content of the motions, the opinions of the Independent Directors, and the response of the company to the opinions of the Independent Directors:
- (I) Conditions described in Article 14-3 of the Securities and Exchange Act.
  - (II) Any other documented objection or qualified opinion raised by independent director against board resolution in relation to matters other than those described above.

Six meetings of the Board were convened in 2019, and sufficient discussions were given in each meeting. To each proposal, the Chairman inquired the opinions of the directors and independent directors. As there was no condition described in Article 14-3 of the Securities and Exchange Act, all proposals were passed as proposed.

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

The Company,

- In the Board's meeting on August 8, 2019:  
Discussed the remunerations to directors and managers proposed by the Remuneration Committee. As decided by the Chairman, the managers recused first; for the attending directors, these who are stakeholders were not allowed to discuss or vote the remuneration proposal resolved by the Remuneration Committee.
- The Board's meeting on December 27, 2019:  
Discussed the proposal of the year-end bonus to the managers for 2019 and the adjustment of the fixed salaries for 2020, submitted by the Remuneration Committee: As decided by the Chairman, the managers recused first; Chairman/CEO, Chen, Ching-Kang; Director/Vice President, Hsu, Hwa-Lin; and Director/Manager, Lin, Man-Tsu all recused from voting. The directors selected Director, Li, I-Chuan to act as the Chairman to host the discussion. The attending Directors with voting rights passed the proposal of the Remuneration Committee.

III. Implementation of Appraisal to the Board of Directors

Assessment cycle	Assessment interval	Scope of assessment:	Assessment method	Details of assessment
Annually	The evaluation to the Board was conducted against their performance between January 1, 2019 to December 31, 2019	Board of directors Individual director	Internal self-evaluation of Board Self-evaluation of individual director	<p><u>Board of directors</u></p> <p>Indicator 1: Compliance to the laws and regulations, weighted 60%</p> <ol style="list-style-type: none"> <li>1. Compliance with the requirements to submit certain issue to the Board, as required by laws</li> <li>2. Six or more the Board's meeting convened</li> <li>3. Compliance to recusals of directors</li> <li>4. Fulfillment to the required continuing education hours</li> <li>5. Attendance of the Board's meetings</li> <li>6. Attendance of the Shareholders' meetings</li> </ol> <p>Indicator 2: Participation to the Company's operation, weighted 40%</p> <ol style="list-style-type: none"> <li>1. Oversight and understanding to the execution of business plans, presentation of financial reports, audit reports, and the tracking of aforementioned.</li> <li>2. Assessment to the independence and suitability of accountants</li> <li>3. Assessment and oversight the existing or potential risks to the Company</li> <li>4. Communication and interaction with management</li> </ol>

				<p><u>Individual director:</u></p> <ol style="list-style-type: none"> <li>1. Attendance of the Board’s meetings</li> <li>2. Attendance of the Shareholders’ meetings</li> <li>3. Fulfillment to the required continuing education hours</li> <li>4. Communication and interaction with management</li> <li>5. Communication and interaction with accountants</li> <li>6. Compliance with recusals when executing director’s duties</li> <li>7. Compliance with the confidentiality obligation when knowing the insider information</li> <li>8. Compliance with the “Code of Conducts for Directors and Managers”</li> <li>9. Compliance with the restrictions of insider transactions</li> <li>10. Shares pledged</li> </ol>
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IV. Enhancements to the functionality of the board of directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements:

1. The “Regulations of Director Election” specifies that the elections of directors must take the background and competencies of individual directors in to account, so the directors of the Company are well diversified. Also the gender equality is particularly emphasized, with no less than one third of seats of directors taken by females. For the expertise, one of each seat owns the expertise of commerce, law, finance, accounting, or the Company’s business, respectively, as complementary. Currently, there are seven seats of directors; among them, there are three seats of independent directors, or 43% of total directors. There are also three female directors, or 43% of total directors. The seven directors have different professional capabilities in the regard to technology, construction, finance, financial, accounting, law, and human resources, which are complementary to each other, and could be a synergy in the future. The diversification of the Board of Directors is specified as follows:

Name	Gender	Age		Tenure as an independent director		Concurrence to the Company’s employee	1 Capability of operational judgement	2 Capability of corporate management	3 Capability of risk management	4 Insight on the international market	5 Leadership	6 Professional capability	7 Industry knowledge
		51 to 60	61 to 70	Less than three years	three to nine years								
Chen, Ching-Kang	Male		√			√	√	√	√	√	√	Network communications	Technologies
Hsu, Hwa-Lin	Female		√			√	√	√	√	√	√	Network communications	Technologies

Li, I-Chuan	Male	√					√	√	√	√	√	Business administration	Construction
Lin, Man-Tsu	Female	√				√	√	√	√	√	√	Finance and accounting	Technologies
Chen, Shuh	Male		√	√			√	√	√	√	√	Finance and accounting	Finance
Huang, Hsin Hsien	Male	√		√			√	√	√	√	√	Legal matters	Legal matters
Chang, Pao-Thai	Female	√		√			√	√	√	√	√	HR	HR

2. From 2009, the Company has purchased the liability insurance for the directors, supervisors, and key officers of the company. The insurance report was reported to the Board of Directors on November 6, 2019, so that the directors may fulfill their duties of overseeing and governing the company without concern.
3. In the 2019 Shareholders' meeting, all seven seats of directors, including Chairman, Jack Chen; the independent director concurring convener of the Audit Committee, Chen, Shu; the independent director concurring convener of the Remuneration Committee, Chang, Pao-Chai; the independent director, Huang, Hsin Hsien; Director, Hsu, Hua-Lin, Li, Yi-Chuang, and Lin, Man-Chu, attended.
4. Based on the "Guidelines of Appraising the Board of Directors and Directors", at the beginning of each year, the performance of the Board of Directors in the previous year will be discussed. On March 9, 2020, the 2019 Board of Directors conducted the self-evaluation, criteria including the directors and independent directors' attendances to the Board's meetings and Shareholders' meetings; their continuing education hours; communications with the management; communication with the attesting accountants; compliance with recusals when executing director's duties; confidentiality obligation when knowing the insider information; compliance with the "Code of Conducts for Directors and Managers;" compliance with the restrictions of insider transactions; and whether pledging shares. After aggregating the self-evaluations of each director and independent director, two indicators are applied for the annual evaluations to the Board of Directors: one is the compliance with the laws and regulations, and the other is the participation to the Company's operation. For 2019, the Board's performance was appraised as 100 points.
5. In 2019, three meetings of Remuneration Committee were convened. Pursuant to the Article 7-1, of "Organization Regulations for Remuneration Committee", it is set forth that "The Committee shall perform the following authorities with due care of stewardship, and submit the proposal to the Board of Directors for discussion: 1. Establishing and reviewing on the regular basis the evaluations to the directors and managers' performance, as well as the policies, systems, standards, and structures of remunerations. 2. Evaluate and decided, on the regular basis, the remunerations to directors and managers". After fully discussing the performance evaluation to each individual director and manager, the proposal is submitted to the Board of Directors.
6. Since the Audit Committee's establishment in 2017, four meetings of Audit Committee were convened in 2019, to discuss the financial reports of 2018, the appraisal to the effectiveness of the internal control system, evaluation of the attesting accountants, the business plan, the earning distribution, and the audit plan, before submitting the aforementioned to the Board of Directors for approval.

(II) Operations of the Audit Committee or the participation of supervisors to the Board of Directors: the company re-elected the directors and supervisors on June 13, 2017, and the Audit Committee was established to replace the supervisors.

1. The key points of the Remuneration Committee in 2019 are as follows:

- Evaluation over the effectiveness of internal control system
- Amendments to the “Procedures for Acquisition or Disposal of Assets”, the “Procedures for Providing Endorsements/Guarantees” and the “Procedures for Loaning Funds to Others”
- Engagement and compensations to the attested CPA for 2019
- Appointment and dismissal of the internal audit manager
- Review of the financial reports

2. In 2019, the company convened a total of four Audit Committee meetings, and operated as follows:

● March 21, 2019:

Report (1) Internal audit report

Discussed (1) 2018 “Declaration of Internal Control System”

(2) Proposal of the consolidated and parent-company-only financial statements for 2018

(3) Proposal of amending the Company’s “Asset Acquisition and Disposal Procedures”

(4) Proposal of assessment to attesting accountants’ independence and suitability, 2018

(5) Proposal of engaging attesting accountants and their compensations, 2019

● April 25, 2019

Report (1) Consolidated financial statements of Q1, 2019

(2) Internal audit report

Discussed (1) Proposal of business report for 2018.

(2) Proposal of earnings distribution for 2018.

(3) Proposal of amending the “Procedures for Loaning Funds to Others”

(4) Proposal of amending the “Procedures for Providing Endorsements/Guarantees”

(5) Proposal of appointing the internal audit officer.

● August 8, 2019

Report (1) Consolidated financial statements of the first half of 2019

(2) Internal audit report

● November 6, 2019

Report (1) Consolidated financial statements of Q1 to Q3 2019

(2) Internal audit report

Discussed (1) Audit Plan for 2020

3. The Audit Committee convened four (A) meetings in the most recent fiscal year (2019); the attendance of independent directors are as follows:

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

Other notes:

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

(I) Conditions described in Article 14-5 of the Securities and Exchange Act

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors:

In 2019, the company convened a total of four Audit Committee meetings

● March 21, 2019:

Discussion (1) 2018 Declaration of Internal Control System

(2) Proposal of the consolidated and parent-company-only financial statements for 2018

(3) Proposal of amending the Company's "Asset Acquisition and Disposal Procedures"

(4) Proposal of assessment to attesting accountants' independence and suitability, 2018

(5) Proposal of engaging attesting accountants and their compensations, 2019

● April 25, 2019

Discussed (1) Proposal of business report for 2018.

(2) Proposal of earnings distribution for 2018.

(3) Proposal of amending the Procedures for Loaning Funds to Others.

(4) Proposal of amending the Procedures for Providing Endorsements/Guarantees.

(5) Proposal of appointing the internal audit officer.

● August 8, 2019

Report (1) Consolidated financial statements of the first half of 2019

(2) Internal audit report



- November 6, 2019

Discussed (1) Audit Plan for 2020

Other than the only proposal on August 8, 2019, all proposals have been fully discussed. Proposals were passed by all members without objection. There was no resolution unapproved by the Audit Committee but passed by more than two-thirds of directors.

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

The company's independent directors, Chen, Shu, Huang, Hsin Hsien, Chang, Pao-Chai, convened four Audit Committee meetings in 2019:

- March 21, 2019:

Discussion (1) 2018 "Declaration of Internal Control System"

(2) Proposal of the consolidated and parent-company-only financial statements for 2018

(3) Proposal of amending the Company's "Asset Acquisition and Disposal Procedures"

(4) Proposal of assessment to attesting accountants' independence and suitability, 2018

(5) Proposal of engaging attesting accountants and their compensations, 2019

- April 25, 2019

Discussed (1) Proposal of business report for 2018

(2) Proposal of earnings distribution for 2018

(3) Proposal of amending the "Procedures for Loaning Funds to Others"

(4) Proposal of amending the "Procedures for Providing Endorsements/Guarantees"

(5) Proposal of appointing the internal audit officer

- August 8, 2019

Report (1) Consolidated financial statements of the first half of 2019

(2) Internal audit report

- November 6, 2019

Discussed (1) Audit Plan for 2020

Other than the only proposal on August 8, 2019, all proposals did not involve any interests of the independent directors; therefore no recusal was required. Proposals were passed by all independent directors without objection.

III. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of

communication used, and the outcome):

**Communications between the independent directors and the CPAs**

Date	Method of communication	Issue of communication	Outcome of communication
March 21, 2019	Communication meeting between CPAs and the Audit Committee	The CPAs explained the matters to be audited for the internal control, the key matters to be audited for the financial reports, and the latest changes to laws	No objections to the CPAs' explanation
March 21, 2019	Audit Committee	Explanation and discussion of the consolidated financial statements of 2018	
April 25, 2019		Explanation and discussion of the consolidated financial statements of Q1, 2019	
August 8, 2019		Explanation and discussion of the consolidated financial statements of the first half of 2019	
November 6, 2019		Explanation and discussion of the consolidated financial statements of Q1 to Q3 2019	

**Communications between the independent directors and the Audit officer**

Date	Method of communication	Issue of communication	Outcome of communication
January 31, 2019	E-mail delivery	Presenting the December audit report of 2018	The independent directors had no dissent to the concerned audit report.
February 21, 2019	E-mail delivery	Presenting the January audit report of 2019	
March 21, 2019	Audit Committee	Report regarding audit implementation from November 2018 to January 2019.	The independent directors had no dissent to the audit implementation report.
March 26, 2019	E-mail delivery	Presenting the February audit report of 2019	The independent directors had no dissent to the concerned audit report.
April 25, 2019	Audit Committee	Report regarding audit implementation of February, 2019	The independent directors had no dissent to the audit implementation report.
April 30, 2019	E-mail delivery	Presenting the March audit report of 2019	The independent directors had no

May 30, 2019	E-mail delivery	Presenting the April audit report of 2019	dissent to the concerned audit report.
June 26, 2019	E-mail delivery	Presenting the May audit report of 2019	
July 25, 2019	E-mail delivery	Presenting the June audit report of 2019	
August 8, 2019	Audit Committee	Report regarding audit implementation from March to June, 2019	The independent directors had no dissent to the audit implementation report.
August 26, 2019	E-mail delivery	Presenting the July audit report of 2019	The independent directors had no dissent to the concerned audit report.
September 26, 2019	E-mail delivery	Presenting the August audit report of 2019	
October 29, 2019	E-mail delivery	Presenting the September audit report of 2019	
November 6, 2019	Audit Committee	Report regarding audit implementation from July to September, 2019	The independent directors had no dissent to the audit implementation report.
November 26, 2018	E-mail delivery	Presenting the October audit report of 2019	The independent directors had no dissent to the concerned audit report.
December 30, 2019	E-mail delivery	Presenting the November audit report of 2019	
January 30, 2020	E-mail delivery	Presenting the December audit report of 2019	
February 13, 2020	E-mail delivery	Presenting the January audit report of 2020	
March 9, 2020	Audit Committee	Report regarding audit implementation from October 2018 to January 2020	The independent directors had no dissent to the audit implementation report.
March 27, 2020	E-mail delivery	Presenting the February audit report of 2020	The independent directors had no dissent to the concerned audit report.
April 29, 2020	E-mail delivery	Presenting the March audit report of 2020	
April 30, 2020	Audit Committee	Report regarding audit implementation from February to March, 2020	The independent directors had no dissent to the audit implementation report.

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

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
I. Has the company established and disclosed its corporate governance principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		To establish a good corporate governance system, the company established the “Corporate Governance Best Practice Principles”, pursuant to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” on June 13, 2008. Also on March 9, 2020, the Board of Director amended the the Principles, pursuant to the Letter Tai-Cheng-Chi-Li-Zhi No. 1090002299 issued by TWSE. All regulations related to the corporate governance are disclosed in the “Stakeholder Section” of the company’s website. ( <a href="http://www.planet.com.tw/tw/ir/corporate-governance">http://www.planet.com.tw/tw/ir/corporate-governance</a> ) and the MOPS, while continuing the implementation of corporate governance.	N/A
II. Shareholding structure & shareholders’ rights				
(I) Whether the company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	V		(I) The company has established the “Procedure of Handling Investor Relationship”. Shareholder’s suggestions, questions, disputes, and litigious affairs are handled by the spokesperson and the acting spokesperson. At the “Stakeholder Section” of the company’s website, not only the telephone numbers and mailboxes of the spokesperson, acting spokesperson, and the Audit Committee, other contacts are also provided to the stakeholders, to ensure every shareholder may fully express themselves through a transparent and public platform.	N/A
(II) Whether the company possess the list of its major shareholders and the controlling parties of such shareholders?	V		(II) The company has full control over the major shareholders actually controlling the company, and the shareholders’ affairs agency provides the shareholder register as well.	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(III) Whether the company establishes or implements some risk control and firewall mechanisms between the company and its affiliates	V		(III) Regarding the governance to the affiliates, the company has designed the “Operational Procedures for Transactions Among Certain Companies, Group’s Enterprises, and Related Party“, the “Regulations for Intercompany Financial and Operation of Affiliates”, the “Regulations for Overseeing Subsidiaries”, and the “Managerial Regulations for Operation of Long- and Short-Term Investment” in the internal control system, as the controlling mechanism. The mechanism not only clearly divides the job and responsibilities of the company and the affiliates, and serves as the basis of implementation and periodical review, to respond the evolutions of the internal and external environment, while ensuring the effectiveness of the design and implementation of such system, and building proper firewall based on the risk assessment.	N/A
(IV) Does the company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities?	V		(IV) The directors and employees of the company, not only comply with the Securities and Exchange Act, but also the “Corporate Governance Best Practice Principles“, the “Operational Procedures to Prevent Insider Trading“, the “Managerial Guidelines for Handling Material Information”, “Procedures for Ethical Management and Guidelines for Conduct”, and “Corporate Ethic Regulations” set up by the Company, which strictly forbid related personnel to obtain benefits with the internal undisclosed information, nor leak such information to others.	N/A
III. The organization of Board of Directors and its duties:				
(I) Does the Board of	V		(I) The “Regulations of Director Election” specifies	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.																																																																																																																				
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Directors have diversified policies regulated and implemented substantively according to the composition of the members?			<p>that the elections of directors must take the background and competencies of individual directors into account, so the directors of the company are well diversified. In the Articles of Association, it is specified that five to nine directors shall be established, with two or more independent directors, who shall not be less than one fifth of the all seats of directors. Also the gender equality is particularly emphasized, with no less than one third of seats of directors taken by females. For the expertise, one of each seat owns the expertise of commerce, law, finance, accounting, or the Company's business, respectively, as complementary.</p> <p>Currently, there are seven seats of directors; among them, there are three seats of independent directors, or 43% of total directors. There are also three female directors, or 43% of total directors. The seven directors have different professional capabilities in the regard to technology, construction, finance, financial, accounting, law, and human resources, which are complementary to each other, and could be a synergy in the future. The diversification of the Board of Directors is specified as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Name</th> <th rowspan="2">Gender</th> <th colspan="2">Age</th> <th colspan="2">Independent director Term/Tenure</th> <th rowspan="2">Concurrence to the Company's employees</th> <th rowspan="2">1 Capability of operational judgement</th> <th rowspan="2">2 Capability of corporate</th> <th rowspan="2">3 Capability of risk management</th> <th rowspan="2">4 Insight to the international market</th> <th rowspan="2">5 Leadership</th> <th rowspan="2">6 Professional capability</th> <th rowspan="2">7 Industry knowledge</th> </tr> <tr> <th>51 to 60</th> <th>61 to 70</th> <th>3 years less</th> <th>3 to 9 years</th> </tr> </thead> <tbody> <tr> <td>Chen, Ching-Kang</td> <td>Male</td> <td></td> <td>√</td> <td></td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>Network communication</td> <td>Technologies</td> </tr> <tr> <td>Hsu, Hwa-Lin</td> <td>Female</td> <td></td> <td>√</td> <td></td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>Network communication</td> <td>Technologies</td> </tr> <tr> <td>Li, I-Chuan</td> <td>Male</td> <td>√</td> <td></td> <td></td> <td></td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>Business administration</td> <td>Construction</td> </tr> <tr> <td>Lin, Man-Tsu</td> <td>Female</td> <td>√</td> <td></td> <td></td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>Finance and accounting</td> <td>Technologies</td> </tr> <tr> <td>Chen, Shuh</td> <td>Male</td> <td></td> <td>√</td> <td>√</td> <td></td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>Finance and accounting</td> <td>Finance</td> </tr> <tr> <td>Huang, Hsin Hsien</td> <td>Male</td> <td>√</td> <td></td> <td>√</td> <td></td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>Legal matters</td> <td>Legal matters</td> </tr> <tr> <td>Chang, Pao-Thai</td> <td>Female</td> <td>√</td> <td></td> <td>√</td> <td></td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>HR</td> <td>HR</td> </tr> </tbody> </table>	Name	Gender	Age		Independent director Term/Tenure		Concurrence to the Company's employees	1 Capability of operational judgement	2 Capability of corporate	3 Capability of risk management	4 Insight to the international market	5 Leadership	6 Professional capability	7 Industry knowledge	51 to 60	61 to 70	3 years less	3 to 9 years	Chen, Ching-Kang	Male		√			√	√	√	√	√	√	Network communication	Technologies	Hsu, Hwa-Lin	Female		√			√	√	√	√	√	√	Network communication	Technologies	Li, I-Chuan	Male	√					√	√	√	√	√	Business administration	Construction	Lin, Man-Tsu	Female	√				√	√	√	√	√	√	Finance and accounting	Technologies	Chen, Shuh	Male		√	√			√	√	√	√	√	Finance and accounting	Finance	Huang, Hsin Hsien	Male	√		√			√	√	√	√	√	Legal matters	Legal matters	Chang, Pao-Thai	Female	√		√			√	√	√	√	√	HR	HR	
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Huang, Hsin Hsien	Male	√		√			√	√	√	√	√	Legal matters	Legal matters																																																																																																											
Chang, Pao-Thai	Female	√		√			√	√	√	√	√	HR	HR																																																																																																											

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	Yes	No		
(II) Does the company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?	V		(II) The company established the Remuneration Committee on April 27, 2011; and the Audit Committee was established on June 13, 2017 voluntarily. The company also established other functional committees, including the “Corporate Social Responsibility Committee”, and the “Risk Management Committee”, to fully implement the corporate governance.	N/A
(III) Has the company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation, remuneration and nomination decisions?	V		(III) The company established the “Guidelines of Appraising the Board of Directors and Directors”. Every year, each director evaluates himself/herself, pursuant to the “Guidelines of Appraising Performance of the Directors”, in the regard to attendances to the Board’s meetings and Shareholders’ meetings; their continuing education hours; communications with the management and the attesting accountants; compliance with recusals when executing director’s duties; confidentiality obligation when knowing the insider information; compliance with the restrictions of insider transactions, among other compliances with regulations. The self-evaluations are submitted to the agenda working group, which will then conduct the appraisal of the Board’s performance. The two indicators applied are: 1. the compliance with the laws and regulations, including: compliance with the requirements to submit certain issue to the Board, as required by laws; six or more meetings convened every year; recusals of directors; continuing education hours; and attendances to the Board’s meetings and Shareholders’ meetings; 2. the participation in the company’s operation, including the execution of business plans,	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
(IV) Does the company have	V		<p>presentation of financial reports; execution and track of internal control and audit; assessment to their independence and suitability of accountants; assessment and monitor to various risks; and the communication with management. Also it is set forth in Article 19-1 of the Articles of Association: “Should there be profit in a year, no less than 5% shall be contributed as the remuneration to employees and no higher than 2% as the remuneration to directors. profits must first be set aside to offset cumulative losses if any. II. The aforesaid remuneration to employees may be in cash or shares; the eligible receivers may include the employees of the company or the subsidiaries or companies under the company’s control. The aforesaid remuneration to directors may only be made in cash. The remuneration to employees and directors shall be resolved by the Board of Directors and reported to the Shareholders’ meeting”.</p> <p>In 2019, each director actively participated in the discussion regarding the company’s operation, and fully complied with laws and regulations. The Board’s performance was appraised as 100 points, and approved in the Board’s meeting on March 9, 2020.</p> <p>The outcomes of individual director’s performance evaluation were taken into account during the discussions of remuneration to each director by the Remuneration Committee, and provided as referenced to the Board of Directors when nominating the directors for re-election</p>	N/A



Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
the independence of the public accountant evaluated regularly?			<p>accountants, to see if they comply with the “Integrity, Objectivity and Independence” specified in “The Bulletin of Norm of Professional Ethics for Certified Public Accountant No.10”, and Article 29 of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. Also five key factors, including “self benefits”, self-evaluation“, “familiarity”, and “coercion”, are evaluated against. The 2019 assessment of attesting accountants’ independence was approved in the Board’s meeting on March 9, 2020.</p>	
IV. Has the company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	V		<p>To implement a good corporate governance system, the company has established the “Corporate Governance Best Practice Principles”. In addition to deploying adequate number of competent corporate governance staff, on July 18, 2018, the Board of Director appointed the CFO, Lin, Man-Chu, as the Corporate Governance Officer. Ms. Lin has been qualified to be in a managerial position for at least three years, handling financial affairs, as required by the “Taiwan Stock Exchange Corporation Operation. Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board’s Exercise of Powers”.</p> <p>The functions of the Corporate Governance Officer including</p> <ol style="list-style-type: none"> <li>1. Handling of matters relating to board of directors meetings and shareholders meetings in compliance with law;</li> <li>2. Preparation of minutes of the board of directors meetings and shareholders meetings;</li> <li>3. Assistance to inauguration and continuing education of directors;</li> <li>4. Provision of information required for performance of duties by the directors and supervisors;</li> </ol>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.																			
	Yes	No																					
			<p>5. Assistance to compliance by directors;  6. Other matters described or established in the articles of incorporation or under contract.</p> <p>Key points of business execution for 2019 and 2020 are as follows:</p> <ol style="list-style-type: none"> <li>1. Providing the operation information regarding finance and business based on the needs of the directors, and to maintain the smooth communications and interactions among directors and heads of departments.</li> <li>2. Providing the continuing education information to directors from time to time, and arrange directors to take courses pursuant to the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies“.</li> <li>3. Assisting the agenda procedure of the Board’s meetings in providing the complete meeting information seven days prior to each meeting, and the minutes within 20 days after meetings with directors.</li> <li>4. Purchase the “liability insurance of directors and key personnel” every year, so all directors are protected. The insurance coverage shall be reported to the Board of Directors periodically.</li> <li>5. Check the fulfillment of the corporate governance indicators one by one, and complete the self-evaluation.</li> </ol> <p>Continuing education of the Corporate Governance Officer in 2019 and 2020 are as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Date</th> <th rowspan="2">Institute</th> <th rowspan="2">Name of Course</th> <th rowspan="2">Hours</th> <th rowspan="2">Is the continuing education compliant?</th> </tr> <tr> <th>Start</th> <th>End</th> </tr> </thead> <tbody> <tr> <td>109/03/24</td> <td>109/03/25</td> <td>Securities &amp; Futures Institute</td> <td>12HR practice seminar for the first-time elected directors and supervisors (independent directors included) and head of corporate governance</td> <td>12</td> <td rowspan="2">Yes</td> </tr> <tr> <td>109/03/31</td> <td>109/03/31</td> <td>Accounting Research and Development Foundation</td> <td>How to enhance the effectiveness of internal control with Robotic Process</td> <td>6</td> </tr> </tbody> </table>	Date		Institute	Name of Course	Hours	Is the continuing education compliant?	Start	End	109/03/24	109/03/25	Securities & Futures Institute	12HR practice seminar for the first-time elected directors and supervisors (independent directors included) and head of corporate governance	12	Yes	109/03/31	109/03/31	Accounting Research and Development Foundation	How to enhance the effectiveness of internal control with Robotic Process	6	
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	Yes	No														
			Automation (RPA)													
V. Has the Company established channels for communications with the stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a section for stakeholders at the official website of the company with proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	V		<p>The company appointed the spokesperson and the acting spokesperson to handle the questions and opinions of stakeholders, as well as established the “Stakeholder Section” at the Company’s website. Not only the telephone numbers and email addresses of the spokesperson, acting spokesperson, and the Audit Committee, other corresponding contacts are also provided to the different type of stakeholders, so that every stakeholder may fully express themselves through a transparent and public platform. At the “Stakeholder Section”, the issues regarding CSR, corporate governance, and financial information are responded. The communications with the stakeholders in 2019 was reported to the Board of Directors on April 30, 2020.</p> <table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Concerned issue</th> <th>Contact</th> </tr> </thead> <tbody> <tr> <td>Employees</td> <td> <ul style="list-style-type: none"> <li>•Compensation and benefits</li> <li>•Talent cultivation and career development</li> <li>•Occupational health and safety</li> <li>•Human rights and equality</li> <li>•Feedback and communication mechanism</li> <li>•Labor relations</li> </ul> </td> <td>CEO email: <a href="mailto:ceo@planet.com.tw">ceo@planet.com.tw</a></td> </tr> <tr> <td>Investors</td> <td> <ul style="list-style-type: none"> <li>•Operational performance</li> <li>•Corporate governance</li> <li>•Ethical management and business ethics</li> <li>•Compliance</li> <li>•Risk management</li> <li>•Information disclosure</li> <li>•Shareholders’ interest</li> </ul> </td> <td>Spokesperson email: <a href="mailto:natalie@planet.com.tw">natalie@planet.com.tw</a>  Acting Spokesperson email: <a href="mailto:shallon@planet.com.tw">shallon@planet.com.tw</a></td> </tr> <tr> <td>Customer</td> <td> <ul style="list-style-type: none"> <li>•Services and supports to sales</li> <li>•Product innovation</li> <li>•Product quality and safety</li> <li>•After sales service</li> <li>•Brand images</li> </ul> </td> <td>Department of Sales email: <a href="mailto:sales@planet.com.tw">sales@planet.com.tw</a></td> </tr> </tbody> </table>	Stakeholder	Concerned issue	Contact	Employees	<ul style="list-style-type: none"> <li>•Compensation and benefits</li> <li>•Talent cultivation and career development</li> <li>•Occupational health and safety</li> <li>•Human rights and equality</li> <li>•Feedback and communication mechanism</li> <li>•Labor relations</li> </ul>	CEO email: <a href="mailto:ceo@planet.com.tw">ceo@planet.com.tw</a>	Investors	<ul style="list-style-type: none"> <li>•Operational performance</li> <li>•Corporate governance</li> <li>•Ethical management and business ethics</li> <li>•Compliance</li> <li>•Risk management</li> <li>•Information disclosure</li> <li>•Shareholders’ interest</li> </ul>	Spokesperson email: <a href="mailto:natalie@planet.com.tw">natalie@planet.com.tw</a>  Acting Spokesperson email: <a href="mailto:shallon@planet.com.tw">shallon@planet.com.tw</a>	Customer	<ul style="list-style-type: none"> <li>•Services and supports to sales</li> <li>•Product innovation</li> <li>•Product quality and safety</li> <li>•After sales service</li> <li>•Brand images</li> </ul>	Department of Sales email: <a href="mailto:sales@planet.com.tw">sales@planet.com.tw</a>	N/A
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Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
			<ul style="list-style-type: none"> <li>•Protection of clients' information</li> <li>•Customer satisfaction</li> <li>•CSR supply chains</li> </ul>	
			<p>Suppliers: <ul style="list-style-type: none"> <li>•Management of suppliers</li> <li>•Green production processes</li> </ul></p>	COO email: <a href="mailto:shallon@planet.com.tw">shallon@planet.com.tw</a>
			<p>Government agencies <ul style="list-style-type: none"> <li>•Compliance</li> <li>•Corporate governance</li> <li>•Corporate social responsibility</li> <li>•Energy savings and environment protection</li> </ul></p>	CFO email: <a href="mailto:natalie@planet.com.tw">natalie@planet.com.tw</a>
			<p>Community/NGO <ul style="list-style-type: none"> <li>•Community care</li> <li>•Environmental protection</li> <li>•Engagement to societies</li> </ul></p>	Special assistant email: <a href="mailto:jennys@planet.com.tw">jennys@planet.com.tw</a>
VI. Has the company commissioned a professional share registration and investor service institution for providing services to shareholders?	V		The company has engaged Yuanta Securities Co., Ltd. which is a profession shareholders' affairs agency to handle the affairs of Shareholders' meeting.	
VII. Disclosure of information (I) Does the company have a website setup and the financial business and corporate governance information disclosed?	V	(I)	The company's website is in both Chinese and English versions to introduce the related activities. The Corporate Social Responsibility Section and Stakeholder Section are established to disclose the information related to finance, business, and corporate governance.	
(II) Whether there are other means for disclosure adopted by the company (e.g. set up a English website, with the personnel dedicated to gathering and disclosing relevant information,	V	(II)	The company's website is in both Chinese and English versions to provide the information related to brands, products, and financial statements. There are dedicated personnel in charge of collecting and disclosing the company's information, and updating the company's website from time to time. The spokesperson and the acting spokesperson are in charge of responding to the investors' questions.	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
<p>properly implement the spokesman system, and post the meetings minutes with institutional investors on the company website)?</p> <p>(III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?</p>	V		<p>On August 21, 2019, the company has hold an investor conference in TPEX. This is disclosed at the Stakeholder Section of the company's website. (URL: <a href="https://planet.com.tw/tw/ir/financial-meetings">https://planet.com.tw/tw/ir/financial-meetings</a>)</p> <p>(III) The company announced the 2019 financial report on March 9, 2020. The financial reports of Q1 to Q3, 2019 were announced on April 25, 2019, August 8, 2019, and November 6, 2019, respectively. These dates were earlier than the dates required by law, and the operation of each month was reported and announced before the deadlines.</p>	N/A
<p>VIII. Other important information facilitating understanding of the functioning of corporate governance (including but not limited to, the state of employees' rights and interests, concern for employees, investor relations, vendor relations, rights of interested parties, continuing education of directors and supervisors, implementation of risk</p>	V	(I)	<p>Employees Interests:</p> <ol style="list-style-type: none"> <li>1. The Employee Benefit Committee is established, in charge of planning and conducting clubs, trips, family days, volunteering days, and cultural and entertaining activities. Every year the employee physical checks are conducted; also psychological counseling is provided, so the mental and physical health of the employees are taken care of.</li> <li>2. To enhance the employees' professional techniques and assist their career development, every year the on-job professional trainings are provided, to cultivate the core, professional, and managerial capabilities of employees. Also</li> </ol>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
management policy and risk assessment criteria, implementation of customer policy, and liability insurance purchased by the company for directors and supervisors)?			<p>the PLANET e-Learning platform is available to the employees to learn professional skills and knowledge anytime, anywhere.</p> <p>3. Actively promoting the equality of genders:</p> <ul style="list-style-type: none"> <li>● The “Guidelines of Preventing Sexual Harassment” and the “Guidelines of Managing Gender Equality” are implemented.</li> <li>● The “Training of Sexual Harassment Prevention and Human Rights Protection” is conducted annually.</li> <li>● The Gender Equality Committee is established to handle the complaints related to the gender equality, if any.</li> <li>● The breastfeeding rooms are provided to female employees.</li> </ul> <p>4. All employees are insured with a group insurance coverage, as the compliance to the “Occupational Safety and Health Act“. For the maintenance of equipment, work, and health and safety are specified to be implemented, as the protection to employees’ safety in the workplaces.</p> <p>5. The “Contingency Management Regulations for Disasters” and the “Fire-Fighting Protection Program” are established, as well as the “Contingency panel” and the paramedics. The disaster reporting and contingency directions are clearly divided. The fire-fighting and first-aid safety trainings and drills are conducted twice every year to provide a fully safe workplace to the employees.</p> <p>6. To ensure that the liabilities and risks of the directors of the Board and key officers of the</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<p>company are under control and diversified, the liability insurance is provided every year. The insurance is reported to the Board of Directors when the contract is renewed.</p> <p>7. Emphasizing the occupational health and safety:</p> <ul style="list-style-type: none"> <li>● The Occupational Safety Office is established to take charge of occupational health and safety affairs.</li> <li>● The four key programs are established, namely the “Preventive Program to the Disease Triggered by Abnormal Workloads”, the “Preventive Program to the Man-Made Hazards”, the “Protection Program to the Maternal Health in Workplace”, and the “Preventive Program to Illegal Intrusions when Executing Duties”.</li> <li>● Eight-hour onsite nurse consultancy every month.</li> <li>● One onsite occupational doctor consultancy every quarter.</li> </ul> <p>(II) Cares to employees</p> <p>1. <u>Balanced Development Program for Employees’ Mental and Physical Health:</u></p> <ul style="list-style-type: none"> <li>● From 2008, a topic has been set for each year, to lead the employees to enhance their knowledge and thinking regarding environment, LOHAS, and mentality. The topic from 2016 to 2020 is “Green Energy 2.0r”, encouraging employees to shift to the green and healthy lives; not only implementing environmental measures in the external environment, but also make the</li> </ul>	

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	Yes	No		
			<p>inner minds more eco.</p> <ul style="list-style-type: none"> <li>● Health 360 Program: through various health seminars, the health awareness of employees are developed. The company also hires physicians and Chinese medicine doctors to provide consultancy in the company every quarter; also nurses come to the company to provide services every month, as the assistance to the occupational health and safety issues. Moreover, to counter the COVID-19 outbreak, the company promotes the measures and concepts of containment, as well as the works of containment, so that the health of the employees are well protected.</li> <li>● Every fortnight, the massage service is provided, and the office stretch activity is conducted weekly, as the measure to release physical and mental pressure. The company also sponsors the “Healthy Fat-Losing Club”, where a professional instructor lead participants to work out and keep healthy.</li> </ul> <p>2. <u>PLANET Care to Rookies by Veterans:</u></p> <ul style="list-style-type: none"> <li>● In each department, veterans are appointed to assist the new employees, so that the latter may fit into their job better, and adapt to the Company’s culture quickly.</li> <li>● Vis-a-vis meetings between new employees and the head of HR are conducted regularly, so that how the new employees adapt to the company and their needs are made known.</li> </ul> <p>3. <u>Education subsidies to employees’ children:</u></p> <ul style="list-style-type: none"> <li>● The company gives education subsidies to employees’ children to ease their burdens.</li> </ul>	



Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<ul style="list-style-type: none"> <li>● The day-care and kindergarten incentives are provided as a care to them and their families.</li> <li>4. <u>Emergency relief to employees</u>: If any emergency disturbing one’s normal life occurs to an employee, the company provides the emergency relief program to employees, for the purpose of relieving their burdens, and keeping their lives acceptable during the difficult time, so that they may work and live without concern.</li> <li>5. <u>Flexible working hours and remote working</u>: When employees have changes in their lives or environments, or pursue continuing education, the flexible working hours or remote working program may be granted, so that they can continue their own development, while taking care of their work, lives, education, and families.</li> <li>6. <u>CEO mailbox is provided on the website</u>: For employees to sent their opinions to the CEO.</li> </ul> <p>(III) Investor Relations: The company discloses information of the Company’s finance, corporate governance, and CSR at the “Stakeholder Section” of the Company’s website, for investors’ review. The mailboxes of the Audit Committee, spokesperson, acting spokesperson are also provided as the communication channels between investors and the Company. Moreover, the “Procedures of Handling Investor Relationship” is established, to set up the spokesperson system. Investors’ recommendations, questions, disputes, and litigations are handled by the spokesperson and acting spokesperson. Such</p>	

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	Yes	No		
			<p>events are also presented to the executives and the President. Every year, the investor relationship report of the previous year is presented to the President.</p> <p>(IV) Supplier relationship: The Company maintains the communication with suppliers always. Through conferences, video conferences, phone calls and the dedicated mailbox listed on the website, the product policies, quality objectives, and progress of cooperation are communicated. To ensure the products to be environmental and energy-saving from material to finished products, with the minimum impact to the environment, the company has established the “CSR Managerial Regulations for Suppliers/Partners”. To embrace the future environmental trends, the Company will focus on working with chip suppliers which have energy-saving design. The suppliers are required to sign the “Commitment of Not Using Hazardous Materials”, the “Suppliers’ Promise to Environmental Requirements“, and “CSR and Environmental Promise of the Suppliers”, requiring them not to use hazardous materials, and ensure the product quality and green environmental guarantee. The Company has also set the “Principles for Development of Green-Energy Products”. To embrace the future environmental trends, the Company will also focus on working with chip suppliers which have energy-saving design, so that the green product development is fully implemented.</p> <p>By staying true to the philosophy of ethical management, and on the basis of fairness and</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<p>mutual respects, the Company strictly complies with the policy of <u>no gift/ anti-bribery</u>, and has established the “Principles of Gifts during Business”. The employees are strictly prohibited from receiving gifts, directly or indirectly, when conducting business. The gifts provided by the partners are also strictly regulated, to maintain the ethical business relationships between the Company and the vendors.</p> <p>(V) Rights of stakeholders: The Company has established the “Managerial Guidelines for Handling Material Information”, to protect the interests of investors. The Company abides by the requirements of information disclosure and transparency pursuant to laws, and uploads all material information to the MOPS in both Chinese and English. Also such information is communicated to all employees, managers, and directors through e-mail, to prevent the insider trading or violation to such requirements. The Company also values the protection to the interests of stakeholders. Except creating the profit performance, corresponding contacts are provided to the different type of stakeholders. To provide a safe workplace to employees, various trainings and activities are provided from time to time, to enhance their professional techniques and capabilities, while taking care of their mental and physical health, as the protection to employees’ rights.</p> <p>(VI) Status of continuing education of directors &amp; supervisors for 2019: Directors of the Board choose the suitable course based on their available schedule and professional</p>	

Items under evaluation	Status		Summary	Is the continuing education compliant?																																																																																												
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Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:					
	Yes	No							
						Standard on Reporting and Due Diligence for Financial Reporting Standard (CRS) to the financial industry			
			Chang, Pao-Thai Independent Director	108/04/09	108/04/09	Chief Supervisor, National Innovation and Entrepreneurship Association, R.O.C. (TAIWAN)	Viewing the valuation before M&A and integration after M&A from the position of directors and supervisors	6	Yes
			<p>(VII) Risk management policies and risk assessment standards: The amendments to the Company’s “internal control system” and “Detailed Principles to Implement the Internal Control” must be resolved by the Board of Directors. The Auditor Office also implement thoroughly pursuant to the annual audit plan, for the executions of the oversight mechanism and control various risk management. The Board of Directors also approved the establishment of the Risk Management Committee, to set up the organizational rules of the Risk Management Committee, for the purpose of mitigating operating risks.</p> <p>(VIII) Implementation of customer policy: 1. The Managerial Regulations of Customer Credit Limits: a mechanism of credit rating and customer credit control is set up, to discover potential quality clients, and promotes the sales and business expansion. The relationships with clients follow the “Managerial Regulations of Customer Credit Limits”, supplemented with the receivable insurance, to ensure the collection of payments. 2. Customer service mailbox and technical consultancy services: the business unit and the technical engineers must reply clients’</p>						

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<p>questions withing 24 hours.</p> <p>3. The Regulations Handling Complaints: the channel of filing customer complaint is set, and the consumption compensation application procedure is established.</p> <p>4. Customer satisfaction survey: the “Guidelines of Customer Satisfaction Survey” is established to conduct the customer satisfaction survey every year. The outcomes of such surveys will be taken into account when appraising the related execution departments. For the customer satisfaction survey of 2019, the overall satisfaction to the Company was 94%.</p> <p>5. After-sale service: the warranty policy is established to specify the complete after-sale services, providing the return and exchange of goods, maintenance, and recovery for the global distributors.</p> <p>6. Through the visits or video conference from time to time, the product trainings are provided to clients, to enable them understand the functions and applications of products.</p> <p>(IX) Insurance against directors’ liabilities To ensure that the liabilities, assets, and risks of the directors and supervisors are under control and diversified, on July 25, 2008, the Board of Directors approved to amend some clauses of the Articles of Association, and the same was approved by the Shareholders’ meeting in 2009. Since 2009, every year the directors and supervisors have been insured under the liability insurance. The insurance is reported to the Board of Directors, so that the directors may fulfill their duties of overseeing and governing the company without concern.</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:																		
	Yes	No																				
			(X) The continuing educations of the finance personnel complied with the requirements for 2019, and described as follows:																			
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Position	Name	Date				Institute	Name of Course					Hours	Is the continuing education mandatory?									
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Accounting officer	Lin, Man-Tsu	108/12/12	108/12/13	Accounting Research and Development Foundation	Continuing education program for accounting officer of issuer, securities firm and securities exchange	12	Yes															

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

**The description of the outcomes of the 5th Term (2019) of Corporate Governance Evaluation, and the improvements**

Question	Indicator	Type	Self-evaluation by the Company	Actual points received	Description of deviance	Improvements

Items under evaluation		Status			Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
		Yes	No			
1.10	Does the Company upload the English agenda handbook and the supplementary information to the meeting 21 days prior to the Shareholders' meeting?	A	0	0	The company uploaded the agenda handbook and the supplementary information on May 8, 2018, but not the English agenda handbook and the supplementary information.	The company convened the 2019 Shareholders' meeting on June 12, 2019. The English agenda handbook and the supplementary information were uploaded on May 10, 2019, or 30 days prior to the Shareholders' meeting. Website of the MOPS: <a href="http://doc.twse.com.tw/server-java/t57sb01?step=1&amp;colorchg=1&amp;co_id=6263&amp;year=108&amp;mtype=F&amp;">http://doc.twse.com.tw/server-java/t57sb01?step=1&amp;colorchg=1&amp;co_id=6263&amp;year=108&amp;mtype=F&amp;</a>
1.11	Does the Company upload the English annual report seven days prior to the Shareholders' meeting?	A	0	0	The company uploaded the 2018 annual report on May 28, 2019, but not the English annual report.	It is planned to upload the English annual report seven days prior to the 2020 Shareholders' meeting.
2.21	Has the company established the dedicate corporate governance personnel taking charge of corporate governance affairs, and describe the operation of the unit and its implementation in the annual reports and on the company's website?	A	0	0	The company has appointed the Department of Finance as the dedicate corporate governance unit. Other than providing the information required for directors to fulfill their duties, dedicate personnel are assigned to take charge of meeting notices of the Board's meetings and Shareholders' meeting, preparing meeting minutes, and the registration of changes to the Company. Provided, the Corporate Governance Officer has not been established.	The company established the Corporate Governance Officer by the Board of Directors on July 18, 2019. The authority scope, key points of duty execution, and continuing education of the Corporate Governance Officer was disclosed in the 2019 annual report. Website of the MOPS: <a href="http://doc.twse.com.tw/server-java/t57sb01?step=1&amp;colorchg=1&amp;co_id=6263&amp;year=108&amp;mtype=F&amp;">http://doc.twse.com.tw/server-java/t57sb01?step=1&amp;colorchg=1&amp;co_id=6263&amp;year=108&amp;mtype=F&amp;</a>



Items under evaluation		Status			Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
		Yes	No			
3.5	Does the company disclose the annual financial reports (including the financial statements and notes) disclosed in English at the Company's website or the MOPS?	AA	0	0	The company has disclosed the CSR reports in both Chinese and English at the website, but not disclosed the financial information in English.	The company disclosed the 2018 annual report in English at the MOPS website on June 4, 2019. Website of the MOPS: <a href="https://doc.twse.com.tw/server-java/t57sb01?step=1&amp;colorchg=1&amp;co_id=6263&amp;year=107&amp;seamon=&amp;mtype=A&amp;">https://doc.twse.com.tw/server-java/t57sb01?step=1&amp;colorchg=1&amp;co_id=6263&amp;year=107&amp;seamon=&amp;mtype=A&amp;</a>
3.6	Are the interim financial reports (including the financial statements and notes) disclosed in English at the Company's website or the MOPS?	A	0	0	The Company has disclosed the CSR reports in both Chinese and English at the website, but not disclosed the financial information in English.	The Company disclosed the Q1 and Q2 2019 financial reports in English on October 3, 2019 at the MOPS; the Q3 2019 financial report in English was disclosed on December 9, 2019 at the MOPS. Website of the MOPS: <a href="https://doc.twse.com.tw/server-java/t57sb01?step=1&amp;colorchg=1&amp;co_id=6263&amp;year=108&amp;seamon=&amp;mtype=A&amp;">https://doc.twse.com.tw/server-java/t57sb01?step=1&amp;colorchg=1&amp;co_id=6263&amp;year=108&amp;seamon=&amp;mtype=A&amp;</a>

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

**(1) Information about Remuneration Committee members**

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

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

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

subsidiary of the parent company that are compliant with the Act or local laws).

- (8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).
- (9) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT\$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies . This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers And Acquisitions Act.
- (10) Does not meet any of the conditions stated in Article 30 of The Company Act.

## (2) Information about status of Remuneration Committee

- I. The key points of the Remuneration Committee in 2019 are as follows:
- Review the remuneration policies, systems, standards and structures, and performance of directors and managers.
  - Discussed the remuneration of individual director and manager for 2018
- II. In 2019, the Company convened a total of three Remuneration Committee meetings, and operated as follows:
- March 21, 2019:  
Discussed the proposal of providing the remunerations to employees and directors for 2018.
  - August 8, 2019:  
Discussed the proposal of remunerations distributed to directors, managers, and employees for 2018.
  - December 27, 2019:  
discussed the proposal of the year-end bonus to the managers for 2019 and the adjustment of the fixed salaries for 2020.
- III. The Company's Remuneration Committee consists of three (3) members, all of which are independent directors.
- IV. Terms of the members of this intake: from June 13, 2017 to June 12, 2020. In the most recent fiscal year (2019), Remuneration Committee has convened three (A) meetings. The qualifications and attendance of members are as follows:

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

Other notes:

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

In 2019, the Company convened a total of three Remuneration Committee meetings:

●March 21, 2019:

Discussed the proposal of providing the remunerations to employees and directors for 2018: provided pursuant to the Articles of Association and as required by the Company Act.

●August 8, 2019:

Discussed the proposal of remunerations distributed to directors, managers, and employees for 2018: referring to the peers' standard of payment, the personal performance, and the Company's future risks; the proposal was submitted to the Board of Directors for discussion.

●December 27, 2019:

Discussed the proposal of the year-end bonus to the managers for 2019 and the adjustment of the fixed salaries for 2020: referring to the peers' standard of payment, operations in 2019, the personal performance, and the Company's future risk; the proposal was submitted to the Board of Directors for discussion.

Up to the printing date of the annual report, one meeting of Remuneration Committee was convened in 2020.

●March 9, 2020:

Discussed the proposal of providing the remunerations to employees and directors for 2019: provided pursuant to the Articles of Association and as required by the Company Act.

The aforementioned proposals were presented to the Board of Directors upon the approval of the Remuneration Committee. After the full discussions by the Board of Directors, the proposals were passed without objections with inquiries to the directors by the Chair. Therefore, there was no rejection or revision to the Remuneration Committee's proposal.

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

In 2019, the Company has convened total three Remuneration Committee meetings:

●March 21, 2019:

Discussed the proposal of providing the remunerations to employees and directors for 2018.

●August 8, 2019:

Discussed the proposal of remunerations distributed to directors, managers, and employees for 2018.

●December 27, 2019:

discussed the proposal of the year-end bonus to the managers for 2019 and the adjustment of the fixed salaries for 2020

For the aforementioned proposals, the members of the Remuneration Committee had fully

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

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

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
I. Has the company conducted risk assessment on environmental, social and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?	V		<p>I. The Company has established the “Corporate Social Responsibility Committee“, led by the executives. Under which, the panel of “Corporate Governance” is the Department of Finance’s charge; the panel of “Sustainable Production” is the Departments of R&amp;D, Product Engineering, and Production’s charge; the panel of “Promotion of Environment Protection” and “Social Participation” are the Department of Administration’s charge. The “Corporate Social Responsibility Best Practice Principles” and the “Corporate Social Responsibility System and Policies” are established, to include CSR into the core business strategies. The performance is reviewed at the end of every year, and reported to the Board of Directors.</p> <pre> graph TD     CSR[Corporate Social Responsibility Committee] --&gt; CG[Corporate Governance Sub-committee]     CSR --&gt; SP[Sustainable Production Sub-Committee]     CSR --&gt; PEP[Promotion of Environmental Protection Sub-committee]     CSR --&gt; SP2[Social Participation Sub-committee]     CG --&gt; G[Governance]     CG --&gt; IA[Internal Audit]     SP --&gt; EPD[Eco-friendly product design]     SP --&gt; SSG[Sustainable Sourcing &amp; Green]     SP --&gt; QC[Quality Control]     PEP --&gt; WS[Workplace Safety]     PEP --&gt; ESCR[Energy Saving &amp; Carbon Reduction]     SP2 --&gt; PECHT[PLANET Educational Charitable Trust]     SP2 --&gt; CV[Corporate volunteers]     SP2 --&gt; EW[Employee Welfare]     </pre> <p>Functions of each panel            (1)Corporate Governance            The “Corporate Governance Best Practice Principles“, the “Ethical Corporate Management Best Practice Principles“, and the “Code of Conducts” are complied with, to established the effective governance framework and ethical standards. These are reviewed and improved from time to time. The issues regarding environment, social and corporate</p>	N/A

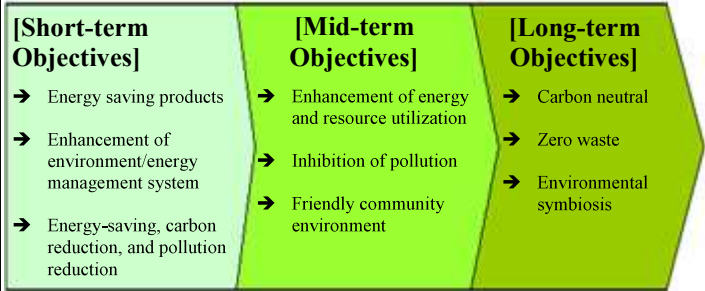
Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<p>governance are reported to the Board of Directors for their treatment.</p> <p>(2) Sustainable Production</p> <ul style="list-style-type: none"> <li>● Eco-friendly product design: using energy-saving chips for the development and design of green products.</li> <li>● Sustainable sourcing &amp; Green: the environmental components certified by the 3rd party certifiers are used for the components of products, complying with RoHS of EU, REACH, WEEE, EuP directives, and halogen free requirements. The procurement of product components complies with the managerial regulations of green procurement.</li> <li>● Quality Control: product and material inspection to ensure product quality.</li> </ul> <p>(3) Promotion of Environment Protection</p> <ul style="list-style-type: none"> <li>● Ensures a safe workplace.</li> <li>● Energy-saving and carbon reduction for product development and workplace.</li> </ul> <p>(4) Social Participation</p> <ul style="list-style-type: none"> <li>● PLANET Educational Charitable Trust is established to help support the disadvantaged children as well as to promote education to enhance human resource quality.</li> <li>● The employees are encouraged to actively engage the social charitable activities in and out of the Company; the paid-leaves are granted to the volunteers, as an incentive for the charitable activities. Every year, the volunteer activities, such as beach cleaning, mountain cleaning, and resources recycles are conducted.</li> </ul>	



Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:				
	Yes	No						
<p>II. Does the company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and does the unit report its progress to the board of directors?</p>	V		<p>II. CEO Office is as the highest unit leading the policy and implementation of corporate social responsibility in the Company. The Corporate Social Responsibility Committee coordinates the CSR objectives and decides the directions of sustainable development, while reviewing the achievement of these objectives and performance regularly. At the end of every year, reports are made to the Board of Directors. On December 27, 2019, the outcomes of CSR implementation, and strategies and plans for 2020 were reported to the Board of Directors in 2018.</p> <p>(I) The Company has established a complete environment management system based on the characteristics of network communication industry and the needs of the Company's operation. In 2009, the Company was certified with ISO 14001 environment management system for the first time. On November 27, 2015, the Company received the latest version of ISO 14001:2015 environment management system earlier than other domestic corporates. The latest certifications include the following:</p> <table border="1" data-bbox="715 1509 1289 1715"> <thead> <tr> <th>Certification agencies</th> <th>Valid period</th> </tr> </thead> <tbody> <tr> <td>TUV Nord</td> <td>February 9, 2019 to February 8, 2022</td> </tr> </tbody> </table>	Certification agencies	Valid period	TUV Nord	February 9, 2019 to February 8, 2022	N/A
Certification agencies	Valid period							
TUV Nord	February 9, 2019 to February 8, 2022							
<p>III. Environmental issues</p> <p>(I) Does the company have an appropriate environmental management system established in accordance with its industrial character?</p>	V		<p>The company implemented the "Green Energy-Saving Program", to promote various energy-saving and environment friendly activities in offices, such as LED lighting system, energy-saving competitions, walking stairs instead of taking elevators, turning-off lights, recycle and reuse resources, and adding more greens. Related environment management regulations are established</p>	N/A				

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(II) Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	V		<p>to maintain the company’s operational environment:</p> <ol style="list-style-type: none"> <li>1.The Managerial Regulations of Environment Planning</li> <li>2.The Managerial Regulations of Environment Monitor and Abnormality</li> <li>3.The Rules of Working for Health and Safety</li> <li>4.The Managerial Regulations of Pollution Prevention</li> <li>5.The Guidelines of Standard Operation of Chemicals Control</li> <li>6.The Guidelines of Waste Disposal</li> <li>7.The Managerial Regulations of Regular Check for Testing System</li> <li>8.The Managerial Regulations of Devices and Instrument Caliberation</li> <li>9.The Managerial Regulations of Protection from Static Electricity</li> <li>10.The Regulations for Using Welding Tin</li> <li>11.The Operational Regulations for X-ray Fluorescence Spectrometer (XRF)</li> <li>12.Contingency management regulations for disasters</li> </ol> <p>(II) The company fully adopts the development of green-energy products, and establishes the “Principles of Developing Green-Energy Products”. From the technology R&amp;D, design, manufacturing, transportation, and recycling for reuse, each stage strictly complies with the environment regulations; the energy-saving products are developed and designed; the energy-saving chips are applied, and the environmental regenerated materials are applied to the external boxes and buffering materials of products, to improve the efficiency of resources reuse.</p> <p>The hazardous materials are prohibited for the company’s products. The developments of products comply with various international</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
			<p>regulations, such as RoHS of EU, REACH, WEEE, EuP directives, and halogen free requirements. The supplied materials do not include the conflict mines from Congo and its peripheral countries. The wastes generated from the industry are under strict management, and removed on regular basis, to ensure that the company's products are environment friendly and energy-saving, from materials to the finished product, with the minimum impacts to the environment.</p> <p>Moreover, the company has established the "CSR Managerial Regulations for Suppliers/Partners", and signed the "CSR and Environmental Promise of the Suppliers" with all suppliers, as the environmental assurance of green products.</p>	
(III) Does the company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	V		(III) To respond the climate changes and the long-term trend of energy-saving and carbon reduction, PLANET Technology has integrated the environmentally sustainable development strategy in the management system. The short-, mid-, and long-term environmentally sustainable goals are set, to seek to control the ever-evolving environmental issues, such as energies and climate changes, enhancement of resources efficiencies, and inhibition of pollution emission, to achieve the goal of zero loading to the environment. Furthermore, PLANET Technology owns the exclusive technologies, which integrate the renewable energy, e.g. solar, wind, and water, to some PoE network management devices, as the opportunities to develop new products and prevent the potential risks of climate changes.	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(IV) Does the company maintain statistics on greenhouse gas emission, water usage and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste?		V	 <p>(IV) “Green product development” has been fully implemented for the Company’s product R&amp;D. The green switches (power-saving switches) and the PoE switches with smart PoE schedule power-saving feature are developed. In addition, PLANET Technology has exclusive technologies, integrating the renewable energy, e.g. solar, wind, and water, to some PoE network management devices, which effectively addresses the difficulty of wire-laying for outdoor networks, and strives to the goal of global sustainability.</p> <p>To respond to the climate changes and environmental sustainability, the Company has established the policies of energy-saving and carbon reduction. The objectives of reducing greenhouse gas emission, power and water usage are set, and the performance is counted. The objectives and achievements in the most recent two years are summarized as the following:</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:																								
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			<ul style="list-style-type: none"> <li>● Power consumption; the annual objective is 1% deduction <table border="1"> <thead> <tr> <th>Year</th> <th>2018</th> <th>2019</th> <th>Increase/decrease of the year %</th> </tr> </thead> <tbody> <tr> <td>Power consumption</td> <td>334,296</td> <td>356,173</td> <td>6.54%</td> </tr> </tbody> </table> </li> <li>● Water consumption; the annual objective is 1% deduction <table border="1"> <thead> <tr> <th>Year</th> <th>2018</th> <th>2019</th> <th>Increase/decrease of the year %</th> </tr> </thead> <tbody> <tr> <td>Volume of used water (tonne)</td> <td>2,524</td> <td>2,762</td> <td>9.43%</td> </tr> </tbody> </table> </li> <li>● Emission of greenhouse gas; the annual objective is 1% deduction <table border="1"> <thead> <tr> <th>Year</th> <th>2018</th> <th>2019</th> <th>Increase/decrease of the year %</th> </tr> </thead> <tbody> <tr> <td>Volume of greenhouse gas emission (tonne)</td> <td>216.4</td> <td>234.3</td> <td>8.27%</td> </tr> </tbody> </table> </li> <li>● Wastes; the annual objective is 2% deduction  There had been no industrial wastes required reporting to the competent authority (New Taipei City Government) in 2018 and 2019. The objective was achieved.  The power and water usage and the greenhouse gas emission in 2019 all increased compared with 2018. The reason is that the development of industrial grade and PoE power-supply devices must verify the weight of high power-consuming functions. Therefore, the future product development will strive to achieve the objective of reducing greenhouse gas emission, power and water usage, without prejudice to the quality of product verification. </li> </ul>	Year	2018	2019	Increase/decrease of the year %	Power consumption	334,296	356,173	6.54%	Year	2018	2019	Increase/decrease of the year %	Volume of used water (tonne)	2,524	2,762	9.43%	Year	2018	2019	Increase/decrease of the year %	Volume of greenhouse gas emission (tonne)	216.4	234.3	8.27%	
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Items under evaluation	Status			Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No	Summary	
IV. Social issues (I) Does the company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(I) The company has established the “Corporate Social Responsibility Best Practice Principles” and the “Corporate Social Responsibility System and Policies”, where the gender equality is actively promoted, and the compliance to the related labor laws and regulations is also specified. The Company also complies with various international human rights conventions, supports the principles and spirits of “UN Universal Declaration of Human Rights”, the “United Nations Global Compact”, the “UN Guiding Principles on Business & Human Rights”, and the “International Labor Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy”, specifying that the basic rights of labors shall not be endangered, and the corporate responsibility of protecting human rights shall be duly fulfilled. In addition, the “Employees’ Rules of Working” have been established pursuant to the Labor Standard Act“. No labor violating laws, such as illegal or child labor, is hired. The mentally and physically challenged people are also hired. The labor meetings are convened regularly to protect the employees’ rights. The “Guidelines of Preventing Sexual Harassment” and the “Guidelines of Managing Gender Equality” are established. The training of “Prevention of Sexual Harassment and Protection to Human Rights” is conducted once a year. The outcome of the active promotion for the gender equalilty and friendly	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(II) Has the company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	V		<p>workplace, has won the company the "Taiwan Mittelstand Award for Gender Equality" in 2015 and "Taiwan Mittelstand Award for Workplace Friendliness" in 2019, from MOEA.</p> <p>The regulations and principles relevant to the "Managerial Regulations of Human Resources" of the company are retained at the shared internal platform of the company for employees to inquire any time, as the protection to their interests.</p> <p>(II) The company has set forth in Article 19-1 of the Articles of Association: "I. Should there be profit in a year, no less than 5% shall be contributed as the remuneration to employees and no higher than 2% as the remuneration to directors. profits must first be set aside to offset cumulative losses if any". In the most recent two years, the contribution of the employees' remunerations have been 6%, to be distributed to all employees annually. Other than the basic benefits, such as labor and health insurance, group insurance, year-end bonus, bonus of three major holidays, gift money for birthday, subsidies for marriage/funeral/celebration, educational subsidies to employees' children, annual physical check, and trainings, the operation bonus when the operational goal is achieved, performance bonus, sales bonus, and well-rounded salary-adjustment system are provided. In 2019, the non-manager full time employees' total salary amount increased NT\$2,950,000 from 2018. Employee trips, club subsidies, cultural and recreational</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<p>activities, art exhibitions, health seminars, consultancy from both physician and Chinese medical doctors, and contracted day care centers near the company are also provided, so that the employees may work with peace of mind.</p> <p>The company has a well-rounded leave and retirement system.</p> <p>(1) Leave system Other than the paid-leaves, the company also grants unpaid and sick leave, occupational injury and sick leave, bereavement leave, maternity leave, paternity leave, pregnancy checkup leave, tocolysis leave, parental leave without payment, family care leave, volunteer leave, and aboriginal leave.</p> <p>(2) Retirement system Each month, the 6% new-system pensions are contributed to the labor's accounts under the Ministry of Labor. For the employees employed before July 2005, 2% of their salaries are contributed to Bank of Taiwan. Every year, actuaries are engaged regularly to provide the actuary report. Employees qualified for retirement may apply retirement based on the "Managerial Regulations of Human Resources". Up to now, the contributed pensions in Bank of Taiwan has reached NT\$11,685,000, sufficient to pay pensions to these who are qualified for retirement.</p>	



Items under evaluation	Status			Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No	Summary	
(III) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	V		<p>(III) The four key programs are established, namely the “Preventive Program to the Disease Triggered by Abnormal Workloads”, the “Preventive Program to the Man-Made Hazards”, the “Protection Program to the Maternal Health in Workplace“, and the “Preventive Program to Illegal Intrusions when Executing Duties”, as well as the “Guidelines of Managing Gender Equality” and “Guidelines of Preventing Sexual Harassment”, to provide the safe and healthy workplace to the employees; Every quarter, the professional occupational safety doctors provide consultancy, as well as the nurses provide onsite consultancy twice a month. The physicians and Chinese medical doctors’ health consultancy is provided in the Company to the employees. The “Healthy Fat-Losing Club” and the office stretch activity is conducted, with a professional instructor, participants are led for regular workout and healthier bodies.</p> <p>The professional occupational safety personnel check the workplace, green environment, and clean air daily, to provide the safe and healthy workplace to the employees. The “fire-fighting and disaster contingency” trainings and drills are conducted twice a year. In 2013, the Company was certified with “Smoke-free Workplace” by Health Promotion Administration to bring the real safety and health benefits to the employees.</p> <p>To respond the COVID-19 outbreak since the end of 2019, the Company established the “Contingency Panel of Pandemic Prevention”</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(IV) Does the company have an effective career capacity development training program established for the employees?	V		<p>in March 20, 2020. The panel is convened by the Chairman, and the general director is the vice president. Head of each department is in charge of news and PR, information security, HR/health and safety, procurement/production, sales, and R&amp;D, to counter the occurrence of various risks. The containment measures taken include the regular sterilization of the office and public areas in the Company; body temperature measurement and mask-wearing for employees; health management of employees, divergence control for different floors; and visitor controls. Any sick employee must provide the self health management declaration and report to his/her supervisors; they will be tracked by dedicate personnel until recovery. The containment information are promoted to all employees periodically to maintain a health and safe workplace, as well as the health of all employees.</p> <p>(IV) The long-term talent cultivation is one of the priority to the company by continuously enhancing employees' knowledge, skills and expertise, and building up ample human capital. For the development of employees' career, the cultivation of core expertise and the balanced mental and physical development are both taken care of.</p> <p>1. <u>Cultivation of expertise</u>: Each year, the annual plans of continuing education and trainings for employees are decided pursuant to the "Detailed Guidelines of Trainings", to enhance the employees' core competency, professional competency, and managerial competency. Other than establishing the PLANET</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
			<p>e-Learning platform, which enables employees' online learning regardless time and location, to improve the learning effectiveness, as well as the convenience for the employees' continuing education, different expertise trainings are provided to different departments. For instance, in 2019, 30 "new product training" were conducted. Also professional courses specific to different departments, such as "Sharing the Brand Diagnosis" and "International Anti Money Laundry and Fraud Prevention", were provided. The Company also uploads the outlines and key points of the internal and external trainings on the intranet, to achieve information-sharing and heritage. External courses are also engaged to improve the professional and managerial capabilities of employees.</p> <p>2. <u>Development of Competency</u>: experts are engaged to help the employees to understand their own personalities and development of careers through competency behaviors and test of characteristics, and thus the individual development plan (IDP) is established.</p> <p>3. <u>Annual performance appraisal and human resource inventory</u>: Promotion and rotation are applied to employees based on their performance, to give them the job suitable for their talents, so that the potential talents in the Company may exploit their capabilities and realize their career development. All employees receive the annual performance appraisals. For the salary-related issue, employees may consult their supervisors directly before being approved by the management. Performance bonuses are granted to these who outperformed, as an incentive.</p> <p>4. <u>Supports to mental and physical growth</u>: other than family days, employee trips, volunteer activities, the innovative "Health 360" program has been conducted since 2016, to help the employees to maintain their</p>	

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
(V) Has the company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?	V		<p>own and their families' health from all aspects. The measures include setting the health management equipment in offices, quarterly physicians and Chinese medical doctors consultancy, regular annual physical check, as well as the physical and mental seminars and activities from time to time, such as "food treatment for the spring allergy", "harms and prevention of sitting for long time", and "physical sculpture", to help the employees to maintain their overall mental and physical health.</p> <p>(V) The Company's products are marketed to more than 140 countries in the world. The marketing and labeling of products and services all conform to the regulatory requirements of the concerned markets and international standards. The Company completely discloses the information of existing products and new products in the catalogues and the official website, for review of clients any time. At the company's website, there are "Customer Service", "Technical Support", and "Partner Area". The "Regulations Handling Complaints", the "Guidelines of Customer Satisfaction Survey", and the "Warranty Policy" are established as the complete after-sale services. The product and service contracts are entered with clients based on their needs, respectively. The customer satisfaction survey is conducted annually, and the opinions and recommendations from clients are responded actively. The solutions and improvement plans are provided for a thorough protections to the consumers' right..</p>	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
(VI) Has the company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance on a regular basis?	V		(VI) All of the Company's suppliers has agreed its "CSR Managerial Regulations for Suppliers/Partners", and the "CSR and Environmental Promise of the Suppliers", as the environmental assurance of green products. The regulated items include: <ul style="list-style-type: none"> <li>●Suppliers must apply the lead-free processes</li> <li>●The product design must comply with the principles of environmental friendliness and energy saving.</li> <li>●No hazardous material is used in products.</li> <li>●Products comply with RoHS of EU, REACH, WEEE regulations, and EuP directives.</li> <li>●Newly outsourced processing plants mus have ISO 14001 certification in place.</li> <li>●Outsourced processing plants must conform to the safety regulations.</li> <li>●Suppliers do not use any illegal or child labor</li> <li>●Materials of suppliers do not use the conflict mines and metals from the peripheral countries of Congo.</li> </ul> The company announced ISO 14001 environment system to all suppliers to ensure the supply chain to compliant to the requirements of environment management regulations. If the contracts between the company and main suppliers specify that if the supplier violates the Company's CSR policies and causes significant impact on the environment and society, it is deemed breach of contracts, and the company may terminate or cancel the contract at any time. For the outsourced processing plants, the QA unit of the company conducts audit and facilitation regarding environment, quality, and CSR management, to ensure these companies' productions conforming to the international enviroment and human right regulations.	N/A
V. Does the company prepare corporate social responsibility	V		V. From 2011, the company has voluntarily prepared the Corporate Social Responsibility Report every year, and published at the "CSR	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No		
report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by assurance or opinion of a third-party certifier?			<p>Section” of the official website. From 2014, the CSR reports have been uploaded to the MOPS before the end of June. The latest CSR report of the company is prepared pursuant to the GRI Standards issued by Global Reporting Initiative (GRI).</p> <p>Website of CSR in Chinese:  <a href="http://www.planet.com.tw/tw/csr/corporate-citizenship">www.planet.com.tw/tw/csr/corporate-citizenship</a></p> <p>Website of CSR in English:  <a href="http://www.planet.com.tw/en/csr/corporate-citizenship">www.planet.com.tw/en/csr/corporate-citizenship</a></p>	
<p>VI. If the company has established CSR principles in accordance with “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies,” please describe its current practices and any deviations from the Best Practice Principles:</p> <p>The Company has established the “Corporate Social Responsibility Best Practice Principles” and the “Corporate Social Responsibility System and Policies”, integrate the social responsibilities as an integral part of the core business strategies. The CSRs are implemented pursuant to the Principles, and the Company has been recognized by the Government, media, and society. In 2019, the Company won the “Asia Responsible Enterprise Awards - Social Empowerment”, organized by Enterprise Asia, and the “Taiwan Mittelstand Award for Workplace Friendliness” from MOEA again, while becoming the only TPEX listed company selected by Commonwealth Magazine as the “Corporate Citizenship Awards” winner for 13 consecutive years. The Chairman, Jack Chen has led the Company to implement CSR. His performance was recognized by winning “Asia Pacific Entrepreneurship Awards” under the Outstanding category, organized by Enterprise Asia, and “Taiwan EY Sustainable Leader Entrepreneur Of The Year” by EY Taiwan.</p>				
<p>VII. Other information useful to the understanding of corporate social responsibilities:  PLANET Technology views CSR as an important section of the enterprise management strategy. It is promoted by CEO’s Office to internalize the concepts the corporate value and culture. The company actively plays the role of corporate citizen simultaneously with the international trend. The corporate governance is implemented strictly to realize the cares to employees, environmental protection, and social welfares, while maintaining the solid and good health of corporate, leveling the brand value, and the sustaining the development of the company.</p>				

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
<p><b>Corporate Social Responsibility Policy</b></p> <p>The company believes that only the enterprise responsible to the social diversity will be responsible to stakeholders when pursuing the operating profit. By taking care of shareholders, employees, clients, suppliers, social and environmental benefits, the sustainability is achieved. Based on the company's CSR development blueprint, the corporate social responsibility policies are established as follows:</p> <ul style="list-style-type: none"> <li>■ <u>Implement sound corporate governance</u> Ensures the adherence of code of business ethics, the independence of the Board, transparent disclosure of financial information, protection of shareholders' interests, labor rights and fair competition.</li> <li>■ <u>Achieving highest level of corporate commitment</u> Commitment to customers and suppliers, employees training and care, and R&amp;D innovations</li> <li>■ <u>Striving for environmental sustainability</u> Promotes recycling, energy saving and carbon reduction, green product development and manufacturing</li> <li>■ <u>Contributing in social activities to create long-term benefits</u> Applies the standards of business practice to social participation, aiming at create positive impacts on the society in the long run.</li> </ul> <p>Therefore, our enterprise commitments are:</p> <ul style="list-style-type: none"> <li>■ Maintains strong corporate governance and adhere to the law and business ethics</li> <li>■ Provides employees a healthy and safe working place</li> <li>■ Protects employees working interests, and supports to fully develop their talents and capabilities</li> <li>■ Invests on eco-friendly product research and development, actively involves in environmental protection and energy saving education</li> <li>■ Creates a win-win partnership with customers and suppliers</li> <li>■ Provides transparent disclosure of financial information</li> <li>■ Creates value and enhances shareholders' interests</li> <li>■ Fulfills our role as a global corporate citizen and contributes to the community</li> </ul> <p>By staying true to the spirit of corporate social responsibility, the company seeks to enhance the operational indicators, to satisfy the employees, shareholders, clients, and vendors, in a strategic and long-term manner that implement the corporate social responsibility.</p> <p><b>“Corporate Social Responsibility Committee”</b></p> <p>The company has established Corporate Social Responsibility Committee, as the highest organization leading the development of corporate social responsibility in the company. The Committee coordinates the CSR objectives and decides the directions of sustainable development, while checking the achievement of these objectives and performance regularly.</p>				

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



### Functions of each panel

#### (1) Corporate Governance

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

#### (2) Sustainable Production

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

#### (3) Promotion of Environment Protection

- Ensures a safe workplace
- Energy-saving and carbon reduction for product development and workplace. .

#### (4) Social Participation

- PLANET Educational Charitable Trust is established to help support the disadvantaged children as well as to promote education to enhance human resource quality.
- The employees are encouraged to actively engage the social charitable activities in and out of the Company; the paid-leaves are granted to the volunteers, as an incentive for the charitable activities. Every year, the volunteer activities, such as beach cleaning, mountain cleaning, and resources recycles are conducted.

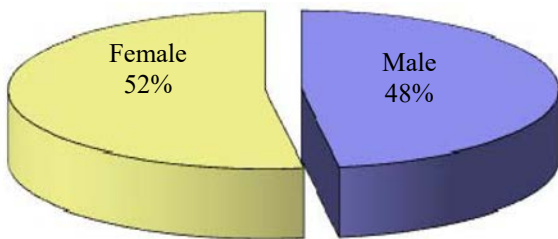


Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		

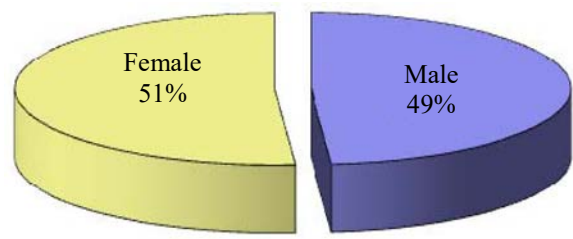
**Promoting Gender Equality**

- (1) The company has respected the working equality of genders and human integrity, and established the “Guidelines of Preventing Sexual Harassment“, reviewed and approved by the Labor Bureau, New Taipei City Government, as well as the “Guidelines of Managing Gender Equality” and “Protection Program to the Maternal Health in Workplace“. The regular consultancy by the professional occupational doctors is provided to the pregnant female employees and these have given birth as cares to their mental and physical status. The breastfeeding room and contracted day-care services are also provided to establish a good gender-equal workplace.
- (2) The Company respects the “gender equality”, and actively promotes this concept. Regardless their genders, all employees with the same job shares common compensation and quality. The equal employment and promotion for women in their career development are emphasized. In 2015, the Company was elected by MOEA as the excellent mittelstand enterprise with outstanding gender equality, by winning the “**Taiwan Mittelstand Award for Gender Equality**“, as well as the recommendation from MOEA as the benchmark plant for gender mainstream in 2016. In 2019, the Company was recognized by MOEA with the “Taiwan Mittelstand Award for Workplace Friendliness” again. The gender distribution of the employees in 2019:

Genders of all employees in 2019  
(total employees: 147)



Genders of Managers in 2019  
(total managers: 38)



**Setting topic of the year to build the CSR consensus**

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

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

Activities of the Year's Topic	Time of execution
<b>[LOHAS Office]</b> <ul style="list-style-type: none"> <li>■ First-aid: call CAB</li> <li>■ Small bonzais</li> <li>■ Table games are fun</li> </ul>	March to July, 2016
<b>[Healthy Body]</b> <ul style="list-style-type: none"> <li>■ Massage sessions</li> <li>■ Tuesday, Veggie Day, for the love to the Earth</li> <li>■ Move your body for better health and energy</li> </ul>	Has been conducted since October 2012 up to now Has been conducted since March 2016 up to now Has been conducted since January 2018 up to now
<b>[Health 360]</b> First thumb-up: Friendly report of health Second thumb-up: tailor-made health seminar Third thumb-up: PLANET-specific family doctor  Fourth thumb-up: health consultancy by Chinese medical doctor Fifth thumb-up: specially-engaged occupational doctors and nurses onsite consultancy	Has been conducted since May 2016 up to now  Has been conducted since February 2019 up to now Has been conducted since January 2019 up to now
<b>[Eco and environment protection]</b> <ul style="list-style-type: none"> <li>■ Tea for water source protection: adoption of organic tea garden</li> <li>■ Eco sustainability Family Day</li> </ul>	Has been conducted since 2010 up to now Has been conducted regularly since 2017 up to now

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

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

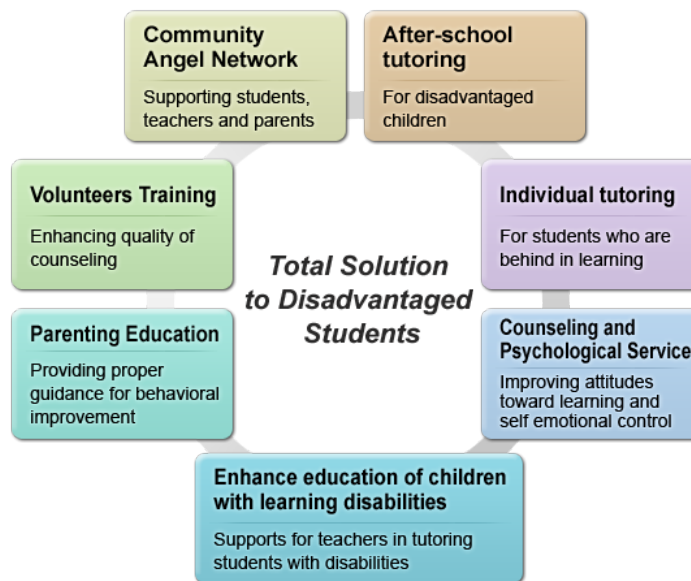


- **[Green product development]:** using energy-saving chips for the green product development and design, such as Green Switch.
- **[Environmental design]:**
  1. the environmental components certified by the 3rd party certifiers are used for the components of products, complying with RoHS of EU, REACH, WEEE, EuP directives, and halogen free requirements.
  2. All products apply the switching power gradually, conforming to the “Energy Star” regulations of California Energy Commission Appliance Efficiency Regulations.
  3. The environmental regenerated materials are applied to the external boxes and buffering materials of products.
- **[Green procurement]:** the green supply chain is developed. All suppliers must sign the “CSR Managerial Regulations for Suppliers/Partners”. The procurement of product components complies with the green procurement management regulations. All suppliers must sign “Commitment of Not Using Hazardous Materials“, the “Suppliers’ Promise to Environmental Requirements“, or “CSR and Environmental Promise of the Suppliers”.
- **[Green production process]:** the lead-free process is applied to all product lines.
- **[Carbon-reduction transportation]:**
  1. [Development and design]: when being developed and design, the compact packing for transportation is introduced, to seek the optimization of transportation energy-saving.
  2. [Marine freight]: containers are applied with the principle of “full-container transportation”, seeking leaving no space in containers to achieve the energy-saving effects.
  3. [Air freight]: the arrangements of air freight shipment are mainly “direct flights” for efficiency and energy-saving.

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
			<p>■ <b>[Recycle and reuse]</b>: the company’s products has conforming to the WEEE regulations to reduce the generation volume and disposal volume of wasted batteries, to mitigate the hazards to environment and human beings. The “disposal and removal of industrial wastes” is conducted to ensure no-pollution to the environment.</p> <p><b>Social engagement with long-term influences</b></p> <p>Based on the concept of “taking from the society, and applying to the society”, the company feedback the society with appreciations. In 2019, the following initiatives have been taken continuously to engage the society, and promoted the harmonious relationship with community residents.</p> <p><b>1. Encouraging the employees to participate together, and contribute their efforts to various social services and charitable activities</b></p> <p>■ The “Charity with Warmth Section” of the internal sharing platform regularly updates the information of charitable activities, as encouragements and introductions to employees for participating social charitable activities, and combining the power of groups to serve the society.</p> <p>■ This was the tenth year for adopting the organic tea garden at Pinglin, at the upstream of Feicui Dam, for the joint protection to the clean water resource for the greater Taipei area.</p> <p>■ Calling the employees to be social service volunteers for the better community environment and humanity. The corporate volunteer activities are as the following:</p> <ol style="list-style-type: none"> <li>1. Volunteers for organic tea garden adoption, to support the organic agriculture and recover the Earth’s vitality.</li> <li>2. Volunteers for mountain cleaning, to maintain the eco system of the mountains in the community.</li> <li>3. Volunteers for blood donation, to deliver their love with the hot blood and contribute to the society.</li> <li>4. Night Angle Volunteers for the after-school tutoring to the aboriginal kids in the cities.</li> </ol> <p><b>2. “PLANET Educational Charitable Trust” - The first public trust fund in Taiwan focusing on education support</b></p> <p>This charitable trust was established in August 2004, is the first charitable fund with the purpose of education. The focus is on the “education” issue, with mission of “promoting education business and enhancing workforce quality“, the efforts are made to cares for the education to the underprivileged and the promotion, and assist individuals, schools, or families to solve their difficulties while improve the development to their potentials. Tutoring services are provided to the children in economically underprivileged families, with activities such as remedy education, and emotion therapies. The purpose is to assist the underprivileged children to build the solid</p>	

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

education foundations from all aspects, and shape healthy personalities, while improving the potential problems, as the joint success of schools, families, and the society.



The operation of this trust fund, infused with the managerial capabilities of enterprise, to establish and promote the executive standards, for strategic and effective execution. For the 14-year operation, the Fund has sponsored the supplementary education to students from many schools in New Taipei City and Taipei City, as well as the sponsorship to academic researches of institutes and social charitable culture subsidies, including;

- Tutoring and counselling to underprivileged: total 8,630 students attending the tutoring and counselling, and 1,498 teachers and volunteers attending the growth group activities, for total 10,128 people have been sponsored and helped.

Schools: Min-Dao Elementary School; Wan-Hsing Elementary School; Zhong-Zheng Elementary School; Bei-Xing Elementary School; Xin-He Elementary School; Chin-Tang Elementary School; Guei-Shan Elementary School; Wu-Lai Elementary School; An-Ken Elementary School; Min-Yi Elementary School; Xuan-Cheng Elementary School; Yu-Lin Elementary School; Chin-Shan Elementary School and Junior High School; Wu-Feng Junior High School; Xin-Dian Elementary School; Er-Chong Elementary School; Wan-Li Junior High School; and Da-Ping Elementary School.

Non-profit organizations: Wing On Church, Grace Association, Wheat Field Association

Items under evaluation	Status		Summary	Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof.
	Yes	No		
<ul style="list-style-type: none"> <li>■ Scholarships/grants: 80 students in Chinese Culture University; seven students in Department of English Literature of National Chengchi University; subsidies to labor’s children for 763 people, Grants to PLANET employees for four people, for total 827 people.</li> <li>■ Donation to school buildings: Pu-Tai Elementary School and Junior High School; Weather sports field of Pi-Tou Junior High School; and the weight-limiting hall of Pi-Tou Junior High School.</li> <li>■ Club activities: Wen-Shan Special school; Wu-Lai Elementary School and Junior High School; the wind music class of Pi-Tou Junior High School; nutritious breakfast for Ping-Lin Junior High School, and the ocarina clas of Da-Ping Elementary School.</li> <li>■ Academic researches: Taiwan Elementary School Language Education Institute, research expenditures for the coronary artery and heart study in the National Taiwan University Hospital; the interactive research of music for college cross straight by Taipei Artist Culture and Education Promotion Foundation; Taiwan Youth Climate Association; and the 2015 annual convention and academic seminar of China Young Children Education Institute.</li> <li>■ Charitable donations: donation for the Southern Asia Tsunami to Buddhist Compassion Relief Tzu Chi Foundation; the donation for the 2011 earthquake off the Pacific coast of Tohoku to the Red Cross.</li> <li>■ Culture and arts: Cantary an ensemble; Xindian City Arts and Culture Association, promotions of folk culture education in Pi-Tou Elementary School and Junior High School; APAC Music Festival by the APAC Composer Federation, Hsinchu Chorus Music Festival, annual training of choruses, and the 6th and 10th Term of Cross-Straight Chorus Festivals by the Taipei Artist Culture and Education Promotion Foundation.</li> <li>■ Promotion of international volunteers: Up with Peoploe invited the international youth volunteers to visit Taiwan; the North Thailand Service Program by the International Volunteer Group of the Chinese Culture University.</li> <li>■ Promotion of social education: the life education growth for the owners of enterprises by Bliss and Wisdom Foundation of Culture and Education; “Love Sea My Home” exhibition by the Society of Wilderness; the image education action program, “Prisoned Dogs: Dogs with Chained” by Taiwan Animal Equality Association; early therapies to the children from underprivileged families; the inspirational and therapeutic education program by Abao Educational Foundation; and the accompanied singing program by the Kibbutz Senior Association.</li> </ul>				

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

Since the establishment of the company, none of the employee has ever offered, committed, requested, or received any improper benefits, or conducted any unethical behaviors, such as illegal conducts or violation to the trustee obligations. To ensure the implementation of the ethical management policies, on December 24, 2010, the 17th Board’s meeting of the seventh intake established the “Ethical Corporate Management Best Practice Principles“, and reported such in the 2011 Shareholders’ meeting. On April 21, 2015, to accommodate the Letter issued by the Financial Supervisory Commission Jin-Guan-Zheng-Fa-Zhi No. 1030039898, dated October 31, 2014, the “Ethical Corporate Management Best Practice Principles” were amended in 2015. Based on the “Ethical Corporate Management Best Practice Principles“, on April 25, 2016, the “Procedures for Ethical Management and Guidelines for Conduct” were added. The Department of Finance is appointed as the dedicated unit, under the Board of Directors, to amend, implement, interpret, provide consult service regarding the Operational Procedures and the Guidelines for Conduct, and documented the reports. On December 27, 2019, the outcomes of implementation were reported to the Board of Directors. On April 30, 2020, by accommodating TWSE, the Board of Directors approved to amend the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct“, to established the corporate culture with sustainable ethical management.

### Implementation of ethical business practices

Items under evaluation	Status			Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof:
	Yes	No	Summary	
I. Establish ethical business policies and programs (I) Has the company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the polices and practices it implements to	V		(I) On December 24, 2010, the 17th Board’s meeting of the seventh intake, the company established the “Ethical Corporate Management Best Practice Principles“, and on April 21, 2015, the seventh Board’s meeting of the ninth intake, the “Procedures for Ethical Management and Guidelines for Conduct” were added. These policies clearly specify that the company shall establish the ethic-based policies on the basis of the operational philosophy of integrity,	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No		
maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?			<p>transparency, and responsibility, and establish the good corporate governance and risk control mechanism, to build up an operating environment with sustainable development. The company has established prevention programs, including prohibiting from offering, committing, requesting, or receiving, directly or indirectly, any improper benefits to exchange any unethical behaviors, such as breach of ethics, illegal actions, or violations to the trustee obligations; no illegal political donation or improper charitable donation or sponsors shall be made; no unfair competition is conducted; no infringement to business secrets, trademark rights, patents, copyrights, or other rights of intellectual properties. The Board of Directors and executives actively fulfill the commitments to the ethical management policies, and implement in the internal management and external business activities, while reviewing the performance and improving from time to time. On December 27, 2019, the “2019 Implementation of Ethical Management” was reported to the Board of Directors; on the same day, a 30-minute course, “Strict Prohibition of Insiders Trading and the Penalties“, was conducted to the Board of Directors and managers, for total ten people. On April 30, 2020, the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” were amended, to add that the directors and the executives must provide the declaration of complying with the ethical management policies, and such</p>	



Items under evaluation	Status		Summary	Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No		
(II) Has the company developed systematic practices for assessing integrity risks? Does the company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include	V	(II)	<p>compliance must be specified in the offer letter. The audit plan will be prepared based on the risk assessment of unethical behaviors, to be reported to the executives and dedicate unit of the ethical management, before preparing the audit reports to be presented to the Board of Directors. By staying true to the philosophy of ethical management, the management and employees are strictly prohibited from receiving gifts, hospitality or other improper benefits, directly or indirectly, when conducting business. The company strictly complies with the policy of <u>no gift/anti-bribery</u>. The company has established the “Principles of Gifts during Business“. The gifts provided by the partners are also strictly regulated, to maintain the ethical business relationships between the company and the vendors. Such regulations are disclosed at the “Stakeholder Section” of the company’s website (<a href="http://www.planet.com.tw/tw/ir/corporate-governance">http://www.planet.com.tw/tw/ir/corporate-governance</a>) and the MOPS.</p> <p>The company regularly analyze and evaluation any business activity with possible unethical risks. To respond Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” setting forth the conditions requiring prevention measures, the “Procedures for Handling Political Donation” are established to prevent briberies and illegal political donations, while strictly controlling the limit and approval authorities for political donations. The accounting of such donations must comply</p>	N/A

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

Items under evaluation	Status			Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
(III) Has the company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	V		(III) <u>vernance</u> )and the MOPS website. To prevent any unethical behavior, the company has established related regulations, including the”Ethical Corporate Management Best Practice Principles”, “The Procedures for Handling Political Donation“, the “Procedures for Handling Charitable Donations or Sponsorships”, and the “Detailed Principles of Awards and Disciplinary Actions”, as the reference of implementation to the Board of Directors and the management. Such regulations are regularly reviewed and amended. On April 30, 2020, the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” were amended, requiring the directors and the executives must provide the declaration of complying with the ethical management policies, and such compliance must be specified in the offer letter. The audit plan will be prepared based on the risk assessment of unethical behaviors, to be reported to the executives and dedicate unit of the ethical management, before preparing the audit reports to be presented to the Board of Directors. The company has established the “Operational Procedures to Prevent Insider Trading”. Every year, the promotions of preventing insider trading and ethical management are conducted to the insiders. On December 27, 2019, a 30-minute course, “Strict Prohibition of Insiders Trading and the Penalties”, was conducted to the Board of Directors and managers, for total ten people. The company also conducts the trainings of	N/A

Items under evaluation	Status		Summary	Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No		
			“Corporate Ethic Regulations”, “Ethical Corporate Management Best Practice Principles”, and the “Employees’ Code of Conducts” to the new employees. The complete whistle-blowing, complaint, and disciplinary action systems are established for the thorough implementation.	
II. Implementation of ethical business practices				
(I) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V	(I)	The company conducts business in the manner of fairness, honest, reliability, and transparency, on the basis of principles of ethical management. Before conducting business, the company investigate the counterparties, including agencies, suppliers, clients, or other parties, to check if they are involved with any unethical behaviors, which in turn resulting the termination or elimination of contracts. To maintain fairness and mutual respects, the company strictly implements the policy of no gift/ anti-bribery, with the “Principles of Gifts during Business”. The gifts provided by the partners are also strictly regulated, to maintain the ethical business relationships between the company and the vendors.	N/A
(II) Does the company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of	V	(II)	To implement the operation of ethical management, the company established the “Procedures for Ethical Management and Guidelines for Conduct”, as the promotion of implementing the ethical management. At the end of each year, outcomes of implementation are reported to the Board of Directors. On December 27, 2019, the outcomes of implementation were reported to	N/A

Items under evaluation	Status			Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
<p>business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis?</p> <p>(III) Does the company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?</p>	V		<p>the Board of Directors and managers for total ten people, to enable the supervision of the Board of Directors.</p> <p>(III) To prevent any conflict of interests, the company has established the “Code of Conducts for Directors and Managers”, providing an appropriate channel for directors and managers to voluntarily declare their potential conflict of interests with the company. If any attendee and participant of a Board’s meetings, who has a personal interest in the matter under discussion at the meeting, which may impair the interest of the company, although they may express their opinions and reply inquiries, they shall not discuss or vote, while recusing from the discussion and voting, nor exercise the voting right on behalf of another director. The directors shall not support each other in an inappropriate manner.</p>	N/A
<p>(IV) Has the company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to</p>	V		<p>(IV) Regarding the business activities and operational procedures with higher possibility of unethical behaviors, the Company has established the effective accounting and internal control system, which are under regular review, to ensure the continuous effect of the design and execution of such systems, as the implementation of ethical management. The internal auditors not only schedule the annual audit plans based on the risk assessments, every month they inspect the compliances pursuant to the annual audit plan, and report to the Audit Committee via</p>	N/A

Items under evaluation	Status			Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
<p>audit employees' compliance with various preventions against dishonest conduct?</p> <p>(V) Does the company organize internal or external training on a regular basis to maintain ethical management?</p>	V		<p>emails. The audit implementations are also presented to the Board of Directors and the Audit Committee. The internal control systems are also be audited by engaging accountants.</p> <p>(V) During the orientations to new employees, the trainings of ethical management are conducted. In 2019, 20 trainings were conducted. On December 27, 2019, a 30-minute course, "Strict Prohibition of Insiders Trading and the Penalties", was conducted to the Board of Directors and managers, for total ten people.</p>	N/A
<p>III. Reporting of misconducts</p> <p>(I) Does the company provide incentives and means for employees to report misconducts? Does the company assign dedicated personnel to investigate the reported misconducts?</p> <p>(II) Has the company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality</p>	V		<p>(I) The company has established the disciplinary action and complaint systems for the violations of ethical management, with well-rounded whistle-blowing system and channel. The "Stakeholder Section" at the Company's website provides the mailboxes of the Audit Committee, CEO, spokesperson, and acting spokesperson; other corresponding contacts are also provided to the different type of stakeholders. Complaints may be filed through various channels, and will be accepted by the dedicated personnel.</p> <p>(II) The Company has various complaint channels in place. The complaints may be filed through the mailboxes or telephone of CEO, the Audit Committee, HR, spokesperson, and acting spokesperson. The employees may file their opinions directly to the CEO or Department of Administration. The Company has</p>	N/A

Items under evaluation	Status			Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:
	Yes	No	Summary	
<p>measures to be undertaken upon completion of an investigation?</p> <p>(III) Has the company provided proper whistle blower protection?</p>	V		<p>established the “Guidelines of Preventing Sexual Harassment and the Penalties”.</p> <p>Anyone encounters any sexual harassment may report to HR directly. An investigation team will be organized by the Department of Administration immediately pursuant to laws. During the investigation and review, the rights of the plaintiff will be defended, without leaking his/her identity and information. All outcomes of investigation are documented for retaining. The Company also has various confidentiality mechanisms, specified in the “Rules of Management“, the “Managerial Regulations of Business Secrets”, and “Labor Contract”.</p> <p>(III) In all regulations of the company, it is specified the rights of whistle-blowers must be protected during the investigations and reviews, so that they are not treated improperly due to whistle-blowing. The complaints are handle in manner of absolute confidentiality, names of whistle-blowers and any identifiable information are strictly prohibited from leaking.</p>	N/A
<p>IV. Strengthening information disclosure</p> <p>(I) Has the company disclosed its Ethical Corporate Management Best Practice Principles and progress onto its website and MOP?</p>	V		<p>(I) The “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” are disclosed at the “Stakeholder Section” of the company’s website. The information and effects of the ethical management is also disclosed at the “CSR Section” and “About US/Company Overview” of the company’s website. The</p>	N/A

Items under evaluation	Status			Any nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof:
	Yes	No	Summary	
			<p>Ethical Corporate Management Best Practice Principles are also disclosed on the MOPS. “Stakeholder Section” at the company’s website  <a href="http://www.planet.com.tw/tw/ir/corporate-governance">http://www.planet.com.tw/tw/ir/corporate-governance</a>  “About Us/Overview/Ethical Management”  <a href="https://planet.com.tw/tw/about/manage">https://planet.com.tw/tw/about/manage</a>  MOPS “Corporate Governance Section”(http://mops.twse.com.tw)</p>	
<p>V. If the company has established its ethical corporate management best practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”,  The company, pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, has established the “Ethical Corporate Management Best Practice Principles” on April 21, 2015; and pursuant to the amendments of the “Ethical Corporate Management Best Practice Principles“, the company added the “Ethical Management and Guidelines for Conduct”. On April 30, 2020, pursuant to the Letter Tai-Cheng-Chi-Li-Zhi No. 1080008378 issued by TWSE, the “Ethical Corporate Management Best Practice Principles” were amended, as well as pursuant to Letter Tai-Cheng-Chi-Li-Zhi No. 1090002299 issued by TWSE, the “Ethical Management and Guidelines for Conduct” were amended. The Board of Directors, management, and all employees shall fully comply with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” for their practices.</p>				
<p>VI. Other information relevant to understanding the company’s ethical management operation (e.g. review of the Ethical Corporate Management Best Practice Principles):  The company has established the “Ethical Corporate Management Best Practice Principles”, and the “Procedures for Ethical Management and Guidelines for Conduct“. The Department of Finance is appointed as the dedicated unit, under the Board of Directors, to amend, implement, interpret, and consult the issues regarding the related affairs. On April 30, 2020, pursuant to the Letter Tai-Cheng-Chi-Li-Zhi No. 1080008378 issued by TWSE, the “Ethical Corporate Management Best Practice Principles” were amended, as well as pursuant to Letter Tai-Cheng-Chi-Li-Zhi No. 1090002299 issued by TWSE, the “Ethical Management and Guidelines for Conduct” were amended. At the end of each year, the report is presented to the Board of Directors, as the implementation of ethical business practices.</p>				



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

1. The company has established the following regulations and guidelines pursuant to the “Corporate Governance Best-Practice Principles”:
  - (1) The Rules of Procedure for Shareholders’ meetings
  - (2) The Rules of Procedure for Board’s Meetings
  - (3) The Rules of Responsibility Scope of Independent Directors
  - (4) The Organization Regulations for Audit Committee
  - (5) The Regulations for Intercompany Financial and Operation of Affiliates
  - (6) The Regulations of Director Election
  - (7) The “Code of Conducts for Directors and Managers”
  - (8) The Asset Acquisition and Disposal Procedures
  - (9) The Procedures for Providing Endorsements/Guarantees.
  - (10) The Procedures for Loaning Funds to Others.
  - (11) The Organization Regulations for Risk Management Committee
  - (12) Ethical Corporate Management Best Practice Principles
  - (13) The Corporate Social Responsibility Best Practice Principles
  - (14) Guidelines of Appraising Performance of the Board of Directors’
  - (15) Guidelines of Appraising Performance of the Directors
  - (16) The Organization Regulations for Remuneration Committee
  - (17) The Operational Procedures to Prevent Insider Trading
  - (18) The Guidelines of Appraising Performance of the Auditors
  - (19) The Program to Evaluate the Quality of Internal Audit
  - (20) The Managerial Regulations of M&A Strategy and Examination
  - (21) The Managerial Guidelines for Handling Material Information
  - (22) The Procedures for Handling Political Donation
  - (23) The Procedures for Handling Charitable Donations or Sponsorships
  - (24) The Oversight Operation to Subsidiaries
  - (25) The Operational Procedures for Transactions Among Certain Companies, Group’s Enterprises, and Related Party
  - (26) The Managerial Regulations for Operation of Long- and Short-Term Investment
  - (27) The Managerial Regulations for Liability Commitments and Contingencies
  - (28) The Procedures for Ethical Management and Guidelines for Conduct
  - (29) The Corporate Social Responsibility System and Policies
  - (30) The Operational Procedures of Applying Suspension or Resumption of Transactions
  - (31) The Managerial Regulations of Shareholders’ Affairs
  - (32) The Managerial Regulations of Personal Information Protection
  - (33) The Procedures for Handling Requests Made by Directors

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

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

1. Since the Audit Committee established on June 13, 2017, the Committee convened four meetings in 2019. In 2020, two meetings were also convened up to now to fully discuss the presentation of the Company’s financial statements, internal control system and audit, as well as the amendments to various regulations
2. The company always informs the directors seven days prior to the meeting through emails. The meeting notices not only specify the reasons of convention, but also provide sufficient information for the directors to review. The meeting minutes were sent to directors within 20 days after the meetings. During the meeting, shall the independent directors have objections or reserved opinions, such happenings would be recorded in the meeting minutes. Also to establish a good corporate governance, assist directors to fulfill their duties, and enhance the performance of the Board of Directors, the company has established the “Procedures for Handling Requests Made by Directors” on March 21, 2019, specifying that the requests made by directors shall be handled within five working days, to fully facilitate the directors to fulfill their duties with corresponding information and resources.
3. The company respects and values the recommendations of the independent directors. The management regularly presents the operation reports, CSR implementation report, internal audit report, ethical management implementation report, and educational promotion of insider trading prevention to the Board of Directors, so that the independent directors may have insights to the company’s operations in the regards of finance, business, R&D, and materials, and their compliance with related laws and regulations are assisted.
4. The company is not only obliged to fully disclose information to the domestic investors, but also voluntarily discloses the following information in English to the international investors:
  - (1) Material information
  - (2) Annual financial reports and financial reports of Q1 to Q3
  - (3) Meeting notices of Shareholders’ meetings and the rules of procedure handbooks
  - (4) Annual reports of Shareholders’ meetings (expected to be applied from Shareholders’ meeting 2020)

(IX) Disclosure of internal control system

1. Internal Control Declaration:

PLANET Technology Corporation  
Declaration of International Control System

Date: March 9, 2020

Based on the findings of a self-assessment, PLANET Technology Corporation states the following with regard to its internal control system during the year 2019:

- I. The company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. The company's internal control system is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.
- III. The company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each of the five elements is then divided into a sub-category. Please refer to "the Regulations" for details.
- IV. The company has adopted the abovementioned criteria to validate the effectiveness of its system design and execution.
- V. Based on the result of the assessment, the company finally determined the effectiveness of the design and implementation of our internal control system until December 31, 2019 (including supervision and management of subsidiaries) regarding the effectiveness and efficiency of operations, the reliability, promptness, and transparency of reports and compliance with relevant laws and regulations. This system provided reasonable assurance that the above objectives have been achieved.
- VI. The Declaration of Internal Control System is the main content of the company's annual report and prospectus published. Any false and concealment of the published contents referred to above involves the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. The Declaration of Internal Control System was resolved at the Board meeting with the objection of 0 board directors out of the 7 attending board directors on March 9, 2020. The contents of the declaration have been accepted without objection.

PLANET Technology Corporation

Chairman: Chen, Ching-Kang  
Signature/Seal

CEO: Chen, Ching-Kang  
Signature/Seal

2. The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: N/A.
- (X) Penalties imposed against the company for regulatory violation, or penalties against employees for violation of internal control system, in the most recent year up till the publication date of annual report that may significantly impact shareholders' interest or security price; describe details of the penalty, areas of weakness and any corrective actions taken: None.
- (XI) Resolutions reached in the shareholder's meeting or by the Board of Directors during the most recent year and up to the date of publication of this annual report:
1. Shareholders' meetings

Date of meeting	Type of meeting	Important resolution	Result	Status
108.06.12	Shareholders' meeting	1. Ratified the business report and financial statements 2018.	Outcome of the poll to this proposal: when voting, the voting rights were 33,416,962 votes of the attending shareholders; the favorable votes were 33,192,120 votes (29,454,083 votes were executed via e-voting), or 99.32% of the all voting rights; the unfavorable votes were 1,343 votes (1,343 votes were executed via e-voting); invalid vote was zero, and the abstained votes were 223,499 votes (223,499 votes were executed via e-voting). The proposal was passed as proposed by the Board of Directors.	
		2. Ratifying the proposal of 2018 earnings distribution.	Outcome of the poll to this proposal: when voting, the voting rights were 33,416,962 votes of the attending shareholders; the favorable votes were 33,389,120 votes (29,651,083 votes were executed via e-voting), or 99.91% of the all voting rights; the unfavorable votes were 1,343 votes (1,343 votes were executed via e-voting); invalid vote was zero, and the abstained votes were 26,499 votes (26,499 votes were executed via e-voting). The proposal was passed as proposed by the Board of Directors.	The ex-dividend base date was set on August 14, 2019, and the cash dividends were paid on September 5, 2019, for total NT\$268,754,145.

June 12, 2019	Shareholders' meeting	3. Proposal of amending some clauses of the Articles of Association.	Outcome of the poll to this proposal: when voting, the voting rights were 33,416,962 votes of the attending shareholders; the favorable votes were 33,387,120 votes (29,649,083 votes were executed via e-voting), or 99.91% of the all voting rights; the unfavorable votes were 1,343 votes (1,343 votes were executed via e-voting); invalid vote was zero, and the abstained votes were 28,499 votes (28,499 votes were executed via e-voting). The proposal was passed as proposed by the Board of Directors.	The amendments were approved with Letter Jing-Shou-Shang-Zhi No. 10801079940 by MOEA, dated July 2, 2019, and the operations follow the amended Articles of Association.
		4. Amendments to the company's "Asset Acquisition and Disposal Procedures".	Outcome of the poll to this proposal: when voting, the voting rights were 33,416,962 votes of the attending shareholders; the favorable votes were 33,384,762 votes (29,646,725 votes were executed via e-voting), or 99.90% of the all voting rights; the unfavorable votes were 1,343 votes (1,343 votes were executed via e-voting); invalid vote was zero, and the abstained votes were 30,857 votes (30,857 votes were executed via e-voting). The proposal was passed as proposed by the Board of Directors.	Operated pursuant to the amended "Asset Acquisition and Disposal Procedures".
		5. Amendment to the "Operating Procedure for Loaning to Others" of the company.	Outcome of the poll to this proposal: when voting, the voting rights were 33,416,962 votes of the attending shareholders; the favorable votes were 33,384,762 votes (29,646,725 votes were executed via e-voting), or 99.90% of the all voting rights; the unfavorable votes were 3,701 votes (3,701 votes were executed via e-voting); invalid vote was zero, and the abstained	Operated with the amended "Procedures for Loaning Funds to Others".

			votes were 28,499 votes (28,499 votes were executed via e-voting). The proposal was passed as proposed by the Board of Directors.	
		6. Proposal of amending the “Procedures for Providing Endorsements/Guarantees”.	Outcome of the poll to this proposal: when voting, the voting rights were 33,416,962 votes of the attending shareholders; the favorable votes were 33,384,762 votes (29,646,725 votes were executed via e-voting), or 99.90% of the all voting rights; the unfavorable votes were 1,343 votes (1,343 votes were executed via e-voting); invalid vote was zero, and the abstained votes were 30,857 votes (30,857 votes were executed via e-voting). The proposal was passed as proposed by the Board of Directors.	Operated with the amended “Procedures for Providing Endorsements/Guarantees”.

## 2. Board of Directors

Date of meeting	Type of meeting	Important resolution
March 21, 2019	Board of directors	<ol style="list-style-type: none"> <li>1. Proposal of providing the remunerations to employees and directors for 2018.</li> <li>2. Proposal of 2018 Declaration of Internal Control System.</li> <li>3. Proposal of the consolidated and parent-company-only financial statements for 2018.</li> <li>4. Proposal of amending the Company’s “Asset Acquisition and Disposal Procedures”.</li> <li>5. Proposal of amending the “Best-Practice Principles of the Company”.</li> <li>6. Proposal of establishing the “Procedures for Handling Requests Made by Directors”.</li> <li>7. The affairs related to the convention of the Shareholders’ meeting 2019, and acceptance of proposals from shareholders with 1% shareholding</li> <li>8. Proposal of evaluation to the Board’s performance for 2018.</li> <li>9. Proposal of assessment to attesting accountants’ independence and suitability, 2018.</li> <li>10. Proposal of engaging attesting accountants and their compensations, 2019.</li> <li>11. Proposal of appraising managers’ performance and the evaluations to the auditors, 2018.</li> </ol>

April 25, 2019	Board of directors	<ol style="list-style-type: none"> <li>1. Proposal of business report for 2018.</li> <li>2. Proposal of earnings distribution for 2018.</li> <li>3. Proposal of amending some clauses of the Articles of Association.</li> <li>4. Proposal of amending the Procedures for Loaning Funds to Others.</li> <li>5. Proposal of amending the Procedures for Providing Endorsements/Guarantees.</li> <li>6. Remedy to the affairs related to the convention of the Shareholders' meeting 2019, and acceptance of proposals from shareholders with 1% shareholding.</li> <li>7. Proposal of appointing the internal audit manager.</li> </ol>
July 18, 2019	Board of directors	<ol style="list-style-type: none"> <li>1. Affairs related to the decision of cash dividends and ex-dividend base date.</li> <li>2. Proposal to apply the renewal of credit facilities from Shanghai Commercial Bank</li> <li>3. Proposal of appointing the Corporate Governance Officer.</li> <li>4. Proposal of amending the "Procedures for Handling Requests Made by Directors".</li> <li>5. Proposal of amending the "Rules of Procedure for Board of Directors Meetings".</li> <li>6. Proposal of amending the "Best-Practice Principles of the Company".</li> <li>7. Proposal of amending the "Organization Regulations for Audit Committee"</li> </ol>
August 8, 2019	Board of directors	<ol style="list-style-type: none"> <li>1. Proposal of remunerations distributed to directors, managers, and employees for 2018.</li> </ol>
November 6, 2019	Board of directors	<ol style="list-style-type: none"> <li>1. The audit plan of 2020.</li> </ol>
December 27, 2019	Board of directors	<ol style="list-style-type: none"> <li>1. The business plan and budgets for 2020.</li> <li>2. Proposal to pass the proposal of investing 2018 undistributed earnings of NT\$2,399,896 to accommodate "Article 23-3 added to the Statute for Industrial Innovation".</li> <li>3. Proposal of the year-end bonus to the managers for 2019 and the adjustment of the fixed salaries for 2020.</li> </ol>
March 9, 2020	Board of directors	<ol style="list-style-type: none"> <li>1. Proposal of providing the remunerations to employees and directors for 2019.</li> <li>2. Proposal of the "Declaration of International Control System, 2019".</li> <li>3. Proposal of the consolidated and parent-company-only financial statements for 2019.</li> <li>4. Proposal of amending the "Rules of Procedure for Shareholders Meetings Meetings".</li> <li>5. Proposal of amending the "Rules of Procedure for Board of Directors Meetings".</li> </ol>

		<ol style="list-style-type: none"> <li>6. Proposal of amending the “Organization Regulations for Audit Committee”</li> <li>7. Proposal of amending the “Organization Regulations for Remuneration Committee”.</li> <li>8. Proposal of amending the “Rules of Responsibility Scope of Independent Directors”.</li> <li>9. Proposal of amending the “Best-Practice Principles of the Company”.</li> <li>10. Proposal of amending the “Corporate Social Responsibility Best Practice Principles”.</li> <li>11. Affairs related to directors’ re-election.</li> <li>12. The affairs related to the convention of the Shareholders’ meeting 2020, and acceptance of proposals from shareholders with 1% shareholding.</li> <li>13. Proposal of directors’ self-evaluation and evaluation to the Board’s performance for 2019.</li> <li>14. Proposal of assessment to attesting accountants’ independence and suitability, 2019.</li> <li>15. Proposal of engaging attesting accountants and their compensations for 2020.</li> <li>16. Proposal of appraising managers’ performance and the evaluations to the auditors, 2019.</li> </ol>
April 30, 2020	Board of directors	<ol style="list-style-type: none"> <li>1. Proposal of business report for 2019.</li> <li>2. Proposal of earnings distribution for 2019.</li> <li>3. Proposal of amending the “Ethical Corporate Management Best Practice Principle”.</li> <li>4. Proposal of amending the “Procedures for Ethical Management and Guidelines for Conduct”.</li> <li>5. Remedy to the affairs related to the convention of the Shareholders’ meeting 2020, and acceptance of proposals from shareholders with 1% shareholding.</li> <li>6. Review of the proposal of the candidate list for the 11th directors and independent directors of the Company.</li> <li>7. Proposal to relieve the ban of non-competition for new directors.</li> </ol>

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

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



## Aggregation List of the Resignation and Dismissal of the Company's Related Persons

April 30, 2020

Position	Name	Date of inauguration	Date of Dismissal	Reason fo resignation or dismissal
Audit officer	Tseng, Ying-Yeng	2017.01.01	2019.04.30	Job adjustment

Note: Company's related persons refer to the chairman, CEO, head of accounting, head of finance, head of internal audit, head of corporate corporate, and head of R&D.

### V. Disclosure of auditors' remuneration

- (I) If the on-audit fees paid to the CPA, CPA firm and their affiliates exceeded the audit fees in excess of twenty-five percent, the company shall disclose the audit fee and non-audit fee, as well as the contents of the non-audit service: the company's non-audit fees are less than a quarter of the audit fee in 2019.

### Disclosure of auditors' remuneration

Unit: thousands NTD

Firm Name	CPA Name	Audit Fee	Non-Audit Fee					Duration of Audit	Remarks
			System Design	Commercial and Industrial Registration	HR	Others (Note 2)	Subtotal 1		
Major experience: Baker Tilly Clock & CO	Lai, Yung-Chi; Wu, Hsin-Liang	2,420	—	8	—	30	38	October 9, 2018 up to now	—

Note 1: The audit period of the accountants covered the complete fiscal year, and the year of audit is 2019.

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

- (II) Change of accounting firm that resulted in the reduction of audit remuneration from the previous year; disclose audit remuneration before and after the change and the cause of such change: No accounting firm was changed, and thus not applicable.
- (III) Any reduction in audit remuneration by more than 10% compared to the previous year; state the amount, the percentage and reason of such variation: None, and thus not applicable.

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

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

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

(I) Changes of shareholding

Unit: shares

Position	Name	2019		2020, up till April 11	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman/ CEO	Chen, Ching-Kang	—	—	—	—
Chairman/ Vice President	Hsu, Hwa-Lin	—	—	—	—
Director	Representative of Puyang Investment Co., Ltd: Li, I-Chuan	—	—	—	—
Director/ CFO	Representative of Puyang Investment Co., Ltd: Lin, Man-Chu	—	—	—	—
Independent director	Chen, Shuh	—	—	—	—
Independent director	Huang, Hsin-Hsien	—	—	—	—
Independent director	Chang, Pao-Thai	—	—	—	—
CTO	Shih, Yi-Shen	—	—	—	—
COO	Wu, Hsueh-Ju	—	—	—	—
Assistant Manager	Kang, Shih-Sheng	4,000	—	—	—
Assistant Manager	Leong, Chi-Tong (Note 3)	—	—	—	—

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

2. None of director or manager pledged shares.

3. The Associate Vice President, Leong, Chi-Tong, took office on January 1, 2010.

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

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

**Information about the relationship among the company's 10 largest shareholders:**

April 11, 2020

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

PLANET fund dedicate trust account, Bank of Taiwan	1,506,293	2.41%	--	--	--	--	--	--	--
Fengteng Investment Co., Ltd	630,000	1.01%	--	--	--	--	--	--	--
Chou, Hsiao-Chuan	483,917	0.77%	--	--	--	--	--	--	--
Huang, Wei-Jen	482,511	0.77%	--	--	--	--	--	--	--
Hsu, Ya-Ling	410,892	0.66%	213,786	0.34%	--	--	Chen, Ching-Kang  Hsu, Hwa-Lin	Brother in law  Younger sister	--
Lin, Man-Tsu	323,555	0.52%	5,665	0.01%	--	--	--	--	--
Shih, Yi-Shen	313,775	0.50%	120,205	0.19%	--	--	--	--	--

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

Unit: shares; %  
March 31, 2020

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

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

## Four. Status of Fund Raising

### I. Capital and shares

#### (I) Source of Share Capital

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

Unit: share; NTD  
April 30, 2020

Year/Month	Issuance price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Paid in properties other than cash	Others
81.12	10	500,000	5,000,000	500,000	5,000,000	Share capital at the Incorporation	N/A	—
86.05	10	2,000,000	20,000,000	2,000,000	20,000,000	Cash capitalization 15,000,000	N/A	Note 1
89.11	10	11,000,000	110,000,000	11,000,000	110,000,000	Cash capitalization 90,000,000	N/A	Note 2
90.05	10	14,340,000	143,400,000	14,340,000	143,400,000	Capital increase upon recapitalization of employee bonus 400,000 Capital increase upon recapitalization of earnings 33,000,000	N/A	Note 3
91.07	10	43,620,000	436,200,000	21,660,000	216,600,000	Capital increase upon recapitalization of employee bonus 4,368,000 Capital increase upon recapitalization of earnings 68,832,000	N/A	Note 4
92.07	10	43,620,000	436,200,000	28,000,000	280,000,000	Capital increase upon recapitalization of employee bonus 4,918,000 Capital increase upon recapitalization of earnings 58,482,000	N/A	Note 5
93.08	10	43,620,000	436,200,000	34,200,000	342,000,000	Capital increase upon recapitalization of employee bonus 6,000,000 Capital increase upon recapitalization of earnings 56,000,000	N/A	Note 6
94.04	10	43,620,000	436,200,000	34,343,000	343,430,000	Conversion of employee options to 143,000 common shares	N/A	Note 7

Year/Month	Issuance price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Paid in properties other than cash	Others
94.08	10	64,471,000	644,710,000	41,125,000	411,250,000	Capital increase upon recapitalization of employee bonus 6,002,600 Capital increase upon recapitalization of earnings 61,817,400	N/A	Note 8
95.04	10	64,471,000	644,710,000	41,163,000	411,630,000	Conversion of employee options to 38,000 common shares	N/A	Note 9
95.08	10	64,471,000	644,710,000	47,165,000	471,650,000	Capital increase upon recapitalization of employee bonus 6,508,100 Capital increase upon recapitalization of earnings 53,511,900	N/A	Note 10
96.05	10	64,471,000	644,710,000	47,193,000	471,930,000	Conversion of employee options to 28,000 common shares	N/A	Note 11
96.09	10	64,471,000	644,710,000	51,640,000	516,400,000	Capital increase upon recapitalization of employee bonus 6,715,600 Capital increase upon recapitalization of earnings 37,754,400	N/A	Note 12
97.01	10	64,471,000	644,710,000	51,676,000	516,760,000	Conversion of employee options to 36,000 common shares	N/A	Note 13
97.09	10	64,471,000	644,710,000	55,130,000	551,300,000	Capital increase upon recapitalization of employee bonus 8,702,000 Capital increase upon recapitalization of earnings 25,838,000	N/A	Note 14
98.04	10	64,471,000	644,710,000	54,820,000	548,200,000	Cancellation of treasury shares to reduce capital of NT\$3,100,000	N/A	Note 15
98.09	10	64,471,000	644,710,000	56,464,600	564,646,000	Capital increase upon recapitalization of earnings 16,446,000	N/A	Note 16

Year/Month	Issuance price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Paid in properties other than cash	Others
99.03	10	64,471,000	644,710,000	56,469,600	564,696,000	Conversion of employee options to 5,000 common shares	N/A	Note 17
99.04	10	64,471,000	644,710,000	56,489,600	564,896,000	Conversion of employee options to 20,000 common shares	N/A	Note 18
99.09	10	64,471,000	644,710,000	58,184,288	581,842,880	Capital increase upon recapitalization of earnings 16,946,880	N/A	Note 19
102.08	10	64,471,000	644,710,000	59,347,974	593,479,740	Capital increase upon recapitalization of earnings 11,636,860	N/A	Note 20
102.10	10	64,471,000	644,710,000	59,723,974	597,239,740	Conversion of employee options to 376,000 common shares	N/A	Note 21
103.01	10	64,471,000	644,710,000	60,073,974	600,739,740	Conversion of employee options to 350,000 common shares	N/A	Note 22
103.09	10	64,471,000	644,710,000	61,275,454	612,754,540	Capital increase upon recapitalization of earnings 12,014,800	N/A	Note 23
104.09	10	64,471,000	644,710,000	62,500,964	625,009,640	Capital increase upon recapitalization of earnings 12,255,100	N/A	Note 24
108.07	10	100,000,000	1,000,000,000	62,500,964	625,009,640	—	N/A	Note 25

- Note 1: May 8, 1997, Jing-Chien-Yi-Zhi No.86290601  
Note 2: December 18, 2000, Jing (89) Shang-Zhi No.089145887  
Note 3: May 18, 2001, Jing (90) Shang-Zhi No.09001178620  
Note 4: August 5, 2002, Jing (91) Shang-Zhi No.09101312500  
Note 5: July 17, 2003, Jing-Shou-Zhong-Zhi No.09232366230  
Note 6: August 6, 2004, Jing-Shou-Zhong-Zhi No.09332521780  
Note 7: April 21, 2005, Jing-Shou-Zhong-Zhi No.09431988860  
Note 8: August 25, 2005, Jing-Shou-Zhong-Zhi No.09432723610  
Note 9: April 19, 2006, Jing-Shou-Zhong-Zhi No.09532043620  
Note 10: August 22, 2006, Jing-Shou-Zhong-Zhi No.09532715340  
Note 11: May 21, 2007, Jing-Shou-Zhong-Zhi No.09632131340  
Note 12: September 28, 2007, Jing-Shou-Zhong-Zhi No.09601234250  
Note 13: January 15, 2008, Jing-Shou-Zhong-Zhi No.09701009640  
Note 14: September 11, 2008, Jing-Shou-Zhong-Zhi No.09701229750  
Note 15: April 6, 2009, Jing-Shou-Zhong-Zhi No.09801065870  
Note 16: September 4, 2009, Jing-Shou-Zhong-Zhi No.09801201880  
Note 17: April 19, 2010, Jing-Shou-Zhong-Zhi No.09901077640  
Note 18: June 24, 2010, Jing-Shou-Zhong-Zhi No.09901130940  
Note 19: September 13, 2010, Jing-Shou-Zhong-Zhi No.09901205760  
Note 20: August 27, 2013, Jing-Shou-Zhong-Zhi No.10201176380  
Note 21: October 16, 2013, Jing-Shou-Zhong-Zhi No.10201212740

Note 22: January 20, 2014, Jing-Shou-Zhong-Zhi No.10301010040  
 Note 23: September 1, 2014, Jing-Shou-Zhong-Zhi No.10301180350  
 Note 24: September 4, 2015, Jing-Shou-Zhong-Zhi No.10401183390  
 Note 25: July 2, 2019, Jing-Shou-Zhong-Zhi No.10801079940

Unit: shares  
 April 30, 2020

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

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

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

## (II) Composition of shareholders

Unit: shares, shareholder, %  
 April 11, 2020

Composition of shareholders	Government agencies	Financial institution	Other juristic persons	Individual	Foreign institutions and foreigners	Total
Quantity						
Number of person	—	2	31	7,391	33	7,457
Shares held	—	1,576,293	18,186,654	41,270,606	1,467,411	62,500,964
Ratio of shareholding	—	2.52%	29.09%	66.04%	2.35%	100.00%

Note: TWSE and TPex listed, and emerging companies shall disclose the shareholding ratio of Mainland Chinese shareholders: "Mainland Chinese shareholders" refer to people, legal persons, organization, other institutions from Mainland China, or the companies invested by them in a 3rd place, set forth in Article 3 of the "Regulations for the Investment Permits to the Mainland Chinese in Taiwan".



(III) Distribution of shareholding

Distribution of shareholding

Unit: shareholder; share  
April 11, 2020

Range of Shares	Number of Shareholders	Shares held	Ratio of shareholding
1 to 999	2,288	409,937	0.66%
1,000 to 5,000	3,925	7,806,933	12.49%
5,001 to 10,000	611	4,603,526	7.37%
10,001 to 15,000	228	2,804,499	4.49%
15,001 to 20,000	105	1,890,931	3.03%
20,001 to 30,000	114	2,824,005	4.52%
30,001 to 40,000	48	1,683,509	2.69%
40,001 to 50,000	25	1,141,002	1.83%
50,001 to 100,000	67	4,604,282	7.37%
100,001 to 200,000	23	3,085,205	4.94%
200,001 to 400,000	15	4,035,066	6.46%
400,001 to 600,000	3	1,377,320	2.20%
600,001 to 800,000	1	630,000	1.01%
800,001 to 1,000,000	0	0	0.00%
Over 1,000,001	4	25,604,749	40.94%
Total	7,457	62,500,964	100.00%

Note: No preferential share issued by the company

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

Unit: shares  
April 11, 2020

Name of Major Shareholder	Share	Shares held	Ratio of shareholding
Puyang Investment Co., Ltd		16,856,237	26.97%
Chen, Ching-Kang		4,211,978	6.74%
Hsu, Hwa-Lin		3,030,241	4.85%
PLANET fund dedicate trust account, Bank of Taiwan		1,506,293	2.41%
Fengteng Investment Co., Ltd		630,000	1.01%
Chou, Hsiao-Chuan		483,917	0.77%
Huang, Wei-Jen		482,511	0.77%
Hsu, Ya-Ling		410,892	0.66%
Lin, Man-Chu		323,555	0.52%
Shih, Yi-Shen		313,775	0.50%

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

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

Unit: NTD; share

Item		Year	2018	2019	2020 up to April 30 (Note 8)
		Market price per share (Note 1)	The Highest	71.00	67.60
	The Lowest	52.50	56.50	51.00	
	Average	61.49	64.08	60.47	
Net value per share (Note 2)	Before distribution	20.82	21.52	22.55	
	After distribution	16.52	-	-	
EPS	Weighted average shares		62,500,964	62,500,964	62,500,964
	EPS (Note 3)	Before adjustment	4.82	5.01	1.03
		After adjustment	4.82	-	-
Dividend per share	Cash dividend		4.3	4.5 (Note 9)	-
	Free-Gratis dividends	From earnings	-	-	-
		Capital surplus shares distribution	-	-	-
	Cumulative unpaid dividends (Note 4)		-	-	-
Return on investment analysis	Price-Earnings Ratio (Note 5)		12.76	12.79	-
	Price-Dividend Ratio (Note 6)		14.30	14.24	-
	Cash dividend yield (Note 7)		6.99%	7.02%	-

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

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

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

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

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

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

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

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

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

Note 9: Approved by the Board of Directors on April 30, 2020

(VI) Dividend Policy and the Status of Implementation

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

Article 20

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

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

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

Article 20-1

The company may, pursuant to Article 241 of the company Act, all or part of the legal reserve and capital reserve may be distributed to shareholders, in cash or shares, proportionally to their shareholdings; in case of cash, the company may authorize the distributable dividends and bonuses in whole or in part may be paid

in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' meeting.

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

The proposal of 2019 earning distribution has been resolved by the Board of Directors on April 30, 2020, to distribute cash dividend NT\$4.5 per share. It is intended that the Board of Directors authorize the Chairman to decided the ex-dividend base date, payment date, and handle other related affairs.

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

## PLANET Technology Corporation

### 2019 earning distribution table

Item	Amount (NT\$)
<b>Undistributed balance at the beginning of the period</b>	52,164,589
Less: adjustment for the actual difference from the employee benefit actuarial plan of the year	207,546
Add: net profit after tax	312,851,666
<b>Distributable net profit</b>	<b>364,808,709</b>
Less: Provision of 10% legal reserve	31,264,412
Distributable items:	
Shareholder bonus - stock 0	0
Shareholder bonus - cash 4.5	281,254,338
<b>Unappropriated retained earnings</b>	<b>52,289,959</b>

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

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

(VII) Impacts of proposed share dividends on the company's business performance and earnings per share: Not applicable. As the company has not disclose the 2020 financial forecast, nor share dividend will be distributed, this is not applicable.

(VIII) Remunerations to Employees, Directors and Supervisors

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

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

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

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

The company has estimated the 2019 remuneration to employees and directors is NT\$24,735,000 and NT\$6,184,000, respectively; the basis is the profit of the pre-tax net profit before deducting the remuneration to employees and directors, and the estimation percentage is 6% and 1.5%, respectively

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

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

A. Employee remuneration: NT\$24,734,762 in cash

B. Director remuneration: NT\$6,183,691

C. There is no discrepancy from the these expenses are recognize in 2019 financial report.

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

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

- (1) Remuneration to employees, directors and supervisors for 2018 approved by the Board of Directors 2019:

A. Employee remuneration: NT\$23,804,756 in cash.

B. Director remuneration: NT\$5,951,189.

C. There is no discrepancy from the these expenses are recognize in 2018 financial report.

- (2) The proposal of earning distribution for 2018 has been approved by the Annual General Meeting on June 12, 2019; the actual distribution was in line with the proposal of earning distribution approved by the Shareholders' meeting.

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

II. Disclosure relating to corporate bonds: None

III. Disclosure relating to preferential shares: None

IV. Disclosure relating to depository receipts: None

V. Disclosure relating to employee stock options: None

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

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

VIII. Implementation of fund utilization

(I) Description of plan:

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

(II) Implementation: N/A

## Five. Overview of Operation

### I. Business contents

#### (I) Business lines

##### 1. Business contents

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

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

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

- A. LAN Ethernet Switches
- B. PoE (Power over Ethernet) devices
- C. Fiber-optic Network devices
- D. Industrial Ethernet Network devices



- E. Industrial Automation devices
- F. Wireless LAN Network devices
- G. IP Surveillance devices
- H. VoIP devices
- I. Network Security devices
- J. Network Management Systems
- K. Home Automation Systems and Network Peripherals

2. 2019 Sales Revenue Classified by Product Category

Unit: NT\$ thousands

Product categories	Sales Revenue	%
LAN Ethernet Switch	170,156	12.62%
Fiber-optic Network	194,193	14.41%
Power over Ethernet	415,683	30.84%
Industrial Ethernet Network	450,538	33.42%
Wireless LAN Network	17,583	1.30%
VoIP	19,854	1.47%
IP Surveillance	5,727	0.43%
Broadband Communication	45,399	3.37%
Others	28,899	2.14%
Total	1,348,032	100.00%

3. Current products of the company

(1) LAN Ethernet Switches:

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

(2) PoE (Power over Ethernet) devices:

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

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

- (3) Fiber-optic Network devices:  
 Fast Ethernet, Gigabit Ethernet, 10Gbps fiber-optic network converters which are available for management of the multi-slot Media Converter Chassis for fiber-optic converters.
- A. Standard, smart, managed fiber-optic converters with several bandwidths from 10/100Mbps to 1000Mbps and 10Gbps. The fiber-optic transmission distance is between 20 and 120 km.
  - B. Standard, managed, 7 to 16-slot Media Converter Chassis.
  - C. Various media conversion devices which convert fiber optic to analog video, Serial over Ethernet, VDSL2 to wired, and analog video to IP digital video, etc.
  - D. Multi-mode/single-mode fiber transceivers.
  - E. PON (Passive Optic Network) devices, including the single-unit/multi-unit ONU and OLT.
  - F. Fiber Routers, including the wireless routers, fiber routing switches, etc.
- (4) Industrial Ethernet Network devices:  
 Applicable to the related network devices for different challenging environments with high and low temperatures and unstable power supply for the Industry 4.0, vehicle, railway, transportation, agriculture, fishery, mine, telecommunications fields. They are shock resistant, drop resistant, waterproof, and allow you to easily to transmit data and provide the backup mechanism which keep the network up and running. The industrial Ethernet network product lineup includes:
- A. Managed switches with G.8032 ERPS network redundant high-speed ring and IEEE1588 network time calibration, Modbus TCP switches, M12 waterproof, MIL-SPEC, EN50155 vehicle PoE switches, and PoE switches for renewable energies, such as solar/wind/hydropower.
  - B. Patented Flat-type switches, routers, and switches/routers with the touch LCD interface.
  - C. Fiber Bypass Switch.
  - D. Media Converter.
  - E. Ethernet Extender, PoE over Coaxial.
  - F. Industrial PSUs.
- (5) Industrial Automation devices:  
 Suitable for connection devices with diverse protocols for Industry 4.0 and IoT. The product lineup includes:
- A. Serial Device Server.
  - B. Modbus RTU Gateway.
  - C. EtherCAT slave I/O module.
- (6) Wireless LAN Network devices:  
 802.11a/b/g/n to 802.11ac compliant, 2.4GHz, 5GHz fast indoor, outdoor wireless APs, routers, wireless adapters, etc.
- A. Wireless APs: Various wireless AP and routers for indoor/outdoor use, bridges for outdoor use, and wireless routers for telecommunication 4G.

- B. Wireless adapter: IEEE 802.11a/b/g/ac compliant wireless transmission standards.
- C. Wireless network accessories: 2.4GHz, 5GHz wireless network antenna, amplifiers, lightning arresters, etc.
- D. Wireless network control platforms which enable centralized management of the wireless bands, encryption, connection settings and status of all wireless devices over the network to effectively the management costs and improve the security of the wireless network.

(7) IP Surveillance devices:

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

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

(8) VoIP devices:

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

- A. IP Phone: Mono/color high-quality IP phones, DECT wireless IP phones, ATA (Analog Telephone Adapter), Video Conference phones, multimedia phones, and multi-point conference IP phones.
- B. Door Phone: Indoor or outdoor single-dwelling, multi-dwelling video intercoms with the ONVIF feature and Mobile App which enables remote monitoring and door opening.
- C. Audio announcer: SIP Public Announcement adapters perform audio announcement, monitoring, interactive conversation, and remote device control via SIP.
- D. Voice Gateway: 2 to 8-port SIP voice gateway.
- E. SIP IP PBX: PBX with 30 to 500 extension lines which supports fax, PSTN, BRI/PRI, and GSM central office terminal serial port.
- F. Unified Office Gateway: Integrated office devices equipped with the Ethernet switch, wireless AP, firewall, network storage, IP PBX, FXO audio interface.

(9) Network Security devices:

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

- A. Corporate network security, packet monitoring, bandwidth control devices: Provide enterprise security and protection functions such as anti-virus, packet monitoring, point-to-point software monitoring, and wireless AP control, in addition to multi-WAN port, firewall, VPN.
- B. Enterprise routers and multi-routing devices: Multi-WAN port routers and router gateway with SSL VPN (Secured Service Layer / Virtual Private Network), IPSEC (IP Security) VPN, firewall, intrusion prevention features.
- C. Home routers: WAN (Wide Area Network) one-port, 10/100Mbps, 10/100/1000Mbps routers, wireless routers, integrated voice routers, broadband routers.

(10) Network Management Systems:

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

- A. Software-based smart central network management platform which manages up to 10,000 nodes.
- B. Hardware-based network management controller which is plug-n-play and supports management of up to 1,000 nodes.
- C. Touchable network management controller which supports up to 1,000 nodes for factories and server rooms to manage network in real time.

(11) Home Automation, Network Peripheral devices :

- A. Home automation systems: Indoor touch home automation control platform and indoor/outdoor central control device for door access, TVs, air conditioners, motorized curtain blinds, room temperature sensing, air sensing, light control, situation control. They can also be controlled by a smartphone app.
- B. Office/room automation: IP Power Management, room KVM switches, temperature and humidity sensing, etc.
- C. PCI-E network adapter: Include 1G fiber, 10G fiber, 10G RJ45 network adapters with the PoE feature. They are high-speed network adapters which are pluggable into computer host to supply power to remote PoE Powered Devices.
- D. Other peripherals: IP HDMI extenders, network storage devices.

4. Planned products:

- (1) In response to the cloud-based management trend, the company has reinforced the smart central managed design and developed devices, such as cloud-based switches for cloud link, PoE, routers which allow users to conveniently use external cloud platforms, such as Amazon's AWS, and Microsoft's AZURE. When used with mobile APPs, they provide a secure link between personnel, machines, and cloud.

- (2) Expand the development of industrial automation devices, and mobile communication devices suitable for IIoT, smart traffic applications, etc., and integrate cloud devices and services to improve the added values of products.
- (3) As the power required by network applications has been getting higher and higher, the Company has developed high power PoE switches featuring CRPS so that the PoE integration can be applied to various smart networking.

## (II) Overview of industry

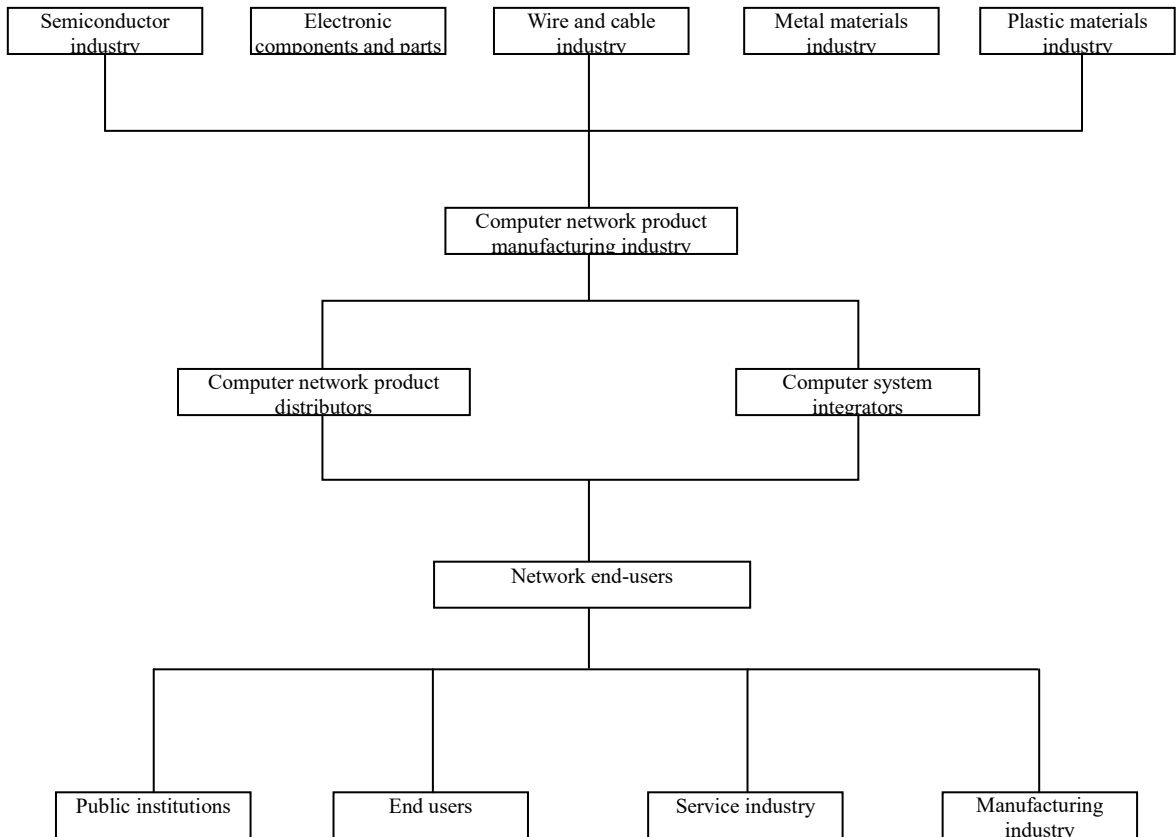
### 1. Overview and development of Taiwanese network communication industry

According to the research of Industrial Technology Research Institute, the overall production value of the Taiwanese communications device industry in 2019 is approx. NT\$ 1.69 trillion. Looking forward to 2020, as smart network and 5G deployment and applications are on the rise with increasing new opportunities for the network communication industry and the IoT, cloud computing, and edge computing markets have a promising outlook, it is expected that the demand for network infrastructures will be increased. However, as the COVID-19 pandemic started in the end of 2019 in China and was spread to the world in 2020, the entire ICT Industry has been highly affected by uncertain factors. The ICT industry must go through these global challenges and create new business opportunities.

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

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

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



### 3. Development trends of each main product

#### (1) LAN Ethernet Switches /PoE devices

With the full realization of intelligent networking applications such as Internet of Things, Industrial Internet of Things, Internet of Vehicles, etc., the overall network traffic and network computing scale have been growing exponentially. The bandwidth of Layer 2 and Layer 3 switches has been expanded from 100Gbps to 400Gbps to meet the needs of cloud computing service providers. PLANET Technology has developed Layer 2 and Layer 3 managed switches with many ports, including the 100G managed, fiber-optic managed, 95-watt PoE switch, Touch LCD smart managed switch, and long-distance Ethernet device to meet the needs for smart network applications, and the infrastructure provisioning of telecommunications providers, cloud service providers, big data data centers, governments, enterprises, schools, communities, etc.

#### (2) Fiber-optic/broadband network

Today's optical fiber network transmission has become the mainstream of the community and enterprise network media. With the huge amount of data transmitted and up to 120km transmission distance, it can meet the

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

(3) Industrial network devices

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

(4) Wireless LAN Network

The wireless transmission has been moving toward 5G mobile broadband technology, and more and more WiFi, LTE and other related wireless APs are being provisioned. It is an important channel for IoT and mobile network communications, and the market is expected to grow in the future.

PLANET's full range of wireless AP central management PoE switches enable managers to remotely monitor, control and manage wireless network devices in real time. When used with our indoor and outdoor 2.4 / 5GHz dual-band wireless routers and APs using 802.11ac technology, they facilitates the construction and management of large-scale wireless networks, and promotes telecommunications network, mobile commerce, home networking, and audio-visual multimedia wireless applications, making users enjoy digital life experience with ultra-high-speed wireless broadband connectivity.

(5) Network communication application devices

VoIP, IP surveillance and smart networking account for most of network applications, gradually spreading from enterprise networks to consumer applications. To maintain the gross profit, PLANET mainly develops network appliances for enterprises. VoIP devices include the IP PBX, VoIP Gateway, high-definition IP phones, multimedia touch screen phones, LCD color screen video telephones, conference IP phones, etc. IP surveillance devices include a full range of 5MP, 4K, Full HD, fisheye 360-degree panorama, PTZ, speed dome cameras, network video recorders (NVR) and

highly technically integrated central monitoring and management software, license plate recognition, intelligent identification software, etc. They are combined with cloud services and monitoring APPs, providing high value-added security monitoring solutions for operators, enterprises, and home users. In addition, we provide home automation system devices, including home automation central control devices, IP door phone, Z-Wave wireless sensing devices, to help communities and home users enjoy a friendly and convenient smart home automation network.

(6) Network management system

To improve the efficiency of network management, PLANET has launched a series of intelligent central network management systems and devices in 2019, which enable efficient centralized management of community, enterprise, factory, and public area network devices. Managers can use the graphical management interface to quickly know the status of all connected devices over the network and improve network management performance.

4. Competition

In response to the development of various smart connected communication applications, PLANET Technology quickly responds to the demand from the global market, takes advantage of the research and development of IP core technologies, and continues to launch innovative high-quality and high value-added innovative networking devices and intelligent central managed platform, which provide networking device solutions required by other network infrastructures, such as smart city, smart transportation, smart factory, smart home to create competitive differentiation. Through the extensive dealer network in more than 140 countries, professional international networking trade shows, and diverse digital marketing as well as promotion strategies, the company has enhanced the professional networking brand image and awareness of PLANET. In terms of brand strategies, response to market demand, cost control, product development and technology leadership strategies, we have established time-to-market plans to maintain the brand's competitive advantage.

(III) Overview of technology and R&D

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

Unit: NT\$ thousands

Item	2019	Q1 2020
R&D expenditures	71,911	18,562
Ratio of operating revenue	5.33%	6.27%

2. Technologies or products successfully developed in the most recent year and as of the publication date of annual report
  - (1) PoE product lineup: All products comply with the latest IEEE 802.3bt PoE++ standards, including 16/24-port 95-watt PoE switches, the smallest 95-watt splitters, industrial 95-watt fiber-optic converter, outdoor IP65 PoE extenders, etc. The total power supplied is increased to more than 1,000 watt with several hot-pluggable redundant CRPS power supply modes to meet the market applications.



- (2) Network management product lineup: The company has developed network management devices with a touch screen, including the touch central management controller and regenerable power management platform with the plug-n-play feature to improve the convenience of network management.
- (3) Industrial product lineup: The removable modular backbone switch dedicated for factories and production lines has been launched with 10G, twisted pair or fiber-optic connectivity to meet the high bandwidth requirements and 10Gbps network applications in the future. The industrial automation devices are also launched to facilitate network transmission applications for smart manufacturing and smart traffic.
- (4) IP surveillance product lineup: The AI video camera has the smart determination function. When capturing images, it can add an AI tag and provide the recognized monitoring information to the back-end NVR or other analysis platform for big data applications.

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

1. short-term development plans

- (1) Brand marketing and market development strategies  
Keep a careful watch on global market changes, strategically operate channels, respond to customer needs in real time, and gain benefits through flexible brand marketing and differentiated products.
- (2) R&D and production  
Expand the development of networking devices for smart connected infrastructures, including those for cloud applications and with cloud connectivity. The company insists on production quality and controls production and inventory costs to provide customers with high quality and high value-added product solutions to increase product competitiveness.
- (3) Business management  
Continue to put social corporate responsibilities into practice, optimize corporate values, satisfy customers, and achieve the company's profitability targets.

2. Long-term development plans

- (1) Brand marketing and market development strategies  
Strategically expand global brand channels, improve customer loyalty and global market share, enhance brand value, and reinforce the leadership in global networking brands.

(2) R&D and production

Identify the application requirements of Internet of Things (IoT), Industrial Internet of Things (IIoT), Internet of Vehicles (IoV), Cloud Services, big data (Data Center), etc., and expand niches for more revenues with differentiated products; while taking advantage of software and hardware research and development, accumulating IP technology patent assets, focusing on product testing technology and efficiency, and improving quality and cost control benefits.

(3) Business management

With the corporate philosophies of integrity, quality, innovation and efficiency, we will effectively integrate the resource value chain, plan and manage the global brand operations, continue to pursue "quality first" and "customer satisfaction," implement corporate social responsibilities, enhance corporate competitiveness, and create sustainable operation values.

II. Overview of market and production & marketing

(I) Market analysis

1. Sales Revenue Classified by Regions

Unit: NTS thousands

Regions	2018		2019	
Europe	603,400	44.12%	622,760	46.20%
America	357,336	26.13%	319,355	23.69%
Asia	248,125	18.15%	264,424	19.61%
Others	158,677	11.60%	141,493	10.50%
Total	1,367,538	100.00%	1,348,032	100.00%

2. Market share of main products

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

### 3. Future supply & demand and growth of market

#### (1) LAN Ethernet Switches /PoE devices

In response to the needs of cloud services, data centers, metropolitan networks and various smart networking infrastructure, the Ethernet switch market has grown steadily. In addition to high-bandwidth and secure management functions, the PoE switch market has grown gradually. The market research agency Market Research Future estimates that the global PoE device market will grow at a CARG rate of 13% from 2016 to 2022.

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

#### (2) Fiber-optic/broadband network

According to the market research report published by P&S Intelligence, optical networking and communication market is expected to reach \$40.3 billion by 2024, registering a CAGR of 7.6% during the forecast period. The growth in the market can be mainly attributed to the surging demand for high-bandwidth network and the emergence of internet of things (IoT) and machine-to-machine (M2M) communication technologies. In addition to the existign fiber-optic broadband network devices, such us such as multi-port fiber network managed switches, fiber network conversion devices, GEAPON fiber devices, PoE fiber converter, PLANET continues to develop VDSL2, coaxial cables, and PoE fiber switches to meet the need of conversion between different transmission interfaces.

#### (3) Industrial network devices

Industry 4.0 and Industrial Internet of Things applications are gradually expanding, driving the growth of the industrial network market. According to research published by MarketsandMarkets™, the market is expected to grow to USD 91.40 billion by 2023, at a CAGR of 7.39% during 2018-2023. PLANET Technology is actively developing industrial networking devices, and will continue to expand high-end industrial Layer 3 managed devices, renewable energy PoE network management switches and PoE extenders, etc., and develop the industrial network devices with the 40G high-frequency bandwidth and with "Industrial Network Protocol." It will also continue to develop network devices that utilize traditional operational technology (OT), strengthens product competitiveness, and meets the requirements of network infrastructure applications of smart factories, smart transportation, smart health care, smart campuses, outdoor remote areas, etc.

#### (4) Wireless LAN Network

The wireless broadband transmission technology moves toward 4G / 5G, 802.11ac Wave 2 WiFi, 802.11ax. The convenience of mobile browsing

facilitate the growth of the enterprise and home wireless network applications. The WLAN market revenue in the world will grow to USD 18.2 billion by 2022, according to a newly released market forecast report by Dell'Oro Group. PLANET provides several wireless APs which support 802.11ac dual-band ultra-high-speed 1750Mbps and are available in different design models such as wall-mounted, ceiling-mounted, and industrial flat models for various environments to set up wireless networks and provide friendly wireless network management. It has also launched the wireless AP central controller to provide a complete provisioning solution for operators, SMBs, SOHO / home users, and even metropolitan wireless network to greatly improve the wireless network management performance.

(5) Network communication application devices

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

(6) Central network management system

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

4. Competition niches

Since its establishment in 1993, the company has focused on the research and development of IP-based technology, developing a full range of high-quality, high value-added networking products and comprehensive solutions, which successfully helps bring its own brand PLANET to the international market. Furthermore, in the trend of smart networking applications, the company quickly responded to market demands, launched niche-based network communication infrastructure solutions, and enhanced PLANET's competitiveness in the international professional networking market. The PLANET brand dealership network has been in more than 140 countries in the world. In the future, it will continue to integrate the global marketing channel platform, maximize the team's synergy, grow with channel partners, and consolidate the world-class professional networking brand status.

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

(1) Advantages

**A. In the era of tech communications, the demand for remote communications has been significantly increased to improve the competitive differentiation of products**

PLANET uses IP technology as core technology to develop a full range of innovative and different networking devices that meet international environmental protection requirements. It provides the best cost-effective networking devices for smart network infrastructure, improves remote communication efficiency, and continues to maintain different product competitiveness and steadily improve the company's overall operations.

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

Use highly interactive digital Internet marketing platforms, such as PLANET global corporate website, PLANET YouTube channel, PLANET Facebook page, etc. to create brand and product promotion synergy in a variety of ways. With our distributors in over 140 countries worldwide, we can strengthen local brand promotion, and participate in international professional networking trade shows to strengthen the positioning of the international professional brand.

**C. Fulfill social responsibilities and create the competitive values for company sustainability**

The CSR philosophies are rooted in the company's corporate culture. While pursuing better business performance and fulfilling social responsibilities, we have won the Excellence in Corporate Social Responsibility of CommonWealth Magazine for 13 consecutive years. We also won the award "Excellent Mittelstand Enterprise Building Friendly Workplace" by Ministry of Economic Affairs, and "Asia Responsible Enterprise Awards - Social empowerment," sponsored by CSRone. These demonstrate PLANET Technology is an example of CSR companies, has operated stably for a long term, cared for social growth, and created the sustainable operation values.

(2) Unfavorable Factors and Countermeasures

Unfavorable Factors:

The COVID-19 pandemic has spread to all continents in a short period of time. Some countries have also implemented short-term lockdown which affects transportation and logistics. These have obvious impact on the overall growth of the global economy.

Corresponding countermeasures:

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

(II) Important purpose and manufacturing processes of main products

1. Important purpose of main products:

- (1) **LAN Ethernet Switches:** active LAN components include Ethernet switches, network adaptwrs, etc. Network switches provide Fast Ethernet (Gigabit), Gigabit Ethernet (Gigabit), and 10G Ethernet (10 Gigabit) transmission rates, and are now moving towards faster transmission rates such as 40Gbps and 100Gbps. The switch with management functions can help the installer or administrator to effectively control the network resources and perform debugging, while the serial network terminals can be connected to the central server or have cloud computing capabilities. A network adapter is a basic hardware component that connects a personal computer to the network. With the driver, it can operate under different network operating systems. It can be used with wired connection devices, such as network switches to achieve the function of information sharing.
- (2) **Fiber-optic converter/fiber-optic network system devices:** The fiber-optic converter is a medium used for UTP (un-shielded twisted pair) conversion into fiber-optic lines. Through the conversion of electronic and optical media, the digital connection distance of the network can be extended to 2 kilometers, 20 kilometers, or even up to 120 kilometers while the bandwidth is increased. There will be no need to rebuild the fiber network due to device upgrades (such as 1Gbps to 10Gbps). With the increasing popularity of fiber-to-the-home (FTTH) and fiber-to-the-enterprise (FTTC) applications, fiber optic networks are characterized by energy saving, interference resistance, and high scalability, and have become the mainstream of today's backbone network transmission.

- (3) **Fiber-optic network system devices:** Wired network devices which are located 100 meters away are powered through the Ethernet, while still providing data connection, without the need to find an additional power outlet or install sockets at an additional cost. The network devices can be directly installed, which gives convenience to networking device system integrators. The power supplied by PLANET's latest PoE devices has been increased to 95 watts to meet the power requirements of various powered data devices and even high-power terminal devices. In addition, power supplies can be centrally managed, and device power consumption can be effectively controlled to achieve the benefits of energy saving and carbon reduction.
- (4) **Industrial Ethernet devices and industrial automation devices:** With the promotion of IPv6, fiber-optic networks, public transportation, Industry 4.0, and the Industrial Internet of Thing (IIoT), the demand for networks used in harsh environments in the future is relatively increasing. The biggest difference between industrial network devices and general network devices is that its required operating state and operating environment are more severe than those of general commercial devices; for example, they can still be used in a complex power source, an environment with a temperature of minus 40 degrees C or a high temperature of 75 degrees C. They comply with the requirements of interference resistance, anti-vibration, anti-shock, anti-drop and so on in harsh environments.
- (5) **Wireless network devices:** In places where it is not easy to perform wiring or where the user's location is not fixed and there is a need for network connection, wireless products are an ideal solution for the user. With the popularity of 4G / LTE and mobile devices, such as smart phones / tablets with wireless capabilities, there are increasing needs for wireless network connections and bandwidth. Nowadays wireless transmission bandwidth has been upgraded from the Mbit/s to Gbit/s.
- (6) **IP Surveillance devices:** The IP-based network cameras allows companies to use existing Ethernet or wireless networks for security monitoring purposes, thereby reducing the overall cost of building security monitoring for companies. At the same time, they provide megapixel-grade high-definition images suitable for monitoring applications in various industries. Currently, the mainstream image quality has been upgraded from HD to Full HD. In the future, it will move towards 4K UHD. With the development of compression technology H.265, this also drives the market demand for high-resolution surveillance such as 4K / 8K, and integrates AI in response to the needs of big data to provide data analysis, such as facial, behavior, and environmental changes.

- (7) **VoIP devices:** Voice over IP allows companies or individuals with Internet connectivity to convert analog voice into digital packets without any additional cost, and perform video communications all over the world via digital network. They have the advantages of high-quality voice communications and cost-efficiency.
- (8) **Network Security devices:** Enterprise information security devices enable companies to connect to the Internet via multi-routing, and through a virtual channel (VPN) function, the information transmitted on the network is encrypted and sent to ensure that the data will not be stolen to maintain corporate information security. The advanced security devices have the resource management and IPv4 / IPv6 routing / channel transmission capabilities. Features include scanning spam messages, blocking advertising messages, establishing secure channels, firewalls, bandwidth control, packet content monitoring and capturing, etc., which effectively control of confidential corporate information and avoid losses.
- (9) **Broadband networking devices and passive fiber-optic networks:** Broadband communication allows users to connect to the Internet at home, office, or anywhere where this network exists through the existing telephone line or ADSL, VDSL network. The bandwidth has been upgraded to the G.fast standard for more than 1000Mbps. The passive fiber-optic network provides another option for the last mile. Through optical splitters, high-speed digital networks can be deployed at large scale in the community.
- (10) **Home automation system/network peripherals:** Home automation network devices allow home users to easily control access control, electrical appliances, voice communication, etc. at home by using connected devices or mobile phones. With cloud servers, network connection and management are more convenient. IP KVM can control a large number of equipment in the remote computer room, and can manage more than 200 computer room servers without installing any software on the server. IP power management has the ability to manage room power remotely. The room manager can remotely obtain power consumption and ambient information, auto/manually switch on/off power, and adjust as well control the room temperature and humidity.
- (11) **Network management system:** In response to multi-location or large-scale construction of future networks, PLANET has developed the central network management system for network administrators to quickly know the status of all installed devices over the network and manage them.



2. Production processes of the primary products

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

(III) Supply of main raw materials

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

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

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

Unit: NT\$ thousands

Item	2018				2019				As of Q1, 2020			
	Name	Amount	Annual net purchase ratio [%]	Relation ship with the issuer	Name	Amount	Annual net purchase ratio [%]	Relation ship with the issuer	Name	Amount	Net procurement ratio as of previous Q1 of the current year [%]	Relation ship with the issuer
1	N/A	-	-	N/A	Company B	71,717	10.52%	N/A	Company D	16,940	10.75%	N/A
2	N/A	-	Company D		68,626	10.07%	Company B		15,822	10.05%		
3	Others	749,233	100.00%		Others	541,357	79.41%		Others	124,737	79.20%	
	Net procurement	749,233	100.00%		Net procurement	681,700	100.00%		Net procurement	157,499	100.00%	

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

Reasons for change:

1. Because the dealership of raw materials was changed 2019, the amount of materials procured from Company D was increased significantly.
2. The materials from Company accounted for 9.32% in 2018, which was less than 10%. Therefore, when compared with 10.52% in 2019, the difference between them is slight.

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

Unit: pcs (port); NT\$ thousands

Item	2018				2019				As of Q1, 2020			
	Name	Amount	Annual net sales ratio [%]	Relationship with the issuer	Name	Amount	Annual net sales ratio [%]	Relationship with the issuer	Name	Amount	Net sales ratio as of previous Q1 of the current year [%]	Relationship with the issuer
1	N/A	-	-	N/A	N/A	-	-	N/A	N/A	-	-	N/A
2	Others	1,367,538	100.00%		Others	1,348,032	100.00%		Others	296,231	100.00%	
	Net sales	1,367,538	100.00%		Net sales	1,348,032	100.00%		Net sales	296,231	100.00%	

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

Reasons for change: None

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

Unit: pcs (port); NT\$ thousands

Main products	Year Production value	2018			2019		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Switch		—	1,232,041	122,794	—	1,116,941	107,048
Fiber-optic Network		—	410,354	134,647	—	341,381	109,206
Power over Ethernet		—	1,361,626	287,283	—	1,225,008	254,660
Industrial Ethernet Network		—	708,686	221,064	—	798,956	243,447
Wireless LAN Network		—	60,418	15,571	—	20,209	8,075
Voice		—	15,169	11,811	—	20,609	13,296
Monitoring		—	4,024	5,979	—	8,355	3,350
Broadband Network		—	62,324	25,930	—	46,525	25,859
Others		—	60,040	15,765	—	46,904	14,733
Total		—	3,914,682	840,844	—	3,624,888	779,674

## (VI) Sales value over the last two years

Unit: pcs (port); NT\$ thousands

Main products	Year		2018				2019			
	Sale volume and value		Domestic market		Export		Domestic market		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value		
LAN Ethernet Switch	22,700	4,302	1,218,656	180,775	13,264	2,898	1,129,183	167,258		
Fiber-optic Network	14,493	8,388	391,548	213,148	8,247	4,606	338,543	189,587		
Power over Ethernet	37,142	12,475	1,286,087	414,635	33,441	13,394	1,235,067	402,289		
Industrial Ethernet Network	35,323	19,558	633,576	383,346	40,924	25,305	733,871	425,233		
Wireless LAN Network	1,531	1,212	65,971	26,594	1,949	1,839	22,586	15,744		
VoIP	1,020	758	17,045	16,295	1,905	1,119	19,981	18,735		
IP Surveillance	184	401	8,630	11,612	294	355	5,038	5,372		
Broadband Communication	4,304	5,864	59,161	39,412	3,105	4,291	44,399	41,108		
Others	23,915	4,011	72,643	24,752	7,136	2,653	62,605	26,246		
Total	140,612	56,969	3,753,317	1,310,569	110,265	56,460	3,591,273	1,291,572		

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

Unit: shareholders; %

Year		2018	2019	2020 As of April 30th
Number of employees	Manager or above	22	24	24
	R&D units	33	33	33
	Sales marketing units	19	21	21
	Production management units	54	52	55
	Administration management units	19	17	17
	Total	147	147	150
Average age		38.90	39.50	40.31
Average years of service		7.58	7.94	8.07
Qualification	Doctoral degree	0.6%	0.7%	0.7%
	Master's degree	15.0%	15.6%	16.7%
	University/college	69.4%	72.1%	70.6%
	High school	15.0%	11.6%	12.0%
	High school (or below)	-	-	-

#### IV. Environmental protection expenditure information

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

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

1. "Product development" — The company has developed the "principles for green product development" for complete development of green products:
  - (1) Products comply with international laws and regulations: RoHS of EU, REACH, and EuP directives.
  - (2) Design and development of energy saving products:
    - A. Featuring EOC chips
    - B. All products apply the switching power gradually, conforming to the "Energy Star" regulations of the California Energy Commission Appliance Efficiency Regulations.
    - C. Switch products have been upgraded to Green Switches (Power Saving Switches) gradually.
    - D. PoE switches feature smart PoE power management.
    - E. The outer packages and inner cushioning materials are environmentally friendly.
  - (3) The new outsourced factories shall be certified by ISO 14001 Environmental Management System.
  - (4) The lead-free process is applied on all product lines.
2. "Business management" — Promote the "Green Action Plan" in offices, communicate the actions of carbon reduction, energy saving to fight global warming, and implement waste reduction, recycling as well as re-use:
  - (1) Change to LED lighting systems: Change the company's existing lights to LED lights. If old bulbs are damaged, replace them gradually. LED lights can save energy by 75% when compared with traditional ones, while having higher brightness so that the number of lights used can be significantly reduced to double the benefits of energy saving.
  - (2) Recycling: Set up the recycling zone for waste.
  - (3) Waste reduction and energy saving: Avoid unnecessary printing. Use the blank back side of used paper for necessary printing. Since we promoted the e-workflow process in 2012, we've saved approx. 473,000 pieces of paper.
  - (4) Business waste: We report the amount to New Taipei City Government monthly, and clean, transport, and destroy business waste annually.

- (5) Establish the LOHAS Hallway and encourage the staff to implement green actions and take the stairs to other offices on different floors, instead of taking the elevator to save energy.
  - (6) Used battery recycling: Provide a recycling station for used batteries for the staff to collect them to professional vendors and reduce environmental pollution.
3. From the technology R&D, design, manufacturing, transportation and recycling for re-use, each stage strictly complies with the environment regulations



## V. Employee relations

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

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

Items	Measures
<b>[Be Happy] Protecting employees physical and mental environment</b>	courses for mental health, counseling, stress management workshops, diagnosis, consultation, follow-up counseling are offered.
<b>[Be Cultured] Humanistic quality</b>	A staff welfare committee is set up to hold various art societies and activities .
<b>[Be Athletic] Exercises</b>	Sports clubs, health and weight watchers club.
<b>[Be Healthy] Health management</b>	Regularly employee health checkups, health seminars, and quarterly consultations are held by PLANET contracted family doctors and doctors of traditional chinese medicine; and monthly on-site health care services are provided by specially appointed nurses.
<b>[Be Long-Lived!] Lifestyles of Health and Sustainability (LOHAS)</b>	Various LOHAS health activities, such as courses for well-being, office aerobics, organic farm experience, regular sharing of LOHAS articles on the company's intranet etc.  Set up [Stress Relief and Health] area:

	<ul style="list-style-type: none"> <li>■ Charitable Massage services: professional visually-impaired massage therapists are on-site and offer their services; employees not only enjoy pain relief, but also provide financial assistance to therapists.</li> <li>■ Health monitoring "station": provides blood pressure monitors, body fat analyzers, ear (forehead) thermometers, etc., the station also helps employees to keep and track their health records.</li> <li>■ Magic warm box: provides reusable hand warmers to help employees keep warm and healthy in winter.</li> <li>■ Fun exercises: professional fitness instructors are invited to the company to offer dance-along sessions, so that employees can stretch and release stress.</li> </ul>
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In addition to the standard benefits such as National Labor & Health insurance, education and training, year-end bonus, group insurance, health checkups, 3 festival bonuses (for Dragon-boat festival, Mid-autumn festival and Chinese new year), birthday bonus and subsidies for weddings and funerals; employee dividends, organized staff trips, club and society subsidies, leisure and recreational activities, art exhibitions, etc are also provided.

Based on the new government policy, 6% of superannuation contributions will be made to the designated bank accounts governed by the Ministry of Labor; 2% of superannuation contributions will be made to the Bank of Taiwan for employees hired prior to July 2005. An actuary was hired at an opportune time to submit an actuarial report on estimation of the accrued pension liabilities. As of March 2020, NTD\$11,685,000 has been allocated, and should be sufficient to cover the pensions of retiring staff. Additionally, employees are free to communicate their rights and concerns with the management through any forms of channels; here we enjoy well-maintained employee relations.

(2) Staff further education and trainings

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

Training categories	Training objectives	Training courses
<b>Core competency-based trainings</b>	Developing staff solidarity, and building the core culture of the enterprise	Teamwork, strength of execution, and innovative courses

<b>Managerial competency-based training</b>	Building supervisor's management skills	Team leadership, performance management, risk management
<b>Professional competency-based trainings</b>	Professional knowledge and skill-based trainings	R & D project management, sales skills
<b>General knowledge trainings</b>	Improving self-management skills on top of professional knowledge	Communication skills, archives management

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

a. 2019 Education and training courses are as follows:

Professional Courses		General Courses	
1	Inventory Quality Control Methods	1	Staff Pre-employment Training Program
2	Equipment & Instrument Calibration and Management	2	Staff Induction by Department
3	Periodic Test System Inspection Methods	3	Inductions for New Employees & Basic Product Training
4	Management of Electrostatic Discharge (ESD)	4	Safety and Hygiene Training Program
5	Inventory Counting Methods and Policies	5	Management of Decrees and Other Regulations
6	Pre-employment Workshop for Newly Appointed Enterprise Internal Auditors	6	Waste Management
7	Further Training for Internal Auditors (agents) of Publicly Listed Companies	7	Emergency Prevention and Preparedness Workshop
8	Further Training for Accounting Supervisors of Issuers, Securities Firms, and Stock Exchanges	8	Sexual Harassment and Human Rights Protection Training
9	Brand Diagnosis-a MOT Course Experience	9	New Product Knowledge Training

Professional Courses		General Courses	
10	An Overview of VPN Technology	10	Health Forum/Spring Allergies and Diet Therapies
11	ISO procedures / explanation on forms	11	Health Forum / Injuries Caused by Sedentary Positions and the Preventative Measures
12	Data Security Management- for Supervisors	12	Health Forum/ Body Sculpting Workshop
13	Skills to Successful Supplier Negotiations	13	Successful Copywriter Skills to Intrigue your Customers
14	Money Laundering and Fraud Prevention	14	Occupational Safety and Hygiene Training
15	IPC Workshop	15	Editing Course for E-world Platform
16	How to make a good follow-up on project status & new product feedback?	16	Annual Cultural Management Training
17	Quality Consensus for New Suppliers	17	Analysis on 104 Evaluation Reports
18	TSN		
19	Industrial Application of IoT- Smart Manufacturing Model and Examples		
20	8D Improvement Report-Case study and Practice		
21	Introduction to Steel Plate Carrier		
22	USA Special 301 Report and its Impact		
23	OPC UA		
24	Electronic Circuit Design		
25	Line Maintenance Workshop		
26	Procurement Contract and Risk Management		
27	How to do the right thing and do things right the first time?		
28	Introduction to Airport Operations- Air Freight Import and Export		
29	Data Analysis		
30	Training on Managed Switches		
31	Common Problems in Packaging Design Draft and the Standards for all Suppliers		
32	Heavy Industry Production Flow		
33	Warehouse and Inventory Operating Procedures		



Professional Courses		General Courses	
34	IP PBX Training		
35	Logical Design		
36	Python Programming Language		
37	How to handle channel conflicts?		
38	Fire Safety Manager Workshop		
39	Cloud Management		
40	Regulating Standard Working Hours and PAC Performance Management System		
41	iXBRL Financial Report Declaration and Amendment of affiliated Regulations		
42	Network/Communication Products, an Overview of the Applications and Trends		

#### b. 2019 Online e-Learning Platform

The annual total e-learning time taken by staff was 341.0 hours. Course classifications and average hours spent:

- I. School of finance: 17 sessions in total, course hours: 54.6
- II. School of general knowledge: 21 sessions in total, course hours: 59.0
- III. School of information technology: 41 sessions in total, course hours: 112.3
- IV. School of marketing & logistics: 9 sessions in total, course hours: 24.4  
School of human resource: 19 sessions in total, course hours: 90.7

To facilitate information and knowledge sharing, the syllabus and key highlights are uploaded on the company's internal sharing platform; other professional on-the-job training and department specific skill-based courses are conducted by managers through periodic coaching and training sessions, to ensure professional skills and task related techniques are communicated. In 2019, total staff training time was 2,831.4 hours.

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

Item No.	Protection measures	Implementation/policies	Note
1	I. Code of ethics	Work rules	Rules are stipulated according to the Labor Standards Law and its affiliated regulations, and are approved and recorded by the Ministry of Labor.
2		<ul style="list-style-type: none"> <li>• Sexual harassment prevention and disciplinary measures</li> <li>• Measures for gender equality in employment</li> </ul>	In order to safeguard gender equality and dignity at work, based on the New Taipei City Self-Government Ordinance for Sexual Harassment Prevention, “Sexual Harassment Prevention and Disciplinary Measures”, and “Measures for Gender Equality in Employment” were set out. We endeavor to achieve a well balanced gender equality working environment.
3		Human resource management policies	<ol style="list-style-type: none"> <li>1. The employee code of conduct is clearly stipulated, and provides details on the rules of conduct and service standards that our employees must abide by. It is uploaded on the company's shared intranet platform for easy reference.</li> <li>2. Standards and disciplinary measures are stipulated against staff rewards and antisocial behaviors.</li> <li>3. All employees are required to abide by the following rules:               <ol style="list-style-type: none"> <li>a. Maintain company reputation, and abide by company rules and regulations.</li> <li>b. Behaviors that tarnish the reputations of individuals or the company, such as bullying, unwarranted personal gains and absenteeism, will not be tolerated.</li> <li>c. Receipt of personal gifts and</li> </ol> </li> </ol>

Item No.	Protection measures	Implementation/policies	Note
			<p>invitations through work relations is not acceptable.</p> <p>d. Except conducting work related tasks, any unauthorized activities on behalf of the company are not permitted.</p> <p>e. Regardless of job scope or tasks performed, every employee is responsible for maintaining absolute confidentiality; R&amp;D technology, finance &amp; accounting, business classified data and all company related operational information must be remained confidential.</p> <p>f. Employees are responsible for the safekeeping of personally managed documents and valuables. Company properties and funds are not be exploited for personal purposes or misused; and such properties must not leave the company's premises without supervisor's consents.</p> <p>g. Creations, work-related ideas, concepts, findings, inventions, improvements, formulas, programs, manufacturing techniques, writings, or business classified data during one's employment, whether or not the staff has obtained patents, exclusive trademarks, copyrights, or any other rights, the company remains the sole owner of all related rights and benefits.</p> <p>h. Within a supervisor's reasonable job scope, when</p>

Item No.	Protection measures	Implementation/policies	Note
			<p>tasks are assigned, employees must follow the instructions.</p> <p>i. Due to business requirements, employees are required to comply with requests such as working extra hours, working in different locations or capacities or go on business trips.</p> <p>j. Honesty and good behaviors are highly regarded. Illegal conducts such as gambling, binge drinking, drug abuse and other criminal offenses are not tolerated.</p> <p>4. To comply with new government policies immediately, our leave regulations have been partially amended.</p>
4		Staff manual	<p>1. During inductions, all new employees will be given a copy for their perusal.</p> <p>2. Human resource management policies, staff code of conduct, and measures to the implementation of rewards and disciplinary actions were announced.</p>
5		Corporate virtues and code of ethics	To ensure our employees comply with virtues and code of ethics, through internal campaigns, each department sets out and implement its own code of ethics. The company implemented this policy to ensure all employees share our business social responsibilities.
6	II. Honesty and code of integrity	<p>Honesty and code of Integrity are the cores of our business</p> <p>Integrity business operating procedures and behavioral guidelines</p>	The code of integrity assisted the company to establish an honest corporate culture and a resounding development; it also serves as a great example for future establishment of good business operations.

Item No.	Protection measures	Implementation/policies	Note
7	III. Code of conduct for confidentiality	Office rules	Set out office confidentiality principles: 1. Revealing business classified data during conversations is strictly prohibited. 2. Handle, store and destroy confidential documents with extreme care.
8		Labor contract	1. To protect the company's business classified data, the labor contract specifies the confidentiality agreement on relevant business and the ownership of intellectual properties. 2. Classified information such as marketing, client details, sales, and pricing of the company's products, should be kept confidential; and employees are not permitted to sell products to compete against the company, be it for personal or competitor's business.
		Trade Secret Act and measures	1. To enhance the management of trade secrets, based on our Human resource management policies, measures are set out in our labor contracts and work rules, to avoid leakage of our trade secrets and company loss. 2. These measures are devised in accordance with the relevant laws and regulations based on intellectual property rights management, such as the Patent Law, Trademark Law, Copyright Law, and Trade Secret Act.
9	IV. Information security regulations	Information system security management and measures	We have establish information system security management regulations to avoid the leakage of confidential and sensitive information and company losses.

Item No.	Protection measures	Implementation/policies	Note
10		Consent to use legal software	In respect of intellectual property rights, our employees shall not use illegal and unauthorized software.
11		MIS introductions and rules for our new employees	Information security code of conduct is stipulated and should be adhered to.

- (4) Measures on providing a safe and hygienic environment and employee personal safety protection: the company has established the following protection measures for the working environment and employee personal safety protection.

Item No.	Protection measures	Implementation/policies	Note
1	Implementing “ISO Management System”	1. ISO9001 Quality Management System 2. ISO14001 Environment Management System	Based on the world standards, the company devised a custom-made management system to monitor the implementation and effectiveness of quality and environmental management systems. We endeavor to improve quality, environment, safety & hygiene, and ensure personal safety of our employees.
2	Set up the “Quality Assurance Center”	1. ISO9001 Quality Management System 2. ISO14001 Environment Management System	The center is responsible for planning and promoting the company's overall quality and environment management systems, and conducts audits on related implementation and results.
3	Set out "Environment, Safety and Hygiene Work Rules"	1. PB-13-001 Safety and Hygiene Work Rules 2. PC-12-002 Environmental Protection Policies	This policy is specially devised in order to prevent occupational hazards, maintain the safety and health of our employees, ensure the smooth operation of the workplace, and ultimately achieve the company's objective of sustainability.
4	Appoint the “Safety and Health Supervisor”	PB-13-001 Safety and Hygiene Work Rules	To comply with the regulations, the supervisor is responsible for planning and promoting the company's safety and hygiene policies and management system, and conducts audits on related implementation and results.
5	Publish and start training on “Environmental Safety and related Regulations”	1. PB-12-003 Management of Decrees and Other Regulations 2. PB-01-004 Trainings and implementation measures	In order to maintain the safety and health of our employees, through education, trainings and internal campaigns, the company informs employees of all environmental

Item No.	Protection measures	Implementation/policies	Note
			related activities, products or services, and all laws and regulations they must adhere to.
6	Set up "Green Action Plan"	1. PC-12-001 Green Action Plan	Promote office waste reduction, recycling and reuse, carbon reduction, energy saving, anti global warming measures, and educate our employees to start from their daily lives. Through joined forces, a better environment can be mapped.
7	Implement "Labor Safety and Hygiene Education"	1. PB-13-001 Safety and Hygiene Work Rules 2. PB-01-004 Training and implementation measures	To prevent occupational hazards, maintain the safety and health of our employees, ensure the smooth operation of the workplace, based on the regulations in labor safety and hygiene policies and labor safety and hygiene education, all new employees and workers transferred from other locations must attend the safety and hygiene training.
8	All departments must develop and implement the "Environmental Assessment Form"	1. PB-12-002 Environmental Planning and Management Measures 2. PB-12-006 Environmental Monitoring and Anomaly Management Measures 3. PB-13-001 Safety and Hygiene Work Rules	Maintain the safety and health of our employees, and ensure the smooth operation of the workplace. When anomaly is observed in the environmental system, correct prevention and improvement can be implemented.
9	Plan and organize "annual employee health checkups"	1. PB-13-001 Safety and Hygiene Work Rules	Help our employees understand their health conditions, keep them safe and sound, and ultimately achieve the company's objective of sustainability.
10	Set up "Emergency Response Team" and "First Aid Team"	1. PB-13-002 Disaster & Emergency Response Management Measures 2. PB-13-001 Safety and Hygiene Work Rules 3. PB-01-004 Trainings and implementation measures	Establish a fire emergency response mechanism to deal with major emergencies; coordinate administrative supports, advocate employee awareness on emergency prevention, improve rescue efficiency in emergencies, and reduce losses in disasters. We endeavor to keep our employees safe and sound, and ensure the smooth operation of the workplace.

Item No.	Protection measures	Implementation/policies	Note
11	Carry out "regular fire fighting equipment inspections "	<ol style="list-style-type: none"> <li>1. PB-13-002 Disaster &amp; Emergency Response Management Measures</li> <li>2. PB-13-001 Safety and Hygiene Work Rules</li> </ol>	Through regular inspections we ensure that fire fighting equipment is effective to protect the personal safety of our employees and reduce losses in the event of emergencies.
12	Conduct "Fire Drills" and "Fire Fighting and First Aid Safety Training"	<ol style="list-style-type: none"> <li>1. PB-13-002 Disaster &amp; Emergency Response Management Measures</li> <li>2. PB-13-001 Safety and Hygiene Work Rules</li> <li>3. Fire fighting and protection plan</li> </ol>	Fire fighting drills and emergency training are held twice a year. Through fire drills, our employees understand the importance of the fire prevention and safety, and are familiar with fire fighting knowledge and skills. With the help of fire fighting and first aid safety courses, our staff are trained in first aid, and therefore enhance the efficiencies in emergencies and reduce losses in disasters. We endeavor to keep our employees safe and sound, and ensure the smooth operation of the workplace.
13	Lead-free production for all of our products	<ol style="list-style-type: none"> <li>1. PB-12-004 Pollution Control Management &amp; Regulations</li> <li>2. PB-06-005 Equipment &amp; Instrument Calibration and Management</li> <li>3. PB-07-002 Manufacturer Management &amp; Regulations</li> <li>4. Supplier / Partner CSR Management &amp; Regulations</li> </ol>	To comply with the world trend, the entire product manufacturing process including supply chains, are required to verify that there is no lead contamination involved. Lead-free production ensures the safety and health of our employees and clients.
14	We prohibit the use of hazardous substances in all of our products; and our products meet the requirements of "RoHS, REACH and halogen content".	<ol style="list-style-type: none"> <li>1. PB-12-004 Pollution Control Management &amp; Regulations</li> <li>2. PB-06-005 Equipment &amp; Instrument Calibration and Management</li> <li>3. PB-07-002 Manufacturer Management &amp; Regulations</li> <li>4. Supplier / Partner CSR Management &amp; Regulations</li> <li>5. Principles for green product development</li> </ol>	The overall product manufacturing process including supply chains complies with RoHS regulations, and we guarantee no harmful or environmentally prohibited substances were used. We must ensure no environmental pollution and protect the safety and health of our employees.



<b>Item No.</b>	<b>Protection measures</b>	<b>Implementation/policies</b>	<b>Note</b>
15	Implement and carry out labeling of the regulatory compliance mark set out in "Chemical Control SOP"	<ol style="list-style-type: none"> <li>1. PB-12-004 Pollution Control Management &amp; Regulations</li> <li>2. Chemical Control Standard Operating Procedures SOP</li> </ol>	The protection measures are in place to care for the safety and health of our employees, environmental protection, and to prevent industrial accidents from happening.
16	Implement "Control Measures for Air Pollution in Laboratory and Maintenance Area"	<ol style="list-style-type: none"> <li>1. PB-12-004 Pollution Control Management &amp; Regulations</li> <li>2. PB-06-005 Equipment &amp; Instrument Calibration and Management</li> <li>3. PC-12-002 Environmental Protection Policies</li> </ol>	The exhaust equipment is used to extract the smoke from the soldering area, after the air is absorbed and filtered, the filtered air is pumped back indoors or outdoors. The filter is regularly changed to ensure the safety and health of our employees.
17	Implement and carry out labeling of the regulatory compliance mark set out in "Operation Guidelines for X-ray Fluorescence Spectrometer"	<ol style="list-style-type: none"> <li>1. PB-12-004 Pollution Control Management &amp; Regulations</li> <li>2. Operation Guidelines for X-ray Fluorescence (XRF) Spectrometer</li> <li>3. PB-01-004 Trainings and implementation measures</li> </ol>	We set out the guidelines to comply with legal requirements and protect the safety of our employees, and to ensure XRF is used correctly. The company continues to train employees who work with or around XRF and endeavor to promote their safety awareness.
18	Implement and carry out labeling of the regulatory compliance mark set out in "Handling Guidelines for Tin Slag Waste "	<ol style="list-style-type: none"> <li>1. PB-12-004 Pollution Control Management &amp; Regulations</li> <li>2. PB-12-005 Guidelines for Waste Disposal</li> <li>3. Soldering Guidelines</li> </ol>	Actively take control of each sectors in corporate activities, increase resource recycling and reuse, and reduce pollution to the environment.
19	Manage and implement "industrial waste handling and disposal"	<ol style="list-style-type: none"> <li>1. PB-12-004 Pollution Control Management &amp; Regulations</li> <li>2. PB-12-005 Guidelines for Waste Disposal</li> <li>3. PB-13-001 Safety and Hygiene Work Rules</li> <li>4. PC-12-002 Environmental Protection Policies</li> </ol>	All industrial waste must be processed properly, whether it's toxic or hazardous, with minimal toxin density, in very little quantity, or they may not cause harm to our health or pollute the environment. We must protect the safety and health of our employees and ensure no environmental pollution caused.
20	Maintain employees physical and mental health	<ol style="list-style-type: none"> <li>1. Prevention Program for Illness triggered by Extreme Workload</li> <li>2. Prevention Program for Human Factor contributed Hazards</li> <li>3. Workplace Maternal Health Protection Program</li> </ol>	We provide our employees a healthy and hazard-free working environment, and always care for their physical and mental health.

Item No.	Protection measures	Implementation/policies	Note
		4. Prevention Program against unlawful Workplace Harassment	

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

#### VI. Important contract

Nature of contract	Principals	Duration	Contents	Restrictive clause
Lease contract	Triun Ho Binding Co., Ltd.	106.09.16-109.09.15	Property leased- 9F, 10F, No.96	N/A
Lease contract	Konglin Constructions & Manufacturing Co., Ltd.	106.10.01-109.09.30	Property lease- B1F, No.98	N/A
Lease contract	Tai Hsing Printing & Bookbinding Co., Ltd.	106.09.16-109.09.15	Property leased- B1F, No.96	N/A
Lease contract	Kuo Yee Binding Company Ltd.	106.09.16-109.09.15	Property leased- 8F, No.96	N/A
Lease contract	Kuo Yee Binding Company Ltd.	106.09.16-109.09.15	Property leased- 7F, No.96	N/A
Lease contract	Tai Hsing Printing & Bookbinding Co., Ltd.	106.05.16-109.09.15	Property leased- 2F, No.96	N/A

## Six. Overview of Finance Positions

### I. Condensed financial information in the most recent five years

#### (D) Condensed balance sheet and comprehensive income statement

##### 1. Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT\$ thousands

Year  Item		Financial Summary for The Last Five Years					As of 31/03/2020 of the Current Fiscal Year
		2015	2016	2017	2018	2019	
Current assets		1,358,248	1,464,969	1,510,526	1,564,886	1,595,398	1,663,089
Property, Plant and Equipment		16,079	11,193	10,968	8,923	7,562	7,297
Intangible assets		1,648	2,009	2,033	2,241	2,378	2,134
Other assets		15,102	14,757	10,638	11,749	46,538	41,819
Total assets		1,391,077	1,492,928	1,534,165	1,587,799	1,651,876	1,714,339
Current liabilities	Before distribution	214,638	280,004	258,296	280,010	282,595	282,581
	After distribution	452,141	523,758	527,050	548,764	undistributed	undistributed
Non-current liabilities		6,071	6,432	7,181	6,597	24,207	22,342
Total liabilities	Before distribution	220,709	286,436	265,477	286,607	306,802	304,923
	After distribution	458,212	530,190	534,231	555,361	undistributed	undistributed
Equity attributable to shareholders of the parent		1,170,368	1,206,492	1,268,688	1,301,192	1,345,074	1,409,416
Capital stock		625,010	625,010	625,010	625,010	625,010	625,010
Capital surplus		11,022	11,022	11,202	11,202	11,202	11,202
Retained earnings	Before distribution	534,336	570,460	632,476	664,980	708,862	773,204
	After distribution	296,833	326,706	363,722	396,226	undistributed	undistributed
Other equity interest		-	-	-	-	-	-
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	1,170,368	1,206,492	1,268,688	1,301,192	1,345,074	1,409,416
	After distribution	932,865	962,738	999,934	1,032,438	undistributed	undistributed

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

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

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

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years					As of 31/03/2020 of the Current Fiscal Year
	2015	2016	2017	2018 年	2019	
Operating revenue	1,265,463	1,279,531	1,361,090	1,367,538	1,348,032	296,231
Gross profit	467,981	499,634	522,648	533,278	550,090	121,667
Income from operations	298,249	314,835	346,587	349,707	364,840	75,097
Non-operating income	20,213	7,980	10,619	17,283	16,488	4,038
Income before tax	318,462	322,815	357,206	366,990	381,328	79,135
Income from Continued Operations	266,035	274,055	306,386	301,040	312,852	64,342
Loss from Discontinued Operations	-	-	-	-	-	-
Net income (Loss)	266,035	274,055	306,386	301,040	312,852	64,342
Other comprehensive income (income after tax)	(1,432)	(428)	(616)	218	(208)	-
Total comprehensive income	264,603	273,627	305,770	301,258	312,644	64,342
Net income attributable to shareholders of the parent	266,035	274,055	306,386	301,040	312,852	64,342
Net income attributable to non-controlling interest	-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	264,603	273,627	305,770	301,258	312,644	64,342
Comprehensive income attributable to non-controlling interest	-	-	-	-	-	-
Earnings per share	4.26	4.38	4.90	4.82	5.01	1.03

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

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

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

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years				
		2015	2016	2017	2018	2019
Current assets		1,352,924	1,460,149	1,507,136	1,561,669	1,592,306
Property, Plant and Equipment		16,044	11,184	10,968	8,923	7,562
Intangible assets		1,648	2,009	2,033	2,241	2,378
Other assets		18,316	17,971	13,852	14,963	49,752
Total assets		1,388,932	1,491,313	1,533,989	1,587,796	1,651,998
Current liabilities	Before distribution	212,493	278,389	258,120	280,007	282,717
	After distribution	449,996	522,143	526,874	548,761	undistributed
Non-current liabilities		6,071	6,432	7,181	6,597	24,207
Total liabilities	Before distribution	218,564	284,821	265,301	286,604	306,924
	After distribution	456,067	528,575	534,055	555,358	undistributed
Equity attributable to shareholders of the parent		1,170,368	1,206,492	1,268,688	1,301,192	1,345,074
Capital stock		625,010	625,010	625,010	625,010	625,010
Capital surplus		11,022	11,022	11,202	11,202	11,202
Retained earnings	Before distribution	534,336	570,460	632,476	664,980	708,862
	After distribution	296,833	326,706	363,722	396,226	undistributed
Other equity interest		-	-	-	-	-
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	1,170,368	1,206,492	1,268,688	1,301,192	1,345,074
	After distribution	932,865	962,738	999,934	1,032,438	undistributed

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

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

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

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years				
	2015	2016	2017	2018	2019
Operating revenue	1,265,456	1,279,530	1,361,087	1,367,538	1,348,032
Gross profit	468,049	499,548	522,395	533,372	550,090
Income from operations	298,357	314,783	346,393	349,858	364,880
Non-operating income	20,105	8,032	10,813	17,132	16,448
Income before tax	318,462	322,815	357,206	366,990	381,328
Income from Continued Operations	266,035	274,055	306,386	301,040	312,852
Loss from Discontinued Operations	-	-	-	-	-
Net income (Loss)	266,035	274,055	306,386	301,040	312,852
Other comprehensive income	(1,432)	(428)	(616)	218	(208)
(income after tax)	264,603	273,627	305,770	301,258	312,644
Total comprehensive income	266,035	274,055	306,386	301,040	312,852
Net income attributable to shareholders of the parent	-	-	-	-	-
Net income attributable to non-controlling interest	264,603	273,627	305,770	301,258	312,644
Comprehensive income attributable to Shareholders of the parent	-	-	-	-	-
Comprehensive income attributable to non-controlling interest	4.26	4.38	4.90	4.82	5.01

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

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

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

Year	CPA	Audit Opinion
2015	Ting, Hung-Hsun 、Lai, Yung-Chi	An Unmodified Opinion
2016	Ting, Hung-Hsun 、Chou, Ying-Lai	An Unmodified Opinion
2017	Ting, Hung-Hsun 、Chou, Ying-Lai	An Unmodified Opinion
2018	Lai, Yung-Chi 、Wu, Hsin-Liang	An Unmodified Opinion
2019	Lai, Yung-Chi 、Wu, Hsin-Liang	An Unmodified Opinion

II. Condensed financial analysis in the most recent five years

(I) Financial Analysis :

1. Consolidated Financial Analysis for the Most Recent Five Years- with the adoption of the IFRS

Fiscal Year Items for Analysis		Financial Analysis for the Most Recent Five Years					As of 31/03/2020 of the Current Fiscal Year (Note 1)
		2015	2016	2017	2018	2019	
Financial Structure (%)	Debt-asset ratio	15.87	19.19	17.30	18.05	18.57	17.79
	Ratio of long-term capital to property, plant and equipment	7,316.62	10,836.45	11,632.65	14,656.38	18,107.39	19,621.19
Solvency (%)	Current ratio	632.81	523.20	584.80	558.87	564.55	588.54
	Quick ratio	533.00	441.62	495.89	470.51	482.45	503.09
	Interest coverage ratio	-	-	-	-	580.53	624.11
Operating Ability	Receivables turnover rate (times)	16.79	19.51	18.03	14.97	15.02	16.38
	Average collection days for receivables	21.73	18.71	20.24	24.38	24.30	22.28
	Inventory turnover rate (times)	3.91	3.63	3.76	3.59	3.41	3.04
	Payables turnover rate (times)	5.74	5.28	5.22	5.53	5.26	5.07
	Average days for sale	93.35	100.55	97.07	101.67	107.03	120.07
	Property, plant and equipment turnover rate (times)	76.39	93.83	122.84	137.50	163.55	159.49
	Total asset turnover rate (times)	0.92	0.89	0.90	0.88	0.83	0.70
Profitability	Return on assets (%)	19.30	19.01	20.24	19.29	19.35	15.32
	Return on equity (%)	23.35	23.06	24.76	23.43	23.64	18.69
	Ratio of income before tax to paid-in capital (%)	50.95	51.65	57.15	58.72	61.01	50.65
	Profit margin before tax (%)	21.02	21.42	22.51	22.01	23.21	21.72
	Earnings per share (NT\$)	4.26	4.38	4.90	4.82	5.01	1.03
Cash Flow	Cash flow ratio (%)	114.45	114.10	103.29	102.93	124.12	27.28
	Cash flow adequacy ratio (%)	122.28	120.58	111.87	109.06	114.56	120.94
	Cash flow reinvestment ratio (%)	3.63	6.67	1.78	1.46	5.90	5.30
Leveraging	Operating leverage	1.52	1.51	1.48	1.49	1.48	1.59
	Financial leverage	1.00	1.00	1.00	1.00	1.00	1.00
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)							
1.The ratio of long-term capital to property, plant and equipment increased : as the capital expenditure decreased.							
2.The cash flow and cash reinvestment ratio increased: as the costs were properly controlled, the margin rose; consequently the cash flow increased without reinvestment.							

Note 1:The financial data has been annualized.



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

Fiscal Year		Financial Analysis for the Most Recent Five Years				
		2015	2016	2017	2018	2019
Items for Analysis						
Financial Structure (%)	Debt-asset ratio	15.74	19.10	17.29	18.05	18.58
	Ratio of long-term capital to property, plant and equipment	7,332.58	10,845.17	11,632.65	14,656.38	18,107.39
Solvency (%)	Current ratio	636.69	524.50	583.89	557.72	563.22
	Quick ratio	537.77	442.89	494.94	469.37	481.15
	Interest coverage ratio	-	-	-	-	580.53
Operating Ability	Receivables turnover rate (times)	16.79	19.51	18.03	14.97	15.02
	Average collection days for receivables	21.73	18.71	20.24	24.38	24.30
	Inventory turnover rate (times)	4.00	3.68	3.77	3.59	3.41
	Payables turnover rate (times)	5.86	5.35	5.25	5.53	5.26
	Average days for sale	91.25	99.18	96.82	101.67	107.03
	Property, plant and equipment turnover rate (times)	76.48	93.99	122.89	137.50	163.55
	Total asset turnover rate (times)	0.92	0.89	0.90	0.88	0.83
Profitability	Return on assets (%)	19.34	19.03	20.25	19.29	19.35
	Return on equity (%)	23.35	23.06	24.76	23.43	23.64
	Ratio of income before tax to paid-in capital (%)	50.95	51.65	57.15	58.72	61.01
	Profit margin before tax (%)	21.02	21.42	22.51	22.01	23.21
	Earnings per share (NT\$)	4.26	4.38	4.90	4.82	5.01
Cash Flow	Cash flow ratio (%)	115.92	113.93	103.47	103.00	124.14
	Cash flow adequacy ratio (%)	122.83	120.46	111.51	108.77	114.06
	Cash flow reinvestment ratio (%)	3.68	6.48	1.81	1.48	5.91
Leveraging	Operating leverage	1.52	1.51	1.48	1.49	1.48
	Financial leverage	1.00	1.00	1.00	1.00	1.00
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)						
1.The ratio of long-term capital to property, plant and equipment increased : as the capital expenditure decreased.						
2.The cash flow and cash reinvestment ratio increased: as the costs were properly controlled, the margin rose; consequently the cash flow increased without reinvestment.						

Calculation formulas :

1. Financial Structure
  - (1) Debt-asset ratio = total liabilities / total assets
  - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment
2. Solvency
  - (1) Current ratio = current assets / current liabilities
  - (2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities
  - (3) Interest coverage ratio = income before income tax and interest expenses / current interest
3. Operating ability
  - (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
  - (2) Average collection days for receivables = 365 / receivables turn over rate
  - (3) Inventory turnover rate = cost of sales / average inventory
  - (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
  - (5) Average days of sale = 365 / inventory turnover rate
  - (6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment
  - (7) Total asset turnover rate = net sales / average total assets
4. Profitability
  - (1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets
  - (2) Return on equity = net income / average total equity
  - (3) Ratio of income before tax to paid-in capital = income before tax / paid-in capital
  - (4) Profit margin before tax = net income / net sales
  - (5) Earnings per share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares
5. Cash flow
  - (1) Cash flow ratio = Net cash flow from operating activities / current liabilities
  - (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
  - (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital)
6. Leveraging
  - (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income
  - (2) Financial leverage = operating income / (operating income / interest expenses)

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

**Planet Technology Corporation**  
**Audit committee's report**

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

To

2020 Annual Meeting of Shareholders of Planet Technology Corporation

Chairman of the Audit Committee : Chen, Shuh

2020 . 03 . 09

## **Planet Technology Corporation Audit committee's report**

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

To

2020 Annual Meeting of Shareholders of Planet Technology Corporation

Chairman of the Audit Committee : Chen, Shuh

2020 . 04 . 30



## INDEPENDENT AUDITORS' REPORT

NO.10711080CEA

To the Board of Directors of Planet Technology Corporation

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

#### Revenue recognition

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

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

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

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

#### Valuation of Inventories

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

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

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

1. Understand and evaluate the effectiveness of the design and implementation of the internal control system for inventory, including the correctness of inventory age.
2. Evaluate the rationality of the inventory policy and check whether it has been implemented in accordance with the established accounting policies of the Group and whether it has been adopted consistently in the years before and after.

3. Review the inventory age report, analyze the changes of inventory age in each period, and verify the appropriateness of the Group's inventory age distinction and statistics.
4. Verify the rationality of the basic assumptions and data used in calculating the net realizable value.
5. Evaluate the rationality of outdated or damaged inventory items as identified by the management as well as the relevant supporting documents, and check them against the information obtained from inventory counts.
6. Assess the appropriateness of the management's disclosure of inventory measurement.

### **Other Matter**

We have also audited the parent company only financial statements of Planet Technology Corporation as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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



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

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

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





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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly Clock & Co

Yung-Chi Lai , CPA

Hsin-Liang Wu ,CPA

March 9, 2020

#### Notes to Readers

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

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31,2019		December 31,2018	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4,6	\$ 1,266,197	77	\$ 1,199,579	76
Financial assets at fair value through profit or loss-current	4,7	10,700	1	10,645	1
Notes receivable, net	4,5,8	—	—	218	—
Accounts receivable, net	4,5,8	79,493	5	99,737	6
Other receivables		6,963	—	7,253	1
Inventories	4,5,9	225,668	14	241,101	15
Prepayments		6,337	—	6,306	—
Other current assets		40	—	47	—
Total current assets		1,595,398	97	1,564,886	99
<b>NONCURRENT ASSETS</b>					
Property, plant and equipment	4,10	7,562	1	8,923	1
Right-of-use assets	4,11	32,989	2	—	—
Intangible assets	4,12	2,378	—	2,241	—
Deferred income tax assets	4,20	6,167	—	6,484	—
Prepayments for equipment		1,283	—	186	—
Refundable deposits		6,099	—	5,079	—
Total noncurrent assets		56,478	3	22,913	1
<b>TOTAL</b>		<b>\$ 1,651,876</b>	<b>100</b>	<b>\$ 1,587,799</b>	<b>100</b>

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31,2019		December 31,2018	
		Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>					
Contract liabilities-current	17	\$ 21,691	1	\$ 22,166	1
Notes payable	13	58,900	4	52,733	3
Accounts payable	13	88,285	5	103,203	7
Other payables	14	59,504	4	58,234	4
Current tax liabilities	4	37,643	2	42,496	3
Lease liabilities-current	4,11	15,330	1	—	—
Other current liabilities		1,242	—	1,178	—
Total current liabilities		282,595	17	280,010	18
<b>NONCURRENT LIABILITIES</b>					
Deferred income tax liabilities	4,20	113	—	196	—
Lease liabilities-noncurrent	4,11	17,737	1	—	—
Net defined benefit liabilities	4,15	6,357	—	6,401	—
Total noncurrent liabilities		24,207	1	6,597	—
Total liabilities		306,802	18	286,607	18
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>					
Capital stock	16	625,010	38	625,010	39
Ordinary share		625,010	38	625,010	39
Capital surplus	16	11,202	1	11,202	1
Retained earnings	16	708,862	43	664,980	42
Legal reserve		344,061	21	313,957	20
Unappropriated earnings		364,801	22	351,023	22
Total equity attributable to shareholders of the parent		1,345,074	82	1,301,192	82
Total equity		1,345,074	82	1,301,192	82
<b>TOTAL</b>		<b>\$ 1,651,876</b>	<b>100</b>	<b>\$ 1,587,799</b>	<b>100</b>

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Items	NOTES	2019		2018	
		Amount	%	Amount	%
OPERATING REVENUES	4,17	\$ 1,348,032	100	\$ 1,367,538	100
OPERATING COSTS	9	(797,942)	(59)	(834,260)	(61)
GROSS PROFIT		550,090	41	533,278	39
OPERATING EXPENSES					
Selling and marketing expenses		(75,937)	(6)	(78,105)	(6)
General and administrative expenses		(37,402)	(3)	(36,050)	(2)
Research and development expenses		(71,911)	(5)	(69,416)	(5)
Total operating expenses		(185,250)	(14)	(183,571)	(13)
INCOME FROM OPERATIONS		364,840	27	349,707	26
NON-OPERATING INCOME AND EXPENSES					
Other income	4,18	8,241	—	7,855	—
Other gains and losses	19	8,905	1	9,428	1
Finance costs		(658)	—	—	—
Total non-operating income and expenses		16,488	1	17,283	1
INCOME BEFORE INCOME TAX		381,328	28	366,990	27
INCOME TAX EXPENSE	4,20	(68,476)	(5)	(65,950)	(5)
NET INCOME		312,852	23	301,040	22
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	15	(260)	—	74	—
Income tax benefit related to items that will not be reclassified subsequently to profit or loss	20	52	—	144	—
Other comprehensive (loss) income, net of income tax		(208)	—	218	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 312,644	23	\$ 301,258	22
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 312,852	23	\$ 301,040	22
Non-controlling interests		—	—	—	—
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 312,644	23	\$ 301,258	22
Non-controlling interests		—	—	—	—
EARNING PER SHARE(NT\$)					
Basic earnings per share	21	\$ 5.01		\$ 4.82	
Diluted earnings per share	21	\$ 4.97		\$ 4.78	

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Equity attributable to shareholders of the parent					Non-controlling interests	Total equity
	Capital Stock	Capital surplus	Retained earnings		Subtotal		
			Legal reserve	Unappropriated earnings			
BALANCE, JANUARY 1, 2018	\$ 625,010	\$ 11,202	\$ 283,318	\$ 349,158	\$ 1,268,688	\$ —	\$ 1,268,688
Appropriations of prior year's earnings							
Legal reserve	—	—	30,639	(30,639)	—	—	—
Cash dividends	—	—	—	(268,754)	(268,754)	—	(268,754)
Net income in 2018	—	—	—	301,040	301,040	—	301,040
Other comprehensive income in 2018, net of income tax	—	—	—	218	218	—	218
Total comprehensive income in 2018	—	—	—	301,258	301,258	—	301,258
BALANCE, JANUARY 1, 2019	625,010	11,202	313,957	351,023	1,301,192	—	1,301,192
Effect of retrospective application IFRS16	—	—	—	(8)	(8)		(8)
ADJUSTED BALANCE , JANUARY 1, 2019	625,010	11,202	313,957	351,015	1,301,184		1,301,184
Appropriations of prior year's earnings							
Legal reserve	—	—	30,104	(30,104)	—	—	—
Cash dividends	—	—	—	(268,754)	(268,754)	—	(268,754)
Net income in 2019	—	—	—	312,852	312,852	—	312,852
Other comprehensive income in 2019, net of income tax	—	—	—	(208)	(208)	—	(208)
Total comprehensive income in 2019	—	—	—	312,644	312,644	—	312,644
BALANCE, DECEMBER 31, 2019	\$ 625,010	\$ 11,202	\$ 344,061	\$ 364,801	\$ 1,345,074	\$ —	\$ 1,345,074

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED ON DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan Dollars)

Items	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 381,328	\$ 366,990
Adjustments for:		
Income and expense (loss) items		
Expected credit impairment loss	—	15
Depreciation expense	22,626	6,377
Amortization expense	1,224	968
Net gain on financial assets at fair value through profit or loss	(55)	(45)
Interest income	(8,176)	(7,788)
Interest expense	658	—
Gain on disposal of property, plant and equipment	(1,119)	(197)
Changes in operating assets and liabilities		
Notes receivable	218	1,404
Accounts receivable	20,244	(18,589)
Other receivables	292	(291)
Inventories	15,433	(17,667)
Prepayments	(31)	(86)
Other current assets	7	(4)
Contract liabilities	(475)	22,166
Notes payable	6,167	1,276
Accounts payable	(14,918)	8,611
Other payables	1,284	862
Receipts in advance	—	(20,379)
Other current liabilities	64	160
Net defined benefit liabilities	(304)	(297)
Cash generated from operations	424,467	343,486
Interest paid	(658)	—
Income taxes paid	(73,043)	(55,262)
Net cash generated by operating activities	350,766	288,224
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in investments in debt instrument without an active market	—	4,686
Payments for property, plant and equipment	(3,396)	(3,861)
Payments of Intangible Assets	(1,361)	(1,176)
Proceeds from disposal of property, plant and equipment	1,178	226
Increase in prepayments for equipment	(1,283)	(186)
Increase in Refundable Deposits	(1,020)	(660)
Interest received	8,174	7,761
Net cash generated by investing activities	2,292	6,790
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash dividends	(268,754)	(268,754)
Repayment of the principal portion of lease liabilities	(17,686)	—
Net cash used in financing activities	(286,440)	(268,754)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	66,618	26,260
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	1,199,579	1,173,319
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	\$ 1,266,197	\$ 1,199,579

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Amounts in thousands of New Taiwan dollars, unless otherwise stated)

1. GENERAL

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

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

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

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 9 , 2020.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Group’s accounting policies :

#### A. IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

##### Definition of a lease

The Group applies the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

##### The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases which are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities, which is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities is classified within financing activities, and cash payments for the interest portion is classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

The Group applies IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized as an adjustment to the retained earnings on January 1, 2019. Comparative information is not restated.



Lease agreements classified as operating leases under IAS 17 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets were measured at their carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. Right-of-use assets are subject to impairment testing under IAS 36.

The Group also applies the following practical expedients :

- (a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- (b) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- (c) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- (d) The Group uses hindsight to measure lease liabilities such as in determining lease terms.

The weighted average lessee's incremental borrowing rate used by the Group to calculate lease liabilities recognized on January 1, 2019 is 1.7%. The reconciliation between the lease liabilities recognized and the future minimum lease payments of non-cancellable operating lease on December 31, 2018 is presented as follows :

The future minimum lease payments of non-cancellable operating lease on December 31, 2018	\$	47,639
Undiscounted gross amount on January 1, 2019	\$	47,639
Discounted using the incremental borrowing rate on January 1, 2019	\$	46,310
Lease liabilities recognized on January 1, 2019	\$	46,310

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows :

Total effect on assets, liabilities and equity	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Right-of-use assets	\$ —	\$ 46,302	\$ 46,302
Total effect on assets	\$ —	\$ 46,302	\$ 46,302
Lease liabilities - current	\$ —	\$ 17,082	\$ 17,082
Lease liabilities - non-current	—	29,228	29,228
Total effect on liabilities	\$ —	\$ 46,310	\$ 46,310
Total effect on Unappropriated earnings	\$ —	\$ (8)	\$ (8)
Total effect on equity	\$ —	\$ (8)	\$ (8)

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

New standards, interpretations and amendments endorsed by FSC effective from 2020 are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

The Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements.

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17, Insurance Contracts	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

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

(2) Basis of preparation

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

(3) Basis of Consolidation

A. The basis for the consolidated financial statements

The consolidated financial statements incorporated the financial statements of Planet Technology Co.,Ltd. and its controlled entities (the subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

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

B. The subsidiaries in the consolidated financial statements:

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

Name of Investee	Percentage of Ownership	
	December 31,2019	December 31,2018
PLANET INTERNATIONAL INC.	100%	100%

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

C. Subsidiaries excluded from consolidated financial statement: None.

(4) Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

A. Assets held primarily for the purpose of trading.

B. Assets expected to be realized within twelve months after the reporting period.

C. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

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

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

#### (5) Foreign Currencies

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

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

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

(6) Cash equivalents

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

(7) Financial Instruments

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

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

(8) Financial Assets

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

A. Measurement category

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

(A) Financial assets at FVTPL

Financial assets at FVTPL includes the financial assets mandatorily classified as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 24.

(B) Financial assets at amortized cost

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

- a. The financial asset is held within a business model whose objective is collecting contractual cash flows.
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

## B. Impairment of financial assets

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

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

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

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

## C. Derecognition of financial assets

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

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



## (9) Financial Liabilities

### A. Financial liabilities

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

### B. Derecognition of financial liabilities

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

### C. Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported in the net amount in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

## (10) Inventories

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

## (11) Property, Plant, and Equipment

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

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

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

The estimated useful lives of the assets are as follows:

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

#### (12) Intangible Assets

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

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

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

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

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

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

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

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

#### (14) Revenue recognition

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

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

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

#### Revenue from the sale of goods

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

## (15) Leasing

2019

### The Group as lessee

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

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

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

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

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

#### 2018

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Other leases are classified as operating leases.

#### The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, unless there is another time pattern with a systematic basis that better represents the user's benefits. Contingent rents arising under operating lease are recognized as an expense in the period in which they are incurred.

### (16) Employee Benefits

#### A. Short-term employee benefits

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

#### B. Retirement benefits

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

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

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

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

#### (17) Taxation

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

##### A. Current tax

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

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

#### B. Deferred tax

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

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

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

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

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

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

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future year.



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

(1) Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about the risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Please refer to Note 8 for the details of the key assumptions and inputs used. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(2) Valuation of Inventory

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

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

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

**6. CASH AND CASH EQUIVALENTS**

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand	\$ 214	\$ 186
Cash in banks	1,265,983	1,199,393
Total	<u>\$ 1,266,197</u>	<u>\$ 1,199,579</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Financial assets mandatorily measured at fair value		
Non-derivative financial assets-Funds	\$ 10,700	\$ 10,645

8. NOTES AND ACCOUNTS RECEIVABLE- NET

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Notes receivable	\$ —	\$ 218
Accounts receivable	\$ 79,589	\$ 99,833
Loss allowance	(96)	(96)
Net	<u>\$ 79,493</u>	<u>\$ 99,737</u>

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

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

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

(2) Aging analysis of notes and accounts receivable

	December 31, 2019	December 31, 2018
Neither past due nor impaired	\$ 78,511	\$ 97,237
Past due but not impaired		
Less than 30 days	982	2,500
31 to 180 days	—	—
over 181 days	—	—
Subtotal	982	2,500
Total	\$ 79,493	\$ 99,737

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 96	\$ 81
Provision	—	15
Amount written off	—	—
Balance at December 31	\$ 96	\$ 96

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

9. INVENTORIES

	December 31, 2019	December 31, 2018
Raw materials	\$ 38,573	\$ 39,973
Work in process	63,418	61,323
Finished goods	123,677	139,805
Total	\$ 225,668	\$ 241,101

(1) The allowance for inventory devaluation (including idle products) was \$3,679 thousand as of December 31, 2019 and 2018.

(2) The cost of inventories recognized as cost of sales for the years ended December 31, 2019 and 2018 were as follows:

	For the Year Ended December 31	
	2019	2018
The cost of goods sold	\$ 797,963	\$ 834,310
Gain on physical inventory	(21)	(50)
Total	\$ 797,942	\$ 834,260

#### 10. PROPERTY, PLANT AND EQUIPMENT

Item	For the Year Ended December 31, 2019				
	Balance, Beginning of year	Additions	Disposals	Reclassifications	Balance, End of year
<u>Cost</u>					
Machinery and equipment	\$ 16,997	\$ 802	\$ (119)	\$ —	\$ 17,680
Transportation equipment	4,460	—	(4,460)	—	—
Furniture and fixtures	4,201	439	—	—	4,640
Other facilities	7,647	2,327	(569)	(76)	9,329
Subtotal	33,305	3,568	(5,148)	(76)	31,649
<u>Accumulated depreciation and impairment</u>					
Machinery and equipment	11,733	2,276	(119)	—	13,890
Transportation equipment	4,460	—	(4,460)	—	—
Furniture and fixtures	2,004	751	—	—	2,755
Other facilities	6,185	1,843	(510)	(76)	7,442
Subtotal	24,382	\$ 4,870	\$ (5,089)	\$ (76)	24,087
Net	\$ 8,923				\$ 7,562

Item	For the Year Ended December 31, 2018			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Machinery and equipment	\$ 15,717	\$ 1,280	\$ —	\$ 16,997
Transportation equipment	4,460	—	—	4,460
Furniture and fixtures	2,490	1,718	(7)	4,201
Other facilities	6,587	1,363	(303)	7,647
Subtotal	29,254	4,361	(310)	33,305
<u>Accumulated depreciation and impairment</u>				
Machinery and equipment	8,690	3,043	—	11,733
Transportation equipment	3,964	496	—	4,460
Furniture and fixtures	1,309	702	(7)	2,004
Other facilities	4,323	2,136	(274)	6,185
Subtotal	18,286	\$ 6,377	\$ (281)	24,382
Net	\$ 10,968			\$ 8,923

## 11. Lease Agreement

### (1) Right-of-use assets

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

### (2) Lease liabilities

	December 31, 2019
Current	\$ 15,330
Non-current	\$ 17,737

Discount rate for lease liabilities was 1.7%.

### (3) Material lease-in activities and terms

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

(4) Other lease information

A. 2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	\$ 12
Expenses relating to low-value asset leases	\$ 144
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ —
Total cash outflow for leases	\$ 18,500

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

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

B. 2018

a. The Company's expenses for lease payments were as follows:

	For the Year Ended December 31, 2018
Minimum lease payments	\$ 17,712

b. Future minimum lease payments under non-cancellable operating lease were as follows:

	December 31,2018
Not later than 1 year	\$ 17,712
Later than 1 year and not later than 5 years (Including extension of lease)	29,927
Total	\$ 47,639

## 12. INTANGIBLE ASSETS

For the Year Ended December 31, 2019

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

For the Year Ended December 31, 2018

Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Patents	\$ 545	\$ 376	\$ —	\$ 921
Computer software	7,236	800	—	8,036
Subtotal	7,781	1,176	—	8,957
<u>Accumulated amortization and impairment</u>				
Patents	82	107	—	189
Computer software	5,666	861	—	6,527
Subtotal	5,748	\$ 968	\$ —	6,716
Net	\$ 2,033			\$ 2,241

## 13. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31, 2019	December 31, 2018
Notes payable	\$ 58,900	\$ 52,733
Accounts payable	88,285	103,203
Total	\$ 147,185	\$ 155,936
Current	\$ 147,185	\$ 155,936

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

(2) For the disclosure of the Group's payables exposing currency and liquidity risks and other payables, please refer to Note 24.

#### 14. OTHER PAYABLES

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Salary and wages payable	\$ 13,447	\$ 12,989
Employee Bonus payable	24,735	23,805
Directors' remuneration payable	6,184	5,951
Advertising payable	3,126	3,419
Export fee payable	2,674	2,834
Other accrued expenses	6,213	6,111
Payable for annual leave	3,125	3,125
Total	<u>\$ 59,504</u>	<u>\$ 58,234</u>
Current	<u>\$ 59,504</u>	<u>\$ 58,234</u>

#### 15. RETIRED BENEFIT PLANS

##### (A) Defined contribution plans

The plan under the R.O.C. Labor Pension Act ("the Act") is deemed a defined contribution plan. Pursuant to the Act, the Company makes monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Company recognized expenses of NT\$ 4,888 thousand and NT\$ 4,617 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2019 and 2018, respectively.



(B) Defined benefit plans

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

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligations	\$ 17,553	\$ 16,766
Fair value of plan assets	(11,196)	(10,365)
Net defined benefit liability	<u>\$ 6,357</u>	<u>\$ 6,401</u>

a. 2019

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

b. 2018

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	\$ 16,389	\$ (9,617)	\$ 6,772
Current service cost	—	—	—
Net interest expense(income)	163	(97)	66
Recognized in profit or loss	163	(97)	66
Remeasurement			
Experience adjustments	54	—	54
Changes in demographic assumptions	160	—	160
Changes in financial assumptions	—	—	—
Return on plan assets	—	(288)	(288)
Recognized in other comprehensive loss (income)	214	(288)	(74)
Contributions from the employer	—	(363)	(363)
Paid pension	—	—	—
Balance at December 31	\$ 16,766	\$ (10,365)	\$ 6,401

The Company's planned asset type is bank deposits.

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

	For the Year Ended December 31	
	2019	2018
Operating costs	\$ 11	\$ 12
Selling and marketing expenses	16	18
General and administrative expenses	9	9
Research and development expenses	26	27
Total	\$ 62	\$ 66

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

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

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

	For the Year Ended December 31	
	2019	2018
Discount rate	0.70%	1.00%
Expected rate of salary increase	3.00%	3.00%

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

	For the Year Ended December 31	
	2019	2018
Discount rate		
0.25% increase	\$ (443)	\$ (433)
0.25% decrease	461	451
Expected rate of salary increase		
0.25% increase	449	441
0.25% decrease	(435)	(426)

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

(E) Expected contributions to the defined benefit pension plans of the Company within one year from December 31, 2020 are NT\$346 thousand.

(F) As of December 31, 2019, the weighted average duration of that retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 391
2 to 5 years	4,867
Over 6 years	13,533
	<u>\$ 18,791</u>

## 16. EQUITY

### (1) Capital stock

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Shares authorized	\$ 1,000,000	\$ 644,710
Shares issued	<u>\$ 625,010</u>	<u>\$ 625,010</u>

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

### (2) Capital surplus

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Additional paid-in	\$ 11,022	\$ 11,022
Other	180	180
Total	<u>\$ 11,202</u>	<u>\$ 11,202</u>

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

### (3) Retained earnings and dividend policy

(A) Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, unless the accumulated amount of the legal reserve has reached the total issued capital of the Company. The remaining balance is to be set aside or reverse or rotation as special reserve if necessary. According to the dividend policy, bonus distributed shall be proposed by the Board of

Directors and resolved by the stockholders' meeting. In accordance with the provisions of Article 240, Item 5 of the Company Act, the company may explicitly stipulate to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

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

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

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

(E)The Company's 2019 surplus distribution proposal has not been approved by the board of directors as of the date of issuance of the financial statements.

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

	Appropriation of Earnings,2018	Dividends per Share (NT\$)
Legal reserve	\$ 30,104	
Cash dividends	268,754	4.3
Total	\$ 298,858	

## 17. OPERATING REVENUES

	For the Year Ended December 31	
	2019	2018
Net revenue from sale of goods	\$ 1,348,032	\$ 1,367,538

(1) Breakdown of revenue from contracts with customers

	For the Year Ended December 31	
	2019	2018
Europe	\$ 622,760	\$ 603,400
America	319,355	357,336
Asia	264,424	248,125
Others	141,493	158,677
Total	\$ 1,348,032	\$ 1,367,538

(2) Contract liabilities

	For the Year Ended December 31	
	2019	2018
Contract liabilities-current	\$ 21,691	\$ 22,166

For the year ended December 31, 2019 and 2018, the Company recognized NT\$13,726 thousand and NT\$12,382 thousand in revenue from the beginning balance of contract liability, respectively.

18. OTHER INCOME

	For the Year Ended December 31	
	2019	2018
Interest income	\$ 8,176	\$ 7,788
Rent income	65	67
Total	\$ 8,241	\$ 7,855

19. OTHER GAINS AND LOSSES

	For the Year Ended December 31	
	2019	2018
Other gains	\$ 8,483	\$ 7,256
Gains on disposal of property, plant and equipment	1,119	197
Foreign exchange gains (losses)	(752)	1,930
Gains on financial assets at fair value through profit or losses	55	45
Total	\$ 8,905	\$ 9,428

20. INCOME TAX



(1) Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	\$ 76,266	\$ 73,398
Effect from items disallowed by tax regulation	(357)	44
Change in deferred income tax	—	(57)
Effect from investment tax credits	(5,505)	(3,821)
Tax on undistributed earnings	120	638
Tax expenses	<u>\$ 70,524</u>	<u>\$ 70,202</u>

(B) Income tax expense consisted of the following:

	For the Year Ended December 31	
	2019	2018
Tax expenses	\$ 70,524	\$ 70,202
Net change in deferred income tax	285	(1,248)
Adjustments for prior year's income tax	(2,333)	(3,004)
Income tax expense recognized in profit or loss	<u>\$ 68,476</u>	<u>\$ 65,950</u>

On February 7, 2018, the Income Tax Law in the R.O.C. was amended. The corporate income tax rate has adjusted from 17% to 20% since 2018. The Company has recalculated it as deferred income tax assets or liabilities in accordance with the amended legal provisions, and the difference is recognized as deferred income tax benefits and expenses. In addition, the tax rate for 2018 unappropriated earnings was reduced from 10% to 5%.

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

Deferred tax

	For the Year Ended December 31	
	2019	2018
Remeasurements of defined benefit obligations	\$ 52	\$ 144

(3) Deferred tax

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

as follows:

	December 31, 2019	December 31, 2018
Deferred tax assets		
Defined benefit liabilities	\$ 1,730	\$ 1,678
Advertisement expense	625	684
Sales revenue	—	310
Unrealized investment loss	2,265	2,265
Unrealized impairment loss	186	186
Inventory valuation losses	736	736
Unrealized employee vacation payable	625	625
Total	\$ 6,167	\$ 6,484
Deferred tax liabilities		
Cost of sales	\$ —	\$ 177
Unrealized exchange gain	113	19
Total	\$ 113	\$ 196

	For the Year Ended December 31, 2019				
	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of exchange rate changes	Balance, End of year
Deferred tax assets					
Defined benefit liabilities	\$ 1,678	\$ —	\$ 52	\$ —	\$ 1,730
Advertisement expense	684	(59)	—	—	625
Sales revenue	310	(310)	—	—	—
Unrealized investment loss	2,265	—	—	—	2,265
Unrealized impairment loss	186	—	—	—	186
Inventory valuation losses	736	—	—	—	736
Unrealized employee vacation payable	625	—	—	—	625
Total	\$ 6,484	\$ (369)	\$ 52	\$ —	\$ 6,167
Deferred tax liabilities					
Cost of sales	\$ (177)	\$ 177	\$ —	\$ —	\$ —
Unrealized exchange gain	(19)	(94)	—	—	(113)
Total	\$ (196)	\$ 83	\$ —	\$ —	\$ (113)

For the Year Ended December 31, 2018						
	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of exchange rate changes	Balance, End of year	
Deferred tax assets						
Defined benefit liabilities	\$ 1,439	\$ 95	\$ 144	\$ —	\$ 1,678	
Advertisement expense	603	81	—	—	684	
Sales revenue	554	(244)	—	—	310	
Unrealized investment loss	1,925	340	—	—	2,265	
Unrealized impairment loss	158	28	—	—	186	
Inventory valuation losses	626	110	—	—	736	
Unrealized employee vacation payable	—	625	—	—	625	
Total	<u>\$ 5,305</u>	<u>\$ 1,035</u>	<u>\$ 144</u>	<u>\$ —</u>	<u>\$ 6,484</u>	
Deferred tax liabilities						
Cost of sales	\$ (383)	\$ 206	\$ —	\$ —	\$ (177)	
Unrealized exchange gain	(26)	7	—	—	(19)	
Total	<u>\$ (409)</u>	<u>\$ 213</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (196)</u>	

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

(4) Unappropriated retained earnings:

	December 31, 2019	December 31, 2018
1998 to 2009	\$ 32,002	\$ 32,002
after 2010	332,799	319,021
Total	<u>\$ 364,801</u>	<u>\$ 351,023</u>

(5) Income tax assessments

The Company's income tax returns through 2017 have been assessed by the tax authorities.

## 21. EARNINGS PER SHARE

	For the Year Ended December 31	
	2019	2018
Basic EPS(NT\$)	<u>\$ 5.01</u>	<u>\$ 4.82</u>
Diluted EPS(NT\$)	<u>\$ 4.97</u>	<u>\$ 4.78</u>

EPS is computed as follows:

(1) Basic earnings per share

	For the Year Ended December 31	
	2019	2018
Profit attributable to ordinary shareholders of the parent (in thousand)	\$ 312,852	\$ 301,040
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Basic EPS(NT\$)	\$ 5.01	\$ 4.82

(2) Diluted earnings per share

	For the Year Ended December 31	
	2019	2018
Profit attributable to ordinary shareholders of the parent (in thousand)	\$ 312,852	\$ 301,040
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Effect of potentially dilutive ordinary shares- Employees' remuneration (in thousand shares)	464	496
Weighted average number of dilutive ordinary shares outstanding (in thousand shares)	62,965	62,997
Diluted EPS(NT\$)	\$ 4.97	\$ 4.78

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

## 22. ADDITIONAL INFORMATION OF EXPENSES BY NATURE

The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2019 and 2018:

	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefits	\$ 24,615	\$ 115,483	\$ 140,098	\$ 24,442	\$ 109,067	\$ 133,509
Payroll expense	20,506	99,842	120,348	20,408	94,341	114,749
Insurance expense	2,024	7,887	9,911	1,950	7,342	9,292
Pension	948	4,002	4,950	931	3,752	4,683
Others	1,137	3,752	4,889	1,153	3,632	4,785
Depreciation	4,825	17,801	22,626	3,130	3,247	6,377
Amortization	-	1,224	1,224	-	968	968

(1) As of December 31, 2019 and 2018, the Group had 151 and 151 employees, respectively, including 4 non-employee directors for both years.

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

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period. 6% is applied to employees' compensation, and 1.5% is applied to director's and supervisor's remuneration that were expensed under operating costs or operating expenses during 2019 and 2018.

The estimated amounts are as follows:

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

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

The 2018 and 2017 employee's compensation and director's and supervisor's remuneration were respectively resolved in the board meeting on March 21, 2019 and March 15, 2018 as follows:

	For the Year Ended December 31	
	2018	2017
Employees' compensation	\$ 23,805	\$ 23,170
Remuneration to directors	5,951	5,793

There is no difference between the 2018 and 2017 employee's compensation and director's and supervisor's remuneration and the Company's 2018 and 2017 recognized fee estimates.

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

### 23. CAPITAL MANAGEMENT

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

## 22. FINANCIAL INSTRUMENTS

### (1) Categories of financial instruments

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 10,700	\$ 10,645
Amortized cost		
Cash and cash equivalents	1,266,197	1,199,579
Notes and accounts receivable	79,493	99,955
Other receivables	6,963	7,253
Refundable deposits	6,099	5,079
Total	<u>\$ 1,369,452</u>	<u>\$ 1,322,511</u>
<u>Financial liabilities</u>		
Amortized cost		
Notes and accounts payable	\$ 147,185	\$ 155,936
Other payables	59,504	58,234
Lease liabilities	33,067	—
Total	<u>\$ 239,756</u>	<u>\$ 214,170</u>

### (2) Fair value of financial instruments

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

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

#### (B) Fair value as recognized in the balance sheet

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

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

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Funds	\$ 10,700	\$ —	\$ —	\$ 10,700
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	\$ —	\$ —	\$ —	\$ —
	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Funds	\$ 10,645	\$ —	\$ —	\$ 10,645
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	\$ —	\$ —	\$ —	\$ —



For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

There were no purchases and disposals for assets on Level 3 for the years ended December 31, 2019 and 2018, respectively.

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

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

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

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

(3) Financial risk management objectives

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

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

(4) Market risk

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

(A) Foreign currency risk

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

The Group did not engage in any hedging.

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

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

	December 31, 2019			
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 4,134	29.98	\$ 124,967	\$ 1,250
EUR	175	33.59	5,872	59
<u>Non-monetary items</u>	—	—	—	—
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	1,799	29.98	54,626	546
<u>Non-monetary items</u>	—	—	—	—
	December 31, 2018			
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	3,781	30.733	116,394	1,164
EUR	179	35.1584	6,293	63
<u>Non-monetary items</u>	—	—	—	—
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	1,942	30.733	59,824	598
<u>Non-monetary items</u>	—	—	—	—

(B) Interest rate risk

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

Regarding the sensitivity analysis of the interest rate risk, the calculation is made according to the amount of changes in fair value of fixed income investment at the end of the report period, and a quarter's effect is assumed to be held. If the interest rate increased or decreased by 0.25%, the Group's profit or loss for the years ended December 31, 2019 and 2018 would increase or decrease NT\$3,047 thousand and NT\$2,928 thousand respectively.

(C) Other price risk

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

The sensitivity analysis for the equity instruments is based on the change in fair value as of the reporting date. Assuming a hypothetical increase or decrease of 5% in prices of the equity investment at the end of the reporting period for the years ended December 31, 2019 and 2018, the income would have increased or decreased by NT\$535 thousand and NT\$532 thousand, respectively.

(5) Credit risk management

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

(A) Business related credit risk

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

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

As of December 31, 2019 and 2018, the Group's top ten customers accounted for 41.85% and 49.36% of accounts receivable, respectively. The Group believes the concentration of credit risk is insignificant for the remaining accounts receivable.

(B) Financial credit risk

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

## (6) Liquidity risk management

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

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

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

	December 31, 2018				
	Less Than 1 year	2-3 year	4-5 year	Over 5 year	Total
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 155,936	\$ —	\$ —	\$ —	\$ 155,936
Other payable	58,234	—	—	—	58,234
Subtotal	214,170	—	—	—	214,170
<u>Derivative financial liabilities</u>					
Total	\$ 214,170	\$ —	\$ —	\$ —	\$ 214,170

## 25. RELATED PARTY TRANSACTIONS

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

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

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

(2) Compensation of key management personnel

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

	For the Year Ended December 31	
	2019	2018
Short-term benefits	\$ 12,413	\$ 12,075
Post-employment benefits	120	121
Total	\$ 12,533	\$ 12,196

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

(B) The Company's 2019 surplus distribution proposal has not been approved by the board of directors as of the date of issuance of the financial statements.

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

26. PLEDGED ASSETS: None.

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED

COMMITMENTS: None.

28. SIGNIFICANT DISASTER LOSS: None.

29. SUBSEQUENT EVENTS:

The Covid-19 incident has been assessed to have no material impact on events beyond the reporting period of the Group 2019 financial statements.

30. OTHER:

Non-cash transactions.

Investing activities with partial cash payments :

	For the Year Ended December 31	
	2019	2018
Purchase of property ,plant and equipment	\$ 3,568	\$ 4,361
Add : Beginning balance of payable for equipment	105	519
Less : Transfer from prepaid equipment at the beginning of the period	(186)	(914)
Ending balance of payable for equipment	(91)	(105)
Cash paid during the period	\$ 3,396	\$ 3,861

31. ADDITIONAL DISCLOSURES

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

(1) Information on significant transactions:

(A) Financing provided to others: None;

(B) Endorsements/guarantees provided: None;

(C) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Please see Table 1 attached;

(D) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;

(E) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;

(F) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;

- (G) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
  - (H) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
  - (I) Information about the derivative instruments transaction: None;
  - (J) Other: Intercompany relationships and significant intercompany transactions: None.
- (2) Information on investees:
- (A) Names, locations, and related information of investee companies: Please see Table 2 attached;
  - (B) Significant transactions information: None.
- (3) Information on investment in Mainland China: None.



TABLE 1

MARKETABLE SECURITIES HELD

Amount in Thousands of New Taiwan Dollars

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2019				Note	
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value		
Planet Technology Corporation	Money market fund	Fuh Hwa Money Fund	—	Financial assets at fair value through profit or loss-current	218,437.60	\$ 3,166	—	\$ 3,166	
	"	Yuanta Wan Tai Money Market Fund	—	"	210,029.61	3,193	—	3,193	
	"	Eastspring Investments Well Pool Money Market Fund	—	"	317,883.00	4,341	—	4,341	
	Stock	ESSENCE TECHNOLOGY SOLUTION INC.	—	Financial assets at fair value through profit or loss-non-current	42,000.00	—	1.56	—	

Note: Above exclude subsidiaries.

TABLE 2

INFORMATION ON INVESTEEES

Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment		Balance as of December 31, 2019			Net Income (Losses) of the Investee	Shares of Profits/Losses of Investee	Notes
				December 31, 2019	December 31, 2018	Shares	Percentage of ownership	Carrying value			
Planet Technology Corporation	PLANET INTERNATIONAL INC.	Samoa	International trade business	US\$100,000	US\$100,000	100,000	100%	\$ 3,214	\$ —	\$ —	Notes 1

Notes :

- 1.The investment income (loss) is recognized based on the investee's financial statements that were audited and attested by parent company's CPA for the year ended December 31, 2019.
2. Merged for reversal when preparing the consolidated report.

### 31. SEGMENT INFORMATION

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

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

Items	For the Year Ended December 31, 2018		
	Single Operating Department	Adjustment and Elimination	Total
Net revenue from external customers	\$ 1,367,538	\$ —	\$ 1,367,538
Revenue from other departments within the company	—	—	—
Segment profit(Income before income tax)	366,990	—	366,990
Segment assets	1,587,799	—	1,587,799

## (2) Geographical information

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

	Net Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31, 2019	December 31, 2018
	2019	2018		
Europe	\$ 622,760	\$ 603,400	\$ —	\$ —
America	319,355	357,336	—	—
Asia	264,424	248,125	42,929	11,164
Others	141,493	158,677	—	—
Total	\$ 1,348,032	\$ 1,367,538	\$ 42,929	\$ 11,164

## (3) Major Customers information

No single customer contributed 10% or more to the Group's revenue for both 2019 and 2018.



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## INDEPENDENT AUDITORS' REPORT

NO.10711080EA

To the Board of Directors of PLANET Technology Corporation

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company’s parent company only financial statements are stated as follows:

### Revenue recognition

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

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

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

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

### Valuation of Inventories

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

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

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

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

#### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

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

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

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



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly Clock & Co

Yung-Chi Lai , CPA

Hsin-Liang Wu, CPA

March 9 , 2020

#### Notes to Readers

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

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

PLANET TECHNOLOGY CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4,6	\$ 1,263,105	77	\$ 1,196,365	75
Financial assets at fair value through profit or loss-current	4,7	10,700	1	10,645	1
Notes receivable, net	4,5,8	—	—	218	—
Accounts receivable, net	4,5,8	79,493	5	99,737	6
Other receivables		6,963	—	7,250	1
Inventories	4,5,9	225,668	14	241,101	15
Prepayments		6,337	—	6,306	—
Other current assets		40	—	47	—
Total current assets		1,592,306	97	1,561,669	98
<b>NONCURRENT ASSETS</b>					
Investments accounted for using equity method	4,10	3,214	—	3,214	—
Property, plant and equipment	4,11	7,562	1	8,923	1
Right-of-use assets	4,12	32,989	2	—	—
Intangible assets	4,13	2,378	—	2,241	—
Deferred income tax assets	4,21	6,167	—	6,484	1
Prepayments for equipment		1,283	—	186	—
Refundable deposits		6,099	—	5,079	—
Total noncurrent assets		59,692	3	26,127	2
<b>TOTAL</b>		<b>\$ 1,651,998</b>	<b>100</b>	<b>\$ 1,587,796</b>	<b>100</b>

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

PLANET TECHNOLOGY CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31,2019		December 31,2018	
		Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>					
Contract liabilities-current	18	\$ 21,691	1	\$ 22,166	1
Notes payable	14	58,900	4	52,733	3
Accounts payable	14	88,285	5	103,200	7
Other payables	15	59,626	4	58,234	4
Current tax liabilities	4	37,643	2	42,496	3
Lease liabilities-current	4,12	15,330	1	—	—
Other current liabilities		1,242	—	1,178	—
Total current liabilities		282,717	17	280,007	18
<b>NONCURRENT LIABILITIES</b>					
Deferred income tax liabilities	4,21	113	—	196	—
Lease liabilities-noncurrent	4,12	17,737	1	—	—
Net defined benefit liabilities	4,16	6,357	—	6,401	—
Total noncurrent liabilities		24,207	1	6,597	—
Total liabilities		306,924	18	286,604	18
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>					
Capital stock	17	625,010	38	625,010	39
Ordinary share		625,010	38	625,010	39
Capital surplus	17	11,202	1	11,202	1
Retained earnings	17	708,862	43	664,980	42
Legal reserve		344,061	21	313,957	20
Unappropriated earnings		364,801	22	351,023	22
Total equity attributable to shareholders of the parent		1,345,074	82	1,301,192	82
Total equity		1,345,074	82	1,301,192	82
<b>TOTAL</b>		<b>\$ 1,651,998</b>	<b>100</b>	<b>\$ 1,587,796</b>	<b>100</b>

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

PLANET TECHNOLOGY CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	NOTES	2019		2018	
		Amount	%	Amount	%
OPERATING REVENUES	4,18	\$ 1,348,032	100	\$ 1,367,538	100
OPERATING COSTS	9	(797,942)	(59)	(834,166)	(61)
GROSS PROFIT		550,090	41	533,372	39
OPERATING EXPENSES					
Selling and marketing expenses		(75,937)	(6)	(78,080)	(6)
General and administrative expenses		(37,362)	(3)	(36,018)	(2)
Research and development expenses		(71,911)	(5)	(69,416)	(5)
Total operating expenses		(185,210)	(14)	(183,514)	(13)
INCOME FROM OPERATIONS		364,880	27	349,858	26
NON-OPERATING INCOME AND EXPENSES					
Other income	4,19	8,175	—	7,806	—
Other gains and losses	20	8,931	1	9,326	1
Finance costs		(658)	—	—	—
Total non-operating income and expenses		16,448	1	17,132	1
INCOME BEFORE INCOME TAX		381,328	28	366,990	27
INCOME TAX EXPENSE	4,21	(68,476)	(5)	(65,950)	(5)
NET INCOME		312,852	23	301,040	22
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	16	(260)	—	74	—
Income tax benefit related to items that will not be reclassified subsequently to profit or loss	21	52	—	144	—
Other comprehensive (loss) income, net of income tax		(208)	—	218	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 312,644	23	\$ 301,258	22
EARNING PER SHARE(NT\$)					
Basic earnings per share	22	\$ 5.01		\$ 4.82	
Diluted earnings per share	22	\$ 4.97		\$ 4.78	

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

PLANET TECHNOLOGY CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Capital Stock	Capital surplus	Retained earnings		Total equity
			Legal reserve	Unappropriated earnings	
BALANCE, JANUARY 1, 2018	\$ 625,010	\$ 11,202	\$ 283,318	\$ 349,158	\$ 1,268,688
Appropriations of prior year's earnings					
Legal reserve	—	—	30,639	(30,639)	—
Cash dividends	—	—	—	(268,754)	(268,754)
Net income in 2018	—	—	—	301,040	301,040
Other comprehensive income in 2018, net of income tax	—	—	—	218	218
Total comprehensive income in 2018	—	—	—	301,258	301,258
BALANCE, JANUARY 1, 2019	625,010	11,202	313,957	351,023	1,301,192
Effect of retrospective application IFRS16	—	—	—	(8)	(8)
ADJUSTED BALANCE , JANUARY 1, 2019	625,010	11,202	313,957	351,015	1,301,184
Appropriations of prior year's earnings					
Legal reserve	—	—	30,104	(30,104)	—
Cash dividends	—	—	—	(268,754)	(268,754)
Net income in 2019	—	—	—	312,852	312,852
Other comprehensive income in 2019, net of income tax	—	—	—	(208)	(208)
Total comprehensive income in 2019	—	—	—	312,644	312,644
BALANCE, DECEMBER 31, 2019	\$ 625,010	\$ 11,202	\$ 344,061	\$ 364,801	\$ 1,345,074

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

PLANET TECHNOLOGY CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of New Taiwan Dollars)

Items	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 381,328	\$ 366,990
Adjustments for:		
Income and expense (loss) items		
Expected credit impairment loss	—	15
Depreciation expense	22,626	6,377
Amortization expense	1,224	968
Net gain on financial assets at fair value through profit or loss	(55)	(45)
Interest income	(8,110)	(7,739)
Interest expense	658	—
Gain on disposal of property, plant and equipment	(1,119)	(197)
Changes in operating assets and liabilities		
Notes receivable	218	1,404
Accounts receivable	20,244	(18,589)
Other receivables	296	(295)
Inventories	15,433	(17,715)
Prepayments	(31)	(86)
Other current assets	7	(4)
Contract liabilities	(475)	22,166
Notes payable	6,167	1,276
Accounts payable	(14,915)	8,770
Other payables	1,406	876
Receipts in advance	—	(20,379)
Other current liabilities	64	160
Net defined benefit liabilities	(304)	(297)
Cash generated from operations	424,662	343,656
Interest paid	(658)	—
Income taxes paid	(73,043)	(55,262)
Net cash generated by operating activities	350,961	288,394
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in investments in debt instrument without an active market	—	4,686
Payments for property, plant and equipment	(3,396)	(3,861)
Payments of Intangible Assets	(1,361)	(1,176)
Proceeds from disposal of property, plant and equipment	1,178	226
Increase in prepayments for equipment	(1,283)	(186)
Increase in Refundable Deposits	(1,020)	(660)
Interest received	8,101	7,719
Net cash generated by investing activities	2,219	6,748
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash dividends	(268,754)	(268,754)
Repayment of the principal portion of lease liabilities	(17,686)	—
Net cash used in financing activities	(286,440)	(268,754)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	66,740	26,388
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	1,196,365	1,169,977
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	\$ 1,263,105	\$ 1,196,365

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

PLANET TECHNOLOGY CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Amounts in thousands of New Taiwan dollars, unless otherwise stated)

1. GENERAL

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

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 9, 2020.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company’s accounting policies :

#### A. IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

##### Definition of a lease

The Company applies the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

##### The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases which are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities which is computed using the effective interest method. On the parent company only statements of cash flows, cash payments for the principal portion of lease liabilities is classified within financing activities and cash payments for the interest portion is classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the parent company only statements of cash flows.

The Company applies IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized as an adjustment to the retained earnings on January 1, 2019. Comparative information is not restated.



Lease agreements classified as operating leases under IAS 17 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets were measured at their carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. Right-of-use assets are subject to impairment testing under IAS 36.

The Company also applies the following practical expedients :

- (a) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- (b) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- (c) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- (d) The Company uses hindsight to measure lease liabilities such as in determining lease terms.

The weighted average lessee's incremental borrowing rate used by the Company to calculate lease liabilities recognized on January 1, 2019 is 1.7%.

The reconciliation between the lease liabilities recognized and the future minimum lease payments of non-cancellable operating lease on December 31, 2018 is presented as follows :

The future minimum lease payments of non-cancellable operating lease on December 31, 2018	\$	47,639
Undiscounted gross amount on January 1, 2019	\$	47,639
Discounted using the incremental borrowing rate on January 1, 2019	\$	46,310
Lease liabilities recognized on January 1, 2019	\$	46,310

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows :

Total effect on assets, liabilities and equity	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Right-of-use assets	\$ —	\$ 46,302	\$ 46,302
Total effect on assets	\$ —	\$ 46,302	\$ 46,302
Lease liabilities - current	\$ —	\$ 17,082	\$ 17,082
Lease liabilities - non-current	—	29,228	29,228
Total effect on liabilities	\$ —	\$ 46,310	\$ 46,310
Total effect on Unappropriated earnings	\$ —	\$ (8)	\$ (8)
Total effect on equity	\$ —	\$ (8)	\$ (8)

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

New standards, interpretations and amendments endorsed by FSC effective from 2019 are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

The Company believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements.

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17, Insurance Contracts	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

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

(2) Basis of Preparation

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

The subsidiaries, associates and jointly controlled entities are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on parent company only financial statements, the effect of the differences between basis of parent company only and basis of consolidation are adjusted in the investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and associates and related equity.

(3) Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

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

Current liabilities include:

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

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

#### (4) Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the period in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are recognized in profit or loss for the year except for exchange difference arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

#### (5) Cash equivalents

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

(6) Financial Instruments

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

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

(7) Financial Assets

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

A. Measurement category

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

(A) Financial assets at FVTPL

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

(B) Financial assets at amortized cost

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

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

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

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

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

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

#### **B. Impairment of financial assets**

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

#### C. Derecognition of financial assets

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

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

### (8) Financial Liabilities

#### A. Financial liabilities

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

#### B. Derecognition of financial liabilities

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



### C. Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported in the net amount in the parent company only balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### (9) Inventories

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

#### (10) Investments Accounted for Using Equity Method

Investments accounted for using the equity method is investments in subsidiaries. A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

The acquisition cost exceeding the amount of the share of the fair value of the subsidiary's recognizable assets and liabilities received by the Company on its acquisition day is listed as goodwill. Such goodwill includes the investment's book value which cannot be amortized. The amount exceeding the share of the fair value of the subsidiary's recognizable assets and liabilities received by the Company on its acquisition day is listed as the current income.

When losing the control of its subsidiary, the Company measures its residual investment in the aforesaid subsidiary according to the fair value at the day that the Company loses its control of the subsidiary. The difference between the residual investment's fair value as well as any disposal amount and the investment book value at the day that the Company loses its control is listed as the current profit or loss. In addition, the accounting treatment of all the amounts related to the subsidiary in question and recognized in the comprehensive income is same as the basis required to be complied with in the Company's direct handling of related assets or liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

#### (11) Property, Plant, and Equipment

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

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

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

The estimated useful lives of the assets are as follows:

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

#### (12) Intangible Assets

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

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

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

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

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

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

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

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

(14) Revenue recognition

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

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

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

Revenue from the sale of goods

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

(15) Leasing

2019

The Company as lessee

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

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

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

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

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

2018

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Other leases are classified as operating leases.

The Company as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, unless there is another time pattern with a systematic basis that better represents the user's benefits. Contingent rents arising under operating lease are recognized as an expense in the period in which they are incurred.

(16) Employee Benefits

A. Short-term employee benefits

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

B. Retirement benefits

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

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

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

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

#### (17) Taxation

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

##### A. Current tax

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

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

##### B. Deferred tax

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

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

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

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

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

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



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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future year.

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

### (1) Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about the risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Please refer to Note 8 for the details of the key assumptions and inputs used. Where the actual future cash flows are less than expected, a material impairment loss may arise.

## (2) Valuation of Inventory

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

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

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

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand	\$ 214	\$ 186
Cash in banks	1,262,891	1,196,179
Total	<u>\$ 1,263,105</u>	<u>\$ 1,196,365</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Financial assets mandatorily measured at fair value		
Non-derivative financial assets-Funds	<u>\$ 10,700</u>	<u>\$ 10,645</u>

## 8. NOTES AND ACCOUNTS RECEIVABLE- NET

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Notes receivable	\$ —	\$ 218
Accounts receivable	\$ 79,589	\$ 99,833
Loss allowance	(96)	(96)
Net	<u>\$ 79,493</u>	<u>\$ 99,737</u>

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

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

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

(B) Aging analysis of notes and accounts receivable

	December 31, 2019	December 31, 2018
Neither past due nor impaired	\$ 78,511	\$ 97,237
Past due but not impaired		
Less than 30 days	982	2,500
31 to 180 days	—	—
over 181 days	—	—
Subtotal	982	2,500
Total	\$ 79,493	\$ 99,737

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 96	\$ 81
Provision	—	15
Amount written off	—	—
Balance at December 31	\$ 96	\$ 96

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

#### 9. INVENTORIES

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Raw materials	\$ 38,573	\$ 39,973
Work in process	63,418	61,323
Finished goods	123,677	139,805
Total	<u>\$ 225,668</u>	<u>\$ 241,101</u>

(1) The allowance for inventory devaluation (including idle products) was \$3,679 thousand as of December 31, 2019 and 2018.

(2) The cost of inventories recognized as cost of sales for the years ended December 31, 2019 and 2018 were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
The cost of goods sold	\$ 797,963	\$ 834,216
Gain on physical inventory	(21)	(50)
Total	<u>\$ 797,942</u>	<u>\$ 834,166</u>

#### 10. INVESTMENT ACCOUNTED FOR EQUITY METHOD

Subsidiaries	<u>Carrying Amount</u>		<u>% of Ownership and Voting Right Held by the Company</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
PLANET INTERNATIONAL INC.	<u>\$ 3,214</u>	<u>\$ 3,214</u>	100.00%	100.00%

(A) In 2019 and 2018, the recognized investment income in the audited financial statements of the invested company of the same period was NT\$0.

(B) The disclosure of relevant information is detailed in Note 32.

## 11. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2019

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

For the Year Ended December 31, 2018

Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Machinery and equipment	\$ 15,717	\$ 1,280	\$ —	\$ 16,997
Transportation equipment	4,460	—	—	4,460
Furniture and fixtures	2,490	1,718	(7)	4,201
Other facilities	6,587	1,363	(303)	7,647
Subtotal	29,254	4,361	(310)	33,305
<u>Accumulated depreciation and impairment</u>				
Machinery and equipment	8,690	3,043	—	11,733
Transportation equipment	3,964	496	—	4,460
Furniture and fixtures	1,309	702	(7)	2,004
Other facilities	4,323	2,136	(274)	6,185
Subtotal	18,286	\$ 6,377	\$ (281)	24,382
Net	\$ 10,968			\$ 8,923

## 12. Lease Agreement

### (1) Right-of-use assets

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

### (2) Lease liabilities

	December 31, 2019
Current	\$ 15,330
Non-current	\$ 17,737

Discount rate for lease liabilities was 1.7%.

### (3) Material lease-in activities and terms

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

### (4) Other lease information

#### A. 2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	\$ 12
Expenses relating to low-value asset leases	\$ 144
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ —
Total cash outflow for leases	\$ 18,500

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

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

**B. 2018**

a. The Company's expenses for lease payments were as follows:

	For the Year Ended December 31, 2018
Minimum lease payments	\$ 17,712

b. Future minimum lease payments under non-cancellable operating lease were as follows:

	December 31, 2018
Not later than 1 year	\$ 17,712
Later than 1 year and not later than 5 years (Including extension of lease)	29,927
Total	\$ 47,639

**13. INTANGIBLE ASSETS**

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

For the Year Ended December 31, 2018

Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Patents	\$ 545	\$ 376	\$ —	\$ 921
Computer software	7,236	800	—	8,036
Subtotal	7,781	1,176	—	8,957
<u>Accumulated amortization and impairment</u>				
Patents	82	107	—	189
Computer software	5,666	861	—	6,527
Subtotal	5,748	\$ 968	\$ —	6,716
Net	\$ 2,033			\$ 2,241

14. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31, 2019	December 31, 2018
Notes payable	\$ 58,900	\$ 52,733
Accounts payable	88,285	103,200
Total	\$ 147,185	\$ 155,933
Current	\$ 147,185	\$ 155,933

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

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

15. OTHER PAYABLES

	December 31, 2019	December 31, 2018
Salary and wages payable	\$ 13,447	\$ 12,989
Employee Bonus payable	24,735	23,805
Directors' remuneration payable	6,184	5,951
Advertising payable	3,126	3,419
Export fee payable	2,674	2,834
Other accrued expenses	6,335	6,111
Payable for annual leave	3,125	3,125
Total	\$ 59,626	\$ 58,234
Current	\$ 59,626	\$ 58,234



## 16. RETIRED BENEFIT PLANS

### (A) Defined contribution plans

The plan under the R.O.C. Labor Pension Act (“the Act”) is deemed a defined contribution plan. Pursuant to the Act, the Company makes monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts. Accordingly, the Company recognized expenses of NT\$4,888 thousand and NT\$4,617 thousand in the parent company only statements of comprehensive income for the years ended December 31, 2019 and 2018, respectively.

### (B) Defined benefit plans

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

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	\$ 17,553	\$ 16,766
Fair value of plan assets	(11,196)	(10,365)
Net defined benefit liability	\$ 6,357	\$ 6,401

a. 2019

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

b. 2018

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1,	\$ 16,389	\$ (9,617)	\$ 6,772
Current service cost	—	—	—
Net interest expense (income)	163	(97)	66
Recognized in profit or loss	163	(97)	66
Remeasurement			
Experience adjustments	54	—	54
Changes in demographic assumptions	160	—	160
Changes in financial assumptions	—	—	—
Return on plan assets	—	(288)	(288)
Recognized in other comprehensive loss (income)	214	(288)	(74)
Contributions from the employer	—	(363)	(363)
Paid pension	—	—	—
Balance at December 31	\$ 16,766	\$ (10,365)	\$ 6,401

The Company's planned asset type is bank deposits.

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

	For the Year Ended December 31	
	2019	2018
Operating costs	\$ 11	\$ 12
Selling and marketing expenses	16	18
General and administrative expenses	9	9
Research and development expenses	26	27
Total	\$ 62	\$ 66

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

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

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

	For the Year Ended December 31	
	2019	2018
Discount rate	0.70%	1.00%
Expected rate of salary increase	3.00%	3.00%

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

	For the Year Ended December 31	
	2019	2018
Discount rate		
0.25% increase	\$ (443)	\$ (433)
0.25% decrease	461	451
Expected rate of salary increase		
0.25% increase	449	441
0.25% decrease	(435)	(426)

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

(E) Expected contributions to the defined benefit pension plans of the Company within one year from December 31, 2020 are NT\$346 thousand.

(F) As of December 31, 2019, the weighted average duration of that retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	391
2 to 5 years		4,867
Over 6 years		13,533
	\$	<u>18,791</u>

## 17. EQUITY

### (1) Capital stock

	December 31, 2019	December 31, 2018
Shares authorized	\$ 1,000,000	\$ 644,710
Shares issued	\$ 625,010	\$ 625,010

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

### (2) Capital surplus

	December 31, 2019	December 31, 2018
Additional paid-in	\$ 11,022	\$ 11,022
Other	180	180
Total	\$ 11,202	\$ 11,202

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

(3) Retained earnings and dividend policy

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

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

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

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

(E) The Company's 2019 surplus distribution proposal has not been approved by the board of directors as of the date of issuance of the financial statements.

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

	Appropriation of Earnings, 2018	Dividends per Share (NT\$)
Legal reserve	\$ 30,104	
Cash dividends	268,754	4.3
Total	\$ 298,858	

## 18. OPERATING REVENUE

	For the Year Ended December 31	
	2019	2018
Net revenue from sale of goods	\$ 1,348,032	\$ 1,367,538

(1) Breakdown of revenue from contracts with customers

	For the Year Ended December 31	
	2019	2018
Europe	\$ 622,760	\$ 603,400
America	319,355	357,336
Asia	264,424	248,125
Others	141,493	158,677
Total	\$ 1,348,032	\$ 1,367,538

(2) Contract liabilities

	For the Year Ended December 31	
	2019	2018
Contract liabilities-current	\$ 21,691	\$ 22,166

For the year ended December 31, 2019 and 2018, the Company recognized NT\$13,726 thousand and NT\$12,382 thousand in revenue from the beginning balance of contract liability, respectively.

19. OTHER INCOME

	For the Year Ended December 31	
	2019	2018
Interest income	\$ 8,110	\$ 7,739
Rent income	65	67
Total	\$ 8,175	\$ 7,806

20. OTHER GAINS AND LOSSES

	For the Year Ended December 31	
	2019	2018
Other gains	\$ 8,431	\$ 7,256
Gains on disposal of property, plant and equipment	1,119	197
Foreign exchange gains (losses)	(674)	1,828
Gains on financial assets (liabilities) at fair value through profit or losses	55	45
Total	\$ 8,931	\$ 9,326

21. INCOME TAX



(1) Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	\$ 76,266	\$ 73,398
Effect from items disallowed by tax regulation	(357)	44
Change in deferred income tax	—	(57)
Effect from investment tax credits	(5,505)	(3,821)
Tax on undistributed earnings	120	638
Tax expenses	<u>\$ 70,524</u>	<u>\$ 70,202</u>

(B) Income tax expense consisted of the following:

	For the Year Ended December 31	
	2019	2018
Tax expenses	\$ 70,524	\$ 70,202
Net change in deferred income tax	285	(1,248)
Adjustments for prior year's income tax	(2,333)	(3,004)
Income tax expense recognized in profit or loss	<u>\$ 68,476</u>	<u>\$ 65,950</u>

On February 7, 2018, the Income Tax Law in the R.O.C. was amended. The corporate income tax rate has adjusted from 17% to 20% since 2018. The Company has recalculated it as deferred income tax assets or liabilities in accordance with the amended legal provisions, and the difference is recognized as deferred income tax benefits and expenses. In addition, the tax rate for 2018 unappropriated earnings was reduced from 10% to 5%.

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

Deferred tax

	For the Year Ended December 31	
	2019	2018
Remeasurements of defined benefit obligations	<u>\$ 52</u>	<u>\$ 144</u>

(3) Deferred tax

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deferred tax assets		
Defined benefit liabilities	\$ 1,730	\$ 1,678
Advertisement expense	625	684
Sales revenue	—	310
Unrealized investment loss	2,265	2,265
Unrealized impairment loss	186	186
Inventory valuation losses	736	736
Unrealized employee vacation payable	625	625
Total	<u>\$ 6,167</u>	<u>\$ 6,484</u>
Deferred tax liabilities		
Cost of sales	\$ —	\$ 177
Unrealized exchange gain	113	19
Total	<u>\$ 113</u>	<u>\$ 196</u>

For the Year Ended December 31, 2019

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

For the Year Ended December 31, 2018

	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of exchange rate changes	Balance, End of year
Deferred tax assets					
Defined benefit liabilities	\$ 1,439	\$ 95	\$ 144	\$ —	\$ 1,678
Advertisement expense	603	81	—	—	684
Sales revenue	554	(244)	—	—	310
Unrealized investment loss	1,925	340	—	—	2,265
Unrealized impairment loss	158	28	—	—	186
Inventory valuation losses	626	110	—	—	736
Unrealized employee vacation payable	—	625	—	—	625
Total	\$ 5,305	\$ 1,035	\$ 144	\$ —	\$ 6,484
Deferred tax liabilities					
Cost of sales	\$ (383)	\$ 206	\$ —	\$ —	\$ (177)
Unrealized exchange gain	(26)	7	—	—	(19)
Total	\$ (409)	\$ 213	\$ —	\$ —	\$ (196)

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

(4) Unappropriated retained earnings:

	December 31, 2019	December 31, 2018
1998 to 2009	\$ 32,002	\$ 32,002
after 2010	332,799	319,021
Total	\$ 364,801	\$ 351,023

(5) Income tax assessments

The Company's income tax returns through 2017 have been assessed by the tax authorities.

## 22. EARNINGS PER SHARE

	For the Year Ended December 31	
	2019	2018
Basic EPS(NT\$)	\$ 5.01	\$ 4.82
Diluted EPS(NT\$)	\$ 4.97	\$ 4.78

EPS is computed as follows:

(1) Basic earnings per share

	For the Year Ended December 31	
	2019	2018
Profit attributable to ordinary shareholders of the parent (in thousand)	\$ 312,852	\$ 301,040
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Basic EPS (NT\$)	\$ 5.01	\$ 4.82

(2) Diluted earnings per share

	For the Year Ended December 31	
	2019	2018
Profit attributable to ordinary shareholders of the parent (in thousand)	\$ 312,852	\$ 301,040
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Effect of potentially dilutive ordinary share- Employees' remuneration (in thousand shares)	464	496
Weighted average number of dilutive ordinary shares outstanding (in thousand shares)	62,965	62,997
Diluted EPS(NT\$)	\$ 4.97	\$ 4.78

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

## 23. ADDITIONAL INFORMATION OF EXPENSES BY NATURE

The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2019 and 2018:

	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefits	\$ 24,615	\$ 115,483	\$ 140,098	\$ 24,442	\$ 109,067	\$ 133,509
Payroll expense	20,506	93,576	114,082	20,408	88,303	108,711
Insurance expense	2,024	7,887	9,911	1,950	7,342	9,292
Pension	948	4,002	4,950	931	3,752	4,683
Board compensation	—	6,266	6,266	-	6,038	6,038
Others	1,137	3,752	4,889	1,153	3,632	4,785
Depreciation	4,825	17,801	22,626	3,130	3,247	6,377
Amortization	—	1,224	1,224	-	968	968

(1) As of December 31, 2019 and 2018, the Company had 151 and 151 employees, respectively, including 4 non-employee directors for both year.

(2) Companies whose stocks are listed on the stock exchange or listed on the stock counter trading center should disclose the following information:

A. In 2019 and 2018, the allowance for average employee's benefits were \$910 thousand and \$867 thousand, respectively.

B. In 2019 and 2018, the allowance for average employee's payroll expense were \$776 thousand and \$740 thousand, respectively.

C. The change of adjustment in the average employee's expense was 4.94%.

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

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period. 6% is applied to employee's compensation, and 1.5% is applied to director's and supervisor's remuneration that were expensed under operating costs or operating expenses during 2019 and 2018.

The estimated amounts are as follows:

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

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

The 2018 and 2017 employee's compensation and director's and supervisor's remuneration were respectively resolved in the board meeting on March 21, 2019 and March 15, 2018 as follows:

	For the Year Ended December 31	
	2018	2017
Employees' compensation	\$ 23,805	\$ 23,170
Remuneration to directors	5,951	5,793

There is no difference between the 2018 and 2017 employee's compensation and director's and supervisor's remuneration and the Company's 2018 and 2017 recognized fee estimates.

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

## 24. CAPITAL MANAGEMENT

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

## 25. FINANCIAL INSTRUMENTS

### (1) Categories of financial instruments

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 10,700	\$ 10,645
Amortized cost		
Cash and cash equivalents	1,263,105	1,196,365
Notes and accounts receivable	79,493	99,955
Other receivables	6,963	7,250
Refundable deposits	6,099	5,079
Total	<u>\$ 1,366,360</u>	<u>\$ 1,319,294</u>
<u>Financial liabilities</u>		
Amortized cost		
Notes and accounts payable	\$ 147,185	\$ 155,933
Other payables	59,626	58,234
Lease liabilities	33,067	—
Total	<u>\$ 239,878</u>	<u>\$ 214,167</u>

### (2) Fair value of financial instruments

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

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

(B) Fair value as recognized in the balance sheet

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

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

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



	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Funds	\$ 10,645	\$ —	\$ —	\$ 10,645
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	\$ —	\$ —	\$ —	\$ —

For the years ended December 31, 2019 and 2018, there were no transfers between Level 1 and Level 2.

There were no purchases and disposals for assets on Level 3 for the years ended December 31, 2019 and 2018, respectively.

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

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

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

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

(3) Financial risk management objectives

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

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

(4) Market risk

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

(A) Foreign currency risk

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

The Company did not engage in any hedging.

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

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

	December 31, 2019			
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 4,031	29.98	\$ 121,875	\$ 1,219
EUR	175	33.59	5,872	59
<u>Non-monetary items</u>	—	—	—	—
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	1,799	29.98	54,626	546
<u>Non-monetary items</u>	—	—	—	—
	December 31, 2018			
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	3,676	30.733	113,172	1,132
EUR	179	35.1584	6,293	63
<u>Non-monetary items</u>	—	—	—	—
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	1,942	30.733	59,821	598
<u>Non-monetary items</u>	—	—	—	—

(B) Interest rate risk

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

Regarding the sensitivity analysis of the interest rate risk, the calculation is made according to the amount of changes in fair value of fixed income investment at the end of the report period, and a quarter's effect is assumed to be held. If the interest rate increased or decreased by 0.25%, the Company's profit or loss for the years ended December 31, 2019 and 2018 would increase or decrease NT\$3,039 thousand and NT\$2,920 thousand respectively.

(C) Other price risk

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

The sensitivity analysis for the equity instruments is based on the change in fair value as of the reporting date. Assuming a hypothetical increase or decrease of 5% in prices of the equity investments at the end of the reporting period for the years ended December 31, 2019 and 2018, the income would have increased or decreased by NT\$535 thousand and NT\$532 thousand, respectively.

(5) Credit risk management

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

(A) Business related credit risk

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

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

As of December 31, 2019 and 2018, the Company's top ten customers accounted for 41.85% and 49.36% of accounts receivable, respectively. The Company believes the concentration of credit risk is insignificant for the remaining accounts receivable.

(B) Financial credit risk

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

(6) Liquidity risk management

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

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

	December 31, 2019				
	Less Than 1 year	2-3 year	4-5 year	Over 5 year	Total
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 147,185	\$ —	\$ —	\$ —	\$ 147,185
Other payable	59,626	—	—	—	59,626
Lease liabilities	15,730	18,117	—	—	33,847
Subtotal	222,541	18,117	—	—	240,658
<u>Derivative financial liabilities</u>					
	—	—	—	—	—
Total	\$ 222,541	\$ 18,117	\$ —	\$ —	\$ 240,658

	December 31, 2018				
	Less Than 1 year	2-3 year	4-5 year	Over 5 year	Total
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 155,933	\$ —	\$ —	\$ —	\$ 155,933
Other payable	58,234	—	—	—	58,234
Subtotal	214,167	—	—	—	214,167
<u>Derivative financial liabilities</u>					
	—	—	—	—	—
Total	\$ 214,167	\$ —	\$ —	\$ —	\$ 214,167

26. RELATED PARTY TRANSACTIONS

(1)	Related party name and categories	Related Party Categories
	PLANET INTERNATIONAL INC.	Subsidiary
	Directors, supervisors, general managers, vice general managers across the board	The Company's major management executives

(2) Significant transactions and balances with related parties

(A) Other payables

	For the Year Ended December 31	
	2019	
	Amount	%
PLANET INTERNATIONAL INC.	\$ 122	—

(3) Compensation of key management personnel

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

	For the Year Ended December 31	
	2019	2018
Short-term benefits	\$ 12,413	\$ 12,075
Post-employment benefits	120	121
Total	\$ 12,533	\$ 12,196

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

(B) The 2019 surplus distribution proposal of the Company has not been approved by the board of directors as of the date of issuance of the financial statements.

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

27. PLEDGED ASSETS: None.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS: None.

29. SIGNIFICANT DISASTER LOSS: None.

30. SUBSEQUENT EVENTS:

The Covid-19 incident has been assessed to have no material impact on events beyond the reporting period of the Company's 2019 financial statements.

31. OTHER:

Non-cash transactions.

Investing activities with partial cash payments :

	For the Year Ended December 31	
	2019	2018
Purchase of property ,plant and equipment	\$ 3,568	\$ 4,361
Add : Beginning balance of payable for equipment	105	519
Less : Transfer from prepaid equipment at the beginning of the period	(186)	(914)
Ending balance of payable for equipment	(91)	(105)
Cash paid during the period	\$ 3,396	\$ 3,861

32. ADDITIONAL DISCLOSURES

(1) Information on significant transactions:

(A) Financing provided to others: None;

(B) Endorsements/guarantees provided: None;

(C) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Please see Table 1 attached;

(D) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;

(E) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None;

(F) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;

- (G) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
  - (H) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
  - (I) Information about the derivative instruments transaction: None;
  - (J) Other: Intercompany relationships and significant intercompany transactions: None.
- (2) Information on investees:
- (A) Names, locations, and related information of investee companies: Please see Table 2 attached;
  - (B) Significant transactions information: None.
- (3) Information on investment in Mainland China: None.



TABLE 1

MARKETABLE SECURITIES HELD

Amount in Thousands of New Taiwan Dollars

Held company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Planet Technology Corporation	Money market Fuh Hwa Money Fund fund	—	Financial assets at fair value through profit or loss-current	218,437.60	\$ 3,166	—	\$ 3,166	Note1
	" Yuanta Wan Tai Money Market Fund	—	"	210,029.60	3,193	—	3,193	"
	" Eastspring Investments Well Pool Money Market Fund	—	"	317,883.00	4,341	—	4,341	"
	Stock PLANET INTERNATIONAL INC.	Invested companies evaluated by equity method	Investments accounted for using equity method	100,000.00	3,214	100.00	3,214	
	" ESSENCE TECHNOLOGY SOLUTION INC.	—	Financial assets at fair value through profit or loss-non-current	42,000.00	—	1.56	—	

Note1: Market price is net value on the December 31,2019.

TABLE 2

INFORMATION ON INVESTEEES

Amount in Thousands of New Taiwan Dollars

Investor company	Investee company	Location	Main Businesses and Products	Original Investment		Balance as of December 31, 2019			Net Income (Losses) of the Investee	Shares of Profits/Losses of Investee	Notes
				December 31, 2019	December 31, 2018	Shares	Percentage of ownership	Carrying value			
Planet Technology Corporation	PLANET INTERNATIONAL INC.	Samoa	International trade business	US\$100,000	US\$100,000	100,000	100%	\$ 3,214	\$ —	\$ —	Notes

Notes : The investment income (loss) is recognized based on the investee's financial statements that were audited and attested by parent company's CPA for the year ended December 31, 2019.

## 32. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

- VI. In the case of any insolvency of the company and its affiliates in the most recent year and up to the publication date of the annual report, specify its effect on the company's financial status:  
N/A

## Seven. Review, Analysis, and Assessment of Overview of Finance Status and Performance, and Risk Management

### I. Financial position

Unit: NTD thousands

Item \ Year	2019	2018	Difference	
			Amount	%
Current asset	1,595,398	1,564,886	30,512	1.95%
Property, Plant and Equipment	7,562	8,923	(1,361)	(15.25%)
Intangible asset	2,378	2,241	137	6.11%
Other assets	46,538	11,749	34,789	296.10%
<b>Total assets</b>	<b>1,651,876</b>	<b>1,587,799</b>	<b>64,077</b>	<b>4.04%</b>
Current liabilities	282,595	280,010	2,585	0.92%
non-current liabilities	24,207	6,597	17,610	266.94%
<b>Total liabilities</b>	<b>306,802</b>	<b>286,607</b>	<b>20,195</b>	<b>7.05%</b>
Share capital	625,010	625,010	0	0.00%
Additional paid-in capital	11,202	11,202	0	0.00%
Retained earnings	708,862	664,980	43,882	6.60%
<b>Total shareholders' equity</b>	<b>1,345,074</b>	<b>1,301,192</b>	<b>43,882</b>	<b>3.37%</b>

Note: For any material change to assets, liabilities, and shareholder's equity (change between two consecutive periods is over 20%, and amount is NT\$ 10 million or more) in the most recent two years, specify the main causes and effect, if the effect is material, also specify the future countermeasure: As IFRS 16 "Lease" has been applied in 2019, and the right-of-use assets and lease liabilities are recognized, the other assets and non-current liabilities of this period both have increased.

## II. Financial performance

- (I) The major causes of material changes to the operating revenue, operating net profit, and pre-tax net profit in the most recent two years.

Unit: NT\$ thousands

Item	Year	2019	2018	Amount changed	Change %
Net operating revenue		1,348,032	1,367,538	(19,506)	(1.43%)
Net operating profit		364,840	349,707	15,133	4.33%
Pre-tax net profit		381,328	366,990	14,338	3.91%
The company's operating net profit and pre-tax net both increased in 2019 due to proper control over operating costs.					

- (II) The estimated sales volume and its basis, the possible effect to the company's future finance and business, and the countermeasure:

The company does not forecast finance and thus no applicable.

## III. Cash flow

- (I) Analysis of changes in the cash flow for the most recent year:

Item \ Year	2019	2018	Proportion of change
Cash flow ratio	124.12%	102.93%	20.59%
Cash flow adequacy ratio	114.56%	109.06%	5.04%
Cash flow reinvestment ratio	5.90%	1.46%	304.11%
Explanation of major variations: The cash flow and cash reinvestment ratio increased: as the costs were properly controlled, the margin rose; consequently the cash flow increased without reinvestment.			

- (II) Analysis of cash liquidity for the coming year: the company has focused on the major business and maintained profits; therefore, the cash is ample.

## IV. Major capital expenditure and its impact on the financial operations of the company in the most recent year: None.

- V. Reinvestment policy in the most recent year, the main reasons for profit or loss and the corrective action plan and investment plan for the coming year: the company has had no new reinvestment in 2019, and currently has no new investment plan.

VI. Risk Analyses and Assessment for the recent year and up to the printing date of the annual report

(I) Impact of interest and exchange rate fluctuations and inflation on the profit and loss of the company, and the future countermeasures:

1. Interest rate: The global economics recessed due to the COVID-19 outbreak, and countries around the world cut interest rates to mitigate the impacts from the outbreak to the economics. The interest rate changes in Taiwan has been stable relative the world. The company has no external borrowing, so interest rate hikes do not affect the company's income. The interest rate risks are mainly resulted from the investments in floating rate certificates of deposit, as the interest rates in the markets are low, and the Central Bank has cut the interest rate for 25 bps. To effectively reduce the risks of interest rate cuts by banks, the company has selected the public banks and quality financial institutions for business, and maintained good and close relationships with our banks for better interest rates, for the purpose of seeking higher return with low risks. For the sensitivity analysis of interest rate risks, the focus is on the changes of fair values of the fixed income investments at the last day of the financial report period. The assumption is made as that if holding such investments for a quarter, when the interest rate is increased/decreased 25 bps, the company's income in 2019 would increase/decrease NT\$3,047,000, which does not significantly affect the operation and income of the company.
2. Exchange rate: The company's products are mainly exported to all over the world; some high-end key components are also imported from overseas. Therefore, the fluctuation of exchange rate impacts the costs and profits of the company to a certain degree.  
The exchange loss of the company in 2019 was NT\$752,000; the risk of exchange rate change has been under control. The actual countermeasures are as the following:
  - (1) Other than the USD position, different currencies are also held as required, to diversify the risk of currency concentration.
  - (2) The product pricing takes the impacts from the exchange rate fluctuation into account, to ensure the reasonable profit, while applying the natural hedging method by paying weakened currencies to suppliers as the mitigation to exchange rate impacts.
  - (3) The Finance Department closely monitor the directions and information of exchange rate fluctuation. The major partner banks are closely communicated with, and obtain the exchange rate data from these bank every hour, to exchange back to NTD based on the fluctuation flexibly to meet the fund demands.

- (4) Hedging instruments are applied when necessary to mitigate the risk of exchange rate.
3. Inflation: The movement of global material prices affects the company to a certain degree. The actual countermeasures are: always monitoring the market changes; keeping good relationships with suppliers and clients; increase vendors for alternative materials and partnership; flexibly adjusting procurement and sales strategies; developing high-end products; enhancing the differentiation of products; and improving margins as the countermeasures to the inflations.
- (II) Policy on high-risk, high-leverage investments, loaning of funds, endorsements and guarantees as well as transactions of financial derivatives, major causes for profits or losses and future countermeasures:
1. The company has not engaged in the high-risk, high-leverage investments, loaning of funds to others, endorsements and guarantees as well as transactions of financial derivatives in 2019.
  2. Pursuant to the requirements of the competent authorities, the “Procedures for Acquisition or Disposal of Assets“, the “Procedures for Providing Endorsements/Guarantees“, and the “Procedures for Loaning Funds to Others” are established.
- (III) Future R&D plans and expected R&D expenditure:
- The company holds “Internet Protocol” (IP) as the core technology of R&D. All internet devices meet the infrastructure needs of various networks. To respond the applications of IoT, industrial IoT, IoA, the future R&D will emphasize more on smart management, green energies and power saving, and stable and secure communication transmission design, to increase the network communication performance for enterprises, public digital network environment, telecommunication, household automated network, as well as the challenging industrial environment, such as smart transportation and smart manufacturing. R&D plans are as the following:
1. Expanding the development of PoE products compliant with the latest standard IEEE 802.3bt PoE++, so that the application of PoE network extends to the notebooks, low power consumption desktop computers, POS, high power wireless access devices, speed dome camera embedded with fan heater, OA equipment, and LED lights. In addition, the network power-supply capacity is expanded with CRPS power-supply technology, and the software features are enhanced, to be managed centrally based on different power needs, such as surveillance, wireless, or digital voice, to improve the power saving effects of networks.
  2. Expanding the multi-port industrial grade network products and high speed transmission equipment, and enhancing the development of automation control devices. The devices with features of the specified industrial network protocol are

developed, including Modbus, EtherCAT, PROFINET, cloud-base management platform, among other things, to benefit the construction of IoT network.

3. Looking into the high network bandwidth demanded by the fiber optic network, cloud calculation, and data center, the Company will continue to develop the cloud-base management switch, fiber optic network switch for urban type telecom machine cabinets, the industrial-grade fiber optic switch for transportation; these will expand the bandwidth to 100Gbps or more, supporting the fiber optic smart detection, so that the high bandwidth demands of the telecom industry and large enterprise digital network communication will be met.
4. The Central Management Platform enhances the friendliness of the dashboard-type central management, to help the administrators manage and control massive network equipment centrally; this suitable for the applications in campus, communities, hotels, and governmental agencies.

The whole year R&D expense input in 2020 is expected to be 5%~6% of the revenue.

- (IV) Changes in important policies and legal environment at home and abroad, and the effect on the financial status and operation of the company, and Countermeasures:

The company monitors the changes to the policies and laws in Taiwan and other foreign countries as export destinations, and responds timely. The management also pays attention to the information of domestic or overseas policy development and changes of the related laws. When necessary, the experts will be consulted, and the proper countermeasures will be taken to meet the operating needs of the company.

- (V) The effect of technological and industrial changes on financial status and operation of the company, and countermeasures:

The company closely monitor the changes of industrial skills, markets, and technologies, and keep close relationship with the clients and suppliers to obtain the first-handed information related to various changes. Therefore the company may adapt the sales and production strategies to respond, and the changes of technologies do not affect the company's financial status and operation.

- (VI) Crisis management, impacts, and response measures in the event of a change in corporate image: None.

The company has good corporate and brand awareness. In 2019, the company passed the "2019 Corporate Governance Evaluation System" sponsored by TWSE and TPEX, and was ranked at the top 6%~20% of the outstanding TPEX listed companies. From 2007 to 2019, the Company were granted by Commonwealth Magazine the "Corporate Citizenship Awards" for the consecutive 13 years; and in the 13-year history of this CSR award by Commonwealth Magazine, the Company was the only mittelstand enterprise selected every year. In 2015, the company was recognized with the



“Potential Taiwan Mittelstand Award” by MOEA, as well as the first enterprise won the “Taiwan Mittelstand Award for Gender Equality”. In 2018, the company received the first term of “Humane Entrepreneurship Award” by International Council for Small Business (ICSB), as the only awarded Taiwanese enterprise. In 2019, the company received the award of “Taiwan Mittelstand Award for Workplace Friendliness” by MOEA again, and “Asia Responsible Enterprise Awards - Social Empowerment” by Enterprise Asia. The Chairman, Jack Chen is also granted “Asia Pacific Entrepreneurship Awards 2019” under the Outstanding category, organized by Enterprise Asia, and “2019 Taiwan EY Sustainable Leader Entrepreneur Of The Year” by EY Taiwan. There is no enterprise crisis due to change in corporate image.

- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: the company has not M&A plan.
- (VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: the company has no plan to expand plant.
- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: the company strives to diversify the sales or purchasing operations, so there is no risk of concentration.
- (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: there was no significant share transfer or replacement related to directors or shareholder holding greater than a 10 percent.
- (XI) Impact and risk associated with changes in management rights, and countermeasures: None.
- (XII) For litigious and non-litigious matters, please list major litigious, non-litigious or administrative disputes that have been resolved or are still proceeding involving the company and/or any director, supervisor, the general manager, any person with actual responsibility for the firm and any major shareholder holding a more than 10% of the shares, and the affiliated companies. Moreover, where such a dispute could materially affect shareholders’ equity or the prices of the securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the publication date of the annual report: None.
- (XIII) Other significant risks and response measures
  - 1. Assessment of information security and the counter measures: there are four people deployed to the Information Management Office, in charge of the development of

the soft and hardware, information security, and monitor. The information security policies include: prevention against the intrusion of virus and hackers, prevention against the information leaking, and the internal audit. At the end of every year, Information Management Office assess the information security risks, and propose the information management program for the next year, to respond to the operational and information security needs. The policy management program is as the following:

- Prevention against the intrusion of virus: all computers in the company are installed with full-feature anti-virus software. The IT personnel check the system security daily, and update the virus code to prevent against the virus.
- Prevention against the intrusion of hackers: a solid firewall is built to the company's network system. Other than the basic protection of spam mails, the firewall also effectively determine and quarantine the threatening or dubious e-mails, to protect users from the phishing mails that steal confidential information. However, the information security always evolves, so the IT personnel not only have to monitor any abnormality at the network, they also check the machine room in person daily, to make sure all the IT devices in the machine room work properly. The data are backed up weekly with hard disks that would be sent to safe in banks as the external backup support, as the countermeasure to the data destruction resulted from significant disasters or incidents.
- Prevention against the information leaking: every employee of the company has his/her own system account and password. The account application of new employees must be approved by the supervisors in charge and the head of IT. Once resigns, the IT personnel would change/delete the account of the concerned employee immediately pursuant to the regulations. Except the password administrator or the head of IT, password cannot be inquired without authorization. All employees are required to change passwords annually. In the regards of Company's secrets, all employees have signed NDA, strictly prohibiting them from leaking business secrets. Each computer is under the device management. Other than the management and IT personnel, external storage devices are banned from general employees. The company conducts the information security promotion periodically every year, to enhance the risk awareness of the employees to the information security. A solid firewall mechanism is established; other than the basic protection of spam mails, the firewall also effectively determine and quarantine the threatening or dubious e-mails, to protect users from the phishing mails that steal confidential information. The "Regulations of Handling and Managing Material

Information” are established, to set up the handling and disclosure mechanism for the company’s material internal information. Except preventing the improper leaking of information, the consistency and accuracy of the company’s disclosed information.

- Internal audit: to strictly implement the measures related to the information security, the internal audit include the “digital information cycle“, as well as “audit to the information management operation“. Every year, a thorough inspection is conducted to the indicators affecting the information security, such as control of passwords, security control of files and devices, management of the machine room, and management of data backup. As of the inspection of 2019, no abnormality has been found. The outcome has been reported to the Board of Directors.

2. Organization and operation of risk management:

The company, pursuant to the internal control system, enhances the management of enterprise risks, and thus established the Risk Management Committee and the related regulations, including the identification, measurement, monitor, report, and handling of risks. The company implement the risk control based on a three-level mechanism:

Level one: The units or personnel in charge shall be responsible for the consideration and designs regarding primary identification, measurement, and monitor of risks in an operation, as well as the prevention.

Level two: CEO or vice president, COO, CTO, and CFO are in charge of the feasibility of decisions, and the assessment, report, and handling of various risks.

Level three: The Chief of the Committee activate various plans and projects, so that the auditors may inspect, assess, improve and track risks; the reports shall be submitted to the Board of Directors and Audit Committee.

Assessment of key risks	Level one: Risk control units	Level two: Risk assessment and control	Level three: Directors and Auditor Office
1. Changes of policies and laws	Department of Administration, Legal	Members of Enterprise Risk Committee	The Chief of the Committee and Auditor Office inspect, assess, improve and track risks; the reports shall be submitted to the Board of
2. Change of the enterprise images	CEO’s Office	Members of Enterprise Risk Committee	
3. Litigation and non-litigation issues	Legal	Members of Enterprise Risk Committee	

4. Personnel conducts, ethics, and integrity	CEO's Office	Members of Enterprise Risk Committee	Directors and Audit Committee for review.
5. SOP and compliance	Department of Administration, QA Center	Members of Enterprise Risk Committee	
6. Changes of Operation Right	Department of Finance	Members of Financial Risk Committee	
7. Changes to Shareholdings of Directors and Major Shareholders	Department of Finance	Members of Financial Risk Committee	
8. Agenda management of the Board of Directors	Department of Finance	Members of Financial Risk Committee	
9. Risks of interest rates, exchange rates, and finance	Department of Finance	Members of Financial Risk Committee	
10. High-risky and high leveraged investment, loaning funds to to others, derivative transaction, and treasury	Department of Finance	Members of Financial Risk Committee	
11. Investment, reinvestment, and effect of M&A	Department of Finance	Members of Financial Risk Committee	
12. Changes of technologies and industries	Department of R&D	Members of Operating Risk Committee	
13. Expansion of plants or production	Department of production	Members of Operating Risk Committee	
14. R&D plans	Department of R&D	Members of Operating Risk Committee	
15. Concentrated procurement or sales	Department of Materials; Department of Sales	Members of Operating Risk Committee	
16. Other operational affairs	COO	Members of Operating Risk Committee	

3. The basis of risk management mechanism, including the risk limits, measurement and monitor, treatment of over limit, and management of exceptions, is based on

the Corporate Governance Best Practice Principles, the internal control system, and various regulations, such as the “Procedures for Acquisition or Disposal of Assets”, the “Procedures for Providing Endorsements/Guarantees”, the “Procedures for Loaning Funds to Others“, the “Regulations for Managing Long- and Short Term Investment“, the “Regulations for Managing Credit Limits”, and the “Regulations for Managing Vendors”.

VII. Other important disclosures: N/A.

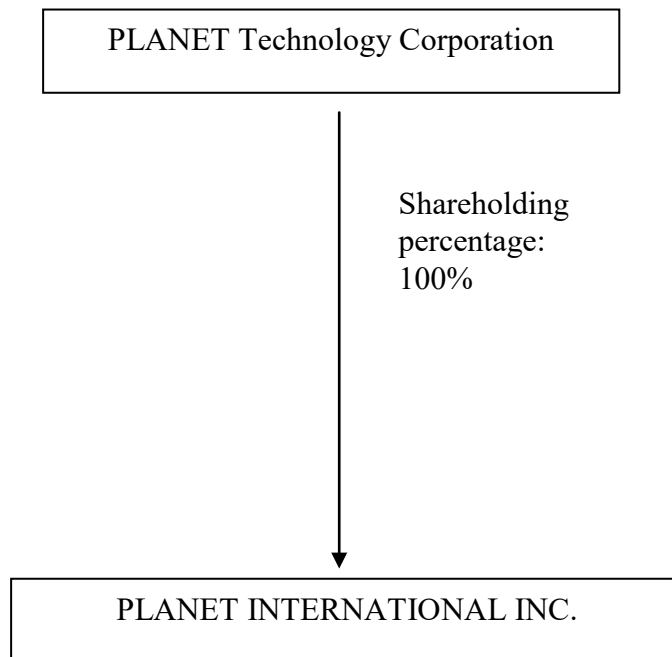
## Eight. Special notes

### I. Information on affiliate enterprises:

#### (I) Consolidated Business Report of Affiliates

##### 1. Organizational chart of affiliates

December 31, 2019



##### 2. Profile of affiliated enterprises

Unit: thousand NTD; December 31, 2019

Name of enterprise	Date of incorporation	Address	Paid-in capital	Principal business or production lines
Planet International Inc.	January 7, 2005	2nd Level Lotemau Mall, Vaea Street, Apia, Samoa	3,214	International trading

Note: The date when PLANET remitted the first investment as the share capital of Planet International Inc.

##### 3. Common shareholders in controlling and controlled companies: None.

##### 4. Businesses covered by affiliated enterprises

The major business of Planet International Inc. is international trading.

5. Directors, supervisors, and CEO of affiliated enterprises

December 31, 2019

Name of enterprise	Position	Name or representative	Shares held	
			Shares held (shares)	Ratio of shareholding (%)
Planet International Inc.	Director	PLANET Technology Corporation. Representative: Hsu, Hwa-Lin	100,000	100%

6. Performance of affiliated companies

Unit: thousand NTD; December 31, 2019

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (Losses)	Current net profit	EPS (NTD)
Planet International Inc.(Note)	3,214	3,214	0	3,214	0	(41)	0	0

Note: Audited and attested by CPAs

- (II) Consolidated financial statements of affiliates: please refer to the consolidated financial reports of the parent company and subsidiaries (P229~P291)

## Statement

The companies to be included by the company in the consolidated financial statement of affiliated enterprises in 2019 (from Jan. 1, 2019 to Dec. 31, 2019) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included into the consolidated financial report of the parent company and subsidiaries pursuant to the IAS No. 10. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the said consolidated financial report of parent company and subsidiaries. Accordingly, it is not necessary for the company to prepare the consolidated financial report of affiliated enterprises separately.

Company name: PLANET Technology Corporation

Responsible person: Chen, Ching-Kang

March 9, 2020



- II. There the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the company, participation in the operations of the company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan: None.
- III. Holding or disposal of the company's shares by subsidiaries in the last financial year, up till the publication date of annual report: None.
- IV. Other required supplementary explanation: the company does not apply hedge accounting, and thus not applicable.

### **Nine. Matters with Significant Influence**

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