Stock Code:6669

Wiwynn Corporation

2020 Annual Report

Taiwan Stock Exchange Market Observation Post System: http://newmops.twse.com.tw

Wiwynn Annual Report is available at http://www.wiwynn.com

Published Date April 30, 2021

1. **The name, title, telephone number, and e-mail address of the spokesman or acting spokesman**

Spokesman

Name	:	Emily Hong
Title	:	Vice Chairman and CEO
Tel	:	886-2-6615-8888
Mail	:	IR@wiwynn.com

Acting spokesman

Name	:	Harry Chen
Title	:	CFO
Tel	:	886-2-6615-8888
Mail	:	IR@wiwynn.com

2. **The address and telephone number of Wiwynn corporation's headquarters, branch offices, and factories**

Headquarter

Address	:	8F., No.90, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221411, Taiwan (R.O.C)
Tel	:	886-2-6615-8888

Tainan Branch

Address	:	4F., No. 8, Beiyuan 3rd Rd., Anding Dist., Tainan City 745093, Taiwan (R.O.C.)
Tel	:	886-6-6013588

Tainan Plant

Address	:	3F., No. 8, Beiyuan 3rd Rd., Anding Dist., Tainan City 745093, Taiwan (R.O.C.)
Tel	:	886-6-6013588

3. **The name, address, e-mail address, and telephone number of the agency handling shares transfer**

Stock Transfer Agent Department of Yuanta Securities Co., Ltd.

Address	:	B1F., No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103432, Taiwan (R.O.C.)
Website	:	http://www.yuanta.com.tw
Tel	:	+886-2-2586-5859

4. **The name, address and contact information of the CPA in 2020**

KPMG Accounting Firm

Auditors	:	TANG, CHIA-CHIEN, HUANG, MING-HUNG
Address	:	68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110615, Taiwan (R.O.C.)
Website	:	http://www.kpmg.com.tw
Tel	:	886-2-8101-6666

5. **Overseas Securities Exchange:** None.

6. **Wiwynn Corporate Website**: http://www.wiwynn.com

Contents

I. Letter to Shareholders

Dear Shareholders,

The results of our operating performance in 2020, business plan for 2021, corporate development strategy, external competitive environment, regulatory environment, and macroeconomic conditions, are illustrated as follows:

<u>Operating Performance in 2020</u>

1. The business plan implementation

   The whole world was under the threat of COVID-19 pandemic in 2020. After Chinese New Year in 2020, the first challenge encountered was the shortage of part of materials due to the shutdown of supply chains in China. It then followed by the outbreak of epidemic in Europe and America. Many countries implemented measures of lockdown, and it further led to difficulties in operations and logistics. Fortunately, Wiwynn corporation (hereinafter "Wiwynn" or "the Company") was able to present our value as a professional system integrator with the efforts from all the employees.

   Other than the threat of COVID-19, climate change has caused extreme climate all over the world in 2020. As a citizen of the earth, Wiwynn has signed the purchase contract of green power with electricity providers. Wiwynn became the first information service provider in Taiwan to directly purchase green power from electricity providers through power purchase agreement (PPA) to achieve complete environmental benefits after the revision of The Electricity Act. Wiwynn plans to use 10% green power at the headquarters in Taipei from 2021 as well as to devote more resources in the future in order to enhance the overall percentage of green power utilization. Along with our customers with hyperscale data center announce one after another their goal of achieving carbon neutrality or using 100% renewable energy, Wiwynn also starts from the operation to promote energy saving and carbon reduction step by step. The Company also obtained outstanding performance of A- (top 24 among enterprises in Taiwan) for the topic of climate change in Carbon Disclosure Project (CDP).

   Not long after the establishment in 2019, Wiwynn Tainan Plant started to introduce authorized economic operator (AEO) system actively. Under the full promotion and participation of all the employees, Wiwynn was successfully awarded the certificate of authorized economic operator in March 2020. Other than continuing advancing each security policy of AEO in the future to focus on maintaining global supply chain security as our corporate social responsibility, we will work with reliable business partners to provide our customers safe and convenient service quality.

   Wiwynn published the first "Corporate Sustainability Report" in 2020 and is committed to sustainable operation and corporate social responsibility. Besides, we assigned a corporate governance director in August as well as started to publish important messages in English on Market Observation Post System in order to respond to the increasing shareholding ratio of foreign investment. Moreover, we disclosed the 2020 financial self-assessed value early in January 2021 to enhance transparency to stakeholders and meet the blueprint towards corporate governance required by the competent authority as early as possible. Environment, society, and corporate governance (ESG) are our priority targets as well as the maintenance of long-term stable profiting to protect the best interest of the shareholders.

2. Budget implementation

   It is not applicable due to the Company did not publish financial forecast in 2020.

3. Profitability analysis

The consolidated operating revenue at the Company in 2020 was NT$ (the same below) 186,927,647,000, and it increased 14.26% compared to that in the previous year. The net profit after tax was $8,609,657,000 with huge increase of 39.56% compared to that in the previous year. The net profit margin after tax was 4.61%, and it also enhanced 0.83% from the previous year. The basic earnings per share (EPS) was $49.25, and the return on equity (ROE) achieved 38.49%. Other than the enhancement of net profit after tax, the overall financial structure was improving gradually. For example, the current ratio enhanced from 168.58% in 2019 to 212.77% in 2020 while the quick ratio also enhanced from 104.97% in 2019 to 132.38% in 2020. The above operational performance still remains the trend of growth especially under the situation of strong appreciation on New Taiwan Dollar (NTD) towards United States Dollar (USD) in 2020; it was an extraordinary achievement.

4. Research and development status

Under the raging epidemic all over the world in 2020, lifestyle of human beings has been changed and stay-at-home economy has been booming, like work from home, distance learning, online or conference meeting, virtual exhibition, online shopping, and streaming media. Wiwynn focuses on the cloud infrastructure of the above application. We have a series of cloud severs and latest technology of two-phase immersion liquid cooling as well as continue developing power converter and cooling solution with high efficiency of energy saving and carbon reduction. We aim to speed up the change of energy-saving ecology with innovative technology to enhance the efficiency of energy used by data centers. Meanwhile, it can also satisfy the demands from data centers in the future on workload optimization and advanced cooling technology.

We are also optimistic about the business opportunity combining with edge computing after entering the era of 5G. In November 2020, Wiwynn EP100 products cooperated with leading 5G software solution manufacturers and completed the 2nd global O-RAN ALLIANCE Plugfest test to accelerate the development of product interoperability among manufacturers in the industrial ecological chain. Wiwynn currently concentrates on the telecom operators in Europe and in America to expand the business and targets on 5G public network projects to carry out the communication of initial product specification demand and product PoC (proof of concept), which expect to accelerate growth momentum in the further.

In terms of improvement of internal operating process, Wiwynn was the first in the manufacturing industry in Taiwan to introduce cloud ERP in 2020 to strengthen the agility of supply chain deployment in order to comprehensively integrate enterprise resources and keep the process of cross-departmental collaboration open as well as control the progress of global supply chain in a smarter way. Through this, the operational pace during the turbulence of epidemic can still be adjusted flexibly to maintain production capacity. It not only can save management costs and enhance operational efficiency but also make the system deployment more agile and system expansion more flexible through the backup and disaster recovery done by the built-in service that the cloud supplier provided. Moreover, using cloud as the data center for the enterprise can speed up application innovation. With various services in cloud ERP, Wiwynn handles cross-area and cross-departmental data via intelligent analysis provided by the cloud provider to control the progress of global supply chain, promote production, and implement smart customer service.

In addition, Wiwynn responds to the biggest software company in the world to introduce blockchain technology and jointly establishes cloud service supply chain innovative platform. Through shared distributed database structure, the traceability of end-to-end goods and materials is hugely improved, the turnover and circulation cycles are shortened, and profit maximization is achieved. The revolutionary change not only brings transparent and reliable data exchange but also achieves the function of tracking materials. It fulfills active dynamic supply chain management and benefits the whole supply chain ecological system.

In addition to satisfying various different specification demands at the current stage from our existing customer, the Company also continues developing new customers and optimizes customer portfolio. Moreover, we also work with suppliers, partners of key technology and customers to develop more products. In the meantime, we also carry out continuous training and recruiting excellent R&D talents. With the consistent advancement in product development done by the growing and strong R&D team, we are able to provide IT solutions containing the best total cost of ownership (TCO) and the optimal workload to data centers.

Business Plan for 2021

1. Business objectives

   Other than maintaining the market share of the main customers, the Company participates in OCP Global Summit, CloudFest, and O-RAN Plugfest actively in order to achieve long-term business stability and growth. We display the latest product and innovative technology developed by the Company, strengthen technical image of Wiwynn, maintain good interaction with key partners and potential customers, continue deepening the current market of large data center, and closely track the technology of AI, IoT, edge computing, and 5G as well as devote resources to relevant application areas.

2. Sales forecast

   It is not applicable due to the Company did not publish any financial forecast.

3. The production and sales policies in 2021:

   The company's production and sales policy provide integrated services to meet our customers' needs. In order to achieve this purpose, our supply chain structure will, from here on, be oriented towards “localization”, not only by the localization of our material sources from upstream suppliers, but also by localizing our cultivation of human resources and personnel training, strengthening our core functions in terms of production and sales, thus establishing our role as an indispensable key partner for our customers.

Development Strategy

The Company will still move towards ODM direct selling mode as our long-term target as well as continue developing power converter and cooling solution with high-efficient energy saving and carbon reduction in order to provide the optimal new product and technology to various workloads in hyperscale data center so that the centers will have the best total cost of ownership. Besides, we work with partners possessing key technology and global software manufacturers closely for the rapid introduction of the latest technology to respond fast-growing market demands. We devote actively to the collaborative development related to the network functions virtualization infrastructure (NFVI) and hope to extend server products to wider application areas. We continue working with network communities, telecom operators, equipment providers, and the third-party service developers to provide open or optimal solutions to working partners or customers and speed up their time in developing, deploying, or upgrading network.

The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

Looking into the future, cloud industry, 5G, edge computing, AI, and big data analysis will be the main trends. In the future, there will be more and more applications and services. In addition to continue enhancing product competitiveness, strengthening R&D strength, investing key core technology, implementing smart factory, and presenting the value of system integration supplier, we plan to introduce Taiwan Intellectual Property Management System (TIPS) and establish the protection awareness among employees towards intellectual property rights. Besides, we will also enhance the rigor of information security management and automatic protection.

“Forward-looking adventure”, “efficient implementation”, “extraordinary quality”, and “teamwork” are the four beliefs in Wiwynn. We are still advancing bravely with our beliefs and continue leading the Company moving forward to the future and creating unlimited possibilities. We are marching in stable pace and work with our employees for the long-term future with our quality and policy of non-hazardous substance, making good use of resources to protect environment, caring for people, and providing a safe and healthy working environment to our employees in order to devote ourselves to sustainable operation.

Chairman Simon Lin

II. Company Profile

2.1 Date of Incorporation: March 03, 2012

2.2 Brief Account of the Company

Year	Milestones
2012	Wiwynn Corporation was established with registered capital of NT$95,000,000. It then applied for capital increase in NT $5,000,000, and the paid-in capital after capital increment was NT $100,000,000.
2013	1. Launched AP500 cloud rack series product with high cost-performance ratio to provide customers an excellent-quality choice of introducing cloud technology. 2. Launched AP700 cloud rack with integrated Windows Server 2012 R2, System Center 2012 R2, and Windows Azure Pack to private cloud solution in the integration of software and hardware. 3. Selected to 2013 Gartner Cool Vendors for the item of server market and started to get attention from different circles for the performance in the server area. 4. Re-invested to the subsidiary in USA, Wiwynn International Corporation and established the subsidiary in Japan, Wiwynn Technology Service Japan, Inc.
2014	1. Launched the first server in the world that was certified by Open Compute Project (hereinafter referred to as OCP), and published & displayed new product, SV230 High-Density Server, as well as brand-new K2 object-oriented storage platform technology at the 5th OCP Summit. 2. Dealt with capital increase by retained earnings of NT$60,000,000 and capital increase by cash in NT$200,000,000. The paid-in capital after capital increment was NT$360,000,000. 3. Obtained key progress on the product with developed Open CloudServer v2 specification and displayed the latest server model SV5270G2 with the architecture at OCP European Summit held in Paris, France. 4. Awarded “Annual Top Ten Potential Enterprises” and “Annual Top Ten Potential Products” for “Annual Top Ten Enterprises Golden Torch Award” by Outstanding Enterprise Manager Association. The panel of judges assessed the Company as the model in the industry due to our outstanding leadership, excellent team image, abundant professional quality, and products and services provided satisfy social demands. 5. Re-invested to Hong Kong subsidiary, Wiwynn Technology Service Hong Kong Limited and established a subsidiary in China, Wiwynn Technology Service Kun Shan Ltd. (WYKS)
2015	1. Launched new product, SV7110 storage server, and shared the concept, specification, and design details of the product with OCP Foundation to continue contributing and realizing the concepts of OCP. 2. Dealt with capital increase by surplus and employee bonus in NT$60,245,000, and the paid-in capital after capital increment was NT$420,245,000.
2016	1. Developed and launched ST7110-30P, which was a leading all-flash NVMe solid-state drive storage product in the industry to provide super high IOPS and super low latency solution. In addition, new generation of multi core server series, SV324G2, was also launched to extend the mainboard of computing server Leopard used by data centers. It was with the advantages of high reliability and 19-inch 2U high density. 2. Dealt with capital increase by surplus in NT$168,098,000 and capital increase by cash in NT$300,000,000. The paid-in capital after increment was NT$888,343,000. 3. Established Korean subsidiary, Wiwynn Korea Ltd. through reinvestment.

Year	Milestones
	4. Passed ISO 9001:2008 certification.
2017	1. The Company displayed new generation 48V server platform at OCP US Summit to implement a solution with green environmental protection and distributed system that contains the characteristics of high conversion efficiency, high power density, and low distribution loss. 2. Shipped out the 10,000th set of rack, which marked a new milestone. 3. Dealt with capital increase by surplus in NT$133,252,000 and executed capital increase by new share issuance for employee stock option in NT$1,580,000. The paid-in capital after increment was NT$1,023,175,000. 4. Passed ISO 9001:2015 certification. 5. Dealt with capital increase by new share issuance for employee stock option in NT$37,600,000. The paid-in capital after increment was NT$1,060,775,000. 6. Establishment of the re-invested Malaysian subsidiary, Wiwynn Technology Service Malaysia SDN. BHD. 7. Approved by Taipei Exchange for public offering. 8. Approved by Taipei Exchange for emerging stock market registration.
2018	1. On January 17th, 2018, the Special Shareholder's Meeting approved the establishment of audit committee. The Company changed from supervisor system to audit committee system. 2. Dealt with capital increase by new share issuance for employee stock option in NT$2,530,000. The paid-in capital after increment was NT$1,063,305,000. 3. Dealt with capital increase by cash in NT$200,000,000. The paid-in capital after increment was NT$1,263,305,000. 4. The Company worked with the partner with key technology and displayed the first PCTe4.0 computing accelerator & high-efficient two-stage 48V power supply card on US Summit. 5. Dealt with capital increase by new share issuance for employee stock option in NT$1,100,000. The paid-in capital after increment was NT$1,264,405,000. 6. A syndicated loan of US$180 million for Wiwynn Corporation and Wiwynn International Corporation organized and hosted by Yuanta Commercial Bank Co., Ltd. received oversubscription in the bank consortium. 7. Board of Directors decided to carry of capital increase by cash in US$160 million to the subsidiary, Wiwynn International Corporation, in USA. 8. The Company had an eye on AI deep learning and application that was growing in high speed and developed a series of AI products that satisfy deep learning training and real-time inference. 9. Deal with capital increase by new share issuance for employee stock option in NT$250,000 and capital increase by surplus in NT$255,193,000. The paid-in capital after increment was NT$1,519,848,000 in total. 10. The Company submitted stock public listing application on July 31st, 2018 and was approved by the Board of Director, Taiwan Stock Exchange for the application on December 18th, 2018.
2019	1. Deal with capital increase by new share issuance for employee stock option in NT$440,000. The paid-in capital after increment was NT$1,520,288,000. 2. Established Tainan Branch Office and Plant in Southern Taiwan Science Park. 3. Establishment of the re-invested subsidiary in Mexico, Wiwynn Mexico S.A. de C.V. 4. Dealt with capital increase by cash in NT$188,100,000 and executed capital increase by new share issuance for employee stock option in

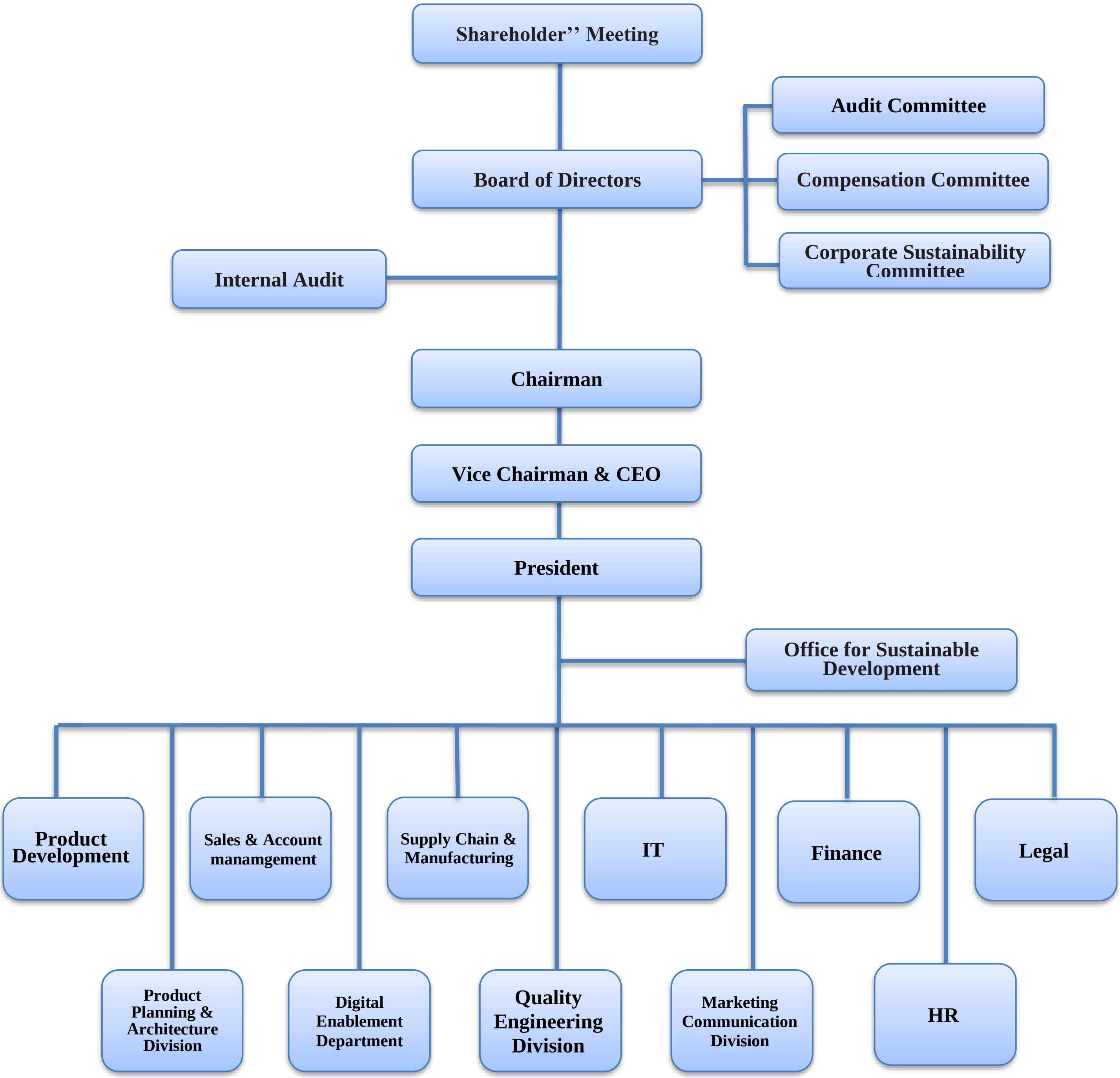
Year	Milestones
	NT$36,720,000. The paid-in capital after increment was NT$1,745,108 ,000. 5. The Company displayed the latest open-source hardware and liquid cooling technology at OCP Global Summit. It satisfied our customers of data centers in their demands on computing efficiency, storage volume, power efficiency, and cooling efficiency. 6. The Company's shares were listed in the stock market on March 27th, 2019. 7. The Company carried out a comprehensive upgrade on server products, including 19 inches, OCP, and Project Olympus to provide excellent performance and flexibility to workload optimization. 8. President & CEO in the Company, Mrs. Emily Hong, was awarded "2019 ERSO AWARD" by Pan Wen-Yuan Foundation. She was the first female winner. 9. Deal with capital increase by new share issuance for employee stock option in NT$320,000. The paid-in capital after increment was NT$1,745,428,000. 10. The Company launched whole new 5G edge computing platform, Edge Platform 100 (EP100) designed based on the specification of OCP OpenEDGE. The flexible and high-efficient design satisfied different edge computing demands on processing low-latency big data in multiple applications during the era of 5G. 11. The Company displayed the two-phase immersion liquid cooling system that adopts open computing program (OCP) server, 48V technology, and electronic fluorinert liquid design at COMPUTEX TAIPEI. The fast-growing demands from data centers on power consumption and computing density were satisfied through enhancing the power and cooling system efficiency. 12. Passed ISO 45001:2018, ISO14001:2015, ISO9001:2015, IECQ QC 080000:2017 certification. 13. The Company invited two other domestic companies to jointly donate a high-efficient computing center (HPC Center), which valued at NT$60 million to the Tainan Campus, National Chiao Tung University for the teaching and R&D in "College of Artificial Intelligence Science and Green Energy" and "College of photonics". 14. Wiwynn Tainan Branch Office obtained Gold Certificate through valid auditing procedures (CAP) by Responsible Business Alliance (RBA). 15. Dealt with capital increase by new share issuance for employee stock option in NT$710,000. The paid-in capital after increment was NT$1,746,138,000.
2020	1. Dealt with capital increase by new share issuance for employee stock option in NT$2,180,000. The paid-in capital increment was NT$1,748,318,000. 2. Awarded healthy workplace certification mark assessed by Health Promotion Administration, MOHW. The Company adopted a systematic approach for the promotion of workplace health improvement to make sure employees receiving good protection. In the future, we will continue promoting a stable and healthy development of the enterprise. 3. Wiwynn Tainan Branch Office passed the certification of Authorized Economic Operator (AEO). 4. Dealt with capital increase by new share issuance for employee stock option in NT$90,000. The paid-in capital after increment was NT$1,748,408,000. 5. Published our first corporate sustainability report (ESG Report). 6. Established Corporate Governance Officer. 7. The Company obtained twA in Credit Rating and issued unsecured corporate ordinary bond in the amount of NT$5 billion.

Year	Milestones
	8. Our EP100 product and 5G software solution led the collaboration among manufacturers and completed 2nd Global O-RAN ALLIANCE Plugfest test to spend up product interoperability development among manufacturers in the industrial ecological chain. 9. The Company became the first information service provider in Taiwan to directly purchase green power from electricity providers through power purchase agreement (PPA) to achieve complete environmental. 10. The Company responded to the biggest software company in the world to introduce blockchain technology and jointly establishes cloud service supply chain innovative platform.
2021	1. Enhanced the timeliness and transparency of information and announced the pre-auditing profit and loss for Q4 of 2020 and for 2020 in January. 2. Established Corporate Sustainable Development Committee. 3. Invested in LiquidStack to establish strategic partner relationship in order to speed up the development of liquid cooling technology.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Corporate Functions

Department	Functions
Internal Audit	Prepare an annual audit plan to assist managers in confirming the designed internal control system, effective and actual implementation of the design, so as to improve the organization's operations and increase its overall value. Assist the organization and its managers to assess and improve risk management, internal control and corporate governance through systematic and disciplined approaches in order to achieve the organizational goals. Assist the Audit Committee to supervise the implementation of the internal control system and corporate governance.
Office for Sustainable Development	ESG, corporate sustainability development affairs.
Product Development	New Technology Development, Product Develop & Sustaining, and Product life cycle management.
Product Planning & Architecture Division	Define competitive product strategy, roadmap plan and architecture to achieve organization goals based on customer demand, market trend, technology innovation and company growth strategy.
Sales & Account Management	Explore new market and identify target customers, influence product strategy; build sales channel, define delivery and service flows. Set and execute the marketing and sales plans, order processing, account collection and production/sales coordination. Grasp market and customer demands and technology trends for price strategies.
Digital Enablement Department	Evangelize digital application to enhance productivity
Supply Chain & Manufacturing	Implement and execute production plans, procurement of raw materials & finished products with competitive cost and secure right inventory level. Ensuring strong manufacturing competence with highest level of manufacturing quality, also provide warranty & spare service and product failure analysis.
Quality Engineering Division	Plan and execute the system-level and rack-level design quality validations. Provide after-sales engineering services and derive quality analysis/improvement plan.
IT	Plan, implement and manage enterprise information systems and information technology infrastructure. Plan, implement and execute security policy and mechanism to protect IT assets.
Marketing Communication Division	Plan and execute marketing events. Production of video and publicity materials for products and PR purposes. Manage company brand and maintain external image, including website, social media, community, media exposure and third-party organization relationship. News gathering and marketing data analysis.
Finance	Manage finance accounting, tax, budgeting, treasury affairs.
Human Resource	Build up human resource relevant management systems, overall manpower planning and development, employee welfare, and employee communication systems. Plan and implement recruitment, hiring, educational training, promotion, assessment, retirement, lay-off and general affairs related businesses.
Legal	Review the Company's transaction contracts and legal documents to provide legal opinions and negotiation support. Manage the Company's dispute resolution procedures. Manage the application, protection and license matters of the Company's intellectual property. Provide legal advices for the laws and regulations change and compliance issue. Plan and implement legal trainings to all employees.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors

April 17, 2021

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Wistron Corporation	-	2020.6.15	3	2012.2.20	78,418,129	44.85%	78,418,129	44.85%	0	0%	0	0%	—	—	None	None	None	None
		Wistron Corporation Representative : Simon Lin	Male	2020.6.15	3	2012.2.20	-	-	5,346,111	3.06%	0	0%	0	0%	Bachelor of National Chiao Tung University President of Acer Inc.	Note1	None	None	None	None
Vice Chairman	R.O.C	Emily Hong	Female	2020.6.15	3	2015.5.22	2,613,624	1.49%	2,613,624	1.49%	402,968	0.23%	0	0%	The Alumni Association of Executives Program, Graduate School of Business Administration, National Chengchi University Bachelor of Political Science, National Taiwan University General Manager of Enterprise Product Group and Cloud Business Group in Wistron Corp. Vice General Manager in Acer Inc.	Note2	None	None	None	None
Director	R.O.C	Wistron Corporation	-	2020.6.15	3	101.2.20	78,418,129	44.85%	78,418,129	44.85%	0	0%	0	0%	—	—	None	None	None	None
		Wistron Corporation Representative : Frank Lin	Male	2020.6.15	3	2012.2.20 First Appointment 2014.7.22 Change Authorized Representative	-	-	221,980	0.13%	0	0%	0	0%	Bachelor of Accounting, Feng Chia University Chief Financial Officer of Acer Inc.	Note3	None	None	None	None
Director	R.O.C	Sunlai Chang	Male	2020.6.15	3	2017.5.31	738,235	0.42%	738,235	0.42%	151,000	0.09%	0	0%	PhD., University of Maryland, College Park. Bachelor of Science in Mechanical Engineering, National Taiwan University Director of Mechanical Design, Enterprise Business Group in Wistron Corp.	Note4	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C	Steven Lu	Male	2020.6.15	3	2019.6.25	340,455	0.19%	340,455	0.19%	278,000	0.16%	0	0%	Master of Business Administration, The Fuqua School of Business, Duke University Bachelor and Master of Science in Computer Science & Information Engineering, National Taiwan University Senior Manager of Enterprise Business Group in Wistron Corp. Senior Director of Server and Storage Group in Acer Inc.	Note5	None	None	None	None
Independent Director (Note 6)	R.O.C	Charles Kau	Male	2020.6.15	3	2020.6.15	0	0%	0	0%	0	0%	0	0%	Master of Chemical Engineering, North Carolina State University Chairman of Inotera Memories, Inc. General Manager of Nanya Technology Corporation	Note7	None	None	None	None
Independent Director (Note 8)	R.O.C	Paul Lin	Male	2018.1.17	3	2018.1.17	0	0%	-	-%	-	-%	-	-%	—	—	—	—	—	—
Independent Director	R.O.C	Simon Zeng	Male	2020.6.15	3	2018.1.17	0	0%	0	0%	0	0%	0	0%	PhD in Accounting, Drexel University MBA in Finance, Drexel University Bachelor of Business Administration, National Taiwan University Executive Vice President of Mega Financial Holding Corp. Chairman of Mega Bills Finance Co., LTD. Executive Vice President of China Development Financial Holding Corp. and President of China Development Industrial Bank	Note9	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	Cathy Han	Female	2020.6.15	3	2018.1.17	0	0%	0	0%	0	0%	0	0%	MBA, University of Connecticut Senior Vice President of Principal Investment Department, China Development Industrial Bank Executive Vice President of Business Development Department, CDIB Capital Group Supervisor of CDIB Capital Management Corporation Supervisor of CDIB Capital Healthcare Ventures Limited Director of CDIB Private Equity (China) Corporation	Note10	None	None	None	None
Independent Director	R.O.C	Victor Cheng	Male	2020.6.15	3	2019.6.25	0	0%	0	0%	0	0%	0	0%	SJD, Stanford University Bachelor, School of Law, Soochow University Professor, National Taiwan University of Science and Technology Professor, School of Law, Shih Hsin University Director and Dean, Institute of Intellectual Property, Shih Hsin University Legal supervisor in Acer Inc.	Note11	None	None	None	None

Note 1: Chairman & CSO of Wistron Corporation, Director of Gamania Digital Entertainment Co., Ltd., Independent Director of Taiwan IC Packaging Corp., Independent Director of Elan Microelectronics Corp., Chairman of Wistron Digital Technology Holding Company, Independent Director of Powerchip Semiconductor Manufacturing Corp.

Note 2: Mrs. Emily Hong was elected by the Board of Directors as Vice Chairman on June 15th,2020. Concurrently serving as the Company's CEO, other position in Subsidiary please refer to page 106.

Note 3: Chief of Staff Officer of Wistron Corporation, Director of Wistron NeWeb Corp., Director of Wistron ITS Corp., Director of Changing Information Technology Inc., Director of IP Fund Six, Director of Join-Link International Technology Co., Ltd., Director of Maya International Co., Ltd., Director of Wistron Medical Tech Holding Company, Director of Wistron Digital Technology Holding Company, Director of Wistron Medical Tech Corporation, Director of Pell Bio-Med Technology Co., Ltd., Director of Hartec Asia Pte. Ltd., Director of Hukui Biotechnology Corporation, Chairman of Wise Cap Limited Company, Chairman of WLB Ltd., Chairman of WiseCap (Hong Kong) Limited, Chairman of B-Temia Asia Pte. Ltd., Supervisor of aEnrich Technology Corp.

Note 4: President of Wiwynn Corporation, other position in Subsidiary please refer to page 106.

Note 5: Senior Vice President of Wiwynn Corporation, other position in Subsidiary please refer to page 106.

Note 6: Mr. Charles Kau was elected by 2020 General Shareholder's Meeting on June 15th.

Note 7: Independent Director of Hauman Technologies Corp.

Note 8: Mr. Paul Lin was discharged after re-election of all directors at 2020 General Shareholder's Meeting on June 15th.

Note 9: Chairman of Hopewell Asset Management, Inc., Chairman of Hopewell Investments, Inc., Chairman of Capstone Investments, Inc., Chairman of Formacell Inc., Independent Director of E&E Recycling, Inc., Director of Jinwen University of Science and Technology.

Note 10: Supervisor of CDIB Capital Innovation Advisors Corporation.

Note 11: Supervisor of Apex Material Technology Corp., Director of Throughtek Co., Ltd., Independent Director of Yodn Lighting Corp., Director of Kinsus Interconnect Technology Corp.

Major shareholders of the institutional shareholders

April 19, 2021

Name of Institutional Shareholders	Major Shareholders	%
Wistron Corporation	Yuanta Taiwan Dividend Plus ETF	3.17%
	Taipei Fubon Bank Trust Account	2.17%
	Acer Incorporated	1.89%
	Norges Bank	1.60%
	Lin, Hsien-Ming	1.47%
	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1.36%
	JPMorgan Chase Bank N.A.， Taipei Branch in custody for Vanguard Total International Stock Index Fund， a series of Vanguard Star Funds	1.26%
	King's Town Bank	1.21%
	Taiwan Cooperative Bank	1.18%
	iShares MSCI Taiwan ETF	1.11%

Major shareholders of the Company's major institutional shareholders

April 13, 2021

Name of Institutional Shareholders	Major Shareholders	%
Acer Incorporated	Hung Rouan Investment Corp.	2.42%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Universities Superannuation Scheme Limited	1.53%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.33%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.21%
	Credit Suisse International	1.20%
	J.P. MORGAN SECURITIES PLC	1.16%
	Stan Shih	1.15%
	ISHARES MSCI TAIWAN ETF	1.01%
	Saudi Arabian Monetary Authority - fund manager Amundi Asset Management - Mandate: Emerging Market Equity	0.97%
	Acer GDR	0.95%

March 20, 2021

Name of Institutional Shareholders	Major Shareholders	%
King's Town Bank	Tai, Chen-Chih	6.98%
	Tsai, Tien-Tsan	6.49%
	Mercuries Life Insurance Co., Ltd.	6.35%
	Hsinray Investment Co., Ltd.	4.93%
	Jincheng Construction Co., Ltd.	4.33%
	Tiangang Investment Co., Ltd.	3.51%
	Yuanta Taiwan Dividend Plus ETF	3.35%
	Tianye Investment Co., Ltd.	3.09%
	Wang, Hsien-Tsung	2.61%
	Chen, Yi Ying	2.12%

Name of Institutional Shareholders	Major Shareholders	%
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	100.00%

Professional qualifications and independence analysis of directors

April 17, 2021

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note5)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Wistron Corporation Representative : Simon Lin			✓				✓					✓	✓	✓		3 (Note1)
Emily Hong			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Wistron Corporation Representative : Frank Lin			✓			✓	✓			✓		✓	✓	✓		None
Sunlai Chang			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Steven Lu			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Charles Kau			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1 (Note 2)
Simon Zeng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1 (Note 3)
Cathy Han			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Victor Cheng	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1 (Note 4)

Note1: Taiwan IC Packaging Corp., Elan Microelectronics Corp, Powerchip Semiconductor Manufacturing Corp.

Note2: Hauman Technologies Corp.

Note3: E&E Recycling, Inc.

Note4: Yodn Lighting Corp.

Note5: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

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

(2). Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(3). Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

(4). Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

(5). Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(6). If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(7). If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(8). Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.

(9). Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the Compensation Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

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

(11). Not been a person of any conditions defined in Article 30 of the Company Law.

(12). Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.2 Management Team

April 17, 2021

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice Chairman & CEO	R.O.C	Emily Hong	Female	2012. 04.02	2,613,624	1.49%	402,968	0.23%	0	0%	1.The Alumni Association of Executives Program, Graduate School of Business Administration, National Chengchi University 2.Bachelor of Political Science, National Taiwan University 3.General Manager of Enterprise Product Group and Cloud Business Group in Wistron Corp. 4.Vice General Manager in Acer Inc.	Note	None	None	None	None
President	R.O.C	Sunlai Chang	Male	2012.04.02	738,235	0.42%	151,000	0.09%	0	0%	1.PhD., University of Maryland, College Park. 2.Bachelor of Science in Mechanical Engineering, National Taiwan University 3.Director of Mechanical Design, Enterprise Business Group in Wistron Corp.	Note	None	None	None	None
Senior Vice President	R.O.C	Steven Lu	Male	2014.07.16	340,455	0.19%	278,000	0.16%	0	0%	1.Master of Business Administration, The Fuqua School of Business, Duke University 2.Bachelor and Master of Science in Computer Science & Information Engineering, National Taiwan University 3.Senior Manager of Enterprise Business Group in Wistron Corp. 4.Senior Director of Server and Storage Group in Acer Inc.	Note	None	None	None	None
Vice President	R.O.C	Robin Wang	Male	2016.05.03	398,905	0.23%	47,214	0.03%	0	0%	1.EMBA, Ateneo de Manila University 2.Bachelor of Mechanical Engineering, National Taiwan University of Science and Technology 3.Manufacturing Direct of Enterprise Products Group in Wistron Corp. 4.Procurement Manager, Plant Manager, General Manager of Overseas Plant in Acer Inc.	Note	None	None	None	None
Vice President	R.O.C	Joe Chiao	Male	2016.05.03	592,722	0.34%	0	0%	0	0%	1.Bachelor of Computer Science, National Chiao Tung University 2.Chief of Applied Computer Dept., Chief of Server Dept., Senior Executive Assistant to the General Manager in Wistron Corp.	Note	None	None	None	None
Chief Financial Officer	R.O.C	Harry Chen	Male	2012.04.02	881,495	0.50%	0	0%	0	0%	1.Bachelor, Accountin, Tunghai University 2.Senior manager of Financial Strategy Planning in Wistron Corp.	Note	None	None	None	None

Note: Other position in Subsidiary please refer to page 106.

3. 3 Remuneration of Directors, Independent Directors, Supervisors, President, and Vice President

3.3.1 Remuneration of Directors and Independent Directors

Unit: NT$ thousands

Title		Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
			Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
			The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																	Cash	Stock	Cash	Stock			
Director	Chairman	Wistron Corporation	0	0	0	0	19,800	19,800	280	280	0.24%	0.24%	26,512	26,512	420	420	56,100	0	56,100	0	1.20%	1.20%	115,000
	Chairman	Wistron Corporation Representative: Simon Lin																					
	Vice Chairman	Emily Hong																					
	Director	Wistron Corporation																					
	Director	Wistron Corporation Representative: Frank Lin																					
	Director	Sunlai Chang																					
	Director	Steven Lu																					
Independent Director	Independent Director	Charles Kau (Note 1)	0	0	0	0	5,225	5,225	210	210	0.06%	0.06%	0	0	0	0	0	0	0	0	0.06%	0.06%	0
	Independent Director	Paul Lin (Note 2)																					
	Independent Director	Simon Zeng																					
	Independent Director	Cathy Han																					
	Independent Director	Victor Cheng																					

1.Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The remuneration of independen directors of the company is based on the " Compensation Principles of Directors and Functional Committee", and additional allowances are given in consideration of the duties of individual independent directors participatin the functional committee.

2.In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for services, such as being independent contractors: None.

Note: The remuneration disclosed in this table is subject to a distinction from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for tax purposes.

Note 1: Mr. Charles Kau was elected by 2020 General Shareholder's Meeting on June 15th.

Note 2: Mr. Paul Lin was discharged after re-election of all directors at 2020 General Shareholder's Meeting on June 15th.

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements (I)
Less thanNT$ 1,000,000	4；Note 1	4；Note 1	4；Note 5	2；Note 6
NT$1,000,000 ~ NT$1,999,999	3；Note 2	3；Note 2	3；Note 7	3；Note 7
NT$2,000,000 ~ NT$3,499,999	3；Note 3	3；Note 3		
NT$3,500,000 ~ NT$4,999,999				
NT$5,000,000 ~ NT$9,999,999	1；Note 4	1；Note 4	1；Note 8	1；Note 8
NT$10,000,000 ~ NT$14,999,999			1；Note 9	1；Note 9
NT$15,000,000~ NT$29,999,999			1；Note 10	2；Note 11
NT$30,000,000 ~ NT$49,999,999				
NT$50,000,000 ~ NT$99,999,999			1；Note 12	1；Note 12
Greater than or equal to NT$100,000,000				1；Note 13
Total	11	11	11	11

Note 1: Representative: Simon Lin, Representative: Frank Lin, Charles Kau, Paul Lin
Note 2: Simon Zeng, Cathy Han, Victor Cheng
Note 3: Emily Hong, Sunlai Chang, Steven Lu
Note 4: Wistron Corporation
Note 5: Representative: Simon Lin, Representative: Frank Lin, Charles Kau, Paul Lin
Note 6: Charles Kau, Paul Lin
Note 7: Simon Zeng, Cathy Han, Victor Cheng
Note 8: Wistron Corporation
Note 9: Steven Lu
Note 10: Sunlai Chang
Note 11: Sunlai Chang, Representative: Frank Lin
Note 12: Emily Hong
Note 13: Representative: Simon Lin

3.3.2 Remuneration of Supervisors: Not applicable as the Company has already established an Audit Committee.

3.3.3 Remuneration of the President and Vice Presidents

Unit: NT$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Vice Chairman & CEO	Emily Hong	13,433	13,433	743	743	22,384	22,384	68,250	0	68,250	0	1.22%	1.22%	None
President	Sunlai Chang													
Senior Vice President	Steven Lu													
Vice President	Robin Wang													
Vice President	Joe Chiao													

Note: The remuneration disclosed in this table is subject to a distinction from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for tax purposes.

Range of Remuneration	Name of President and Vice President	
	The company	Companies in the consolidated financial statements (E)
Less than NT$ 1,000,000		
NT$1,000,000 ~ NT$1,999,999		
NT$2,000,000 ~ NT$3,499,999		
NT$3,500,000 ~ NT$4,999,999		
NT$5,000,000 ~ NT$9,999,999		
NT$10,000,000 ~ NT$14,999,999	3；Nota 1	3；Note 1
NT$15,000,000~ NT$29,999,999	1；Note 2	1；Note 2
NT$30,000,000 ~ NT$49,999,999		
NT$50,000,000 ~ NT$99,999,999	1；Note 3	1；Note 3
Greater than or equal to NT$100,000,000		
Total	5	5

Note 1: Steven Lu, Robin Wang, Joe Chiao

Note 2: Sunlai Chang

Note 3: Emily Hong

3.3.4 If any of the following applies to the company, it shall disclose the individual remuneration paid to each of its top five management personnel: It is not applicable due to there is no following situation involved.

1. The company that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the three most recent fiscal years: None.
2. The company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEx) is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEx, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation: The evaluation result of corporate governance at Wiwynn Corporation is ranked in 2020 was 6%-20%.

3.3.5 Employees' Profit Sharing paid to Executive Officers

December 31, 2020
Unit: NT$ thousands

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Vice Chairman & CEO	Emily Hong	0	74,490	74,490	0.87%
	President	Sunlai Chang				
	Senior Vice President	Steven Lu				
	Vice President	Robin Wang				
	Vice President	Joe Chiao				
	Chief Financial Officer	Harry Chen				
	Accounting Officer	Wenifred Wen				

3.3.6 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Analysis of the net profit after tax, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements to directors, general managers, and assistant general managers:

Item / Title	Total compensation, as a percentage of net income stated in the parent company only financial reports or individual financial reports			
	2019 (Note 1)		2020 (Note 2)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors and Independent Directors	0.30%	0.30%	0.30%	0.30%
President and Vice Presidents	1.32%	1.32%	1.22%	1.22%

Note1: It was calculated based on the net profit after tax of NT$6,169,254,000 stated in 2019 parent company only financial reports.

Note2: It was calculated based on the net profit after tax of NT$8,609,657,000 stated in 2020 parent company only financial reports.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

   Payment policy of remuneration for the directors in the Company shall be handled according to Article 21 of “Articles of Incorporation” for the Company. If the Company has net profit as a result of the yearly accounting closing, (profit means the profit before tax, excluding the amounts of employees’ and directors’ compensation), the company shall appropriate an amount no more than 1% of the profit as the compensation in cash to the directors.

   The procedures of establishing compensation to the directors and managers in the Company are based on “Management Rules for salary system and structure to directors and managers, and their management performance evaluation” as the accordance for assessment. Compensation to directors considers the authority, number of attendances, and other performance evaluation of individual director for the final approval. Salary to president and Vice presidents is based on the business performance and target conversion rate of the team managed as well as referred to the payment standard from other manufacturers in the same trade plus the position, the responsibility undertaken, and association to the future risk for reasonable decision.

   Reasonableness of relevant performance assessment and compensation has been approved by Compensation Committee and Board of Directors in the Company before implementation. The compensation system will be review timely based on the actual operational conditions and relevant legal regulations in order to seek the balance between the sustainable operation and risk control in the Company.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

Operations of the Board of Directors

A total of 5 (A) meetings of the Board of Directors were held in 2020. The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 1)	Remarks (Note 2)
Chairman	Wistron Corporation Representative: Simon Lin	5	0	100 %	Re-elected
Vice Chairman	Emily Hong	5	0	100 %	Re-elected
Director	Wistron Corporation Representative: Frank Lin	5	0	100 %	Re-elected
Director	Sunlai Chang	5	0	100 %	Re-elected
Director	Steven Lu	5	0	100 %	Re-elected
Independent director	Charles Kau	3	0	100 %	Newly elected
Independent director	Paul Lin	0	2	0%	Discharged
Independent director	Simon Zeng	5	0	100 %	Re-elected
Independent director	Cathy Han	5	0	100 %	Re-elected
Independent director	Victor Cheng	5	0	100 %	Re-elected

Note1: The actual attendance rate (%) shall be calculated by the number of meeting and number of attendances in person during the post.

Note2: Re-election of all directors at General Shareholder's Meeting on June 15th, 2020.

Other mentionable items:

Attendance of Independent directors at Board meeting in 2020

●:Attendance in Person ○:By Proxy

	1st	2nd	3rd	4th	5th
Charles Kau	-	-	●	●	●
Paul Lin	○	○	-	-	-
Simon Zeng	●	●	●	●	●
Cathy Han	●	●	●	●	●
Victor Cheng	●	●	●	●	●

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.: Not applicable as the Company has already established an Audit Committee.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Meeting	Date	Subject Matter	Participation in Deliberation
1st Board Meeting of 2020	2020.03.20	Item 2: Annual salary adjustment proposal, for managers, except for President & CEO in the Company in 2020. Item 3: Annual operating performance bonus pre-approval proposal for managers, except for President & CEO in the Company in 2020.	Directors, Mr. Sunlai Chang and Mr. Steven Lu, were the stakeholder for item 2-item 7. They did not participate in the discussion and voting for the topics based on the principle of avoiding conflict of interest. Director, Mrs. Emily Hong, was the stakeholder for item 5-item 7. She did not participate in discussion and voting for the topics based on the principle of avoiding conflict of

		Item 4: Employee bonus issuing ratio and amount proposal for managers, except for President & CEO in the Company in 2019. Item 5: Annual salary adjustment proposal for President & CEO in the Company in 2020. Item 6: Annual operating performance bonus pre-approval for President & CEO in the Company in 2020. Item 7: Employee bonus issuing ratio and amount proposal for President & CEO in the Company in 2019.	interest. After excluding directors with interest avoidance, all the items were approved by all the attended directors without any objection after the inquiry from the chairman.
4th Board Meeting of 2020	2020.08.07	Item 1: Operating performance bonus granting proposal for the first half year in 2020 to the managers except for President & CEO in the Company. Item 2: Operating performance bonus granting proposal for the first half year in 2020 to President & CEO in the Company. Item 3: Proposal of promoting Mr. Sunlai Chang as President and Mr. Steven Lu as Senior Vice President as well as their salary adjustment suggestion.	Directors, Mr. Sunlai Chang and Mr. Steven Lu, were the stakeholder for item 1-item 3. They did not participate in the discussion and voting for the topics based on the principle of avoiding conflict of interest. Vice Chairman & CEO, Mrs. Emily Hong, was the stakeholder for item 2. She did not participate in discussion and voting for the topic based on the principle of avoiding conflict of interest. After excluding directors with interest avoidance, all the items were approved by all the attended directors without any objection after the inquiry from the chairman.

4. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out “Implementation Status of Board Evaluations.”

Type	Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methodology	Evaluation Content
Board of Directors	Once a year	2020.01.01~2020.12.31	Cover the evaluation of the board as a whole and individual director	The internal evaluation of the board and self-evaluation by individual board members	The criteria for evaluating the performance of the board of directors covered the following five aspects: 1.Participation in the operation of the company; 2.Improvement of the quality of the board of directors' decision making; 3.Composition and structure of the board of directors; 4.Election and continuing education of the directors; and 5.Internal control. The criteria for evaluating the performance of the board members covered the following six aspects:

					1.Alignment of the goals and missions of the company; 2.Awareness of the duties of a director; 3.Participation in the operation of the company; 4.Management of internal relationship and communication; 5.The director's professionalism and continuing education; and 6.Internal control.
Audit Committee	Once a year	2020.01.01~ 2020.12.31	Cover the evaluation of the Audit Committee as a whole and individual member	The internal evaluation of the Audit Committee and self-evaluation by individual committee members	The criteria for evaluating the performance of the Audit Committee covered the following five aspects: 1.Participation in the operation of the company; 2.Awareness of the duties of the Audit Committee; 3.Improvement of quality of decisions made by the Audit Committee; 4.Makeup of the Audit Committee and election of its members and 5.Internal control.
Compensation Committee	Once a year	2020.01.01~ 2020.12.31	Cover the evaluation of the Compensation Committee as a whole and individual member	The internal evaluation of the Compensation Committee and self-evaluation by individual committee members	The criteria for evaluating the performance of the Compensation Committee covered the following five aspects: 1.Participation in the operation of the company; 2.Awareness of the duties of the Compensation Committee; 3.Improvement of quality of decisions made by the Compensation Committee; 4.Makeup of the Compensation Committee and election of its members and 5.Internal control.

4. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Compensation Committee to assist the board in carrying out its various duties:
   (1) In order to ensure the composition of member of the board is more diverse and further strengthen the functions of the board, a re-election has been carried out at the General Shareholder's Meeting in 2020. A forward-looking technical talent, Mr. Charles Kau, was recruited for the position of the independent director. Meanwhile, the seat for female directors was maintained at least two (included) seats. Board of Directors elected Mrs. Emily Hong as the Vice President on June 15th, 2020.
   (2) On August 7th, 2020, Board of Directors approved the establishment of Corporate Governance Officer to be in charge of affairs related to corporate governance and assist directors in performing business in order to exercise the function of supervision. Besides, it also acts as the bridge for the communication between the board and each business unit & competent authorities.
   (3) "Method of Evaluating Performance of the Board of Directors" was revised, and functional committees were included into the scope of evaluation. The Company has completed the performance evaluation on the board and functional committees according to "Method of Evaluating Performance of the Board of Directors" at quarter 1 in 2021. The evaluation results on Board of Directors, Audit Committee, and Compensation Committee at the Company in 2020 were all "exceeding the standard" (with a score of more than 90 points).

3.4.2 Audit Committee

The Audit Committee in the Company consists of 4 independent directors, and the operation of the committee shall be handled according to “Organic Regulations of Audit Committee” in the Company and relevant laws. A regular meeting will be held every quarter before the meeting of the board to review the implementation of internal control and internal audit as well as material financial business behavior. The committee is responsible for communicating and opinion exchanging with internal auditing officer and certified public accountants to make sure the supervision on company operation and risk control. The items reviewed and audited in 2020 mainly include:

- Financial statement review
- Accounting policy and procedures
- Appointment (discharge) of certified public accountants, their remuneration, and independence assessment
- Effectiveness assessment of internal control system
- Material asset transaction
- Company risk management (revised level of authority table)

<u>Operations of the Audit Committee</u>

A total of 5 (A) Audit Committee meetings were held in 2020. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】(Note 1)	Remarks (Note 2)
Independent director	Charles Kau	3	0	100 %	Newly elected
Independent director	Simon Zeng	5	0	100 %	Re-elected
Independent director	Cathy Han	5	0	100 %	Re-elected
Independent director	Victor Cheng	5	0	100 %	Re-elected
Independent director	Paul Lin	0	2	0%	Discharged

Note1: The actual attendance rate (%) shall be calculated by the number of meeting and number of attendances by the independent director during the post.

Note2: Re-election of all directors at General Shareholder’s Meeting on June 15th, 2020.

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company’s response to the Audit Committee’s opinion should be specified:
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act: Please refer to the important resolutions of the board from page 52 to 56.
   (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.
2. If there are independent directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified: None.
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)
   (1) The internal auditing officer in the Company reports auditing business to the Audit Committee at least once every quarter. The audit reports and follow-up reports that be submitted based on the progress of auditing plan to the chairman for approval, and then be delivered to the independent directors for reviewing. Communication and discussion will be carried out immediately if there is any doubt or instruction after being reviewed by the independent directors. The auditing plan for the second half of the year shall be established the direction (including risk evaluation) and key points of auditing by the end of every year by obtaining the opinions from the independent directors through discussion. Internal audit unit shall communicate with the independent directors at normal by email, phone, or face-to-face discussion based on demands. The communication between the independent directors and the internal auditing officer in the Company is good.
   (2) The Company will invite the certified public accounts attend meetings at Audit Committee at least four times a year to communicate or discuss quarterly and annual financial report review or audit result, key auditing items, annual auditing plan, internal audit at subsidiaries, important accounting standards or interpretative letters, and updated securities management regulations and tax regulations. The communication between the independent directors in the Company and certified public accountant is good.

3.4.3 Attendance of Supervisors at Board Meetings:

Not applicable as the Company has already established an Audit Committee.

3.4.4 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status [1]</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?</td><td>v</td><td></td><td>The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”. It has been approved by the board. The information has been disclosed on the Company’s website(http://www.wiwynn.com) and Taiwan Stock Exchange Market Observation Post System.</td><td>No discrepancy</td></tr>
<tr><td>2. Shareholding structure & shareholders’ rights</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?</td><td>v</td><td></td><td>The Company has set up a contact window to deal with investor relation and stock affairs as well as in charge of suggestions from shareholders and responding to shareholders’ doubts. Legal affair unit will handle disputes and lawsuits that involve with shareholders. Relevant handling procedures will follow the internal operational procedure.</td><td>No discrepancy</td></tr>
<tr><td>(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?</td><td>v</td><td></td><td>The Company has the information on the updated main shareholders and their controller through the register of shareholders issued from stock transfer agent.</td><td>No discrepancy</td></tr>
<tr><td>(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?</td><td>v</td><td></td><td>The Company has established relevant regulations for risk control and firewall mechanism, including “Methods for Supervising and Managing Subsidiaries”, “Procedures for Transaction Among Related Parties, Specific Company, and Companies in the Enterprise Group”, “Procedures for Governing Loaning of Funs and Marking of Endorsements”, and “Procedures for Governing the Acquisition and Disposal of Assets”.</td><td>No discrepancy</td></tr>
<tr><td>(4) Does the company establish internal rules against insiders trading with undisclosed information?</td><td>v</td><td></td><td>The Company has established “Regulation of Insider Trading” and “Procedures for Handling Material Inside Information” to forbid insiders from trading securities using information not disclosed to the market. In addition, educational promotion of relevant laws will be provided to directors and managers irregularly. Relevant information provided to the current directors of the Company in 2021 is as below:
<table>
<tr><th>Object</th><th>Content</th></tr>
<tr><td>All the current directors</td><td>Latest practice development related to insider trading in Taiwan and how an enterprise shall prevent it, no trading before and after the disclosure by the board and of the important information, and the most common violation of regulation when insiders transfer equity.</td></tr>
</table></td><td>No discrepancy</td></tr>
<tr><td>3. Composition and Responsibilities of the Board of Directors</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(1) Does the Board develop and implement a diversified policy for the composition of its members?</td><td>v</td><td></td><td>A policy of diversity in the composition of board members has specified in the “Corporate Governance Practice Principles”.
In order to make sure the composition of the board members is diverse, so that to</td><td>No discrepancy</td></tr>
</table>

Evaluation Item	Implementation Status [1]			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
	v		strengthen the function of the board, a reelection was carried out at Ordinary Shareholders’ Meeting in 2020 to recruit a forward-looking technical talent, Mr. Charles Ka, as an independent director. Meanwhile, the seat for female directors was maintained at least two (included) seats. These achieved the goal of diversification effectively. Besides, the board elected Mrs. Emily Hong as Vice President to deepen the engagement of decision making by female directors.	

State of implementation of diversification among board members

			Simon Lin	Emily Hong	Frank Lin	Sunlai Chang	Steven Lu	Charles Kau	Simon Zeng	Cathy Han	Victor Cheng
Basic composition	Gender		Male	Female	Male	Male	Male	Male	Male	Female	Male
	Concurrently serve as employees			V		V	V				
	Age	Under 40									
		41-60					V			V	
		Over 61	V	V	V	V		V	V		V
	Seniority of Independent Directors							Under 3 years			
Professional knowledge and skills	Finance, Banking, Law								V	V	V
	Venture Capital/ Advisor		V	V	V	V	V	V	V	V	V
	Communication Network		V	V	V	V	V	V			
	Computer and Peripheral		V	V	V	V	V	V			V
	Accounting and Financial analysis		V	V	V	V	V	V	V	V	
	Information Technology		V	V		V	V	V			
	Risk Management Capability		V	V	V	V	V	V	V	V	V
	Business Operation Capability		V	V	V	V	V	V	V	V	V

Evaluation Item	Yes	No	Abstract Illustration	Deviations
(2) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?	v		Other than the establishment of the Compensation Committee and Audit Committee, according to law, the Company also sets up Corporate Sustainability Committee. Vice Chairman & CEO, Mrs. Emily Hong, takes the post of the chairman with President Mr. Sunlai Chang and Senior President Mr. Steven Lu as members and Independent Director Mrs. Cathy Han as the supervisor. The committee is in charge of sustainable risk recognition and management as well as assist the board to implement risk supervision and control mechanism.	No discrepancy
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and	v		The Company established “Regulations for Evaluating Performance of Board of Directors” with the approval by the board on March 16th, 2018. It was revised on	No discrepancy

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?			November 6th, 2019 with the approval from the board to include functional committees into the scope of performance evaluation. The performance evaluation shall be carried out by internal evaluation of the board, self-evaluation of the director, internal evaluation of the functional committees, or other proper methods. The Board of Director (including functional committees) in the Company shall carry out performance evaluation once every year. The period of evaluation is from January 1st to December 31st of the current year. The performance evaluation of the year shall be implemented based on evaluation procedures and evaluation indicators. It shall be completed by the end of quarter 1 next year, and the evaluation results shall be sent to each functional committee and the board for report. In addition, the evaluation result will be used as the reference for compensation and reelection of the director according to "Management Method for Compensation System, Structure, and Business Performance Evaluation on Directors and Managers". The Company has completed 2020 board performance evaluation and submitted to the meeting of the board on March 8th, 2021 and each functional committee for report. The score of 2020 board performance evaluation is 99 points with Audit Committee scored 100 on performance evaluation and Compensation Committee scored 99. The result is "exceeding standard" (above 90 points).	
(4) Does the company regularly evaluate the independence of CPAs?	v		The Company will evaluate the independence of the certified public accountants at least once every year. The evaluation report on the entrusted certified public accountants and their independence has been approved by the Audit Committee and the board on March 8th, 2021. Other than reviewing the reasonableness of the auditing fee, the regulations for independence include personal independence of all the members in the accountants' office (financial interests, financing guarantees, employment relationship), business relationship with customers, auditor partner rotating system, and non-auditing service as well as whether there is any violation on the matters specified in The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10. Certified public accountants and the office they work with are requested to provide relevant data and declaration. The evaluation confirms the relevant requirements in independence specified in Norm of Professional Ethics for Certified Public Accountant have been satisfied.	No discrepancy
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing	v		In order to cooperate with the competent authority for the promotion of corporate governance blueprint to root our corporate governance, the board approved the establishment of Corporate Governance Officer on August 7th, 2020 and assigned	No discrepancy

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?			the highest manager at financial unit, Mr. Harry Chen for the post to be in charge of matters related to corporate governance as well as assist directors to implement business and exercise the function of supervision as the communication bridge between the board and each business unit & the competent authority. The state of business implementation in 2020 is as below: 1. Handling matters related to the meetings of the board and shareholders according to law: (1) Set up an agenda for the meeting of the board and send out the notice seven days before the meeting (except extraordinary meeting) as well as provide sufficient meeting information to directors. The topics with interest, avoidance shall be reminded in advance, and the meeting minute shall be produced and distributed to directors within twenty days after the meeting. (2) Register the date of the shareholders' meeting in advance according to law and produce meeting notice, annual report, handbook for the meeting, and meeting minute within the legal deadline. (3) Articles revision or registration change for the reelection of directors. (4) Invite certified public accountants to attend the meeting or arrange relevant personnel to attend the board meeting according to the demand of the topics. 2. In charge of handling the requests from directors, providing information required to directors to implement business, and responding to the demands from directors properly and timely. 3. Set up training plans and courses and arrange directors' further study. 4. Assist the board to establish the target of performance so that to strengthen the efficiency of the operation of the board as well as implement performance evaluation of the board. 5. Assist directors for regulatory compliance: (1) Assist the operations of the board and shareholders' meeting to meet the regulations of relevant laws and code of corporate governance. (2) Assist and remind directors the legal regulations that they shall comply with when implementing business. 6. Symmetric and transparent information: In charge of releasing the important messages from resolutions at meetings, ensure the legality and correctness of the content, and protect the symmetric information for the transaction done by the investors.	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status [1]</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>7. Hold investor conference irregularly to maintain investor relationship and strengthen the communication channels with investors.
8. Other matters based on the articles of incorporation or contract.
The Corporate Governance Officer in the Company completed 18-hour training courses for initial employment in 2020, and the details are as below:
<table>
<tr><th rowspan="2">Institution</th><th rowspan="2">Name of the course</th><th colspan="2">Training period</th><th rowspan="2">Training hours</th></tr>
<tr><th>From</th><th>To</th></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Analysis of top ten global risks</td><td>2020.09.18</td><td>2020.09.18</td><td>3hr</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Latest practice and development of insider trading in our county and the methods that enterprises can use to prevent it</td><td>2020.09.18</td><td>2020.09.18</td><td>3hr</td></tr>
<tr><td>Accounting Research and Development Foundation</td><td>Key points for regulation revision and common defects when preparing IFRS financial reports</td><td>2020.10.07</td><td>2020.10.07</td><td>3hr</td></tr>
<tr><td>Accounting Research and Development Foundation</td><td>Enhancing capability in self-preparation of financial reports: internal control, internal audit, and information technology</td><td>2020.10.06</td><td>2020.10.06</td><td>3hr</td></tr>
<tr><td>Accounting Research and Development Foundation</td><td>Defects in corporate governance commonly seen in enterprises and analysis of relevant legal regulations</td><td>2020.10.13</td><td>2020.10.13</td><td>3hr</td></tr>
<tr><td>Accounting Research and Development Foundation</td><td>Case study of misreporting and how to see through key information on financial reports</td><td>2020.11.24</td><td>2020.11.24</td><td>3hr</td></tr>
</table></td><td></td></tr>
<tr><td>5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?</td><td>v</td><td></td><td>The Company maintains smooth communication channels with government/ competent authority, customers, suppliers, correspondent banks, shareholders/investors, and employees as well as complies with its due legal rights and interests.
The Company sets up a stakeholder zone on the official website to provide a communication channel for stakeholders and properly respond the important corporate social responsibility topics that are concerned by stakeholders.</td><td>No discrepancy</td></tr>
</table>

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	v		The Company entrusts Stock Transfer Department, Yuanta Securities Co., Ltd. to handle affairs related to shareholders' meetings.	No discrepancy
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	v		The Company discloses the financial business and corporate governance related information on the official website as well as update the information timely.	No discrepancy
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	v		The Company has spokesman and deputy spokesman to be in charge of releasing and explaining company information externally. We implement spokesman system and appoint dedicated personnel to collect and disclose company information. In addition, the Company discloses information related to finance, business, and corporate governance on the official website in both English and Chinese to enhance information transparency. When an investor conference is held, we will put the relevant information on the official website at the same time for investors to check.	No discrepancy
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		v	The Company publishes and declares monthly revenue, quarterly and annual financial reports within deadline according to relevant legal regulations. In the future, we will evaluate actual business situation and arrange schedule for relevant operation to deal with matters related to announcement and declaration.	As explained on the left

8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?

(1) Rights of and care for employees:
The Company has complete employee welfare measures, advanced study, training, and retirement system in place as well as carry out health examination regularly to care employees' health. The Company works hard to establish a friendly working environment and devotes to enhance harmonious employee relationship. We listen to our employee through regular employee communication sessions and establish an absolutely confidential employee complaint channel to maintain the rights of employees.

(2) Investor relationship:
The Company entrusts professional stock transfer agent to handle affairs related to shareholders and assigns dedicated person to deal with investor relationship and suggestions from shareholders.

(3) Supplier relationship:
The Company maintains good interaction with suppliers and develops them as our long-term strategic partners.

(4) Rights of stakeholders:
The Company sets up a stakeholder zone on the official website to provide our stakeholders, including employees, suppliers, customers, banks, and shareholders, communication channels to maintain due rights and interests.

(5) Implementation of advanced study carried out directors in most recent fiscal year:

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	

Title	Name	Date	Host	Name of course	Training hours
Chairman	Simon Lin	2020.09.18	Taiwan Corporation Governance Association	Analysis of top ten global risks	3hr
				Latest practice and development of insider trading in our county and the methods that enterprises can use to prevent it	3hr
		2020.04.17	Securities and Futures Institute	Directors' and supervisors' legal responsibilities on mergers and acquisitions	3hr
Vice Chairman	Emily Hong	2020.09.18	Taiwan Corporation Governance Association	Analysis of top ten global risks	3hr
				Latest practice and development of insider trading in our county and the methods that enterprises can use to prevent it	3hr
Director	Frank Lin	2020.09.18	Taiwan Corporation Governance Association	Analysis of top ten global risks	3hr
				Latest practice and development of insider trading in our county and the methods that enterprises can use to prevent it	3hr
		2020.03.10		Strategy used for organizational change	3hr
Director	Sunlai Chang	2020.09.18	Taiwan Corporation Governance Association	Analysis of top ten global risks	3hr
				Latest practice and development of insider trading in our county and the methods that enterprises can use to prevent it	3hr
Director	Steven Lu	2020.09.18	Taiwan Corporation Governance Association	Analysis of top ten global risks	3hr
				Latest practice and development of insider trading in our county and the methods that enterprises can use to prevent it	3hr
Independent Director	Charles Kau	2020.04.28	Taiwan Academy of Banking and Finance	Global trend against tax avoidance and response from enterprises	3hr
		2020.04.23	Taiwan Institute of Directors	How to make precise decision on risks	3hr
Independent Director	Simon Zeng	2020.09.18	Taiwan Corporation Governance Association	Analysis of top ten global risks	3hr
				Latest practice and development of insider trading in our county and the methods that enterprises can use to prevent it	3hr
Independent Director	Cathy Han	2020.09.18	Taiwan Corporation Governance Association	Analysis of top ten global risks	3hr
				Latest practice and development of insider trading in our county and the methods that enterprises can use to prevent it	3hr
Independent Director	Victor Cheng	2020.09.18	Taiwan Corporation Governance Association	Analysis of top ten global risks	3hr
				Latest practice and development of insider trading in our county and the methods that enterprises can use to prevent it	3hr

(6) Implementation of risk management policy and risk evaluation standards:

A. The important topics in the Company related to the major policy on operation, investment, endorsement and guarantee, lending funds, and financing have all been evaluated and analyzed by proper competent department. Relevant personnel monitor well-organized and constructive control environment through training, management principles, and operational procedures.

B. Audit unit sets up annual auditing plan for evaluation and is in charge of implementation. The results shall be reported to Audit Committee to monitor the execution of each risk management and realize supervision mechanism.

C. Audit Committee is responsible for evaluating the effectiveness of the internal control policy and procedure of the Company (including the control measures in finance, operation, risk management, information security, and regulatory compliance) as well as reviews the regular reports from audit department, certified public accountants, and management level for the appropriateness of relevant risk management framework.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status [1]</th><th rowspan="2">Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
</table>

(7) Implementation of customer policy:
The Company aims to deliver products and services that are with zero defect and with competitiveness to our customers on time. Other than becoming the best technology service provider to our customers, we anticipate achieving win-win situation with our customers in the business cooperation.

(8) State of liability insurance taken out by the company for directors and supervisors:
The Company has taken out liability insurance for all of the directors and important staff. After renewal every year, it will be submitted to the latest meeting (November 10th, 2020) of board for report. The detail of the insurance is shown in the table below:

Insurance company	Insured amount	Duration (from-to)
AIG, Insurance Company of North America, Fubon Insurance Co., Ltd., Taiwan Fire & Marine Insurance Company, Ltd., Cathay Century Insurance Co., Ltd., Nan Shan General Insurance Company	US$60 million in total	From: September 25th, 2020 To: September 25th, 2021

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures:
- On August 7th, 2020, the board approved the establishment of Corporate Governance Officer and assigned the highest manager at financial unit, Mr. Harry Chen for the post to be in charge of matters related to corporate governance. He has completed 18-hour training courses for initial employment before the end of 2020.
- In order to root corporate governance, the board revised part of the provisions in "Corporate Governance Practice Principles" on August 7th, 2020. After revision, the appointment, assessment, and remuneration of the internal audit personnel in the Company will be submitted by the audit manager to President for approval.
- In order to strengthen information security and the risk management on intellectual property rights, the implementation and results of information security and intellectual property rights in 2020 have been reported to the board on January 19th, 2021 to review policy for information security regularly and establish developmental strategy for intellectual property that combine company operation goal with R&D resources.
- Establish "Corporate Sustainable Development Development Committee"; it is chaired by the CEO in the Company and appointed to an independent director for supervision to be in charge of sustainable risk identification and management as well assisting the board to implement risk supervision and control mechanism.
- Important information started being released in English at the same time in the second half year in 2020, and we will continue strengthening the information disclosure in English in the future.

3.4.5 Composition, Responsibilities and Operations of the Compensation Committee

1. Professional Qualifications and Independence Analysis of Compensation Committee Members

Title	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note 3)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Compensation Committee Member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Charles Kau			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1(Note 1)	None
Independent Director	Cathy Han			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Independent Director	Victor Cheng	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1(Note 2)	None

Note 1: Hauman Technologies Corp.
Note 2: Yodn Lighting Corp.
Note 3: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

(1). Not an employee of the company or any of its affiliates.
(2). Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
(3). Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
(4). Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
(5). Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
(6). If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
(7). If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
(8). Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
(9). Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the Compensation Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
(10). Not been a person of any conditions defined in Article 30 of the Company Law.

2. Operations of the Compensation Committee

The Compensation Committee of the Company consists of 3 independent directors and holds at least two meetings a year. The Committee performs the duty faithfully with the due care of a good administrator and submits suggestions to the board for discussion.

(1) Function and power of the Compensation Committee:
- Reviewing "Organizational Regulations for Compensation Committee" and making recommendations for amendments.
- Establish and regularly discuss the policies, systems, standards, and structure of performance evaluation and remuneration for directors and managers.
- Regularly evaluate and establish the remuneration for directors and managers.

(2) The Compensation Committee performs the function and power above, they shall follow the principles below:
- Ensure the arrangement of remuneration in the Company meets relevant legal

regulations and is attractive to excellent talents.

- With respect to the performance assessment and remuneration of directors and managerial personnel of the Company, it shall refer to the typical pay levels adopted by peer companies and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.
- It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the Company may tolerate.
- It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.
- Members of the Compensation Committee must not participate in the discussion and vote for the decision on the remuneration related to them.

(3) Attendance of Members at Compensation Committee Meetings

The term of office of the Compensation Committee is from June 15, 2020 to June 14, 2023.

A total of 3 (A) Compensation Committee meetings were held in 2020. The attendance of the members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 1)	Remarks (Note 2)
Convener	Charles Kau	2	0	100%	Newly elected
Committee Member	Cathy Han	3	0	100%	Re-elected
Committee Member	Victor Cheng	2	0	100%	Newly elected
Committee Member	Simon Zeng	1	0	100%	Discharged
Committee Member	Paul Lin	0	1	0%	Discharged

Note 1: The actual attendance rate (%) shall be calculated by the number of meeting and number of attendances in person during the post.

Note 2: Re-election of all directors at General Shareholder's Meeting on June 15th, 2020, the members of the committee be reappointed by the board meeting on the same day.

Other mentionable items:

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

3.4.6 Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status 1</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation 2</th></tr>
<tr><td>1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?</td><td>v</td><td></td><td>The Company carries out sustainable risk identification and management on environment, society, and corporate governance related to the operation of the Company through the procedures of identification, materiality analysis, and confirmation. The strategies and targets of sustainable management will be adjusted according to the actual situations. Relevant contents are summarized below:
<table>
<tr><th>Important topic</th><th>Content of evaluation</th><th>Management strategy and implementation target</th></tr>
<tr><td>Environment</td><td>Green power purchasing, sustainable products, waste management</td><td>1. Set up the target of carbon reduction and commitment of using renewable energy and establish the six key courses of actions.
2. 100% compliance with the relevant legal laws of hazardous substances free on products, customer regulations, and IECQ QC080000 external certification.
3. Develop products and technology of energy saving and carbon reduction to achieve the goal of low PUE and high energy conservation.
4. Product design follows WEEE guidance and meets 3R principles.
5. Enhance the utilization rate of waste recycling and increase waste re-utilization management step by step to strengthen the recycling system.
6. Encourage suppliers to perform their corporate social responsibility other than focusing on their quality, technology, and delivery capabilities to establish sustainable supply chain.</td></tr>
<tr><td>Society</td><td>Customer safety, Customer privacy, friendly workplace, occupational safety and health, supply chain management</td><td>1. Ensure products meet safety certification to protect the personal safety of personnel who operate the equipment.
2. Establish cross-department information security operational organization to maintain the confidentiality, completeness, and availability of information in order to protect the rights and interests of stakeholders.
3. Create a friendly workplace for colleagues with disabilities.
4. Occupational accident rates per thousand workers under 2.5‰.</td></tr>
<tr><td>Corporate governance</td><td>Corporate governance, tax management, regulatory compliance</td><td>1. Continue intensifying corporate governance policy to establish the foundation for corporate sustainability.
2. Support various tax policies published by the government in enterprise innovation, research and development, and economic growth.
3. Update the information of law modification and review various internal regulations; implement regulatory compliance to reduce risk of violation.</td></tr>
</table></td><td>No discrepancy</td></tr>
<tr><td>2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to</td><td>v</td><td></td><td>Board of Directors of the Company approved the establishment of Corporate Sustainable Development Committee on November 10th, 2020. The chairman of</td><td>No discrepancy</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status 1</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation 2</th></tr>
<tr><td>be in charge of proposing the corporate social responsibility policies and reporting to the board?</td><td></td><td></td><td>the committee is the Vice Chairman and CEO, Mrs. Emily Hong, President Mr. Sunlai Chang and Senior President Mr. Steven Lu are the members, and the independent director Mrs. Cathy Han takes the post of supervisor. At least two meeting will be held every year, and the promotional result shall be reported to the board at least once every year. The latest report submission to the board was January 19th, 2021.</td><td></td></tr>
<tr><td>3. Environmental issues</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</td><td>v</td><td></td><td>The Company has implemented the management systems of ISO 14001:2015, IECQ QC 080000:2017 and ISO 50001:2018 to establish effective management system and continue advancing the standards and procedures of internal management.</td><td>No discrepancy</td></tr>
<tr><td>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</td><td>v</td><td></td><td>The Company follows WEEE guidance to design products that are easy to disassemble and are recyclable. Products developed in 2020 all followed the operating procedure to carry out WEEE-3R validation. Product design meets 3R requirements (Reuse and Recycled rate=80%, Recovery rate=85%) and is labeled with WEEE recycle mark. It is forbidden to throw away electronic and electric products freely, and we cooperate with local legal regulations and customer requirements to carry out waste product registration and recycling. In addition, the Company upholds the spirit of manufacturer’s social responsibility and enhances the implementation of recycled material step by step under ISO 9001 quality management system infrastructure according to green product design guide. The packaging materials are produced from recycled materials and a recyclable mark is labelled on the carton to promote the ratio of resource re-utilization and make efforts in reducing the impact to environment.</td><td>No discrepancy</td></tr>
<tr><td>(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</td><td>v</td><td></td><td>The Company uses TCFD as the framework for evaluation to respond the risks caused by climate change actively. We grasp the opportunity obtained during the transformation to low-carbon economy and further allocates the capital effectively to create the business operating capability with more resilience.
In order to respond to the topic of climate change, the Company sets up the target for carbon reduction and the committee for using renewable energy as well as establishes six key courses of action for carbon reduction management. They are summarized as below. Please refer to the description of the chapter “climate change strategy and energy management” in Wiwynn 2020 Sustainability Report for more details.
<table>
<tr><th>Category</th><th>Evaluation</th><th>Responding measures</th></tr>
<tr><td>Carbon reduction management</td><td>Corporate responsibility in greenhouse gas emission reduction</td><td>· Increase the investigating items for the scope 3 and set up emission data as the basis for management.
· Establish a survey mechanism on supplier’s responding to climate change.
· Reinforce carbon reduction management on the upstream</td></tr>
</table>
</td><td>No discrepancy</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status 1</th><th rowspan="2">Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation 2</th></tr>
<tr><td></td><td></td><td></td><td>

		and work with supply chain to find out opportunity for improvement.
Energy efficiency	Enhance energy utilization efficiency and strengthen product advantage	· Set up reward methods for energy saving to enhance energy-saving plans. · Investment in energy-saving technology.
Renewable energy	Diversified energy resources	· Enhance renewable energy utilization and evaluate the variety of energy resources.
Corporate resilience	Business continuity planning under climatic risks to create strong operating capability	· Specifically evaluate the potential damage of climatic hazards and set up business continuity planning.

</td><td></td></tr>
<tr><td>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</td><td>v</td><td></td><td>

1. Greenhouse gas emission and its goal of management:
In order to slow climate change and fulfill the commitment of environmental protection, the Company sets greenhouse gas emission reduction as the long-term goal for continuous improvement. Wiwynn's Tainan branch office started operation from the second half year in 2019, and the scale of operation become stable in 2020. We use year 2020 as the base year to ensure the base period for calculation is with comparability and consistency. Wiwynn set a physical intensity target that commits to reduce scope 1 and 2 GHG emissions 30% by 2030 from a 2020 base-year. (A reduction in emissions relative to a production output of the Company)

Unit: metric ton (CO_2e)

Item	2019	2020
Scope 1 + Scope 2 GHG emission	3,487	5,957

Note:
1.Calculation of the scope will be based on the right of control in operation, including Taipei Headquarters and Tainan Branch Office.
2.Taipei Headquarters carries out investigation based on ISO14064-1:2018 procedure since 2019 and has been verified externally through a third party. Tainan Branch Office had complete data for 2020 and will carry out ISO 14064-1 greenhouse gas investigating system verification in 2021.

2. Water consumption and its goal of management:
The main water consumption in Taipei Headquarters and Tainan Branch Office is domestic water. The source of water is from running water and rainwater recycling with no critical impact on the nature water source, and the generated wastewater is only limited to general domestic wastewater. In 2020, the number of our employees was increased due to the expansion of business scale and the increase of operating points, which caused the increase of

</td><td>No discrepancy</td></tr>
</table>

Evaluation Item	Implementation Status 1			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation 2	

domestic water consumption. We will continue working hard to implement our policy in water saving through the promotion.

Unit：M^3

Item	2019	2020
Water consumption (running water, rainwater recycling)	22,040	41,754

Note: The scope of statistics included Taipei Headquarters and Tainan Brach Office.

3. Total weight of waste, its goal of management, and state of implementation: In order to effectively manage the waste generated in the production and operating process, we entrust a qualified clearance and disposal organization to carry out procedures of waste disposal. We declare relevant data according to Waste Disposal Act to ensure the waste generated under the business operation of the Company meets the handling procedures for environment, safety, and health. The overall recoverability rate in both two years achieved more than 50% of the set management goal. For the continuous enhancing recoverability rate effectively, we will gradually increase the recycling channels, strengthen recycling system, and continue improving environmental performance.

Item	2019	2020
Total weight of waste (metric ton)	231.22	404.769
Recoverability rate (%)	53.80	86.61

Note: The scope of statistics included Taipei Headquarters and Tainan Brach Office.

4. The Company will continue implementing the following measures related to the maintenance of environmental sustainability.
   (1) Recycling
      a. Waste resource: Waste resources shall be thrown in the recycling bin for cleaning personnel to sort them out in detail again.
      b. Business waste: It shall be collectively collected to grade A certified vendor for disposal every month.
   (2) Energy saving
      a. In 2020, the office in Taipei Headquarters replaced old lamps and Tainan Branch Office adjusted MAU outlet temperature from 23°C to 18°C in the plant area to save energy. These measures are estimated to be able to save electricity in 246,422 kWh every year, which is equivalent to reduce 124 metric tons of CO2e emission. In overall, the

Evaluation Item	Implementation Status 1			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation 2	
			effectiveness of energy saving, and carbon reduction was enhanced compared to that in 2019. b. Energy saving is promoted to all the employees in the company, including turning off the air-conditioning and light switch near the seat before going off work, put up slogan on the location where employees use water to promote water saving, and implement rainwater recycling in Tainan Plant.	
4. Social issues				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	v		The Company follows labor laws and "International Bill of Human Rights" to establish "Regulations for Personnel Management". We forbade any discriminatory behavior from differences in employees' nationality, skin color, gender, sexual orientation, race, disability, pregnancy, religion, political opinion, or marital status. We also have human rights policies in place, including "Management Regulations for Anti-Discrimination", "Prohibition of Using Child Labor and Remedy for Misusing", and "Management Procedures, of Anti-Punishment, Forced Labor, and Prison Labor". In addition, the Company obtained golden certification on validated audit process certified by Responsible Business Alliance (hereinafter referred to as RBA) in 2019 and made the commitment to cooperate and comply with RBA code of conduct. The actual measures of human rights carried out in the Company are as below. Please refer to the description in the chapter of "Employee care and human rights management" in Wiwynn 2020 sustainability report. 1. We are committed to provide a safe and healthy working environment, arrange employees to receive health examination for health promotion, offer educational training for occupational safety, implement ISO45001 management system, establish health management center to provide healthcare to employees, and hold occupational safety and health committee regularly. 2. We establish "Prohibition of Using Child Labor and Remedy for Misusing" to effectively control no recruitment and no support in employment of child labors. 3. We establish "Management Regulations for Anti-Discrimination" to put an end to any form of discriminatory behavior in order to ensure equal job opportunity. 4. It is forbidden to implement illegal or inhumane disciplinary measures and behavior of forced labor to employees. Employees shall be respected for their	No discrepancy

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<tr><th>Yes</th><th>No</th><th>Abstract Explanation 2</th></tr>
<tr><td></td><td></td><td></td><td>willingness in overtime work and shall be provided overtime pay or compensatory leave.
5. Sexual harassment prevention shall be promoted on the TV wall in the company, and a complaint window for sexual harassment shall be established as well as provide dedicated email address and telephone hotline.
6. In order to assist employees maintaining physical and mental health and balance between work and life, the Company arrange “one-to-one doctor counseling” service regularly to offer employees the counseling related to health management, prophylactic health, and physical and mental problems, implement employee assistance program (EAP) to offer 24-hour employee assistance, and hold multiple activities like family day and social activity.
7. We maintain smooth communication channels with employees, hold labor-management meeting for two-way conversation regularly as well as set up employee feedback, complaint mailbox or hotline for employees to reflect on problems at any time.</td><td></td></tr>
<tr><td>(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?</td><td>v</td><td></td><td>The Company has “Employee Salary Policy” in place, and it was approved by Compensation Committee and Board of Directors before putting into implementation. The salary includes fixed items and variable items. The adjustment of the fixed items shall refer to the salary level in the same trade while the variable items shall be evaluated according to the Company business performance, responsibility, and personal performance for the reward of bonus. In addition, the Company also sets up Employee Relations Promotion Committee. The highest manager at human resource department is the chairman of the committee and employees from different departments are elected as members. At least three meetings shall be held every year to discuss various welfare measures related to employees, to maintain good communication between the company and the employees, and to create a harmonious and competitive corporate environment.</td><td>No discrepancy</td></tr>
<tr><td>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</td><td>v</td><td></td><td>The Company has implemented ISO 45001:2018 occupational safety and health management system to carry out effectiveness assessment on PDCA according to the management procedures of ISO 45001. We are committed to provide employees a safe and healthy working environment. The state of implementation of the relevant measures is as below:
1. Environmental examination and maintenance:<table><tr><th>Item</th><th>Frequency</th></tr><tr><td>CO2 concentration and lighting test in the office area</td><td>At least once every half a year</td></tr></table></td><td>No discrepancy</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status 1</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation 2</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Noise test in the lab area in Taipei Headquarters</td><td>Continuous monitoring</td></tr>
<tr><td>Testing methanol, isopropyl alcohol, tin, and noise at the production line area in Tainan Plant to control the actual situation in the operating environment and evaluate the status of exposure.</td><td>At least once every half a year</td></tr>
<tr><td>Low voltage distribution board test</td><td>Once every year</td></tr>
<tr><td>Fire safety equipment test</td><td>At least once every year</td></tr>
<tr><td>Air-conditioning maintenance in the office area and R&D testing area</td><td>Once every month for self-contained air-conditioning unit and once every half a year for central air-conditioning.</td></tr>
<tr><td>Disinfection operation at the public areas in the office building in Taipei</td><td>Once every month</td></tr>
</table>
2. Management of chemicals:
In order to manage chemicals properly, the Company has a dedicated area to place explosion-proof cabinets. The interval between cabinets shall be maintained in a safe distance. Chemicals with hazard shall be clearly labeled and adopted necessary communication measures, prepared safety data sheet for checking, and clearly remark name and volume of the chemicals on the chemicals control card in order to control the maximum storage amount in the cabinet. Moreover, safety equipment shall be available, such as shower and eyewash, to make sure the timely protective measures are available when the operating personnel for chemicals exposed in the hazardous risk.
3. Employee health examination:
Employee health examination shall be held once every year. Other than general health examination, 49 employees who are qualified for the examination under labor insurance in receiving special health examination due to the noise work or exposure in ionizing radiation operations have all completed special health examination in 2020.
4. Educational training:
(1) Labor safety and health educational training shall be provided to new employees. The completion rate of occupational safety and health educational training for new employees in 2020 was 100%.
(2) The participation number for educational training related to occupational
</td><td></td></tr>
</table>

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<tr><th>Yes</th><th>No</th><th>Abstract Explanation 2</th></tr>
<tr><td></td><td></td><td></td><td>safety in 2020 was 1,494 people with training hours of 3,175.5 hours, including internal and external educational training courses (fire safety seminar, using AED, personnel practical training on using fire extinguisher, traffic safety promotional course, reinforcement of hazard communication on chemicals competency workshop) as well as the 4-hour firefighting accident exercise carried out the 924 employees in Tainan Plant.</td><td></td></tr>
<tr><td>(4) Does the company provide its employees with career development and training sessions?</td><td>v</td><td></td><td>The Company values the multiple trainings to talents with different competencies. We provide professional competency and core management competency trainings through seven key training systems (including new employee training system, professional training system, management training system, internal lecturer training system, quality training system, environment-safety-health and energy management training system, and general training system). Employees can enhance professional and management abilities through on-the-job training and the resources of internal & external training course.
In order to help employees to develop themselves as generalists, the Company arranges job rotation according to personal willingness to promote the flow of talents internally. There were 31 employees applying internal transfer in 2020, and 8 of them were transferred to different departments.
The Company also holds English courses irregularly and offers English test twice a year for colleagues to test their ability regularly. The cost on employee educational training in the Company in 2020 was around NT$13,015,000, and it grew 41.9% compared to the previous year. The table below presents training hours based on the training objects:
<table>
<tr><th>Item</th><th>Total participant (person)</th><th>Total training hours</th><th>Average training hours</th></tr>
<tr><td>Indirect Labor</td><td>954</td><td>28,798.64</td><td>30.19</td></tr>
<tr><td>Direct Labor</td><td>761</td><td>6,154.31</td><td>8.09</td></tr>
<tr><td>Subtotal</td><td>1,715</td><td>34,952.95</td><td>20.38</td></tr>
</table></td><td>No discrepancy</td></tr>
<tr><td>(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?</td><td>v</td><td></td><td>The Company complies with domestic legal rules and that in sales territories and international standards for customer health and safety, customer privacy, marketing and labeling on products and services provided.
The Company values customer health and safety and continues paying attention on the feedback from customer after using the product in order to implement that into product design at the early stage. We follow international regulations and verification mechanism approved by the safety certification in different</td><td>No discrepancy</td></tr>
</table>

Evaluation Item	Implementation Status 1			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation 2	
			countries, optimize product design, and enhance the convenience and security on customer operation and maintenance. In terms of customer privacy, we comply with all the confidential contracts and information signed with customers. The confidential work is carried out through business secret protective measures and well-prepared information security policies to avoid damage on the rights of customers. Documents related to products and projects are managed with the establishment of access permission. Non-project related personnel must not browse and download the information. The Company manages customer feedback based on quality management system and carries out necessary improvement. When receiving customer complaints, PM or business personnel shall understand the problems addressed by the customer first and then transfer the problem to customer service unit for handling. Customer service unit shall determine the type of customer complaint and coordinate relevant responsible unit to handle the problem in the shortest time until it is resolved in order to protect customer rights.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	v		The Company establishes "Operating Procedures for Supplier Evaluation" and "Operating Procedures for Purchase Management". A "Supplier Evaluation Team" that consists of units from design and R&D, purchasing, and supplier quality management is responsible for managing and evaluating new suppliers. The evaluating items include quality, environmental protection, employee health, and human rights. New suppliers must meet the requirements of ISO 9001, ISO 14001, IECQ QC 080000 and ISO 45001 verification systems as well as sign the declaration of non-use of hazardous substances to environment, RBA commitment letter, declaration of non-use of conflict minerals, and integrity policy letter. Except the manufacturers appointed by customers, all the supplies will be requested to sign affidavits for environment, labor safety, human rights, and morality to ensure suppliers comply with regulations related to issues of environmental protection, occupational safety and health, or labor rights. Supplier risk evaluation shall be carried out based on the five RBA dimensions every year, and audit plans on suppliers performing corporate sustainability and social responsibility shall be established. Any failure or defect shall be requested to be improved within specific time to ensure the implementation of each requirement. On-site audit and evaluation were carried out on 30 suppliers in 2020, and the defects found in the audit were mainly in the dimensions of		No discrepancy

Evaluation Item	Implementation Status 1			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation 2	
			environment and occupational safety. Auditing staff have communicated, supervised, and confirmed the improvement on relevant defects in the year.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party verification unit?	v		The Company has issued non-financial reports every year since 2020. The 2020 "Sustainability Report" followed GRI standards issued by Global Reporting Initiative for preparation and used core options as the principle of disclosure in the report. Wiwynn 2020 Sustainability Report has been verified according to the standard of AA1000 AS V3 by British Standards Institution (BSI) Taiwan Office and obtained independent third-party assurance statement (please refer to 2020 Sustainability Report appendix).	No discrepancy
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies: The Company has established "Corporate Social Responsibility Practice & Regulation" according to "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" for compliance, and there is no difference between the actual operation and the regulations established.				
7. Other useful information for explaining the status of corporate social responsibility practices: (1) Promoting public welfare and caring underprivileged groups: ‧ Participated in the charity program of "spreading seeds of reading and offering a great future to children" hosted by Global Views Educational Foundation and donated more than 1,000 magazines and monthly journals to 100 schools all over Taiwan. It is estimated that more than 1000 student benefited from it. ‧ Caring underprivileged groups and cooperated with two charity groups to carry out activities or purchase gifts for Chinese New Year. The statistics reveals that we purchased more than 2000 charity gifts in 2020, and the total amount was more than NT$600,000. (2) Contributing to community to achieve co-prosperity with the local: ‧ Manager of Tainan Plant led enthusiastic employees participated in the charity fun fair hosted by Southern Taiwan Science Park Bureau and set up a booth with partner suppliers. All the income was donated to charity to help the underprivileged groups near the science park for emergency. We aim to achieve intergrowth and co-prosperity with the local place. (3) Cooperation between industry and university to link students to workplace: ‧ The Company works with colleges and universities in Taiwan to provide intern project in order to offer students a stage to learn and to develop. In 2020, there were four intern students remaining in the post, helping to link excellent students to the workplace. (4) Healthy enterprise and friendly workplace: ‧ In response to COVID-19, we provide family care leave with half of the salary for employees with children under 12 years old to apply. In 2020, there were 17 employees applying for the scheme. The Company will continue planning friendly measures to achieve the vision of balance between family and work.				

3.4.7 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status [1]			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and program				
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	v		The Company establishes "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Codes of Ethical Conduct". They have been approved by the board and the policy of ethical management is disclosed in the internal regulations, annual report, and the Company website to make sure suppliers, customers, or other business-related institutions and personnel are able to clearly understand our philosophy and regulations in ethical management. The directors and senior management in the Company have issued a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.	No discrepancy
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	v		conduct in the internal regulations of " Procedures for Ethical Management and Guidelines for Conduct ", and " Codes of Ethical Conduct " and analyze and assess regularly the business activities within the business scope which are at a higher risk of being involved in unethical conduct as well as establish prevention programs accordingly covering the prevention measures for the behaviors specified in Article 7-2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".	No discrepancy
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	v		The Company established the operating procedures, guidelines for conduct, punishment for violation, and complaint system in the internal regulations of " Ethical Corporate Management Best Practice Principles ", " Procedures for Ethical Management and Guidelines for Conduct", and " Codes of Ethical Conduct " and will revise it in compliance relevant legal rules or the actual demand of company operation. Our "Code of Ethical Management", "Operating Procedures for Ethical Management and Guidelines for Conduct", and "Code of Ethics" have been approved the revision by the board on November 6th, 2019, December 24th, 2019 and March 20th, 2020 respectively.	No discrepancy
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	v		The Company establishes relevant assessment mechanism through internal regulations, including evaluating the legality and ethical management record of the dealing objects. If the objects of business interaction or cooperation involve with the facts of unethical conduct or violate relevant legal rules, the contract will be terminated or cancelled immediately, and the relevant provisions will be entered in individual business contract.	No discrepancy

(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	v		In order to strengthen the management of ethical management, the Company establishes "Ethical Corporate Management Best Practice Principles" with approval from the board of directors and sets up Department of Human Resource Management as the dedicated unit to be in charge of the establishment of ethical management policies and prevention programs and supervision of the implementation. The department reports to the board of directors regularly (at least once a year), and no violation has been found so far. The state of implementation of ethical management in the Company in 2020 is as below, and it has been reported to the board of director on January 19th, 2021. 1. Supplier commitment: Supplier's ethical policy letter is listed as one of the elements in selecting new suppliers for the Company. Current suppliers must also sign to commit that they will not conduct any behavior that involves direct or indirect offering, bribery, improper gifts, entertainment, and other conveyance of unjust interests to the employees or relatives and friends of the employees in the Company. In 2020, we issued 357 copies of "Supplier's Ethical Management Letter" and recovered 351 letters effectively with a conversion rate of 98%. 2. Educational training: To ensure employees fully understand relevant regulations, the Company carries out online "ethical conduct code educational training" to new employees as the threshold of passing the probation. There were 932 new employees participated in "ethical conduct code educational training" in 2020, and 925 of them completed the training with a completion rate of 99%. 3. External audit and continuous promotion in the regulations of receiving gifts. (1) In order to maintain the highest standard of the ethical conduct, we strictly forbid any form of bribery. The regulations of receiving gifts were restated before the three traditional festivals on January 6th, June 17th, and September 11th, 2020 respectively through internal emails and employee information portal to all the employees in Wiwynn. (2) We passed external customer audit in 2020 and carried out social, environment and ethics, and corruption risk evaluation internally through RBA's self-assessment questionnaire (SAQ). The evaluation revealed no critical risk, and we will continue mitigating the risks to effectively control potential risks.	No discrepancy
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	v		The Company establishes the policy of conflict of interests' prevention in the internal regulations of "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Codes of Ethical Conduct". Proper channels for statement have been provided based on the status of the stakeholders. The state of implementation of conflict of interests' avoidance for the meeting	No discrepancy

			topics at the board of directors in the Company in 2020 was disclosed on page 22-23 in the annual report. Any director who is the interested party of the topics for discussion will take an initiative to avoid participating in discussion and voting to strictly follow the policy of conflict of interests' prevention.	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	v		The Company has established effective accounting systems and internal control systems as well as ensure the design of the internal control system and its implementation continue being effective based on the items for effectiveness judgment of internal control system specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" In addition, The audit unit in the Company uses the annual self-assessment result from each unit of implementation as the basis of risk evaluation and establish audit plans as well as carry out regular audit. All of the financial statements in the Company have been audited by certified public accountants to ensure the fairness of each statement.	No discrepancy
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	v		The Company continues promoting the importance of ethical management through new employee training internal educational training, and various meetings. "Introduction of RBA code of conduct" and "code of ethical conduct educational training" are the compulsory courses for new employees. Besides, "Introduction of RBA code of conduct" is also the key item of re-training every year, and all employees must receive the training. We carried out online training on ethical conduct to all the employees in 2020, and there were 1,981 participants with total training hours of 738.75 hours. There were 1,528 employees receiving RBA courses with total training hours of 1,075.7 hours.	No discrepancy
3. Operation of the integrity channel				
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? (3) Does the company provide proper whistleblower protection?	v v v		The Company specifies concrete whistleblowing systems and reporting channels in "Procedures for Ethical Management and Guidelines for Conduct", "Codes of Ethical Conduct", and the ethical policy letter. It is explained below: (1) If the reported matter involves with general employees, it shall be submitted to the manager at the department, the highest manager at administrative and human resource unit, or the highest manager at the audit unit. (2) If the reported matter involves with directors or senior managers, it shall be submitted to the highest manager at the audit unit or the independent director. The manager or personnel who are submitted the report as above shall investigate the facts immediately. If necessary, request assistance from other relevant departments. The Company sets up the standard operating procedures for investigation on the reported matters received in "Procedures for Ethical Management and Guidelines for Conduct", and "Codes of Ethical Conduct". The case officer in charge of handling the reported matter shall keep the identity of the whistleblower and the reported content confidential with written statement. In order to adopt proper measures to protect the whistleblower, the Company also established "Whistleblower Protection and Counter Retaliation Management	No discrepancy No discrepancy No discrepancy

			Procedure" to promise protecting the whistleblower in good faith or those who participate in the investigation from improper handling due to the reported matter or from being retaliated.	
4. Strengthening information disclosure				
(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	v		The Company has disclosed the content of code of ethical management and the effectiveness of implementation on the annual report, the Company website, and Market Observation Post System.	No discrepancy
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. The Company has established "Ethical Corporate Management Best Practice Principles" based on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" for compliance, and there is no difference between the actual operation and the code established.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). The Company carries out social, environmental, and ethical risk evaluation based on the self-assessment questionnaire (SAQ) designed by RBA. In 2020, the Company achieved an average score more than 90 points in SAQ assessment score; all items were in low risk (≧85 points are regarded as low risk). Other than SAQ annual assessment, out Tainan Branch obtain golden certification on the validated audit process implemented by the third-party verification institution in 2019 and completed defect improvement to obtain the full point. Relevant information was disclosed transparently in RBA-Online platform.				

3.4.8 Corporate Governance Guidelines and Regulations:

Please refer to Wiwynn's website at http://www.wiwynn.com and Taiwan Stock Exchange Market Observation Post System(http://newmops.twse.com.tw).

3.4.9 Other Important Information Regarding Corporate Governance:

State of accounting officer and its deputy, internal audit manager, auditing personnel participating in further training in the most recent fiscal year:

Title	Name	Training date	Institutions	Course	Training hours
Accounting Officer	Wenifred Wen	2020.11.03-2020.12.04	Accounting Research and Development Foundation	Regulatory compliance audit practice of "Shareholders' Meeting" in the enterprise	12
				Common corporate governance defects in the enterprise and analysis on relevant laws	
				Case analysis on financial statement fraud and how-to interpreter key information on financial statements	
				Investigation of "Capital flow" in the financial statement fraud and case study of relevant legal responsibility	
Deputy of Accounting Officer	Lucy Chung	2020.11.04-2020.11.05	Accounting Research and Development Foundation	Consolidate finance	12
				International updates	
				Latest profit-seeking	
Internal Audit officer	Alec Lo	2020.10.22	The Institute of Internal Auditors, R.O.C.	Policy analysis on "enterprise self-prepared financial reports" and discussion of key points on internal audit and internal control practice	6
		2020.11.20		Information business verification practice seminar	6
Internal auditing personnel	Sandy Chin	2020.02.19	The Institute of Internal Auditors, R.O.C.	Seminar of enterprise new internal auditing personnel orientation training	18
		2020.09.15	The Institute of Internal Auditors, R.O.C.	Policy analysis of enterprises enhancing capability in self-preparing financial reports and discussion of key points of internal audit and internal control practice	6

3.4.10 The section on the state of implementation of the company's internal control system shall furnish the following:

1. Statement on Internal Control:

Wiwynn Corporation
Statement on Internal Control

Date: March 08,2021

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

1. Wiwynn'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.
2. 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. Nevertheless, our internal control system contains self-monitoring mechanisms, and Wiwynn takes immediate remedial actions in response to any identified deficiencies.
3. Wiwynn evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control:(1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Wiwynn has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Wiwynn believes that, as of December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Wiwynn's annual report for the year 2020 and Prospectus and is publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entrail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors in their meeting held on March 08, 2021, with none of the nine attending directors expressing dissenting opinions. All attending directors have affirmed the content of this Statement.

Wiwynn Corporation

Chairman: Simon Lin

Vice Chairman & CEO: Emily Hong

President: Sunlai Chang

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

3.4.11 If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement:

During the most recent fiscal year up to the publication date of the annual report, the insider in the Company was punished with a penalty of NT$80,000 due to violating Article 22-2 of Securities and Exchange Act for abnormal declaration on shareholding. The Company will continue strengthening the promotion on the legal rules related to insider's share transfer to reduce the violation to the law caused by unfamiliarity with the legal regulations.

3.4.12 Resolutions of the General Shareholders' Meeting and the Board of Directors Meeting

1. Resolutions of the General Shareholders' Meeting

<table>
<tr><th>Date</th><th>Major resolutions</th><th>Implementation status</th></tr>
<tr><td rowspan="7">2020.6.15</td><td>1. Ratification of 2019 Business Report and Statements.</td><td>It was approved as proposed.</td></tr>
<tr><td>2. Ratification of the proposal for distribution of 2019 profits.</td><td>It was approved as proposed. According to the resolution of the board of directors meeting on March 20th, 2020, the Chairman was authorized to set up July 11th, 2020 as the ex-dividend date and the cash dividend per share distributed in NT$22.99881606 to be issued fully before July 31st, 2020.</td></tr>
<tr><td>3. Ratification of amendments to the "Articles of Incorporation."</td><td>It was approved as proposed. The revised provisions have been published on the company website and implemented according to the procedures after revision.</td></tr>
<tr><td>4. Ratification of amendments to the "Rules and Procedures of Shareholders' Meeting."</td><td>It was approved as proposed. The revised provisions have been published on the company website and implemented according to the procedures after revision.</td></tr>
<tr><td>5. Ratification of amendments to the "The Election Regulations of Directors."</td><td>It was approved as proposed. The revised provisions have been published on the company website and implemented according to the procedures after revision.</td></tr>
<tr><td>6. The election of the Company's Fourth-term Board of Directors (including Independent Directors).</td><td>The list of elected directors and Independent directors has been announced as below:
<table>
<tr><th>Title</th><th>Name</th><th>Votes Received</th></tr>
<tr><td>Director</td><td>Simon Lin</td><td>154,867,250</td></tr>
<tr><td>Director</td><td>Emily Hong</td><td>140,289,770</td></tr>
<tr><td>Director</td><td>Frank Lin</td><td>134,918,263</td></tr>
<tr><td>Director</td><td>Sunlai Chang</td><td>134,822,500</td></tr>
<tr><td>Director</td><td>Steven Lu</td><td>134,375,144</td></tr>
<tr><td>Independent Director</td><td>Simon Zeng</td><td>134,298,221</td></tr>
<tr><td>Independent Director</td><td>Charles Kau</td><td>134,260,669</td></tr>
<tr><td>Independent Director</td><td>Cathy Han</td><td>133,164,096</td></tr>
<tr><td>Independent Director</td><td>Victor Cheng</td><td>132,886,474</td></tr>
</table>
Registration change to Ministry of Economic Affairs has been completed on June 30th, 2020.</td></tr>
<tr><td>7. Ratification of the removal of the non-compete restrictions on newly elected directors and their corporate representatives.</td><td>It was approved as proposed.</td></tr>
</table>

2. Material resolutions of board of directors meeting

Item	Date	Major resolutions	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
1st Board Meeting of 2020	2020.03.20	1. Approved the proposal of 2019 employee bonus and director remuneration distribution in the company.	v	Approved as proposed		
		2. Approved the proposal of 2020 annual salary adjustment for other managers in the Company excluding President & CEO.	v	Approved as proposed		
		3. Approved the preliminary proposal of 2020 annual performance bonus for other managers in the Company excluding President & CEO.	v	Approved as proposed		
		4. Approved the proposal of 2019 employee bonus ratio and amount for other managers in the company excluding President & CEO.	v	Approved as proposed		
		5. Approved the proposal of 2020 annual salary adjustment for President & CEO in the Company.	v	Approved as proposed		
		6. Approved the preliminary proposal of 2020 annual business performance bonus for President & CEO in the Company.	v	Approved as proposed		
		7. Approved the proposal of 2019 employee bonus ratio and amount for President & CEO in the Company.	v	Approved as proposed		
		8. Approved the proposal of 2019 Business Report for the company.			v	Approved as proposed
		9. Approved the proposal of 2019 individual financial statements and consolidated financial statements for the Company.			v	Approved as proposed
		10. Approved the setup of the capital increase base date for employee stock option certificates exchanging to ordinary share in the Company.				
		11. Approved the proposal of 2019 surplus distribution suggestion in the Company.			v	Approved as proposed
		12. Approved the revision of part of the provisions in "Articles of Incorporation".				
		13. Approved the revision of part of the provisions in the "Rules of Procedures for Shareholders' Meetings".				
		14. Approved the revision of part of the provisions in the "The Election Regulations of Directors".				
		15. Approved the early re-election of the 4th directors (including independent directors) in the Company.				

Item	Date	Major resolutions	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
1st Board Meeting of 2020	2020.03.20	16. Approved the proposal of nomination of candidate for the 4th directors (independent director) of the board in the Company.				
		17. Approved the proposal to the shareholder's meeting of cancelling the limitation on non-competition for the new directors and their legal representatives.				
		18. Approved the revision of part of the provisions in the "Procedures for Ethical Management and Guidelines for Conduct.				
		19. Approved the date, location, and reasons of 2020 general shareholders' meeting.				
		20. Approved the proposal of using the service of KPMG Taiwan as certified public accountants for 2020 financial statements audit in the Company.			v	Approved as proposed
		21. Approved the proposal of 2019 "Internal Control System Declaration" in the Company.			v	Approved as proposed
		22. Approved the proposal of revision of part of provisions in "Audit Committee Charter".				
		23. Approved the proposal of revision of part of the provisions in "Compensation Committee Charter".				
		24. Approved the post-event report of the equipment acquired from the supplier for business purpose for the Company.				
		25. Approved the post-event report for the disposal of equipment used for business purpose between the Company and the subsidiary.				
		26. Approved the proposal of loan applications to the bank.				
2nd Board Meeting of 2020	2020.05.08	1. Approved the proposal of the Company's 2020 Q1 consolidated financial statements.			v	Approved as proposed
		2. Approved the proposal of the ordinary bonds issued by the Company.			v	Approved as proposed
		3. Approved the authorization to Chairman to handle relevant responding matters to the pandemic for 2020 general shareholders' meeting.				
		4. Approved the setup of the capital increase base date for employee stock option certificates exchanging to ordinary share in the Company.				
		5. Approved the proposal of loan applications to the bank.				

Item	Date	Major resolutions	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
3rd Board Meeting of 2020	2020.06.15	1. Approved the election of Chairman for the Company.				
		2. Approved the election of Vice Chairman for the Company				
		3. Approved the employment of the 3rd Compensation Committee members for the Company	To elect the convener of the Compensation Committee	Mr. Charles Kau was elected as the convener and chairman by an agreement of all the members.	To elect the convener of the Audit Committee	Mr. Simon Zeng was elected as the convener and chairman by an agreement of all the members.
4th Board Meeting of 2020	2020.08.07	1. Approved the proposal of 2020 first half year performance bonus issuance to other managers in the Company excluding President & CEO.	v	Approved as proposed		
		2. Approved the proposal of 2020 first half year performance bonus issuance for President & CEO of the Company.	v	Approved as proposed		
		3. Approved the proposal of promoting Mr. Sunlai Chang to be President and Mr. Steven Lu as Senior President and the salary adjustments.	v	Approved as proposed		
		4. Approved the proposal of 2019 director remuneration payment.	v	Approved as proposed		
		5. Approved the revision of part of the provisions in the “Payment Principle for Directors and Functional Committee Remuneration”.	v	Approved as proposed		
		6. Approved the proposal of the company’s 2020 Q2 consolidated financial statements.			v	Approved as proposed
		7. Approved the revision of part of the provisions in “Code of Corporate Governance Practice” and the establishment Corporate Governance Officer.				
		8. Approved the revision of part of the provisions in the “Code of Corporate Social Responsibility Practice”.				
		9. Approved the revision of part of the provisions in the “Level of Authority Table”.			v	Approved as proposed
		10. Approved the post-event report of the disposal of equipment for business purpose between the Company and the subsidiary.				
		11. Approved the proposal of loan applications to the bank.				

Item	Date	Major resolutions	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
5th Board Meeting of 2020	2020.11.10	1. Approved the proposal of the Company's 2020 Q3 consolidated statements			v	Approved as proposed
		2. Approved the proposal of the Company's 2021 annual audit plan			v	Approved as proposed
		3. Approved to establish Corporate Sustainable Development Committee and the revision of part of provisions in the "Code of Corporate Social Responsibility Practice".				
		4. Approved the endorsement that the Company provided to the subsidiary, Wiwynn International Corporation.				
		5. Approved the proposal of loan applications to the bank.				
1st Board Meeting of 2021	2021.01.19	1. Approved the proposal of 2020 second half year business performance bones to other managers in the Company excluding CEO.	v	Approved as proposed		
		2. Approved the proposal of 2020 second half year business performance bonus to CEO in the Company.	v	Approved as proposed		
		3. Approved the proposal of the Company's 2021 annual business plan.			v	Approved as proposed
		4. Approved the case of obtaining use-of-rights asset from Wistron NeWeb Corporation which is the stakeholder of the Company.			v	Approved as proposed
		5. Approved the custom tax guarantee made by the Company.				
		6. Approved the proposal of loan applications to the bank.				
2nd Board Meeting of 2021	2021.03.08	1. Approved the proposal of 2020 employee bonus and director reward distribution.	v	Approved as proposed		
		2. Approved the proposal of annual salary adjustment for other managers in the Company excluding CEO.	v	Approved as proposed		
		3. Approved the preliminary proposal of 2021 annual business performance bonus to other managers in the Company excluding CEO.	v	Approved as proposed		
		4. Approved the proposal of 2020 employee bonus ratio and amount to other managers in the Company excluding CEO.	v	Approved as proposed		
		5. Approved the proposal of 2021 annual salary adjustment for CEO of the Company.	v	Approved as proposed		
		6. Approved the preliminary proposal of 2021 annual business performance bonus to CEO of the Company.	v	Approved as proposed		

Item	Date	Major resolutions	Compensation Committee		Audit Committee	
			Agenda	Resolutions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions
2nd Board Meeting of 2021	2021.03.08	7. Approved the proposal of 2020 employee bonus ratio and amount for CEO of the Company	v	Approved as proposed		
		8. Approved the revision of part of the provisions in the "Payment Principle for Director and Functional Committee Remuneration".	v	Approved as proposed		
		9. Approved the Company's 2020 business report.			v	Approved as proposed
		10. Approved the Company's 2020 individual financial statements and consolidated financial statements.			v	Approved as proposed
		11. Approved the proposal of 2020 surplus distribution.			v	Approved as proposed
		12. Approved the revision of part of the provisions in the "Rules of Procedures of Shareholders' Meetings".				
		13. Approved the revision of part of provisions in the "The Election Regulations of Directors".				
		14. Approved the cancellation of limitation on non-competition for the directors and their legal representatives.				
		15. Approved the date, location, and reasons for 2021 general shareholders' meeting.				
		16. Approved the proposal of using the service of KPMG Taiwan as certified public accountants for 2021financial statements audit in the Company			v	Approved as proposed
		17. Approved the proposal of 2020 "Internal Control System Declaration" in the Company			v	Approved as proposed
		18. Approved the capital increase in USD15 million to the subsidiary, Wiwynn Technology Service Malaysia SDN. BHD. (in short, WYMY)			v	Approved as proposed
		19. Approved the proposal of "Corporate Sustainable Development Committee Charter".				
		20. Approved the proposal of loan applications to the bank				

3.4.13 During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

3.4.14 Summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
President & CEO	Emily Hong	2012.04.02	2020.08.07	position adjustment (Note1)
Senior Vice President & CTO	Sunlai Chang	2012.04.02	2020.08.07	position adjustment (Note2)

Note 1: The Company’s board of directors has approved a resolution. Ms. Emily Hong, President & CEO, is exempt from serving as President, and Mr. Sunlai Chang, Senior Vice President & CTO, has been promoted to President.

Note 2: Mr. Sunlai Chang, Senior Vice President & CTO, has been promoted to President and is exempt from serving as CTO.

3.5 Information Regarding the Company's Audit Fee and Independence

3.5.1 Audit Fee:

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remark
KPMG	TANG,CHIA-CHIEN	HUANG, MING-HUNG	2020/01~2020/12	None

Audit Fee brackets table

Unit: NT$ thousands

Fee Range \ Fee Items		Audit Fee	Non-audit Fee	Total
1	Under NT$ 2,000,000			
2	NT$2,000,001 ~ NT$4,000,000			
3	NT$4,000,001 ~ NT$6,000,000			
4	NT$6,000,001 ~ NT$8,000,000	v		7,080
5	NT$8,000,001 ~ NT$10,000,000			
6	Over NT$100,000,000			

1. When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: None.

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remark
			System of Design	Company Registration	Human Resource	Others	Subtotal		
KPMG	TANG,CHIA-CHIEN HUANG, MING-HUNG	7,080	0	0	0	0	0	2020/01~ 2020/12	None

2. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: It is not applicable due to the Audit Fee is NT$6,800 in 2019 .

3.6 Information on replacement of certified public accountant:

1. Regarding the former CPA

<table>
<tr><td>Replacement Date</td><td colspan="3">March 20, 2019</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="3">The original CPAs of the Company were Ya-Ling Chen and Chia-Hsin Chang from KPMG Accounting Firm. Due to internal position adjustment at KPMG Accounting Firm, beginning first Quarter of 2019, the CPAs of the Company were changed to Tang, Chia-Chien and Huang, Ming-Hung.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated, or the CPA did not accept the appointment</td><td>Parties / Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td>Termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>No longer accepted (continued) appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="3">None</td></tr>
<tr><td rowspan="6">Differences with the company</td><td rowspan="4">Yes</td><td>-</td><td>Accounting principles or practices</td></tr>
<tr><td>-</td><td>Disclosure of Financial Statements</td></tr>
<tr><td>-</td><td>Audit scope or steps</td></tr>
<tr><td>-</td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">v</td></tr>
<tr><td colspan="3">Remarks/specify details: None.</td></tr>
<tr><td>Other Revealed Matters</td><td colspan="3">None</td></tr>
</table>

2. Regarding the successor CPA

Name of accounting firm	KPMG Accounting Firm
Name of CPA	TANG,CHIA-CHIEN HUANG, MING-HUNG
Date of appointment	March 20, 2019
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA’s written opinion of disagreement toward the former CPA	None

3. The former accountant's reply to item A and item B-c of paragraph 6 of Article 10 of the Regulations: None.

3.7 The Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed:

None.

3.8 Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year and during the current fiscal year up to April 17th, 2021.

1. Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2020		2021(As of April 17)	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Wistron Corporation Representative : Simon Lin	(247,000)	0	(2,000)	0
Vice Chairman	Emily Hong	0	0	0	0
Director	Wistron Corporation Representative : Frank Lin	(20,000)	0	(10,000)	0
Director	Sunlai Chang	0	0	245,000	0
Director	Steven Lu	(295,059)	0	0	0
Independent Director (Note 1)	Charles Kau	0	0	0	0
Independent Director (Note 2)	Paul Lin	0	0	—	—
Independent Director	Simon Zeng	0	0	0	0
Independent Director	Cathy Han	0	0	0	0
Independent Director	Victor Cheng	0	0	0	0
Vice President	Robin Wang	(30,000)	0	(31,000)	0
Vice President	Joe Chiao	(303,000)	0	(46,000)	0
Chief Financial Officer	Harry Chen	230,000	460,000	0	0
Accounting Officer	Wenifred Wen	(73,000)	0	(6,000)	0
The Shareholder holding greater than 10 percent	Wistron Corporation	0	0	0	0

Note 1: Mr. Charles Kau was elected by 2020 General Shareholder's Meeting on June 15th.

Note 2: Mr. Paul Lin was discharged after re-election of all directors at 2020 General Shareholder's Meeting on June 15th.

2. Shares Trading with Related Parties:

Name	Reason for Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT$)
Steven Lu	Gift	2020.04.08	HONG, BI-YING	Spouse	295,059	None
Sunlai Chang	Gift	2020.05.11	LIN, JYUN-YI	Spouse	245,000	None

3 Shares Pledge with Related Parties: None.

3.9 Relationship among the Top Ten Shareholders

April 17, 2021

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Wistron Corporation Representative: Simon Lin	78,418,129	44.85%	0	0%	0	0%	Simon Lin	Chairman of Wistron Corporation	None
WLB Ltd. Representative: Frank Lin	5,888,927	3.37%	0	0%	0	0%	Wise Cap Limited	Wise Cap Limited's affiliates	None
Simon Lin	5,346,111	3.06%	0	0%	0	0%	Wistron Corporation	Chairman	None
Wise Cap Limited Representative: Frank Lin	4,470,513	2.56%	0	0%	0	0%	Wistron Corporation	Wistron Corporation's affiliates	None
Emily Hong	2,613,624	1.49%	402,968	0.23%	0	0%	None	None	None
ROBECO CAPITAL GROWTH FUNDS	2,241,000	1.28%	0	0%	0	0%	None	None	None
PICTET- ASIAN EQUITIES EX JAPAN	1,415,659	0.81%	0	0%	0	0%	None	None	None
Lazard Emerging Markets Portfolio	1,220,000	0.70%	0	0%	0	0%	None	None	None
KUWAIT INVESTMENT AUTHORITY KIA-- Blackrock Investment Management (UK) Limited as external fund manager	1,201,715	0.69%	0	0%	0	0%	None	None	None
VANGUARD EMERGING MARKETS STOCK INDEX FUND A SERIES OF VANGUARD INTERNATIONAL	1,137,280	0.65%	0	0%	0	0%	None	None	None

3.10 Ownership of Shares in Affiliated Enterprises:

December 31, 2020
Unit: thousands of shares, %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Wiwynn Technology Service Japan, Inc. (WYJP)	-	100.00%	0	0%	-	100.00%
Wiwynn International Corporation (WYUS)	169,010	100.00%	0	0%	169,010	100.00%
Wiwynn Technology Service Hong Kong Limited (WYHK)	400	100.00%	0	0%	400	100.00%
Wiwynn Korea Ltd. (WYKR)	20	100.00%	0	0%	20	100.00%
Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	2,050	100.00%	0	0%	2,050	100.00%
Wiwynn Mexico S.A. de C.V.(WYMX)	31,053	100.00%	0	0%	31,053	100.00%
Wiwynn Technology Service Kun Shan Ltd. (WYKS)	-	100.00%	0	0%	-	100.00%

Note: Long-term Investments Accounted for Using Equity Method of the Company.

IV. Company Shares and Fund Raising

4.1 Capital and Shares

4.1.1 Source of capital stock

1.Issued Shares

Unit: NT$ thousands, thousands Shares

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2012/03	10	30,000	300,000	9,500	95,000	Established with registered capital of NT$95,000,000	0	Date: 2012.03.03, Ref. No.1015012100 of registration approved by New Taipei City Government Economic Development Department
2012/11	10	30,000	300,000	10,000	100,000	Capital increase by cash of NT$5,000,000	0	Date: 2012.11.05, Ref. No.1015069070 of registration approved by New Taipei City Government Economic Development Department
2014/07	18.1	150,000	1,500,000	30,000	300,000	Capital increase by cash of NT$200,000,000	0	Date: 2014.07.15 Ref. No.1035164614 of registration approved by New Taipei City Government Economic Development Department
2014/09	10	150,000	1,500,000	36,000	360,000	Capital increase by retained earnings of NT$60,000,000	0	Date: 2014.09.25 Ref. No.1035182248 of registration approved by New Taipei City Government Economic Development Department
2015/08	10 17.4	150,000	1,500,000	42,025	420,245	Capital increase by retained earnings of NT$54,000,000 Capital increase by employee bonus of NT$60,245,000	0	Date: 2015.08.18, Ref. No.1045173275 of registration approved by New Taipei City Government Economic Development Department
2016/07	10	150,000	1,500,000	58,834	588,343	Capital increase by retained earnings of NT$168,098,000	0	Date: 2016.07.11 Ref. No.10501159110 of registration approved by MOEA
2016/10	20	150,000	1,500,000	88,834	888,343	Capital increase by cash of NT$300,000,000	0	Date: 2016.10.20, Ref. No.10501244580 of registration approved by MOEA
2017/04	10.6	150,000	1,500,000	88,970	889,703	Capital increase by employee stock option of NT$1,360,000	0	Date: 2017.04.24 Ref. No.10601049520 of registration approved by MOEA
2017/07	10 10.6	150,000	1,500,000	102,317	1,023,174	Capital increase by retained earnings of NT$133,251,000 Capital increase by employee stock option of NT$220,000	0	Date: 2017.07.21 Ref. No.1060109988 of registration approved by MOEA
2017/09	10 21.7	150,000	1,500,000	105,449	1,054,494	Capital increase by employee stock option of NT$570,000 Capital increase by employee stock option of NT$30,750,000	0	Date: 2017.09.13 Ref. No.10601131740 of registration approved by MOEA
2017/12	10 21.7	150,000	1,500,000	106,077	1,060,774	Capital increase by employee stock option of NT$340,000 Capital increase by employee stock option of NT$5,940,000	0	Date: 2017.12.26 Ref. No.10601175320of registration approved by MOEA
2018/03	120 10 21.7	150,000	1,500,000	126,330	1,263,304	Capital increase by cash in NT$200,000,000 Capital increase by employee stock option of NT$1,130,000 Capital increase by employee stock option of NT$1,400,000	0	Date: 2018.03.31 Ref. No.10701030510 of registration approved by MOEA
2018/05	10 21.7	150,000	1,500,000	126,440	1,264,404	Capital increase by employee stock option of NT$720,000 Capital increase by employee stock option of NT$380,000	0	Date: 2018.05.14 Ref. No.10701052230 of registration approved by MOEA
2018/07	10	150,000	1,500,000	126,465	1,264,654	Capital increase by employee stock option of NT$250,000	0	Date: 2018.07.27 Ref. No.10701087750 of registration approved by MOEA
2018/08	10	250,000	2,500,000,	151,985	1,519,847	Capital increase by retained earnings of NT$255,193,000	0	Date: 2018.08.21 Ref. No.10701099220 of registration approved by MOEA
2019/01	10 18.1	250,000	2,500,000,	152,029	1,520,287	Capital increase by employee stock option of NT$230,000 Capital increase by employee stock option of NT$210,000	0	Date: 2019.01.15 Ref. No.10701165000 of registration approved by MOEA
2019/04	248 10 18.1	250,000	2,500,000,	174,511	1,745,107	Capital increase by cash of NT$188,100,000 Capital increase by employee stock option of NT$2,470,000 Capital increase by employee stock option of NT$34,250,000	0	Date: 2019.04.16 Ref. No.10801037160 of registration approved by MOEA
2019/05	10 18.1	250,000	2,500,000,	174,543	1,745,427	Capital increase by employee stock option of NT$20,000 Capital increase by employee stock option of NT$300,000	0	Date: 2019.05.17 Ref. No.10801053940 of registration approved by MOEA
2019/12	10 17.3	250,000	2,500,000,	174,614	1,746,137	Capital increase by employee stock option of NT$130,000 Capital increase by employee stock option of NT$580,000	0	Date: 2019.12.09 Ref. No.10801165460 of registration approved by MOEA
2020/01	17.3	250,000	2,500,000,	174,637	1,746,367	Capital increase by employee stock option of NT$230,000	0	Date: 2020.01.15 Ref. No.10901003070 of registration approved by MOEA
2020/04	10 17.3	250,000	2,500,000,	174,832	1,748,317	Capital increase by employee stock option of NT$400,000 Capital increase by employee stock option of NT$1,550,000	0	Date: 2020.04.13 Ref. No.10901055270 of registration approved by MOEA
2020/06	17.3	250,000	2,500,000,	174,841	1,748,407	Capital increase by employee stock option of NT$90,000	0	Date: 2020.06.01 Ref. No.10901081840 of registration approved by MOEA

Note: Ministry of Economic Affairs (MOEA in short)

2. Type of Stock

Share Type	Authorized Capital				Remark
	Issued Shares		Un-issued Shares	Total Shares	
	Listed	Non-listed			
Common Shares	174,840,791	0	75,159,209	250,000,000	None

3. Information for Shelf Registration: None.

4.1.2 Status of Shareholders

April 17,2021

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	4	13	87	5,479	674	6,257
Shareholding (shares)	1,442,000	1,474,970	91,838,402	26,286,580	53,798,839	174,840,791
Percentage	0.82%	0.84%	52.53%	15.03%	30.77%	100.00%

4.1.3 Shareholding Distribution Status

1. Common Shares:

April 17,2021

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	2,669	259,702	0.15%
1,000 ~ 5,000	2,700	4,433,551	2.54%
5,001 ~ 10,000	284	2,174,122	1.24%
10,001 ~ 15,000	109	1,385,315	0.79%
15,001 ~ 20,000	75	1,322,582	0.76%
20,001 ~ 30,000	78	1,898,796	1.09%
30,001 ~ 50,000	86	3,412,823	1.94%
50,001 ~ 100,000	91	6,413,144	3.67%
100,001 ~ 200,000	66	9,627,799	5.51%
200,001 ~ 400,000	48	13,151,040	7.52%
400,001 ~ 600,000	21	10,269,671	5.87%
600,001 ~ 800,000	9	6,289,650	3.60%
800,001 ~ 1,000,000	8	7,111,495	4.07%
1,000,001 or over	13	107,091,101	61.25%
Total	6,257	174,840,791	100.00%

2. Preferred Shares: None.

4.1.4 List of Major Shareholders

April 17,2021

Shareholder's Name	Shareholding	
	Shares	Percentage
Wistron Corporation	78,418,129	44.85%
WLB Ltd.	5,888,927	3.37%
Simon Lin	5,346,111	3.06%
Wise Cap Limited	4,470,513	2.56%
Emily Hong	2,613,624	1.49%
ROBECO CAPITAL GROWTH FUNDS	2,241,000	1.28%
PICTET- ASIAN EQUITIES EX JAPAN	1,415,659	0.81%
Lazard Emerging Markets Portfolio	1,220,000	0.70%
KUWAIT INVESTMENT AUTHORITY KIA--Blackrock Investment Management (UK) Limited as external fund manager	1,201,715	0.69%
VANGUARD EMERGING MARKETS STOCK INDEX FUND A SERIES OF VANGUARD INTERNATIONAL	1,137,280	0.65%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$

Items			2019	2020	2021 (As of March 31)
Market Price per Share		Highest Market Price	642.00	888.00	912.00
		Lowest Market Price	300.50	565.00	682.00
		Average Market Price	433.70	735.57	810.55
Net value per Share		Before Distribution	115.78	140.21	(Note 2)
		After Distribution	92.75	(Note 1)	-
Earnings per Share		Weighted Average Shares (thousand shares)	169,382	174,812	-
		Earnings Per Share	36.42	49.25	(Note 2)
Dividends per Share	Cash Dividends		22.99882	32 (Note1)	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment		Price / Earnings Ratio	11.91	14.94	-
		Price / Dividend Ratio	18.86	22.99	-
		Cash Dividend Yield Rate	5.30%	4.35%	-

Note 1: The proposal for distribution of 2020 profits has not yet been approved by the shareholders' meeting Approval.

Note 2: Up to the printing date of the company annual report, the quarterly report for Q1 in 2020 has not been reviewed by CPAs.

4.1.6 Dividend Policy and Implementation Status

1. Dividend Policy

   (1) If the Company has net profit as a result of the yearly accounting closing, the Company shall pay all taxes and duties and offset its losses in precious years, then set aside a legal capital reserve at ten percent (10%) of the net profit, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge, then appropriate not less than ten percent (10%) of the remaining balance plus undistributed earnings in begin of period are available for distribution as dividends to shareholders. The Board of Directors may propose the distribution for approval in the shareholders' meeting.

   (2) In consideration that the Company is in a capital and technology-intensive industry and in consideration of the Company's expansion and for its continual and steady growth, a long-term investment plan needs to be adopted, therefore, the Company adopts the residual dividend policy as its dividend policy. Dividends paid by cash shall not be less than ten percent (10%) of the total dividends.

2. Proposed Distribution of Dividend

   (1) The distributable surplus in 2020 is NT$11,717,777,633, and it is planned to issue cash dividend of NT$5,594,905,312 to shareholders. The undistributed surplus by the end of the period is NT$6,122,872,321.

   (2) The proposal of 2020 annual surplus distribution has been approved by the board of directors on March 8th, 2021. The chairman will determine the ex-dividend date after it is approved by the resolution of general shareholder's meeting on June 16th, 2021.

3. If a material change in dividend policy is expected, provide an explanation: None.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

It is not applicable because the Company only issued cash dividend in 2020 and the financial forecast for 2021 is not published.

4.1.8 Compensation of Employees and Directors

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

   If the Company has net profit as a result of the yearly accounting closing, (profit means the profit before tax, excluding the amounts of employees' and directors' compensation) such profit will be distributed in accordance with the following, once the Company's accumulated losses shall have been covered.

   (1) No less than five percent (5%) of profit as employees' compensation. The employees' compensation may be distributed in the form of shares or in cash. The qualification requirements of employees, including the employees from the Company's controlling companies or subsidiaries, which are entitled to receive compensation, shall be determined by the Board of Directors;

   (2) No more than one percent (1%) of profit as the compensation in cash to the directors.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   If there would be any differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of Directors, if any, shall be accounted for as a change in accounting estimate and recognized as profit or loss in following year.

3. Information on any approval by the board of directors of distribution of compensation:

   (1) The amount of employee compensation distributed in cash was NT$571,500,000 and the amount of director compensation was NT$25,025,040. It has no difference with the

expense recognized in 2020 financial statements.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

4. The actual distribution of employee, director compensation for the previous fiscal year, and, if there is any discrepancy between the actual distribution and the recognized employee, director compensation, additionally the discrepancy, cause, and how it is treated:

Unit: NT$

Item	2020	
	Board Resolution Amount (NT$)	Actual Distribution Amount (NT$)
Employees' Compensation in Cash	407,000,000	407,000,000
Directors' Compensation in Cash	18,173,973	18,173,973
Total	425,173,973	425,173,973

Note: There is no difference between the BOD's proposed amount of compensation to be distributed to employees and directors and the amount listed in the financial statements.

4.1.9 Treasury Stock: None.

4.2 Issuance of Corporate Bonds

1. Corporate Bonds

Corporate Bond Type		Wiwynn Corporation 1st Unsecured Corporate Bond issue in 2020
Issue date		2020.10.20
Denomination		NT$1,000,000
Issuing and transaction location		TPEx (OTC)
Issue price		Issue by denomination
Total price		NT$5,000,000,000
Coupon rate		0.83%
Tenor		5 years Maturity: 2025.10.20
Guarantee agency		None
Consignee		Bank SinoPac
Underwriting institution		Taishin International Bank
Certified lawyer		Handsome Attomeys-at-Law Lawyer: Mr. PENG, YI-CHENG
CPA		KPMG CPA: Mr. TANG, CHIA-CHIEN
Repayment method		50% respectively for the 4th and 5th year.
Outstanding principal		NT$5,000,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		Name of credit rating agency: Taiwan Ratings Rating date: 2020.09.01 Rating of Corporate Bonds: twA
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	No applicable
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

2. Convertible Bonds: None.
3. Exchangeable Bonds: None.
4. Shelf Registration for Issuing Bonds: None.
5. Corporate Bonds with Warrants: None.

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depositary Shares: None.

4.5 Employee Stock Options

1. The annual report shall disclose unexpired employee subscription warrants issued by the company in existence as of the date of publication of the annual report and shall explain the effect of such warrants upon shareholders' equity.

April 30,2021

Type of Stock Option	1st employee stock option in 2017	
Approval date	No applicable	
Issue date	2017.06.20	
Units issued	8,000,000 Unit	
Shares of stock options to be issued as a percentage of outstanding shares	4.58%	
Duration	3 years	
Conversion measures	New issuance of Shares	
Conditional conversion periods and percentages	Conditional conversion periods	Conditional conversion percentages (Cumulation)
	2017.08.01	1/2
	2019.02.01	2/2
Converted shares	7,541,000	
Exercised amount	150,048,100	
Number of shares yet to be converted	459,000	
Adjusted exercise price for those who have yet to exercise their rights	17.3	
Unexercised shares as a percentage of total issued shares	0.26%	
Impact on possible dilution of shareholdings	As of the publication date of the annual report, the unexercised subscription of 459,000 shares exceeded the expiration date of their respective stock option certificates, and therefore they are expired in full.	

2. The annual report shall disclose the names of top-level company executives holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives as of the date of publication of the annual report.

1st employee stock option in 2017

April 30,2021

	Title	Name	No. of Stock Options (shares)	Stock Options as a Percentage of Shares Issued	Exercised				Unexercised			
					No. of Shares Converted (shares)	Strike Price (NT$)	Amount (NT$ thousands)	Converted Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price (NT$)	Amount (NT$ thousands)	Converted Shares as a Percentage of Shares Issued
Executive officers	Vice Chairman & CEO	Emily Hong	350,000	0.20%	350,000	17.3-21.7	6,905,000	0.20%	0	17.3	0	0.00%
	President	Sunlai Chang										
	Vice President	Robin Wang										
	Sr. Vice President	Steven Lu										
	Vice President	Joe Chiao										
	Executive Director (Note)	Min Chao										
	Chief Financial Officer	Harry Chen										
Employees	Sr. Manager	Bing Wu	1,590,000	0.91 %	1,590,000	17.3-21.7	31,365,000	0.91%	0	17.3	0	0.00%
	Sr. Manager	Audrey Sun										
	Director	Alec Lo										
	Sr. Manager	Wenifred Wen										
	Chief Information Officer	James Wen										
	Sr. Manager	Ron Wei										
	Technical Manager	Jackie Lee										
	Director (Note)	Zoe Lan										
	Director	Andy Hsu										
	Director (Note)	Jessica Yu										
	Technical Manager	Belin Huang										
	Director (Note)	Jacky Chan										
	Director (Note)	Estela Shih										
	Senior Director	Harold Liu										
	Sr. Manager	Allen Tang										
	Sr. Manager	Swallow Chang										
	Sr. Manager	Bey Yu										
	Director	CH Hsieh										
	Sr. Manager	Geon Liao										
	Sr. Technical Director	Eric Wu										
	Sr. Manager	Richard Yeh										
	Director	Aldofo Lin										
	Sr. Manager	Delphine Chiu										
	Sr. Manager	Jacky Huang										
	Director	Hope Huang										
	Director	Terry Hou										
	Director	Book Kao										
	Sr. Manager	Yun Tsai										
	Sr. Manager	Kevin Wang										
	Sr. Manager	John Lin										
	Director	Tommy Chen										
	Strategic Sourcing Manager	Jovi Chou										
	Sr. Strategic Sourcing Manager	Dennis Chang										
	Director	Amy Yu										
	Sr. Technical Manager	Huberson Su										
	Technical Manager	Chingan Lee										
	Director	Dover Liu										
	Senior Director	Ted Pang										
	Sr. Sales Manager	Jerry Huang										

Note: Resigned.

4.6 Issuance of new restricted employee shares: None.

4.7 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

4.8 Implementation of the company's capital allocation plans: None.

V. Operational Highlights

5.1 Business content

5.1.1 Scope of business

1. Major content of business in the Company

The main business items in the Company include the research, development, design, testing, and sales of the following products, semi-products & the peripheral equipment, and components:

(1) Computers and Computing Peripheral Equipment
(2) Data Storage Media
(3) Electric Appliance and Audiovisual Electric Products
(4) Computer Software
(5) Concurrent operation of importing and exporting trade related to the business in the Company.
(6) Management Consulting Services
(7) Software Design Services
(8) Data Processing Services

2.Percentage of business revenue

Unit: NT$ thousands, %

Year / Type of Product	2019		2020	
	Revenue	Ratio (%)	Revenue	Ratio (%)
Hyperscale data center	163,600,423	100.00%	186,927,647	100%

3. Current product (service) items in the Company

The Company is a supplier of cloud computing infrastructure solution and provides solutions for various products and systems of hyperscale data center and cloud infrastructure with innovative technologies. Current main product and service items as listed below:

(1) 21” Products
A. Multi-node Sever: SV7220G3, SV7221G2, SV7100G2
B. Storage Sever: SV7000G2
C. All-flash NVMe JBOF: ST7200
D. Storage: ST7000G2
E. Open Rack Accessory: SR1200G2

(2) 19” Products
A. Multi-node Sever: SV302G3
B. Multi-purpose Sever: SV300G3
C. Edge Platform: EP100, ES200
C. All-flash NVMe JBOF: ST5100
D. Rack Accessory: SR2000G2

(3) Accessory
A. OCP Mezzanine Network Card: NM10GR, NM1GR
B. PCIe Storage Card: P08M2, P16M4, P16RC

(4) Software & Services
A. Rack Integration Service: P08M2
B. Cluster Manager

4. Scheduled new products and services development.

(1) Cloud computing server development

(2) Application technology related to cloud

(3) Solution related to Rack

(4) Solution related to system integration

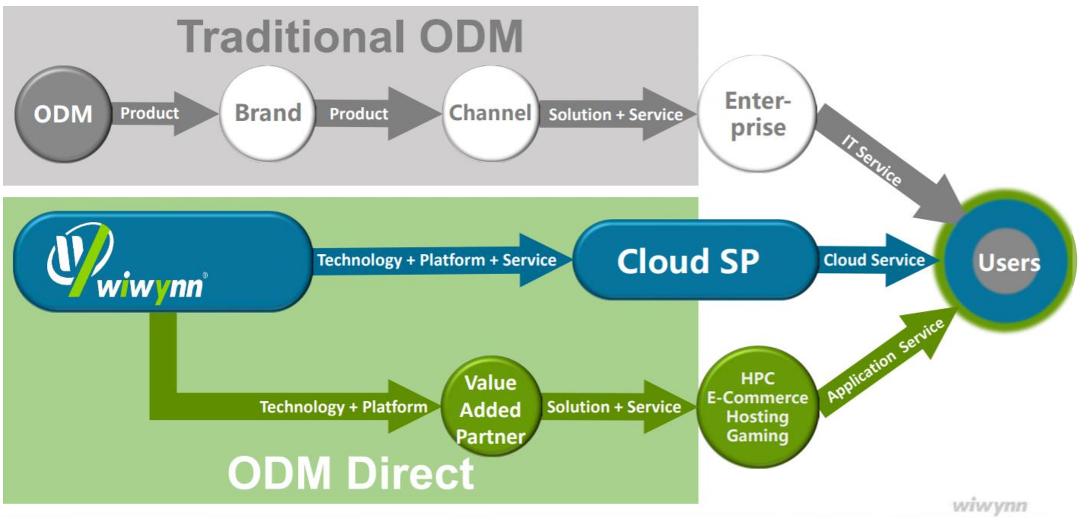
5.1.2 Industry Overview

1. Current situation and development in the industry

Along with the enhancement of hardware & software technology and the development of internet in recent years, the demands on "services" from enterprises and consumers continue increasing. It further promotes the merging of service-oriented architecture (SOA) gradually and makes the concepts of cloud computing service getting popular. The development and innovation of various cloud services bring the change of lifestyle, and demand of global network resources grows rapidly. In addition, with the popularity of streaming media services and the enhancement of high-resolution permeability, video has become the item that accounts for the biggest network flow and continued leading the growth of network flow. The demands in data transmission, storage, and computing it brings are the important business opportunities for network platform providers (Facebook, Apple, Amazon, Google, Microsoft, Baidu, Alibaba, and Tencent). Therefore, it drives the demand of constructing large-scale data center. Cloud computing becomes one of the important global issues.

With the impact of industrial transformation and the increase of the penetration rate of smart endpoint device, most services are integrated via servers, especially the services that require huge data for computing. Driven by virtualized platforms and cloud storage, the demand in server is increasing.

OCP (open computing project) alliance that is with Facebook as the leader establishes matching regulations for standard servers to respond to the industrial trend. Enterprises that use huge amount of equipment in data centers like Google, Facebook and Microsoft and are equipped with the capability of R&D and design have developed new business cooperation model of ODM-Direct Sales in recently years instead of working with server manufacturers or system integrators. ODM-Direct Sales can enter the market in the shortest time with the high flexibility and adaptability to changes. It offers better expandability and provides excellent performance for workload optimization to hugely reduce the cost of possession. Benefited from the expansion of hyperscale data center promoted by artificial intelligence and internet of things, the ratio of shipment with the model of "ODM-Direct Sales" in global markets is enhancing every year. The illustration of business model of ODM and of ODM Direct is shown as below:

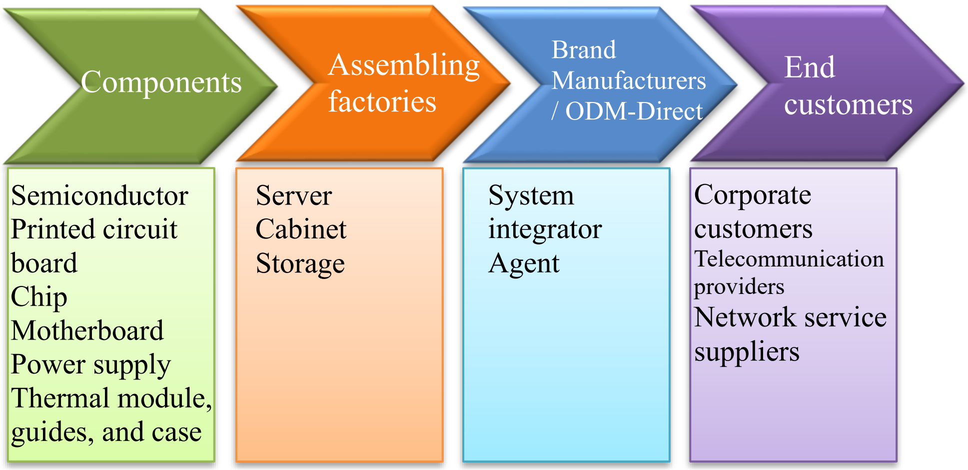


Wiwynn provides products and system solutions to hyperscale data centers. With abundant experience accumulated from working with the industry and the excellent R&D team, we provide services to world-leading cloud service providers in an innovative business model. The Company has devoted to open computing project for a long time and actively participated in product design and engineering forum to satisfy the demands in computing effectiveness, storage capacity, power efficiency, and cooling effectiveness demanded by our data center customers. We have obtained the business results gradually. Other than our visibility is hugely enhanced, the quality of our products also receives recognition from our customers all over the world.

Look into future, cloud industry will still present high growth. With the mature of 5G technology, new applications in self-driving cars, internet of things, and smart cities will be flourishing through the high-speed transmission characteristics of the 5G network. The enormous data volume will definitely further boost the edge computing and the hardware demand in cloud computing data center, and we will continue investing economic growth in relevant industries. Wiwynn will carry on developing innovative software and hardware products to serve the customer group of world-leading data centers and become the important working partners with our customers.

2. Relevance among upstream, midstream, and downstream in the industry

Analysis of industrial chain in cloud servers: The diagram of industrial chain structure among components in upstream, assembling factories in midstream, and brand manufacturers and ODM Direct in downstream is shown as below:



3. Various development trends and competitions of products

With excellent virtualization services and high scalability, cloud computer architecture can support more workload than traditional data centers. Therefore, more and more enterprises transfer their core businesses to cloud data center. It promotes the rapid growth of cloud traffic.

In order to significantly enhance management flexibility, international cloud data centers develop towards "software definition". With the technology of software definition, the infrastructure of the whole cloud data center is not controlled by manpower and hardware; instead, it is monitored by software. The resource management of computing, storage, network connection, security setup, and availability setup are centralized, abstracted, and fully automatic to rapidly adapt to the workload required and provide cloud application services in the most efficient way. On the other hand, under the concept of open-source sharing, "The Open Group" (such as Open Compute Project, OpenStack and OpenDaylight) speeds up the efficiency of cloud industry technology development and hugely reduces the cost for project development. Meanwhile, it considers both compatibility and replaceability so that the target market for products will not be limited to regions and can be expanded globally. This has become the important strategic direction for marketing in the global cloud computing markets.

Currently, the industry is moving towards cloud while the devices are developed in different forms. Cloud computing deconstructs the structure of information industrial value chain and activates the era of competition focusing on software and hardware integration, high added value and service transformation and upgrading. Moreover, power supply and cooling technology have always been the key elements to lower the total cost of ownership (TCO) for data center customers. To maintain the competitiveness of products, we not only invest resources on product innovative design with features of energy saving and modules but also expand product differentiation through added value enhanced from high system integration and testing ability. Only by providing customers comprehensive solutions, we can stand out in the competitive environment varying from minute to minute.

In addition, along with the mature of cloud services, the new technology of edge computing for next generation extended cloud services emerges as the times require. Edge computing is a distributed computing architecture close to computer terminal and able to pre-process the data distributed in the terminal in the near-end equipment to achieve faster system feedback. It can even complete basic dada processing in the near-end system when there is no network in the cloud. With popular applications of internet of things under the trend of IoT, application services must be deployed on peripheral facilities or network equipment that is closer to the end users in order to locally control future business opportunities for cloud application.

The products in the Company are cloud servers that require a higher level of technology with high efficiency, high quality computing and storage as well as integrated cabinet solutions. In order to meet the market demand advancing with the times, the Company actively invests in new technology to meet demands from data centers of next generation. In term of product strategies, the Company works with partners of key technology and collaborates closely with global software key manufacturers. All the products launched are with the latest technology matching with the processing unit of latest series. As the platinum member of OCP (Open Compute Project) and a provider of solution, the Company also actively imports OCP's design concept to the whole series products. No matter is 19-inch or 21-inch cabinet product, it meets the advantage of high-power efficiency, simple, and easy to maintenance that data centers enjoy as well as satisfies their demands in computer efficiency, power saving, and easy maintenance.

For the services to data centers, the Company provides various customized products and one-stop shopping system integration service. Moreover, we keep up with the trend of low energy consumption, high efficiency, and environmental protection. We provide the best workload and total cost of ownership (TCO) to data centers and assist data centers to use IT resources more efficiently and flexibly with optimized solutions.

In terms of product development for edge computing, the edge computing platform and server developed by the Company can be flexibly applied to various edge computing. On one hand, we can assist telecommunications providers to construct new generation Open RAN and central office with flexible and high-efficient architecture. On the other hand, we help cloud service suppliers to expand services from cloud to edge computing in order to satisfy different edge computing demands for low latency and big data processing in the age of 5G communication.

5.1.3 Overview of technology and R&D

1. The expense of R&D invested by the Company in the most recent fiscal year and until the printing date of the annual report

Unit: NT$ thousands

Item	2019	2020
R&D expenses	1,442,091	2,179,233
Operating revenue	163,600,423	186,927,647
R&D expenses to Operating revenue (%)	0.88%	1.17%

2.Number of R&D personnel in the Company and their educational background:

Unit: person(s)

Educational background	2019	2020
PhD	6	7
Master	288	332
College/ University	195	241
Below senior high school (included)	2	2
Total	491	582

3. Technology of products successfully developed:

Year	R&D results	Description
2018	Published new 48V power supply design at OCP Summit again to apply on the current server/storage more flexible and more efficient.	Subject to the flexible application of current server/ storage, we developed 48V to 12V transducer in new architecture (2-STAGE SWC Converter) to allow the current model achieves high-efficient power utilization under the circumstance of 48V easily.
	F2010 The first in the world that supports EDSFF SSD products.	19” 1U storage system. The module design supports 64 x M.2 SSD or 16 x EDSFF SSD at the same time. All SSD support hot swapping and is to operate.
	XC200G2 It is the upgraded version of XC200G1. It is the collaboration between the Company and Broadcom and is the first product in the world that uses PCIe Gen4 Switch.	The first PCIe Gen 4 (16Gbps) EIA 19”4U computer accelerator in the industry. It can carry 16 computing accelerating cards (GPU, FPGA) and is performance twice enhanced than the previous version.
	SV500G3 All-in-one high energy efficiency AI and HPC server	Combining with OCP design concept and providing front IO and toolless system maintenance and upgrade to traditional 19” cabinet data center operators or cloud service providers. With integration with Intel Purley CPU and maximum 8 Nvidia Volta GPU cards, variety of PCIe configuration as well as SATA and NVMe SSDs, SV500G3 fully satisfies the application demands of deep learning and high efficient computing (HPC).
	EP100	The product meets the specification for OCP

Year	R&D results	Description
2019	The first model of universal server platform in the Company developed for edge computing	OpenEdge. The simple and multi-purpose design not only can be used as edge computing server but also as 5G telecommunication equipment to expand our customers to other fields related to telecommunication.
	Immersion Cooling (Seawolf Tank) The first two-phase immersion cooling system in the Company	The system has heat dissipation potential in 60 kWh, and it can accommodate 100 OCP Tioga Pass mother boards. With the adoption of 48V power supply, the mother boards can be maintained without any tool. It carries monitoring software with user friendly interface (UI) and can report and respond to the system status timely. Besides, it can communicate with data center management system to satisfy high density and high cooling effectiveness demanded by data centers and edge computing, achieve high-efficient power consumption, and with high maintenance at the same time.
	SV302G3 The first 19 inch of IU high density server designed exclusive for data centers.	Combining with OCP design concept and providing front IO and toolless system maintenance and upgrade to traditional 19" cabinet data center operators or cloud service providers. 1U cabinet is integrated with high density service of 2 x 2-socket Intel Purley CPU to provide for the application demand of high-performance computing (HPC). The flexible cabinet design is applicable to various server configurations and provides different demands, such as high I/O, high storage, and even AI application.
	Yosemite V3 OCP' s new generation high density and multi-computing nodes server	High density server designed for CPU based on Intel Cooper Lake. It uses module design and can carry different I/O modules based on the demand from customers, such as OCP NIC, 4 x m.2 SSD, and E1.S SSD to support Intel PFR hardware protection and recovery mechanism.
	Yosemite v2.50 Extended application for high density and multi-computing nodes server	Based on the structure of Yosemite v2, the upper limits of power supply are enhanced. It can carry m.2 inference to implement AI application of high-density server.
	OCP Project Olympus New-developed Intel Purely platform server with OCP Project Olympus specification	Universal server for Intel Purley platform in OCP Project Olympus program, including Skylake and Cascade Lake CPU in Purley CPU platform. It is the key product for computing servers.
2020~ 2021/3/31	ES200 Edge Computing Server	The ES200 is a family of edge computing servers designed for telecom providers, It offers a wide range of storage and I/O interface card configurations that can be customized for a number of different edge computing applications. With Intel's 3rd generation Intel® Xeon® scalable processors that feature built-in Deep Learning Boost, the ES200 can run complex AI workloads with a variety of

Year	R&D results	Description
		programs. ◦
	SV305A Cloud Server based on the AMD EYPC platform	Optimized for Web services and related applications, the SV305A is a lightweight and compact computing server with a single AMD EPYC 7003 series processor, offering a simplified design, better performance and overall TCO. It can provide OCP NIC3.0 network bandwidth of up to 200Gbps, perfectly suited for network services that require higher IO bandwidth.

5.1.4 Long-term and short-term business development plans

1. Short-term business development plans

The Company will continue developing in the cloud industry and focus on strengthening customer relationship and product optimization as the priority for short-term business development in the company.

(1) Customer relationship: Strengthening existing customer relationship, continuing providing customers the best total cost of ownership (TCO) & solutions that optimize workload as well as delivering defect-free and competitive products and services to customers on time to pursue long-term stable working relationship.

(2) Product optimization and strategy:

A. High-performance computing: Assisting data centers to expand computing capability flexibly and rapidly to achieve high-performance cloud computing.

- Defining regulations and selecting solutions for the design of future high-speed signal channel products (DDR5、PCIe gen 5).

B. Power supply and high-efficient heat dissipation solution: In order to enhance the efficiency of energy use and further reduce electricity fee and operating cost of cooling system construction along with the advancing power level of cloud service as well as support processor and memory with higher performance, the optimal goal for IT infrastructure is to reduce conversion frequency and the loss generated.

- Continuing developing power supply products with better low power consumption and more extensive high energy, such as two-stage 48V power supply solution for conversion design.
- Developing new high-efficient heat dissipation system, such as phase-conversion heat dissipation system and immersion liquid cooling system and investing in immersion liquid cooling system suppliers to collaborate in the planning and development of suitable immersion liquid cooling system solutions for future cloud data centers.

C. “Software-defined” and application performance management:

The Company focuses on the application system and customizes the most suitable resource configuration according to different application systems. It is to define functions freely with the best proposal to carry out dynamic adjustment in order to assist IT personnel speed up deployment efficiency and use the limited time on the optimal application.

- Developing data center management solutions based on software definition and resource pool sharing structure as well as importing big data and deep learning architecture to help data centers manage intellectual work.

D. Deep learning and artificial intelligence: Developing a series of artificial intelligence products that satisfy deep learning training and real-time inference. Through distributed and module design, many servers provide flexible graphics processing unit (GPU) configuration to reduce the cost for upgrading at the same time.

E. Development between edge computing and 5G product:
The Company devotes actively to the cooperation and development related to network function virtualization infrastructure (NFVI) with expectation of extending server products to a wider application field. Other than continuing the specification of OpenEdge (based on the contribution of Nokia) from the community of OCP (Open Compute Project) participated in the past on the development of 5G and edge computing platform, the Company focuses on servers and works with chip suppliers intensively to develop different types of server products. Next-generation chip is used for the development of edge server to develop a series of short cabinet edge computing products with universal functions to help cloud service providers to easily deploy edge servers with function of telecommunication cloud computing in order to provide different customers variety of choices in different fields. Besides, edge servers with different types of chips are also developed based on the variety of demands in the market. The diversified platform design satisfies the application at each point between cell to central office (CO) as well as multiple NFV and the application demand of multi-access edge computing. We also work with system integration companies to provide comprehensive Private 5G solutions.

F. While the server is extended to edge computing, the Company builds the components with AI computing on the edge server so that the edge server is able to implement the processing of applications related to AI. Moreover, the service of cloud center is pushed hugely to edge computing to reduce the latency so that the cloud service can be closer to the end users.

G. The Company will work with open communities more closely and continue developing multiple hardware design orientation in OCP community. Through the continuous strengthening and maturing in open architecture, we expect ourselves to help telecommunication operators jump out of the vendor lock-in model in the past to make the system even more open in order to promote the advanced application fields on 5G infrastructure provided by the Company. Meanwhile, the Company also participates in the development of ONF, O-RAN and TIP wired and wireless network function platform actively to invest resources and work with communities.

H. The Company will continue cooperating with network communities, telecommunication operators, equipment providers, and the third-party service developers to provide open or optimal solutions to working partners or customers in order to speed up the time required for developing, deploying, or upgrading network.

2. Mid-term and Long -term business development plans

(1) Marketing strategy

A. Continuing strengthening logistics and operating capability in product delivery to every place in the world as well as providing complete after-sales service.

B. Other than global cloud service suppliers as our target customers, we continue developing potential customers to expand market share.

C. Cooperating with production and sales strategies to strengthen the integration ability of global supply chain to ensure sustainable competitiveness.

(2) Product strategy

A. Based on the experience accumulated in the past and solid technology, continuing strengthening product development ability and speed, production quality, and controlling ability in delivery.

B. Continuing developing customized and various service items required by customers.

C. Continuing technology innovation and R&D and expanding existing cloud products and the competitiveness of the technology with forward-looking technology and innovation application development, implementation of product design, mass production investigation, and systematic management in order to satisfy the growing high-performance computing demanded by data centers and ensure the competitive capability of core technology and customer's business.

D. Implementing the execution of quality policies regulated by the company; that is, "deliver defect-free and competitive products and services to customers on time" to provide customers high quality product and excellent technology and service in order to maintain market competitiveness.

E. Performing corporate social responsibility and friendly environment fully and collaborating with suppliers to refuse using hazardous substances to the environment as well as produce products of low energy consumption.

(3) Operating and financial strategy

A. In cooperation of the growth of operating scale in the company, the financial structure and company structure through the variety of fund-raising channels in the capital market to develop the company towards a large-scale enterprise steadily.

B. Strengthening educational training and training excellent talents to respond to the human resource required for the growth of the company.

C. Creating the effect of multiplication through the work allocation, sales, and services in the re-invested companies.

D. Creating an excellent enterprise that meets corporate governance and implements integrity management.

5.2 Market and sales overview

5.2.1 Market analysis

1. Main selling (providing) area of products (services)

The Company's revenue by regions in the most recent two years and the state of ratio:

Unit: NT$ thousands

Region \ Year		2019		2020	
		Amount	Ratio	Amount	Ratio
Domestic		8,847	0.01%	51,891	0.03%
Export	America	122,131,740	74.65%	142,551,214	76.26%
	Europe	29,164,761	17.83%	31,636,028	16.92%
	Asia	8,248,574	5.04%	10,397,898	5.56%
	Other	4,046,501	2.47%	2,290,616	1.23%
	Sub-total	163,591,576	99.99%	186,875,756	100.00%
Total		163,600,423	100.00%	186,927,647	100.00%

2. Market Share

Up to Q1 in 2021, the Company's products have been shipped to more than 300 hyperscale data centers in the world. We continue changing the market order in server industry through the business model of ODM Direct Sales and standing firmly in the supply chain for primary data centers. Along with the increasing investment in global data centers, the Company satisfies the demand of multiple workloads among large-scale cloud service providers with customized products of high performance, low cost, and scalability. We will further grasp the business opportunity in edge computing.

According to the statistics in Q4 2020 done by Worldwide quarterly Server Tracker, International Data Corporation (IDC), the shipping volume of global servers in 2020 was around 1,213 ten thousand servers. Among them, the shipment volume for ODM-Direct servers was around 382 ten thousand servers. For the self-declaration on the shipment volume of servers in 2020 calculated by the Company, it accounted for 10% of shipment volume at global server market in 2020 and accounted for more than 30% of shipment volume for global ODM-Direct.

The Company has devoted in the development in the industry for many years and has won favor among international large-scale cloud data centers. We are equipped with a certain competitiveness in the market and will continue developing products and the depth and width of our customer groups based on the foundation.

3. Future supply and demand as well as growth for the market

According to the prediction of Cisco Annual Internet Report, there will be around 29.4 billion network devices and appliances all over the world by 2023. Half of them will be used for machine-to-machine (M2M) applications. Smart home, smart office, smart health, smart city, smart transportation, smart factory, smart retailing, and smart energy all the application related to internet of things will be flourishing. Global network and data processing demands will continue growing. To achieve the maximum performance of business operation and service, Uptime Institute predicts more than half of data computing workload in 2021 will be implemented in cloud or edge data center.

In response to the rapid growth of cloud application demand, cloud service providers also continue to invest on the construction of data center as well as expanding and upgrading IT equipment. According to the forecast for Q3 2020 done by Worldwide Quarterly Cloud IT Infrastructure Tracker, International Data Corporation (IDC), the expenditure of global cloud IT infrastructure will grow from US$74 billion in 2020 to US$110.5 billion in 2024. The compound annual growth rate (CAGR) is 10.5%, which accounts for 64% of the total IT infrastructure expenditure.

With the commercial operation of 5G service carried out in different countries, it will bring huge number of innovative applications with the demands of high bandwidth and low latency. In the future, cloud service will be developed even more diversified under the flourishing development of 5G, internet of things, and AI. Huge amount of data will need to be processed at the location near the end users, so the demand of edge computing emerges as the times require. Large cloud service providers, like Microsoft, Amazon, and telecommunications are deploying their service in edge computing. IDC predicts the expenditure and shipment volume of edge infrastructure servers will reveal a compound annual growth rate of 13.4%. It will achieve US$18.1 billion in 2023 and becomes another growth dynamic other than in cloud and from the terminal of enterprises.

4. Competitive niches
   (1) R&D capability that is industry-leading and competitive:
   The Company understands market demand well, guides the trend of new product development with innovative technology, provides fully customized products to large-scale data centers, is equipped with high integrating and testing capability, offers data centers the best total cost of ownership (TCO), and IT solution that optimizes workload. We are deeply favored and recognized by customers in terms of quality and technology.
   (2) Strong customer relationship:
   The Company continues developing products that are low energy consumption and meet high performance to satisfy customers' demands. We maintain good interaction with customers and become an important working partner for customers in cloud service business.
   (3) Close cooperation with suppliers:
   The Company maintains strategic alliance relationship of long-term cooperation with main material suppliers and continues keeping good interaction with suppliers to ensure the latest technology can be implemented rapidly and stable source and quality of supply can be obtained in order to respond to the fast-growing market demand.
   (4) Global logistics service:
   The Company continues developing locally all over the world in the past few years. Up to now, our products have been shipped to more than 300 hyperscale data centers in the world. We provide a complete service process of solution from product design, integration, optimization, deployment to after-sales service. The integrated one-stop service effectively enhances overall efficiency and productivity and offers customers precise, rapid, and close-to-demand solutions.

5. Advantage and disadvantage of development prospects and the coping strategy
   (1) Advantage
      A. Flourishing development in cloud industry
      Along with the mature of technology in AI, internet of things, VR/AR, and 5G, the business opportunities on various cloud applications are unlimited. It will keep drive the flourishing development of cloud industry.
      B. Excellent R&D capability:
      The Company has always focused on research and development, and the R&D expense in 2019- 2020 has been increased to NT$ 1,442,091 thousand and NT$2,179,233 thousand, respectively. Other than carrying on providing huge amount of R&D funds and introducing advanced technology, we also keep cultivating and recruiting excellent R&D talents. In order to advance R&D ability and control key technology, the Company established a factory in Tainan in 2019 and set up the R&D experiment center to implement new product verification and trial (mass) production, strengthen R&D capability, and strive for more opportunities for business cooperation.

C. Upstream and downstream working partners:

The Company works with upstream and downstream suppliers closely, combining them all together in product application to provide customers complete solutions.

(2) Disadvantage

A. The market is getting more and more competitive, and the industry is changing rapidly.

Corresponding strategy:

- The Company continues developing the current market for large-scale data centers in depth, expanding business scale, and coordinating our ability in cooperation and integration with the expectation of achieving win-win situation with customers in terms of business cooperation.
- The Company actively invests in the cooperation and development related to network functions virtualization infrastructure (NFVI) to extend our server products to a wider application field.

B. Excessive customer concentration.

Corresponding strategy:

- The customers are all world-leading large enterprises that provide stable demands to the wide users in global markets. They maintain good working relationship with the Company. We have implemented proper control on relevant operating risks.
- We continue cooperating with network communities, telecommunication operators, equipment providers, and the third-party service developers to offer open or optimized solutions to working partners or customers in order to speed up the time required for development, deployment or network upgrade. The Company carries a spirit of professionalism and service to provide our customers comprehensive solutions.

C. The main business is exporting, and the change of foreign exchange rate will affect the company revenue and profits.

Corresponding strategy:

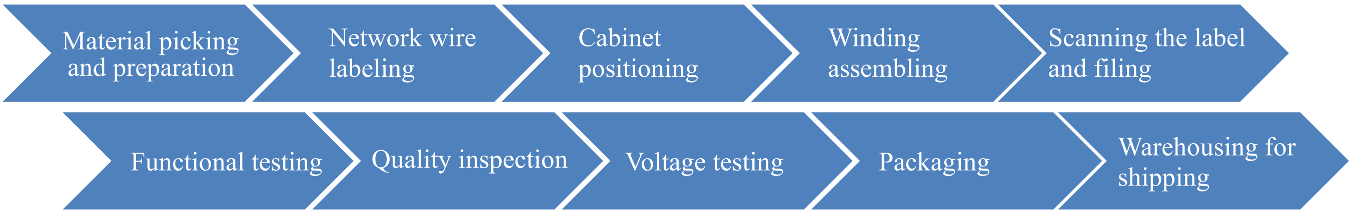
- The Company uses USD as the currency for procurement and sales, and it can offset the impact of change of exchange rate on revenue and cost naturally.
- We pay attention on the real-time information on exchange rate. Through relevant foreign exchange rate hedging measures, we can properly avoid exchange rate risk.
- We adjust the allocation of foreign currency assets and liabilities as well as flexibly adjust the holding position of US dollar. Depending on the fund demand and exchange rate fluctuation, we will decide proper time for settlement of exchange, payment arrangement, and repayment of loan in foreign currency.

5.2.2 Important application of the main product and the manufacturing process

1. Important application of the main product

Main products	Application
Hyperscale data center	Commercial data computing and storage

2. Manufacturing processes of main products



5.2.3 Status of main material supply

Main materials	Sources	Status of supply
CPU	USA	Good
DRAM	USA, Korea	Good
HDD/SSD	USA	Good
Hyperscale data center	Taiwan	Good

5.2.4 A list of clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

1. Information of main suppliers in the most recent 2 fiscal years

Unit: NT$ thousands

Item	2019				2020				2021(As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	B Company	39,884,138	25.35	None	Wistron Corporation	48,101,740	27.18	Parent Company	(Note)			
2	Wistron Corporation	33,487,624	21.29	Parent Company	B Company	34,256,933	19.36	None				
3	A Company	17,363,947	11.04	None	C Company	21,970,467	12.42	None				
4	Wistron Infocomm (Czech), s.r.o.	16,070,438	10.22	Other related parties	A Company	11,927,568	6.74	None				
5	Others	50,496,654	32.10		Others	60,686,748	34.3					
6	Net Total Supplies	157,302,801	100.00		Net Total Supplies	176,943,456	100.00					

Note: Up to the printing date of the company annual report, the quarterly report for Q1 in 2020 has not been reviewed by CPAs.

The reason for increases or decreases:
The purchase amount and ratio from Wistron Corporation increased in 2020 were mainly due to the purchase from Wistron Infocomm (Czech), s.r.o. was changed to the purchase from Wistron Corporation. The purchase from supplier C was increased because the supplier was appointed by the customer.

2. Information of main customers sold to in the most recent 2 fiscal years

Unit: NT$ thousands

Item	2019				2020				2021 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Client A	31,323,071	19.15	None	Client A	39,101,575	20.92	None	(Note)			
2	Client E	14,069,393	8.60	None	Client F	16,659,613	8.91	None				
3	Client F	13,572,755	8.30	None	Client K	10,233,566	5.47	None				
4	Client B	11,476,995	7.02	None	Client H	9,236,067	4.94	None				
5	Client G	11,016,815	6.73	None	Client B	9,126,175	4.88	None				
	Others	82,141,394	50.20		Others	102,570,651	54.88					
	Net sales amount	163,600,423	100.00		Net sales amount	186,927,647	100.00					

Note: Up to the printing date of the company annual report, the quarterly report for Q1 in 2020 has not been reviewed by CPAs.

The reason for increases or decreases:
Driven by the increase of data center establishment demanded by customers in 2020, the Company works hard to expand the market, develop customers of large-scale data centers, and promote the continuous growth of cloud server shipment performance; the revenue increased accordingly.

5.2.5 Table of production capacity in the most recent 2 fiscal years

Unit: PCS, NT$ thousands

Year / Production capacity / Major Products	2019			2020		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Hyperscale data center	392,700	430,482	13,390,823	1,533,680	1,571,285	18,470,702

Note: Tainan Plant was established on May 28th, 2020.

5.2.6 Table of sales in the most recent 2 fiscal years

Unit: Sets, NT$ thousands

Year / Sales Quantity/ Value / Major Products	2019				2020			
	Domestic sales		Exporting		Domestic sales		Exporting	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Hyperscale data center	0	0	26,227	163,591,576	2	4,863	33,468	186,875,756
Other	-	8,847	0	0	-	47,028	0	0
Total	0	8,847	26,227	163,591,576	2	51,891	33,468	186,875,756

5.3 Information of employees and staff in the most two fiscal years up to April 17th, 2021:

Year		2019	2020	2021 (As of April 17)
Number of Employees	Sales	40	46	50
	Engineering	491	582	605
	Operational support	224	181	191
	Direct personnel	378	906	888
	Total	1,133	1,715	1,734
Average Age		33.63	33.56	33.68
Average Years of Service		2.46	2.26	2.42
Education	PhD	0.62 %	0.47 %	0.52 %
	Masters	36.10 %	29.39 %	30.28 %
	Bachelor's Degree	43.78 %	50.61 %	50.87 %
	Senior High School	19.50 %	19.42 %	18.22 %
	Below Senior High School	0.00 %	0.11%	0.11 %

5.4 Information of environmental expenses

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: None.

5.5 Labor relations

5.5.1 List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

1. Employee benefit plans
   (1) Labor insurance, health insurance, and relevant insurances are handled according to regulations of local laws.
   (2) Employee group insurance (life insurance, casualty insurance, and medical insurance for the employee) is paid in full by the Company.
   (3) Cash benefits for three traditional festivals and weddings & funerals.
   (4) Various activities.
   (5) Subsidy for domestic and overseas travelling.
   (6) Employee health care (health promotion activities, maternal care)
   Other than establishing reasonable and competitive salary standards according to the situation of local labor market, the company benefits also include the insurance based on the local regulations and bonus based on the overall business performance that the Company achieved to encourage employees making long-term efforts and growing with the Company.

2. Continuing education, training, retirement systems, and the status of their implementation
   (1) Continuing education and training
   The purpose of the training and development carried out by the company is to continue enhancing manpower quality and work proficiency to create higher corporate value and

achieve operating target and future development. In order to realize the goal and respond to the labor demand due to the fast-growing business scale at the same time, the Company establishes a complete educational training structure in cooperation with occupational competence system to plan proper new employee training, professional training, various management trainings, environment-safety-health training, and courses related to corporate culture in order to strengthen complete training and continuing education channels for employees. Through the methods of face-to-face training and e-learning, employees' professional abilities and core competitiveness are enhanced.

In addition to the training of professional competence, the Company also arranges job rotation based on the employee's career plan and encourages employees to engage with learning in different aspects or self-learning. We work hard to enhance the overall quality of our employees and implement talent cultivation and development fully.

(2) Retirement systems

In order to enhance employees' engagement during the employment through stabilizing their life after retirement, the Company establishes employee retirement regulations according to Labor Standards Act and Labor Pension Act to specify the condition of retirement, the standard of retirement pension, application, and payment. Other than contributing 6% of salary as retirement pension for applicable employees every month based on the regulations of Labor Pension Act, the Company also establishes Supervisory Committee of Labor Retirement Reserve according to law to appropriate labor pension reserve every month based on "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds". The reserve funds will be deposited to legal appointed financial institution under the dedicated name of Supervisory Committee of Labor Retirement Reserve.

3. Measures for preserving employees' rights and interests

All the regulations related to employee's rights and interests in the Company follow the provisions of Labor Standards Act as the standard. The Company has established committee of promoting employee relationship and employee welfare committee. Employees can communicate with the company for issues on various systems or working environment through the committees. Up to now, the labor-management relationship is good, and there is no dispute between labors and management.

The Company has complete employee management systems and policies to specify the management regulations, employees' rights, interests and obligation, and welfare. All the content will be reviewed and revised regularly to maintain employees' rights and interests.

5.5.2 Any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, 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.

Since the establishment of the Company, we have maintained good labor-management relationship. There is no loss caused by labor disputes.

5.6 Important contracts

Wiwynn Corporation

Agreement	Counterparty	Period	Major Contents	Restrictions
Service contract	Wistron NeWeb Corporation	2021/01/19~2023/1/18	Factory management service	None
Sales contract	Group A	2018/08/15~2022/05/07	Product development Manufacturing and marketing	Confidential responsibility
Sales contract	Group I	2019/07/21~2024/07/21	Product development Manufacturing and marketing	Confidential responsibility
Purchase contract	Company A	2018/01/01~ Until both parties agree for the termination	Purchase of productive material	Confidential responsibility
Purchase contract	Company B	2019/04/07~ Until both parties agree for the termination	Purchase of productive material	Confidential responsibility
Purchase contract	Wistron Corporation	2018/01/01~ Until both parties agree for the termination	OEM	Confidential responsibility
Licensing contract	Company C	2019/11/27~ Until patent expiration	Patent licensing	Confidential responsibility
Service contract	Wistron Corporation	2018/01/01~ Until both parties agree for the termination	Providing counseling service	None
Service contract	Wistron Mexico S.A. de C.V.	2014/04/15~ Until both parties agree for the termination	Providing technical service	None
Bank loan	ANZ Bank	2020/11/12~2021/07/31	Short-term loan	Note
Bank loan	DBS Bank	2020/12/18~2021/12/18	Short-term loan	Note
Bank loan	Mizuho Bank	2020/07/25~2021/07/25	Short-term loan	None
Bank loan	Taishin Bank	2020/03/31~2021/03/31	Short-term loan	Note

Note：Shared quota with Wiwynn International Corporation (WYUS).

VI. Financial Information

6.1 Most Recent 5-Year Concise Financial Information

6.1.1 Concise Consolidated Balance Sheet and Consolidated Statement of comprehensive income

1. Concise Consolidated Balance Sheet – Based on IFRS

Unit: NT$ thousands

Item / Year		Most recent 5-Year Financial Information 2016	2017	2018	2019	2020	2021 (As of March 31)
Current assets		11,350,432	25,609,520	27,583,370	46,413,396	52,767,378	—
Net property, Plant and Equipment		55,997	51,568	125,543	718,167	951,781	—
Intangible assets		7,086	5,224	7,242	19,106	64,602	—
Other assets		29,192	206,622	487,887	996,557	940,404	—
Total assets		11,442,707	25,872,934	28,204,042	48,147, 226	54,724,165	—
Current liabilities	Before distribution	9,567,574	22,780,634	11,834,012	27,532,130	24,799,705	—
	After distribution	9,656,408	23,291,020	14,626,697	31,553,261	(Note)	—
Non-current liabilities		68,651	75,854	5,593,243	396,231	5,410,537	—
Total liabilities	Before distribution	9,636,225	22,856,488	17,427,255	27,928,361	30,210,242	—
	After distribution	9,725,059	23,366,874	20,219,940	31,949,492	(Note)	—
Equity attributable to owners of the Company		1,806,482	3,016,446	10,776,787	20,218,865	24,513,923	—
Common stock		888,343	1,060,775	1,520,288	1,746,368	1,748,408	—
Capital surplus		487,785	545,921	2,853,756	8,816,183	8,817,380	—
Retained earnings	Before distribution	431,491	1,417,887	6,229,893	9,602,400	14,186,029	—
	After distribution	209,405	652,308	3,437,208	5,581,269	(Note)	—
Other equity		(1,137)	(8,137)	172,850	53,914	(237,894)	—
Treasury stock		—	—	—	—	—	—
Non-controlling interest		—	—	—	—	—	—
Stockholders' Equity	Before distribution	1,806,482	3,016,446	10,776,787	20,218,865	24,513,923	—
	After distribution	1,717,648	2,506,060	7,984,102	16,197,734	(Note)	—

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the printing date of the company annual report, the quarterly report for Q1 in 2021 has not been reviewed by CPAs.
Note: Pending shareholders' approval.

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

Unit: NT$ thousands

Item \ Year	Financial Summary for The Last Five Years					2021 (As of March 31)
	2016	20167	2018	2019	2020	
Operating revenue	31,740,540	85,674,525	181,064,815	163,600,423	186,927,647	—
Gross profit	1,712,360	4,242,170	10,647,156	11,348,552	15,301,129	—
Operations income	448,767	1,839,615	7,100,542	8,160,078	11,241,854	—
Non-operating income and expenses	(45,929)	(197,172)	(7,074)	(401,808)	(354,435)	—
Profit before tax	402,838	1,642,443	7,093,468	7,758,270	10,887,419	—
Net income for continuing operations	311,272	1,208,482	5,577,577	6,169,254	8,609,657	—
Income from discontinued operations, net of income tax effect	—	—	—	—	—	—
Net income	311,272	1,208,482	5,577,577	6,169,254	8,609,657	—
Other comprehensive income for the year, net of tax	(1,719)	(7,000)	180,995	(120,794)	(296,705)	—
Total comprehensive income for the year	309,553	1,201,482	5,758,572	6,048,460	8,312,952	—
Profit attributable to owners of the Company	311,272	1,208,482	5,577,577	6,169,254	8,609,657	—
Profit attributable to non-controlling interests	—	—	—	—	—	—
Total comprehensive income attributable to owners of the Company	309,553	1,201,482	5,758,572	6,048,460	8,312,952	
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	
EPS (NT$)	4.46	11.70	38.00	36.42	49.25	—

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the printing date of the company annual report, the quarterly report for Q1 in 2021 has not been reviewed by CPAs.

6.1.2 Concise Balance Sheet and Statement of comprehensive income

1. Concise Balance Sheet – Based on IFRS

Unit: NT$ thousands

Item / Year		Most recent 5-Year Financial Information					2021 (As of March 31)
		2016	2017	2018	2019	2020	
Current assets		5,499,250	17,822,988	20,602,994	32,389,682	43,569,551	—
Net property, Plant and Equipment		51,447	43,625	102,246	685,791	851,999	—
Intangible assets		7,050	5,224	7,242	19,106	64,602	—
Other assets		55,459	582,246	5,759,604	5,991,638	5,362,739	—
Total assets		5,613,206	18,454,083	26,472,086	39,086,217	49,848,891	—
Current liabilities	Before distribution	3,738,073	15,361,783	10,102,056	18,606,382	20,090,801	—
	After distribution	3,826,907	15,872,169	12,894,741	22,627,513	(Note)	—
Non-current liabilities		68,651	75,854	5,593,243	260,970	5,244,167	—
Total liabilities	Before distribution	3,806,724	15,437,637	15,695,299	18,867,352	25,334,968	—
	After distribution	3,895,558	15,948,023	18,487,984	22,888,483	(Note)	—
Equity attributable to owners of the Company		1,806,482	3,016,446	10,776,787	20,218,865	24,513,923	—
Common stock		888,343	1,060,775	1,520,288	1,746,368	1,748,408	—
Capital surplus		487,785	545,921	2,853,756	8,816,183	8,817,380	—
Retained earnings	Before distribution	431,491	1,417,887	6,229,893	9,602,400	14,186,029	—
	After distribution	209,405	652,308	3,437,208	5,581,269	(Note)	—
Other equity		(1,137)	(8,137)	172,850	53,914	(237,894)	—
Treasury stock		—	—	—	—	—	—
Non-controlling interest		—	—	—	—	—	—
Stockholders' Equity	Before distribution	1,806,482	3,016,446	10,776,787	20,218,865	24,513,923	—
	After distribution	1,717,648	2,506,060	7,984,102	16,197,734	(Note)	—

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the printing date of the company annual report, the quarterly report for Q1 in 2021 has not been reviewed by CPAs.
Note: Pending shareholders' approval.

2. Statement of comprehensive income – Based on IFRS

Unit: NT$ thousands

Item \ Year	Financial Summary for The Last Five Years					2021 (As of March 31)
	2016	20167	2018	2019	2020	
Operating revenue	20,785,122	32,913,362	76,603,354	74,884,945	79,017,070	—
Gross profit	1,479,620	3,665,611	9,983,279	10,551,546	14,483,288	—
Operations income	383,032	1,527,373	6,563,966	7,732,151	10,801,869	—
Non-operating income and expenses	5,495	60,285	405,479	(25,006)	21,617	—
Profit before tax	388,527	1,587,658	6,969,445	7,707,145	10,823,486	—
Net income for continuing operations	311,272	1,208,482	5,577,577	6,169,254	8,609,657	—
Income from discontinued operations, net of income tax effect	—	—	—	—	—	—
Net income	311,272	1,208,482	5,577,577	6,169,254	8,609,657	—
Other comprehensive income for the year, net of tax	(1,719)	(7,000)	180,995	(120,794)	(296,705)	—
Total comprehensive income for the year	309,553	1,201,482	5,758,572	6,048,460	8,312,952	—
EPS(NT$)	4.46	11.70	38.00	36.42	49.25	—

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the printing date of the company annual report, the quarterly report for Q1 in 2021 has not been reviewed by CPAs.

6.1.3 Auditors' Opinions from 2016 to 2020

Year	Accounting Firm	CPA		Audit Opinion
2016	KPMG	CHEN, YA-LING	CHAN, CHIA-HSIN	Unqualified opinion
2017	KPMG	CHEN, YA-LING	CHAN, CHIA-HSIN	Unqualified opinion
2018	KPMG	CHEN, YA-LING	CHAN, CHIA-HSIN	Unqualified opinion
2019	KPMG	TANG, CHIA-CHIEN	HUANG, MING-HUNG	Unqualified opinion
2020	KPMG	TANG, CHIA-CHIEN	HUANG, MING-HUNG	Unqualified opinion

6.2 Most Recent 5-Year Financial analyses

1. Consolidated Financial Analysis– Based on IFRS

Item	Year	Financial Analysis for the Last Five Years					2021 (As of March 31)
		2016	20167	2018	2019	2020	
Financial structure (%)	Total liabilities to total assets	84.21	88.34	61.79	58.01	55.20	—
	Long-term capital to net property, plant and equipment	3,348.63	5,996.55	13,039.38	2,870.52	3,144.05	—
Solvency (%)	Current ratio	118.63	112.42	233.09	168.58	212.77	—
	Quick ratio	59.75	70.46	115.23	104.97	132.39	—
	Times interest earned	11.21	8.77	24.61	24.98	36.78	—
Ability to operate	A/R turnover (times)	14.57	13.85	19.79	13.89	16.81	—
	A/R turnover days	25	26	18	26	22	—
	Inventory turnover (times)	7.42	11.21	14.80	9.73	9.21	—
	Accounts payable turnover (times)	7.02	8.39	16.69	15.87	12.83	—
	Average days in sales	49	33	25	38	40	—
	Property, plant and equipment turnover (times)	567.91	1,592.98	2,044.6 5	387.81	223.87	—
	Total assets turnover (times)	3.59	4.59	6.70	4.29	3.63	—
Earning ability	Return on assets (%)	3.89	7.42	21.52	16.84	17.21	—
	Return on equity (%)	22.87	50.11	80.87	39.81	38.49	—
	Pre-tax income to paid-in capital (%)	45.35	154.83	466.59	444.25	622.70	—
	Profit ratio (%)	0.98	1.41	3.08	3.77	4.61	—
	EPS (NT$)	4.46	11.70	38.00	36.42	49.25	—
Cash flow	Cash flow ratio (%)	(Note 1)	18.49	(Note 1)	28.71	56.82	—
	Cash flow adequacy ratio (%)	(Note 2)	(Note 2)	(Note 1)	(Note 1)	40.50	—
	Cash reinvestment ratio (%)	(Note 1)	129.19	(Note 1)	24.95	33.52	—
Leverage	Operating leverage	1.07	1.02	1.01	1.03	1.03	—
	Financial leverage	1.10	1.13	1.04	1.04	1.03	—

Analysis of financial ratio differences for the last two years:

1. The increase of current ratio and quick ratio: It was mainly due to the significant increase of current assets, such as cash and cash equivalents, in 2020. The reduction of current liabilities, like short-term loan, notes payable, and accounts payable, caused the increase of current ratio and quick ratio.
2. The increase of times interest earned: It was mainly due to the huge increase of net profit before tax in 2020 compared to that in 2019 so that the financial cost was reduced from 2019.
3. The increase of A/R turnover: It was mainly due to the increase of business income in 2020 compared to that in 2019 plus the good situation of receivables. Therefore, the receivables by the end of 2020 reduced from that by the end of 2019 so the receivables turnover ratio was enhanced.
4. The reduction of property, plant, and equipment turnover rate: It was mainly due to the construction of production lines in Tainan Plant in 2019 and in Q1 of 2020, and the equipment was hugely increased from 2018. Therefore, the average expense for property, plant, and equipment in 2020 was higher than that in 2019. It resulted in the reduction of property, plant, and equipment turnover rate.
5. The increase of ratio of pre-tax income to paid-in capital, profit ratio, and EPS: It was mainly due to the significant increase in net profit before tax and after tax in 2020.
6. The increase of cash flow ratio, cash flow adequacy ratio, and cash flow reinvestment ratio: It was mainly due to the net cash flow from the operating activities in 2020 increased a lot from that in 2019.

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the printing date of the company annual report, the quarterly report for Q1 in 2021 has not been reviewed by CPAs.

Note 1: The net cash flow of operating activities was minus, so it was not included.

Note 2: The Company was established in March 2012 and started to prepare 2014 annual reports in 2015 according to International Accounting Standards. Therefore, no net cash flow or capital expenditure for the operating activities in the most recent 5 years available, and it was not included.

Note 3: The formula for calculating the financial ratio is as follows:

1. Financial structure (%)

(1) Total liabilities to Total assets＝Total liabilities／Total assets
(2) Long-term capital to net property, plant and equipment＝(Net equity＋Non-current liabilities)／Net property, plant and equipment

2. Solvency (%)
(1) Current ratio＝Current Assets／Current liability
(2) Quick ratio＝(Current assets－Inventory－Prepaid expenses)／Current liability
(3) Times interest earned＝Net income before income tax and interest expense／Interest expense

3. Ability to operate
(1) Account receivable (including account receivable and notes receivable from operation) turnover＝Net sales／the Average of account receivable (including account receivable and notes receivable from operation) balance
(2) A/R turnover day＝365／account receivable turnover
(3) Inventory turnover＝Cost of Goods Sold／the average of inventory
(4) Account payable (including account payable and notes payable from operation)turnover＝Cost of goods sold／the average of account payable (including account payable and notes payable from operation) balance
(5) Average days in sales＝365／Inventory turnover
(6) Property, plant and equipment turnover＝Net sales／Net Fixed Assets
(7) Total assets turnover＝Net sales／Total assets

4. Earning Ability
(1) Return on assets＝〔PAT＋Interest expense × (1－effective tax rate)〕／the average of total assets
(2) Return on equity＝PAT／the average of net equity
(3) Profit ratio＝PAT／Net sates
(4) EPS ＝(Profit attributable to owners of the Company－ Dividend from prefer stock)／weighted average outstanding shares

5. Cash Flow
(1) Cash flow ratio＝Cash flow from operating activities／Current liability
(2) Cash flow adequacy ratio＝Most recent 5-year Cash flow from operating activities／Most recent 5-year (Capital expenditure＋the increase of inventory＋cash dividend)
(3) Cash investment ratio＝(Cash flow from operating activities－cash dividend) ／(Gross property, plant and equipment＋long-term investment＋other non-current assets＋working capital)

6. Leverage
(1) Operating leverage＝(Nest revenue－variable cost of goods sold and operating expense)／operating income
(2) Financial leverage＝Operating income／(Operating income－interest expenses)

2. Financial Analysis (For Parent-company-only)– Based on IFRS

Item		Financial Analysis for the Last Five Years					2021 (As of March 31)
		2016	20167	2018	2019	2020	
Financial structure (%)	Total liabilities to total assets	67.82	83.65	59.29	48.27	50.82	—
	Long-term capital to net property, plant and equipment	3,644.79	7,088.37	16,010.44	2,986.31	3,492.74	—
Solvency (%)	Current ratio	147.11	116.02	203.95	174.08	216.86	—
	Quick ratio	127.98	112.94	192.02	165.39	207.59	—
	Times interest earned	35.31	53.18	73.70	74.26	169.23	—
Ability to operate	A/R turnover (times)	5.43	4.99	7.18	4.65	4.11	—
	A/R turnover days	67	73	51	78	89	—
	Inventory turnover (times)	57.56	66.08	86.51	47.75	38.54	—
	Accounts payable turnover (times)	5.15	5.36	11.44	8.88	6.03	—
	Average days in sales	6	6	4	8	9	—
	Property, plant and equipment turnover (times)	394.03	692.39	1,050.29	190.05	102.77	—
	Total assets turnover (times)	3.60	2.74	3.41	2.28	1.78	—
Earning ability	Return on assets (%)	5.55	10.25	25.17	19.08	19.48	—
	Return on equity (%)	22.87	50.11	80.87	39.81	38.49	—
	Pre-tax income to paid-in capital (%)	43.74	149.67	458.43	441.32	619.05	—
	Profit ratio (%)	1.50	3.67	7.28	8.24	10.90	—
	EPS (NT$)	4.46	11.70	38.00	36.42	49.25	—
Cash flow	Cash flow ratio (%)	(Note 1)	2.26	(Note 1)	50.27	72.13	—
	Cash flow adequacy ratio (%)	(Note 2)	(Note 2)	(Note 1)	37.38	119.89	—
	Cash reinvestment ratio (%)	(Note 1)	8.14	(Note 1)	31.97	36.89	—
Leverage	Operating leverage	1.08	1.03	1.05	1.05	1.06	—
	Financial leverage	1.03	1.02	1.01	1.01	1.01	—

Analysis of financial ratio differences for the last two years:

1. The increase of current ratio and quick ratio: It was mainly due to the significant increase of current assets, such as cash and cash equivalents, by the end of 2020.
2. The increase of times interest earned: It was mainly due to the huge increase of net profit before tax in 2020 compared to that in 2019 so that the financial cost was reduced from 2019.
3. Reduction of A/R turnover and the increase of average days in sales: It was mainly due to the increase of balance of average payables in 2020. The balance of payables was lower in the beginning of 2019 was because the financial structure was improved by the end of 2018 and all the payables were paid in advance.
4. The reduction of property, plant, and equipment turnover: It was mainly due to the construction of production lines in Tainan Plant in Q1 of 2020, and the equipment was hugely increased from 2018. Therefore, the average expense for property, plant, and equipment in 2020 was higher than that in 2019. It resulted in the reduction of property, plant, and equipment turnover rate.
5. Reduction of total assets turnover: It was mainly caused by the significant increase of cash and cash equivalents by the end of 2020. The total assets were increase so the total assets turnover rate was reduced.
6. The increase of pre-tax income to paid-in capital, profit ratio, and EPS: It was mainly due to the significant increase in net profit before tax and after tax in 2020.
7. The increase of cash flow ratio and cash flow adequacy ratio: It was mainly due to the net cash flow from the operating activities in 2020 increased a lot from that in 2019.

Source of information: Financial reports that were reviewed and verified by CPAs. Up to the printing date of the company annual report, the quarterly report for Q1 in 2021 has not been reviewed by CPAs.

Note 1: The net cash flow of operating activities was minus, so it was not included.

Note 2: The Company was established in March 2012 and started to prepare 2014 annual reports in 2015 according to International Accounting Standards. Therefore, no net cash flow or capital expenditure for the operating activities in the most recent 5 years available, and it was not included.

6.3 Audit Committee’s Review Report:

Wiwynn Corporation

Audit Committee’s Review Report

The Board of Directors has prepared the Company’s 2020 Business Report, Financial Statements, and Proposal for Distribution of Profits. The CPAs Chia-Chien Tang and Ming-Hung Huang form KPMG performed Wiwynn’s Financial Statements Audit and issued an audit report. The Business Report, Financial Statements, and Proposal of Distribution of Profit have been reviewed and determined to be correct and accurate by the Audit Committee of Wiwynn Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this Report.

Wiwynn Corporation

Convener of the Audit Committee: Simon Dzeng

March 08, 2021

6.4 2020 Consolidated Financial Statements:

Please refer to Attachment 1.

6.5 2020 Parent-Company-Only Financial Statements:

Please refer to Attachment 2.

6.6 Disclosure of the impact on the Company’s financial status due to financial difficulties, if any, in the last year up till the publication date of this annual report:

None.

VII. A review and analysis of the company's financial condition and financial performance, and a listing of risks

7.1 Financial position

The main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years, and the effect. If the effect is of material significance, please describe the measures to be taken in response.

Unit: NT$ thousands

Item \ Year	2019	2020	Difference	
			Amount	%
Current Assets	46,413,396	52,767,378	6,353,982	13.69
Net property, plant and equipment	718,167	951,781	233,614	32.53
Intangible assets	19,106	64,602	45,496	238.12
Other assets	996,557	940,404	(56,153)	(5.63)
Total Assets	48,147,226	54,724,165	6,576,939	13.66
Current Liabilities	27,532,130	24,799,705	(2,732,425)	(9.92)
Non-current liabilities	396,231	5,410,537	5,014,306	1,265.50
Total Liabilities	27,928,361	30,210,242	2,281,881	8.17
Common stock	1,746,368	1,748,408	2,040	0.12
Capital surplus	8,816,183	8,817,380	1,197	0.01
Retained Earnings	9,602,400	14,186,029	4,583,629	47.73
Other equity	53,914	(237,894)	(291,808)	(541.25)
Total equity	20,218,865	24,513,923	4,295,058	21.24

Note:
1. Net property, plant, and equipment: It was mainly caused by the construction of production lines in Tainan Plant in Q1 of 2020.
2. Intangible assets: It was mainly caused by purchasing software required for operation.
3. Non-current liabilities: It was mainly caused by issuing unsecured ordinary corporate bonds in NT$5 billion.
4. Retained earnings: It was mainly caused by the good business performance in 2020 leading to the increase of profits.
5. Other equity: It was mainly caused by the fluctuation of exchange rate.
6. Total equity: It was mainly because of the increase of the retained earnings.

7.2 Financial performance

1. Comparison and analysis of the operating performance in the most recent 2 fiscal years:

Unit: NT$ thousands

Item	2019	2020	Difference	
			Amount	%
Operating revenues	163,600,423	186,927,647	23,327,224	14.26
Operating costs	152,251,871	171,626,518	19,374,647	12.73
Gross profit	11,348,552	15,301,129	3,952,577	34.83
Operating expenses	3,188,474	4,059,275	870,801	27.31
Operating income	8,160,078	11,241,854	3,081,776	37.77
Non-operating income and expenses	(401,808)	(354,435)	47,373	(11.79)
Profit before tax	7,758,270	10,887,419	3,129,149	40.33
Net profit	6,169,254	8,609,657	2,440,403	39.56

Note: 1. Gross profit, Operating income, Profit before tax, and Net profit: It was mainly caused by good business operation in 2020 leading the expansion of economic scale so that gross profit, net operating profit, net profit before tax, and net profit of the period were increased compared to those in 2019. 2. Operating expense: It was mainly due to the expansion of business scale in 2020 causing the increase of relevant marketing and promotional expenses. Besides, R&D expense was increased because of the R&D project.

2. Provide a sales volume forecast and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response:

The Company did not prepare and publish financial forecast, and it is not applicable.

7.3 Cash flow

1. Analysis of cash flow changes during the most recent 2 fiscal years:

Unit: NT$ thousands

Item \ Year	2019	2020	Changes- increase (decrease)	
	Amount	Amount	Amount	%
Cash Flow from Operating activities	7,905,179	14,092,184	6,187,005	78.27
Cash Flow from Investing activities	(671,568)	(618,660)	52,908	(7.88)
Cash Flow from Financing activities	3,459,612	(2,225,691)	(5,685,303)	(164.33)
Net cash inflow (outflow)	10,588,547	11,177,092	588,545	5.56
Analysis of the changes in cash flow: 1. Operating activities: It was mainly caused by the good collection of receivables for the Company in 2020. 2. Financing activities: The repayment of more short-term loans and the issuance of more cash dividends in 2020 caused net cash outflow for financing activities.				

2. Corrective measures to be taken in response to illiquidity: The business in the Company is at the stage of growing, and the demand of funds will be based on self-owned funds and bank borrowings. Up to the publication date of the annual report, there is no situation of shortage of cash.
3. Liquidity analysis for the coming year:

Unit: NT$ thousands

Cash balance in the beginning of the period	Estimated Net Cash Flow from Operating Activities in the whole	Estimated Net Cash Flow from Investing Activities in the whole	Estimated Net Cash Flow from Financing Activities in the whole	Estimated amount of cash balance	Corrective measure for estimated insufficient cash balance	
					Investment Plans	Financial plan
23,169,231	2,063,769	(1,200,000)	(2,500,000)	21,533,000	–	–
1. Analysis of changes of cash flow in the coming year Operating activities: It was mainly caused by estimated receivables and inventory amount. Investments activities: It was mainly caused by equipment acquisition and investing subsidiaries. Financing activities: It was mainly caused by the estimated short-term borrowings and issuance of dividends. 2. Corrective measures for estimated insufficient cash and liquidity analysis: None.						

7.4 The effect upon financial operations of any major capital expenditures during the most recent fiscal year

The capital expenditure for property, plant, and equipment at the Company in 2019 and 2020 was NT$647,667 thousand and NT$387,276 thousand, respectively. In order to spread the risk of production capacity and advance R&D ability to control key technology, the Company established a factory in Tainan in 2019 as well as established a R&D lab for the development of products of next generation in order to respond to the global industrial development. Therefore, the capital expenditure was higher than that in 2020. The operating capital in the Company and the credit of borrowing from the bank are sufficient to deal with the capital expenditure in the most recent year. Therefore, the material capital expenditure in the most recent fiscal year has no significant impact on financial business.

7.5 Policies of re-investment, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for next year:

1. Re-investment policy:
   The policy of re-investment in the Company is based on the consideration of sustainable operation and the growth of business operation. We have established "Procedures for Acquisition or Disposal of Assets" based on " Regulations Governing the Acquisition and Disposal of Assets by Public Companies" published by the competent authority as the accordance for the Company to carry out re-investment business in order to control relevant business and financial conditions. Besides, in order to enhance the supervision and management to the re-invested company, the Company sets up "Methods of Supervising and Managing Subsidiaries" in our internal control system. It is to specify relevant regulations on information disclosure, financial and business management to make sure the re-investment achieves the greatest business performance.
2. The main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability:

Unit: NT$ thousands

Name of subsidiary	Main business item	Recognized investment gain (loss) in 2020	The main reasons for the profits/losses	Improvement plan
Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of data storage equipment	29,233	It was caused by the growth of revenue.	–
Wiwynn International Corporation (WYUS)	Sales of data storage equipment	77,028	It was caused by the growth of revenue.	–
Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment activities and sale of date storage equipment	34,676	It was caused by the growth of revenue.	–
Wiwynn Korea Ltd. (WYKR)	Sales of data storage equipment	14,521	It was caused by the growth of revenue.	–
Wiwynn Technology Service Malaysia SDN. BHD.(WYMY)	Sales of data storage equipment	(230)	There was no operating activity yet, and it is mainly caused by operating expense.	–
Wiwynn Mexico S.A. de C.V.(WYMX)	Human resource service provision	(4,688)	It was mainly income tax expense.	–
Wiwynn Technology Service Kun Shan Ltd. (WYKS)	Sales of data storage equipment	20,498	It was caused by the growth of revenue.	–

3. Investment plans for the coming year
   The re-investment activities in the Company are long-term investment using the equity method. In the future, the Company will continue paying attention on global industrial development and carefully evaluating re-investment plans to strengthen the competitiveness of the company.

7.6 Risk management, evaluation, and related analysis

1. The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

   (1) Impact of interest rate fluctuations on company's profits (losses) and response measures to be taken in the future:

   The Company's interest expense in 2019 and in 2020 was NT$323,482 thousand and NT$304,316 thousand, respectively. It accounts for 0.20% and 0.16% of the net operating income of the fiscal year respectively and reveals the fluctuation of exchange rate has no significant impact on the operation of the Company. Other than observing the impact of interest rate change in the financial market on the capital in the Company at any time to be ready to adopt any responding measure, the Company also keeps good relationship with banks to obtain better rate. Moreover, we also evaluate the interest rate risk that might encounter on all the interest liabilities timely to adjust our capital structure accordingly in order to avoid interest rate risks that might generate from liabilities.

   (2) Impact of exchange rate fluctuations on company's profits (losses) and response measures to be taken in the future:

   The Company's exchange gain in 2019 and in 2020 was NT$-83,548 thousand and NT$-527,375 thousand, respectively. It accounts for -0.05% and -0.28% of the net operating income of the fiscal year, respectively. The currency the Company uses for sales and main material purchase is USD. Considering the wider exchange rate fluctuations in recent years as well as to effectively reduce the impact from the exchange rate fluctuation on revenue and profits, the Company properly reserves USD from sales revenue to pay for the purchase in USD and achieves natural hedging function. We also pay close attention on the trend of exchange rate fluctuation and carry out derivatives trading for proper hedging operation.

   (3) Impact of changes in the inflation rate on company's profits (losses) and response measure to be taken in the future:

   Inflation has the effect of offsetting the receivables and payables generated from sales and purchase in the Company. It has no impact on the Company's profits at the moment. In addition, the Company implements budgeting system and internal control to effectively control operating cost and expenditure within the reasonable scope. We continue taking reference of research reports and relevant economic data done by domestic and overseas main economic research institutes and professional investment institutions as well as adjusting policies based on the inflation in the future to avoid the material impact on the financial business in the Company caused by inflation.

2. The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

   (1) Engagement with high-risk and highly leveraged investments:

   The Company concentrates on the operation of our primary sector and emphasizes the R&D for the primary technology as well as the expansion of business marketing. We focus on steady operation as our principle and put sound financial development in the priority. Therefore, the Company did not engage with high risk and highly leveraged investments in the most recent fiscal year and up to the publication date of the annual report.

   (2) The main reasons for the profits/losses generated from the loans to other parties, endorsements, guarantees, and derivatives transactions, and response measures to be taken in the future:

   The engagement of loans to other parties, endorsements, guarantees, and derivatives transaction in the Company shall be handled by the content of regulations and response measures specified in "Procedure for Lending Funds to Other Parties", "Management of Endorsement and Guarantees", "Procedures for Financial Derivatives Transactions", and

"Table of Degree of Authority Delegated for Derivatives Transactions".

A. Loans to other parties: The Company does not involve with the situation of lending funds to other parties in the most recent year up to the publication date of the annual report.

B. Endorsements and guarantees: The amount of external guarantee endorsed by the Company in 2019 and 2020 was NT$196,396 thousand and NT$309,754 thousand, respectively.

C. Derivatives transactions: The derivatives transactions carried out by the Company are mainly to avoid exchange rate risk generated from operating activities. Our trading objects are financial institutions with good credit records. In order to effectively control risks, the Company pays attention on the transaction and profit (loss) situations at any time as well as adopts necessary measures other than regularly evaluating whether the risk measures are appropriate.

3. Research and development work to be carried out in the future, and further expenditures expected for research and development work

(1) Research and development work to be carried out in the future:

A. Developing cloud computing server of high performance to satisfy the increasing computing demands from hyperscale data centers.

B. Designing definition regulations for high-speed signal channel products (DDR5、PCIe gen 5) in the future and selecting solutions.

C. Continue developing new products and technology that are able to assist large-scale data centers to optimize loads for various applications and enable data centers to obtain the best total cost of ownership (TCO).

a. Continue developing high power supply products with low energy consumption and wider usage, such as converting the two-stage 48V power supply solution designed.

b. Develop new type of high-efficient heat dissipation system, such as phase conversion cooling system or immersion liquid cooling system and invest in immersion liquid cooling system suppliers to collaborate in the planning and development of suitable immersion liquid cooling system solutions for future cloud data centers.

D. Developing IT solutions required by hyperscale data centers and introducing the design concept to 19" and 21" cabinet products (WiRack19 and WiRack21) to share the advantages of high-power efficiency, simpleness, and easy for maintenance with more data centers.

E. Developing data center management solutions that are based on software definition and resource pool sharing structure; implementing big data and deep learning architecture to help intelligent management in data centers.

F. Developing AI products that carry out real-time inference to satisfy deep learning; using multiple servers to provide flexible graphics processing unit (GPU) configuration through distributed and module design to reduce the cost of upgrading at the same time.

G. Development for MEC/5G: The Company actively invests in the cooperation and development related to network function virtualization infrastructure (NFVI) and expects to extend server products to wider application fields. In terms of the development on edge server, we use the next-generation chip to develop a series of short cabinet edge computing products with universal functions. This allows cloud service providers to easily deploy the edge server with telecommunication cloud computing function to provide a variety of choices in different fields for various customers. While the server is extended to the edge computing, the Company constructs the component with AI computing on the edge server to process applications related to AI. Besides, the service provided by cloud centers has also been pushed forward to edge computing in order to reduce latency to allow cloud service closer to end users. The Company will keep working with network communities, telecommunication operators, equipment providers, and the third-party developers to offer open or optimized solutions to our working partners or customers in order to speed up the time required for developing, deploying, or upgrading network.

(2) Further expenditures expected for research and development work:
The Company is planned to invest a R&D expense of NT$2.4 billion in this fiscal year. Innovative R&D technology has always been the important cornerstone for the growth of the Company. In order to support the development of R&D plans, we will consider enhancing R&D expense step by step. Other than purchasing relevant materials and equipment for research and development, we will also continue recruiting R&D talents with abundant experiences and creativity to advance our R&D capability and enhance our market competitiveness.

4. Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The operation in the Company follows relevant laws and regulations at home and abroad. We also pay attention on the domestic and overseas policy development and the changes of regulations at any time and adopt proper response measures to establish relevant risk management procedure in order to fully control the change of market environment. In the most recent year and up to the publication date of the annual report, the changes of important policies and laws at home and abroad have no significant impact on the financial business in the Company.

5. Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

The Company values the cultivation of R&D talents and the development of product technology. We continue paying attention on market changes and relevant trends of technology development to control the movement in the industry and establish relevant strategies. We implement product design, mass production research, and systematic management with forward-looking technology and the development of innovative application in order to meet market demand and launch innovative products advance with times.
In the most recent fiscal year and up to the publication date of the annual report, the change of technology and the variations in the industry have no significant impact on the financial business in the Company.

6. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

Since establishment, the Company has focused on the operation of our primary sector, followed relevant legal regulations, actively strengthened internal management, maintained good labor-management relationship, and carried on implementing corporate governance and perform our corporate social responsibility in order to maintain excellent corporate image and achieve the goal of sustainable operation. In the most recent fiscal year and up to the publication date of annual report, the Company does not involve with any situation that affects corporate image and put us under the crisis.

7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

In the most recent year and up to the publication date of the annual report, the Company does not involve with any merger and acquisitions.

8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

For the purpose of increasing information security requirements and spreading production capacity risk, the Company establishes Tainan branch company and set up a factory in Tainan Science Park. Part of production capacity has been moved from outsourced manufacturers back to Taiwan for R&D and production in order to control key technology and carry out verification, pilot production and mass production. In the future, we will integrate SMT production experience in Tainan Plant to strengthen the technology of series interface board connection to satisfy the higher quality required by customers.

The Plant in Tainan is currently in the form of lease. Various capital expenditure has been carefully evaluated and submitted for approval according to the level of authority. The investment benefits and possible risks have been fully considered.

9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

(1) Purchasing:

Party of production capacity in the Company is entrusted to our parent company, Wistron Corporation, for OEM. Therefore, the ratio of purchasing from Wistron Corporation is 27.18%. In addition, the Company established a factory in Tainan in 2019 to spread risk in production capacity and transferred part of the production back as autonomous production. Tainan Plant purchases components required for production. The ratio of purchasing from the supplier B is 19.36%, including main components of CPU, chips, hard drive, and SSD. The ratio of purchasing from the supplier C is 12.42% while the rest suppliers are all less than 10%. Wistron Corporation, supplier B, and supplier C are global well-known manufacturers and work with the Company closely. Up to know, there is no supply shortage or interruption that affects the business in the Company. The risk of consolidation of purchasing is limited.

(2) Sales:

The Company provides products and system solutions to hyperscale data centers, and the main customers at the moment are global well-known cloud application service providers. In 2020, the main sales are to two group customers with a ratio of 55.72% and 35.60%, respectively. The ratio of revenue from the rest customers is less than 10%, so there is a risk of consolidation of sales. However, the two group customers are world-leading big enterprises that provide for stable demand to wide users in the markets all over the world. In order to serve customers of world-leading data centers, the Company provides products that are customized and with high system integration ability to satisfy customers' demand. We also establish complete service system and process to increase added value and enlarge differentiation in order to enhance the threshold of entering to the market from competitors. Besides, the Company's R&D ability, product quality, and after-sales service are highly recognized by customers in the world. The good reputation established is helpful for the continuous development of customers of cloud data center in different types and further reduces the risk of consolidation of sales. The Company has concrete consideration and plans for future business development and demands of potential customers. Therefore, the risk of consolidation of sales is limited.

10. 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.

The Company elected Mr. Charles Kau, a visionary technological talent, as an independent director in 2020's General Shareholders' Meeting, which has brought positive benefits to the Company's operations. At the same time, the Company maintains a minimum of two (2) female directors to implement our director diversity policy.

In the most recently fiscal year and up to the publication date of the annual report, the directors, supervisors, or shareholders with shareholding ratio more than 10% in the Company do not involve with any situation of transferring huge amount of equity.

11. Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.
12. Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's 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 date of publication of the annual report.

A. Major litigious, non-litigious or administrative disputes pending as of the publication date of the Company's most recent annual report are as follows:

a. Alacritech Inc. filed a patent infringement complaint against the Company in the United States District Court-East District of Texas in June 2016. The Company had appointed an attorney to deal with the matter. The litigation is still in process and a decision has yet to be made by the US patent trial and Appeal Board.
b. Acqis LCC. Filed a patent infringement complaint against the Company in the United States District Court-West District od Texas in October 2020. The Company had appointed an attorney to deal with the matter, with the case is still pending in the court. The above are estimated to not be of material impact to the Company's operations, shareholders' equity rights or securities prices.

B. Major litigious, non-litigious or administrative disputes of Wistron Capital Corporation, a corporate director and shareholder of 10% or more of the Company's shares, pending as of the publication date of the Company's most recent annual report are as follows:

In June of 2016, Alacritech filed an action against Wistron Corporation in United Sates District Court for the Eastern District of Texas. The accused products are servers and network interface devices. The litigation has been stayed pending the decision of the US Patent Trial and Appeal Board to review the validity of Alactritech’s patent claims.

13. Other important risks, and mitigation measures being or to be taken: None.
14. Information security policy and concrete management plan:

The Company has established information security policies, including “Procedure of Information Management”, “Management Methods of Confidential Information”, “Software Management Regulations”, “Information Resource Security Management Policy”, and “Rules of Employee Information Security”. Relevant operating procedures are included to the internal control system and listed as the auditing items in the annual audit plan for monitoring in order to implement the execution of information security protection and to carry out information security risk supervision and management. For the purpose of strengthening information security management, the Company will continue promoting the following information security protection mechanism and measures.

A. Organization: Information management division has established 6 dedicated departments, including Department of Information Security Technology established in 2020.
The highest manager at the information management division in the Company is in

charge of policy making and adjustment, promoting the implementation across departments, and selecting and constructing information security solutions. Educational training on information security shall be held in coordination with human resource unit. Effectiveness evaluation on information security shall be implemented through irregular internal and external audits.

Information management division has established 6 dedicated departments to respectively in charge of information security maintenance in overseas subsidiaries, information security maintenance in branch companies, core business security management, disaster prevention exercise, and strengthening security management on cloud application service. The main targets are supervising users complying with information security measures, security management of the customized system, and system platform security supervision and management to implement various information security protection systems.

B. Personnel:
   a. Continue strengthening information security educational training to achieve a training rate of 100 %.
   b. Promote interactive information security propaganda.

C. Operation:
   a. Execute disaster recovery exercise and phishing email exercise.
   b. Execute vulnerability scanning every month to achieve 100% on-call repair rate.
   c. Passed AEO and external information security audit/ certification.

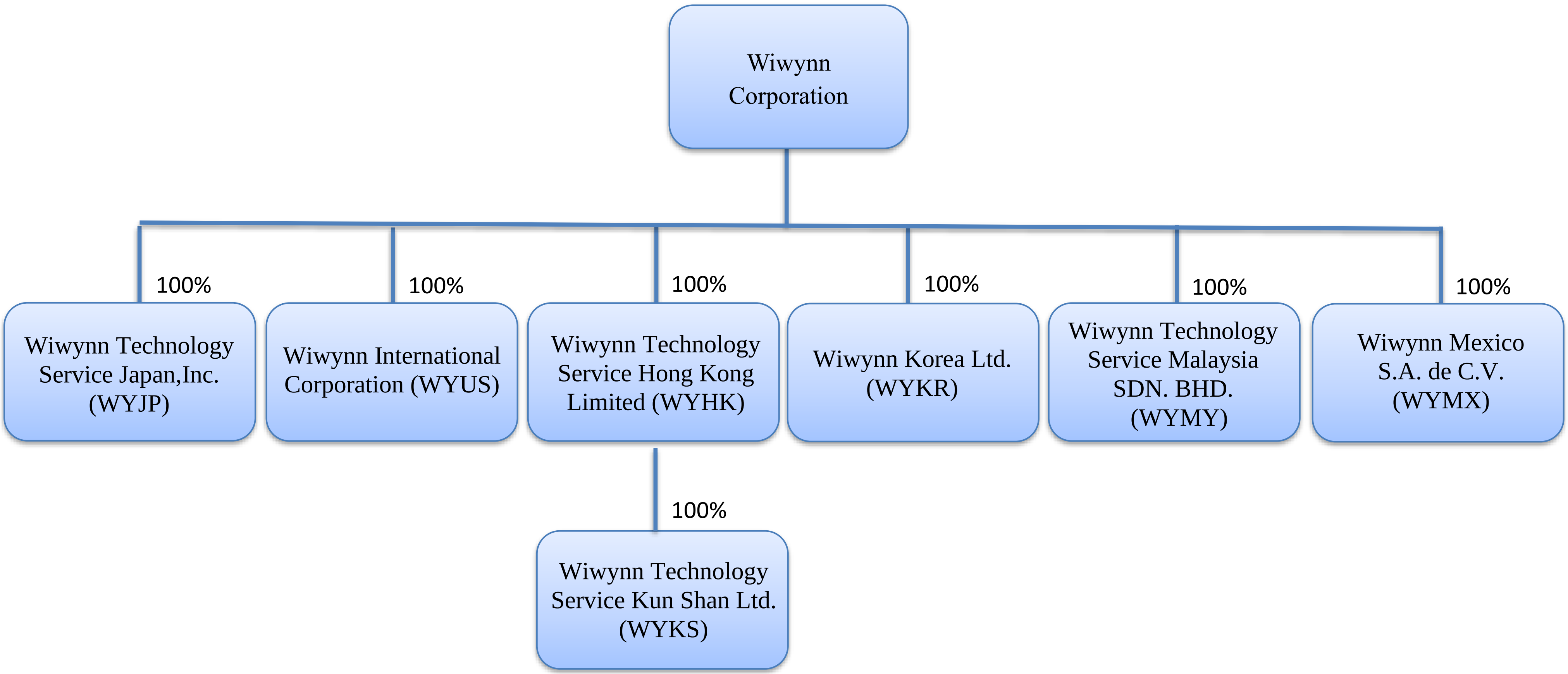
D. System:
   a. Establish cloud SAP S/4HANA system and build cloud remote backup at the same time.
   b. Complete O365 independent management.
   c. Implement multi-factor authentication and email advanced threat protection (ATP).

7.7 Other important matters: None.

VIII. Special Disclosure

8.1 Summary of the affiliates

8.1.1 Organizational chart of the affiliates (As of December 31, 2020)



8.1.2 Backgrounds of the affiliates:

December 31, 2020
Unit: NT$ thousands

Name of affiliates	Incorporation date	Address	paid-in capital	Main business items
Wiwynn Technology Service Japan, Inc. (WYJP)	2013.03.01	Japan	6,620	Sales of data storage equipment
Wiwynn International Corporation (WYUS)	2013.02.11	USA	5,021,581	Sales of data storage equipment
Wiwynn Technology Service Hong Kong Limited (WYHK)	2013.09.11	Hong Kong.	12,181	Investment activities and sale of date storage equipment
Wiwynn Korea Ltd. (WYKR)	2016.05.03	Korea	2,903	Sales of data storage equipment
Wiwynn Technology Service Malaysia Sdn. Bhd. (WYMY)	2017.07.13	Malaysia	15,109	Sales of data storage equipment
Wiwynn Mexico S.A. de C.V. (WYMX)	2019.02.14	Mexico	49,285	Human resource service provision
Wiwynn Technology Service Kun Shan Ltd. (WYKS)	2014.02.12	China	10,659	Sales of data storage equipment

8.1.3 For companies presumed to have a relationship of control and subordination under Article 369-3 of the Law: None.

8.1.4 The industries covered by the business operated by the affiliates overall:

Businesses operated in the Company and in the whole affiliates include the following products, semi-products and the peripheral equipment as well as the research, development, design, testing, and sales of components. On the whole, affiliates create the greatest results through the job allocation and support of sales and services provided among affiliates.

1. Computer and peripheral Equipment
2. Data storage media
3. Electrical appliances and audiovisual electronic products
4. Information software
5. Management consulting
6. Information software services
7. Data processing service
8. Concurrent operation of business related to the importing and exporting transaction in the Company.

8.1.5 The names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding:

Unit: shares, %

Name of affiliates	Title	Name/ Representative	Shareholding	
			Shares	%
Wiwynn Technology Service Japan, Inc. (WYJP)	Director	Sunlai Chang	0	0.00%
	Director	Steven Lu	0	0.00%
Wiwynn International Corporation (WYUS)	Director	Sunlai Chang	0	0.00%
	Director	Robin Wang	0	0.00%
	Director	Joseph Hsu	0	0.00%
Wiwynn Technology Service Hong Kong Limited (WYHK)	Director	Sunlai Chang	0	0.00%
	Director	Steven Lu	0	0.00%
Wiwynn Korea Ltd. (WYKR)	Director	Emily Hong	0	0.00%
Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Director	Joe Chiao	0	0.00%
	Director	Robin Wang	0	0.00%
	Director	Yap Chin Onn	0	0.00%
Wiwynn Mexico S.A. de C.V.(WYMX)	Director	Emily Hong	0	0.00%
	Director	Robin Wang	0	0.00%
	Director	Joseph Hsu	0	0.00%
Wiwynn Technology Service Kun Shan Ltd. (WYKS)	Director	Emily Hong	0	0.00%
	Supervisor	Harry Chen	0	0.00%

8.1.6 Performance of the affiliates:

December 31, 2020
Unit: NT$ thousand

Name of affiliates	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Income	Net profit (after-tax)	Earnings Per Share ($NT)
Wiwynn Technology Service Japan, Inc. (WYJP)	6,620	903,829	(747,414)	156,415	1,977,558	43,059	29,233	73.08
Wiwynn International Corporation (WYUS)	5,021,581	21,721,264	(16,662,048)	5,059,216	143,603,672	321,449	77,028	0.00
Wiwynn Technology Service Hong Kong Limited (WYHK)	12,181	265,477	(74,442)	191,035	713,185	21,209	34,676	0.09
Wiwynn Korea Ltd. (WYKR)	2,903	192,690	(108,825)	83,865	643,491	18,604	14,521	0.73
Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	15,109	13,940	(13,940)	0	0	(230)	(230)	0.00
Wiwynn Mexico S.A. de C.V.(WYMX)	49,285	191,508	(152,886)	38,622	226,569	10,546	(4,688)	0.00
Wiwynn Technology Service Kun Shan Ltd. (WYKS)	10,659	89,831	(11,812)	78,019	769,007	24,065	20,498	0.06

8.1.7 Representation Letter:

Representation Letter

The entities that are required to be included in the combined financial statements of Wiwynn Corporation as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the financial Supervisory Commission, "Consolidated and Separate Financial Statements. "In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wiwynn Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Wiwynn Corporation

Chairman: Simon Lin

Date: March 08, 2021

8.1.8 Affiliation Report:

Declaration

We hereby declare that the Company's 2020 relationship report (from January 1st, 2020 till December 31st, 2020) was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”. The disclosed information is not materially different from that disclosed in the notes of our financial statements for the aforementioned period.

Hereby Declared

Company name: Wiwynn Corporation

Chairman: Simon Lin

Date: March 08, 2021

Conclusion of audit review on the affiliation report from the CPAs

To Wiwynn Corporation,

The affiliation report for 2020 fiscal year prepared by Wiwynn Corporation according to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" (hereinafter referred to as the preparation criteria) has been audited and reviewed by the certified public accountant in the Company on the relevant information between the financial information specified in the report and the information disclosed in the financial statement footnotes during above period. The conclusion of audit review is issued according to the preparation criteria.

According to the opinion from the certified public accountant, there is no major inconsistence between the information disclosed in the affiliation report for 2020 fiscal year prepared by Wiwynn Corporation and the information disclosed in the financial statement footnotes during above period. There is no violation of preparation criteria found.

Sincerely,

Wiwynn Corporation

KPMG Taiwan

Certified Public Accountant:

TANG, CHIA-CHIEN

HUANG, MING-HUNG

March 8th, 2021

Affiliation Report

1. Information of the relationship between the subordinate company and the controlling company

December 31, 2020

Name of the controlling company	Reasons of control	State of shareholding and pledge by the controlling company			Director, supervisor, or manager assigned by the controlling company	
		Share held (shares)	Shareholding ratio (%)	Shares Pledged (shares)	Job title	Name
Wiston Corporation	Possession of the Company's 44.85% outstanding ordinary shares by December 31st, 2020	78,418,129	44.85%	0	Chairman	Simon Lin
					Director	Frank Lin

2. Transaction of purchase and sales

December 31, 2020; NT$ Thousand; %

Transaction between the controlling company				Payment terms with the controlling company		General payment terms		Cause of discrepancy	Accounts and notes receivable (payable)		Overdue accounts receivable			Remark
Purchase (Sales)	Amount	Ratio of total purchases (sales)	Gross profit on sales	Unit (dollar)	Payment Terms	Unit (dollar)	Payment Terms		Ending balance	Ratio of total accounts and notes receivable (payable)	Amount	Handling method	Allowance for bad debts	
Sale	38,307	0.05	2,682-3,065	-	-	-	-	(Note 1)	20	0.00	-	-	-	-
Purchase	47,899,393	72.56	-	-	OA45	-	-	(Note 2)	(9,538,213)	(88.85)	-	-	-	-

Note 1: Sales price and payment terms are determined by the economic environment and market competition in each area for sales; the sales price, payment terms and collection terms do not have significant difference with general sales.

Note 2: Purchase price is unable to be compared with general transaction price due to the different product specification.

3. State of property transaction: None.

4. State of financing: None.

5. State of asset lease: None.

6. State of other transactions:

(1) The operating expense generated from the testing service purchased for R&D and counselling service provided to the Company in 2020 between the Company and Wistron Corporation was NT$583,459 thousand.

(2) The outstanding balance by the end of the period generated from other accounts receivable due to the purchase of raw material and disbursement in 2020 between the Company and Wistron Corporation was NT$178,355 thousand.

(3) The outstanding balance by the end of the period generated from other accounts payable due to the purchase of raw material, advance payment on business trip, and testing service provided to the Company in 2020 between the Company and Wistron Corporation was NT$135,802 thousand.

7. State of guarantees and endorsements: None.

8.2 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: None.

8.3 Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

8.4 Other matters that require additional description: None.

8.5 If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Attachment 1

2020 Consolidated Financial Statements

Stock Code:6669

WIWYNN CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
for the Years Ended December 31, 2020 and 2019

Address: 8F, No. 90, Sec.1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan
Telephone: (02)6615-8888

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of Wiwynn Corporation as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wiwynn Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Wiwynn Corporation
Chairman: Simon Lin
Date: March 8, 2021

安侯建業聯合會計師事務所
KPMG
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68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
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Independent Auditors' Report

To the Board of Directors of Wiwynn Corporation:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

   Refer to note 4(m) "Revenue" and note 6(q) to the consolidated financial statements for the disclosure of revenue recognition.

Description of key audit matter

The Group is a listed Company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our principal audit procedures included testing of the design and implement of controls over sales and collection of receivable transactions; evaluate if there is any significant abnormal changes through performing trend analysis on top 10 customers by comparing the related changes or differences; assessing and testing if the management obtained sufficient external evidence showing that the control of the products have been transferred to the customers to support the timing of revenue recognition; evaluating the adequacy of revenues recognition by testing the sale transactions during the period before and after the balance sheets date.

2. Inventory valuation

Refer to note 4(h) "Inventories", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and note 6(d) to the consolidated financial statements for the disclosure of valuation of inventory.

Description of key audit matter

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which leads to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our principal audit procedures included analyze the change of inventory aging by assessing and testing the inventory aging report, understanding the sales price which is used to evaluate the inventory valuation by management and the subsequent market price information as well as selecting the original transition documentation in order to test the appropriateness of the net realize values reviewing if the estimation and assumption used for inventory valuation and other disclosure for inventories made by management were appropriateness.

Other Matter

Wiwynn Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chia-Chien Tang and Ming-Hung Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 8, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and 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 such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Wiwynn Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 23,169,231	42	11,992,139	25
1170	Accounts receivable, net (notes 6(b)(q))	7,827,082	14	13,655,018	28
1180	Accounts receivable-related parties, net (notes 6(b)(q) and 7)	340,218	1	415,932	1
1200	Other receivables (note 6(c))	3,166	-	5,927	-
1210	Other receivables-related parties (notes 6(c) and 7)	588,047	1	2,363,013	5
130X	Inventories (note 6(d))	19,827,729	36	17,442,078	36
1479	Other current assets (note 6(h))	1,011,905	2	539,289	1
	Total current assets	52,767,378	96	46,413,396	96
	Non-current assets:				
1600	Property, plant and equipment (note 6(e))	951,781	2	718,167	2
1755	Right-of-use assets (notes 6(f) and 7)	377,227	1	388,815	1
1780	Intangible assets (note 6(g))	64,602	-	19,106	-
1840	Deferred tax assets (note 6(m))	419,083	1	494,398	1
1990	Other non-current assets (notes 6(h) and 8)	144,094	-	113,344	-
	Total non-current assets	1,956,787	4	1,733,830	4
	Total assets	$ **54,724,165**	**100**	**48,147,226**	**100**

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(i))	$ 5,359,504	10	8,638,393	18
2130	Contract liabilities-current (note 6(q))	2,297,417	4	861,503	2
2170	Notes payable and accounts payable	2,761,327	5	6,974,206	14
2180	Accounts payable-related parties (note 7)	9,758,171	18	7,253,909	15
2200	Other payables (note 6(r))	2,516,597	4	2,209,050	5
2220	Other payables-related parties (note 7)	148,666	-	207,888	-
2230	Current tax liabilities	1,509,458	3	1,017,329	2
2280	Lease liabilities-current (notes 6(k) and 7)	105,132	-	109,708	-
2399	Other current liabilities	343,433	1	260,144	1
	Total current liabilities	24,799,705	45	27,532,130	57
	Non-current liabilities:				
2530	Bonds payable (note 6(j))	4,991,783	9	-	-
2570	Deferred tax liabilities (note 6(m))	134,642	-	104,534	-
2580	Lease liabilities-non-current (notes 6(k) and 7)	275,205	1	288,827	1
2640	Net defined benefit liabilities-non-current (note 6(l))	8,907	-	2,870	-
	Total non-current liabilities	5,410,537	10	396,231	1
	Total liabilities	30,210,242	55	27,928,361	58
	Equity (notes 6(l)(m)(n)(o)):				
3110	Common shares	1,748,408	3	1,746,368	4
3200	Capital surplus	8,817,380	16	8,816,183	18
3300	Retained earnings	14,186,029	26	9,602,400	20
3400	Other equity	(237,894)	-	53,914	-
	Total equity	24,513,923	45	20,218,865	42
	Total liabilities and equity	$ **54,724,165**	**100**	**48,147,226**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(q) and 7)**	$ 186,927,647	100	163,600,423	100
5000	**Operating costs (notes 6(d)(e)(f)(g)(k)(l)(r), 7 and 12)**	171,626,518	92	152,251,871	93
	Gross profit from operations	15,301,129	8	11,348,552	7
	Operating expenses (notes 6(b)(e)(f)(k)(l)(o)(r), 7 and 12):				
6100	Selling expenses	1,228,494	1	961,081	1
6200	Administrative expenses	658,157	-	786,932	-
6300	Research and development expenses	2,179,233	1	1,442,091	1
6450	Expected credit loss (gain)	(6,609)	-	(1,630)	-
	Total operating expenses	4,059,275	2	3,188,474	2
	Net operating income	11,241,854	6	8,160,078	5
	Non-operating income and expenses (notes 6(j)(k)(s) and 7):				
7100	Interest income	38,984	-	72,195	-
7010	Other income	76	-	79	-
7020	Other gains and losses	(89,179)	-	(150,600)	-
7050	Finance costs	(304,316)	-	(323,482)	-
	Total non-operating income and expenses	(354,435)	-	(401,808)	-
7900	**Income before tax**	10,887,419	6	7,758,270	5
7950	**Income tax expense (note 6(m))**	2,277,762	1	1,589,016	1
	Net income	8,609,657	5	6,169,254	4
8300	**Other comprehensive income (notes 6(l)(m)(n)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Losses on remeasurements of defined benefit plans	(6,121)	-	(2,322)	-
8349	Income tax related to components of other comprehensive income that may not be reclassified to profit or loss	1,224	-	464	-
	Total Items that may not be reclassified subsequently profit or loss	(4,897)	-	(1,858)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(291,808)	-	(118,936)	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(291,808)	-	(118,936)	-
8300	**Other comprehensive income (net of tax)**	(296,705)	-	(120,794)	-
8500	**Total comprehensive income**	**$ 8,312,952**	**5**	**6,048,460**	**4**
	Profit attributable to:				
8610	Owners of parent	**$ 8,609,657**	**5**	**6,169,254**	**4**
	Comprehensive income attributable to:				
8710	Owners of parent	**$ 8,312,952**	**5**	**6,048,460**	**4**
	Earnings per share (expressed in New Taiwan dollars) (note 6(p))				
9750	**Basic earnings per share**	**$ 49.25**		**36.42**	
9850	**Diluted earnings per share**	**$ 48.98**		**36.23**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity	
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2019	$ 1,520,288	2,853,756	195,198	8,137	6,026,558	6,229,893	172,850	10,776,787
Effects of retrospective application	-	-	-	-	(2,204)	(2,204)	-	(2,204)
Balance on January 1, 2019 after adjustments	1,520,288	2,853,756	195,198	8,137	6,024,354	6,227,689	172,850	10,774,583
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	557,758	-	(557,758)	-	-	-
Special reserve	-	-	-	(8,137)	8,137	-	-	-
Cash dividends	-	-	-	-	(2,792,685)	(2,792,685)	-	(2,792,685)
Net income	-	-	-	-	6,169,254	6,169,254	-	6,169,254
Other comprehensive income	-	-	-	-	(1,858)	(1,858)	(118,936)	(120,794)
Total comprehensive income	-	-	-	-	6,167,396	6,167,396	(118,936)	6,048,460
Cash subscription	188,100	5,769,888	-	-	-	-	-	5,957,988
Issue of common shares-employee stock options	37,980	28,577	-	-	-	-	-	66,557
Share-based payments	-	163,962	-	-	-	-	-	163,962
Balance on December 31, 2019	1,746,368	8,816,183	752,956	-	8,849,444	9,602,400	53,914	20,218,865
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	616,925	-	(616,925)	-	-	-
Cash dividends	-	-	-	-	(4,021,131)	(4,021,131)	-	(4,021,131)
Net income	-	-	-	-	8,609,657	8,609,657	-	8,609,657
Other comprehensive income	-	-	-	-	(4,897)	(4,897)	(291,808)	(296,705)
Total other comprehensive income	-	-	-	-	8,604,760	8,604,760	(291,808)	8,312,952
Issue of common shares-employee stock options	2,040	1,197	-	-	-	-	-	3,237
Balance on December 31, 2020	**$ 1,748,408**	**8,817,380**	**1,369,881**	**-**	**12,816,148**	**14,186,029**	**(237,894)**	**24,513,923**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Income before tax	$ 10,887,419	7,758,270
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	371,292	204,024
Amortization expense	19,350	5,935
Expected credit loss (gain)	(6,609)	(1,630)
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	(436,049)	44,269
Interest expense	304,316	323,482
Interest income	(38,984)	(72,195)
Share-based payments	-	163,962
Losses on disposal of property, plant and equipment	95	17
Prepayments for equipment reclassified as expenses	186	-
Losses from lease modification	313	-
Total adjustments to reconcile profit	213,910	667,864
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss-current	436,049	(44,269)
Decrease (increase) in accounts receivable, net	5,628,430	(4,392,272)
Decrease (increase) in accounts receivable-related parties, net	75,714	(391,736)
Decrease in other receivable	2,634	4,779
Decrease (increase) in other receivable-related parties	1,734,239	(2,283,222)
Increase in inventories	(3,394,994)	(3,946,077)
Decrease (increase) in other current assets	(498,840)	2,224,935
Total changes in operating assets	3,983,232	(8,827,862)
Changes in operating liabilities:		
Increase in contract liabilities-current	1,435,914	479,689
Increase (decrease) in notes and accounts payable	(4,086,436)	5,937,713
Increase in accounts payable-related parties	3,105,001	3,411,246
Increase in other payable	440,006	1,065,957
Decrease in other payable-related parties	(59,222)	(145,199)
Increase in other current liabilities	96,938	31,705
Decrease in net defined benefit liabilities-non-current	(84)	(77)
Total changes in operating liabilities	932,117	10,781,034
Total changes in operating assets and liabilities	4,915,349	1,953,172
Total adjustments	5,129,259	2,621,036
Cash inflow generated from operations	16,016,678	10,379,306
Interest received	37,341	73,971
Interest paid	(303,088)	(317,775)
Income taxes paid	(1,658,747)	(2,230,323)
Net cash flows from operating activities	14,092,184	7,905,179
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(387,276)	(647,667)
Acquisition of intangible assets	(64,846)	(17,799)
Decrease (increase) in other non-current assets	(1,136)	92,884
Increase in prepayments for equipment	(165,402)	(98,986)
Net cash used in investing activities	(618,660)	(671,568)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	99,065,137	34,837,120
Decrease in short-term borrowings	(102,169,488)	(29,030,912)
Proceeds from issuing bonds	4,991,500	-
Decrease in long-term borrowings	-	(5,522,236)
Cash dividends paid	(4,021,131)	(2,792,685)
Cash subscription	-	5,957,988
Exercise of employee stock options	3,237	66,557
Payment of lease liabilities	(94,946)	(56,220)
Net cash from (used in) financing activities	(2,225,691)	3,459,612
Effect of exchange rate changes on cash and cash equivalents	(70,741)	(104,676)
Net increase in cash and cash equivalents	11,177,092	10,588,547
Cash and cash equivalents at beginning of period	11,992,139	1,403,592
Cash and cash equivalents at end of period	**$ 23,169,231**	**11,992,139**

See accompanying notes to consolidated financial statements.

(1) Company history

Wiwynn Corporation (the "Company") was incorporated on March 3, 2012, as a company limited by shares under the laws of the Republic of China (ROC). Wiwynn Corporation and subsidiaries (the Group) were engaged in research, development, design, testing and sales of abovementioned products, semi-products, peripheral equipments and parts:

(i) Computer and peripheral equipments

(ii) Data storage media

(iii) Electric appliances and media products

(iv) Information software

(v) Export business relating to the business of the Company

(vi) Management consult services

(vii) Information software services

(viii) Data processing services

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 8, 2021.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020.

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

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

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

The Group does not expect the new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
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(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

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

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

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
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The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	Description
The Company	Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of data storage equipment	100 %	100 %	-
The Company	Wiwynn International Corporation (WYUS)	Sales of data storage equipment	100 %	100 %	-
The Company	Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment activities and sale of data storage equipment	100 %	100 %	-
The Company	Wiwynn Korea Ltd. (WYKR)	Sales of data storage equipment	100 %	100 %	-
The Company	Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Sales of data storage equipment	100 %	100 %	-
The Company	Wiwynn Mexico S.A.de C.V. (WYMX)	Human resource service provision	100 %	100 %	-
WYHK	Wiwynn Technology Service Kun Shan Ltd. (WYKS)	Sales of data storage equipment	100 %	100 %	-

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transaction

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

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

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
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A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

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

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

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

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Financial assets measured at amortized cost

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

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group; therefore, those receivables are measured at FVOCI. However, they are included in the ‘ accounts receivable’ line item.

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

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

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

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

(Continued)

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivable, refundable deposits and other financial assets), debt investments measured at FVOCI and contract assets.

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

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Group holds time deposits for domestic financial institutions, and it is considered to be low credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

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

(Continued)

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

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

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

At each reporting date, the Group assesses financial assets carried at amortized cost credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
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2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
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(h) Inventories

Inventories are measured individually at the lower of cost and net realizable value. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

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

1) Research and developments equipment: 3~5 years

2) Machinery and equipment: 4~6 years

3) Office equipment: 2~4 years

4) Lease improvements: 3 years

5) Other equipment: 4 years

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

(j) Lease

(i) Identifying a lease

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

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

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

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

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

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

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

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

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

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

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

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

— fixed payments, including substantively fixed payments;

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

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

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

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

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

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

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

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

— there is any lease modifications

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

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

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

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

(k) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

Intangible assets is software. Amortization is recognized in profit or loss on a straight-line basis 3 years for the estimated useful lives of intangible assets, from the date that they are available for use.

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

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

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

Impairment losses are recognized in profit or loss. They are reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(m) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

The Group manufactures and sells data storage equipment to customer. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group provides customers with the extended warranty. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Group would sell the product and the extended warranty separately in similar circumstances and to similar customers.

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

2) Financing components

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

(n) Employee benefits

(i) Defined contribution plans

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

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(ii) Defined benefit plan

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

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

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

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

(iii) Short-term employee benefits

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

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which reach a consciences about price and number of a new award between the Company and employee.

(p) Income taxes

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

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

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

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

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

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

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

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

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

1) the same taxable entity; or

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

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

(q) Earnings per share

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

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

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

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(Continued)

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

Valuation of inventories

The Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the 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 as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(d) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 562	430
Demand and checking deposits	18,168,669	11,991,709
Time deposits	5,000,000	-
	$ 23,169,231	**11,992,139**

Please refer to note 6(t) for the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable－measured at amortized cost	$ 6,655,061	9,923,569
Accounts receivable-related parties－measured at amortized cost	340,218	415,932
Accounts receivable－measured at fair value through other comprehensive income	1,174,206	3,740,243
Less: loss allowance	(2,185)	(8,794)
	$ 8,167,300	**14,070,950**

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

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The Group applies the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted - average loss rate**	**Loss allowance provision**
Current	$ 8,121,956	-	-
Past due under 30 days	36,051	-	-
Past due 31 to 60 days	1,755	-	-
Past due 61 to 90 days	7,127	5%	343
Past due 91 to 180 days	2,596	71%	1,842
Total	**$ 8,169,485**		**2,185**

	December 31, 2019		
	Gross carrying amount	**Weighted - average loss rate**	**Loss allowance provision**
Current	$ 13,892,703	-	-
Past due under 30 days	174,262	-	-
Past due 31 to 60 days	3,896	-	-
Past due 61 to 90 days	151	41%	62
Past due 91 to 180 days	31	100%	31
Past due 181 to 270 days	8,701	100%	8,701
Total	**$ 14,079,744**		**8,794**

The movement in the allowance for accounts receivable was as follows:

	2020	**2019**
Balance on January 1	$ 8,794	10,424
Impairment losses recognized	2,190	8,799
Impairment losses reversed	(8,799)	(10,429)
Balance on December 31	**$ 2,185**	**8,794**

As of December 31, 2020 and 2019, the accounts receivable were not pledged.

For further credit risk information, please refers to note 6(t).

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The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. As of December 31, 2020 and 2019, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

December 31, 2020

Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
ING, Taipei branch	$ 176,352	223,648	176,352	-	0.62%-3.65%	None
CITI, New York branch	249,102	<Note>	249,102	-	0.63%-2.40%	None
	$ 425,454		425,454	-		

December 31, 2019

Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
ING, Taipei branch	$ 129,758	194,310	129,758	-	2.06%~2.90%	None
CITI, New York branch	175,018	<Note>	175,018	-	2.12%~3.18%	None
	$ 304,776		304,776	-		

<Note> The purchaser has the right to make factoring transations with the company based on the amount allocated by the client under factoring agreement.

(c) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	$ 3,166	5,927
Other receivables - related parties	588,047	2,363,013
Less: loss allowance	-	-
	$ 591,213	2,368,940

For further credit risk information, please refers to note 6(t).

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(d) Inventories

	December 31, 2020	December 31, 2019
Raw materials	$ 10,012,269	9,692,961
Finished goods	7,912,712	4,499,697
Inventory in transit	1,902,748	3,249,420
	$ 19,827,729	**17,442,078**

Except cost of goods sold, the remaining gains or losses which were recognized as cost sales were as follow:

	2020	2019
Losses on valuation of inventories	$ 39,228	209,600
Royalty	50,390	47,296
Other	(35)	(5,123)
	$ 89,583	**251,773**

As of December 31, 2020 and 2019, the inventories were not pledged.

(e) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

	Research and development equipment	Machinery and equipment	Office equipment	Lease improvements	Other equipment	Construction in progress	Total
Cost or deem cost:							
Balance on January 1, 2020	$ 120,084	455,663	63,214	186,061	176,293	-	1,001,315
Additions	18,820	209,580	43,966	40,758	59,676	14,476	387,276
Disposals	-	-	(1,536)	-	-	-	(1,536)
Reclassification (Note)	4,200	76,736	3,068	-	49,269	-	133,273
Effect of changes in foreign exchange rates	-	(2,006)	(1,580)	-	(2,877)	(508)	(6,971)
Balance on December 31, 2020	**$ 143,104**	**739,973**	**107,132**	**226,819**	**282,361**	**13,968**	**1,513,357**
Balance on January 1, 2019	$ 101,164	15,151	39,586	41,618	70,397	-	267,916
Additions	18,920	439,873	25,073	129,400	34,401	-	647,667
Disposals	-	-	(1,119)	(1,188)	-	-	(2,307)
Reclassification (Note)	-	1,210	-	16,231	71,769	-	89,210
Effect of changes in foreign exchange rates	-	(571)	(326)	-	(274)	-	(1,171)
Balance on December 31, 2019	**$ 120,084**	**455,663**	**63,214**	**186,061**	**176,293**	**-**	**1,001,315**

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	Research and development equipment	Machinery and equipment	Office equipment	Lease improvements	Other equipment	Construction in progress	Total
Accumulated depreciation:							
Balance on January 1, 2020	$ 84,640	20,297	29,074	40,209	108,928	-	283,148
Depreciation	14,933	104,503	15,425	62,426	85,323	-	282,610
Disposals	-	-	(1,441)	-	-	-	(1,441)
Effect of changes in foreign exchange rates	-	(721)	(520)	-	(1,500)	-	(2,741)
Balance on December 31, 2020	**$ 99,573**	**124,079**	**42,538**	**102,635**	**192,751**	**-**	**561,576**
Balance on January 1, 2019	$ 67,981	3,181	21,983	24,018	25,210	-	142,373
Depreciation	16,659	17,314	8,347	17,379	83,807	-	143,506
Disposals	-	-	(1,102)	(1,188)	-	-	(2,290)
Effect of changes in foreign exchange rates	-	(198)	(154)	-	(89)	-	(441)
Balance on December 31, 2019	**$ 84,640**	**20,297**	**29,074**	**40,209**	**108,928**	**-**	**283,148**
Carrying value:							
Balance on December 31, 2020	**$ 43,531**	**615,894**	**64,594**	**124,184**	**89,610**	**13,968**	**951,781**
Balance on December 31, 2019	**$ 35,444**	**435,366**	**34,140**	**145,852**	**67,365**	**-**	**718,167**
Balance on January 1, 2019	**$ 33,183**	**11,970**	**17,603**	**17,600**	**45,187**	**-**	**125,543**

(Note): Reclassified from prepayment for equipment.

As of December 31, 2020 and 2019, the property, plant and equipment were not pledged.

(f) Right-of-use assets

The Group leases buildings and other equipment. Information about leases for which the Group as a lessee was presented below:

	Buildings	Other equipment	Total
Cost:			
Balance on January 1, 2020	$ 471,846	5,664	477,510
Acquisitions	111,078	-	111,078
Disposals	(34,307)	-	(34,307)
Effect of changes in foreign exchange rates	(19,905)	(44)	(19,949)
Balance on December 31, 2020	**$ 528,712**	**5,620**	**534,332**
Balance on January 1, 2019	$ -	-	-
Effects of retrospective application	98,844	-	98,844
Acquisitions	375,768	5,686	381,454
Effect of changes in foreign exchange rates	(2,766)	(22)	(2,788)
Balance on December 31, 2019	**$ 471,846**	**5,664**	**477,510**

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WIWYNN CORPORATION AND SUBSIDIARIES
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		Buildings	Other equipment	Total
Accumulated depreciation:				
Balance on January 1, 2020	$	88,285	410	88,695
Depreciation for the year		87,435	1,247	88,682
Disposals		(19,836)	-	(19,836)
Effect of changes in foreign exchange rates		(415)	(21)	(436)
Balance on December 31, 2020	$	**155,469**	**1,636**	**157,105**
Balance on January 1, 2019	$	-	-	-
Effects of retrospective application		28,615	-	28,615
Depreciation for the year		60,102	416	60,518
Effect of changes in foreign exchange rates		(432)	(6)	(438)
Balance on December 31, 2019	$	**88,285**	**410**	**88,695**
Carrying amount:				
Balance on December 31, 2020	$	**373,243**	**3,984**	**377,227**
Balance on December 31, 2019	$	**383,561**	**5,254**	**388,815**

(g) Intangible assets

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

		Software	Other	Total
Costs:				
Balance on January 1, 2020	$	48,991	1,040	50,031
Additions		64,846	-	64,846
Disposals		(1,138)	-	(1,138)
Effect of changes in foreign exchange rates		(14)	-	(14)
Balance on December 31, 2020	$	**112,685**	**1,040**	**113,725**
Balance on January 1, 2019	$	32,237	-	32,237
Additions		16,759	1,040	17,799
Effect of changes in foreign exchange rates		(5)	-	(5)
Balance on December 31, 2019	$	**48,991**	**1,040**	**50,031**
Accumulated amortization:				
Balance on January 1, 2020	$	30,925	-	30,925
Amortization		19,350	-	19,350
Disposals		(1,138)	-	(1,138)
Effect of changes in foreign exchange rates		(14)	-	(14)
Balance on December 31, 2020	$	**49,123**	**-**	**49,123**
Balance on January 1, 2019	$	24,995	-	24,995
Amortization		5,935	-	5,935
Effect of changes in foreign exchange rates		(5)	-	(5)
Balance on December 31, 2019	$	**30,925**	**-**	**30,925**

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		Software	Other	Total
Carrying value:				
Balance on December 31, 2020	$	63,562	1,040	64,602
Balance on December 31, 2019	$	18,066	1,040	19,106
Balance on January 1, 2019	$	7,242	-	7,242

(i) Amortization

For the years ended December 31, 2020 and 2019, the amortization of intangible assets is included in the statement comprehensive income:

		2020	2019
Operating costs	$	7,460	806
Operating expense		11,890	5,129
	$	19,350	5,935

(ii) Pledge

As of December 31, 2020 and 2019, the intangible assets were not pledged as collateral.

(h) Other current assets and other non-current assets

		December 31, 2020	December 31, 2019
Other current assets:			
Tax refundable	$	868,072	406,739
Other prepayments		107,482	71,432
Others		36,351	61,118
	$	1,011,905	539,289
Other non-current assets:			
Refundable deposits	$	37,602	35,367
Restricted deposits		27,463	29,002
Prepayments for equipment		79,029	48,975
	$	144,094	113,344

(i) Short-term borrowings

The details of the Group for short-term borrowings were as follows:

	December 31, 2020			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	USD	0.58%~0.76%	2021/1/11~2021/3/26	$ 5,359,504
Unused credit line				$ 21,302,194

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	December 31, 2019			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	USD	2.06%~2.90%	2020/1/7~2020/2/22	$ 8,638,393
Unused credit line				$ 6,195,382

(j) Bonds payable

The details of unsecured ordinary bonds were as follows:

	December 31, 2020
Total ordinary corporate bonds issued	$ 5,000,000
Unamortized discounted bonds payable	(8,217)
Bonds payable issued balance at year-end	$ 4,991,783

	2020
Interest expense	$ 8,583

The Group issued 5,000 unsecured 5-years ordinary corporate bonds, and pays interest yearly at a fixed interest rate of 0.83% in Taiwan on October 20, 2020. It is agreed that half of pricipal will be repaid in the fourth and fifth years.

(k) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2020	December 31, 2019
Current	$ 105,132	109,708
Non-current	$ 275,205	288,827

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

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest expenses on lease liabilities	$ 15,459	7,117
Expenses relating to short-term leases	$ 27,945	5,246

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The amounts recognized in the statement of cash flows for the Group were as follows:

	2020	2019
Total cash outflow for leases	$ 138,350	68,583

(i) Real estate leases

The Group leases land and buildings for its office space, factory and employee dormitory. The leases of office space typically run for a period of 5 to 10 years, factory for 5 years, and of employee dormitory for 2 to 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases other equipment, with lease terms of 2 to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$ 63,480	56,722
Fair value of plan assets	(54,573)	(53,852)
Net defined benefit liabilities	$ 8,907	2,870

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan and Taipei Fubon commercial bank that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

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

The Group's Bank of Taiwan and Taipei Fubon commercial bank labor pension reserve account balance amounted to $54,573 thousand and $53,852 thousand, respectively, as of December 31, 2020 and 2019. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Group were as follows:

	2020	2019
Defined benefit obligations at January 1	$ 56,722	54,382
Current service cost and interests cost	634	741
Net remeasurements of defined benefit liability	6,124	1,599
Defined benefit obligations at December 31	**$ 63,480**	**56,722**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2020	2019
Fair value of plan assets at January 1	$ 53,852	53,757
Interest income	8	731
Net remeasurements of defined benefit assets	3	(723)
Amounts contributed to plan	710	87
Fair value of plan assets at December 31	**$ 54,573**	**53,852**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follow:

	2020	2019
Current service cost	**$ 626**	**10**
Operating expense	**$ 626**	**10**

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

The Group' s remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2020 and 2019, was as follows:

	2020	2019
Accumulated amount at January 1	$ 2,312	(10)
Recognized during the period	6,121	2,322
Accumulated amount at December 31	**$ 8,433**	**2,312**

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6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.625 %	1.125 %
Future salary increases	3.500 %	3.500 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $813 thousand.

The weighted average lifetime of the defined benefits plans is 15.36 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Effects to the defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2020:		
Discount rate (change in 0.25%)	$ (1,607)	1,669
Future salary increases (change in 0.25%)	1,596	(1,543)
December 31, 2019:		
Discount rate (change in 0.25%)	(1,496)	1,555
Future salary increases (change in 0.25%)	1,492	(1,447)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above.

The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(i) Defined contribution plans

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

The subsidiaries of the Group are under defined contribution plan in accordance with local regulations, and they recognized pension cost and were made to local government.

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The Group's pension costs under the defined contribution plan were $73,178 thousand and $47,114 thousand for the years 2020 and 2019, respectively. Payments were made to the Bureau of Labor Insurance and to local government for the overseas subsidiaries.

(m) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	2020	2019
Current tax expense (income)		
Current tax expense	$ 2,152,081	1,780,050
Adjustments for prior periods	19,034	(22,318)
	2,171,115	1,757,732
Deferred tax expense (income)		
Origination and reversal of temporary difference	106,647	(168,716)
Income tax expense	**$ 2,277,762**	**1,589,016**

The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

	2020	2019
Items that may not be reclassified subsequently profit or loss:		
Loss on remeasurements of defined benefit plans	**$ (1,224)**	**(464)**

(ii) Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

	2020	2019
Income before tax	$ 10,887,419	7,758,270
Income tax using the Company's domestic tax rate	2,177,484	1,551,654
Effect of tax rates in foreign jurisdiction	44,835	46,091
Additional tax on undistributed earnings	65,708	85,735
Tax incentives	(35,610)	(46,352)
Prior-period tax adjustments	19,034	(22,318)
Others	6,311	(25,794)
Income tax expense	**$ 2,277,762**	**1,589,016**

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(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax asset and liabilities

As of December 31, 2020 and 2019, the details of unrecognized deferred tax assets were as follows:

		December 31, 2020	December 31, 2019
Unrecognized deferred tax asset:			
Tax effect of deductable temporary difference	$	**18,984**	**20,048**

There was no significant unrecognized deferred tax liabilities as of December 31, 2020 and 2019.

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred deferred tax assets and liabilities for 2020 and 2019 were as follows:

		Unrealized exchange loss	Contract liabilities and Provision	Unrealized inter-company profits	Accrued expense	Other	Total
Deferred tax assets:							
Balance at January 1, 2020	$	54,796	172,301	97,702	153,232	16,367	494,398
Recognized in profit or loss		(6,913)	(172,301)	70,000	32,061	614	(76,539)
Recognized in other comprehensive income		-	-	-	-	1,224	1,224
Balance at December 31, 2020	$	**47,883**		**167,702**	**185,293**	**18,205**	**419,083**
Balance at January 1, 2019		19,420	76,363	62,133	127,995	5,155	291,066
Recognized in profit or loss	$	35,376	95,938	35,569	25,237	10,748	202,868
Recognized in other comprehensive income		-	-	-	-	464	464
Balance at December 31, 2019	$	**54,796**	**172,301**	**97,702**	**153,232**	**16,367**	**494,398**

		Recognized share of gain of subsidiaries and associates accounted for equity method
Deferred tax liabilities:		
Balance at January 1, 2020	$	104,534
Recognized in profit or loss		30,108
Balance at December 31, 2020	$	**134,642**
Balance at January 1, 2019	$	70,382
Recognized in profit or loss		34,152
Balance at December 31, 2019	$	**104,534**

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(iv) Assessment of tax

The ROC income tax authorities have examined the Company's income tax returns for all years through 2018.

(n) Capital and other equity

As of December 31, 2020 and 2019, the Company's authorized common shares consisted of 250,000 thousand shares with a par value of $10 per share, amounted to $2,500,000 thousands, of which 174,841 thousand and 174,637 thousand shares, respectively, were issued and outstanding.

(i) Common shares

On December 27, 2018, the Company's board of directors approved a resolution to distribute the cash subscription amounted to $188,100 thousand, which consisted of 18,810 thousand shares. The Company apply for these shares to be traded and offered publicly by the total amount of $5,957,988 thousand (deducted issuance costs of $3,000 thousands). The base date for capital subscription was set on March 26, 2019 and all related registration procedures had been completed.

The Company issued 204 thousand and 3,798 thousand new shares of common shares with the amounts of $3,237 thousand and $66,557 thousand for the execution of employee stock options for the years ended December 31, 2020 and 2019. All proceeds from outstanding shares have been collected and all related registration procedures had been completed.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2020	December 31, 2019
A premium issuance of common shares for cash	$ 8,436,510	8,436,510
Employee stock options	364,685	363,488
others	16,185	16,185
	$ 8,817,380	**8,816,183**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

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(iii) Retained earnings

The Company's article of incorporation stipulate that if the Company has a profit as a result of the yearly accounting closing, ten percent of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reserved special reserve, shall be set aside, along with any undistributed profits accumulated from previous years to be identified as profits to be distributed. The amount of dividends to shareholders shall not less than 10% of profit from the currency year.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of cash dividend is not lower than 10% of total distribution of dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Permit No. 1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of 2019 and 2018 earnings that were approved by the shareholders' meeting on June 15, 2020 and June 25, 2019, respectively, were as follows:

	2019	**2018**
Dividends distributed to ordinary shareholders		
Cash	$ **4,021,131**	**2,792,685**

On March 8, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. These earnings were appropriated as follows:

	2020
Dividends distributed to ordinary shareholders	
Cash	$ **5,594,905**

(Continued)

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(iv) Other equity (net of tax)

		Exchange differences on translation of foreign financial statements
Balance on January 1, 2020	$	53,914
Exchange differences on translation of foreign financial statements		(291,808)
Balance on December 31, 2020	**$**	**(237,894)**

		Exchange differences on translation of foreign financial statements
Balance on January 1, 2019	$	172,850
Exchange differences on translation of foreign financial statements		(118,936)
Balance on December 31, 2019	**$**	**53,914**

(o) Share-based payment

As of December 31, 2020 and 2019, the Group had share-based payment agreements as follows:

	Equity-settled		
	Employee stock options issued in 2015	**Employee stock options issued in 2017**	**Cash subscription reserved for employee in 2019**
Grant date	January 26, 2015	June 20, 2017	February 27, 2019
Number of shares granted	1,000,000	8,000,000	2,821,000
Duration	5 years	3 years	-
Recipients	Employee	Employee	Employee
Grant period	(Note 1)	(Note 2)	Immediately

(Note 1) The exercise ratio of the employee stock options over the grant period are as follows:

Employee stock options issued in 2015	
Grant period	**Exercise ratio (cumulative)**
February 15, 2017	1/3
February 15, 2018	2/3
February 15, 2019	3/3

(Continued)

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(Note 2) The exercise ratio of the employee stock options over the grant period are as follows:

Employee stock options issued in 2017	
Grant period	**Exercise ratio (cumulative)**
August 1, 2017	1/2
February 1, 2019	2/2

(i) Determining the fair value of equity instruments granted

1) Employee stock options

The Company adopted the Black-Scholes model to evaluate the fair value of the stock option at the grant date. The assumptions adopted in this valuation model were as follows:

	Employee stock options issued in 2016	**Employee stock options issued in 2018**
Fair value at grant date (expressed in New Taiwan dollars)	$ 7.19	4.54 / 6.24
Share price at grant date (expressed in New Taiwan dollars)	25.98	25.23
Exercise price (expressed in New Taiwan dollars)	17.40	25.00
Expected volatility	38.87%	34.99%/39.93%
Expected life	2 years	1.56 years/ 2.31 years
Risk-free interest rate	0.60%	0.5053%/0.5936%

2) Cash subscription reserved for employee subscription

The Company adopted the market approach to evaluate the fair value of the cash subscription reserved for employee subscription at grant date in 2019, respectively. The assumptions adopted in this valuation model were as follows:

	Cash subscription reserved for employee in 2019
Fair value at grant date (expressed in New Taiwan dollars)	$ 305.3
Share price at grant date (expressed in New Taiwan dollars)	248
Exercise price (expressed in New Taiwan dollars)	57.3
Discount rate	-
Debt–equity ratios	23.00 %
Premium of minority discount	31.5 %
Lack of Marketability Discount	22 %
Minority Discount	24 %

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(ii) Information of employee stock options

The details of the employee stock options were as follows:

	2020		2019	
	Weighted-average exercise price (expressed in New Taiwan dollars)	Number of options (in thousands)	Weighted-average exercise price (expressed in New Taiwan dollars)	Number of options (in thousands)
Outstanding balance at the beginning of the year	$ 16.04	232	17.50	4,044
Options granted	-	-	-	-
Options forfeited	-	(28)	-	(14)
Options exercised	15.87	(204)	17.52	(3,798)
Outstanding balance at the end of the year	-	-	16.04	232
Exercisable number as the end of the year		-		232

The outstanding employee stock options were as follows:

	December 31, 2020	December 31, 2019
Range of exercise price (expressed in New Taiwan dollars)	$ 10.0 ～17.3	10.0 ～17.3
Weighted-average of remaining contractual duration (years)	-	0.19

(iii) Expense recognized in profit or loss

The expense were recognized as profit or loss were as follow:

	2020	2019
Expense resulting from employee stock options	$ -	2,319
Expense resulting from cash subscription reserved for employee	-	161,643
Total	$ -	163,962

(p) Earnings per share

The calculation of basic and diluted earnings per share (unit: NTD in dollar) is as follows:

	2020	2019
Basic earnings per share:		
Profit attributable to common shareholders of the Company	$ 8,609,657	6,169,254
Weighted-average common stock outstanding (in thousands)	174,812	169,382
	$ 49.25	36.42

(Continued)

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	2020	2019
Diluted earnings per share:		
Profit attributable to common shareholders of the Company	$ 8,609,657	6,169,254
Weighted-average common stock outstanding (in thousands)	174,812	169,382
Effect of potentially dilutive common stock (in thousands):		
Employee compensation	965	849
Employee stock option	1	31
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	175,778	170,262
	$ 48.98	36.23

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020	2019
Primary geographical markets		
America	$ 142,551,214	122,131,740
Europe	31,636,028	29,164,761
Asia	10,449,789	8,257,421
Other	2,290,616	4,046,501
	$ 186,927,647	163,600,423
Major products		
Hyperscale data center	$ 186,927,647	163,600,423

(ii) Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable	$ 7,829,267	13,663,812	9,473,258
Accounts receivable – related parties	340,218	415,932	24,196
Less: loss allowance	(2,185)	(8,794)	(10,424)
	$ 8,167,300	14,070,950	9,487,030

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities – provisions for warranty	$ 2,297,417	861,503	381,814

For details on accounts receivable and loss allowance, please refer to note 6(b).

The contract liabilities primarily related to the advance consideration received from customers for the electronic components under sales contracts, for which revenue is recognized when products are delivered to customers.

(Continued)

The major change in the balance of contract liabilities is the difference between the time frame of the performance obligation to be satisfied and the payment to be received. There was no significant changes during the current period.

(iii) Transaction price allocated to the remaining performance obligations

The Group recognizes revenue related to warranty service in the amount to which the Group has a right to invoice, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(r) Employee's and directors' compensation

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of employees' and directors' compensation) shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

(i) No less than 5% of profit as employees' compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirement shall be determined by the Board of Directors.

(ii) No more than 1% of profit as the compensation in cash to the Directors.

The Company accrued and recognized employees' compensation amounted to $571,500 thousand and $407,000 thousand, respectively, and directors' compensation amounted to $25,025 thousand and $18,174 thousand, respectively, based on the net income before tax which excluding the amounts of employees' and directors' compensation and the ratio stipulated in the Company's Article of Incorporation. The above are both accounted for under operating expense for the years ended December 31, 2020 and 2019. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss in following year. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2020 and 2019. Related information would be available at the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income

The details of other income were as follows:

	2020	2019
Interest income from bank deposits	$ 38,984	72,195

(ii) Other income

The details of other income were as follows:

	2020	2019
Others	$ 76	79

(Continued)

(iii) Other gains and losses

The details of other gains and losses were as follows:

	2020	2019
Foreign exchange gains (losses), net	$ (527,375)	(83,548)
Gains (losses) on valuation of financial assets and liabilities at fair value	436,049	(44,269)
Others	2,147	(22,783)
	$ (89,179)	**(150,600)**

(iv) Finance costs
The details of finance costs were as follows:

	2020	2019
Interest expenses		
Bank loans	$ (280,274)	(316,365)
Bonds payable	(8,583)	-
Others	(15,459)	(7,117)
Total	**$ (304,316)**	**(323,482)**

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

The Group's majority customers are in Cloud Infrastructure and Hyperscale Date Center industries. To reduce concentration of credit risk, the Group evaluates customers' financial positions periodically and requires customers to provide collateral, if necessary. In addition, the Group evaluates the aging of accounts receivable periodically, accrue allowance for doubtful accounts and purchasing insurance contracts of accounts receivable, if necessary. Historically, bad debt expense has always been under management's expectation. As of December 31, 2020 and 2019, 87.83% and 93.46% of the Group's accounts receivable were concentrated on 2 specific customers, respectively. Accordingly, concentrations of credit risk exist.

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3) Receivable and debt securities

For credit risk exposure of accounts receivables, please refer to note 6(b). Other financial assets at amortized cost includes other receivables (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g)).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g)).

As of December 31, 2020 and 2019, the other receivable were not accrue any loss allowance.

(ii) Liquidity risk

The followings table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2020						
Non-derivative financial liabilities						
Short-term borrowings	$ 5,359,504	5,363,050	5,363,050	-	-	-
Bonds payable	4,991,783	5,199,200	41,500	41,500	5,116,200	-
Notes and accounts payable (including related parties)	12,519,498	12,519,498	12,519,498	-	-	-
Other payables (including related parties)	2,660,263	2,660,263	2,660,263	-	-	-
Lease liabilities (including current and non-current)	380,337	398,021	109,365	109,684	176,438	2,534
Total	**$ 25,911,385**	**26,140,032**	**20,693,676**	**151,184**	**5,292,638**	**2,534**
December 31, 2019						
Non-derivative financial liabilities						
Short-term borrowings	$ 8,638,393	8,649,208	8,649,208	-	-	-
Notes and accounts payable (including related parties)	14,228,115	14,228,115	14,228,115	-	-	-
Other payables (including related parties)	2,413,546	2,413,546	2,413,546	-	-	-
Lease liabilities (including current and non-current)	398,535	407,085	113,677	56,177	116,934	120,297
Total	**$ 25,678,589**	**25,697,954**	**25,404,546**	**56,177**	**116,934**	**120,297**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 665,825	28.508	18,981,330	752,516	30.106	22,655,220
Financial liabilities						
Monetary items						
USD	539,019	28.508	15,366,366	520,203	30.106	15,661,246

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties), loans and borrowings, notes and accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD for the years ended December 31, 2020 and 2019, the net income would be changed by $144,599 thousand and $279,759 thousand, respectively. The analysis assumes that all other variable remain constant.

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $(527,375) thousand and $(83,548) thousand, respectively.

2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable rates, the analysis is based on the assumption that the liabilities were outstanding for lifetime on the reporting date.

If the interest rate increased / decreased by 1%, the Group's net income would have been changed by $1,329 thousand and $4,111 thousand, respectively, for the years ended December 31, 2020 and 2019, with all other variable factors that remain constant. This is mainly due to the Group's borrowings at floating variable rate.

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(iv) Fair value information

1) Categories and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	December 31, 2020				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 23,169,231	-	-	-	-
Accounts receivable (including related parties)	8,167,300	-	-	-	-
Other receivable (including related parties)	591,213	-	-	-	-
Other non-current assets	65,065	-	-	-	-
Subtotal	$ 31,992,809	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 5,359,504	-	-	-	-
Bonds payable	4,991,783	-	-	-	-
Notes and accounts payable (including related parties)	12,519,498	-	-	-	-
Other payables (including related parties)	2,660,263	-	-	-	-
Lease liabilities (including current and non-current)	380,337	-	-	-	-
Subtotal	$ 25,911,385	-	-	-	-

	December 31, 2019				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 11,992,139	-	-	-	-
Accounts receivable (including related parties)	14,070,950	-	-	-	-
Other receivable (including related parties)	2,368,940	-	-	-	-
Other non-current assets	64,369	-	-	-	-
Subtotal	$ 28,496,398	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 8,638,393	-	-	-	-
Notes and accounts payable (including related parties)	14,228,115	-	-	-	-
Other payables (including related parties)	2,413,546	-	-	-	-
Lease liabilities (including current and non-current)	398,535	-	-	-	-
Subtotal	$ 25,678,589	-	-	-	-

(Continued)

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2) Valuation techniques for financial instruments measured at fair value: none.

3) Transfers between Level 1 and Level 2: none.

4) Changes between Level 3: none.

5) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the Internationa Financial Reporting Standards Sections 42 NO. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

December 31, 2020						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	$ 419,132	419,132	-	-	-	-

December 31, 2020						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Note payable and accounts payable	$ 9,957,345	419,132	9,538,213	-	-	9,538,213

(u) Financial risk management

(i) Overview

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group' s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

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The Group’ s Audit Committee oversees how management monitors compliance with the Group’ s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Group’ s accounts receivable and investment.

1) Accounts and other receivable

The Group’ s credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Group will transact with corporations of credit ratings equivalent to investment grade and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and counterparty credit rating, and evaluate the customers’ credit rating and credit limit via automatic finance system to manage the credit exposure.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Group’ s finance department. Since the Group’ s transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stocks companies and non publicly-traded stocks companies, with good credit ratings, there are no incompliance issues and therefore no significant credit risk.

3) Guarantee

According to the Group’s policy, the Group can only provide guarantee to which is listed under the regulation. The Group did not provide guarantees as of December 31, 2020 and 2019.

(iv) Liquidity risk

The Group maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group’s management supervises the bank loan facilities and ensures in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Group. As of December 31, 2020 and 2019, the Group has unused credit lines for bank loans of $21,302,194 thousand and $6,195,382 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group’s entities. The currencies used in these transactions are denominated in USD.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influence the Group’s future cash flow. The Group entering into forward and swap contracts are intended to manage the exchange rate risk due to the Group’s current and future demand for foreign currency.

The contract periods are decided in consideration of the Group’s foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Group will settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

2) Interest risk

The Group’s short-term borrowings, bear floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influence the Group’s future cash flow. The Group reduces the interest risks by negotiating the loan interest rates frequently with banks.

3) Other market price risk

The Group monitors the risk arising from its available-for-sale security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

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(v) Capital management

The Group' s meets its objectives for managing capital to safeguard the capacity to continue to operate, and provide a return to the shareholders, also, to benefit other related parties, at the same time, to maintain an optional capital structure to reduce the cost of capital. Capital includes common share, capital surplus and retained earnings. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

As of 2020, the Groups' capital management strategy is consistent with 2019. The Group's debt to asset ratio and debt to capital ratio at the end of the reporting period as of December 31, 2020 and 2019, were as follows:

	December 31, 2020	December 31, 2019
Debt to asset ratio	**55%**	**58%**
Debt to capital ratio	**123%**	**138%**

(w) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Change in lease payments	Non-cash changes: Addition	Non-cash changes: Interest expenses	Non-cash changes: Foreign exchange movement	December 31, 2020
Short-term borrowings	$ 8,638,393	(3,104,351)	-	-	-	(174,538)	5,359,504
Bonds payable	-	4,991,500	-	-	283	-	4,991,783
Lease liabilities	398,535	(94,946)	(14,158)	111,078	-	(20,172)	380,337
Total liabilities from financing activities	**$ 9,036,928**	**1,792,203**	**(14,158)**	**111,078**	**283**	**(194,710)**	**10,731,624**

	January 1, 2019	Cash flows	Non-cash changes: Addition	Non-cash changes: Foreign exchange movement	December 31, 2019
Short-term borrowings	$ 2,962,661	5,806,208	-	(130,476)	8,638,393
Long-term borrowings	5,522,236	(5,522,236)	-	-	-
Lease liabilities	72,409	(56,220)	381,454	892	398,535
Total liabilities from financing activities	**$ 8,557,306**	**227,752**	**381,454**	**(129,584)**	**9,036,928**

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Wistron Corporation is the parent company and the ultimate controlling party of the Group. As of December 31, 2020 and 2019, it owns 44.85% and 44.90%, respectively, of all shares outstanding of the Company.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Wistron Corporation (WHQ)	Parent Company
Wistron InfoComm (Czech). s.r.o. (WCCZ)	Other related parties
Wistron Mexico S.A. de C.V. (WMX)	Other related parties
Cowin Worldwide Corporation (COWIN)	Other related parties
ICT Service Management Solutions (India) Private Limited (WIN)	Other related parties
SMS InfoComm Technology Services and Management Solutions Ltd. (WBR)	Other related parties
SMS InfoComm (Singapore) Pte. Ltd (WSSG)	Other related parties
SMS InfoComm Corporation (WTX)	Other related parties
Anwith Technology Corporation (WCHQ)	Other related parties
International Standards Labs. (ISL)	Other related parties
Wistron InfoComm (Zhongshan) Corporation(WZS)	Other related parties
WiAdvance Technology Corporation (AGI)	Other related parties
Wistron NeWeb corporation (WNC)	Other related parties
Wistron Information Technology &Services Corporation (WITS)	Other related parties
T-CONN Precision Corporation (TPE)	Other related parties
Wistron InfoComm (Kushan) Co., Ltd. (WAKS)	Other related parties
Wistron InfoCommon Technology (Texas) corporation (WITT)	Other related parties
Wistron K.K. (WJP)	Other related parties
Wistron InfoCommon Technology (America) corporation (WITX)	Other related parties

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales and outstanding balances between the Group and related parties were as follows:

	Sales		Receivables from related parties	
	2020	2019	December 31, 2020	December 31, 2019
WHQ	$ 41,501	2,038	3,075	5
Other related parties	1,697,634	1,096,565	337,143	415,927
	$ 1,739,135	1,098,603	340,218	415,932

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different from those with third-party customers.

(ii) Purchases

The amounts of significant purchase and outstanding balances between the Group and related parties were as follows:

	Purchases		Payables to related parties	
	2020	2019	December 31, 2020	December 31, 2019
WHQ	$ 48,101,740	33,487,624	9,638,211	7,081,552
Other related parties:				
WCCZ	-	16,070,438	-	-
Other related parties	1,278	8	94	8
	$ 48,103,018	**49,558,070**	**9,638,305**	**7,081,560**

Trading terms of purchase transactions with related parties can't be compared with third-party vendors due to product specifications.

(iii) Processing Fee

The amounts of processing and outstanding balance between the Group and related parties were as follows:

	Processing Fee		Payables to related parties	
	2020	2019	December 31, 2020	December 31, 2019
WMX	**$ 1,150,652**	**1,012,202**	**119,866**	**172,349**

Trading terms of processing fee transactions with related parties can't be compared with third-party vendors due to product specifications.

(iv) Operating Expense

The amounts of operating expense between the Group and related parties were as follow:

	2020	2019
WHQ	$ 583,459	366,125
Other related parties	183,690	71,464
	$ 767,149	**437,589**

Trading terms of operating expense with related parties are not significantly different from those with third-party venders.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Other receivables

The Group purchased raw materials on behalf of related parties, provide of human outsourcing service and etc. The outstanding balance were as follows:

	Other receivables from related parties	
	December 31, 2020	**December 31, 2019**
WHQ	$ 238,815	2,292,978
Other related parties:		
WMX	29,149	48,457
COWIN	-	21,511
WZS	312,583	-
Others related parties	7,500	67
Total	**$ 588,047**	**2,363,013**

(vi) Other payable

The Group purchased research and development materials and related parties paid traveling expenses on behalf of the Group, testing services and etc. The outstanding balance were as follows:

	Other payables to related parties	
	December 31, 2020	**December 31, 2019**
WHQ	$ 135,802	192,940
Other related parties	12,864	14,948
Total	**$ 148,666**	**207,888**

(vii) Leases

The Group signed a lease contract for two year with WNC during January 2019, and recognized the right-of-use assets and liabilities amounted to $168,400 thousand. For the years ended December 31, 2020 and 2019, the Group recognized its interest expense amounted to $2,429 thousand and $2,310 thousand, respectively. As of December 31, 2020 and 2019, the balance of lease liabilities was $105,204 thousand and $143,064 thousand.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	$ 105,775	80,644
Post-employment benefits	907	956
	$ 106,682	81,600

(8) Pledged assets:

The carrying amounts of pledged assets were as follow:

Pledged assets	Object	December 31, 2020	December 31, 2019
Other non-current assets	Guarantee	$ 27,463	29,002

(9) Commitments and contingencies:

(a) Alacritech Inc. filed a patent infringement complaint against the Company in the United States District Court - East District of Texas in June 2016. The Company had appointed an attorney to deal with the matter. The litigation is still in process and a decision has yet to be made by the US Patent trial and Appeal Board.

(b) Acqis LLC. filed a patent infringement complaint against the Company in the United States District Court - West District od Texas in October 2020. The Company had appointed an attorney to deal with the matter, with the case is still pending in the court.

(10) Losses due to major disasters: None.

(11) Subsequent events:None.

(12) Other:

A summary of employee benefits, depreciation, and amortization by function, were as follows:

By function / By item	2020 Operating costs	2020 Operating expenses	2020 Total	2019 Operating costs	2019 Operating expenses	2019 Total
Employee benefits						
Salary	578,205	1,382,471	1,960,676	194,133	1,415,310	1,609,443
Labor and health insurance	65,892	76,060	141,952	25,171	68,711	93,882
Pension	38,873	34,931	73,804	17,534	29,590	47,124
Remuneration of directors	-	25,515	25,515	-	18,584	18,584
Others	31,464	23,356	54,820	13,722	22,654	36,376
Depreciation	253,022	118,270	371,292	59,889	144,135	204,024
Amortization	7,460	11,890	19,350	806	5,129	5,935

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
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(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2020:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: Table 1 attached.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 2 attached.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 3 attached.

(ix) Trading in derivative instruments: None.

(x) Significant intercompany transactions and business relationships between parent company and its subsidiaries: Table 4 attached.

(b) Information on investments:

The following are the information on investments for the years ended December 31, 2020 (excluding information on investments in mainland China): Table 5 attached.

(c) Information on investment in mainland China: Table 6 attached.

(d) Major shareholders:

Unit: Share

Shareholding / Shareholder's Name	Shares	Percentage
Wistron Corporation	78,418,129	44.85 %

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The Group has one reportable segment. This segment is mainly involved in manufacturing and sale of servers and storage in cloud infrastructure and hyperscale date center.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations:

The information relating to profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment are the same as those described in the consolidated financial statements. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

(c) Products and services information:

The Group is a single operation segment, therefore, the Group' s revenue was not disclosed by categories of products or services.

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets that are based on the geographical location of the assets.

Revenue from external customers:

Geography	2020	2019
America	$ 142,551,214	122,131,740
Europe	31,636,028	29,164,761
Asia	10,449,789	8,257,421
Others	2,290,616	4,046,501
	$ 186,927,647	**163,600,423**

Non-current assets:

Geography	December 31, 2020	December 31, 2019
America	$ 363,420	227,697
Asia	1,109,219	947,366
	$ 1,472,639	**1,175,063**

Non-current assets include the property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, aside from deferred tax assets and financial instruments.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Major customers

The amounts of sales to external customers representing greater than 10% of net revenue were as follows:

Customer	2020	2019
Customer A	$ 104,151,084	93,816,112
Customer B	66,539,974	61,807,454
	$ 170,691,058	**155,623,566**

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 1 Guarantees and endorsements for other parties:

(December 31, 2020)

No.	Name of guarantor	Counter - party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/guarantees to parent company	Endorsements/ guarantees to subsidiary in Mainland China
		Name	Relationship with the company (Note 3)										
0	The Company	WYMX	2	7,354,176	197,857	185,971	185,971	-	0.76%	12,256,961	Y	N	N
0	The Company	WYUS	2	7,354,176	126,467	123,783	123,783	-	0.50%	12,256,961	Y	N	N

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of the Company's lastest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 2) The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's lastest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 3) Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre - construction homes pursuant to the Consumer Protection Act for each other.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 2 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:
(December 31, 2020)

Name of company	Related Party	Nature of relationship	Transaction details				Transaction with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment Terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	WYUS	The Company's subsidiary	Sale	35,212,046	44.56%	OA120	-	-	11,242,985	61.97%	(note)
"	WYJP	The Company's subsidiary	Sale	2,001,949	2.53%	OA90	-	-	722,416	3.98%	(note)
"	WYKR	The Company's subsidiary	Sale	616,246	0.78%	OA90	-	-	100,065	0.55%	(note)
"	WYHK	The Company's subsidiary	Sale	697,136	0.88%	OA90	-	-	74,442	0.41%	(note)
"	WYKS	The Company's subsidiary	Sale	734,345	0.93%	OA90	-	-	10,053	0.06%	(note)
"	WBR	Other related company	Sale	132,019	0.17%	OA120	-	-	110,407	0.61%	-
"	WHQ	The Company's parent company	Purchase	47,899,393	72.56%	OA45	-	-	(9,538,213)	(88.85)%	-
"	WYUS	The Company's subsidiary	Purchase	597,678	0.91%	OA90	-	-	(186,733)	(1.74%)	(note)
WYUS	The Company	WYUS's parent company	Sale	597,678	0.37%	OA90	-	-	186,733	9.49%	(note)
"	WBR	WYUS's other related company	Sale	1,557,147	1.08%	OA120	-	-	226,658	11.52%	-
"	WHQ	The Company's parent company	Purchase	202,347	0.14%	OA45	-	-	(99,998)	(0.76)%	-
"	The Company	WYUS's parent company	Purchase	35,212,046	23.98%	OA120	-	-	(11,242,985)	(85.09)%	(note)
"	WMX	WYUS's other related company	Processing fee	1,150,652	0.78%	OA90	-	-	(119,866)	(0.91)%	-
WYJP	The Company	WYJP's parent company	Purchase	2,001,949	100.00%	OA90	-	-	(722,416)	(100.00)%	(note)
WYKR	The Company	WYKR's parent company	Purchase	616,246	100.00%	OA90	-	-	(100,065)	(100.00)%	(note)
WYHK	The Company	WYHK's parent company	Purchase	697,136	100.00%	OA90	-	-	(74,442)	(100.00)%	(note)
WYKS	The Company	WYKS's parent company	Purchase	734,345	100.00%	OA90	-	-	(10,053)	(100.00)%	(note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 3 Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(December 31, 2020)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance	Notes
					Amount	Action taken			
The Company	WYUS	The Company's subsidiary	11,242,985	284.10%	-	-	142,829	-	(note)
"	WYJP	The Company's subsidiary	722,416	263.33%	-	-	364,203	-	(note)
"	WYKR	The Company's subsidiary	100,065	571.56%	-	-	89,644	-	(note)
"	WBR	The Company's other related parties	110,407	239.15%	-	-	-	-	-
WYUS	The Company	WYUS's parent company	186,733	222.93%	-	-	-	-	(note)
"	WBR	WYUS's other related parties	226,658	485.60%	-	-	172,331	-	-
Other Receivables									
The Company	WHQ	The Company's parent company	178,355	-	-	-	178,345	-	-
"	WZS	The Company's other related company	312,583	-	-	-	312,583	-	-
WYUS	The Company	WYUS's parent company	125,705	-	-	-	97,355	-	(note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 4 Significant intercompany transactions and business relationships between parent company and its subsidiaries:

(December 31, 2020)

No.	Name of company	Name of counter-party	Nature of relationship (Note 1)	Intercompany transactions			
				Account name	Amount	Trading Terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	The Company	WYUS	1	Sale	35,212,046	OA120	18.84%
0	"	WYJP	1	Sale	2,001,949	OA90	1.07%
0	"	WYKR	1	Sale	616,246	OA90	0.33%
0	"	WYHK	1	Sale	697,136	OA90	0.37%
0	"	WYKS	1	Sale	734,345	OA90	0.39%
1	WYUS	The Company	2	Sale	597,678	OA90	0.32%
0	The Company	WYUS	1	Account receivable	11,242,985	OA120	20.54%
0	"	WYJP	1	Account receivable	722,416	OA90	1.32%
0	"	WYKR	1	Account receivable	100,065	OA90	0.18%
0	"	WYHK	1	Account receivable	74,442	OA90	0.14%
0	"	WYKS	1	Account receivable	10,053	OA90	0.02%
1	WYUS	The Company	2	Account receivable	186,733	OA90	0.34%

Note 1: relationship:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 2: The section only discloses the information of sales and accounts receivable of inter-company transactions, as well as is not disclosed the purchase and accounts payable of counter-party due to duplicate.

Note 3: Calculated by using the transaction amount, divided by the consolidated net revenues and total assets.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Information on investments (excluding investees in mainland China):

The following are the information on investees for the years ended December 31, 2020 (excluding information on investees in mainland China):

Name of the investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2020			The highest percentage of the periords	Net income (losses) of the investee	Share of profits/losses of investee	Notes
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Carrying value				
The Company	WYJP	Japan	Sales of data storage equipment	6,620	6,620	-	100.00%	156,246	100.00%	29,233	29,233	(Note)
"	WYUS	U.S.A	Sales of data storage equipment	5,021,581	5,021,581	169,010	100.00%	5,059,217	100.00%	77,028	77,028	(Note)
"	WYHK	Hong Kong	Investing activities and sale of data storage equipment	12,181	12,181	400	100.00%	191,036	100.00%	34,676	34,676	(Note)
"	WYKR	South Korea	Sales of data storage equipment	2,903	2,903	20	100.00%	83,865	100.00%	14,521	14,521	(Note)
"	WYMY	Malaysia	Sales of data storage equipment	15,109	15,109	2,050	100.00%	13,926	100.00%	(230)	(230)	(Note)
"	WYMX	Mexico	Human resources service provision	49,285	49,285	31,053	100.00%	38,635	100.00%	(4,688)	(4,688)	(Note)

(Note): The aforementioned transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 6 Information on investment in mainland China:

(i) Information on investment in Mainland China:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 2)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net income (loss) of the investee	The highest percentage of the periords	Percentage of ownership	Investment income (losses) (Note 3)2.	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow								
WYKS	Sales of data storage equipment	10,659	2	10,659 (Note 1)	-	-	10,659	20,498	100.00%	100.00%	20,498	78,155	-	(Note 5)

(ii) Limitation on investment in mainland China:

Accumulated Investment in mainland China as of December 31, 2020 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	9,978(USD 350,000)	14,708,353

(Note 1) Wiwynn Technology Service Hong Kong Limited used its own capital to invest in WYKS.

(Note 2) Ways to invest in mainland China:

1.Direct investment in mainland China.

2.Reinvestment in mainland China through third place.

3.Others

(Note 3) The three categories of investment income (losses) recognized were as follows:

1. The financial statements of the investee company were audited by the global accounting firm in cooperation with ROC. accounting firm.

2. The financial statements of the investee company were audited by the same auditor of the Taiwan parent company.

3. Others

(Note 4) Amount of upper limit on investment was the higher between sixty percent of total equity or total consolidated equity.

(Note 5) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Note 6) Translated using the ending rates on December 31, 2020.

(iii) Significant transactions

For the year ended December 31, 2020, the significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

Attachment 2

2020 Parent-Company-Only Financial Statements

Stock Code:6669

WIWYNN CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: 8F, No. 90, Sec.1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan
Telephone: (02)6615-8888

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Wiwynn Corporation:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

   Refer to note 4(m) "Revenue" and note 6(r) to the financial statements for the disclosure of revenue recognition.

Description of key audit matter

The Company is a listed Company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our principal audit procedures included testing of the design and implement of controls over sales and collection of receivable transactions; evaluate if there is any significant abnormal changes through performing trend analysis on top 10 customers by comparing the related changes or differences; assessing and testing if the management obtained sufficient external evidence showing that the control of the products have been transferred to the customers to support the timing of revenue recognition; evaluating the adequacy of revenues recognition by testing the sale transactions during the period before and after the balance sheets date.

2. Inventory valuation

Refer to note 4(g) "Inventories", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and note 6(d) to the financial statements for the disclosure of valuation of inventory.

Description of key audit matter

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which leads to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as one of the key Judgmental areas of our audit.

How the matter was addressed in our audit

Our principal audit procedures included analyze the change of inventory aging by assessing and testing the inventory aging report, understanding the sales price which is used to evaluate the inventory valuation by management and the subsequent market price information as well as selecting the original transition documentation in order to test the appropriateness of the net realize values reviewing if the estimation and assumption used for inventory valuation and other disclosure for inventories made by management were appropriateness.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chia-Chien Tang and Ming-Hung Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 8, 2021

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and 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 such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Wiwynn Corporation

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 22,200,585	45	7,810,888	20
1170	Accounts receivable, net (notes 6(b)(r))	5,880,759	11	5,166,681	13
1180	Accounts receivable - related parties, net (notes 6(b)(r) and 7)	12,260,466	25	15,121,332	39
1200	Other receivables (note 6(c))	2,927	-	3,099	-
1210	Other receivables-related parties (notes 6(c) and 7)	528,215	1	2,299,124	6
130X	Inventories (note 6(d))	1,790,168	3	1,559,129	4
1470	Other current assets (note 6(i))	906,431	2	429,429	1
	Total current assets	43,569,551	87	32,389,682	83
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(e))	4,704,417	10	5,195,685	13
1600	Property, plant and equipment (note 6(f))	851,999	2	685,791	2
1755	Right-of-use assets (note 6(g))	158,867	-	204,045	1
1780	Intangible assets (note 6(h))	64,602	-	19,106	-
1840	Deferred tax assets (note 6(n))	407,467	1	494,398	1
1990	Other non-current assets (notes 6(i) and 8)	91,988	-	97,510	-
	Total non-current assets	6,279,340	13	6,696,535	17
	Total assets	$ 49,848,891	100	39,086,217	100

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 3,107,372	6	3,670,098	9
2130	Contract liabilities-current (note 6(r))	2,297,417	5	861,503	2
2170	Notes payable and accounts payable	1,010,184	2	3,606,202	9
2180	Accounts payable - related parties (note 7)	9,725,040	20	7,065,132	18
2200	Other payables (note 6(s))	2,090,622	4	1,811,270	5
2220	Other payables-related parties (note 7)	273,442	-	483,457	1
2230	Current tax liabilities	1,480,400	3	998,421	3
2280	Lease liabilities-current (notes 6(l) and 7)	54,801	-	56,407	-
2300	Other current liabilities	51,523	-	53,892	-
	Current liabilities	20,090,801	40	18,606,382	47
	Non-current liabilities:				
2530	Bonds payable (note 6(k))	4,991,783	11	-	-
2570	Deferred tax liabilities (note 6(n))	134,642	-	104,534	-
2580	Lease liabilities-non-current (notes 6(l) and 7)	108,835	-	153,566	-
2640	Net defined benefit liabilities (note 6(m))	8,907	-	2,870	-
	Non-current liabilities	5,244,167	11	260,970	-
	Total liabilities	25,334,968	51	18,867,352	47
	Equity (notes 6(m)(n)(o)(p)):				
3110	Common shares	1,748,408	3	1,746,368	4
3200	Capital surplus	8,817,380	18	8,816,183	23
3300	Retained earnings	14,186,029	28	9,602,400	26
3400	Other equity	(237,894)	-	53,914	-
	Total equity	24,513,923	49	20,218,865	53
	Total liabilities and equity	$ 49,848,891	100	39,086,217	100

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Wiwynn Corporation

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(r) and 7)**	$ 79,017,070	100	74,884,945	100
5000	**Operating costs (notes 6(d)(f)(g)(h)(l)(m)(s), 7 and 12)**	64,533,782	82	64,333,399	86
	Gross profit	14,483,288	18	10,551,546	14
5910	Less: unrealized profit from sales	(350,000)	-	(177,845)	-
	Net gross profit	14,133,288	18	10,373,701	14
	Operating expenses (notes 6(b)(f)(g)(h)(l)(m)(p)(s), 7 and 12):				
6100	Selling expenses	613,040	1	523,100	1
6200	Administrative expenses	579,743	1	714,213	1
6300	Research and development expenses	2,136,829	2	1,414,283	2
6450	Expected credit loss (gain)	1,807	-	(10,046)	-
	Total operating expenses	3,331,419	4	2,641,550	4
	Net operating income	10,801,869	14	7,732,151	10
	Non-operating income and expenses (notes 6(k)(l)(t) and 7):				
7100	Interest income	33,527	-	55,828	-
7010	Other income	76	-	79	-
7020	Other gains and losses	(98,187)	-	(146,466)	-
7050	Finance costs	(64,339)	-	(105,206)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	150,540	-	170,759	-
	Total non-operating income and expenses	21,617	-	(25,006)	-
7900	**Income before tax**	10,823,486	14	7,707,145	10
7950	**Income tax expense (note 6(n))**	2,213,829	3	1,537,891	2
	Net income	8,609,657	11	6,169,254	8
8300	**Other comprehensive income (notes 6(m)(n)(o)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Losses on remeasurements of defined benefit plans	(6,121)	-	(2,322)	-
8349	Income tax related to items that may not be reclassified subsequently to profit or loss	1,224	-	464	-
	Total Items that may not be reclassified subsequently profit or loss	(4,897)	-	(1,858)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(291,808)	-	(118,936)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(291,808)	-	(118,936)	-
8300	**Other comprehensive income**	(296,705)	-	(120,794)	-
8500	**Total comprehensive income**	**$ 8,312,952**	**11**	**6,048,460**	**8**
	Earnings per share (expressed in New Taiwan dollars) (note 6(q))				
9750	**Basic earnings per share**	**$ 49.25**		**36.42**	
9850	**Diluted earnings per share**	**$ 48.98**		**36.23**	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Wiwynn Corporation

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity	
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2019	$ 1,520,288	2,853,756	195,198	8,137	6,026,558	6,229,893	172,850	10,776,787
Effects of retrospective application	-	-	-	-	(2,204)	(2,204)	-	(2,204)
Balance on January 1 2019 after adjustments	1,520,288	2,853,756	195,198	8,137	6,024,354	6,227,689	172,850	10,774,583
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	557,758	-	(557,758)	-	-	-
Special reserve	-	-	-	(8,137)	8,137	-	-	-
Cash dividends	-	-	-	-	(2,792,685)	(2,792,685)	-	(2,792,685)
Net income	-	-	-	-	6,169,254	6,169,254	-	6,169,254
Other comprehensive income	-	-	-	-	(1,858)	(1,858)	(118,936)	(120,794)
Total comprehensive income	-	-	-	-	6,167,396	6,167,396	(118,936)	6,048,460
Cash subscription	188,100	5,769,888	-	-	-	-	-	5,957,988
Issue of common shares-employee stock options	37,980	28,577	-	-	-	-	-	66,557
Share-based payments	-	163,962	-	-	-	-	-	163,962
Balance on December 31, 2019	1,746,368	8,816,183	752,956	-	8,849,444	9,602,400	53,914	20,218,865
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	616,925	-	(616,925)	-	-	-
Cash dividends	-	-	-	-	(4,021,131)	(4,021,131)	-	(4,021,131)
Net income	-	-	-	-	8,609,657	8,609,657	-	8,609,657
Other comprehensive income	-	-	-	-	(4,897)	(4,897)	(291,808)	(296,705)
Total comprehensive income	-	-	-	-	8,604,760	8,604,760	(291,808)	8,312,952
Issue of common shares-employee stock options	2,040	1,197	-	-	-	-	-	3,237
Balance on December 31, 2020	**$ 1,748,408**	**8,817,380**	**1,369,881**	**-**	**12,816,148**	**14,186,029**	**(237,894)**	**24,513,923**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Wiwynn Corporation

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Income before tax	$ 10,823,486	7,707,145
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	286,415	179,437
Amortization expense	19,350	5,935
Expected credit loss (gain)	1,807	(10,046)
Net losses (profit) on financial assets or liabilities at fair value through profit or loss	(436,049)	44,269
Interest expense	64,339	105,206
Interest income	(33,527)	(55,828)
Share-based payments	-	163,962
Share of profit of subsidiaries,associates and joint ventures accounted for using equity method	(150,540)	(170,759)
Losses on disposal of property, plant and equipment	95	6
Unrealized profit from sales	350,000	177,845
Prepayments for equipment reclassified as expenses	186	-
Total adjustments to reconcile profit	102,076	440,027
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss-current	436,049	(44,269)
Increase in accounts receivable, net	(715,885)	(1,169,847)
Decrease (increase) in accounts receivable-related parties, net	2,860,866	(7,204,331)
Decrease (increase) in other receivable	172	(199)
Decrease in other receivable-related parties	1,770,909	2,274,422
Increase in inventories	(231,039)	(423,516)
Decrease (increase) in other current assets	(475,359)	2,248,942
Total changes in operating assets	3,645,713	(4,318,798)
Changes in operating liabilities:		
Increase in contract liabilities-current	1,435,914	479,689
Increase (decrease) in notes and accounts payable	(2,596,018)	3,584,772
Increase in accounts payable-related parties	2,659,908	3,267,203
Increase in other payable	277,578	545,861
Decrease in other payable-related parties	(210,015)	(266,939)
Increase (decrease) in other current liabilities	(2,369)	22,251
Decrease in net defined benefit liabilities	(84)	(77)
Total changes in operating liabilities	1,564,914	7,632,760
Total changes in operating assets and liabilities	5,210,627	3,313,962
Total adjustments	5,312,703	3,753,989
Cash inflow generated from operations	16,136,189	11,461,134
Interest received	31,884	57,604
Interest paid	(58,093)	(108,181)
Income taxes paid	(1,617,776)	(2,056,982)
Net cash flows from operating activities	14,492,204	9,353,575
Cash flows from investing activities:		
Acquisition of investments accounted for using equity method	-	(49,285)
Acquisition of property, plant and equipment	(295,457)	(629,050)
Acquisition of intangible assets	(64,846)	(17,799)
Decrease in other financial assets	1,107	96,473
Increase in prepayments for equipment	(98,720)	(85,938)
Net cash flows used in investing activities	(457,916)	(685,599)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	70,744,296	18,236,013
Decrease in short-term borrowings	(71,307,022)	(17,067,581)
Proceeds from issuing bonds	4,991,500	-
Decrease in long-term borrowings	-	(5,522,236)
Payment of lease liabilities	(55,471)	(42,143)
Cash dividends paid	(4,021,131)	(2,792,685)
Cash subscription	-	5,957,988
Exercise of employee stock options	3,237	66,557
Net cash flows from (used in) financing activities	355,409	(1,164,087)
Net increase in cash and cash equivalents	14,389,697	7,503,889
Cash and cash equivalents at beginning of period	7,810,888	306,999
Cash and cash equivalents at end of period	$ **22,200,585**	**7,810,888**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

WIWYNN CORPORATION

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

Wiwynn Corporation (the "Company") was incorporated on March 3, 2012, as a company limited by shares under the laws of the Republic of China (ROC). Wiwynn Corporation was engaged in research, development, design, testing and sales of abovementioned products, semi-products, peripheral equipments and parts:

(i) Computer and peripheral equipments

(ii) Data storage media

(iii) Electric appliances and media products

(iv) Information software

(v) Export business relating to the business of the Company

(vi) Management consult services

(vii) Information software services

(viii) Data processing services

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

The were authorized for issue by the Board of Directors on March 8, 2021.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

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

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

(ii) Functional and presentation currency

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

(c) Foreign currency

(i) Foreign currency transaction

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

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

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

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

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

(Continued)

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

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

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Notes to the Parent Company Only Financial Statements

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

(Continued)

WIWYNN CORPORATION

Notes to the Parent Company Only Financial Statements

4) Impairment of financial assets

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

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

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

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

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

The Company holds time deposits for domestic financial institutions, and it is considered to be low credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

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

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

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

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

(Continued)

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At each reporting date, the Company assesses financial assets carried at amortized cost credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured individually at the lower of cost and net realizable value. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

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(h) Investment in subsidiaries

When preparing the financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, 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. In subsidiaries which are controlled by the Company is accounted for preparing the consolidated statement by each period.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

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

1) Research and developments equipment: 3~5 years

2) Machinery and equipment: 4~6 years

3) Office equipment: 2~4 years

4) Lease improvements: 3 years

5) Other equipment: 4 years

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

(j) Lease

(i) Identifying a lease

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

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

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

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

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

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

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

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

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

— fixed payments, including substantively fixed payments;

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

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

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

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

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

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

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

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

— there is any lease modifications

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

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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

(k) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

Intangible assets is software. Amortization is recognized in profit or loss on a straight-line basis 3 years for the estimated useful lives of intangible assets, from the date that they are available for use.

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

(l) Impairment of non-financial assets

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

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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

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

Impairment losses are recognized in profit or loss. They are reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(m) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

The Company manufactures and sells data storage equipment to customer. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company provides customers with the extended warranty. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Company would sell the product and the extended warranty separately in similar circumstances and to similar customers.

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

2) Financing components

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

(n) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plan

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

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

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

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

(iii) Short-term employee benefits

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

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(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which reach a consciences about price and number of a new award between the Company and employee

(p) Income taxes

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

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

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

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

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

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

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

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

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

1) the same taxable entity; or

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

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

(q) Earnings per share

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

(r) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statement.

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

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

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(Continued)

Information about judgments made in applying accounting policies do not have significant effects on the amounts recognized in the financial statements.

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

Valuation of inventories

The Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the 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 as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(d) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 260	270
Demand and checking deposits	17,200,325	7,810,618
Time deposits	5,000,000	-
	$ 22,200,585	**7,810,888**

Please refer to note 6(u) for the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

(b) Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable－measured at amortized cost	$ 5,105,226	5,006,785
Accounts receivable-related parties－measured at amortized cost	12,260,466	15,121,332
Accounts receivable－measured at fair value through other comprehensive income	777,718	160,274
Less: loss allowance	(2,185)	(378)
	$ 18,141,225	**20,288,013**

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

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The Company applies the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted - average loss rate**	**Loss allowance provision**
Current	$ 18,134,381	-	-
Past due under 30 days	1,973	-	-
Past due 31 to 60 days	127	-	-
Past due 61 to 90 days	6,927	32%	2,183
Past due 91 to 180 days	2	100%	2
Total	**$ 18,143,410**		**2,185**

	December 31, 2019		
	Gross carrying amount	**Weighted - average loss rate**	**Loss allowance provision**
Current	$ 20,250,285	-	-
Past due under 30 days	37,712	-	-
Past due 31 to 60 days	-	-	-
Past due 61 to 90 days	-	-	-
Past due 91 to 180 days	31	50%	15
Past due 181 to 270 days	363	100%	363
Total	**$ 20,288,391**		**378**

The movement in the allowance for accounts receivable were as follows:

	2020	**2019**
Balance on January 1	$ 378	10,424
Impairment losses recognized	2,190	383
Impairment losses reversed	(383)	(10,429)
Balance on December 31	**$ 2,185**	**378**

As of December 31, 2020 and 2019, the accounts receivable were not pledged.

For further credit risk information, please refers to note 6(u).

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The Company entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Company does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Company derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. As of December 31, 2020 and 2019, the Company sold its accounts receivable without recourse as follows:

Unit: USD in thousands

December 31, 2020						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
ING, Taipei branch	$ -	90,000	-	-	2.67%	None

December 31, 2019						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
ING, Taipei branch	$ 533	83,562	533	-	2.06%~2.90%	None

(c) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	$ 2,927	3,099
Other receivables - related parties	528,215	2,299,124
Less: loss allowance	-	-
	$ 531,142	2,302,223

For further credit risk information, please refers to note 6(u).

(d) Inventories

	December 31, 2020	December 31, 2019
Raw materials	$ 880,254	1,449,042
Finished goods	803,778	67,352
Inventory in transit	106,136	42,735
	$ 1,790,168	1,559,129

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Except cost of goods sold, the remaining gains or losses which were recognized as cost sales were as follow:

	2020	2019
Royalty	$ 50,390	47,296
Losses on valuation of inventories	2,445	43,640
Loss on supplier inventory reserve	36,783	165,960
	$ 89,618	**256,896**

As of December 31, 2020 and 2019, the inventories were not pledged.

(e) Investments accounted for using equity method

The Components of investments accounted for using the equity method were as follows:

	December 31, 2020	December 31, 2019
Subsidiaries	**$ 4,704,417**	**5,195,685**

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2020.

(ii) Collateral

As of December 31, 2020 and 2019, the investments in aforementioned investment accounted for using the equity method were not pledged as collateral.

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Company for the years ended December 31, 2020 and 2019, were as follows:

	Research and development equipment	Machinery and equipment	Office equipment	Lease improvements	Other equipment	Total
Cost or deem cost:						
Balance on January 1, 2020	$ 120,083	431,063	48,584	186,062	164,794	950,586
Additions	18,820	199,871	23,958	40,757	12,051	295,457
Disposals	-	-	(1,446)	-	-	(1,446)
Reclassification (Note)	4,200	66,495	-	-	32,254	102,949
Balance on December 31, 2020	**$ 143,103**	**697,429**	**71,096**	**226,819**	**209,099**	**1,347,546**
Balance on January 1, 2019	$ 101,163	-	28,323	41,618	64,574	235,678
Additions	18,920	431,063	21,215	129,401	28,451	629,050
Disposals	-	-	(954)	(1,188)	-	(2,142)
Reclassification (Note)	-	-	-	16,231	71,769	88,000
Balance on December 31, 2019	**$ 120,083**	**431,063**	**48,584**	**186,062**	**164,794**	**950,586**

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	Research and development equipment	Machinery and equipment	Office equipment	Lease improvements	Other equipment	Total
Accumulated depreciation:						
Balance on January 1, 2020	$ 84,639	12,223	22,517	40,210	105,206	264,795
Depreciation	14,934	96,178	10,363	62,425	48,203	232,103
Disposals	-	-	(1,351)	-	-	(1,351)
Balance on December 31, 2020	$ **99,573**	**108,401**	**31,529**	**102,635**	**153,409**	**495,547**
Balance on January 1, 2019	$ 67,981	-	18,118	24,018	23,315	133,432
Depreciation	16,658	12,223	5,347	17,380	81,891	133,499
Disposals	-	-	(948)	(1,188)	-	(2,136)
Balance on December 31, 2019	$ **84,639**	**12,223**	**22,517**	**40,210**	**105,206**	**264,795**
Carrying value:						
Balance on December 31, 2020	$ **43,530**	**589,028**	**39,567**	**124,184**	**55,690**	**851,999**
Balance on December 31, 2019	$ **35,444**	**418,840**	**26,067**	**145,852**	**59,588**	**685,791**
Balance on January 1, 2019	$ **33,182**	**-**	**10,205**	**17,600**	**41,259**	**102,246**

(Note): Reclassified from prepayment for equipment.

As of December 31, 2020 and 2019, the property, plant and equipment were not pledged.

(g) Right-of-use assets

The Company leases buildings and other equipment. Information about leases for which the Company as a lessee was presented below:

	Buildings	Other equipment	Total
Cost:			
Balance on January 1, 2020	$ 270,115	4,835	274,950
Acquisitions	12,863	-	12,863
Disposals	(3,729)	-	(3,729)
Balance on December 31, 2020	$ **279,249**	**4,835**	**284,084**
Balance on January 1, 2019	$ -	-	-
Effects of retrospective application	81,306	-	81,306
Acquisitions	188,809	4,835	193,644
Balance on December 31, 2019	$ **270,115**	**4,835**	**274,950**
Accumulated depreciation:			
Balance on January 1, 2020	$ 70,705	200	70,905
Depreciation for the year	53,345	967	54,312
Balance on December 31, 2020	$ **124,050**	**1,167**	**125,217**
Balance on January 1, 2019	$ -	-	-
Effects of retrospective application	24,967	-	24,967
Depreciation for the year	45,738	200	45,938
Balance on December 31, 2019	$ **70,705**	**200**	**70,905**
Carrying amount:			
Balance on December 31, 2020	$ **155,199**	**3,668**	**158,867**
Balance at December 31, 2019	$ **199,410**	**4,635**	**204,045**

(Continued)

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Notes to the Parent Company Only Financial Statements

(h) Intangible assets

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

		Software	Other	Total
Costs:				
Balance on January 1, 2020	$	48,731	1,040	49,771
Additions		64,846	-	64,846
Disposals		(1,138)	-	(1,138)
Balance on December 31, 2020	**$**	**112,439**	**1,040**	**113,479**
Balance on January 1, 2019	$	31,972	-	31,972
Additions		16,759	1,040	17,799
Balance on December 31, 2019	**$**	**48,731**	**1,040**	**49,771**
Accumulated amortization:				
Balance on January 1, 2020	$	30,665	-	30,665
Amortization		19,350	-	19,350
Disposals		(1,138)	-	(1,138)
Balance on December 31, 2020	**$**	**48,877**	**-**	**48,877**
Balance on January 1, 2019	$	24,730	-	24,730
Amortization		5,935	-	5,935
Balance on December 31, 2019	**$**	**30,665**	**-**	**30,665**
Carrying value:				
Balance on December 31, 2020	**$**	**63,562**	**1,040**	**64,602**
Balance on December 31, 2019	**$**	**18,066**	**1,040**	**19,106**
Balance on January 1, 2019	**$**	**7,242**	**-**	**7,242**

(i) Amortization

For the years ended December 31, 2020 and 2019, the amortization of intangible assets is included in the statement comprehensive income:

		2020	2019
Operating costs	$	7,460	806
Operating expense		11,890	5,129
	$	**19,350**	**5,935**

(ii) Collateral

As of December 31, 2020 and 2019, the intangible assets were not pledged as collateral.

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(i) Other current assets and other non-current assets

	December 31, 2020	December 31, 2019
Other current assets:		
Tax refundable	$ 832,246	371,409
Other prepayments	72,505	57,983
Others	1,680	37
	$ 906,431	**429,429**
Other non-current assets:		
Refundable deposits	$ 31,495	31,063
Restricted deposits	27,463	29,002
Prepayments for equipment	33,030	37,445
	$ 91,988	**97,510**

As of December 31, 2020 and 2019, the other non-current assets of the Company had been pledged as collateral for subsidiaries' bank borrowing, please refer to note 8.

(j) Short-term borrowings

The details of the Company for short-term borrowings were as follows:

	December 31, 2020			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	USD	0.58%~0.69%	2021/1/11~2021/3/26	**$ 3,107,372**
Unused credit line				**$ 18,177,781**

	December 31, 2019			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank borrowings	USD	2.06%~2.90%	2020/1/7~2020/1/22	**$ 3,670,098**
Unused credit line				**$ 4,109,222**

(k) Bonds payable

The details of unsecured ordinary bonds were as follows:

	December 31, 2020
Total ordinary corporate bonds issued	$ 5,000,000
Unamortized discounted bonds payable	(8,217)
Bonds payable balance at year-end	**$ 4,991,783**

	2020
Interest expense	**$ 8,583**

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The Company issued 5,000 unsecured 5-years ordinary corporate bonds, and pays interest yearly at a fixed interest rate of 0.83% in Taiwan on October 20, 2020. It is agreed that half of pricipal will be repaid in the fourth and fifth years.

(l) Lease liabilities

	December 31, 2020	December 31, 2019
Current	$ 54,801	56,407
Non-current	$ 108,835	153,566

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest expenses on lease liabilities	$ 3,504	3,323
Cost and expenses relating to short-term leases	$ 9,332	3,507

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

	2020	2019
Total cash outflow for leases	$ 68,307	48,973

(i) Real estate leases

The Company leases land and buildings for its office space and factory. With leases terms of period of 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases other equipment, with lease terms of 3 to 5 years. In some cases, the Company has options to purchase the assets at the end of the contract term.

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$ 63,480	56,722
Fair value of plan assets	(54,573)	(53,852)
Net defined benefit liabilities	$ 8,907	2,870

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The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan and Taipei Fubon commercial bank that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

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

The Company' s Bank of Taiwan and Taipei Fubon commercial bank labor pension reserve account balance amounted to \$54,573 thousand and \$53,852 thousand, respectively, as of December 31, 2020 and 2019. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Company were as follows:

		2020	2019
Defined benefit obligations at January 1	$	56,722	54,382
Current service cost and interests cost		634	741
Net remeasurements of defined benefit liability		6,124	1,599
Defined benefit obligations at December 31	**$**	**63,480**	**56,722**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2020	2019
Fair value of plan assets at January 1	$	53,852	53,757
Interest income		8	731
Net remeasurements of defined benefit assets		3	(723)
Amounts contributed to plan		710	87
Fair value of plan assets at December 31	**$**	**54,573**	**53,852**

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follow:

		2020	2019
Current service cost	$	**626**	**10**
Operating expense	$	**626**	**10**

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2020 and 2019, was as follows:

		2020	2019
Accumulated amount at January 1	$	2,312	(10)
Recognized during the period		6,121	2,322
Accumulated amount at December 31	$	**8,433**	**2,312**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.625 %	1.125 %
Future salary increases	3.500 %	3.500 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $813 thousand.

The weighted average lifetime of the defined benefits plans for 2020 is 15.36 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Effects to the defined benefit obligation	
		Increase 0.25%	**Decrease 0.25%**
December 31, 2020:			
Discount rate (change in 0.25%)	$	(1,607)	1,669
Future salary increases (change in 0.25%)		1,596	(1,543)
December 31, 2019:			
Discount rate (change in 0.25%)		(1,496)	1,555
Future salary increases (change in 0.25%)		1,492	(1,447)

(Continued)

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Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above.

The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(i) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company's pension costs under the defined contribution plan were $51,319 thousand and $31,743 thousand for the years 2020 and 2019, respectively.

(n) Income taxes

(i) Income tax expense

The components of income tax were as follows:

		2020	2019
Current tax expense (income)			
Current period	$	2,076,532	1,708,340
Adjustments for prior periods		19,034	(1,733)
		2,095,566	1,706,607
Deferred tax expense (income)			
Origination and reversal of temporary difference		118,263	(168,716)
Income tax expense	**$**	**2,213,829**	**1,537,891**

The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

		2020	2019
Items that may not be reclassified subsequently to profit or loss:			
Loss on remeasurements of defined benefit plans	**$**	**(1,224)**	**(464)**

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(ii) Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

	2020	2019
Income before tax	$ 10,823,486	7,707,145
Income tax using the Company's domestic tax rate	2,164,697	1,541,429
Undistributed earnings additional tax	65,708	85,735
Tax incentives	(35,610)	(46,352)
Prior-period tax adjustments	19,034	(1,733)
Others	-	(41,188)
Income tax expense	**$ 2,213,829**	**1,537,891**

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax asset and liabilities

There were no significant unrecognized deferred tax assets and liabilities as of December 31, 2020 and 2019.

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred deferred tax assets and liabilities for 2020 and 2019 were as follows:

	Unrealized exchange loss	Contract liabilities and Provision	Unrealized inter-company profits	Accrued expense	Other	Total
Deferred tax assets:						
Balance at January 1, 2020	$ 54,796	172,301	97,702	153,232	16,367	494,398
Recognized in profit or loss	(6,913)	(172,301)	70,000	32,061	(11,002)	(88,155)
Recognized in other comprehensive income	-	-	-	-	1,224	1,224
Balance at December 31, 2020	**$ 47,883**		**167,702**	**185,293**	**6,589**	**407,467**
Balance at January 1, 2019	19,420	76,363	62,133	127,995	5,155	291,066
Recognized in profit or loss	$ 35,376	95,938	35,569	25,237	10,748	202,868
Recognized in other comprehensive income	-	-	-	-	464	464
Balance at December 31, 2019	**$ 54,796**	**172,301**	**97,702**	**153,232**	**16,367**	**494,398**

	Recognized share of gain of subsidiaries and associates accounted for equity method
Deferred tax liabilities:	
Balance at January 1, 2020	$ 104,534
Recognized in profit or loss	30,108
Balance at December 31, 2020	**$ 134,642**
Balance at January 1, 2019	$ 70,382
Recognized in profit or loss	34,152
Balance at December 31, 2019	**$ 104,534**

(Continued)

WIWYNN CORPORATION

Notes to the Parent Company Only Financial Statements

(iv) The ROC income tax authorities have examined the Company’s income tax returns for all years through 2018.

(o) Capital and other equity

As of December 31, 2020 and 2019, the Company’s authorized common shares consisted of 250,000 thousand shares with a par value of $10 per share, amounted to $2,500,000 thousands, of which 174,841 thousand and 174,637 thousand shares, respectively, were issued and outstanding.

(i) Common shares

On December 27, 2018, the Company’s board of directors approved a resolution to distribute the cash subscription amounted to $188,100 thousand, which consisted of 18,810 thousand shares. The Company apply for these shares to be traded and offered publicly by the total amount of $5,957,988 thousand (deducted issuance costs of $3,000 thousand). The base date for capital subscription was set on March 26, 2019 and all related registration procedures had been completed.

The Company issued 204 thousand and 3,798 thousand new shares of common shares with the amounts of $3,237 thousand and $66,557 thousand for the execution of employee stock options for the years ended December 31, 2020 and 2019. All proceeds from outstanding shares have been collected and all related registration procedures had been completed.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2020	December 31, 2019
A premium issuance of common shares for cash	$ 8,436,510	8,436,510
Employee stock options	364,685	363,488
others	16,185	16,185
	$ 8,817,380	**8,816,183**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

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(iii) Retained earnings

The Company's article of incorporation stipulate that if the Company has a profit as a result of the yearly accounting closing, ten percent of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reserved special reserve, shall be set aside, along with any undistributed profits accumulated from previous years to be identified as profits to be distributed. The amount of dividends to shareholders shall not less than ten percent of profit from the currency year.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of cash dividend is not lower than 10% of total distribution of dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Permit No. 1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of 2019 and 2018 earnings that were approved by the shareholders' meeting on June 15, 2020 and June 25, 2019, respectively, were as follows:

	2019	2018
Dividends distributed to ordinary shareholders		
Cash	$ 4,021,131	2,792,685

On March 8, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. These earnings were appropriated as follows:

	2020
Dividends distributed to ordinary shareholders	
Cash	$ 5,594,905

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(iv) Other equity (net of tax)

		Exchange differences on translation of foreign financial statements
Balance on January 1, 2020	$	53,914
Exchange differences on translation of foreign financial statements		(291,808)
Balance on December 31, 2020	**$**	**(237,894)**
Balance on January 1, 2019	$	172,850
Exchange differences on translation of foreign financial statements		(118,936)
Balance on December 31, 2019	**$**	**53,914**

(p) Share-based payment

As of December 31, 2020 and 2019, the Company had share-based payment agreements as follows:

	Equity-settled		
	Employee stock options issued in 2015	**Employee stock options issued in 2017**	**Cash subscription reserved for employee in 2019**
Grant date	January 26, 2015	June 20, 2017	February 27, 2019
Number of shares granted	1,000,000	8,000,000	2,821,000
Duration	5 years	3 years	-
Recipients	Employee	Employee	Employee
Grant period	(Note 1)	(Note 2)	Immediately

(Note 1) The exercise ratio of the employee stock options over the grant period are as follows:

Employee stock options issued in 2015	
Grant period	**Exercise ratio (cumulative)**
February 15, 2017	1/3
February 15, 2018	2/3
February 15, 2019	3/3

(Note 2) The exercise ratio of the employee stock options over the grant period are as follows:

Employee stock options issued in 2017	
Grant period	**Exercise ratio (cumulative)**
August 1, 2017	1/2
February 1, 2019	2/2

(Continued)

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(i) Determining the fair value of equity instruments granted

1) Employee stock options

The Company adopted the Black-Scholes model to evaluate the fair value of the stock option at the grant date. The assumptions adopted in this valuation model were as follows:

	Employee stock options issued in 2016	Employee stock options issued in 2018
Fair value at grant date (expressed in New Taiwan dollars)	$ 7.19	4.54 / 6.24
Share price at grant date (expressed in New Taiwan dollars)	25.98	25.23
Exercise price (expressed in New Taiwan dollars)	17.40	25.00
Expected volatility	38.87%	34.99% / 39.93%
Expected life	2 years	1.56 years / 2.31 years
Risk-free interest rate	0.60%	0.5053% / 0.5936%

2) Cash subscription reserved for employee subscription

The Company adopted the market approach to evaluate the fair value of the cash subscription reserved for employee subscription at grant date in 2019. The assumptions adopted in this valuation model were as follows:

	Cash subscription reserved for employee in 2019
Fair value at grant date (expressed in New Taiwan dollars)	$ 305.3
Share price at grant date (expressed in New Taiwan dollars)	248
Exercise price (expressed in New Taiwan dollars)	57.3
Debt–equity ratios	23.00 %
Premium of minority discount	31.5 %
Lack of Marketability Discount	22 %
Minority Discount	24 %

(ii) Information of employee stock options

The details of the employee stock options were as follows:

	2020		2019	
	Weighted-average exercise price (expressed in New Taiwan dollars)	Number of options (in thousands)	Weighted-average exercise price (expressed in New Taiwan dollars)	Number of options (in thousands)
Outstanding balance at the beginning of the year	$ 16.04	232	17.50	4,044
Options granted	-	-	-	-
Options forfeited	-	(28)	-	(14)
Options exercised	15.87	(204)	17.52	(3,798)
Outstanding balance at the end of the year	-	-	16.04	**232**
Exercisable number as the end of the year		-		**232**

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The outstanding employee stock options were as follows:

	December 31, 2020	December 31, 2019
Range of exercise price (expressed in New Taiwan dollars)	$ 10.0 ~17.3	10.0 ~17.3
Weighted-average of remaining contractual duration (years)	-	0.19

(iii) Expense recognized in profit or loss

The expense were recognized as profit or loss were as follow:

	2020	2019
Expense resulting from employee stock options	$ -	2,319
Expense resulting from cash subscription reserved for employee	-	161,643
Total	**$ -**	**163,962**

(q) Earnings per share

The calculation of basic and diluted earnings per share (unit: New Taiwan dollar) is as follows:

	2020	2019
Basic earnings per share:		
Profit attributable to common shareholders of the Company	**$ 8,609,657**	**6,169,254**
Weighted-average common stock outstanding (in thousands)	**174,812**	**169,382**
	$ 49.25	**36.42**
Diluted earnings per share:		
Profit attributable to common shareholders of the Company	**$ 8,609,657**	**6,169,254**
Weighted-average common stock outstanding (in thousands)	174,812	169,382
Effect of potentially dilutive common stock (in thousands):		
Employee compensation	965	849
Employee stock option	1	31
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	**175,778**	**170,262**
	$ 48.98	**36.23**

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(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020	2019
Primary geographical markets		
America	34,852,658	33,871,025
Europe	31,632,834	29,160,685
Asia	10,240,961	7,811,837
Other	2,290,617	4,041,398
	$ 79,017,070	74,884,945
Major products		
Hyperscale data center	$ 79,017,070	74,884,945

(ii) Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable	$ 5,882,944	5,167,059	3,997,212
Accounts receivable – related parties	12,260,466	15,121,332	7,917,001
Less: loss allowance	(2,185)	(378)	-
	$ 18,141,225	20,288,013	11,914,213

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities - provisions for warranty	$ 2,297,417	861,503	381,814

For details on accounts receivable and loss allowance, please refer to note 6(b).

The contract liabilities primarily related to the advance consideration received from providing customers with provisions for warranty, for which revenue is recognized when products are delivered to customers.

The major change in the balance of contract liabilities is the difference between the time frame of the performance obligation to be satisfied and the payment to be received. There was no significant changes during the period.

(iii) Transaction price allocated to the remaining performance obligations

The Company recognizes revenue related to warranty service in the amount to which the Company has a right to invoice, thus the Company applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

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(s) Employee’s and directors’ compensation

According to the Company’ s Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of employees’ and directors’ compensation) shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

(i) No less than 5% of profit as employees’ compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirement shall be determined by the Board of Directors.

(ii) No more than 1% of profit as the compensation in cash to the Directors.

The Company accrued and recognized employees’ compensation amounted to $571,500 thousand and $407,000 thousand, respectively and directors’ compensation amounted to $25,025 thousand and $18,174 thousand, respectively, based on the net income before tax which excluding the amounts of employees’ and directors’ compensation and the ratio stipulated in the Company’ s Article of Incorporation. The above are both accounted for under operating expense for the years ended December 31, 2020 and 2019. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss in following year. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2020 and 2019. Related information would be available at the Market Observation Post System website.

(t) Non-operating income and expenses

(i) Interest income
The details of interest income were as follows:

	2020	2019
Interest income from bank deposits	$ 33,527	55,828

(ii) Other income

The details of other income were as follows:

	2020	2019
Others	$ 76	79

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(iii) Other gains and losses

The details of other gains and losses were as follows:

		2020	2019
Foreign exchange losses, net	$	(532,750)	(78,798)
Gains (losses) on valuation of financial assets and liabilities at fair value)		436,049	(44,269)
Others		(1,486)	(23,399)
Total	$	**(98,187)**	**(146,466)**

(iv) Finance costs

The details of finance costs were as follows:

		2020	2019
Interest expenses			
Bank loans	$	(52,252)	(101,883)
Bonds payable		(8,583)	-
Others		(3,504)	(3,323)
Total	$	**(64,339)**	**(105,206)**

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

The Company' s majority customers are in Cloud Infrastructure and Hyperscale Date Center industries. To reduce concentration of credit risk, the Company evaluates customers' financial positions periodically and requires customers to provide collateral, if necessary. In addition, the Company evaluates the aging of accounts receivable periodically, accrue allowance for doubtful accounts and purchasing insurance contracts of accounts receivable, if necessary. Historically, bad debt expense has always been under management' s expectation. As of December 31, 2020 and 2019, 87.23% and 88.39% of the Company' s accounts receivable were both concentrated on 2 specific customers. Accordingly, concentrations of credit risk exist.

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

(ii) Receivable and debt securities

For credit risk exposure of accounts receivables, please refer to note 6(b). Other financial assets at amortized cost includes other receivables.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f)).

As of December 31, 2020 and 2019, the other receivable were not accrue any loss allowance.

(iii) Liquidity risk

The followings table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

		Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	$	3,107,372	3,109,711	3,109,711	-	-	-
Bonds payable		4,991,783	5,199,200	41,500	41,500	5,116,200	-
Notes and accounts payable (including related parties)		10,735,224	10,735,224	10,735,224	-	-	-
Other payables (including related parties)		2,359,064	2,359,064	2,359,064	-	-	-
Lease liabilities (including current and non-current)		163,636	168,475	57,350	54,362	56,763	-
Total	$	**21,357,079**	**21,571,674**	**16,302,849**	**95,862**	**5,172,963**	**-**
December 31, 2019							
Non-derivative financial liabilities							
Short-term borrowings	$	3,670,098	3,673,197	3,673,197	-	-	-
Notes and accounts payable (including related parties)		10,671,334	10,671,334	10,671,334	-	-	-
Other payables (including related parties)		2,291,335	2,291,335	2,291,335	-	-	-
Lease liabilities (including current and non-current)		209,973	217,921	59,929	55,920	102,072	-
Total	$	**16,842,740**	**16,853,787**	**16,695,795**	**55,920**	**102,072**	**-**

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

(iv) Market risk

1) Exposure to foreign currency risk

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

		December 31, 2020			December 31, 2019		
		Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets							
Monetary items							
USD	$	650,212	28.508	18,536,231	745,864	30.106	22,454,967
Financial liabilities							
Monetary items							
USD		505,999	28.508	14,425,014	493,695	30.106	14,863,187

(Continued)

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

2) Sensitivity analysis

The Company’ s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties), loans and borrowings, accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5% of appreciation (depreciation) of the NTD against the USD for the years ended December 31, 2020 and 2019, the net income would be changed by $164,449 thousand and $303,671 thousand, respectively. The analysis assumes that all other variable remain constant.

3) Foreign exchange gain and loss on monetary item

The amount, expressed in functional currency, of foreign exchange gain and loss (including realized and unrealized portion) of the Company's monetary items, and the exchange rate used to translate the original amount to the Company's functional currency, NTD (also the expressed currency), were as follows:

	2020		2019	
	Foreign exchange gain (loss)	**Average exchange rate**	**Foreign exchange gain (loss)**	**Average exchange rate**
NTD	$ (532,750)	-	(78,798)	-

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company’s financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable rates, the analysis is based on the assumption that the liabilities were outstanding for lifetime on the reporting date.

If the interest rate increased / decreased by 1%, the Company’s net income would have been changed by $1,181 thousand and $1,746 thousand, respectively, for the years ended December 31, 2020 and 2019, with all other variable factors that remain constant. This is mainly due to the Company’s borrowings at floating variable rate.

(vi) Fair value information

1) Categories and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

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	December 31, 2020				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 22,200,585	-	-	-	-
Accounts receivable (including related parties)	18,141,225	-	-	-	-
Other receivable (including related parties)	531,142	-	-	-	-
Other non-current assets	58,958	-	-	-	-
Subtotal	**$ 40,931,910**	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 3,107,372	-	-	-	-
Bonds payable	4,991,783	-	-	-	-
Notes and accounts payable (including related parties)	10,735,224	-	-	-	-
Other payables (including related parties)	2,359,064	-	-	-	-
Lease liabilities (including current and non-current)	163,636	-	-	-	-
Subtotal	**$ 21,357,079**	-	-	-	-

	December 31, 2019				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 7,810,888	-	-	-	-
Accounts receivable (including related parties)	20,288,013	-	-	-	-
Other receivable (including related parties)	2,302,223	-	-	-	-
Other non-current assets	60,065	-	-	-	-
Subtotal	**$ 30,461,189**	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 3,670,098	-	-	-	-
Accounts payable (including related parties)	10,671,334	-	-	-	-
Other payables (including related parties)	2,291,335	-	-	-	-
Lease liabilities (including current and non-current)	209,973	-	-	-	-
Subtotal	**$ 16,842,740**	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value: none

3) Transfers between Level 1 and Level 2: none

4) Changes between Level 3: none.

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

(vii) Offsetting financial assets and financial liabilities

The Company has financial instruments transactions applicable to the Internationa Financial Reporting Standards Sections 42 NO. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

December 31, 2020
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d) Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Other receivable	$ 419,132	419,132	-	-	-	-

December 31, 2020
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial lialilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d) Financial instruments	Cash collateral received	Net amounts (e)=(c)-(d)
Note payable and accounts payable	$ 9,957,345	419,132	9,538,213	-	-	9,538,213

(v) Financial risk management

(i) Overview

The Company have exposures to the following risks form its finacial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company' s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

WIWYNN CORPORATION

Notes to the Parent Company Only Financial Statements

(ii) Structure of risk management

The Company’ s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Company’ s Audit Committee oversees how management monitors compliance with the Company’ s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Company’s accounts receivable and investment.

1) Accounts and other receivable

The Company’ s credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Company will transact with corporations of credit ratings equivalent to investment grade and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and transactions records with its major customers. The Company continues to monitor the exposure to credit risk and counterparty credit rating, and evaluate the customers’ credit rating and credit limit via automatic finance system to manage the credit exposure.

The Company did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Company’ s finance department. Since the Company’ s transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stocks companies and non publicly-traded stocks companies, with good credit ratings, there are no incompliance issues and therefore no significant credit risk.

3) Guarantee

According to the Company’s policy, the Company can only provide guarantee to which is listed under the regulation. The Company did not provide guarantees to as of December 31, 2020 and 2019.

(Continued)

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

(iv) Liquidity risk

The Company maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the bank loan facilities and ensures in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Company. As of December 31, 2020 and 2019, the Company has unused credit lines for bank loans of $18,177,781 thousand and $4,109,222 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company' s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities. The currencies used in these transactions are denominated in USD.

The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influence the Company's future cash flow. The Company entering into forward and swap contracts are intended to manage the exchange rate risk due to the Company's current and future demand for foreign currency.

The contract periods are decided in consideration of the Company' s foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Company will settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

2) Interest risk

The Company' s short-term borrowings, bear floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influence the Company's future cash flow. The Company reduces the interest risks by negotiating the loan interest rates frequently with banks.

3) Other market price risk

The Company monitors the risk arising from its available-for-sale security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Company monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(Continued)

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

(w) Capital management

The Company's meets its objectives for managing capital to safeguard the capacity to continue to operate, and provide a return to the shareholders, also, to benefit other related parties, at the same time, to maintain an optional capital structure to reduce the cost of capital. Capital includes common share, capital surplus and retained earnings. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

As of 2020, the Companys' capital management strategy is consistent with 2019. The Company's debt to asset ratio and debt to capital ratio at the end of the reporting period as of December 31, 2020 and 2019, were as follows:

	December 31, 2020	December 31, 2019
Debt to asset ratio	51%	48%
Debt to capital ratio	103%	93%

(x) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2020	Cash flows	Addition	Interest expenses	Change in lease payments	December 31, 2020
Short-term borrowings	$ 3,670,098	(562,726)	-	-	-	3,107,372
Bonds payable	-	4,991,500	-	283	-	4,991,783
Lease liabilities	209,973	(55,471)	12,863	-	(3,729)	163,636
Total liabilities from financing activities	$ 3,880,071	4,373,303	12,863	283	(3,729)	8,262,791

			Non-cash changes	
	January 1, 2019	Cash flows	Addition	December 31, 2019
Long-term borrowings	$ 5,522,236	(5,522,236)	-	-
Short-term borrowings	2,501,666	1,168,432	-	3,670,098
Lease liabilities	58,472	(42,143)	193,644	209,973
Total liabilities from financing activities	$ 8,082,374	(4,395,947)	193,644	3,880,071

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Wistron Corporation is both the parent company and the ultimate controlling party of the Company. As of December 31, 2020 and 2019, it owns 44.85% and 44.90%, respectively, of all shares outstanding of the Company.

WIWYNN CORPORATION

Notes to the Parent Company Only Financial Statements

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Group
Wistron Corporation (WHQ)	Parent Company
Wiwynn International Corporation (WYUS)	Subsidiaries
Wiwynn Technology Service Japan, Inc. (WYJP)	Subsidiaries
Wiwynn Korea Ltd. (WYKR)	Subsidiaries
Wiwynn Technology Service Hong Kong Limited (WYHK)	Subsidiaries
Wiwynn Technology Service Kun Shan Ltd. (WYKS)	Subsidiaries
Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Subsidiaries
Wiwynn Mexico SA.de C.V. (WYMX)	Subsidiaries
Wistron InfoComm (Czech). s.r.o. (WCCZ)	Other related parties
Wistron Mexico S.A. de C.V. (WMX)	Other related parties
Cowin Worldwide Corporation (COWIN)	Other related parties
ICT Service Management Solutions (India) Private Limited (WIN)	Other related parties
SMS InfoComm Technology Services and Management Solutions Ltd (WBR)	Other related parties
SMS InfoComm (Singapore) Pte. Ltd. (WSSG)	Other related parties
Wistron InfoComm Technology (America) corporation (WITX)	Other related parties
ANWITH Technology Corporation (WCHQ)	Other related parties
International Standards Labs. (ISL)	Other related parties
Wistron InfoComm (Zhongshan) Corporation (WZS)	Other related parties
WiAdvance Technology Corporation (AGI)	Other related parties
Wistron NeWeb corporation (WNC)	Other related parties
Wistron Information Technology &Services Corporation (WITS)	Other related parties
T-CONN Precision Corporation (TPE)	Other related parties

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales and outstanding balances between the Company and related parties were as follows:

	Sales		Receivables from related parties	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
WHQ	$ 38,307	96	20	5
Subsidiaries:				
WYUS	35,212,046	34,020,134	11,242,985	13,545,567
Others	4,049,676	5,033,853	906,976	1,573,978
Other related parties	140,486	70,543	110,485	1,782
	$ 39,440,515	**39,124,626**	**12,260,466**	**15,121,332**

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different from those with third-party customers.

(ii) Purchases

The amounts of significant purchase and outstanding balances between the Company and related parties were as follows:

	Purchases		Payables to related parties	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
WHQ	$ 47,899,393	31,669,868	9,538,213	7,062,840
Subsidiaries	597,678	12,943	186,733	2,284
Other related parties:				
WCCZ	-	15,865,298	-	-
Others	1,278	8	94	8
	$ 48,498,349	**47,548,117**	**9,725,040**	**7,065,132**

Trading terms of purchase transactions with related parties can't be compared with third-party vendors due to product specifications.

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

(iii) Operating Expense

The amounts of operating expense between the Company and related parties were as follow:

	2020	2019
WHQ	$ 583,459	366,125
Subsidiaries	4,899	17,591
Other related parties	130,593	24,622
	$ 718,951	**408,338**

Trading terms of operating expense with related parties are not significantly different from those with third-party vendors.

(iv) Other receivables

The Company purchased raw materials on behalf of related parties and etc. The outstanding balance were as follows:

	Other receivables from related parties	
	December 31, 2020	**December 31, 2019**
WHQ	$ 178,355	2,271,900
Subsidiareis:		
WYUS	27,065	2,487
Other	2,712	3,159
COWIN	-	21,511
WZS	312,583	-
Others related parties	7,500	67
	$ 528,215	**2,299,124**

(v) Other payable

The Company purchased research and development materials and related parties paid traveling expenses on behalf of the Company, testing services and etc. The outstanding balance were as follows:

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

	Other payables to related parties	
	December 31, 2020	December 31, 2019
WHQ	$ 135,802	192,940
Subsidiareis:		
WYUS	125,716	284,174
Other	761	1,175
Other related parties	11,163	5,168
	$ 273,442	483,457

(vi) Endorsements and guarantees

As of December 31, 2020 and 2019, the Company provided endorsements and guarantees to the Subsidiaries for lease contract and bank loans amounting to $10,866 thousand and 6,523 thousand, respectively.

(vii) Leases

The Company signed a lease contract for two year with WNC during January 2019, and recognized the right-of-use assets and liabilities amounted to $168,400 thousand. For the years ended December 31, 2020 and 2019, the Company recognized its interest expense amounted to $2,429 thousand and $2,310 thousand, respectively. As of December 31, 2020 and 2019, the balance of lease liabilities was $105,204 thousand and $143,064 thousand.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	$ 105,775	80,644
Post-employment benefits	907	956
	$ 106,682	81,600

(8) Pledged assets:

The carrying amounts of pledged assets were as follow:

Pledged assets	Object	December 31, 2020	December 31, 2019
Other non-current assets	Guarantee	$ 27,463	29,002

WIWYNN CORPORATION

Notes to the Parent Company Only Financial Statements

(9) Commitments and contingencies:

(a) Alacritech Inc. filed a patent infringement complaint against the Company in the United States District Court - East District of Texas in June 2016. The Company had appointed an attorney to deal with the matter. The litigation is still in process and a decision has yet to be made by the US Patent trial and Appeal Board.

(b) Acqis LLC. filed a patent infringement complaint against the Company in the United States District Court - West District od Texas in October 2020. The Company had appointed an attorney to deal with the matter, with the case is still pending in the court.

(10) Losses due to major disasters: None.

(11) Subsequent events:None.

(12) Other:

A summary of employee benefits, depreciation, and amortization by function, were as follows:

By function	2020			2019		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	417,372	1,267,422	1,684,794	100,106	1,321,925	1,422,031
Labor and health insurance	42,034	65,406	107,440	9,229	54,228	63,457
Pension	20,054	31,891	51,945	4,784	26,969	31,753
Remuneration of directors	-	25,515	25,515	-	18,584	18,584
Others	24,349	23,332	47,681	5,575	22,654	28,229
Depreciation	190,187	96,228	286,415	48,773	130,664	179,437
Amortization	7,460	11,890	19,350	806	5,129	5,935

As of December 31, 2020 and 2019, the addititonal information for employee numbers and employee benefits were as follows:

	2020	2019
Average employees	1,502	757
Average directors not in concurrent employment	6	6
Average presonnel expenses	$ 1,265	2,058
Average salaries	$ 1,126	1,894
Adjustment of average employee salaries	(40.55)%	
Supervisor's remuneration	$ -	-

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Notes to the Parent Company Only Financial Statements

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

(a) Directors and managers

The remunerations to directors are in accordance with No.21 of the Company’ s Articles of Incorporation. If the Company has profit (which means income before tax excluding the amounts of remuneration to employees and directors) , no more than 1% of the profit shall be distributed as remuneration to directors in cash.

Furthermore, the remuneration of the Company’ s directors and managers is based on "Rules for directors and managers salary policies, structures and performances assessments". Under the rules, the relevant information is as follows:

(i) The remuneration to directors is based on the individual responsibilities, attendance rate and other performance condition.

(ii) The remuneration to managers based on the Company’ s overall operating performance and individual’ s performance achievement rate, as well as peer salary level in the same industry, position, responsibilities assumed and rationalized correlation of future risks.

Relevant performance appraisal and remuneration reasonableness are approved by the Salary and Remuneration Committee and the Board of Directors, and the remuneration system is reviewed at any time in accordance with the actual operating conditions, and relevant laws and regulations, to meet the Company’s sustainable operation and risk management.

(b) Employees’ salary:

The Company has established an "Employee Remuneration Policy" which should be approved by the Salary and Remuneration Committee and the Board of Directors. The remuneration includes fixed and variable portions. Fixed remuneration is adjusted by peer salary level in the same industry, while variable remuneration depends on the Company's operating performance, individual authority and performance.

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2020:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: Table 1 attached.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

WIWYNN CORPORATION

Notes to the Parent Company Only Financial Statements

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 2 attached.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Table 3 attached.

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following are the information on investees for the years ended December 31, 2020 (excluding information on investees in mainland China): Table 4 attached.

(c) Information on investment in mainland China: Table 5 attached.

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Wistron Corporation	78,418,129	44.85 %

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2020.

WIWYNN CORPORATION

Statement of cash and cash equivalents

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Description (Note 2)		Amount
Cash on hand			$ 260
	NTD	260	
Demand and check deposits			17,200,325
	NTD	16,914,886	
	USD	4,428	
	JPY	63	
	CNY	832	
	SGD	7,209	
Time deposits			5,000,000
	NTD (0.31%~0.41%， 2021.02.02~2021.02.16)	5,000,000	
Total			$ 22,200,585

Note 1: The ending rates of foreign currency deposits on December 31, 2020 are as follows:
USD/NTD=28.5080
SGD/NTD=21.5757
CNY/NTD=4.3615
EUR/NTD=0.2764

Note 2: Expressed in thousands of foreign currency.

WIWYNN CORPORATION

Statement of accounts receivables, net

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Amount
Company A	$ 777,718
Company B	4,581,168
Others (less than 5%)	524,058
Subtotal	5,882,944
Less: loss allowance	(2,185)
	$ 5,880,759

Statement of other receivables

Item	Amount
Others	**$ 2,927**

Statement of inventories

Item	Amount	Net realizable value
Raw materials	$ 880,254	939,344
Finished goods	803,778	857,148
Inventory in transit	106,136	113,738
Total	**$ 1,790,168**	**1,910,230**

WIWYNN CORPORATION

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Increase		Decrease			Exchange differences on transaction		Ending Balance			Market Value or Net Assets Value		
Name investee	Shares	Amount	Shares	Amount	Shares	Amount	Gains (losses) on investment	foreign financial statements	Unrealized profit from sales	Shares	Percentage of ownership	Amount	Unit price	Total amount	Collateral
WYJP	-	$ 127,271	-	-	-	-	29,233	(258)	-	-	100.00 %	156,246	-	156,246	None
WYUS	169,010	5,264,317	-	-	-	-	77,028	(282,128)	-	169,010	100.00 %	5,059,217	30	5,059,217	〃
WYHK	400	161,216	-	-	-	-	34,676	(4,856)	-	400	100.00 %	191,036	478	191,036	〃
WYKR	20	68,445	-	-	-	-	14,521	899	-	20	100.00 %	83,865	4,193	83,865	〃
WYMY	2,050	14,685	-	-	-	-	(230)	(529)	-	2,050	100.00 %	13,926	7	13,926	〃
WYMX	31,053	48,259	-	-	-	-	(4,688)	(4,936)	-	31,053	100.00 %	38,635	1	38,635	〃
Deferred credits	-	(488,508)	-	-	-	-	-	-	(350,000)	-	-	(838,508)		(838,508)	
Total		$ 5,195,685		-		-	150,540	(291,808)	(350,000)			4,704,417		4,704,417	

WIWYNN CORPORATION

Statement of short-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Items	Bank	Ending Balance	Period	Interest Rate	Financing Amount	Collateral	Note
Unsecured bank borrowings	Agricultural Bank of Taiwan	$ 1,282,860	2020/5/8-2021/5/8	0.63 %	1,400,000	None	
〃	Citi Bank	541,652	2020/10/27-2021/10/27	0.67 %	570,160	〃	
〃	Taipei Fubon Commerical Bank	1,282,860	2020/7/7-2021/4/30	0.58%~0.69%	1,282,860	〃	
〃	Bank SinoPac	-	2020/11/1-2021/10/31	-	1,140,320	〃	
〃	HSBC Bank	-	2020/1/20-2021/1/31	-	1,567,940	〃	
〃	Bank of Taiwan	-	2020/4/15~2021/5/15	-	600,000	〃	
〃	Far Eastern International Bank	-	2020/2/21~2021/2/21	-	855,240	〃	This credit line is shared with WYUS
〃	United Overseas Bank	-	2020/12/31~2021/12/31	-	855,240	〃	This credit line is shared with WYUS
〃	Standard Chartered Bank	-	2020/1/31~2021/1/31	-	997,780	〃	This credit line is shared with WYUS
〃	Entie Bank	-	2020/3/26~2021/3/26	-	900,000	〃	This credit line is shared with WYUS
〃	Mega Bank	-	2020/7/5~2021/7/4	-	1,425,400	〃	This credit line is shared with WYUS
〃	Mizuho Bank	-	2020/7/25~2021/7/25	-	2,850,800	〃	
〃	Taishin International Bank	-	2020/3/31~2021/3/31	-	2,000,000	〃	This credit line is shared with WYUS
〃	MUFG Bank	-	2020/5/25~2021/5/25	-	1,425,400	〃	This credit line is shared with WYUS
〃	ANZ Bank	-	2020/11/12~2021/7/31	-	3,278,420	〃	This credit line is shared with WYUS
〃	First Bank	-	2020/05/28~2021/05/28	-	1,000,000	〃	
〃	The Shanghai Commercial & Savings Bank	-	2020/10/30~2021/10/30	-	570,160	〃	
〃	JPMorgan Chase Bank	-	2020/2/12~2021/2/11	-	855,240	〃	
		$ 3,107,372			**23,574,960**		

WIWYNN CORPORATION

Statement of notes and accounts payable

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Amount
Vendor I	$ 152,144
Vendor J	138,096
Vendor K	54,643
Vendor L	53,578
Others (less than 5%)	611,723
Total	**$ 1,010,184**

Statement of other payables

Item	Description	Amount
Accrued expenses	Miscellaneous purchases、Bonus、Freight, etc	$ 1,696,382
Supplier inventory reserve		389,240
Others(less than 5%)		5,000
		$ 2,090,622

WIWYNN CORPORATION

Statement of other current liabilities

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Amount
Return merchandise authorization	$ 19,721
Withholding taxes, etc.	28,344
Collection in advance	3,458
Total	**$ 51,523**

WIWYNN CORPORATION

Statement of bonds payable

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Bonds name	Turstee	Issuance Date	Interest payment Date	Interest rate	Amount: Total amount	Amount: Repayment paid	Amount: Ending Balance	Amount: Unamortized premiums	Amount: Carrying amount	Repayment	Collateral	Note
Wiwynn Corporation's unsecured bonds-109-1	Bank SinoPac	2020/10/20	10/20	0.83 %	$ 5,000,000	-	5,000,000	(8,217)	4,991,783	half of pricipal will be repaid in the fourth and fifth years.	None	

Statement of lease liabilities

Item	Description	Lease term	Discount rate	Ending Balance	Note
Buildings	Offices and factories	2016/4/1~2025/9/1	2%	$ 160,340	
Other equipment	Cars	2019/10/25~2024/9/25	2%	3,296	
				163,636	
Less: current portion				(54,801)	
				$ 108,835	

WIWYNN CORPORATION

Statement of operating revenue

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Quanity	Amount
Hyperscale data center	7,459 PCS	$ **79,017,070**

Statement of operating costs

Item	Amount
Raw materials	
Beginning balance of raw materials	$ 1,449,042
Add: purchases	18,700,744
Less: ending balance of raw materials	(880,254)
Raw materials concumed	19,269,532
Direct labor	358,341
Manufacturing overhead	608,402
Cost of finished goods	20,236,275
Add: beginning balance of finished goods	110,087
purchases	45,007,716
Less: ending balance of finished goods	(909,914)
cost of sales of finished goods	64,444,164
Add: software royalty fees	50,390
loss from supplier inventory reserve	36,783
loss on valuation of inventories	2,445
Total cost of sales	$ **64,533,782**

WIWYNN CORPORATION

Statement of operating expenses

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Selling Expenses	Adminstrative Expense	Research and Development Expenses	Expected credit loss (gain)
Salary and wages expenses	$ 92,709	265,854	934,374	-
Professional service fees	789	150,082	38,030	-
Freight	454,421	73	10,905	-
Welfare funds	40,306	-	-	-
Depreciation expense	400	36,503	59,325	-
Insurance expense	4,246	54,544	39,362	-
Miscellaneous purchases	5,835	20,550	869,081	-
Expected credit loss	-	-	-	1,807
Others(less than 5%)	14,334	52,137	185,752	-
Total	**$ 613,040**	**579,743**	**2,136,829**	**1,807**

Other

Item	Description
Statements of accounts receivable-related parties, net, other receivables-related parties, accounts payable-related parties and other payables-related parties	Disclosure in note 7
Statements of other current assets	Disclosure in note 6(i)
Statements of movement of property, plant and equipment	Disclosure in note 6(f)
Statements of movement of accumulated depreciation of property, plant and equipment	Disclosure in note 6(f)
Statements of movement of right-of-use assets	Disclosure in note 6(g)
Statements of movement of intangible assets	Disclosure in note 6(h)
Statements of net defined benefit liabilities	Disclosure in note 6(m)
Statements of deferred tax assets and liabilities	Disclosure in note 6(n)
Statements of other non-current assets	Disclosure in note 6(i)
Statements of contract liabilities-current	Disclosure in note 6(r)
Statements of other income	Disclosure in note 6(t)
Statements of other gains and losses	Disclosure in note 6(t)
Statements of financial costs	Disclosure in note 6(t)

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

Table 1 Guarantees and endorsements for other parties:

(December 31, 2020)

No.	Name of guarantor	Counter - party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/guarantees to parent company	Endorsements/ guarantees to subsidiary in Mainland China
		Name	Relationship with the company (Note 3)										
0	The Company	WYMX	2	7,354,176	197,857	185,971	185,971	-	0.76%	12,256,961	Y	N	N
0	The Company	WYUS	2	7,354,176	126,467	123,783	123,783	-	0.50%	12,256,961	Y	N	N

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of the Company's lastest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 2) The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's lastest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 3) Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre - construction homes pursuant to the Consumer Protection Act for each other.

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

Table 2 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:
(December 31, 2020)

Name of company	Related Party	Nature of relationship	Transaction details				Transaction with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment Terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	WYUS	The Company's subsidiary	Sale	35,212,046	44.56%	OA120	-	-	11,242,985	61.97%	-
"	WYJP	The Company's subsidiary	Sale	2,001,949	2.53%	OA90	-	-	722,416	3.98%	-
"	WYKR	The Company's subsidiary	Sale	616,246	0.78%	OA90	-	-	100,065	0.55%	-
"	WYHK	The Company's subsidiary	Sale	697,136	0.88%	OA90	-	-	74,442	0.41%	-
"	WYKS	The Company's subsidiary	Sale	734,345	0.93%	OA90	-	-	10,053	0.06%	-
"	WBR	Other related company	Sale	132,019	0.17%	OA120	-	-	110,407	0.61%	
"	WHQ	The Company's parent company	Purchase	47,899,393	72.56%	OA45	-	-	(9,538,213)	(88.85%)	-
"	WYUS	The Company's subsidiary	Purchase	597,678	0.91%	OA90	-	-	(186,733)	(1.74%)	-

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

Table 3 Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(December 31, 2020)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance	Notes
					Amount	Action taken			
The Company	WYUS	The Company's subsidiary	11,242,985	284.10%	-	-	142,829	-	-
"	WYJP	The Company's subsidiary	722,416	263.33%	-	-	364,203	-	-
"	WYKR	The Company's subsidiary	100,065	571.56%	-	-	89,644	-	-
"	WBR	Other related company	110,407	239.15%	-	-	-	-	-
Other Receivables									
The Company	WHQ	The Company's parent company	178,355	-	-	-	178,345	-	-
"	WZS	Other related company	312,583	-	-	-	312,583	-	-

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

Table 4 Information on investments (excluding investees in mainland China):

The following are the information on investees for the years ended December 31, 2020 (excluding information on investees in mainland China):

Name of the investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of the investee	Share of profits/losses of investee	Notes
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Carrying value			
The Company	WYJP	Japan	Sales of data storage equipment	6,620	6,620	-	100.00%	156,246	29,233	29,233	-
"	WYUS	U.S.A	Sales of data storage equipment	5,021,581	5,021,581	169,010	100.00%	5,059,217	77,028	77,028	-
"	WYHK	Hong Kong	Investing activities and sale of data storage equipment	12,181	12,181	400	100.00%	191,036	34,676	34,676	-
"	WYKR	South Korea	Sales of data storage equipment	2,903	2,903	20	100.00%	83,865	14,521	14,521	-
"	WYMY	Malaysia	Sales of data storage equipment	15,109	15,109	2,050	100.00%	13,926	(230)	(230)	-
"	WYMX	Mexico	Human resources service provision	49,285	49,285	31,053	100.00%	38,635	(4,688)	(4,688)	-

WIWYNN CORPORATION
Notes to the Parent Company Only Financial Statements

Table 5 Information on investment in mainland China:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 2)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net income (loss) of the investee	Percentage of ownership	Investment income (losses) (Note 3)2.	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
WYKS	Sales of data storage equipment	10,659	2	10,659 (Note 1)	-	-	10,659	20,498	100.00%	20,498	78,155	-	-

(ii) Limitation on investment in mainland China

Accumulated Investment in mainland China as of December 31, 2020 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 5)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	9,978(USD 350,000)	14,708,353

(Note 1) Wiwynn Technology Service Hong Kong Limited used its own capital to invest in WYKS.

(Note 2) Ways to invest in mainland China:

1.Direct investment in mainland China.

2.Reinvestment in mainland China through third place.

3.Others

(Note 3) The three categories of investment income (losses) recognized were as follows:

1. The financial statements of the investee company were audited by the global accounting firm in cooperation with ROC. accounting firm.
2. The financial statements of the investee company were audited by the same auditor of the Taiwan parent company.
3. Others

(Note 4) Amount of upper limit on investment was the higher between sixty percent of total equity or total consolidated equity.

(Note 5) Translated using the ending rates on December 31, 2020.

(iii) Significant transactions

For the year ended December 31, 2020, the significant inter-company transactions with the subsidiary in mainland China, are disclosed in “Information on significant transactions”.

Wiwynn Corporation

Chairman: Simon Lin