Stock Code: 3596

Arcadyan Technology Corporation

2022 Annual Report

This English-version Annual Report is a summary translation of the Chinese version and is not an official document of the Shareholders Meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Spokesperson
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Deputy Spokesperson: Fong-Yu Lu / Executive Vice President
Tel: (03) 572-7000
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Headquarters, Branches and Plant
Headquarter: 8F, No 8, Guangfu Rd., Hsinchu, Taiwan
Tel: (03) 572-7000
Branches: None.
Plant: None.

Stock Transfer Agent
Name: Chinatrust Transfer Agent
Address: 5F, No 83, Sec 1, Chung Ching Nan Rd, Taipei, Taiwan
Tel: (02) 6636-5566
Website: https://www.ctbcbank.com

Auditors
CPA firm: KPMG Taiwan
Auditors: Szu-Chuan Chien, I-Wen Wang
Address: 68F, No 7, Sec 5, Xinyi Rd, Taipei, Taiwan
Tel.: (02) 8101-6666
Website: http://www.kpmg.com.tw

Overseas Securities Exchange
None.

Corporate Website
http://www. arcadyan.com

I. Letter to Shareholders

Dear Shareholders:

The business results for 2022, and the overview of operating plans and future development strategies of the Company for 2023, as well as the impact of external competition are as follows:

1. Business Results of 2022

(1) Business Plan Implementation Results and Budget Plan Implementation Status

In 2022, the Company's consolidated net operating revenues for the whole year was NT$47,167,749 thousand, representing an annual increase of 23.3%. The net operating income and after tax net income were NT $2,199,788 thousand and NT$1,915,053 thousand respectively, and the after tax earnings per share was NT$9.20.

(2) Financial Status and Profitability

The financial operation of the Company adheres to the principle of steadiness, and the use of long-term and short-term funds are properly planned according to the Company's operating conditions. The current ratio in 2022 was 130% and the debt ratio was 65%; the financial structure was sound.

In 2022, the net income was NT$1,915,053 thousand, the return on assets was 5.4%, and the return on equity was 14.3%.

(3) Progress in Research and Development

(I) The developed products are including: 5G FWA CPE, Whole Home Wifi (Wifi Mesh Network) smart home solution, 4G/LTE Small Cell integrated SON (Self Organizing Network) features, Indoor and Outdoor LTE Routers/Gateways, 802.11ax and 802.11ac (Single-band, Dual-band and Tri-band) Wireless Routers, 802.11ax and 802.11ac VDSL Routers, Repeaters used to expand indoor Wifi coverage, Android TV OTT/IP STB support Ultra-high resolution (4K) and HDR (High Dynamic Range Imaging), GPON OLT/ONT and NG-PON2 Fiber products, and DOCSIS 3.1 & 3.0 Cable Modems.

(II) Keep integrating and optimizing the new functions into the next generation IAD, such as Zigbee, Z-wave, BLE, DECT ULE and NFC, and introducing AI (Artificial Intelligence) algorithm, Intelligent Diagnostic functions, IEEE1905.1, EasyMeshTM R1/R2 Multi-interfaces Management System, and Big Data Cloud analysis platform optimization.

(III) Expedite developing next generation 5G CPE (Customer Premise Equipment), 5G Small Cell, MEC Switch, Smart Home Gateway plus IOT (Internet of Things) applications, 76GHz- 80GHz Automotive Blind Spot Detection (BSD) Active warning radar system and AI/Big Data/Cloud computing integration technology.

2. 2023 Business Prospects

(1) Operating Strategy

(I) Keep enlarging the existing telecom market share and developing new telecom customers in emerging markets; expanding the product categories of existing telecom customers, from fixed line to optical fiber products and developing mobile broadband products; providing the rapid customized products and services to all customers; and supporting the customers to design and develop competitive products by their needs, in order to efficiently make market segmentation for them.

(II) Strengthen the technical capability of software, hardware and expand new product lines on Android TV OTT and IP-STB. Focus on development of new markets and new customers, and optimize the profit on above-mentioned product portfolio.

(III) Expansion of the MSO (Multiple System Operator) market share and enhance market positioning, active development of new customers, expansion of Cable Modem production lines, and increase product penetration at the customer end through the provision of added-value services.

(IV) Proactive development of new product categories such as Smart Home, Internet of Things (IOT), Artificial Intelligence (AI), 76GHz-80GHz Automotive Blind Spot Detection (BSD) Active Warning Radar system; implementation of research on commercially viable applications of derived technologies, initiatives in sync with the development of 5G technology, keep development of new-generation 5G CPE products, and invest on 5G small-cell market.

(V) Cooperate with local technical suppliers in each market segment and country, to penetrate the local telecom markets together.

(VI) Technical collaborate with the key chipset vendors and front-end suppliers in order to lead new technology trend and penetrate the product markets together.

(VII) Keep scaling up the capacity of Vietnam manufacturing site, and optimizing the capacity transferring between our China and Vietnam manufacturing sites, in order to appropriately diversify the risk of overseas production sites.

(VIII) The sustainability strategy is based on its core values, and is built on five major aspects of "corporate governance", "environmental sustainability", "employee care", "sustainable procurement", and "social participation" to set short, medium, and long-term goals and management objectives.

(IX) Through the operations of Sustainability Committee, the Company sets the sustainability strategy and development goals and continues to interact with all stakeholders to achieve the objectives of sustainability future.

(2) Expected Sales Overview

In line with the rapidly increasing global demand for remote work and cloud applications in the post-epidemic era and against the backdrop of the ongoing expansion of broadband infrastructure installations, growth in the field of networking devices will be maintained. It is projected that the shipment volume of broadband networking devices will be increased by 5%~10% in 2023.

(3) Key Production and Marketing Policies

(I) In the next stage of product planning, we will continue to develop gateways supporting Smart Home and IOT functions, built-in wireless modules for consuming multimedia products (such as Smart TV and home voice assistant), high-level CPE required by ISP providers such as 5G Terminal Equipment and IAD that support fixed mobile convergence and Small-Cell and MEC switches that support 5G O-RAN architecture, high-end Android TV OTT/IP STB with ultra-high resolution (4K) and high dynamic range imaging (HDR), new-generation cable modem routers, and 76GHz-80GHz Automotive Blind Spot Detection (BSD) Active Warning Radar system. In addition, Smart CPE with adopted AI computing and Big Data Cloud analysis represents another focus of our R&D efforts.

(II) Keep expanding the JDM business scale to gain the advantage of a greater economic scale, scaling up the production capacity and introducing automation production process of Vietnam manufacturing site, selecting EMS collaborating partners, appropriately diversifying the risk of overseas production sites, and enhancing the manufacturing flexibility by above-mentioned multiple manufacturing sites.

(III) Increase the sales proportion of high-margin and high-price products.

3. Future Development Strategy and Impact of External Competition Environment, Regulatory Environment and Overall Business Environment

(1) Future Development Strategy of the Company

Currently, Arcadyan is doing well in the telecom market. Although it takes time to develop new business in the telecom market, the entry barriers for our competitors are also high. Therefore, we will keep focusing on the new business development in the telecom market, developing our self-own software codebases, which can support all kinds of open source software platform to meet the needs by different customers. With the advent of the 5G era, Arcadyan has been following the latest 3GPP standards and actively developing 5G Small Cells, integrating fixed and mobile networks, and building our self-own technology for the 5G cross-domain ecosystem. This will make us to respond to the latest market demands immediately and cut in new customers quickly. In the future, we will dig out the market demands deeply, stay with the development trend of open source software platform closely, and integrate above technology into the applications of smart handheld devices. We are also targeting at the fields of Smart Home, IOT, AI analysis and Cloud Computing, and further invest in the developments of 5G, IAD, IP STB/Android TV OTT and NG-PON2 Fiber broadband to provide the total solutions to all customers.

(2) Impact of External Competition, Regulatory Environment and Overall Business Environment

With the diversification of network services and the development of multimedia applications such as video on demand, the global consumer demand for higher bandwidth continues to increase, and the number of global broadband users are growing rapidly as well. With the increasing popularity of broadband communication and the global commitment to the wide coverage of 5G, more and more Networking equipment manufacturers and major EMS providers have invested in developing manufacturing and selling the related products. Therefore, the competition intensity of the market and prices have increased rapidly.

The global demand for IT infrastructure such as AI, 5G and Internet of Things increased greatly in the past two years, once resulting in a shortage of wafers, PMICs and other IC components. It is increasingly difficult for network communication equipment providers to maintain a firm grasp of material conditions. Tightening supply of supply chain components and extended delivery periods result in lengthened lead times. Though the material shortage has been mitigated last year, the unexpected raising interest rates by the Federal Reserve throughout last year has resulted in the deterioration of the overall global economy where the uncertainty of the economic prospects of governments of various countries, especially European and American countries, has surged, and the global consumer market has once again become less optimistic. It is therefore projected that the Company will face more arduous competition and challenges in all fields of its operations in the future. The Company will continue to enhance its product technologies, strengthen supply chain management and adaptability, build multi-regional manufacturing flexibility, advance cost competitiveness, strengthen the competitive edge in the field of time to market, and actively develop, cultivate, and maintain cooperative relationships based on mutual benefit with telecom customers with the ultimate goal of expanding our market share. The Company will strive to overcome the uncertainty in the market conditions to continue to expand the market share.

Conclusion

Finally, we would like to extend our most sincere and thanks to all shareholders for your long-term support. All employees of Arcadyan will continue to strengthen our R&D and market development on the basis of existing technical core competence and competitive advantage, effectively integrate and utilize our resources, continue to work toward the Company's growth and prosperity, and create maximum benefits for the Company and its shareholders. At the same time, we also hope all shareholders can continue to give encouragement and advice to our management team. Your truly,

Good Health and Prosperity!

Chairman of the Board:	Jui-Tsung Chen
Chief Executive Officer:	Chao-Peng Tseng
Chief Accounting Officer:	Shih-Wei Huang

II. Company Overview

1. Date of Incorporation: May 9, 2003

2. Company History

(1) Yearly Major Events

February 2021	Successfully developed DOCSIS 3.1 + Wi-Fi 6 cable products.
February 2021	Successfully developed 79GHz Commerciali Vehicle Side Defender Radar.
March 2021	Conferred 2020 Best CSR Implementation Award for Supplier by Joint Audit Cooperation (JAC) from Europe. Best Practice Award of CSR Supply Chain Management
March 2021	Obtained Level 4 Optimizing of BS 8001 certification on circular economy from British Standards Institution (BSI).
April 2021	Ranked Top 21% to 35% of the 7th Corporate Governance Evaluation among the listed companies.
September 2021	Started the operation of the Phase-I new plant in Vietnam.
November 2021	Successfully developed the 4G/ 5G Telematics.
November 2021	Won the Bronze Award of "the 3th National Enterprise Environmental Protection Award" from the Environmental Protection Administration, Executive Yuan, R.O.C.
December 2021	Successfully developed the mobile edge computing switch.
December 2021	Won the Gold Prize of the Chunghwa Telecom Sustainable Partner Award.
March 2022	Won the Gold Medal Award of EcoVadis Global Corporate Social Responsibility (CSR) Rating.
April 2022	Successfully developed EasyMesh R2 products
April 2022	Ranked Top 21% to 35% of the 8th Corporate Governance Evaluation among the listed companies.
May 2022	Set up Sustainability Committee.
August 2022	Successfully developed 77GHz five-in-one BSD ADAS radar
October 2022	Successfully developed Wi-Fi 6e products.
October 2022	Signed the SBTi Science Based Targets initiative, and formulated the carbon reduction goals of the Group.
November 2022	Won the Silver Award of "the 4th National Enterprise Environmental Protection Award" from the Environmental Protection Administration, Exeutive Yuan, R.O.C.
November 2022	Participated in the Carbon Disclosure Project (CDP) climate change investigation and won B Management Level.

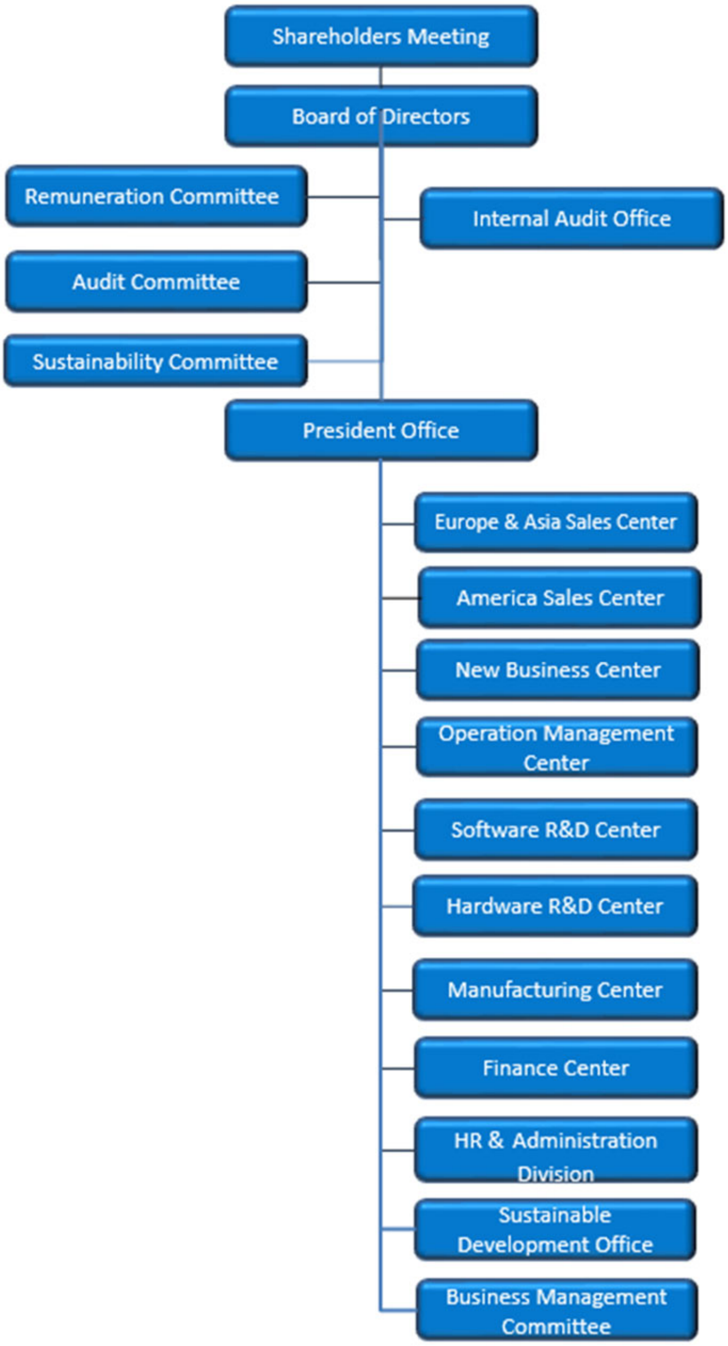
November 2022	Won the Green Environmental Protection Enterprise Award of Chinese Organic (CONA)
December 2022	Won the honor of CHT sustainable partner CDP Best Carbon Management and Disclosure.
December 2022	Passed the certification to the ISO 50001 energy management system.
April 2023	Ranked Top 21% to 35% of the 9th Corporate Governance Evaluation among the listed companies.

(2) For the Most Recent Year up to the Publication Date of this Annual Report, mergers and acquisitions, investment in affiliated companies, restructuring, transfer or change in shareholdings of Directors or major Shareholders with a stake of 10% or more, change of management right, material change in business activities or contents, and other matters that will significantly impact the Shareholders' interest and the Company: None.

III. Report on Corporate Governance

1. Organization of the Company

(1) Organizational Chart (as of December 31, 2022)



(2) Description of Department Functions:

Functions:	Main Responsibilities:
Remuneration Committee	1. Establishing and reviewing performance of Directors and managers, as well as policy, system, standard and structure of remuneration and compensation on a regular basis. 2. Evaluating and establishing the remuneration and compensation of Directors and managers on a regular basis.
Audit Committee	The main objective is to supervising the following items: 1. Fair presentation of the financial reports of the Company. 2. Appointing, dismissing and evaluating the independence and performance of certificated public accountants. 3. The effective implementation of the internal control system of the Company. 4. Compliance with relevant laws and regulations by the Company. 5. Management of the existing or potential risks of the Company.
Sustainability Committee	1. The formulation of sustainable development policies. 2. The establishment of the annual plan and strategic direction of sustainable development. 3. Track and review the implementation and effectiveness of sustainable development. 4. Decisions on other matters related to sustainable development.
Internal Audit Office	In charging of the planning, execution and improvement of the internal audit of the Company.
President Office	Establishing the operational goals of the Company, taking charge, directing and overseeing the overall business operations.
Europe and Asia Sales Center Americas Sales Center	1. Expanding and developing sales operation. 2. Overseeing the communication channels of customer service. 3. Managing marketing strategy and business operation. 4. Designing, planning and implementation of marketing projects.
New Business Center	Conducting R&D on new technologies, new products development and introduction for mass production, including assessment of the feasibility of new product development and integration of technologies.
Operation Management Center	1. Managing products and controlling project schedules. 2. Collaborating with R&D and manufacturing divisions and arranging for trial-run manufacturing to facilitate mass production. 3. Overseeing procurement, import and export, and production material control. 4. Designing and managing the engineering and manufacturing of products, managing and certificating of product quality. 5. Constructing and overseeing network environment, and

Functions:	Main Responsibilities:
	installing and maintaining the mainframe computer system and peripheral equipment. 6. Planning for introduction and conducting overall maintenance of ERP/MES, other online systems, developing operating procedures and assessing feasibilities. 7. Planning, designing and implementation of legal patent related matters. 8. Assisting in cost control of products and procurement to increase the overall profitability.
Software R&D Center	Develop various software technologies and testing programs of the Company.
Hardware R&D Center	Develop various hardware technologies and the related integration programs of the Company.
Production and Manufacturing Center	Supervising the overall production matters in the factory areas of Vietnam and China.
Finance Center	1. Preparing and examining the accounting and tax matters, and preparing financial reports. 2. Preparing budgets, difference analysis and control of variances. 3. Managing financial matters, establishing short, medium and long term capital funding and arrangement. 4. Cost computing, analyzing and planning for inventory physical count
HR & Administration Division	1. Establishing, amending and implementation of company management system. 2. Conducting performance assessment for employees, establishing promotion, retirement and other HR systems. 3. Planning and conducting employee training. 4. Computing salary, labor, health and group insurance. 5. Managing administrative matters.
Sustainable Development Office	1. Promotion and implementation of matters related to the sustainable development of the Company 2. Assistance in the Sustainability Committee to track the implementation progress of various sustainable development matters
Business Management Committee	Responsibilities in planning, executing and supervising risk management related matters.

2. Directors, President, Vice Presidents, Senior Managers and Department and Branch Heads

(1) Directors

April 17, 2023

Position	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Concurrent Position(s) in the Company or other companies	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	R.O.C.	Compal Electronics Inc.	Note 1	2020.6.18	3 years	2006.10.12	41,304,504	19.81%	41,304,504	18.74%	0	0%	0	0%	Bachelor's degree of Electrical Engineering, National Cheng Kung University Vice Chairman and CSO of Compal Electronics Inc.	Note 3	None	None	None	Note 2
		Representative: Jui-Tsung Chen				2006.10.12	0	0%	2,276,000	1.03%	0	0%	0	0%						
Director	R.O.C.	Compal Electronics Inc.	Note 1	2020.6.18	3 years	2006.10.12	41,304,504	19.81%	41,304,504	18.74%	0	0%	0	0%	Master's degree of Management Science, National Chiao Tung University Director and President of Compal Electronics Inc.	Note 3	None	None	None	Note 2
		Representative: Chung-Pin Wong				2014.6.20	429	0%	429	0%	0	0%	0	0%						
Director	R.O.C.	Compal Electronics Inc.	Note 1	2020.6.18	3 years	2006.10.12	41,304,504	19.81%	41,304,504	18.74%	0	0%	0	0%	Master's degree of Electrical Engineering, National Taiwan University Director and Executive Vice President of Compal Electronics Inc.	Note 3	None	None	None	Note 2
		Representative: Sheng-Hua Peng				2018.6.1	0	0%	0	0%	0	0%	0	0%						
Director	R.O.C.	Compal Electronics Inc.	Note 1	2020.6.18	3 years	2006.10.12	41,304,504	19.81%	41,304,504	18.74%	0	0%	0	0%	EMBA, National Chiao Tung University Vice President of Arcadyan Technology Corporation	Note 3	None	None	None	Note 2
		Representative: Chung-Pao Liu				2019.4.12	13,079	0.01%	36,079	0.02%	0	0%	0	0%						
Director	R.O.C.	Chao-Peng Tseng	Note 1	2020.6.18	3 years	2019.6.25	26,669	0.01%	162,669	0.07%	0	0%	0	0%	MBA, Oklahoma State University President of Arcadyan Technology Corporation	Note 3	None	None	None	Note 2

Position	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Concurrent Position(s) in the Company or other companies	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Director	R.O.C.	Che-Ho Wei	Note 1	2020.6.18	Three years	2012.6.22	0	0%	0	0%	0	0%	0	0%	PhD in Electrical Engineering, University of Washington Honorary Professor of National Chiao Tung University	Note 3	None	None	None	Note 2
Independent Director	R.O.C.	Ing-Jen Lee	Note 1	2020.6.18	3 years	2008.6.13	0	0%	0	0%	0	0%	0	0%	Ph.D. in Electrical Engineering, National Taiwan University Chairman of Litemax Electronics Inc.	Note 3	None	None	None	Note 2
Independent Director	R.O.C.	Ching-Chang Wen	Note 1	2020.6.18	3 years	2008.6.13	0	0%	0	0%	0	0%	0	0%	Ph.D. in Electrical Engineering, University of Pennsylvania Director of Bioptik Technology Inc.	Note 3	None	None	None	Note 2
Independent Director	R.O.C.	Wen-An Yang	Note 1	2020.6.18	Three years	2008.6.13	0	0%	0	0%	0	0%	0	0%	Master's degree of Commerce, National Taiwan University Chairman of Durbun Digital Solutions, Inc.	Note 3	None	None	None	Note 2

Note 1: All the Directors of the Company are male. Directors aged 50 to 59: Sheng-Hua Peng; Directors aged 60 to 69: Chung-Pin Wong, Chung-Pao Liu, Chao-Peng Tseng, Wen-An Yang; Directors aged 70 to 79: Jui-Tsung Chen, Ing-Jen Lee, Ching-Chang Wen, Che-Ho Wei

Note2: The Company Chairman and the President or manager of equivalent position (the highest manager) are the same person or spouses or of kinship in the first degree, related information regarding the arrangements in terms of reasons, rationale, necessity and response measures shall be provided: None.

Note 3: Concurrent Position(s) in the Company or other companies

Job title	Name	Concurrent Position(s) in the Company or other companies	
Chairman	Jui-Tsung Chen	Vice Chairman CSO	Compal Electronics Inc.
		Chairman	Kinpo&Compal Group Assets Development Corporation, Palcom International Corporation, Compal System Trading (Kunshan) Co., Ltd., Ripal Optotronics Co., Ltd., General Life Biotechnology Co., Ltd., UniCore Biomedical Co., Ltd., Ray-Kwong Medical Management Consulting Co. Ltd., Aco Healthcare Co.,Ltd., ARCE Therapeutics, Inc., Raypal Biomedical Co., Ltd., Compal Ruifang Health Assets Development Corporation, River Regeneration and Rejuvenation Biotechnology Co. Ltd.
		Director	Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., Ascendant Private Equity Investment Ltd., Big Chance International Co., Ltd., Billion Sea Holdings Limited, Bizcom Electronics, Inc., Center Mind International Co., Ltd., Compal Americas (US) Inc. Compal Display Holding (HK) Limited, Compal Electronics (Holding) Ltd., Compal Electronics International Ltd., Compal Electronics N.A. Inc., Compal International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal International Ltd., Compal Rayonnant Holdings Ltd., Compalead Electronics B.V., Compal USA (Indiana), Inc., Compal Wise Electronic (Vietnam) Co., Ltd, Core Profit Holdings Limited, Etrade Management Co., Ltd., Flight Global Holding Inc., Forever Young Technology Inc., Fortune Way Technology Corp., Giant Rank Trading Limited, Goal Reach Enterprises Ltd., High Shine Industrial Corp., Intelligent Universal Enterprise Ltd., Jenpal international Ltd., Just International Ltd., Prisco International Co., Ltd., Prospect Fortune Group Ltd., Sinoprime Global Inc., Smart International Trading Ltd., Wah Yuen Technology Holding Ltd., Webtek Technology Co., Ltd., Compal (Vietnam) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Development & Management (Vietnam) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Networking (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Kinpo Group Management Consultant Company, Compal Digital Technology (Kunshan) Co., Ltd., Compal Broadband Networks, Inc., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd. Compal Electronics (Chengdu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., HengHao Technology Co. Ltd., Mactech Co., Ltd., Unicom Global, Inc., Phoenix Innovation Venture Capital Co., Ltd., NCKUEE Alumni Association
		Independent Director	Powertech Technology Inc.
Director	Chung-Pin Wong	Chairman	Compal USA (Indiana), Inc.,Wah Yuen Technology Holding Ltd., Rayonnant Technology Co., Ltd., HengHao Technology Co. Ltd., Compal Broadband Networks, Inc., HippoScreen Neurotech Corp., Shennona Co., Ltd., Starmems Semiconductor Corp., Unicom Global, Inc., Poindus Systems Corp.
		Director	Allied Power Holding Corp., Auscom Engineering Inc., Bizcom Electronics, Inc., Compal Connector Manufacture Ltd., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., Primetek Enterprises Limited, Shennona Corporation, Sirqul Inc., Compal Electronics, Inc., Ripal Optotronics Co., Ltd., Mactech Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., UniCore Biomedical Co., Ltd., General Life Biotechnology Co., Ltd., Panpal Technology Corp., Hong Jin Investment Co., Ltd., Kinpo Group Management Consultant Company, Aco Healthcare Co.,Ltd., Infinno Technology Corp., Raypal Biomedical Co., Ltd., Gempal Technology Corp., Hong Ji Capital Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., ARCE Therapeutics, Inc., Kinpo & Compal Group Assets Development Corporation, Compal Ruifang Health Assets Development Corporation
		Supervisor	Hong Ya Technology Corporation
		Executive Director	Compower Global Service Co.,Ltd.

Job title	Name	Concurrent Position(s) in the Company or other companies	
		President	Compal Electronics Inc., Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd.
Director	Sheng-Hua Peng	Chairman	Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Hanhelt Communications (Nanjing) Co.,Ltd., Compal Communications (Nanjing) Co., Ltd.
		Director	Bizcom Electronics, Inc., Compal Electronics, Inc., Gempal Technology Corp., Hong Ji Capital Co., Ltd., Ripal Optotronics Co., Ltd., UniCore Biomedical Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Palcom International Corporation, Compal Smart Device (Chongqing) Co., Ltd., Hong Jin Investment Co., Ltd.
		President	Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Palcom International Corporation, Hanhelt Communications (Nanjing) Co., Ltd., Compal Smart Device (Chongqing) Co.,Ltd.
		Executive Vice President	Compal Electronics Inc.
		Supervisor	General Life Biotechnology Co., Ltd.
Director	Chung-Pao Liu	Director	Arcadyan Technology (Shanghai) Corp., Tatung Electronics Technology (Suzhou) Incorporation
		President	Compal Networking (Kunshan) Co., Ltd., Arcadyan Technology (Shanghai) Corp., Tatung Electronics Technology (Suzhou) Incorporation
Director	Chao-Peng Tseng	Chairman	Arcadyan Technology (Shanghai) Corp., Zhi-Bao Technology Inc., Arcadyan Technology (Vietnam) Co., Ltd.
		Director	Arcadyan Holding (BVI) Corp., Arcadyan Technology Limited, Arcadyan Technology Corporation Korea, Arcadyan Technology Australia Pty Ltd, Arch Holding (BVI) Corp., Exquisite Electronic Co., Ltd., Quest International Group Co., Ltd., Sinoprime Global Inc. (BVI), Compal Networking (Kunshan) Co., Ltd, Tatung Technology Inc., Tatung Electronics Technology (Suzhou) Incorporation, Tatung Technology of Japan Co., Ltd.
		President	Arcadyan Technology Corporation, Arcadyan Technology (Vietnam) Co., Ltd., Zhi-Bao Technology Inc.
		Managerial personnel	Arcadyan Germany Technology GmbH
Director	Che-Ho Wei	Director	National Information Infrastructure Enterprise Promotion Association, Macronix International Co., Ltd.
		Independent Director	Sunplus Technology Co., Ltd.
Independent Director	Ing-Jen Lee	Chairman	Litemax Electronics Inc.
		Director	Aaeon Technology Inc., Aaeon Technology (Suzhou) Inc., Litemax Technology, Inc., Yen Sun Technology Corp., Eutech Microelectronics Inc.
		Independent Director	AXIS Corporation
Independent Director	Ching-Chang Wen	Director	Bioptik Technology Inc., New E Masterials Co., Ltd.
Independent Director	Wen-An Yang	Chairman	Durbun Digital Solutions, Inc.
		Director	Durbun Accounting Firm
		Director	Lien Chang Electronic Enterprise Co., Ltd.
		Independent Director	E&E Recycling, Inc., Kuen Ling Machinery Refrigerating Corporation

■ Major shareholders of the corporate shareholder

April 23, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder (Note)
Compal Electronics Inc.	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (7.72%), Yuanta/P-shares Taiwan Dividend Plus ETF (4.69%), Kinpo Electronics, Inc. (3.44%), Silchester International Investors International Value Equity Trust (2.36%), New Labor Pension Fund (2.32%), Yuanta Taiwan High Dividend Low Volatility ETF (1.39%), Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds (1.30%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund， a series of Vanguard Star Funds (1.23%), Citibank (Taiwan) Ltd. in custody for Norges Bank (1.07%), Labor Insurance Fund (1.00%)

Note: If the Major Shareholders are legal persons, see the table below.

■ Major Shareholder(s) as Legal Person(s)

April 1, 2023

Name of corporate	Major shareholders of the corporate
Kinpo Electronics, Inc.	Compal Electronics, Inc. (8.29%), Panpal Technology Corp. (4.64%), GEBO Limited (3.43%), Lai-Shun Shen Tsai (2.79%), Ho Bao Investment Co., Ltd. (2.00%), Ruey Shinn Co., Ltd. (1.87%), Li Chu Tsai (1.45%), Kun-Chao Shen (1.44%), UBS Taipei Branch is subject to Li Chu Tsai trust property account (1.34%), JPMorgan Chase Bank Taipei Branch is entrusted with the safekeeping of Van Gard Emerging Market Stock Index Fund investment account of the manager of Van Gard Group (1.24%)

■ Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors:

Qualifications / Name	Professional qualifications and experience	Independence (Note) 1	2	3	4	5	6	7	8	9	No. of other public companies at which the person concurrently serves as an Independent Director
Chairman: Representative of Compal Electronics Inc.: Jui-Tsung Chen	Having work experience in the areas of commerce, management and electronics related industry; now serving as the Vice Chairman and CSO of Compal Electronics Inc.; not under any circumstances of Article 30 of the Company Act.	Non-Independent Director Not applicable.									1
Director: Representative of Compal Electronics Inc.: Chung-Pin Wong	Having work experience in the areas of commerce, management and electronics related industry; now serving as the President of Compal Electronics Inc.; not under any circumstances of Article 30 of the Company Act.										0
Director: Representative of Compal Electronics Inc.: Sheng-Hua Peng	Having work experience in the areas of commerce, management and electronics related industry; now serving as the Executive Vice President of Compal Electronics Inc.; not under any circumstances of Article 30 of the Company Act.										0
Director: Representative of Compal Electronics Inc.: Chung-Pao Liu	Having work experience in the areas of commerce, management and electronics related industry; now serving as the Vice President of Arcadyan Technology Corporation; not under any circumstances of Article 30 of the Company Act.										0
Director: Chao-Peng Tseng	Having work experience in the areas of commerce, management and electronics related industry; now serving as the President of Arcadyan Technology Corporation; not under any circumstances of Article 30 of the Company Act.										0

Qualifications / Name	Professional qualifications and experience	Independence (Note) 1	2	3	4	5	6	7	8	9	No. of other public companies at which the person concurrently serves as an Independent Director
Director: Che-Ho Wei	Having the experience in the industry-academia collaboration, once serving as a professor of a national university, now serving as the director of the National Information Infrastructure Enterprise Promotion Association, ; not under any circumstances of Article 30 of the Company Act.										1
Independent Director: Ing-Jen Lee	Having work experience in the areas of commerce, management and electronics related industry; now serving as the Chairman of Litemax Technology Inc.; not under any circumstances of Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director: Ching-Chang Wen	Having work experience in the areas of commerce, management and electronics related industry; now serving as a director of Bioptik Technology Inc.; not under any circumstances of Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director: Wen-An Yang	Having practical experience in a CPA firm and specialized in accounting and finance; now serving as the Chairman of Durbun Digital Solutions, Inc., not under any circumstances of Article 30 of the Company Act.	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

(Note) According to Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, a "✓" mark shall be given in the box under the code of the requirement that any Independent Director meets within two years before 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. (The same does not apply, however, in cases where the person is an Independent Director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.

(4)Not a managerial officer mentioned in paragraph (1), or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship mentioned in paragraphs (2) and (3).

(5)Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or ranks as its top five shareholders, or the designated representative pursuant to Article 27 Section 1 or 2 in the Company as director/supervisor. (The same does not apply, however, in cases where the person is an Independent Director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(6)Not a director, supervisor, or employee of other company with the Board seats or more than half of the voting shares under control of one person. (The same does not apply, however, in cases where the person is an Independent Director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(7)Not a director, supervisor, or employee of other company whose chairman or general manager are the same person or spouse of the Company. (The same does not apply, however, in cases where the person is an Independent Director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(8)Not a director, supervisor, managerial 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. (The same does not apply, however, if specified company or institution possessing shareholdings of more than 20% and less than 50% of the total number of issued shares of the Company, and in cases where the person is an Independent Director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(9)Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services or for the past two years, has provided commercial, legal, financial, accounting services or consultation amounted to less than a cumulative TWD500,000 to the Company or to any affiliate of the company, or a spouse thereof. However, this does not apply to members of Remuneration Committee, Public Tender Offer Review Committee or Special Merger and Acquisition Committee carrying out their duties in accordance with Securities and Exchange Act or Business Mergers and Acquisitions Act.

■ Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

The structure of the Company’s Board of Directors shall be determined by choosing an appropriate number of Board members, in consideration of the business development scale of the Company, the shareholdings of major shareholders, and practical operational needs. For the composition of the Board of Directors, it is advisable that Directors concurrently serving as Company officers not exceed one-third of the total number of Board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include the following two general standards:

a. Basic conditions and values: gender, age, nationality, culture etc.

b. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.

All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities: operational judgments, accounting and financial analysis, operation management, risk management, knowledge of the industry, international market perspective, leadership, and investment and merger.

The diversity of the Board of Directors is described below:

Item / Name	Core items							
	Operational judgments	Accounting and finance	Business management	Risk management	Knowledge of the industry	International market perspective	Leadership	Knowledge of investment and merger
Representative of Compal Electronics Inc.: Jui-Tsung Chen	✓	✓	✓	✓	✓	✓	✓	✓
Representative of Compal Electronics Inc.: Chung-Pin Wong	✓	✓	✓	✓	✓	✓	✓	✓
Representative of Compal Electronics Inc.: Sheng-Hua Peng	✓		✓	✓	✓	✓	✓	
Representative of Compal Electronics Inc.: Chung-Pao Liu	✓		✓	✓	✓	✓	✓	
Chao-Peng Tseng	✓	✓	✓	✓	✓	✓	✓	✓
Che-Ho Wei	✓		✓	✓	✓	✓	✓	
Independent Director: Ing-Jen Lee	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director: Ching-Chang Wen	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director: Wen-An Yang	✓	✓	✓	✓		✓	✓	✓

The Company's current Board of Directors consists of nine directors. The specific management objectives and achievement status of the diversification policy of its Board of Directors are as follows:

Management objectives	Achievement status
For the composition of the Board of Directors, Directors concurrently serving as Company officers shall not exceed one-third of the total number of Board members.	Achieved
More than half of the members of the Board of Directors have telecommunication technology expertise and industrial qualifications to provide professional advices on operational matters, improve the competitiveness of the Company, thus completing the functions of the Board.	Achieved

Item		Director	Independent Director
Age	50-59 years old	1	0
	60-69 years old	3	1
	70-79 years old	2	2
Gender	Male	6	3
	Female	0	0
Nationality	R.O.C.	6	3
	Foreign nationality	0	0
Employee status (Note)		2	0

Note: This means serving concurrently as an employee of the Company or any subsidiary.

(2) Independence of the Board of Directors: Three of the nine Board members are Independent Directors, occupying a proportion of 33%. The establishment of Independent Directors and their exercise of duties are in compliance with the Securities and Exchange Act, and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". No circumstance specified in Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act exists such situation that between any Directors and none of the Directors is a spouse or a relative within two degree of kinship of any other Director.

(2) President, Vice Presidents, Senior Managers and Department and Branch Heads

April 17, 2023

Job title	Nationality	Name	Gender	Date of election / appointment to current term	Shares Held		Current Shares Held by Spouse, Minor Child(ren)		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Spouse or relative within the second degree of kinship Holding Managerial Position			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
President	R.O.C.	Chao-Peng Tseng	Male	2017.2.23	162,669	0.07%	0	0%	0	0%	MBA, Oklahoma State University Director of Arcadyan Technology Corporation	Note 1	None	None	None	Note 2
Executive Vice President	R.O.C.	Fong-Yu Lu	Male	2003.05.09	103,780	0.05%	0	0%	0	0%	Master degree of Computer Engineering, National Chiao Tung University computer engineering Chairman of Tatung Technology Inc.	Note 1	None	None	None	Note 2
Vice President	R.O.C.	Chung-Pao Liu	Male	2003.05.09	36,079	0.02%	0	0%	0	0%	EMBA, National Chiao Tung University Director of Arcadyan Technology Corporation	Note 1	None	None	None	Note 2
Vice President	R.O.C.	Nien-Che Hsiung	Male	2017.05.03	70,060	0.03%	0	0%	0	0%	EMBA, National Chiao Tung University Director of Tatung Technology Inc.	Note 1	None	None	None	Note 2
Vice President	R.O.C.	Chih-Fang Lee	Male	2018.08.01	242,939	0.11%	11,572	0.01%	0	0%	Bachelor degree of Electrical Engineering, National Central University Director of Tatung Technology Inc.	Note 1	None	None	None	Note 2
Vice President	R.O.C.	Shin-Lung Kuo	Male	2018.08.01	66,699	0.03%	61	0%	0	0%	Bachelor degree of Electronic Engineering, Fu Jen Catholic University Vice President of Delta Networks, Inc.	None	None	None	None	Note 2
Vice President	R.O.C.	Yen-Ju Lin	Male	2022.03.10	22,000	0.01%	0	0%	0	0%	Bachelor degree of New York University Tandon School of Engineering President of Arcadyan Technology N.A. Corporation	Note 1	None	None	None	Note 2
Chief Accounting Officer and Corporate Governance Officer	R.O.C.	Shih-Wei Huang	Male	2018.03.14	52,790	0.02%	0	0%	0	0%	Master degree of Accounting, Soochow University Director of Tatung Technology Inc. Deputy Director of Compal Electronics Inc.	Note 1	None	None	None	Note 2
Chief Internal Audit Officer	R.O.C.	Yi-Ling Peng	Female	2006.04.17	0	0%	0	0%	0	0%	Bachelor degree of Accounting, Yuan Ze University Senior Auditor of KPMG Junior Manager of Masterlink Securities Corporation	None	None	None	None	Note 2

Note 1: List of Concurrent Positions Held by Managers

Job title	Name	Concurrent Positions in Other Companies	
President	Chao-Peng Tseng	Chairman	Arcadyan Technology (Shanghai) Corp., Zhi Bao Technology Inc., Arcadyan Technology (Vietnam) Co., Ltd.
		Director	Arcadyan Holding (BVI) Corp., Arcadyan Technology Limited, Arcadyan Technology Corporation Korea, Arcadyan Technology Australia Pty Ltd, Arch Holding (BVI) Corp., Exquisite Electronic Co., Ltd., Quest International Group Co., Ltd., Sinoprime Global Inc. (BVI), Arcadyan Technology Corporation, Compal Networking (Kunshan) Co., Ltd., Tatung Technology Incorporation, Tatung Electronics Technology (Suzhou) Incorporation, Tatung Technology of Japan Co., Ltd.
		President	Zhi-Bao Technology Inc., Arcadyan Technology (Vietnam) Co., Ltd.
		Manager	Arcadyan Germany Technology GmbH
Executive Vice President	Fong-Yu Lu	Chairman	Tatung Technology Inc., Tatung Home Appliances (WuJiang) Co., Ltd, Compal Networking (Kunshan) Co., Ltd.
		Director	Zhi Bao Technology Inc., Arcadyan Technology (Shanghai) Corp., Arcadyan Technology Australia Pty Ltd, Exquisite Electronic Co., Ltd., Quest International Group Co., Ltd., Tatung Technology of Japan Co., Ltd.
Vice President	Chung-Pao Liu	Director	Arcadyan Technology Corporation, Arcadyan Technology (Shanghai) Corp. , Tatung Home Appliances (WuJiang) Co., Ltd.
		President	Compal Network Information (Kunshan) Co., Ltd., Arcadyan Technology (Shanghai) Corp., Tatung Home Appliances (WuJiang) Co., Ltd.
Vice President	Nien-Che Hsiung	Director	Arcadyan do Brazil Ltda, Arcadyan India Private Limited, Tatung Technology Inc.
Vice President	Chih-Fang Lee	Director	Tatung Technology Inc., Arcadyan Technology (Shanghai) Corp.
Vice President	Yen-Ju Lin	Director	Arcadyan Technology N.A. Corporation
		President	Arcadyan Technology N.A. Corporation
Chief Accounting Officer and Corporate Governance Officer	Shih-Wei Huang	Director	Tatung Technology Inc.
		President	Tatung Technology Inc.
		Supervisor	Zhi-Bao Technology Inc., Shanghai Guangzhi Technology Development Co., Ltd., Tatung Electronic Technology (Suzhou) Co., Ltd.

Note 2: If the President or manager of equivalent position (the highest manager) and the Company Chairman are the same person, or his or her spouse, or the kinship of the first degree, related information regarding the arrangement in term of reasons, rationale, necessity and response measures shall be provided: None.

3. Remuneration of Directors, President and Vice Presidents in the Most Recent year

(1) Remuneration of Directors and Independent Directors

Unit: thousand of TWD

Job title	Name	Remuneration of Director								Sum of A+B+C+D and ratio to net income after tax (%)		Compensation to Directors Also Serving as Company Employees								Sum of A+B+C+D+E+F+G and ratio to net income after tax		Remuneration received from investee enterprises other than subsidiaries or from the parent company (H)
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
																The Company		All consolidated entities				
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Amount in Cash	Stock Amount	Amount in Cash	Stock Amount	The Company	All consolidated entities	
Chairman	Representative of Compal Electronics Inc.: Jui-Tsung Chen	0	0	0	0	15,475 (Note 1)	15,475 (Note 1)	840	865	16,315 0.81%	16,340 0.81%	15,345 (Note 2)	15,885 (Note 2)	294	294	16,317 (Note 3)	0	16,317 (Note 3)	0	48,271 2.40%	48,836 2.43%	88,078
Director	Representative of Compal Electronics Inc.: Chung-Pin Wong																					
Director	Representative of Compal Electronics Inc.: Sheng-Hua Peng																					
Director	Representative of Compal Electronics Inc.: Chung-Pao Liu																					
Director	Chao-Peng Tseng																					
Director	Che-Ho Wei																					
Independent Director	Ing-Jen Lee	0	0	0	0	2,160 (Note 1)	2,160 (Note 1)	540	540	2,700 0.13%	2,700 0.13%	0	0	0	0	0	0	0	0	2,700 0.13%	2,700 0.13%	0
Independent Director	Ching-Chang Wen																					
Independent Director	Wen-An Yang																					

(I) Please describe the policy, system, standards and structure in place for paying remuneration to Directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the Directors to the amount of remuneration paid.: In accordance with the Articles of Incorporation, Article 22, the remuneration to independent directors is determined by the participation and contribution in the operation of the Company, while taking into consideration the performance of counterparts, all of which the Board meeting is authorized to resolve.

(II) In addition to what is disclosed in the above table, please specify the amount of remuneration received by Directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.

Note 1: The remuneration of directors was approved by the resolution of the Board of Directors of the Company on March 14, 2023.
Note 2: Rewards and special disbursements include vehicles.
Note 3: Referring to the estimated employees' compensation approved by the Board of Directors.

■ Remuneration Range Table

Ranges of remuneration paid to each of the Company's Directors	Name of Director(s)			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 8 items (A+B+C+D+E+F+G+H)	
	The Company	All consolidated entities	The Company	Parent Company and all consolidated entities
Less than TWD1,000,000	Jui-Tsung Chen, Chung-Pin Wong, Sheng-Hua Peng, Chung-Pao Liu, Ing-Jen Lee, Ching-Chang Wen, Wen-An Yang, Che-Ho Wei	Jui-Tsung Chen, Chung-Pin Wong, Sheng-Hua Peng, Chung-Pao Liu, Ing-Jen Lee, Ching-Chang Wen, Wen-An Yang, Che-Ho Wei	Jui-Tsung Chen, Chung-Pin Wong, Sheng-Hua Peng, Ing-Jen Lee, Ching-Chang Wen, Wen-An Yang, Che-Ho Wei	Ing-Jen Lee, Ching-Chang Wen, Wen-An Yang, Che-Ho Wei
TWD1,000,000 (incl.) to TWD2,000,000 (excl.)	-	-	-	-
TWD2,000,000 (incl.) to TWD3,500,000 (excl.)	Chao-Peng Tseng	Chao-Peng Tseng	-	-
TWD3,500,000 (incl.) to TWD5,000,000 (excl.)	-	-	-	-
TWD5,000,000 (incl.) to TWD10,000,000 (excl.)	-	-	-	-
TWD10,000,000 (incl.) to TWD15,000,000 (excl.)	Compal Electronics Inc.	Compal Electronics Inc.	Compal Electronics Inc., Chung-Pao Liu	Compal Electronics Inc., Chung-Pao Liu
TWD15,000,000 (incl.) to TWD30,000,000(excl.)	-	-	Chao-Peng Tseng	Chao-Peng Tseng, Sheng-Hua Peng,
TWD30,000,000 (incl.) to TWD50,000,000(excl.)	-	-	-	Jui-Tsung Chen, Chung-Pin Wong
TWD50,000,000 (incl.) to TWD100,000,000(excl.)	-	-	-	-
More than TWD100,000,000	-	-	-	-
Total	10	10	10	10

(2) Remuneration to President and Vice Presidents

Unit: thousand of TWD

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income after tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
								The Company		All consolidated entities				
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Amount in cash	Amount in stock	Amount in cash	Amount in stock	The Company	All consolidated entities	
President	Chao-Peng Tseng	29,336	29,876	1,032 (Note 3)	1,032 (Note 3)	18,887 (Note 4)	18,887 (Note 4)	34,753 (Note 5)	0	34,753 (Note 5)	0	84,008 4.17%	84,548 4.20%	None
Executive Vice President	Fong-Yu Lu													
Senior Vice President	Chien-Lin Chen (Note 1)													
Vice President	Chung-Pao Liu													
Vice President	Nien-Che Hsiung													
Vice President	Chih-Fang Lee													
Vice President	Shin-Lung Kuo													
Vice President	Yen-Ju Lin (Note 2)													
Chief Financial Officer and Corporate Governance Officer	Shih-Wei Huang													

Note 1: The Senior Vice President, Chien-Lin Chen, has retired on March 4, 2022.
Note 2: The on board date of Vice President, Yen-Ju Lin, was March 10, 2022.
Note 3: Referring to the allowance and contribution of the expensing of pension.
Note 4: Rewards and special disbursements include vehicles.
Note 5: Referring to the estimated employees' compensation approved by the Board of Directors.

■ Remuneration Range Table

Ranges of remuneration paid to each of the Company's President and Vice Presidents	Names of President and Vice Presidents	
	The Company	All consolidated entities
Less than TWD1,000,000	Chien-Lin Chen	Chien-Lin Chen
TWD1,000,000 (incl.) to TWD2,000,000 (excl.)	-	-
TWD2,000,000 (incl.) to TWD3,500,000 (excl.)	-	-
TWD3,500,000 (incl.) to TWD5,000,000 (excl.)	Shih-Wei Huang	Shih-Wei Huang
TWD5,000,000 (incl.) to TWD10,000,000 (excl.)	Nien-Che Hsiung, Yen-Ju Lin	Nien-Che Hsiung, Yen-Ju Lin
TWD10,000,000 (incl.) to TWD15,000,000 (excl.)	Fong-Yu Lu, Chung-Pao Liu, Chih-Fang Lee, Shin-Lung Kuo	Fong-Yu Lu, Chung-Pao Liu, Chih-Fang Lee, Shin-Lung Kuo
TWD15,000,000 (incl.) to TWD30,000,000 (excl.)	Chao-Peng Tseng	Chao-Peng Tseng
TWD30,000,000 (incl.) to TWD50,000,000 (excl.)	-	-
TWD50,000,000 (incl.) to TWD100,000,000 (excl.)	-	-
More than TWD100,000,000	-	-
Total	9	9

■ Employee profit-sharing granted to management team

Unit: thousand of TWD

	Job title	Name	Amount in stock	Amount in cash	Total	Total as a percentage of after-tax net income (%)
Manager	President	Chao-Peng Tseng	0	34,753 (Note 3)	34,753	1.73%
	Executive Vice President	Fong-Yu Lu				
	Senior Vice President	Chien-Lin Chen (Note 1)				
	Vice President	Chung-Pao Liu				
	Vice President	Nien-Che Hsiung				
	Vice President	Chih-Fang Lee				
	Vice President	Shin-Lung Kuo				
	Vice President	Yen-Ju Lin (Note 2)				
	Chief Financial Officer and Corporate Governance Officer	Shih-Wei Huang				

Note 1: The Senior Vice President, Chien-Lin Chen, has retired on March 4, 2022.
Note 2: The on board date of Vice President, Yen-Ju Lin, was March 10, 2022.
Note 3: Referring to the estimated employees' compensation approved by the Board of Directors.

(3) The percentage of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, President, and Vice Presidents of the Company, relative to net income, and the correlation between policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and business performance and future risks.

■ Analysis of the proportion of the total remuneration of Directors, President and Vice Presidents paid by the Company and all companies in the consolidated financial statements to after-tax net income in parent-company-only financial statements:

Unit: thousand of TWD

Item	2022		2021	
	Amount	%	Amount	%
Director President and Vice Presidents	103,588	5.15%	104,410	5.84%
After-tax net income in parent-company- only financial statements	2,013,156		1,787,544	

■ The correlation between policies, standards, portfolios for the payment of remuneration, the procedures for determining remuneration, and business performance and future risks:

- In accordance with the Articles of Incorporation for Directors' Remuneration, if the Company made profit in each fiscal year, no more than 2% for remuneration of Directors shall be deducted from the Company’s pre-tax income. In addition, the reasonable remuneration is determined considering the Company's operating results and their contribution to the company's performance. Moreover, the Remuneration Committee will report to the Board of Directors and make specific proposals based on the analysis of performance evaluation results as a reference for the remuneration of individual directors.
- The Company's manager compensation policy is based on the Company's salary policy and refers to the counterparts’ standards and items such as job title, position rank, education (experience), professional ability, and job responsibilities. Reasonable remuneration is determined in reference to the manager's target achievement rate, operating efficiency, contribution, etc., taking into account the scope of powers and responsibilities of the position in the Company to calculate the remuneration ratio. Moreover, the remuneration system for managers is reviewed in due course through the actual operating conditions and relevant laws and regulations.
- Regarding the procedures for determining remuneration, the Company gives reasonable remuneration not only with reference to the overall operating performance of the Company, but also based on financial indicators (individual performance achievement rate and contribution to company performance), non-financial indicators (such as leader-specific major deficiencies in compliance with laws and regulations and operational risks in projects or subordinate departments), etc. Relevant remuneration is submitted to the Remuneration Committee for review and to the Board of Directors for resolution. In addition, the Company reviews changes in the global economy, international financial environment, and industrial prosperity at any time to estimate the Company's future operating development, profitability, operating risks, and changes in relevant laws and regulations. The remuneration system is reviewed in due course to strike a balance between the Company's sustainable operation and risk control.

4. Implementation of Corporate Governance

(1) Board of Directors

Term of Board of Directors: June 18, 2020 to June 17, 2023.

There were four Board meetings in the most recent year. The attendance of Directors is as follows:

Job title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remark
Chairman	Compal Electronics Inc. Representative: Jui-Tsung Chen	4	0	100%	
Director	Compal Electronics Inc. Representative: Chung-Pin Wong	4	0	100%	
Director	Compal Electronics Inc. Representative: Sheng-Hua Peng	2	2	50%	
Director	Compal Electronics Inc. Representative: Chung-Pao Liu	4	0	100%	
Director	Chao-Peng Tseng	4	0	100%	
Director	Che-Ho Wei	4	0	100%	
Independent Director	Ing-Jen Lee	4	0	100%	
Independent Director	Ching-Chang Wen	4	0	100%	
Independent Director	Wen-An Yang	4	0	100%	

Other notes:

1. For Board of Directors meetings that meet any of the following descriptions, shall state the date, session, the discussed topics, Independent Directors' opinions and how the company has responded to such opinions:
   (1) Conditions described in Article 14-3 of the Securities and Exchange Act: Not applicable as the Company has established the Audit Committee. Regarding the matters described in Article 14-5 of the Securities and Exchange Act, please refer to the operation of the Audit Committee.
   (2) Any other documented objections or qualified opinions raised by Independent Directors against the resolutions by Board of Directors in relation to matters other than those described above: None.
2. For the recusal of Director(s), shall state the name of Director(s), the content of the resolution, the reason of recusal and the participation of voting for the resolution.

Time of the Board meeting	Content of resolution	Name of Director(s) of Recusal	Reason of recusal	Participation of voting for the resolution
May 5, 2022 The 9th meeting of the 8th term Board of Directors	Adjustment of salary for 2022	Chao-Peng Tseng, Chung-Pao Liu	Holding concurrent position as manager of the Company	The relevant Directors recused themselves from the discussion and voting due to the conflict of interest. The resolution was adopted after the convener solicited opinions from the rest of the Directors present and received no objections.
	Disbursement of Dragon Boat and Mid-Autumn Festivals bonus for 2022	Chao-Peng Tseng, Chung-Pao Liu	Holding concurrent position as manager of the Company	
	Establishment of the Sustainability Committee and appointment of committee members.	Chao-Peng Tseng, Chung-Pao Liu, Ing-Jen Lee	himself appointed as a member	

Time of the Board meeting	Content of resolution	Name of Director(s) of Recusal	Reason of recusal	Participation of voting for the resolution
August 10, 2022 The 10th meeting of the 8th term Board of Directors	Disbursement of employee compensation for 2021.	Chao-Peng Tseng, Chung-Pao Liu	Holding concurrent position as manager of the Company	The relevant Directors recused themselves from the discussion and voting due to the conflict of interest. The resolution was adopted after the convener solicited opinions from the rest of the Directors present and received no objections.
	Disbursement of remuneration of Directors for 2021	Jui-Tsung Chen and other Directors	Discussion of disbursement amount for themselves and the legal persons they represented.	Chairman Jui-Tsung Chen appointed Independent Director Ing-Jen Lee to preside over the discussion and vote on this proposal. The relevant Directors recused themselves from the discussion and voting due to conflict of interest. The resolution was adopted after the convener solicited opinions from the rest of the Directors present and received no objections.
November 10, 2022 The 11th meeting of the 8th term Board of Directors	Year-end bonus for 2022	Chao-Peng Tseng, Chung-Pao Liu	Holding concurrent position as manager of the Company	The relevant Directors recused themselves from the discussion and voting due to the conflict of interest. The resolution was adopted after the convener solicited opinions from the rest of the Directors present and received no objections.

3. Public listed companies shall disclose the frequency and timing of self-evaluation (or peer evaluation), scopes, methodology and content of assessment conducted by the Board of Directors, as well as the execution status by the Board.

   The Board adopted a resolution for the establishment of "Procedures of Performance Evaluation of the Board of Directors and Functional Committees". Evaluation results for 2022 are as follows:

Nature	Frequency of evaluation	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation	Results of evaluation
Board of Directors	Once a year	2022.1.1-2022.12.31	Board of Directors and individual Directors	Internal self-evaluation of the Board and self-evaluation of Board members	The performance evaluation items of the Board shall at least include the following five major areas: 1. Participation level in the management of the Company. 2. Enhancement of the decision making quality of the Board. 3. Composition and structure of the Board of Directors.	Standards significantly surpassed

Nature	Frequency of evaluation	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation	Results of evaluation
					4. Selection and continuing education of Directors. 5. Internal control. The performance evaluation items of the Board members shall at least include the following six major areas: 1. Monitoring of company goals and tasks. 2. Comprehension of Director's duties. 3. Participation level in the management of the Company. 4. Management and communication of internal relationships. 5. Professionalism and continuing education of Directors. 6. Internal control.	
Audit Committee	Once a year	2022.1.1-2022.12.31	Audit Committee	Internal self-evaluation of Audit Committee	The performance evaluation items of Audit Committee shall at least include the following five major areas: 1 Participation level in the management of the Company. 2. Comprehension of Audit Committee's duties. 3. Enhancement of the decision making quality of Audit Committee. 4. Composition of the Audit Committee and selection of committee members. 5. Internal control.	Standards significantly surpassed
Remuneration Committee	Once a year	2022.1.1-2022.12.31	Remuneration Committee	Internal self-evaluation of Remuneration Committee	The performance evaluation items of Remuneration Committee shall at least include the following four major areas: 1.Participation level in the management of the Company. 2.Comprehension of Remuneration Committee's duties. 3.Enhancement of the decision making quality of Remuneration Committee. 4.Composition of Remuneration Committee and selection of committee members.	Standards significantly surpassed
Sustainability Committee	Once a year	2022.5.5-2022.12.31	Sustainability Committee	Internal self-evaluation of Sustainability Committee	The performance evaluation items of Sustainability Committee shall at least include the following four major areas: 1.Participation level in the management of the Company. 2.Comprehension of Sustainability Committee's duties.	Standards significantly surpassed

Nature	Frequency of evaluation	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation	Results of evaluation
					3.Enhancement of the decision making quality of Sustainability Committee. 4.Composition of Sustainability Committee and selection of committee members.	

4. Enhancing the valuation regarding the target achievement and execution by the Board of Directors in the current and most recent year (e.g. establishing Audit Committee, increase information transparency).

(I) The Board of Directors established three functional committees, namely Audit Committee (in 2014), Remuneration Committee (in 2014), and Sustainability Committee (in 2022). The Independent Directors constitute the entire members of the Audit Committee and Remuneration Committee, and one Independent Director plus two Directors concurrently serving as managers constitute the members of the Sustainability Committee to assist the Board in fulfilling its duties.

(II) On May 6, 2020, the Board adopted a resolution for the establishment of the “Procedures of Performance Evaluation of the Board of Directors and Functional Committees”. The results of the evaluation shall be submitted to the Remuneration Committee for making analysis and recommendation proposal before reporting to the Board. The results shall serve as a reference for salary and remuneration for individual Directors, as well as for the nomination of their re-election. The Company had completed the performance evaluation for 2022 on March 14, 2023 and submitted the report to the Remuneration Committee and the Board of Directors.

(III) Continuing education of Directors: The Company encourages Directors to participate in continuing education to keep informed of new knowledge. The total hours of training for all Directors in 2022 were amounted to 57 hours.

(IV) The Company adopted the resolution of the Board of Directors on November 10, 2022 to formulate the "Risk Management Policies and Procedures". The "Operation Management Committee" was established under the President, and the "Risk Management Initiative and Implementation Task Force" was added to establish a comprehensive risk management system. It operates its business stably and meanwhile moves towards the goal of sustainable development of the enterprise. The Company has reported to the Board of Directors on March 14, 2023 the status of risk management operation and implementation in 2022.

(V) On August 10, 2022, the Sustainability Committee and the Board of Directors of the Company adopted the "sustainable development vision and policy" and the 2022 sustainable development goals and plans. Also, the implementation status of the plan in 2022 has been reported to the Sustainability Committee and the Board of Directors on May 4, 2023.

(VI) In 2022, the Company completed relevant amendments to laws and regulations as follows: the "Corporate Governance Best Practice Principles", the "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties", the "Corporate Social Responsibility Code of Practice", the "Procedures for Acquisition or Disposal of Assets", the "Procedures of Handling Material Inside Information", the "Rules and Procedures for Board of Directors Meeting" and the "Insider Trading Prevention Procedures".

(2) Audit Committee:

Term of Audit Committee: June 18, 2020 to June 17, 2023.

Yearly key focus: The main duties of the Audit Committee includes: reviewing and examining financial reports, internal audit, significant assets and derivatives transactions, loan of funds, endorsement or guarantee provision; engagement or discharge, fee proposal and independence assessment of CPAs; appointment or dismissal of finance, accounting officers or internal audit officers; acceptance for whistle-blowing cases and inspecting legal compliance of the Company on a regular basis.

There were four Audit Committee meetings in the most recent year. The attendance of Independent Directors are as follows:

Job title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remark
Independent Director	Ing-Jen Lee	4	0	100%	
Independent Director	Ching-Chang Wen	4	0	100%	
Independent Director	Wen-An Yang	4	0	100%	

Other notes:

1. If any of the following circumstances exists, specify the Audit Committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the Independent Directors, the outcomes of Audit Committee resolutions, and the measures taken by the Company based on the opinions of the Audit Committee:

   (1)Any matter under Article 14-5 of the Securities and Exchange Act:

Audit Committee Date/Session	Content of resolution	Objections, reservations or important suggestions of Independent Directors	Audit Committee's resolution:	The Company's action on the Audit Committee's opinions
2022.3.10 The 8th meeting of the 4th term	1. 2021 financial reports	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	2. 2021 business reports	None		
	3. 2021 statement of internal control system	None		
	4. 2021 distribution of earnings	None		
	5. Lending funds to subsidiary, Arcadyan Technology (Vietnam) Co., Ltd.	None		
	6. Change of auditing CPAs.	None		

Audit Committee Date/Session	Content of resolution	Objections, reservations or important suggestions of Independent Directors	Audit Committee's resolution:	The Company's action on the Audit Committee's opinions
2022.5.5 The 9th meeting of the 4th term	1. 2022 Q1 financial reports	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	2. Amendments to "Procedures for Acquisition or Disposal of Assets".	None		
2022.8.10 The 10th meeting of the 4th term	1. 2022 Q2 financial reports	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	2. Lending funds to subsidiary, Arcadyan do Brazil Ltda.	None		
2022.11.10 The 11th meeting of the 4th term	1. 2022 Q3 financial reports	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	2. Approval for the audit plan for 2023.	None		
	3. Assessment of the independence and competence of the auditing CPAs.	None		
	4. Revision of the "Insider Trading Prevention Procedures" of the internal control system and formulation of the "operational procedure for preparation and validation of the sustainability report".	None		

(2)In addition to the matters referred to above, any matter that was not approved by the Audit Committee but was approved by a two-thirds or greater majority resolution of the Board of Directors. None.

2. Implementation of recusals of Independent Directors with respect to any motions with which they may have a conflict of interest: specify the Independent Director's name, the content of the motion, the cause for recusal, and whether and how the Independent Director voted: None.

3. Communication between the Independent Directors and the Chief Internal Audit Officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication):

a. Method of communication between Independent Directors, the Internal Audit officer, and CPAs:

- By the end of the following month after completing the audited items, the Internal Audit Officer shall submit an audit report to the Independent Directors. Should the Independent Directors require clarification of the audit and follow-up actions, they should contact the Internal Audit Officer at any time.
- The Internal Audit Officer and the Independent Directors shall hold at least one meeting every quarter, reporting the execution of internal audit and the operating

status of internal control.

- Should an auditing need arises, the Internal Audit Officer should submit a written report or make a verbal report to the members of the Audit Committee.

b. Summary of the communications between Independent Directors and Internal Audit Officer:

Date	Communication Items	Communication Result
2022.3.10	Reporting of internal audit conducted in Q4 2021. 2021 statement of internal control system.	There were no objections or other instructions after all the Independent Directors reviewed.
2022.5.5	Reporting of internal audit conducted in Q1 2022.	There were no objections or other instructions after all the Independent Directors reviewed.
2022.8.10	Reporting of internal audit conducted in Q2 2022.	There were no objections or other instructions after all the Independent Directors reviewed.
2022.11.10 (Separate communication meeting)	Reporting of internal audit conducted in Q3 2022. 2023 internal audit plan.	There were no objections or other instructions after all the Independent Directors reviewed.

c. Summary of the communications between the Independent Directors and CPAs:

Date	Communication Items	Communication Result
2022.3.10	CPAs reported 2021 key audit matters and results of findings, and engaged in discussion and communication with the attending members pertaining to their queries.	There were no objections after all the Independent Directors reviewed. The financial statements were submitted to the Board of Directors for resolution after having been approved by the Audit Committee.
2022.11.10 (Separate communication meeting)	1. Independence of CPAs 2. The responsibility of the reviewers for review of the interim financial report, the scope of the review, and the type of the conclusion issued based on the review. 3. Audit plan for 2022 financial statements. 4. Update of important laws and regulations. 5. Brief introduction of “Audit Quality Indicators(AQIs)”	There were no other instructions after all the Independent Directors reviewed.

(3) Corporate Governance – Implementation Status, Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		In accordance with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the Company has established "Corporate Governance Best Practice Procedures" and make relevant disclosure on the Company website and Market Observation Post System.	No material deviation
2. Shareholding Structure and Shareholders' Equity				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, have these procedures been implemented accordingly?	V		(1) In addition to designating specialized units to address the matters such as suggestions, queries, disputes, and litigations from shareholders, the Company has also appointed a spokesperson and acting spokesperson that take actions and make relevant responses. The Company website has also provided contact details and e-mail to handle investor relations.	No material deviation
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(2) The Company has appointed a share administration agency to renew register of shareholders and register of major shareholders periodically to closely monitor the list of shareholder(s) with de facto control, submitting the information of the changes in accordance with rules governing information reporting for public listed companies.	No material deviation
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(3) The Company and its affiliated companies operate independently. Each company has its internal control system and regulations. The Company has established and executed the rules governing the supervision of subsidiaries and the relevant rules of financial business between related parties.	No material deviation
(4) Has the Company established	V		(4) Pertaining to the internal control	No material deviation

Evaluation Item	Implementation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
internal rules prohibiting insider trading against non-public information?			system, the Company has established the "Insider Trading Prevention Procedures" and the "Procedures for Handling Material inside Information". Both had been released available on the Company website. The Directors, managers and employees who obtain material inside information via their positions, work or controlling interest, must conform to the Procedures.	
3. Composition and responsibilities of the Board of Directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(1) The Company has nine Directors, including three Independent Directors, and one external individual Director. Seven directors do not assume managerial positions in the Company; every Director possesses professional background, including business, legal, accounting, technology, management, professional skills and industrial experience, which form a diversified composition. The current Board members who are commendable in leadership quality, business judgment, operation and management, and product knowledge include Jui-Tsung Chen, Chung-Pin Wong, Sheng-Hua Peng, Chao-Peng Tseng, Chung-Pao Liu, Ing-Jen Lee and Ching-Chang Wen; member with accounting knowledge and financial analytical capability includes Wen-An Yang; member with academic accomplishment includes Che-Ho Wei.	No material deviation
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(2) Directors who are also employees of the Company represent 22% of the Board; Independent Directors represent 33%, the average age of the Directors fall between 60 and 70 years old.	No material deviation
(3) Has the Company established rules and methodology for	V		(3) The target of Board diversification is to include more than half of the	No material deviation

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status (Note)</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary/ remuneration for individual Directors and their nomination and additional office terms?
(4) Does the Company regularly evaluate its external auditors' independence?</td><td>

V</td><td></td><td>members of the Board of Directors have telecommunication technology expertise and industrial qualifications to provide professional advice on operational matters, improve the competitiveness of the Company, thus completing the function of the Board.

(4) The Board shall establish the diversity policy pertaining to the composition of Directors, and provide disclosure on the Company website and Market Observation Post System.In addition to the Remuneration Committee and Audit Committee established in accordance with the law, the Company also has a Sustainability Committee to promote sustainable development-related matters and report the implementation status and results to the Board of Directors at least once a year.
On May 6, 2020, the Board adopted resolution for the establishment of "Procedures of Performance Evaluation of the Board of Directors and Functional Committees". The scope of evaluation includes the performance evaluation of the entire Board of Directors, individual Directors and functional committees. The scope of evaluation includes self-evaluation of the Board and functional committees, self-evaluation of individual Board members or other appropriate methods to conduct the performance evaluation. The results of the evaluation were submitted to the Remuneration Committee for making analysis and recommendation proposal before reporting to the Board. The results shall serve as a reference for the</td><td>

No material deviation</td></tr>
</table>

Evaluation Item	Implementation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			salary and remuneration for individual Directors, as well as for the nomination of their re-election. The Company has completed the 2022 performance evaluation on March 14, 2023 (evaluation period: January 1, 2022 to December 31, 2022), and the results were all "standards significantly surpassed" and reported to the Remuneration Committee and the Board of Directors. The auditing firm of the Company and its employees are required to submit an "Independent Auditor's Report". After verification, in addition to audit and tax fees, the Company confirmed that there is no other business interest and relations with the CPAs. Further, when the Audit Committee and the Board of Directors discussing the independence and engagement of the auditing CPAs, the recommended CPAs are required to submit CVs and their independence declaration (declaring not in violation of Ethical Standards Publication No. 10) for the independence evaluation. The most recent annual assessment results were completed on November 10, 2022. The Audit Committee and Board of Director plans to regularly evaluate the independence and competence of CPAs with reference to the Audit Quality Indicators (AQIs) on a yearly basis in the future. Please refer to the Company website for relevant information disclosure.	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance	V		The Company has designated specific personnel to take charge of corporate governance who has more than 15-year experience in public companies engaged in financial and stock affairs, and the main responsibilities are to provide the information required for the Directors	No material deviation

Evaluation Item	Implementation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
practices (including but not limited to providing information necessary for Directors and supervisors to perform their duties, aiding Directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general shareholders meetings)?			and Independent Directors to perform their duties, assist convening Board/Shareholders meetings in accordance with the law, prepare meeting minutes of Board/ Shareholders meetings, review and amend the corporate governance principles and relevant procedures on a regular basis, and implement corporate governance management. Please refer to page 43 for the implementation status of the corporate governance business in 2022.	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company maintains good communication channels with its banks, shareholders, suppliers, creditors and employees, as well as respecting and protecting their legal interests. The Company has provided phone numbers and e-mails for business queries and investor relations. Various interested parties may also reach the Company via e-mail when needed, and the Company will properly respond to the concerns and suggestions by stakeholders.	No material deviation
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholders meetings?	V		The Company has appointed Chinatrust Transfer Agency to handle the affairs of the shareholders meetings.	No material deviation
7. Information disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financial, business, and corporate governance status?	V		(1) The information on the Company website: www.arcadyan.com, and a dedicated unit is designated to be responsible for the collection and disclosure of the Company's financial, business and corporate governance information.	No material deviation
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference via the Company website etc.)?	V		(2) The Company disclosures the relevant information on the Company website and Market Observation Post System from time to time. Meanwhile, spokespersons and acting spokespersons have been set up to implement the spokesperson system. In addition the Company has established Investor Relations section on its Chinese and English websites, providing adequate	No material deviation

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status (Note)</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>disclosure on financial information, institutional investor conferences and corporate governance for the reference of shareholders and the public. The URL for the audio and video files of the Institutional investors' conference: https://www.arcadyan.com.</td><td></td></tr>
<tr><td>(3) Does the company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file its financial reports for the first, second, and third quarters as well as its monthly operating status report ahead of the specified deadlines?</td><td></td><td>V</td><td>(3) In accordance with regulations stipulated by the competent authority, the Company publicly announces and files annual financial reports three months after the end of fiscal year, as well as the first, second and third quarterly financial reports and monthly operating status report earlier than the stipulated deadlines.</td><td>No material deviation. However, the feasibility of announcing and filing the annual financial reports within two months after the end of the fiscal year will be evaluated cautiously.</td></tr>
<tr><td>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for Directors and supervisors)?</td><td>V</td><td></td><td>Please refer to the explanation of Note</td><td>No material deviation</td></tr>
<tr><td colspan="5">9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.
(1) According to the 9th Corporate Governance Evaluation Results announced by the Taiwan Stock Exchange, the Company was ranked as one of the third range companies, i.e., the Top 21% to 35%. The Company shall make effort in expanding and deepening the implementation of environmental, social and governance (ESG) criteria, thus working toward sustainable development.
(2) The improvements made in 2022 are mainly as follows:
I. Increase the continuing training hours of Directors.
II. Hold institutional investors conference at least once a quarter.
III. Upload the English sustainability report to Market Observation Post System and the website of the Company.</td></tr>
</table>

Evaluation Item	Implementation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
IV. Refer to the structure of the Task Force on Climate-Related Financial Disclosures (TCFD) to disclose the information on the governance, strategy, risk management, indicator and goal of the climate-related risks and opportunities. V. Disclose risk management's policies and procedures, scope, organizational structure approved by the Board of Directors and implementation status of 2022, and regularly report to the Board of Directors on a yearly basis. (3) The expected improvements to be made in 2023 are mainly as follows: I. To amend the "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties". Relevant major related-party transactions should be approved by the resolution of the Board of Directors. II. Meeting minutes of Annual Shareholders Meeting record important content of status on shareholders' questions and company's replies. III. The changes in the shareholding of insiders in the previous month are uploaded to the Market Observation Post System before the 10th of each month (inclusive). IV. The uninterrupted video file of the shareholders meeting shall be uploaded to the company website. V. Elect a female Director to the Board. VI. Investment in energy-saving or green energy related machinery equipments.				

■The implementation status of the corporate governance business in 2022 were as follows:

- To meet legal, business and financial needs, the deliberation documents of the Audit Committee, Sustainability Committee and the Board of Directors', and the meeting minutes of the Audit Committee, Sustainability Committee and the Board of Directors need to be compiled, and the sponsoring unit must coordinate related matters as one of the responsibilities.
- The results of performance evaluations of the members of individual Directors, the Board of Directors, the Audit Committee, the Remuneration Committee and the Sustainability Committee were reported to the Board of Directors.
- Communication meetings between Independent Directors, Chief Internal Audit Officer and CPAs are planned. The Audit Committee reviews the independence and competence of CPAs to implement corporate governance.
- Material information is released in conjunction with the event of Board of Directors meetings, shareholders meetings, financial and business information.
- The pre-registration of the date of the shareholders meeting, the preparation of the meeting notice, the meeting handbook, and the minutes of the meeting within the statutory time limit are handled according to the law to coordinate matters related to the relevant units, stock agent, CPAs and lawyers.
- Preparing for the chapter on corporate governance of the annual report, responsible for collecting data, compiling stock affairs data, coordinating the operation and editing of various units.
- Corporate governance evaluation refers to overall planning, compilation of stock affairs materials, coordination of operations of various units and website maintenance.
- The Corporate Governance Officer had completed 14 hours of continuing education and filed to the MOPS.

Note: Does the Company has other important information to help understand the operational status of corporate governance?

a. Employee interest: The Company has established Staff Benefit Committee to plan for employee group insurance, arrange for regular medical check-ups and implement pension system. The Company also provides numerous avenues for education, as fostering good labor-management relations and creating equal opportunity for employment are deemed important.

b. Employee welfare: Fostering a good and trusting relationship with employees by providing a satisfactory and steady welfare system for employees' lives, and proper educational training to them. For example, subsidizing the social activities of employees, and providing entertainment, staff quarters and welfare of employees staying in staff quarters.

c. Code of conduct or ethical policies for employees: To implement the corporate governance principles and provide the code of conduct, legal compliance and moral principles for employees, so as to protect the assets, rights and reputation of the Company and Stakeholders, the Company has established the following business ethical policies:
   - Conforming to the rules and regulations of the law.
   - Protecting the rights of employees, customers, shareholders, suppliers, community and environment. Insisting on the adoption of business ethics, fair transaction, integrity in management, transparency of information, protection of IPs, personal safety and business secrets.

d. Investor relations: The Company has established an investor relations department to bridge the communication between the Company and the investors. In addition to regular and irregular institutional investor conferences, the Company has established Investor Relations section on its website which not only provides disclosure on company information, but also allows investors to fully comprehend the operating results and long term operating strategy of the Company.

e. Relationship with suppliers: The Company enters into contracts with all suppliers to protect mutual interests and foster a good working relationship.

f. Stakeholders' rights: The stakeholders are able to communicate and make suggestions with the Company to protect their legal rights.

g. Status of financial personnel obtaining licenses issued by the competent authorities: the Chief of Financial and Accounting Officer possesses CPA qualification of ROC and International Certified Internal Auditor (CIA) qualification; the Chief of Internal Control Officer possesses International CIA qualification, which meets the practicing requirement of an internal auditor.

h. Continuing education of Directors

Job title	Name	Date of training	Organized by	Course title	Hours of training
Chairman	Jui-Tsung Chen	2022.4.22	Taiwan Institute for Sustainable Energy	Taishin 30 Net Zero Summit Forum for Sustainability - Transform to Net Zero 2030	3
		2022.10.3	Securities & Futures Institute of R.O.C.	Analysis of Key Points of Corporate Governance Evaluation to be Noticed by Directors	3

Job title	Name	Date of training	Organized by	Course title	Hours of training
Director	Chung-Pin Wong	2022.2.10	Taiwan Institute for Sustainable Energy	Twenty-Seventh Session of CEO Lecture and Keynote Speech	2
		2022.4.28	Taiwan Institute for Sustainable Energy	Twenty-Eighth Session of CEO Lecture and Keynote Speech	2
		2022.7.28	Taiwan Institute for Sustainable Energy	Twenty-Ninth Session of CEO Lecture and Keynote Speech	2
Director	Sheng-Hua Peng	2022.4.22	Taiwan Institute for Sustainable Energy	Taishin 30 Net Zero Summit Forum for Sustainability - Transform to Net Zero 2030	3
		2022.10.12	Securities & Futures Institute of R.O.C.	2022 Internal Personal Equity Transaction and Legal Compliance Session	3
Director	Chung-Pao Liu	2022.9.28	Accounting Research and Development Foundation	Latest Practical Analysis of the Evaluation of Corporate Governance Policy and Corporate Governance	3
		2022.11.2	Accounting Research and Development Foundation	The Practice of Detecting and Preventing Corporate Fraud: Legal Responsibility, Forensic and Big Data Analysis	6
Director	Chao-Peng Tseng	2022.10.19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit Forum - Improve the Functions of Directors and Implement the Company's Sustainable Governance	6
Director	Che-Ho Wei	2022.2.25	Taiwan Institute of Directors	Risks and Opportunities Under Climate Action - Promote Carbon Neutrality	3
		2022.10.25	Taiwan Institute of Directors	The Latest Trend of Corporate Governance Evaluation You Need to Know- Intellectual Property Management	3
Independent Director	Ing-Jen Lee	2022.3.9	Taiwan Institute of Directors	Leadership Academy Forum, Restart Under the New Reality- See the Digital New Taiwan	3
		2022.4.22	Taiwan Institute for Sustainable Energy	Taishin 30 Net Zero Summit Forum for Sustainability- Transform to Net Zero 2030	3

Job title	Name	Date of training	Organized by	Course title	Hours of training
Independent Director	Ching-Chang Wen	2022.11.9	Securities & Futures Institute of R.O.C.	Important Issues of Fiscal, Taxation and Securities Regulations in 2022	3
		2022.11.9	Securities & Futures Institute of R.O.C.	Clearly Grasp the ESG Sustainability Equation	3
Independent Director	Wen-An Yang	2022.11.24	National Federation of CPA Association of the R.O.C	Practical Analysis of Company Regulations and Company Registration	3
		2022.11.29	National Federation of CPA Association of the R.O.C	(Taipei) Carbon Accounting for Sustainability and Management	3

i. Implementation of risk management policies and risk assessment standard: The Board of Directors approved the "Risk Management Policies and Procedures". Therefore, the "Operation Management Committee" was established under the President, and the "Risk Management Initiative and Implementation Task Force" was added. According to the characteristics of the Company's industry and operating activities, the major risk identification and measurement indicators of each unit are defined, and the corresponding strategies are proposed, which are regularly reported to the Board of Directors every year.

j. Execution of customer policy: The Company fosters a stable and good relationship with customers to create profit.

k. Purchase of insurance against liabilities of Directors: The Company has purchased insurance for all Directors against liabilities. The insurance premium for 2022 amounted to USD10,000 thousand (TWD277,750 thousand) and the content of the insurance was reported to the Board of Directors on March 10, 2022.

l. Continuing education of the Chief Accounting Officer, Corporate Governance Officer, and Chief Internal Audit Officers:

Job title	Name	Date of training	Organized by	Course title	Hours of training
Chief Accounting Officer	Shih-Wei Huang	2022.8.18~ 2022.8.19	Accounting Research and Development Foundation	Training Program for the Chief Accounting Officer	12
Corporate Governance Officer	Shih-Wei Huang	2022.5.20	Kinpo Group Management Service Company	The Impact and Response of the ESG Trend on the Capital Market	2
		2022.10.19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit Forum- Improve the Functions of Directors and Implement the Company's Sustainable Governance	6
		2022.10.26	Securities & Futures Institute of R.O.C.	2022 Internal Personnel Equity Transaction and Legal Compliance Session	3
		2022.11.4	Securities & Futures Institute of R.O.C.	Look at Corporate Governance from the Perspective of Prosecutors and Inspectors 3.0	3
Chief Internal Audit Officer	Yi-Ling Peng	2022.7.20	The Institute of Internal Auditors-Chinese Taiwan	Exploring and Improving Operational Processes and Fraud Detection by Using Digital Technology- Discussion on Practice of Auditing	6
		2022.8.29	The Institute of Internal Auditors-Chinese Taiwan	Legal Analysis and Audit Focus of the Board of Directors and Functional (Audit and Remuneration) Committees	6

(4) If the Company has established the Remuneration Committee, its composition, responsibilities and operation should be disclosed:

The Remuneration Committee holds meeting at least twice per year. It is responsible for assisting the assessment and evaluation of the remuneration of Directors and the salary standard of the managers so as to align the disbursement of compensation to the performance of individuals and the Company, justifying the remuneration and salary, and attracting and keeping outstanding talents.

■ Information on Remuneration Committee Members

Status/name (Qualifications)		Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as Remuneration Committee member
Independent Director (Convener)	Ching-Chang Wen	Having work experience in the areas of commerce, management and electronics related industry; now serving as a Director of Bioptik Technology Inc.; not under any circumstances of Article 30 of the Company Act, refer to Page 17 for relevant evaluation.	Refer to Page 17 for relevant evaluation.	0
Independent Director	Ing-Jen Lee	Having work experience in the areas of commerce, management and electronics related industry; now serving as the Chairman of Litemax Technology Inc.; refer to Page 17 for relevant evaluation.	Refer to Page 17 for relevant evaluation.	0
Independent Director	Wen-An Yang	Having practical experience in a CPA firm and specialized in accounting and finance; now serving as the Chairman of Durbun Digital Solutions, Inc., Chairman of Durbun CPA Firm; not under any circumstances of Article 30 of the Company Act, refer to Page 17 for relevant evaluation.	Refer to Page 17 for relevant evaluation.	2

■ Attendance of Members at Remuneration Committee Meetings

1. There are three members in the Remuneration Committee.
2. The term of the current Committee: June 18, 2020 to June 17, 2023. There were four Remuneration Committee meetings for the latest fiscal year and the attendance records of the Committee member are as follows:

Job title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remark
Convener	Ching-Chang Wen	4	0	100%	
Committee Member	Ing-Jen Lee	4	0	100%	
Committee Member	Wen-An Yang	4	0	100%	

■ Other notes:

1. If the Board of Directors does not accept, or amends, any recommendation of the Remuneration Committee, specify the Board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the Board of Directors, and the measures taken by the Company with respect to the opinions given by of the Remuneration Committee (e.g., if the salary/compensation approved by the Board is higher than the recommendation of the Remuneration Committee, specify the difference(s) and the reasons): None.
2. With respect to any matter for resolution by the Remuneration Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the Remuneration Committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

3. The matters discussed and resolutions adopted by the Remuneration Committee, and the response of the Company toward the opinions of the Committee:

Remuneration Committee Date/Session	Content of resolution	Objections, reservations or important suggestions of Independent Directors	Remuneration Committee's resolution: Results	The Company's action on the Remuneration Committee's opinions
2022.3.10 The 7th meeting of the 4th term	1. Approval for the appropriation of the remuneration to Directors and compensation to employees for 2021	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	2. Approval for the appropriation ratio of the remuneration to Directors and compensation to employees for 2022	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
2022.5.5 The 8th meeting of the 4th term	1. Adjustment of salary for 2022	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	As Chao-Peng Tseng and Chung-Pao Liu were the managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was adopted after the convener solicited opinions from the rest Directors present at the meeting and received no objections.
	2. Approval for disbursement of Dragon Boat and Mid-Autumn Festivals bonus for 2022.	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	As Chao-Peng Tseng and Chung-Pao Liu were the managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was adopted after the convener solicited opinions from the rest Directors present at the meeting and received no objections.

Remuneration Committee Date/Session	Content of resolution	Objections, reservations or important suggestions of Independent Directors	Remuneration Committee's resolution: Results	The Company's action on the Remuneration Committee's opinions
2022.8.10 The 9th meeting of the 4th term	1. Approval for the disbursement of employee compensation for 2021	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	As Chao-Peng Tseng and Chung-Pao Liu were the managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was adopted after the convener solicited opinions from the rest Directors present at the meeting and received no objections.
	2. Approval for the disbursement of remuneration of Directors for 2021	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	Chairman Jui-Tsung Chen appointed Independent Director Ing-Jen Lee to preside over the discussion and vote on this proposal. The relevant Directors, including Jui-Tsung Chen, etc., recused themselves from the discussion and voting due to conflict of interest. In addition, the resolution was adopted after the convener solicited opinions from the rest of the Directors in attendance and received no objections.
2022.11.10 The 10th meeting of the 4th term	Year-end bonus for 2022	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	As Chao-Peng Tseng and Chung-Pao Liu were the managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was adopted after the convener solicited opinions from the rest Directors present at the meeting and received no objections.

■Functions:

1. Establishing and reviewing performance of Directors and managers, as well as policy, system, standard and structure of remuneration and compensation on a regular basis.
2. Periodically evaluate and prescribe the remuneration of Directors, and compensation of managers.

(5) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?	V		The Company established the “Corporation Social Responsibility Committee” in 2017 under the vision and mission in our ESG policy and set up an internal sustainable development center as the dedicated unit in 2020. Chaired by the President. The members of the Corporation Social Responsibility Committee appoints the supervisors at the highest level of all the relevant units as the task force, including the finance, R&D, production, procurement, human resources, quality, green implementation team, information security team, and audit unit. The chairman holds regular meetings to review the Company's core operating capabilities, formulates medium and long-term sustainable development plans, and monitors the promotions for all measures. The chairman not only states the policies and assertions to external but also defines objectives and directions, integrates the resources, and reviews all measures and monitors the effectiveness of implement to internal. The Board of Directors adopted a resolution for the “Sustainability Committee Charter” of the Company on May 5, 2022, set up the “Sustainability Committee” under the Board of Directors and appointed three committee members (including one Independent Director). The President serves as the chairman of the committee, and the "Sustainable Development Office" was also set up. The dedicated person is responsible for the implementation of all the matters related to the sustainable development of the Company. The "Sustainability Committee" shall be convened at least once a year. The chairman shall report the implementation results of the sustainable development and the future plans to the Board of Directors every year on a regular basis. The proposals include (1) identification of the sustainability issues of interest and development of response action plans; (2) amendments to the goals and policies related to the sustainability issues; (3) supervision of the implementation with respect to sustainable development matters and evaluation of the implementation status.	No material deviation

Evaluation Item	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The Company collects and reviews the issues that stakeholders are concerned about based on the materiality principle of the sustainable development at least once a year on a regular basis. The Company also conducts risk assessment for material issues, establishes corresponding management strategies, and implements them accordingly. In 2022, the Company identified 12 material issues from 26 topics in the economy, environment and society, and formulated respective strategies for their management. Relevant information has been disclosed in the sections of stakeholders and material issue identifications in our Sustainability Report under "ESG Sustainability" on the Company's website.	No material deviation
3. Environmental issues (1) Has the Company set an environmental management system designed to industry characteristics?	V		(1) The Company's headquarter in Taiwan and production centers in China and Vietnam are subject to the following ISO standards and set up an environmental management system. They pass the third-party verification continuously and conduct GHG inventory every year in accordance with ISO14064-1, take follow-up actions for the emission reduction effectiveness, and disclose relevant information in the sustainability report and on the website of the Company. ISO 14001: 2015 Environmental Management Systems ISO 14006: 2011 Environmental management systems -Guidelines for incorporating eco-design IECQ-QC080000: 2017 Hazardous Substance Process Management System ISO 14064-1: 2018 Greenhouse Gas Inventory ISO 50001 energy management system certification	No material deviation
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(2) The Company implements energy reduction measures proactively and uses the equipment of high energy efficiency and saving design to reduce the consumption of the energy at the corporate and product levels. The Company also uses more renewable energy to optimize the energy efficiency. The power consumption in 2022 was 45,242MWh. Solar panels have been installed since 2022 to generate renewable energy and improve the efficiency of the	No material deviation

Evaluation Item	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			renewable energy every year. The Company uses raw materials in compliance with the EU RoHS, REACH, and Halogen Free regulations. We established the Corporation Social Responsibility Committee in 2017 and set up a cross-platform resources integration and recycle system to recover materials, make products using renewable energy, reduce the pollution during the manufacturing process, and minimize the impact on the environment. As for green manufacturing, we reduce unnecessary waste of resources, dedicate ourselves to the reduction of the waste, and develop recycling technologies. We work with our upstream and downstream partners to recover and share packaging materials, and do our best to use recycled material in the production to reduce the load and impact on the environment, and maximize the benefit of the circular economy. We create circular value by recovering process materials, developing waste reduction technology, and designing and selling of recycled products.	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(3) The Sustainability Committee of Company is the most top organization which is in charge of the climate change management. The environmental sustainability task force is responsible for the climate change strategies and goals, management of the risks and opportunities in the climate change, review of the implementation status, and discussion of the future plans. The Company adapted the TCFD structure in 2022 to enhance the assessment of the risks and opportunities that the climate change brings to the Company. To reduce the aforementioned risk factors, the Company identifies the feasible opportunities and develops countermeasures at the same time. We develop to the direction of green operation, energy management, disclosure of carbon information, and green building with regard to the mitigation of the climate change. We have implemented enhanced basic infrastructures, developed sustainable operation capabilities, and made use of green buildings with regard to the adaptation to the climate change.	No material deviation

Evaluation Item	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management policy of other wastes?	V		We have disclosed the analysis of the risks and opportunities with respect to the climate change in our Sustainability Report. (4) The headquarter of the Company in Taiwan and production centers in China and Vietnam have completed the Scope 1 and Scope 2 GHG inventory and the third-party verification required by ISO 14064-1 in 2022, as well as inventory and third-party verification required by ISO 50001 have been completed. The GHG inventory and third-party verification for the carbon footprint of key products in Scope 3 have also been completed. In 2021 and 2022, the Company's headquarter in Taiwan and production centers in China and Vietnam had GHG emissions of 31,215 ton and 33,648 ton CO2e respectively in Scope 1 and Scope 2. The main emissions from power in Scope 2 was the major sources and occupied 97% of the aforesaid emissions, followed by the emissions from the consumption of the process oil and the fuel used for the public systems in Scope 1 that occupied a proportion of 3%. To catch up with the international reduction trend of emissions, the Sustainability Committee of the Company takes follow-up actions with setup of goals in the design and selection of the materials, local procurement and 10R strategy, power-saving production and green transportation to reduce carbon based on the life circle in the circular economy. We will continuously purchase renewable energy and dedicate ourselves to the development of energy saving products, and assess the possibility to use 100% renewable energy completely to achieve the long-term goal of net zero emissions. With the aforementioned efforts, we expect to further reduce the total carbon emission and GHG intensity in 2023 and make a contribution to the environment. The goals of the Company in the management of the energy resources are described below: Less GHG intensity by 1% compared to previous year; Less energy (electricity) intensity by 1% compared to previous year; Less per capita consumption of water	No material deviation

Evaluation Item	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			resource by 1% compared to previous year; more waste recovery rate by 3% compared to previous year. We have paid attention to the issues on water resource, energy saving, and environmental protections for many years. Saving of water is conducted comprehensively in the daily life to maximize the benefit of the available water resource. The Company's headquarter in Taiwan and production centers in China and Vietnam completed the water footprint verification in 2022. The water consumption in 2021 and 2022 was 177,567 and 115,798 tons respectively. For this, we have taken various improvement measures, including guiding the waste system to the recovery system and applying recycles water to the process to reduce water consumption. The Company is dedicated to the environmental protection. "The Sustainability Committee" establishes the waste reduction KPI and review the performance every year. Internal and external audits are also conducted for the reduction of the waste. To ensure the recycle of resources, the Company, in principle, the priority is to reuse the treated waste in our plants to reduce the usage of the raw materials then recycle for reuse. Incineration or dumping in landfill sites is the last resort. In 2021 and 2022, the Company's headquarters in Taiwan and production centers in China and Vietnam have produced the non-hazardous wastes of 820.21 tons and 436.35 tons respectively; the hazardous wastes of 160.49 tons and 119.93 tons respectively, and the total wastes of 980.70 tons and 556.28 tons respectively. The "zero waste" is the ultimate aim in the waste management of the Company. We will continuously implement the waste reduction plan and reduce the generation of the waste from a single product unit to meet the requirements of the WEEE Directives. We will take the reduction of the total waste volume and conversion of the waste to resources as the strategy to reduce the generation of the waste and its volume by implementing the source management such as improvement of	

Evaluation Item	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			process technologies and reduction of the raw material at the design stage.	
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(1) The Company establishes relevant management rules, such as ”Child and Juvenile Workers Control Procedures”, “Freedom of Association and Collective Bargaining rights Control Procedures”, “Discrimination Prohibition and Discipline Measures Control Procedure”, ”Forced Labor Prohibition Control Procedures’’, to ensure that employees and external stakeholders can work or provide services without the concern about retaliation or threat, or they will not work or provide service in the form of paying a debt. Relevant policies and implementation status have been disclosed in the sections of happy workplace in our Sustainability Report under "ESG Sustainability” on the Company’s website.	No material deviation
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		(2) The Company establishes reasonable salary/compensation and relevant management systems to ensure that the salary/compensation meets the requirements of the regulations and is up with the market. In addition to the fixed monthly salary, the Company offers festival and year-end bonus, patent bonus, special bonus, and so on. A compensation adjustment plan has been established to share the operation results with the employees based on the annual earnings of the Company and the performance of individual employees. In general, male and female employees occupy 71% and 29% of all the employees respectively, while male and female employees taking management posts occupy 81% and 19%. (The difference is attributable to the type of the functions, the educational background of the employees, and other factors.) The gender is never a factor that influences the employment or promotion of the employees. In accordance with the laws, the Company establishes the “Staff Benefit Committee” and sets aside a welfare fund, holds committee meetings on a regular basis, and organizes employee welfare activities on a regular basis. The Company also supports the development of multiple club activities. The welfare for the employees includes	No material deviation

Evaluation Item	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			birthday cash gifts, festival cash gifts, organization of recreational activities for the health of the employees, family day, domestic and overseas travels, wedding and funeral subsidies, childbirth subsidies, consolatory payment for hospitalization to employees and family members, lucky draw at year-end party, and physical examination. In addition to the insurance required by labor laws, the Company takes out group insurance for the employees (including life insurance, accident insurance, cancer insurance, and medical insurance) to provide them with comprehensive protection.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(3) The Company establishes ESH policies with reference to ISO 45001 and formulates procedural documentation related to the “occupational safety and health management” to control every detail at the workplace. At the initial stage of designing the hardware and software of the office environment, the Company set the protection of employee safety as its top priority, to ensure employees receive the greatest security at work. The Company provides educational training courses on labor safety to help employees understand the safety and potential hazard in the factory area. The Company also help employees understand the level of the disasters in the factory area and the response measures, evacuation routs, and other related matters pursuant to the “Emergency Preparation and Response Procedures”. Fire distinguishing training is performed in accordance with the instructions of the fire brigade. Disaster prevention knowledge is communicated to the employees every year on a regular basis. The Company takes zero occupational accident in the work environment as the goal in the hope to minimize the occupational accident risk. There was no occupational accident in 2022.	No material deviation
(4) Has the Company established effective career development training programs for employees?	V		(4) The Company places importance on the development of the employees and is dedicated to the training of talents. We encourage employees to participate in training courses and self-leaning activities. About 424 classes of professional courses	No material deviation

Evaluation Item	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			were provided in the recent three years and, overall, more than 582 classes of courses were organized. The professional courses include R&D, engineering, IT, law and patent, finance and accounting. Also, via internal and external physical courses and the introduction of new IT technology and the sharing of experience by numerous internal speakers, the Company was able to establish a knowledge sharing platform, Arcadyan Content Sharing System (CSS), where employees can peruse teaching materials and watch video or audio clips within the Company, and share professional know-how of various departments.	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and establish policies for consumer protection and grievance procedures?	V		(5) The Company prevent disclosure of documents by implementing the ISO 27001 Information Security Management System to protect the integrity of the customer's documents and data, and help each departments manage and reduce the threat and risk with respect to the information. The Company conducts internal and external audits on a regular basis. Through the risk assessment of information assets, proper control measures are implemented for risks related to various information assets based on the characteristics of the risks to reduce or transfer risks and achieve the goal of risk management. This can ensure the confidentiality of information related to the business and prevent breaches or losses sensitive information and individual data. The Company sets up an information security reporting mailbox (ethics@arcadyan.com) for stakeholders to communicate with each other about information security issues. No infringement upon the privacy of the customers or other material incidents for information security have occurred since the foundation of the Company.	No material deviation
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational	V		(6) The Company establishes the "Supplier Sustainability Survey Regulations" to create the selection conditions for the suppliers in terms of the protective environment, human rights, safety, health and sustainable development. In the regulations, we express our requirements and expectations to the suppliers with regard to the ESH risk,	No material deviation

Evaluation Item	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
safety and health, or labor rights, and what is the status of their implementation?			prohibition of child workers, labor management, non-violation of basic labor rights, code of ethics, and ethical management. The Company establishes supplier guidance projects to ensure implementation of the sustainability in the daily management of the supply chain through selection of suppliers, audit and guidance, performance evaluation, training and supplier forums. All the cooperative suppliers of the Company met relevant requirements in 2022.	
5. Does the company refer to international reporting standards or guidelines when preparing its "Sustainability Report" and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The Company prepared Sustainability Report in accordance with the universal report preparation standards (GRI Standards). AFNOR Asia as an independent and fair third party has conducted the verification pursuant to AA1000 Accountability Principles and GRI Standards, and confirmed the conformity to the Cord of the GRI Standards and the Type 1, moderate assurance standard of the AA1000 Assurance Standard. The verification result was disclosed in Company's Sustainable Report under "ESG Sustainability" on the Company's website.	No material deviation
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has prepared the Sustainability Report and disclosed it on the Company website and established "Sustainable Development Best Practice Principles" as the governing guideline, incorporating sustainable development into the overall operating development of the Company and the collective companies of the Group and promoting various sustainable development activities. There is no material deviation between the operation of the company and the code stipulated.				
7. Other information relevant to understanding the Company's business integrity: (I) Going green and environmental protection: To avoid damaging the ecosystem, the R&D team of the Company focuses on the eco-design of products and has introduced a lead-free manufacturing process successfully and at the same time, meeting the international environmental protection requirements of removing lead, cadmium, mercury, hexavalent chromium and other hazardous chemicals, implementing Eco-design in 2017, and obtaining ISO 14006 certification for incorporating eco-design in 2018. (II) In 2005, the Company obtained both ISO 14001 certification on environmental management systems and OHSAS 18001 certification on occupational health and safety management system. The Company also obtained the Taiwan Occupational Safety and Health Management System certification in 2009. The certification was issued by the Health Promotion Administration of Ministry of Health and Welfare under the Executive Yuan. Furthermore, the Company successfully transferred OHSAS 18001 to ISO 45001 management system in 2020. (III) Production Center in China obtained Social Accountability 8000 (SA8000) in 2013, showing the performance and commitment in CSR by the Company, increasing the loyalty and sense of belonging of the employees, and establishing a positive corporate image. (IV) The Company has established energy conservation, carbon reduction, reduction of greenhouse gas emission and water use, and other waste treatment management policies: Including a Carbon Disclosure Project (CDP) which is mainly to strengthen the ability of the Company in responding to climate change, such as inspection on carbon emission, checking the result of carbon reduction and establishing regulations on evaluation and physical risks, and further transitioning various risks into opportunities for				

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">green circular economy, to increase the sustainable development; for energy management, every factory area tracks the KPI management every month, in which depending on how well the KPIs are met, improvement measures and planning will be proposed; for water resource management, due to the high water use of the Company, which mainly comprises of employee daily water use, many facilities and infrastructure have to be inspected and improved, and awareness for good lifestyle habits is promoted; for waste management, while paper use in the verification system of the production is reduced, thus decreasing waste due to human error. The employees at the factory areas have been trained professionally and rigorously in safety, health and environmental protection, and thus no major pollution incident has occurred over the years.
(V) Circular economy: to help promote the design thinking of circular economy, the Company instills the concept into its products and in turn constructs a multiple cycle circular economic model in product re-cycling and re-use. In 2021, the Company passed the certification of SGS and obtained optimum level on business model.
(VI) Sustainable Development Performance in 2022
● Participated in the Carbon Disclosure Project (CDP) from 2009 for disclosure of the climate change investigation and water footprint verification. The 2022 CDP Supplier Engagement Rating Report was awarded A/A- (implementing current best practice). The CDP Category 1+2 was awarded B- Management Level.
● The production center in Vietnam was audit and evaluated by the Responsible Business Alliance (RBA) as Silver Grade.
● Gold Medal Award of EcoVadis Global Corporate Social Responsibility (CSR) Rating
● Signed the SBTi Science Based Targets initiative, and formulated the carbon reduction goals of the Group
● Won the honor of “CDP Best Carbon Management and Disclosure” by Sustainable partner of CHT
● Won the Silver Award of 〝the 4th National Enterprise Environmental Protection Award〞 from the Environmental Protection Administration, Executive Yuan, R.O.C
● Won the Green Environmental Protection Enterprise Award of Chinese Organic (CONA)
● The Environmental Protection Administration commends the adoption activity of the "Soil Carbon Sink Project”.
● Headquarters in Taiwan and production centers in China and Vietnam obtained the first certification of ISO 14064 Greenhouse Gas Emissions Scope 1, 2, and 3.
● Passed ISO50001 Energy Management System Certification
● Completed the construction of roof top solar panels at the Vietnam production center
● Completed supplier evaluation and commended 15 excellent suppliers
● 15 product projects have obtained third-party certification of ISO 14067 /ISO 14040 /ISO 14044 carbon footprint
● 5 product projects obtained the certification of TUV Green mark
(VII) For the community participation, contribution, service and welfare, consumer rights, human rights and other activities related to corporate social responsibility, the Company voluntarily takes part in many social welfare activities every year. Via the planning and execution initiated by “Sustainable Development Office”, the Company makes contribution to the community through numerous activities, to meet its corporate social responsibility. The activities in 2022 are as follows:
● Emergency aids: Working with Pingtung County Hai-Ching-Ching-Hung-Hui, Tzih Huai Social Welfare Foundation, Children Are Us Foundation, Hualien Elderly and Family Care Association, Chung Yi Social Welfare Foundation, Taipei City Hsin Hua Charity Foundation, World Peace Association, CANLOVE Social Service Association, Pinglin Elementary School, AP Charity, Double Bliss Welfare and Charity Foundation, etc. to assist approximately 400 cases that required emergency aids.
● Regular donation: Making monthly donations to Chinese Christian Relief Association for its 1919 Read Together program, to Baby Green Box for the expense of fruits and vegetables of its orphanage, and to Double Bliss Welfare and Charity Foundation for its integrated care service program for older adults.</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies
	Yes	No	Summary description	

- Group purchase from charity organizations: Including charity bazaar on Mother's Day and gift boxes of mooncake and Chinese New Year from Saint Joseph Social Welfare Foundation, gift boxes of Mother’s Day and delivery of Love to Tribes program of Children Are Us Foundation, and charitable group purchase for Dragon Boat Festival from Huashan Social Welfare Foundation, and group purchase for gift boxes of Mother's Day and Spring Festival from AIHENG Educational Center, etc.
- Online English courses provided for remote primary schools: Taiping Elementary School, Nanhe Elementary School, Pinglin Elementary School, Shakeng Elementary School, and Jinshan Elementary School.
- Providing summer intern jobs for children from the Taiwan Fund for Children and Families, and World Vision Taiwan.
- Holding visually impaired massage charity.
- Dreamer projects for children in rural areas: Dreams Come True of Hsu Chauing Social Welfare Charity Foundation, and Christmas activity of Kuen Tai Cultural and Education Foundation, etc.
- Taiping Elementary School, Pinglin Elementary School, Nanhe Elementary School: Subsidizing after-school care project, supporting the expense for improving the teaching equipment.
- R.O.C. Resource Matching Association: Student sponsorship projects of delivery with love to the underprivileged and charity fairs, and employee fundraising for New Year’s food to the underprivileged family.
- Saint Joseph Social Welfare Foundation: Funds for children early treatment, grassland concerts, and employee fundraising for multiple service support funds for the physically and mentally challenged.
- World Peace Organization: Donating to summer vacation and emergency meals of underprivileged children participating in New Year for Hungry Children Project, and employee fundraising to keep hungry kids away from hunger, etc.
- World Vision Taiwan: 30 Hour Famine, domestic sponsorship for children.
- Taiwan People’s Food Bank Association: Gifting the food offerings from first business day of the year and Ghost Festival’s praying rituals.
- Taiwan Joy Baby Community Association: Donating funds for tuition and preparing dinner for kids at remote area.
- Eden Social Welfare Foundation: Home improvement services program, and funding the services for underprivileged children.
- Together Good Social Innovation Association: Volunteer training programs and assistance for women/youth/children/senior citizen care
- Andrew Charity Association: Donating to the food bank project for underprivileged children, employee fundraising for food donation to underprivileged families
- Spinal Cord Injury Foundation: "It's Brave - One Kilometer of Hope" campaign to encourage wounded people to go outdoors
- Hsu Chauing Social Welfare Charity Foundation: Participating in dreamer projects and food donation program, and donations for underprivileged children's education from employees
- Children Are Us Foundation: Purchasing cakes for Mother’s Day and Mid-Autumn Festival (and donating the cakes to underprivileged children), sponsoring diversified workplace open house activities and beautiful life activities, employee fundraising for family daily care of children having intellectual development disorders and expenses for daycare centers, etc.
- Huashan Social Welfare Foundation: Donation for New Year meals and provision of gift boxes for Dragon Boat and Mid-Autumn Festivals.
- Kuen Tai Foundation: Employee fundraising for donating diabolo
- Hua-Guang Intellectual Development Center: Commissioning the Sediq people for rice planting, and donating the rice to Hua-Guang Intellectual Development Center.
- Ai-Heng Training Center for Intelligent Development: 2022 carnival for children.
- The Garden of Mercy Foundation: Donate care funds for drug-addicted babies (caused by mothers taking drugs during pregnancy)
- Hsinchu Fund for Children and Families: Parent-child relationship improvement activities, summer camp for disadvantaged children, 2022 Warm Winter Fair fundraising for children and parent-child

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">activities.
● Hsinchu Chusin Association: Multiple courses plans to read together, and summer after-school care.
● Bluesky Home: Donation to the halfway house for marginal adolescents.
● Tribal Kitchen: Sponsoring Sediq’s tribal kitchen with cereals and donating acquired rice to World Peace Organization and Hua-Guang Intellectual Development Center.
The list above details the donation from the Company and its employees. The donation amounted to TWD 5,126,742, where 1,027 people participated and 3,704 people benefited.</td></tr>
</table>

(6) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) In accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”, the Company has established the “Ethical Corporate Management Best Practice Principles”, and “Procedures for Ethical Management and Guidelines for Conduct” approved by Board of Directors. In addition, in the personnel regulations and the code of conduct for Directors and managers, the policies and practices of Ethical Corporation Management have been expressly stated. Further, the Directors have signed a declaration at their appointment to commit to the conformity of these regulations.	No material deviation
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		(2) The Company has established the “Business Ethical Code of Conduct”, the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” to govern the whistle-blowing and punishment for unethical conducts. Risk identification of business activities with higher risks is included in the annual audit plan by internal audit to examine the status of compliance on a regular basis.	No material deviation
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical	V		(3) The “Ethical Corporate Management Best Practice Principles” specifically provides for: prohibition of giving and taking a bribe, prohibition of illegal political donation, prohibition of	No material deviation

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
conduct prevention program, implement it, and regularly review and revise the program?			improper philanthropic donation or sponsorship, prohibition of unreasonable gifting, reception or other improper benefits , prohibition of violating intellectual properties, prohibition of unfair competition, prevention of products or services damaging the interests of stakeholders. Further, the code of conduct, penalty for violation and complaint system are properly implemented. In addition to strengthening awareness training for new employees, the Company implements in the daily routine, reviews on a regular basis, and assesses the need to make timely amendments.	
2. Ethical Management Practice (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(1) The Company insists on integrity management. Business contracts consist of provisions that prohibit non-ethical principle. The Company requires suppliers to sign the "Commitment of Supplier for Corporate Social Responsibility". It requires the suppliers to abide by organizational governance, labor rights, occupational health and safety, environmental protection, code of ethics and complaint system and other norms.	No material deviation
(2) Has the company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(2) The business integrity management policy of the Company is established collaboratively by relevant competent units, and supervised by Internal Audit Office, and report to the Board of Directors once a year. No major violations have been found in recent years.	No material deviation
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) The Company has established “Business Ethical Code of Conduct” and expresses clearly the policies for conflict of interest and recusal. When the personal interest of employee presented in any form or extended to family members and friends,	No material deviation

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			may conflict with the Company's overall interest, according to the requirement of the policy, the employee has to submit a conflict of interest report, fully disclosing details in any circumstances that may cause any conflicts of interest, then report to the supervisors immediately.	
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the compliance with the systems to prevent unethical conduct or engage CPAs to perform the audits?	V		(4) To ensure the implementation of business integrity management, the Company has elected three Independent Directors in the Board of Directors, formed Remuneration Committee and Audit Committee, established comprehensive and effective internal control system, relevant management procedures and accounting system. The Company executes and timely assesses the implementation in accordance with these policies, which shall be amended as necessary, so as to ensure the constant effectiveness of the design and implementation of the systems. On a yearly basis, which is also included in the yearly audit plan, the Company conducts self-assessment, where the internal audit unit inspect the self-assessment reports of all other units and subsidiaries, which include control of environment, risk assessment, control activities, information and communication, and monitoring. Together with the findings of internal control infractions or discrepancies to be improved on that have been uncovered, are used for main basis in evaluating the effectiveness of the overall internal control system to issue Statement of Internal Control System by the Board of Directors and President.	No material deviation
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(5) In addition to disclosing "Ethical Corporate Management Best Practice Principles" on the Company website, the Company promotes related topics through internal system, conducts awareness training to all employees and	No material deviation

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			educational training to new employees. In 2022, the educational training related to ethical corporate management including courses on the compliance of ethical corporate management enrolled 835 persons, totaling 460 hours of training.	
3. Implementation of Complaint Procedures				
(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	V		(1) The Company has installed mailboxes (ethics@arcadyan.com) to receive malpractice reports from internal or external of the Company and has established the relevant penalization, the authorities assigns appropriate levels of department and personnel to handle depending on the nature and objects of the underlying complaints. The Company had not received any whistle-blowing case in 2022.	No material deviation
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		(2) The complaints and whistle-blowing procedures, in addition to regulate by statutes of the law, the identity of the whistle-blower shall be kept confidential. Appropriate protection measures shall be implemented to ensure the confidentiality and privacy of the whistle-blower.	No material deviation
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		(3) As above, the Company shall adopt appropriate confidentiality measure in accordance with the law. The Company handles complaint and whistle-blowing cases with a confidentiality principle and in a quick, fair and objective manner. If the whistle-blower is an employee, the Company guarantees that the employee will not be mistreated or retaliated for filing a complaint or informing on a malpractice.	No material deviation
4. Strengthening Information Disclosure Does the company disclose its Ethical Corporate Management Best-Practice Principles and the results of their implementation on	V		The Company has established a website, www.arcadyan.com, to disclose matters on corporate governance and ethical corporate management policies for employees to review.	No material deviation

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
its website and the Market Observation Post System (MOPS)?			The content and implementation effects of the Ethical Corporate Management Best-Practice Principles have also been disclosed in the Company's Sustainability Report.	
5. If the company has established its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: The Company has established "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". There is no material deviation between the principles and their implementation.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): The Company has publicly disclosed "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". In addition, the Company has also established a specific section pertaining to the implementation of Ethical Corporate Management and the handling situation of unethical conduct for awareness by employees.				

(7) Corporate Governance Guidelines and Regulations

The Company website is www.arcadyan.com, providing information on corporate governance guidelines and regulations for investors:

- Articles of Incorporation
- Rules of Procedure for Shareholders Meetings
- Rules and Procedures for Board of Directors Meetings
- Procedures for Election of Directors
- Procedures of Performance Evaluation of Board of Directors and Functional Committees
- Procedures for Acquisition or Disposal of Assets
- Procedures for Endorsements and Guarantees
- Procedures for Loaning Funds to Other Parties
- Audit Committee Charter
- Remuneration Committee Charter
- Sustainability Committee Charter
- Corporate Governance Best Practice Principles
- Sustainable Development Best Practice Principles
- Codes of Conduct for Directors and Managers
- Ethical Corporate Management Best Practice Principles
- Procedures for Ethical Management and Guidelines for Conduct

- Insider Trading Prevention Procedures
- Rules Governing Financial and Business Matters Between the Company and its Related Parties
- Procedures of Application to Suspend and Resume Trading
- Risk Management Policies and Procedures
- Procedures for Handling Material Inside Information

(8) Other Important Information Regarding Corporate Governance

I. The information on the Company website, www.arcadyan.com is collected and maintained by specific personnel, making and renewing disclosure on a regular basis, providing investors information on the financial and business aspects, and the institutional investor conferences.

II. To establish the management of insider trading prevention to avoid inappropriate leaking of material internal information and ensure the consistency and accuracy of information communicated to the public, the Company has established the "Insider Trading Prevention Procedures" and the "Procedures for Handling Material Inside Information" in the internal control system. Via the Company website, contracts and training, the Company conducts relevant awareness programs and inform the Directors, managers and all employees of the regulations to conform.

(9) Internal Control Systems

I. Internal Control Statement

Arcadyan Technology Corporation
Statement of the Internal Control System

Date: March 14, 2023

The Company states the following with regard to its internal control system during fiscal year 2022, based on the findings of a self-assessment:

1. The Company acknowledges that the establishment, implementation and maintenance of internal control system are the responsibilities of the Board of Directors and managers of the Company. As such, the Company has established the aforementioned system. Its objectives are to provide reasonable assurance for effectiveness and efficiency of its operations (including profitability, performance and guarantee of assets safety etc.), reporting that is reliable, timely and transparent and conformity to applicable rules, regulations and laws.
2. The internal control system has its inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Company's internal control system has set up a self-supervision mechanism. Once a deficiency has been identified, the Company will take the remedial actions immediately.
3. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter "the Regulations"), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the "Regulations" are based on the process of management control, dividing the internal control system into five composite factors: 1. control of environment, 2. risk evaluation, 3. control of operations, 4. information and communication, and 5. supervision. The composition of each element also includes several items. Please refer to the "Regulations" for the aforesaid items.
4. The Company has adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of design and execution for its own internal control system.
5. Based on the evaluation result of the preceding paragraph, the Company believes that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2022, including understanding the achievement for the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable regulations and laws, was effective in design and execution, and can be reasonably assured of the achievement of the aforementioned objectives.
6. This statement will serve as the main content of the Company's annual report and prospectus, and will be publicly announced. If the aforesaid public content has any illegal events including falseness or concealment etc., it shall to be liable to the legal liabilities stipulated in Article 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors of the Company held on March 14, 2023, where 0 of the 9 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Arcadyan Technology Corporation

Chairman: Jui-Tsung Chen

President: Chao-Peng Tseng

II. Engaging an accountant to audit the Company's internal control system, the audit report prepared by the CPAs should be disclosed: None.

(10) For the most recent year until the publication date of the annual report, penalties imposed against the Company and its staff, or penalties imposed by the Company against its staff for violations of internal control or regulations. State any major deficiency and corrective actions taken: None.

(11) For the most recent year until the publication date of the annual report, major resolutions made in shareholders and Board of Directors meetings

I. Shareholders meeting

■ Time: 9:00 am, June 15, 2022
Venue: 1F of the Company, No. 8, Section 2, Guangfu Road, Hsinchu City

■ Major Resolutions:

a. Ratification of business report and financial statements for 2021.
b. Ratification of the distribution of earnings for 2021.
c. Approval for the amendments to "Procedures for Acquisition or Disposal of Assets".
d. Approval for the release of non-competition restrictions for Directors of the Company.

■ Post-meeting Execution:

a. Approval for the amendments to "Procedures for Acquisition or Disposal of Assets": Announced on the Market Observation Post System and the Company website on June 15, 2022.
b. Release of non-competition restrictions for Directors: Announced on the Market Observation Post System on June 15, 2022.

II. Board of Directors

Date	Major Resolutions
March 10, 2022	1. Approval for the appropriation of the remuneration to Directors and compensation to employees for 2021. 2. Approval for the appropriation ratio of the remuneration to Directors and compensation to employees for 2022. 3. Approval for the financial reports for 2021. 4. Approval for business reports for 2021. 5. Approval for business plan for 2022. 6. Approval for Statement of Internal Control System for

Date	Major Resolutions
	2021. 7. Approval for setting the record date of capital increase for the conversion of the first domestic unsecured convertible corporate bonds to common shares. 8. Approval for cancellation of employee restricted shares not meeting vesting conditions. 9. Approval for the cash dividend for 2021. 10. Approval for the cash distribution from capital surplus. 11. Approval for the earnings distribution for 2021. 12. Approval for convening the Annual General Shareholders Meeting for 2022. 13. Approval for loaning funds to the subsidiary, Arcadyan Technology (Vietnam) Co., Ltd. 14. Approval for the business transactions authorization to the subsidiary, Arcadyan India Private Limited. 15. Approval for application for the renewal of credit limit with the banks. 16. Approval for the change of audit CPAs. 17. Approval for the promotion of managers. 18. Approval for the release of non-competition restrictions for the managers.
May 5, 2022	1. Approval for the financial reports for 2022 Q1. 2. Approval for setting the record date of capital increase for the conversion of the first domestic unsecured convertible corporate bonds to common shares. 3. Approval for cancellation of employee restricted shares not meeting vesting conditions. 4. Approval for the disbursement of cash dividend and cash distribution from capital surplus. 5. Approval for adjustment of salary for 2022. 6. Approval for disbursement of Dragon Boat and Mid-Autumn Festivals bonus for 2022. 7. Approval for the release of non-competition restrictions for the Directors. 8. Approval for application for the addition and renewal of credit limit with the banks. 9. Approval for the amendments to “Procedures for Acquisition or Disposal of Assets”. 10. Approval for the amendments to “Sustainable Development Best Practice Principles”.

Date	Major Resolutions
	11. Approval for the establishment of the “Sustainability Committee Charter”. 12. Approval for the establishment of the Sustainability Committee and appointment of committee members.
August 10, 2022	1. Approval for the financial reports for 2022 Q2. 2. Approval for the disbursement of employee compensation for 2021. 3. Approval for the disbursement of remuneration of Directors for 2021. 4. Approval for sustainable development vision and policies. 5. Approval for 2022 sustainable development goals and plans. 6. Approval for loaning funds to subsidiary, Arcadyan do Brasil Ltda. 7. Approval for application for the addition and renewal of credit limit with the banks. 8. Approval for the release of non-competition restrictions for the managers.
November 10, 2022	1. Approval for the financial reports for 2022 Q3. 2. Approval for the internal audit plan for 2023. 3. Approval for the assessment of the independence and competence of the CPAs. 4. Approval for the disbursement of year-end bonus for 2022. 5. Approval for "Risk Management Policies and Procedures”. 6. Approval for “Procedures for Handling Material Inside Information”. 7. Approval for the amendments to “Rules and Procedures for Board of Directors Meeting”. 8. Approval for the amendments to "Insider Trading Prevention Procedures" of the internal control system and formulation of the "Operational Procedure for Preparation and Validation of the Sustainability Report". 9. Approval for application for the renewal of credit limit with the banks.
March 14, 2023	1. Approval for the appropriation of the remuneration to Directors and compensation to employees for 2022. 2. Approval for the appropriation ratio of the remuneration

Date	Major Resolutions
	to Directors and compensation to employees for 2023. 3. Approval for the financial reports for 2022. 4. Approval for business reports for 2022. 5. Approval for business plan for 2023. 6. Approval for Statement of Internal Control System for 2022. 7. Approval for the cash dividend for 2022. 8. Approval for the cash distribution from capital surplus. 9. Approval for the earnings distribution for 2022. 10. Approval for convening the Annual General Shareholders Meeting for 2023. 11. Approval for the election of the 9th term of Directors. 12. Approval for investment increase in Arcadyan Holding (BVI) Corp. 13. Approval for loaning funds to subsidiary, Arcadyan Technology (Vietnam) Co., Ltd. 14. Approval for the amendments to “Corporate Governance Best Practice Principles” and “Rules Governing Financial and Business Matters Between the Company and Its Related Parties”. 15. Approval for “General Principles of Non-assurance Services”. 16. Approval for application for the renewal of credit limit with the banks.
May 4, 2023	1. Approval for the financial reports for 2023 Q1. 2. Approval for adjustment of salary for 2023. 3. Approval for disbursement of Dragon Boat and Mid-Autumn Festivals bonus for 2023. 4. Approval for the disbursement of remuneration of Directors for 2022. 5. Approval for the disbursement of cash dividend and cash distribution from capital surplus. 6. Approval for the amendments to “Articles of Incorporation” 7. Approval for the amendments to “Rules and Procedure for Shareholders Meetings”. 8. Approval for the amendments to “Sustainable Development Best Practice Principles”. 9. Approval for the recommended slate of the 9th Director and Independent Director candidates.

Date	Major Resolutions
	10. Approval for the release of non-competition restrictions for the recommended slate of the 9th Director and Independent Director candidates. 11. Approval for 2023 sustainable development goals and plans. 12. Approval for application for the renewal of credit limit with the banks.

(12) For the most recent year until the publication date of the annual report, major issues of record or written statements made by any Director dissenting to important resolutions passed by the Board of Directors: None.

(13) The collective information of the resignation or discharge of the Company's Chairman, President, and Chief Accounting Officer , Chief Financial Officer, Chief Internal Audit Officer, Corporate Governance Officer and R&D officers in the most recent year up to the publication date of this annual report:

Job title	Name	Date of appointment	Date of discharge	Reason for the resignation or discharge
R&D officer	Chien-Lin Chen	2012.3.26	2022.3.4	Retirement

5. Information Regarding the Company's Audit Fee

(1) Information Regarding the Company's Audit Fee

Unit: thousand of TWD

Accounting Firm	Name of CPA	Period covered by CPA's audit	Audit fee	Non-audit fee (Note)	Total	Note
KPMG	Szu-Chuan Chien I-Wen Wang	January 1, 2022 to December 31, 2022	4,724	2,089	6,813	

Note: It includes tax service TWD1,150 thousand, business registration service TWD639 thousand, and transfer pricing report TWD300 thousand.

(2) Changes in the accounting firm that result in lesser audit fees paid in comparison to the previous year, and disclosure for the change in audit fee, and the reason for the change: None.

(3) Reduction of audit fees by more than 10% compared to the previous year, and disclosure for the amount and percentage reduced, and the reason for the reduction: None.

6. Replacement of CPA:

(1) Regarding the former CPA

<table>
<tr><td>Date of replacement</td><td colspan="4">Resolution adopted by the Board of Directors on March 10, 2022.</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="4">Due to internal adjustment in work and duties at KPMG, the CPAs of the Company have changed from Szu-Chuan Chien and Hsing-Fu Yen to Szu-Chuan Chien and I-Wen Wang.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td colspan="2">Party involved / Circumstance</td><td>Independent auditors</td><td>The Company</td></tr>
<tr><td colspan="2">Termination by the Company</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">Rejection of appointment (or re-appointment)</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>For the most recent two years, the causes for audit opinion other than unqualified audit opinion</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Opinion differing from the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedure</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanatory note</td></tr>
<tr><td>Other Disclosures</td><td colspan="4">None</td></tr>
</table>

(2) Regarding the successor CPA

Accounting Firm	KPMG
Name of CPA	Szu-Chuan Chien and I-Wen Wang
Date of engagement	Resolution adopted by the Board of Directors on March 10, 2022.
Prior to formal engagement, any inquiry or consultation on the accounting treatment or accounting principles for specific transactions and the type of audit opinion that might be rendered on the financial report	None
Written opinions from the successor CPAs that are different from the former CPAs' opinions	None

(3) Reply from former CPAs in pursuant of Article 10, Paragraph 6, Sub-paragraph 1, 2-3: None.

7. Any of the Company's Chairman, President, or Managers responsible for Financial or Accounting Affairs Being Employed by the Auditor's Firm or Any of Its Affiliated Company in the Most Recent Year: None.

8. For the Most Recent Year until the Publication Date of the Annual Report, the Transfer of Equity Interest and Change in Stock Pledge of Directors, Managers and Shareholders with Stake of 10% or More

(1) Changes in shareholding of Directors, managers and major shareholders

Unit: Share

Job title	Name	2022		As of April 17, 2023	
		Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged	Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged
Director/Major Shareholder	Compal Electronics Inc.	0	0	0	0
Director/Major Shareholder	Compal Electronics Inc. Representative: Jui-Tsung Chen				
Director/Major Shareholder	Compal Electronics Inc. Representative: Chung-Pin Wong				
Director/Major Shareholder	Compal Electronics Inc. Representative: Sheng-Hua Peng				
Director/Major Shareholder	Compal Electronics Inc. Representative: Chung-Pao Liu				
Director and President	Chao-Peng Tseng	60,000 (54,000)	0	0 (46,000)	0
Director	Che-Ho Wei	0	0	0	0
Independent Director	Ing-Jen Lee	0	0	0	0
Independent Director	Ching-Chang Wen	0	0	0	0
Independent Director	Wen-An Yang	0	0	0	0
Executive Vice President	Fong-Yu Lu	42,000 (30,000)	0	0	0
Senior Vice President	Chien-Lin Chen (Note 1)	0	0	0	0
Vice President	Chung-Pao Liu	26,000	0	0	0
Vice President	Nien-Che Hsiung	26,000 (20,000)	0	0	0

Job title	Name	2022		As of April 17, 2023	
		Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged	Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged
Vice President	Chih-Fang Lee	28,000	0	0	0
Vice President	Shin-Lung Kuo	26,000 (5,000)	0	0	0
Vice President	Yen-Ju Lin (Note 2)	22,000			
Chief Financial Officer and Corporate Governance Officer	Shih-Wei Huang	12,000	0	0	0
Chief Internal Audit Officer	Yi-Ling Peng	0	0	0	0

Note 1: The Senior Vice President, Chien-Lin Chen, has retired on March 4, 2022.
Note 2: The on board date of Vice President, Yen-Ju Lin, was March 10, 2022.

(2) Share transferred to related parties:

I. Share transferred to related parties:

Name	Reason for transfer	Date of transaction	Counterparty	Relationship between the counterparty and the Company, Directors, managers and shareholders with a 10% stake or more	Number of shares	Transaction price
Chao-Peng Tseng	Gift	2022.2.25	Yun-Ning Tseng	Father and daughter	20,000	119.0
Chao-Peng Tseng	Gift	2022.2.25	Hsiu-Hsin Lin	Spouses	20,000	119.0
Chao-Peng Tseng	Gift	2023.4.10	Yu-Heng Tseng	Father and son	23,000	103.5
Chao-Peng Tseng	Gift	2023.4.10	Hsiu-Hsin Lin	Spouses	23,000	103.5

II. Shares pledged with related parties: None.

9. Relationship among the Top Ten Shareholders

April 17, 2023
Unit: Share

Name	Shares Held in Person		Shares Held by Spouse, Minor Child(ren)		Total shares held through nominees		Names and relationships of the top ten shareholders who are related to each other or are spouses or relatives within the second degree		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Compal Electronics Inc. Representative: Sheng-Hsiung Hsu	41,304,504	18.74%	0	0%	0	0%	Hong Ji Capital Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Hong Jin Investment Co., Ltd.	Subsidiaries of the Company: Hong Ji Capital Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Hong Jin Investment Co., Ltd.	
Hong Ji Capital Co., Ltd. Representative: Sheng-Hsiung Hsu	9,278,643	4.21%	0	0%	0	0%	Compal Electronics Inc.	Parent company of the Company	
Gempal Technology Corp. Representative: Sheng-Hsiung Hsu	9,278,643	4.21%	0	0%	0	0%	Compal Electronics Inc.	Parent company of the Company	
Panpal Technology Corp. Representative: Sheng-Hsiung Hsu	8,191,724	3.72%	0	0%	0	0%	Compal Electronics Inc.	Parent company of the Company	
Dedicated account of HSBC Hosting Point72 Associates Co. Ltd.	5,271,000	2.39%	0	0%	0	0%	None	None	
Dedicated account of Yuanta Taiwan High-yield Leading Company Fund	4,750,000	2.16%	0	0%	0	0%	None	None	
Hong Jin Investment Co., Ltd. Representative: Sheng-Hsiung Hsu	4,609,160	2.09%	0	0%	0	0%	Compal Electronics Inc.	Parent company of the Company	
New Labor Pension Fund	4,259,953	1.93%	0	0%	0	0%	None	None	
Mercuries Life Insurance Inc. Representative: Chao-Hsi Weng	4,140,000	1.88%	0	0%	0	0%	None	None	
Dedicated investment account of Value Partners Classic Fund entrusted by HSBC (Taiwan) Commercial Bank Co., Ltd.	3,524,000	1.60%	0	0%	0	0%	None	None	

10. Comprehensive Shareholding Information Relating to Company, Directors, Management and Companies Affiliated through Direct and Indirect Investment

December 31, 2022
Unit: Share; %

Investees	Invested by the Company		Held by Directors, managers and directly/indirectly controlled entities		Aggregated investment	
	Number of shares	Percentage of Shareholding	Number of shares	Percentage of Shareholding	Number of shares	Percentage of Shareholding
Arcadyan Holding (BVI) Corp.	47,780,148	100%	0	0%	47,780,148	100%
Arcadyan Technology N.A. Corp.	1,000	100%	0	0%	1,000	100%
Arcadyan Germany Technology GmbH	500	100%	0	0%	500	100%
Arcadyan Technology Corporation Korea	20,000	100%	0	0%	20,000	100%
Arcadyan do Brasil Ltda.	964,510	99%	3,722	1%	968,232	100%
Arcadyan Technology Limited	50,000	100%	0	0%	50,000	100%
Arcadyan Technology Australia Pty Ltd	50,000	100%	0	0%	50,000	100%
Arcadyan Technology Corporation (Russia), LLC	0	100%	0	0%	0	100%
Arcadyan India Private Limited	7,465,000	99%	35,000	1%	7,500,000	100%
Zhi Bao Technology Inc.	34,980,000	100%	0	0%	34,980,000	100%
Tatung Technology Inc.	25,027,910	61%	569,836	1%	25,597,746	62%
AcBel Telecom Inc. (Note)	0	0%	0	0%	0	0%
Sinoprime Global Inc. (BVI)	0	0%	29,050,000	100%	29,050,000	100%
Arcadyan Technology (Vietnam) Co., Ltd.	0	0%	0	100%	0	100%
Arcadyan Technology (Shanghai) Corp.	0	0%	0	100%	0	100%
Arch Holding (BVI) Corp.	0	0%	34,900	100%	34,900	100%
Compal Networking (Kunshan) Co., Ltd.	0	0%	0	100%	0	100%
Tatung Technology of Japan Co., Ltd.	0	0%	700	100%	700	100%
Quest International Group Co., Ltd.	0	0%	1,200,000	100%	1,200,000	100%
Exquisite Electronic Co., Ltd.	0	0%	1,170,000	100%	1,170,000	100%
Tatung Home Appliances (Wujiang) Co., Ltd.	0	0%	0	100%	0	100%
Compal Broadband Networks, Inc.	533,217	1%	42,199,813	63%	42,733,030	64%

Note: The liquidation procedure had been completed on August 19, 2022.

IV. Fund Raising

1. Capital and Shares

(1) Source of capital

Unit: thousand shares: thousands of TWD; April 17 2023

Year	Month	Issue price	Authorized capital		Paid-in capital		Remark		
			Number of shares	Amount	Number of shares	Amount	Source of capital	Paid in properties other than cash	Others
2022	3	10	300,000	3,000,000	217,406	2,174,061	Corporate Bonds converted into shares of TWD73,235 thousand and cancellation of restricted employee shares of TWD88 thousand.	None.	Approved by MOEA on March 24, 2022 in document number 11101048020.
2022	5	10	300,000	3,000,000	220,354	2,203,543	Corporate Bonds converted into shares of TWD29,697 thousand and cancellation of restricted employee shares of TWD215 thousand.	None.	Approved by MOEA on May 25, 2022 in document number 11101084670.

Unit: share; April 17, 2023

Share Type	Authorized capital			Remark
	Outstanding shares (publicly listed)	Unissued shares	Total	
Registered Ordinary shares	220,354,321	79,645,679	300,000,000	Authorized capital includes 40 million shares warrant, preferred shares with warrants, and corporate bonds with warrants in capital.

■ Shelf registration system information: Not applicable.

(2) Shareholder Structure

April 17, 2023; Unit: share

Shareholder/ Structure Quantity	Governmental agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
Number of shareholders	0	15	268	24,915	185	25,383
Number of Shares Held	0	17,587,929	87,742,553	66,355,229	48,668,610	220,354,321
Percentage of Shareholding	0.00%	7.98%	39.82%	30.11%	22.09%	100.00%

(3) Share ownership distribution

April 17, 2023; Unit: share

Range of Shareholding	Number of Shareholders	Number of Shares Held	Percentage of Shareholding
1 to 999	9,528	933,154	0.42%
1,000 to 5,000	13,566	24,090,823	10.93%
5,001 to 10,000	1,192	9,252,174	4.20%
10,001 to 15,000	340	4,346,556	1.97%
15,001 to 20,000	218	4,044,909	1.84%
20,001 to 30,000	161	4,145,067	1.88%
30,001 to 40,000	85	3,007,583	1.36%
40,001 to 50,000	54	2,459,224	1.12%
50,001 to 100,000	96	6,606,958	3.00%
100,001 to 200,000	60	8,839,555	4.01%
200,001 to 400,000	29	8,213,984	3.73%
400,001 to 600,000	20	9,746,191	4.42%
600,001 to 800,000	4	2,869,737	1.30%
800,001 to 1,000,000	2	1,779,673	0.81%
More than 1,000,001	28	130,018,733	59.01%
Total	25,383	220,354,321	100.00%

(4) List of major shareholders

April 17, 2023; Unit: share

Share / Name of Major Shareholders	Number of Shares Held	Percentage of Shareholding
Compal Electronics Inc.	41,304,504	18.74%
Hong Ji Capital Co., Ltd.	9,278,643	4.21%
Gempal Technology Corp.	9,278,643	4.21%
Panpal Technology Corp.	8,191,724	3.72%
Dedicated account of HSBC Hosting Point72 Associates Co. Ltd.	5,271,000	2.39%
Dedicated account of Yuanta Taiwan High-yield Leading Company Fund	4,750,000	2.16%
Hong Jin Investment Co., Ltd.	4,609,160	2.09%
New Labor Pension Fund	4,259,953	1.93%
Mercuries Life Insurance Inc.	4,140,000	1.88%
Dedicated investment account of Value Partners Classic Fund entrusted by HSBC (Taiwan) Commercial Bank Co., Ltd.	3,524,000	1.60%

(5) Market share price, net worth, earnings, dividend and relevant information for the most recent two years

Unit: thousand shares: TWD

Items		Year	2021	2022	As of March 31, 2023
Market price per share	Highest		135.00	139.00	111.50
	Lowest		83.60	83.20	95.10
	Average		109.42	117.74	104.76
Net worth per share	Prior to distribution		58.46	62.66	58.40
	After distribution		51.66	56.16	–
Earnings per share	Weighted average outstanding shares		207,793	218,722	220,354
	Earnings per share		8.60	9.20	2.25
Per-share dividend	Cash dividend(Note 1)		6.8	6.5 (Note 2)	–
	Stock dividends	From retained earnings	0	0	-
		From capital surplus	0	0	-
	Cumulative unpaid dividends		0	0	–
Analysis of investment returns	PE Ratio		12.72	12.80	–
	Price to dividend ratio		16.09	18.11	–
	Cash dividend Yield		6.21%	5.52%	–

Note 1: The cash distribution from capital surplus for 2021 and 2022 amounted to TWD1 per share.
Note 2: The earnings distribution for 2022 was resolved by the Board of Directors on March 14, 2023.
Note 3: PE Ratio = Average closing price for the period / Earnings per share
Note 4: Price to dividend ratio = Average closing price for the period / Cash dividend per share
Note 5: Cash dividend Yield = Cash dividend per share / Average closing price for the period.

(6) Dividend Policy and Implementation Status

a. Dividend policy as stipulated in the Articles of Incorporation

If the Company make a profit in a fiscal year, after all taxes and dues have been paid and losses have been covered, shall set aside ten percent of profits as a legal reserve (however when the legal reserve amounts to the register capital, this shall not apply,) set aside a special reserve in accordance with relevant laws and regulations, and then an appropriate amount shall be retained by the Board of Directors as basis for proposing a distribution plan according to the Company’s operating status, which should be resolved in accordance with Item 2 of Article 27-1, and Article 26 of the Company’s Articles of Incorporation.

The Company’s distribution plan follows the principle of stable dividend policy considering factors such as the operating environment, operating performance, and financial structure. If the Company made a profit in the fiscal year, dividends and bonuses shall be no less than thirty percent of net income after-tax. Cash dividends shall be no less than ten percent of the total dividends distributed to shareholders.

b. Cash dividends appropriation resolved by the Board of Directors

The Company authorizes the Board of Directors to distribute dividends, bonuses, capital surplus, or legal reserve in whole or in part in the form of cash, after a resolution adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of Directors, and shall report it to the shareholders meeting.

On March 14, 2023, the Board of Directors resolved the earnings distribution for 2022 to disburse cash dividends of TWD5.5 per share. The cash distribution from capital surplus amounted to TWD1.0 per share. Total cash distribution to shareholders amounted to TWD1,432,303,087.

The Board of Directors resolved the record date of cash dividand and cash distribution from capital surplus on July 19, 2023, the date of disbursement on August 9, 2023.

c. When there is a significant change in the expected dividend policy, it should be stated: None.

(7) The impact on the operating performance of the Company and earnings per share by the proposal of the Shareholders' Meeting to issue stock dividend:

Not applicable (the Company has not made the financial forecast for 2023 to public).

(8) Compensation of employees and remuneration of Directors

a. Employees' and Directors' compensation policies as stated in the Articles of Incorporation:

If the Company made profit in each fiscal year, no less than 5% for employee's compensation, whereas no more than 2% for remuneration of Directors shall be deducted from the Company's pre-tax income. However, the Company's accumulated losses shall have been covered.

Employees of the Company's subsidiaries meeting certain specific requirements are entitled to receive the employee's compensation. The qualifications and distribution methods shall be prescribed by the Board of Directors.

b. The estimation basis of the compensation for employees and Directors for the current period, the computation basis for the number of shares issued as stock dividend serving as employee compensation, and accounting treatments for any discrepancies between the amounts estimated and the amounts disbursed:

Compensation to Directors and employees, as denoted in the Articles of Incorporation, shall be estimated based on income before tax prior to the subtraction of Directors and employees compensation during the current year and multiplied by the ratio as denoted in the Article of Incorporation (ratio for compensation to employees shall not be less than 5%, and remuneration to Directors shall not be more than 2%).

For the compensation to employees in the form of ordinary shares, it is computed using the closing price of the ordinary shares one day preceding the Board of Directors' meeting.

If the actual amounts differ from the amounts estimated, the differences are recorded as gains/losses in the subsequent year as a change in accounting estimate. The estimated amounted of the compensation to Directors and employees in 2022 does not differ from the amount approved by the Board of Directors and submitted to report in the Shareholders Meeting in 2023.

c. Remuneration proposal adopted by the Board of Directors:

- The amount approved by the Board of Directors and submitted to report in the Shareholders Meeting in 2023: Distributed the compensation to employees amounted to TWD327,896,254 and the Directors' remuneration amounted to TWD17,635,331. The appropriation of compensation to employees and remuneration to Directors does not differ from the estimated amount recognized in 2022.
- The disbursement of compensation to employees is made entirely in cash. As such, the ratios of compensation to employees by way of stock dividend to net income in Parent company only financial statements or individual financial report, and to total compensation to employees are both nil.

d. Compensation to Employees and remuneration to Directors for the preceding year:

- For the preceding year, the actual appropriation of compensation to employees amounted to TWD309,470,426 and remuneration to Directors amounted to TWD16,806,169, both did not differ from the amounts approved by the Board of Directors.

(9) Company Buyback of Own Shares: None.

2. Corporate Bonds: None.

3. Preferred Shares: None.

4. Global Depository Receipts: None.

5. Employee Stock Option Plan: None.

6. Restricted Employee Shares Plan: None.

7. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

8. Financing Plans and Implementation

(1) Content of Plans:

As of previous quarter until the publication date of the annual report, the content of plans and implementation status for previous issuances or private placements of securities that have yet been completed, or have been completed in the last three years, in which the benefits of the plans have yet emerged: None.

(2) Implementation Status:

Pertaining to item by item of the purpose of each plan stated in the preceding subparagraph as of previous quarter until the publication date of the annual report, analyze the implementation status and benefits as opposed to the original estimation. For instance, if there is implementation progress or benefits that have not achieved the estimated targets, the reasons, the influences on the shareholders' rights/interests and improvement plans shall be explained specifically: None.

V. Operational Highlights

The Company and its 100% invested subsidiaries-Arcadyan Technology N.A. Corp, Arcadyan Germany Technology GmbH, Arcadyan Technology Corporation Korea, Arcadyan Technology Limited, Arcadyan Holding (BVI) Corp., Zhi Bao Technology Inc., Arcadyan Technology Australia Pty Ltd, Arcadyan Technology Corporation (Russia), LLC, 99% invested subsidiaries, Arcadyan do Brasil Ltda., Arcadyan India Private Limited, 61% invested subsidiary, Tatung Technology Inc. Arcadyan Holding’s 100% invested subsidiaries-Arch Holding (BVI)Corp., Sinoprime Global Inc.and Arcadyan Technology (Shanghai) Corp., Arch Holding’s 100% invested subsidiary-Compal Networking (Kunshan) Co., Ltd. Sinoprime Global Inc.’s 100% invested subsidiary-Arcadyan Technology (Vietnam) Co., Ltd. Tatung Technology Inc.’s 100% invested subsidiaries-Tatung Technology of Japan Co., Ltd. and Quest International Group Co., Ltd., Quest International Group Co., Ltd.’s 100% invested subsidiary-Exquisite Electronic Co., Ltd. and Exquisite Electronic Co., Ltd.’s 100% invested subsidiary-Tatung Home Appliances (Wujiang) Co., Ltd. prepare the consolidated financial statements. Since the subsidiaries are mainly engaged in the R&D, manufacturing and sales of broadband and WiFi products, the operational highlights of the consolidated entity is similar to the Company.

1. Business Activities

(1) Business Scope

(I) List of the Company's main areas of business operations and the operating ratio

■ Main areas of business operations

The Company mainly engages in the R&D, manufacturing and sales of products related to broadband access, wireless LAN, digital home multimedia application, mobile broadband, wireless video and automotive electronics products.

■ Operating ratio

Unit: thousand of TWD

Item \ Year	2021		2022	
	Amount	(%) of Total Sales	Amount	(%) of Total Sales
Smart Home Solution	22,691,012	59.34	16,630,098	35.26
Broadband Solution	12,663,587	33.12	13,232,692	28.05
Mobility Solution	1,909,456	4.99	15,946,538	33.81
Others	976,003	2.55	1,358,421	2.88
Total	38,240,058	100.00	47,167,749	100.00

(II) The Company's current items of products (service) and new products development (service)

a. Smart Home Solution: Mainly consists on the development of Wi-Fi 6/ 6E Gateway, Extender, Wi-Fi Module and Android STB/ IP STB; provides completely home wireless networking solutions.

b. Broadband Solution: Mainly consists on DSL IAD, PON and Cable Modem; provides stable and fast home network.

c. Mobility Solution: Mainly consists on 4G/5G Device and automotive electronic products; the users' demand for the integration of mobile communication network and broadband network can be satisfied. The automotive electronic products offer the security service for ADAS driving mainly through the integrated radar of 77GHz/ 79GHz mmWave; the 4G/ 5G Internet of Vehicles and the complete fleet management solution can provide timely diagnosis during driving and vehicle management service.

(2) Industry overview

(I) Current and future industry prospects

According to the survey results of "The Impact of Technology in 2023 and Beyond: an IEEE Global Study" published by the Institute of Electrical and Electronics Engineers (IEEE), cloud computing, 5G, Metaverse, electric vehicles and the Industrial Internet of Things will become the most important technology to impact 2023; The wireless communications, automotive and transportation, energy and financial services industries will be the most profoundly affected by technological developments in 2023.

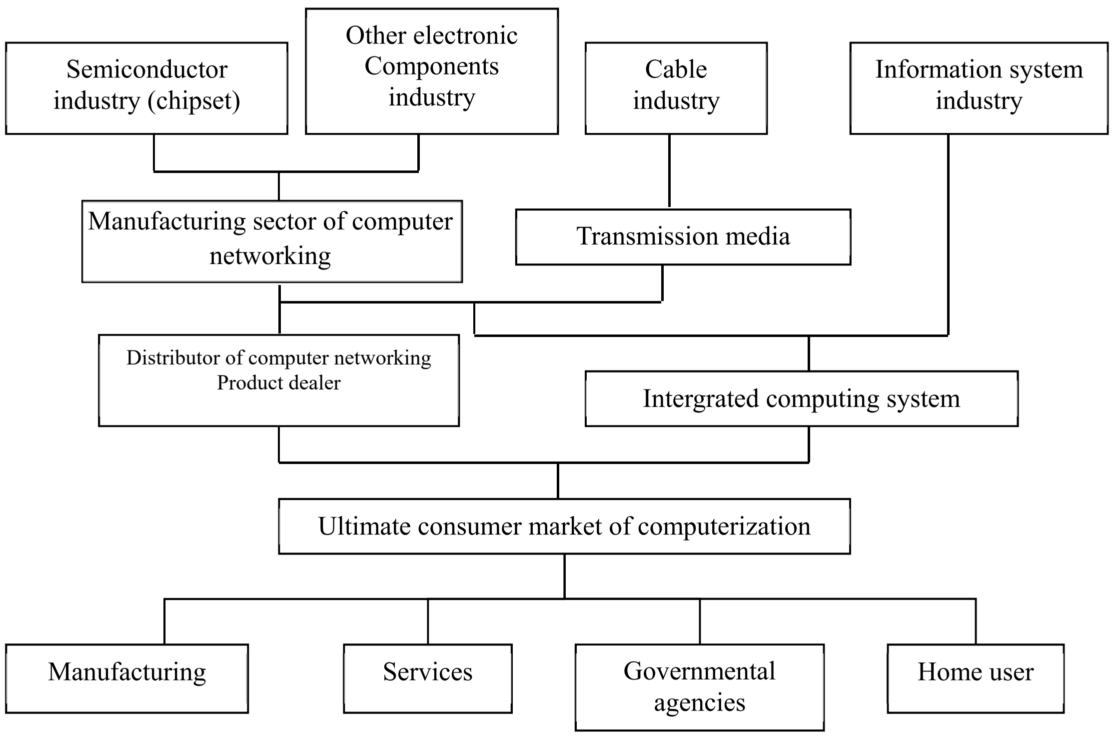
In terms of 5G, the demand for equipment seems to be saturated and the upsurge has subsided slightly compared with previous years as most of the world's large telecom operators are gradually deploying 5G mobile networks. However, there is still a lot of room for development in the 5G market for upstream and downstream companies in the information and communication industry. Industrial Internet of Things (IIoT), fully automated industry, and Metaverse experience, etc., are all considered as advanced 5G application development, and advanced countries are successively undergoing telecommunication transformation stages.

In addition, 5G fixed wireless access (FWA) is also considered by global telecom operators as another option for home broadband. The research institute, TrendForce, pointed out in a trend report that global telecom operators are expected to deploy large-scale 5G FWA services in compliance with 3GPP in 2023. 5G FWA provides last-mile network services wirelessly with shorter deployment time and lower maintenance costs such as manpower and equipment compared with the fixed networks, such as optical fibers. The deployment of 5G FWA will become one of the solutions to accelerate and expand the deployment of high-speed fixed networks in many countries, bringing users greater network bandwidth and low-latency network connections.

In terms of wireless network technology, the Wi-Fi 6 market will gradually expand in 2022 as the penetration rate of Wi-Fi 6/6E continues to increase. Most high-end models are equipped with Wi-Fi 6 as standard, and the penetration rate is expected to increase to 60%-70% next year. The application schedule for the next generation of faster and more stable Wi-Fi 7 will fall from the end of 2023 to the beginning of 2024 in order to meet the communication needs of the metaverse and other industrial visions.

(II) Relevance between upstream, midstream, and downstream industry participants

Integrating the R&D organization of upstream (dual-band wireless multimedia gateway controlling chipset and (dual-band wireless multimedia decompressing chipset and many crucial components) and downstream (provision of R&D platform) industries, providing networking system structure and fueling the development of communication related industries.



(III) Product trends and competition

a. 5G networking equipment

A. Fixed Wireless Access (FWA) and Metaverse-related services, such as VR/AR, 3D videos streaming, etc.

B. The coverage and density of 5G are expanded: 5G network coverage has been expanded and 5G network deployment density has been enhanced to improve performance and transmission capacity.

C. Telecom companies try to import Telco Cloud: Telecom companies must implement the 5G core network in a virtualized cloud environment to support the next-generation network capacity. Most telecom operators will still cooperate with public cloud service providers in the short term, but they start to try to build and operate their own telecom cloud at the same time.

D. The enterprises will expand to import the private network: It is expected that more enterprises will introduce mobile private networks in 2023 to improve company productivity.

E. Industrial 5G: Functions such as Industrial Internet of Things (IIoT) radio features etc. are expected to bring more diverse applications to Industry 4.0.

F. Open RAN technology: Telecom operators in some advanced countries have already invested in Open RAN architecture testing in 2022, and it is expected to continue throughout 2023.

b. Wireless LAN equipment

Wi-Fi 6E technology has become the mainstream of wireless networks in 2022-2023. The current Wi-Fi 6E supports three frequency bands of 2.4GHz, 5GHz, and 6GHz, and has the characteristics of wide coverage and fast network speed, including effectively alleviating the problem of Wi-Fi 6 traffic congestion in the increasingly saturated 2.4GHz/5GHz frequency bands. Products supporting the new generation of Wi-Fi 7 will be available in late 2023 to early 2024 at the earliest.

Wi-Fi 7, also known as IEEE 802.11be, adopts a new "single chip multi-link mode" (Multi-Link Operation, MLO) in terms of specifications. It supports base stations and establishing multiple links between Wi-Fi connections. At the same time, the data of multiple channels on the aggregated frequency band can still be transmitted normally at a stable and fast speed, even if some channels are congested or interfered. Therefore, network activities in daily life are provided with a better user experience.

(3) Research and Development

(I) R&D expenditure for the most recent year and until the publication date of the annual report

Unit: thousand of TWD ; %

Year	R&D expenses	Operating revenues	R&D expenses as a percentage of operating revenue
2022	2,510,385	47,167,749	5.3%
First quarter of 2023	577,513	11,021,138	5.2%

(II) New technology or products developed

- Successfully developed EasyMesh R2 products
- Successfully developed 77GHz five-in-one BSD ADAS radar
- Successfully developed Wi-Fi 6E products
- Successfully developed 5G multi-access edge computing products
- Successfully developed5G fixed wireless access products

(4) Long-term and short-term development

(I) Short-term development

a. Research and development strategy

A. Via technological intergration and customization of products, mastering the market changes and customer needs to increase market share.

B. In addition to lowering costs, applying the technological know-how the Company has accumulated to develop new product lines, shorten development time, introducing them to the market and increasing product quality and popularity.

b. Marketing strategy

Strengthening relationship with existing customers and actively developing new markets, expanding sales locations to building a complete marketing channels, providing professional consultation, maintenance and technical support for various products.

c. Production strategy

A. Acquiring production location that will give rise to costing advantage, increasing the competitiveness of products.

B. Increasing production efficiency to control budgets and costs.

C. Strengthen the supply chain management capability and keep informed of the delivery of materials.

d. Operational and financial planning strategy

A. Actively expanding business, increasing operating revenue, accumulating operating capital, and expanding the scale of operation.

B. Increasing management efficiency, motivating the potential of employees, strengthening internal organization.

(II) Long-term development

a. Research and development strategy

A. Combining the market demands, providing a complete product range to customers, accumulating experience and integrating technological capability in network communication design, developing the wide range and depth of product lines, and other high-end products so as to satisfy customer and market needs.

B. Continuing to improve the R&D process and efficiency, strengthening the R&D and core technological capabilities.

b. Marketing strategy

A. Training professional domestic and foreign marketing talents for the long term, fostering strong relationship with customers, and mastering the changes of network communication market and product development in a timely manner.

B. Actively seeking development collaboration or strategic alliance with international brands to expand international markets.

c. Production strategy

A. Maintaining long term cooperation with upstream suppliers to collaborate in development, so as to lower costs, and develop high quality and competitive products.

B. Expanding production capacity and diversifying production bases to mitigate risk posed by single production base.

d. Operational and financial planning strategy

A. Using financial instruments from both domestic and foreign capital market to mitigate financial risks.

B. Strengthening worldly business philosophy and management capabilities, actively training international talents and working toward building a global enterprise.

2. Market and Sales Overview

(1) Market Analysis

(I) Sales (Service) of the Company's Main Products (Services) by Regions in 2022

Sales Regions	Ratio
Americas	39.3 %
Europe	38.5 %
Asia (including Taiwan)	21.0 %
Others	1.2 %
Total	100.0 %

(II) Market Share

Market Intelligence & Consulting Institute, MIC, observed the telecommunications network (network communication equipment) and pointed out that in 2022, the network communication industry in Taiwan will account for 16.8% in the world with an industry output in 2022 of around TWD952.5 billion. The sales of the Company (including subsidiaries) are estimated to constitute 4% to 5% of the total sales of network communication manufacturers in Taiwan.

(III) Future Supply and Demand Situation and Growth of the Market

Looking forward to the industry trend in 2023, Market Intelligence & Consulting Institute, MIC, is optimistic about the international market orders. Advanced countries in Europe and the United States have launched network infrastructure upgrade plans to cope with the development of telecommunications networks (netcom equipment). New demand will be stimulated, such as 10G optical fiber network, 5G fixed wireless access (FWA) equipment and low Earth orbit satellite (LEO) network equipment. The market expansion of new Wi-Fi 6/6E products is also beneficial to network equipment revenue.

However, some international telecom companies plan to reduce capital expenditure in 2023 due to the impact of global inflation, bringing uncertainty to the market.

The main growth momenta related to the Company includes: (1) 5G network communication products (2) Wi-Fi 6/ 6E wireless communication equipment (3) XGSPON optical fiber and broadband products.

(IV) Competitive advantage

- Outstanding R&D team: Due to the outstanding capability of the R&D team and researchers with tremendous experience in the internet telecommunication, the Company has been designated by many international chipset makers as one of the Early Access Partners to take part in chipset development. As such, the Company is quicker in mastering the information of future products than its counterparts in the industry, allowing it to engage in product development sooner and thus gaining competitive advantages in launching new products.

- Product customization: With the support of the experience and capability of the R&D team, for the Access Technology, the Company has a mature R&D capability which allows it to develop software application and provide customers with high speed and strong functionality customized product design. The contribution of customized software application to customers includes:

A. Assisting in market segmentation of customer products effectively.
B. Providing customers with quick customized product services.
C. Assisting customers in developing competitive products successfully.
D. Collaborating with chipset makes in development to ensure the leading position of the Company in product technology and functions.
E. Reducing the customers' manpower investment in customer service with user friendly interface.

- Long term cultivation in the industry: Product technology coupling by the growing customer demand in functionality, such as Carrier Wi-Fi, xDSL products, xPON, IPTV and 802.11x solution are the focus and the Company opines that the future of ISP market is promising and thus to build a direct collaboration business model with ISP in the future, even though the market development is time consuming, the Company insists on investing R&D resources to accumulate product development experience, so as to strengthen R&D capability in the intergration of product technology.

(V) Future opportunities, threats, and responsive strategies

a. Opportunities

- Professional R&D team: In addition to technological advantages, the R&D team makes use of the technical know-hows the Company has accumulated, making the Company as one of the

Early Access Partners designated by many international chipset makers and a participant of the chipset development process. As such, the Company is ahead of its counterparts in the industry in R&D investment and thus gaining first mover advantage in launching new products.

- Developing niche market: The Company sets a business target on developing niche market and the sales strategy is mainly providing differentiated products and services. Compared to other network communication companies which provide standardized and cheap products in exchange for sales quantity, the Company offers products that have higher profit margin, and thus is able to reinvest more resources in R&D, building a benign business cycle.
- Customized product design: In addition to the technological capability in customization, the R&D team also needs to consider the functional flexibility in product design. To cater to the time-sensitive demand of customers, the flexibility in product design is crucial. To date, the Company has engaged in many international open software platforms. The functions provided to customers include management, firewall or security, QoS, High Voice Quality on VoIP and Triple Play. Via choosing from a simple menu, customers are able to choose different product functions and complete different product planning of different functions within a short time frame. The distinguished product needs of customers can be satisfied while the product design and manufacturing can be completed efficiently, which speeds up product launching.

b. Threats

As the telecommunication technology make leaps progress very quickly, many new competitors are attracted to join the industry. To acquire more customers and market share, many manufacturers are simplifying product functions to reduce costs, or adopting a low cost sales strategy, giving rise to competitive pricing. However, product customization and provision of complete technical support allow the Company to meet its business targets. The costs are relatively higher and thus the Company is unable to engage in competitive pricing with other manufacturers.

c. Strategies

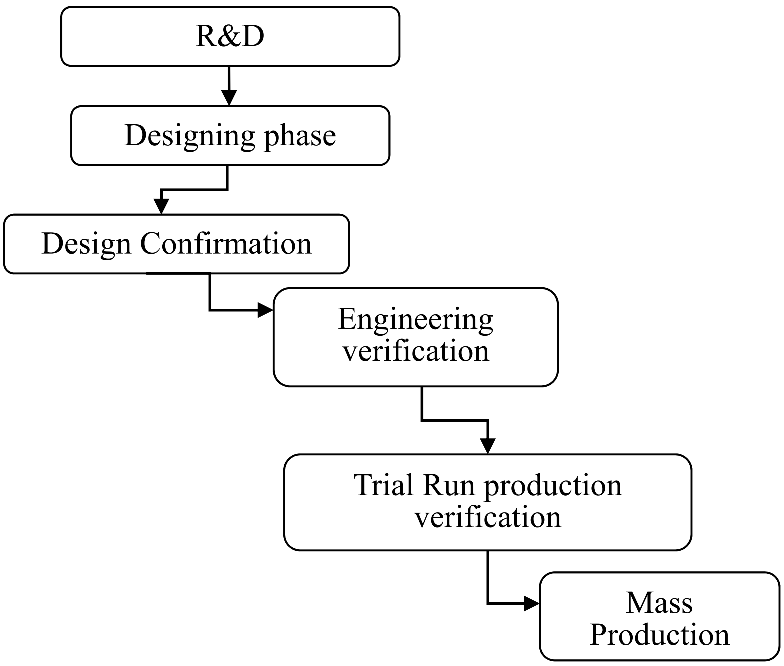
- Creating a single software platform: Via a single software platform, the Company is able to turn complicated product content into simple models, and thus acquiring orders quickly and obtain first mover advantage.
- Intergration of R&D technologies: The core technology is mastered, the cost is reduced and the market share is expanded by continuously integrating different technologies. The integration and development of key components and software technologies are continued.
- Mastering the timing of R&D: Accurately analyzing the market trend and future needs to engage in visionary product development.
- Creating needs by collaborating with customers: Playing the partner role in development with customers, providing better consultation and services, fostering long term working relationships and not merely playing an OEM role.

(2) Major Products, their main uses and production processes

(I) Main product applications

The Company's business scope includes intelligent network terminal equipment integrating broadband, multimedia, wireless, and Internet protocol. These provide clients network access services, combined with voice and multimedia technologies and also provide solutions, such as integrated digital home, mobile broadband, wireless audio-visual products and multimedia gateways, etc.

(II) Production processes of main products



(3) Supply status of main materials

Main raw material	Supplier	Supplier conditions
Chipset	Company I	Good
Communication module	Company II	Good

(4) Customers and Suppliers that have accounted for over 10% of total operating revenue and purchases in any of Recent Two Years.

(I) Major Suppliers

Unit: thousand of TWD

	2021				2022				As of March 31, 2023			
Item	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage to net purchases as of March 31 of the year (%)	Relationship with the issuer
1	Company I	7,064,268	21.1%	None	Company I	6,857,353	16.3%	None	Company I	2,093,120	21.5%	None
2	Company II	1,205,885	3.6%	None	Company II	6,664,660	15.8%	None	Company II	2,222,656	22.8%	None
3	Others	25,249,866	75.3%		Others	28,597,631	67.9%		Others	5,415,640	55.7%	
	Net purchases	33,520,019	100.0%		Net Prchases	42,119,644	100.0%		Net purchases	9,731,416	100.0%	
Reason for increase or decrease: The increase of major suppliers was due to changes in customer orders and product portfolios.												

(II) Major Customers

Unit: thousand of TWD

	2021				2022				As of March 31, 2023			
Item	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	As a percentage to net sales as of March 31 of the year (%)	Relationship with the issuer
1	Company a	696,194	1.8%	None	Company a	9,159,566	19.4%	None	Company a	1,387,027	12.6%	None
2	Company b	5,330,643	13.9%	None	Company b	4,316,298	9.2%	None	Company b	716,693	6.5%	None
3	Company c	6,011,031	15.7%	None	Company c	2,591,200	5.5%	None	Company c	828,931	7.5%	None
4	Others	26,202,190	68.6%		Others	31,100,685	65.9%		Others	8,088,487	73.4%	
	Net sales	38,240,058	100.0%		Net sales	47,167,749	100.0%		Net sales	11,021,138	100.0%	
Reason for increase or decrease: The main customers are mostly international brand companies. In the last two years, the changes in the sales amount of the sellers were due to market competition, and the performance of the customers' operations varied, and therefore their sales contains differences.												

(5) Production in the Last Two Years

Unit: thousand devices; thousand of TWD

Year / Production Volume/Value / Main products	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Smart Home Solution	12,171	10,196	17,879,155	8,652	7,854	15,998,980
Broadband Solution	9,422	8,367	12,520,706	7,778	6,665	13,373,374
Mobility Solution	972	937	2,902,439	4,970	4,648	23,011,959
Total	22,565	19,500	33,302,300	21,400	19,167	52,384,313

Note: Prodiuction volume is referred to Finished Goods.

(6) Shipments and Sales in the Last Two Years

Unit: thousand devices; thousand of TWD

Year / Shipments and Sales Volume /Value / Main products	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Smart Home Solution	450	531,213	10,118	22,159,798	726	946,417	6,152	15,683,681
Broadband Solution	7	1,881	6,824	12,661,706	3	15,101	6,059	13,217,591
Mobility Solution	0	0	643	1,904,476	0	0	2,848	15,946,538
Others	0	46,385	0	934,599	0	58,959	0	1,299,462
Total	457	579,479	17,585	37,660,579	729	1,020,477	15,059	46,147,272

Note: Sales volume is referred to Finished Goods.

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

Unit: Person; %

Year		2021	2022	As of the publication date of annual report in 2023
Number of Employees	Administration and management	20	19	19
	R&D	746	754	759
	Ordinary	5,088	5,434	4,773
	Total	5,854	6,207	5,551
Average age		28.3	29.3	30.6
Average Seniority		2.8	2.8	3.1
Distribution of academic qualifications	Doctoral degree	0.1%	0.1%	0.2%
	Master degree	8.9%	8.5%	9.6%
	Bachelor degree	19.0%	19.9%	21.6%
	High school	20.7%	22.7%	17.7%
	Below high school	51.3%	48.8%	50.9%

4. Expenditure on Environmental Protection: For the most recent year until the publication date of the annual report, disclose the actual or estimated losses arising as a result of environmental pollution and any responsive measures taken. If a reasonable estimation cannot be made, the reason why the estimation cannot be made should be disclosed:

The operational activities of the Company do not involve any specific pollution. As such, no losses or fines were incurred or imposed due to pollution. The Company will continue to implement various prevention and control work and environmental responsibilities, and strengthen our employees' education and training related to environmental protection laws and regulations. It is also expected that there will be no such expenditures in future years.

5. Labor Relations

(1) Availability and execution of employee welfare, education, training and retirement policies. Elaboration of the agreements between employers and employees, and protection of employee rights.

■ Employee welfare

For employee welfare, in addition to conformity to Labor Standards Act and other law statutes, the Company has established Staff Benefit Committee. Besides provision of allowances for wedding, bereavement, sickness, child care, the Committee regularly organizes social activities, retreats, birthday parties and gathering to provide entertainment to employees and encourage their interaction. The various welfare measures are well received by employees.

The Company allocates funds to the "Staff Benefit Committee" monthly for organizing employee benefit activities, including birthday and holiday gift vouchers, organizing health and entertainment activities, family day, domestic and overseas tours, wedding congratulatory money, ex gratia payment, child care allowance, ex gratia payment for hospitalization to Employees and family members, lucky draw at year-end party, medical check-ups, group insurance and so on. Further, the Company provides the following benefits:

1. Employees enjoy annual leave in accordance with the Labor Standards Act from the first day of employment. Every year, 5 days of sick leave with pay is also given.
2. Establishing Employee canteens and cafes to take care of the diet of colleagues.
3. Providing parking space for cars and motorcycles.
4. Providing special space for breastfeeding.
5. Establishing relaxing community centers and providing various equipment for Employees to stretch and work out.
6. Establishing elegant public spaces for Employees to relax.
7. Collaborating with charity organizations to hold charity

massage events.

8. Booking services for various promotions.
9. Organizing year-end party for employees.
10. Organizing local and overseas tours, providing touring subsidy to encourage employees' participation and interactions, and promoting family ties.
11. Providing the Company uniform (summer/ polo shirt, winter/ jacket).
12. In response to the policies of the government and the call of the Group, from 2011 onward, the Company gives out generous baby bonus for every childbirth. So far, more than TWD 20,856 thousand of baby bonus has been given out.

■ Education and training

Career planning and training of the employees are important to the Company. As such, the Company encourages employees to participate in various training programs and self-learning. According to business strategy, occupational framework and training needs of the Company, the training courses are as follows:

1. Courses on professional training: Collaborating with schools and professional institutions, the Company organizes professional training for employees to continue in garnering R&D knowledges, creating innovative minds, fortifying the R&D team's technological advantages; the Company also invites academic and industrial professionals to give speech, expediting knowledge sharing internally, strengthening R&D and making use of new technologies and problem solving capabilities.
2. Courses on leadership and management: Continuing to organize for leadership and management courses to cultivate the leadership quality of supervisors and expand their visions, helping themselves and subordinates to grow continuously; adopting courses that facilitate interaction and sharing between

old and new generations, assisting all units to take care of new employees.

3. Courses on communication: Via project management and teamwork communication courses, assisting the supervisors of R&D and project management to collaborate, strengthening the daily operation and problem solving capability of project management.

   In 2022, approximately 2,002 people participated in the aforementioned classroom courses, totaling 4,242 training hours.

   Also, via the introduction of new IT technology and the sharing of experience by numerous internal speakers, the Company was able to establish a knowledge sharing platform, Arcadyan Content Sharing System (CSS), where employees can peruse teaching materials and watch video or audio clips within the Company, and share professional know-how of various departments. CSS consolidates the resources of the Company. It not only allows employees to obtain knowledge quickly, but also facilitate various departments to establish a knowledge managing mechanism, encouraging Employees to do self-learning at any time.

■ Retirement system

The Company has established retirement regulations. According the regulations, the number of years in service computed in accordance with Labor Standards Act is limited to 45 bases; the computation and disbursement of pension are based on the regulations. From July 1, 2005 onward, since the Labor Pension Act was implemented, employees can choose the old or new system at their discretion. The Company conforms to the regulations and contributes 6% of Employees' salary to their individual accounts at Bureau of Labor Insurance.

■ Employer-Employee communications and the enforcement of worker rights

Employee benefit and welfare have always been important to the Company. Meetings with employees are held regularly to collect employee opinion. Continuous communication improves the relationship. Further, the employees and management can convey their opinion via system platform and emails to maintain a good relationship.

■ Code of Conduct for employees

The Company has established the "Ethical Corporate Management Best-Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Business Ethics Policy" where the employees in their course of work, must strictly follow the business ethics policy, so as to maintain the good reputation of the Company, and obtain the respect and trust of customers, suppliers and other counterparts. The major contents:

1. The employees should avoid personal conflict of interests with the Company or the potential impact.
2. When dealing the suppliers, customers and other counterparts in the course of work, the employees must maintain the highest level of Ethical Corporate Management Best-Practice Principles conduct and shall not receive or give gifts, money, reception that will influence the normal working relationship and judgment. Any type of bribery should be prohibited.
3. When the employee are in office or have resigned, they are not allowed to disclose any confidential business information or IP to any individuals, businesses or companies.

All employees have the duty to conform to the policies and procedures. Supervisors of all levels must do their best to implement and ensure their subordinates understand, accept and comply with the regulations.

■ Work environment and Employee safety

At the initial stage of designing the hardware and software of the office environment, the Company set the protection of employee safety as its top priority, to ensure employees receive the greatest security at work. The exits of the Company have access control installation; the toilets have emergency buttons; each floor has AED; the main entrance and exits have 24-hour security guards to ensure the personal safety of the employees.

The mechanical, electrical and fire equipments (such as fire alarm or fire extinguishers) of the Company are all well maintained in accordance with the regulations to ensure their optimal conditions.

In addition, the Company's pandemic prevention measures adopted during the period of the COVID-19 in order to reduce the risk of employee infection are as follows:

1. Preparing suitable and sufficient protective gear against the virus infection (such as facial masks, alcohol, thermometers, and rapid test kits, etc).
2. We dynamically adjust the pandemic prevention management measures to match the CDC Command Center's pandemic prevention policies.
3. Diagnosed person management includes caring for the health status of confirmed employees, tracking and home care.
4. We strengthen the cleaning and disinfection of all areas of the workplace, and provide alcohol disinfectant at the entrance and exit of each floor.
5. Colleagues on business trips are provided with travel epidemic prevention kits to ensure the health of employees.
6. Strengthening the training on virus infection prevention and self-protection.

(2) For the most recent year until the publication date of the annual report, disclose the actual or estimated losses arising as a result of employment disputes and any responsive measures taken. If a reasonable estimation cannot be made, the reason why the estimation cannot be made should be disclosed:

- The labor-management relations of the Company have been harmonious. No losses were incurred and no estimated losses will be incurred in the future years due to labor dispute.

- Responsive strategies and possible expenses: None.

6. Cyber security management

(1) Specify the Company's cybersecurity and risk management structure, cybersecurity policies, specific management programs, and resources invested in cybersecurity management:

(I) Risk management of information security:

a. Information security management system:

Due to the growing importance of information security for the industries nowadays, in 2012, the highest Management instructed the IT Department to conform to the international standards ISO27001, strengthen the relevant operations to meet the requirements of the regulations, contracts, customers and suppliers, and obtain international certification, so as to ensure the effectiveness of the relevant operations.

b. Information security organizational structure:

With the international standards of ISO27001 and ISO27005 adopted to maintain the information security, the Company established the information security business management committee, head of information security (responsible person), documentation editing team, risk management and assessment team, and internal audit team to manage the relevant information security risks. The head of information security reports the information security management performance, information security related issues and directions to the Business management committee every six months to ensure the suitability, appropriateness and effectiveness.

c. Cybersecurity policies:

The principle of the Company is simple, easy to remember and in line with information security management objectives. The information security policy statement is formulated as: "Information security is everyone's responsibility". Moreover, in order to effectively implement information security management, the effectiveness of the implementation is guaranteed to be based on the information security management system's planning, review, execution, improvement (Plan-Do-Check-Act, PDCA) cycle mechanism.

d. Specific management scheme:

- Enhance the cybersecurity defense capability: Penetration testing and vulnerability scanning are performed on IT systems on a regular basis every year. Also, it is reinforced and repaired to reduce information security risks according to the test results.
- Establish Cybersecurity notification management procedures: It is divided into four levels according to the severity of the event, and related procedures are established for subsequent notification and processing.
- Endpoint Security Management: The Company has fully introduced Forescout to improve the anomaly detection of endpoint devices and the real-time status monitoring of security updates, and meanwhile external devices can be blocked in real time. In addition, the file access status of colleagues using portable devices is recorded through SmartIT.
- Web Application Security: Internal and external firewalls are set up; the Company fully introduces Mobile One-Time Passwords (MOTP).
- Introduce international cybersecurity standards: The IT unit has introduced the international certification of ISO 27001 and ISO 27005 related to cybersecurity.
- Social engineering - phishing email test: Social engineering - phishing email tests are conducted quarterly to increase security awareness. Unqualified colleagues are re-educated and tested to ensure the implementation of cybersecurity awareness.

e. The resources contributed:

- To strengthen the information security management, a specific duty personnel for information security was designated in 2021. Each department performs related operations and regularly conducts internal and external audits under management based on the information security policies, management procedures, operation instructions and regulations to ensure the effectiveness of ISO27001 and ISO27005.
- Cybersecurity insurance: The Cybersecurity insurance are obtained starting from 2020 every year, and the insurance coverage amount in 2023 is USD 3 million.
- Certificate: Every year, the Company engages external verification companies to conduct audit for ISO 27001 and ISO27005. Since its introduction, we have successfully obtained international certificates every year, and there was no major deficiency in the audit results.
- Cybersecurity Announcement: Important cybersecurity information is announced on the Company's internal website from time to time, including the Company's cybersecurity system, social engineering promotion, major cybersecurity vulnerablity, and major market information.
- Educational training: Starting in 2022, all new employees need to receive cybersecurity education and training when they on board to ensure that they understand the relevant regulations and have basic cybersecurity awareness as on board.

(2) For the most recent year until the publication date of the annual report, disclose the actual or estimated losses arising as a result of mass cybersecurity incidents, possible impacts and any responsive measures taken. If a reasonable estimation cannot be made, the reason why the estimation cannot be made should be disclosed: None.

7. Important contracts

Nature of agreement	Party involved	Commencement date of contract	Major Contents	Covenants
Sales contract	Company A	Effective from March 1, 2018, and any party may terminate the contract by giving a written note 3 month before.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company B	Effective from March 23, 2006, and any party may terminate the contract by giving a written note 3 month before.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company C	Effective from February 2007, unless termination notice is issued beforehand, and the contract is renewed for another year automatically.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company D	Effective from March 1, 2014 to March 1, 2017, and stay effective unless a written termination notice is issued 12-month before.	Engaging for designing, R&D, manufacturing of STB products.	Confidentiality clauses
Sales contract	Company E	Effective from February 2015 to December 2017. The contract is renewed for another year automatically unless a written termination notice is issued 6-month before.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company F	Effective from August 31, 2018 to August 30, 2021. If no written termination notice is issued by either party, the contract is automatically renewed for another year.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company G	Effective from March 1, 2016 to February 29, 2017 for one year. The contract is automatically renewed for another year unless a written notice is issued 90-working-day before.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company H	Effective from August, 2021 to July 31, 2026 for five years. If no termination notice is issued by either party three months prior to the expiry date, the contract is automatically renewed for another year.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company I	Effective from May 16, 2021 to May 15, 2024 for three years. If no termination notice is issued by either party before the expiry date, the contract is automatically renewed for another year. It can	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses

Nature of agreement	Party involved	Commencement date of contract	Major Contents	Covenants
		be renewed for at most two years.		
Sales contract	Company J	Effective from July, 2017 to July, 2020. Both parties shall renew the contract.	Engaging for designing, R&D, manufacturing of STB products.	Confidentiality clauses
Sales contract	Company K	Effective from 2012, unless termination notice is issued beforehand, the contract is renewed for another year automatically.	Engaging for designing, R&D, manufacturing of STB products.	Confidentiality clauses
Sales contract	Company L	Effective from November 18, 2021, and any party may terminate the contract by giving a written note 2 month before.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Patent licensing agreement	Company M	Effective from December 29, 2007, until the patent expires.	Authorizing the Company the right to use certain patents of Company l for manufacturing and sales of products.	Confidentiality clauses
Patent licensing agreement	Company N	Effective from June 30, 2015 to December 31, 2020. Upon expiry, the contract is automatically renewed for five more years.	Authorizing the Company the right to use certain patents in HEVC of Company m for manufacturing and sales of STB products.	Confidentiality clauses
Patent licensing agreement	Company O	Effective from 2011, until patent expires.	Authorizing the Company the right to use certain patents of Company n for manufacturing and sales of products.	Confidentiality clauses

VI. Financial Information

1. Condensed balance sheet and statement of comprehensive income for the last five years, and the CPA's name and audit opinion should be indicated

(1) Consolidated Condensed Balance Sheet –IFRS

Unit: thousand of TWD

Item \ Year		Financial Information for the Most Recent Five Years(Note 1)					
		2018	2019	2020	2021	2022	Financial Information As of March 31, 2023
Current assets		18,638,678	22,052,835	24,721,922	28,532,932	33,543,752	31,676,561
Property, plant and equipment		1,913,556	2,312,578	2,518,009	3,762,513	4,907,068	5,124,380
Intangible assets		61,033	66,878	75,300	115,028	93,279	85,717
Other assets		640,213	1,098,694	1,491,995	1,490,640	1,476,428	1,506,334
Total Assets		21,253,480	25,530,985	28,807,226	33,901,113	40,020,527	38,392,992
Current liabilities	Prior to distribution	11,620,412	13,044,806	15,368,928	20,476,963	25,841,325	25,081,975
	After distribution	12,297,855	14,024,676	16,723,376	21,955,325	27,273,628 (Note 2)	-
Non-current liabilities		159,270	1,145,245	1,476,302	501,037	239,941	312,486
Total Liabilities	Prior to distribution	11,779,682	14,190,051	16,845,230	20,978,000	26,081,266	25,394,461
	After distribution	12,457,125	15,169,921	18,199,678	22,456,362	27,513,569 (Note 2)	-
Equity attributable to owners of parent		9,066,144	10,904,726	11,609,361	12,656,101	13,807,240	12,867,854
Ordinary shares		1,936,190	2,085,350	2,084,095	2,164,926	2,203,543	2,203,543
Capital surplus		2,794,174	3,703,916	3,661,594	4,032,400	4,091,729	3,872,443
Retained earnings	Prior to distribution	4,609,080	5,335,400	6,106,197	6,738,883	7,514,181	6,798,847
	After distribution	4,028,415	4,397,226	4,960,126	5,477,927	6,302,232 (Note 2)	-
Other equity interests		(273,300)	(219,940)	(242,525)	(280,108)	(2,213)	(6,979)
Treasury stock		0	0	0	0	0	0
Non-controlling interests		407,654	436,208	352,635	267,012	132,021	130,677
Total Equity	Prior to distribution	9,473,798	11,340,934	11,961,996	12,923,113	13,939,261	12,998,531
	After distribution	8,796,355	10,361,064	10,815,925	11,444,751	12,506,958 (Note 2)	-

Note 1: The financial information for the most recent five years above has been audited by CPAs. Financial information as of March 31, 2023 has been reviewed by CPAs.
Note 2: The amounts are approved by the Board of Directors on March 14, 2023.
Note 3: The 2022 annual financial statements have not been approved by the Shareholders Meeting.

(2) Condensed Balance Sheet - Enterprise Accounting Standards of R.O.C.

Unit: thousand of TWD

Item \ Year		Financial Information for the Most Recent Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		12,089,903	16,440,772	19,594,854	23,915,254	31,219,990
Property, plant and equipment		1,459,348	1,455,271	1,471,239	1,943,162	2,005,392
Intangible assets		55,133	63,761	71,428	112,312	92,298
Other assets		2,621,496	3,595,588	3,796,077	3,983,902	3,386,340
Total Assets		16,225,880	21,555,392	24,933,598	29,954,630	36,704,020
Current liabilities	Prior to distribution	7,012,331	9,281,884	12,153,990	16,993,883	22,758,955
	After distribution	7,689,774	10,261,754	13,508,438	18,472,245	24,191,258 (Note 2)
Non-current liabilities		147,405	1,368,782	1,170,247	304,646	137,825
Other liabilities		0	0	0	0	0
Total Liabilities	Prior to distribution	7,159,736	10,650,666	13,324,237	17,298,529	22,896,780
	After distribution	7,837,179	11,630,536	14,678,685	18,776,891	24,329,083 (Note 2)
Ordinary shares		1,936,190	2,085,350	2,084,095	2,164,926	2,203,543
Capital surplus		2,794,174	3,703,916	3,661,594	4,032,400	4,091,729
Retained earnings	Prior to distribution	4,609,080	5,335,400	6,106,197	6,738,883	7,514,181
	After distribution	4,028,415	4,397,226	4,960,126	5,477,927	6,302,232 (Note 2)
Other equity interests		(273,300)	(219,940)	(242,525)	(280,108)	(2,213)
Treasury stock		0	0	0	0	0
Total Equity	Prior to distribution	9,066,144	10,904,726	11,609,361	12,656,101	13,807,240
	After distribution	8,388,701	9,924,856	10,463,290	11,177,739	12,374,937 (Note 2)

Nore 1: The financial information for the most recent five years above has been audited by CPAs.
Note 2: The amounts are approved by the Board of Directors on March 14, 2023.
Note 3: The 2022 annual financial statements have not been approved by the Shareholders Meeting.

(3) Consolidated Condensed Statement of Comprehensive Income - IFRSs

Unit: thousand of TWD

Item \ Year	Financial Information for the Most Recent Five Years(Note 1)					Financial Information As of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenues	26,621,262	32,897,900	33,765,295	38,240,058	47,167,749	11,021,138
Gross profit	3,156,200	4,352,375	5,053,451	5,309,502	6,586,017	1,566,372
Operating income	971,443	1,727,512	2,283,477	2,199,087	2,199,788	692,177
Non-operating income and expense	146,581	(24,688)	54,873	73,693	266,395	(38,248)
Net income before tax	1,118,024	1,702,824	2,338,350	2,272,780	2,466,183	653,929
Net income from continuing operations	880,183	1,356,986	1,630,605	1,701,800	1,915,053	496,039
Loss from discounting operations	0	0	0	0	0	0
Net income	880,183	1,356,986	1,630,605	1,701,800	1,915,053	496,039
Other comprehensive income of the current period (net, after tax)	31,652	(53,703)	(97,919)	(77,222)	283,981	(5,534)
Total comprehensive income of the current period	911,835	1,303,283	1,532,686	1,624,578	2,199,034	490,505
Net income attributes to owners of parent	871,519	1,313,498	1,713,942	1,787,544	2,013,156	496,615
Net income attributable to non-controlling interests	8,664	43,488	(83,337)	(85,744)	(98,103)	(576)
Comprehensive income attributed to owners of parent	902,103	1,260,626	1,612,095	1,710,201	2,301,119	491,849
Comprehensive income attributed to non-controlling interests	9,732	42,657	(79,409)	(85,623)	(102,085)	(1,344)
Earnings per share	4.61	6.85	8.36	8.60	9.20	2.25

Note 1: The financial information for the most recent five years above has been audited by CPAs. Financial information as of March 31, 2023 has been reviewed by CPAs.

Note 2: The 2022 annual financial statements have not been approved by the Shareholders Meeting.

(4) Condensed Statement of Comprehensive Income - Enterprise Accounting Standards of R.O.C.

Unit: thousand of TWD

Year / Item	Financial Information for the Most Recent Five Years(Note 2)				
	2018	2019	2020	2021	2022
Operating revenues	21,826,567	27,381,217	30,703,280	36,034,629	46,317,702
Gross profit(Note 1)	2,510,396	3,540,816	4,549,393	4,572,152	6,177,435
Operating income	894,010	1,551,570	2,301,809	2,016,945	2,557,800
Non-operating income and expenses	149,383	22,680	47,233	235,699	(170,863)
Net income before tax	1,043,393	1,574,250	2,349,042	2,252,644	2,386,937
Net income from continuing operations	871,519	1,313,498	1,713,942	1,787,544	2,013,156
Income or loss from discounting operations	0	0	0	0	0
Net income	871,519	1,313,498	1,713,942	1,787,544	2,013,156
Other comprehensive income (loss) of the current period	30,584	(52,872)	(101,847)	(77,343)	287,963
Total comprehensive income of the current period	902,103	1,260,626	1,612,095	1,710,201	2,301,119

Nore 1: Gross profit includes unrealized sales profit and loss from affiliated companies.
Note 2: The above financial information has been audited by CPAs.
Note 3: The 2022 annual financial statements have not been approved by the Shareholders Meeting.

(5) Name of the CPAs for the Most Recent Five Years and the Audit Opinions

Year	Accounting Firm	Name of CPA	Audit Opinion
2018	KPMG	Kuan-Ying Kuo, Hsin-Fu Yen	Unqualified opinion.
2019	KPMG	Kuan-Ying Kuo, Hsin-Fu Yen	Unqualified opinion.
2020	KPMG	Szu-Chuan Chien, Hsin-Fu Yen	Unqualified opinion.
2021	KPMG	Szu-Chuan Chien, Hsin-Fu Yen	Unqualified opinion.
2022	KPMG	Szu-Chuan Chien, I-Wen Wang	Unqualified opinion.

2. Financial Analysis for the Most Five Years

(1) IFRSs (Consolidated)

Analysis Item		Financial Analysis for the Most Five Years(Note) 2018	2019	2020	2021	2022	As of March 31, 2023
Financial Structure (%)	Debt ratio	55.42	55.58	58.48	61.88	65.17	66.14
	Long-term capital to PP&E ratio	503.41	539.92	533.69	356.79	288.95	259.76
Debt-paying ability (%)	Current ratio	160.40	169.05	160.86	139.34	129.81	126.29
	Quick ratio	103.36	107.92	107.69	77.52	72.63	63.24
	Interest coverage ratio	39.83	32.16	69.69	99.13	27.26	9.57
Operating performance	Accounts receivable turnover (times)	4.82	5.52	5.19	5.24	5.10	4.65
	Average collection days	76	66	70	70	72	79
	Inventory turnover (times)	4.63	4.02	3.63	3.21	3.00	2.50
	Accounts payable turnover (times)	4.20	3.69	3.09	3.27	3.39	2.80
	Average inventory turnover days	79	91	101	114	122	146
	Property, plant and equipment turnover (times)	14.42	15.57	13.98	12.18	10.88	8.79
	Total Assets Turnover (times)	1.45	1.41	1.24	1.22	1.28	1.12
Profitability	Return on total assets (%)	4.94	5.99	6.14	5.52	5.43	1.42
	Return on equity (%)	9.57	13.04	13.99	13.68	14.26	3.68
	Pre-tax income to paid-in capital (%)	57.74	81.66	112.20	104.98	111.92	29.68
	Net profit margin (%)	3.31	4.12	4.83	4.45	4.06	4.50
	Earnings per share (TWD)	4.61	6.85	8.36	8.60	9.20	2.25
Cash Flow	Cash flow ratio (%)	15.62	19.14	21.81	0	9.79	2.54
	Cash flow adequacy ratio (%)	83.24	78.64	102.03	51.66	48.21	46.92
	Cash reinvestment ratio (%)	12.34	12.74	16.05	(9.17)	6.53	4.16
Leverage	Operating leverage	1.39	1.26	1.24	1.28	1.34	1.31
	Financial leverage	1.04	1.03	1.02	1.02	1.05	1.12

Ratios with change of 20% or more in the most recent two years:

1. Interest coverage ratio: Mainly due to the increase in interest expenses for the current period.
2. Cash flow ratio: Mainly due to the net cash inflow from operating activities for the current period.
3. Cash reinvestment ratio: Mainly due to the net cash inflow from operating activities for the current period.

Note: The financial information for the most recent five years above has been audited by CPAs. Financial information as of March 31, 2023 has been reviewed by CPAs.

(2) Enterprise Accounting Standards of R.O.C.

Analysis Item			Financial Analysis for the Most Five Years(Note 1) 2018	2019	2020	2021	2022
Financial Structure (%)	Debt ratio		44.13	49.41	53.44	57.75	62.38
	Long-term capital to PP&E ratio		631.35	843.38	868.63	666.99	695.38
Debt-paying ability (%)	Current ratio		172.41	177.13	161.22	140.73	137.18
	Quick ratio		126.49	132.39	120.33	90.05	81.75
	Interest coverage ratio		86.54	195.88	231.34	333.26	31.80
Operating performance	Accounts receivable turnover (times)		4.72	4.24	4.58	5.40	5.28
	Average collection days		77	86	80	68	69
	Inventory turnover (times)		7.59	6.46	5.84	4.65	3.80
	Accounts payable turnover (times)		4.80	3.74	3.38	3.88	3.97
	Average inventory turnover days		48	57	62	79	96
	Property, plant and equipment turnover (times)		14.84	18.79	20.98	21.11	23.46
	Total Assets Turnover (times)		1.55	1.45	1.32	1.31	1.39
Profitability	Return on total assets (%)		6.24	7.02	7.46	6.58	6.27
	Return on equity (%)		9.92	13.15	15.23	14.73	15.21
	Ratio to paid-in capital (%)	Net operating income	46.17	74.40	110.45	93.16	116.08
		Income before tax	53.89	75.49	112.71	104.05	108.32
	Net profit margin (%)		3.99	4.80	5.58	4.96	4.35
	Earnings per share (TWD)		4.61	6.85	8.36	8.60	9.20
Cash Flow	Cash flow ratio (%)		6.90	15.17	38.60	0	6.16
	Cash flow adequacy ratio (%)		76.57	61.96	103.74	58.06	43.99
	Cash reinvestment ratio (%)		1.11	5.78	28.06	(10.18)	(0.54)
Leverage	Operating leverage		1.16	1.30	0.94	1.08	1.09
	Financial leverage		1.01	1.01	1.01	1.01	1.04

Ratios with change of 20% or more in the most recent two years:

1. Interest coverage ratio: Mainly due to the increase in interest expenses for the current period.
2. Average inventory turnover days: Mainly due to the decrease in the inventory turnover for the current period compared with the previous period.
3. Ratio of net operating income to paid-in capital: Mainly due to the increase in net operating income for the current period compared with the previous period.
4. Cash flow ratio: Mainly due to the net cash inflow from operating activities for the current period.
5. Cash flow adequacy ratio: Mainly due to the increase in inventory for the current period compared with the previous period.
6. Cash reinvestment ratio: Mainly due to the net cash inflow from operating activities for the current period.

Note 1: The financial information for the most recent five years above has been audited by CPAs.
Note 2: The calculation formulate of the ratios are listed at the end of the table:

- The calculation formulate of the ratios above are as follows:
  1. Financial Structure
     (1) Debt ratio = Total liabilities / Total assets
     (2) Long-term fund to PP&E ratio = (Total equity + Non-current liabilities) / Net property, plant and equipment
  2. Debt-paying ability
     (1) Current ratio = Current Assets / Current liability
     (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability
     (3) Interest coverage = Net income before income tax and interest expense / Interest expenses
  3. Operating performance
     (1) Accounts receivable (including accounts receivable and notes receivable from operation) turnover = Net sales / the average balance of receivables (including accounts receivable and notes receivable from operation)
     (2) Average collection days = 365 / accounts receivable turnover
     (3) Inventory turnover = Cost of goods sold / Average inventory
     (4) Accounts payable (including accounts payable and notes payable from operation) turnover = Cost of goods sold / the average balance of payables (including accounts payable and notes payable from operation)
     (5) Average inventory turnover days = 365 / Inventory turnover
     (6) Property, plant and equipment turnover = Net sales / Net average property, plant and equipment
     (7) Total assets turnover = Net sales / Average total assets
  4. Profitability
     (1) Return on Assets = [PAT + Interest expense × (1 - Tax rate)] / Average total assets
     (2) Return on Equity = PAT / Average total equity
     (3) Net income ratio = PAT / Net sales
     (4) Earnings per share = (Income (loss) attributed to owners of parent - Dividend from preferred stock) / Weighted average outstanding shares(Note 4)
  5. Cash Flow
     (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
     (2) Cash flow adequacy ratio = Most recent 5-year cash flow from operating activities / Most recent 5-year (Capital expenditure + Increase in Inventory + Cash dividend)
     (3) Cash reinvestment ratio = (Cash flow from operating activities - cash dividend) / (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital) (Note 5)
  6. Leverage:
     (1) Operating leverage = (Net operating revenue - Variable cost of goods sold and operating expense) / Operating income (Note 6)
     (2) Financial leverage = Operating income / (Operating income - Interest expenses)

Note 3: The following should be specially noted in the calculation formula of EPS:

1. The weighted average outstanding ordinary shares should serve as the basis, and not the issued shares as of the year-end.
2. For transactions involving cash capital increase or treasury stock, the weighted average outstanding shares should be calculated by considering their circulation period.
3. For any capital increase in retained earnings or additional paid-in capital, when calculating the EPS of previous fiscal years or half a fiscal year, retrospective capital increase adjustment should be adopted. It is not necessary to consider the issuance period of the capital increase.
4. If the preferred shares are unconvertible cumulative preferred shares, the dividend of that year (disbursed or otherwise) should be deducted from net income after tax, or added to net loss after tax. If the preferred shares are noncumulative preferred shares, when there is a net

income after tax, the dividend of preferred shares should be deducted from net income after tax; if there is a net loss after tax, no adjustment is required.

Note 4: The following matters should be specifically noted in Cash Flow Analysis:

1. Net cash flow from operating activities is refer to net cash inflow from operating activities in Cash Flow Statement.
2. Capital expenditure is refer to the cash outflow of capital investment every year.
3. Inventory increase is only accounted for if the ending balance is greater than the beginning balance. If the ending balance decreases, the inventory increase amounts is regarded as zero.
4. Cash dividend includes cash dividend of ordinary shares and preferred shares.
5. Gross amount of Property, plant and equipment is refer to Property, plant and equipment before deducting accumulated depreciation.

Note 5: The issuer should distinguish various cost of goods sold and operating expense items as fixed or variable. If estimation or subjective judgment is involved, consistency must be applied.

Note 6: For the Company shares without par value or with par value that is not equivalent to TWD10 per share, regarding to the calculation of aforementioned paid-in capital, equity attributable to owners of parent in balance sheets should be adopted.

3. Audit Committee’s Report in the Most Recent Year

Audit Committee’s Report

We hereby allow

The Company's 2022 financial statements, business report and earnings distribution have been approved by the Audit Committee and resolved by the Board of Directors. The CPAs Szu-Chuan Chien and I-Wen Wang of KPMG have audited the 2022 financial statements and issued an audit report accordingly. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To:

The 2023 Annual General Shareholders Meeting of the Company

Arcadyan Technology Corporation

Chairman of Audit Committee：Ing-Jen Lee

March 14, 2023

4. Consolidated Financial Statements and Independent Auditors’ Report

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Independent Auditors’ Report

To the Board of Directors of Arcadyan Technology Corporation:

Opinion

We have audited the consolidated financial statements of Arcadyan Technology Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2022 and 2021, 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 Arcadyan Technology Corporation and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2022 and 2021 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of 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 Arcadyan Technology Corporation and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Inventory valuation

   Please refer to Note (4)(h) and Note (5) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainly of the valuation of inventory, respectively. Information regarding the inventory is shown in Note (6)(f) of the consolidated financial statements.

Description of key audit matters:

Inventory is measured at the lower of cost and net realizable value. Arcadyan Technology Corporation and its subsidiaries is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, digital home multimedia appliances, mobile broadband products and wireless audio and video products. The significant change in supply and competitive market of demand may cause fluctuation in product price. Consequently, the book value of inventory may exceed its net realizable value. Therefore, the valuation of inventory is one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included : assessing the rationality of Arcadyan Technology Corporation and its subsidiaries's accounting policies, such as the policy of provision for inventory loss due to price decline, obsolete, and slow moving inventories; inspecting Arcadyan Technology Corporation and its subsidiaries's inventory aging reports' accuracy and analyzing the changes of inventory aging which are in accordance with Arcadyan Technology Corporation and its subsidiaries' s accounting policies; sampling and inspecting Arcadyan Technology Corporation and its subsidiaries's sales price, as well as verifying the calculation of the lower of cost or net realizable value; and assessing the disclosure of provision for inventory valuation and obsolescence was appropriate.

Other Matter

Arcadyan Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the 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 Arcadyan Technology Corporation and its subsidiaries'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 Arcadyan Technology Corporation and its subsidiaries's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Arcadyan Technology Corporation and its subsidiaries'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 Arcadyan Technology Corporation and its subsidiaries's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Arcadyan Technology Corporation and its subsidiaries 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 Arcadyan Technology Corporation and its subsidiaries 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 Szu-Chuan Chien and I-Wen Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed In thousand dollars of TWD)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 7,579,551	19	7,970,779	24
1110	Current financial assets at fair value through profit or loss (note (6)(b))	187	-	19,713	-
1170	Notes and accounts receivable, net (notes (6)(e) and (v))	10,796,715	27	7,692,296	23
1200	Other receivables (including related parties) (notes (6)(e), (x) and (7))	276,728	1	98,994	-
1310	Inventories, net (note (6)(f))	14,563,558	37	12,496,419	37
1410	Prepayments	210,685	-	163,493	-
1470	Other current assets	116,328	-	91,238	-
		33,543,752	84	28,532,932	84
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(g))	305,101	1	324,178	1
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	46,379	-	37,475	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	46,150	-	26,169	-
1600	Property, plant and equipment (note (6)(i))	4,907,068	13	3,762,513	12
1755	Right-of-use assets (notes (6)(j) and (7))	492,809	1	586,307	2
1780	Intangible assets (note (6)(k))	93,279	-	115,028	-
1840	Deferred tax assets (note (6)(r))	491,391	1	400,494	1
1900	Other non-current assets	94,598	-	116,017	-
		6,476,775	16	5,368,181	16
	Total assets	**$ 40,020,527**	**100**	**33,901,113**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note (6)(l))	$ 4,386,582	11	4,363,580	13
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	30,795	-	1,589	-
2126	Current financial liabilities for hedging (note (6)(d))	47,809	-	-	-
2171	Accounts payable (including related parties) (note (7))	14,180,945	36	9,785,660	29
2200	Other payables	4,807,007	12	3,844,588	12
2230	Current tax liabilities	769,119	2	315,279	1
2250	Current provisions (note (6)(p))	609,995	2	1,018,471	3
2280	Current lease liabilities (notes (6)(o) and (7))	91,055	-	86,426	-
2300	Other current liabilities (note (6)(m))	918,018	2	734,799	2
2321	Bonds payable, current portion (note (6)(n))	-	-	326,571	1
		25,841,325	65	20,476,963	61
	Non-Current liabilities:				
2570	Deferred tax liabilities (note (6)(r))	26,221	-	168,121	-
2580	Non-current lease liabilities (notes (6)(o) and (7))	104,690	-	197,303	1
2640	Non-current net defined benefit liability (note (6)(q))	74,423	-	105,902	-
2670	Other non-current liabilities	34,607	-	29,711	-
		239,941	-	501,037	1
	Total liabilities	26,081,266	65	20,978,000	62
	Equity attributable to owners of parent (notes (6)(n) and (s)):				
3110	Ordinary share	2,203,543	6	2,164,926	6
3200	Capital surplus	4,091,729	10	4,032,400	12
3300	Retained earnings	7,514,181	19	6,738,883	20
3410	Exchange differences on translation of foreign financial statements	39,384	-	(243,747)	(1)
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	(3,350)	-	(23,331)	-
3450	Gain(loss) on hedging instrument	(38,247)	-	-	-
3491	Unearned employee benefit	-	-	(13,030)	-
		13,807,240	35	12,656,101	37
3600	**Non-controlling interests**	132,021	-	267,012	1
	Total equity	13,939,261	35	12,923,113	38
	Total liabilities and equity	**$ 40,020,527**	**100**	**33,901,113**	**100**

See accompanying notes to consolidated financial statements.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed In thousand dollars of TWD, except earnings per share)

		2022 Amount	%	2021 Amount	%
4000	**Operating revenues (notes (6)(d) and (v)):**	$ 47,167,749	100	38,240,058	100
5000	**Operating costs (notes (6)(f), (q), (7) and (12))**	40,581,732	86	32,930,556	86
	Gross profit from operating	6,586,017	14	5,309,502	14
	Operating expenses (notes (6)(q), (7) and (12)):				
6100	Selling expenses	1,306,155	3	674,707	2
6200	Administrative expenses	569,689	1	496,221	1
6300	Research and development expenses	2,510,385	6	1,939,487	5
	Total operating expenses	4,386,229	10	3,110,415	8
	Net operating income	2,199,788	4	2,199,087	6
	Non-operating income and expenses:				
7100	Interest income	91,356	-	66,537	-
7020	Other income	15,535	-	55,986	-
7225	Gains on disposal of investments (note (6)(h))	2,568	-	-	-
7230	Foreign exchange gains(losses), net (note (6)(x))	391,251	1	(161,048)	-
7235	(Losses) gains on financial assets (liabilities) at fair value through profit or loss (notes (6)(b) and (d))	(108,903)	-	142,880	-
7370	Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(g))	(11,535)	-	6,685	-
7510	Interest expense (notes (6)(n), (o) and (7))	(113,877)	-	(37,347)	-
	Total non-operating income and expenses	266,395	1	73,693	-
	Income before tax	2,466,183	5	2,272,780	6
7950	Less: Income tax expenses (note (6)(r))	551,130	1	570,980	2
	Net income	1,915,053	4	1,701,800	4
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(q))	28,873	-	(8,980)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note (6)(c))	19,981	-	(4,966)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(r))	5,775	-	(1,796)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	43,079	-	(12,150)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	276,514	1	(84,315)	-
8368	Gains (losses) on hedging instrument (note (6)(d))	(47,809)	-	2,192	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (note (6)(g))	79	-	(219)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(r))	(12,118)	-	(17,270)	-
	Components of other comprehensive income that will be reclassified to profit or loss	240,902	1	(65,072)	-
8300	**Other comprehensive income**	283,981	1	(77,222)	-
	Total comprehensive income	**$ 2,199,034**	**5**	**1,624,578**	**4**
	Net income, attributable to:				
	Owners of parent	$ 2,013,156	4	1,787,544	4
8620	Non-controlling interests	(98,103)	-	(85,744)	-
		1,915,053	**4**	**1,701,800**	**4**
	Comprehensive income attributable to:				
	Owners of parent	$ 2,301,119	5	1,710,201	4
	Non-controlling interests	(102,085)	-	(85,623)	-
		$ 2,199,034	**5**	**1,624,578**	**4**
	Earnings per share (note (6)(u))				
9750	Basic earnings per share	**$**	**9.20**		**8.60**
9850	Diluted earnings per share	**$**	**8.98**		**8.06**

See accompanying notes to consolidated financial statements.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in thousand dollars of TWD)

	Equity attributable to owners of parent													
			Retained earnings				Total other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unearned employee benefit	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 2,084,095	3,661,594	981,894	95,172	5,029,131	6,106,197	(176,362)	(18,365)	(2,192)	(45,606)	(242,525)	11,609,361	352,635	11,961,996
Net income for the year ended December 31, 2021	-	-	-	-	1,787,544	1,787,544	-	-	-	-	-	1,787,544	(85,744)	1,701,800
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(7,184)	(7,184)	(67,385)	(4,966)	2,192	-	(70,159)	(77,343)	121	(77,222)
Comprehensive income for the year ended December 31, 2021	-	-	-	-	1,780,360	1,780,360	(67,385)	(4,966)	2,192	-	(70,159)	1,710,201	(85,623)	1,624,578
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	170,897	-	(170,897)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	101,747	(101,747)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,146,071)	(1,146,071)	-	-	-	-	-	(1,146,071)	-	(1,146,071)
Cash dividends from capital surplus	-	(208,377)	-	-	-	-	-	-	-	-	-	(208,377)	-	(208,377)
Convertible bonds converted into ordinary shares	81,363	584,253	-	-	-	-	-	-	-	-	-	665,616	-	665,616
Changes in equity of associates and subsidiaries accounted for using equity method	-	(5,602)	-	-	(1,603)	(1,603)	-	-	-	-	-	(7,205)	-	(7,205)
Share-based payment transactions	(532)	532	-	-	-	-	-	-	-	32,576	32,576	32,576	-	32,576
Balance at December 31, 2021	2,164,926	4,032,400	1,152,791	196,919	5,389,173	6,738,883	(243,747)	(23,331)	-	(13,030)	(280,108)	12,656,101	267,012	12,923,113
Net income for the year ended December 31, 2022	-	-	-	-	2,013,156	2,013,156	-	-	-	-	-	2,013,156	(98,103)	1,915,053
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	23,098	23,098	283,131	19,981	(38,247)	-	264,865	287,963	(3,982)	283,981
Comprehensive income for the year ended December 31, 2022	-	-	-	-	2,036,254	2,036,254	283,131	19,981	(38,247)	-	264,865	2,301,119	(102,085)	2,199,034
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	177,876	-	(177,876)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	70,159	(70,159)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,260,956)	(1,260,956)	-	-	-	-	-	(1,260,956)	-	(1,260,956)
Cash dividends from capital surplus	-	(217,406)	-	-	-	-	-	-	-	-	-	(217,406)	-	(217,406)
Convertible bonds converted into ordinary shares	38,920	281,014	-	-	-	-	-	-	-	-	-	319,934	-	319,934
Changes in equity of associates and subsidiaries accounted for using equity method	-	6,052	-	-	-	-	-	-	-	-	-	6,052	-	6,052
Share-based payment transactions	(303)	(10,331)	-	-	-	-	-	-	-	13,030	13,030	2,396	-	2,396
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(32,906)	(32,906)
Balance at December 31, 2022	$ 2,203,543	4,091,729	1,330,667	267,078	5,916,436	7,514,181	39,384	(3,350)	(38,247)	-	(2,213)	13,807,240	132,021	13,939,261

See accompanying notes to consolidated financial statements.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in thousand dollars of TWD)

		2022	2021
Cash flows from (used in) operating activities:			
Income before tax	$	2,466,183	2,272,780
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		687,133	532,016
Amortization expense		47,043	35,806
Expected credit losses		16,971	1,279
Interest expense		113,877	37,347
Interest income		(91,356)	(66,537)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss		(8,904)	5,365
Share-based payment transactions		2,396	32,576
Share of loss (profit) of associates and joint ventures accounted for using equity method		11,535	(6,685)
Losses (gains) on disposal of property, plant, equipment and intangible assets		6,282	(7,804)
Lease modification benefits		(3,046)	-
Others		(966)	(110)
Total adjustments to reconcile profit (loss)		780,965	563,253
Changes in operating assets and liabilities:			
Changes in financial assets or liabilities at fair value through profit or loss		48,732	200,202
Increase in notes and accounts receivable		(3,120,865)	(781,153)
(Increase) decrease in other receivables (including related parties)		(172,317)	68,715
Increase in inventories		(2,067,139)	(4,469,823)
Increase in prepayments		(47,192)	(18,305)
Increase in other current assets		(25,090)	(7,686)
Increase (decrease) in accounts payable (including related parties)		4,395,285	(548,946)
Increase in other payables and other current liabilities		656,086	1,805,149
Decrease in other operating liabilities		(2,606)	(2,197)
Total changes in operating assets and liabilities		(335,106)	(3,754,044)
Total adjustments		445,859	(3,190,791)
Cash inflow (outflow) generated from operations		2,912,042	(918,011)
Interest received		85,242	59,722
Dividends received		13,673	13,673
Interest paid		(94,641)	(23,303)
Income taxes paid		(387,266)	(656,345)
Net cash flows from (used in) operating activities		2,529,050	(1,524,264)
Cash flows from (used in) investing activities:			
Acquisition of property, plant and equipment		(1,510,457)	(1,727,160)
Proceeds from disposal of property, plant and equipment		56,662	39,960
Proceeds from disposal of right-of-use assets		40,541	-
Decrease (increase) in refundable deposits		22,733	(26,913)
Acquisition of intangible assets		(25,272)	(75,542)
(Increase) decrease in other non-current assets		(95)	18
Net cash flows used in investing activities		(1,415,888)	(1,789,637)
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		23,002	3,655,785
Repayments of bonds		(7,400)	-
Repayment of lease principal		(86,559)	(88,702)
Cash dividends paid		(1,478,345)	(1,354,449)
Changes in non-controlling interests		(32,906)	-
Other financing activities		4,785	27,570
Net cash flows from (used in) financing activities		(1,577,423)	2,240,204
Effect of exchange rate changes on cash and cash equivalents		73,033	(35,292)
Net decrease in cash and cash equivalents		(391,228)	(1,108,989)
Cash and cash equivalents at beginning of period		7,970,779	9,079,768
Cash and cash equivalents at end of period	$	**7,579,551**	**7,970,779**

See accompanying notes to consolidated financial statements.

(1) Company history

Arcadyan Technology Corporation (the "Company") was incorporated in May 9, 2003 and merged with BroadNet Technology, Inc. on May 1, 2006.

The consolidated financial statements of the Company as of December 31, 2022 comprise the Company and its subsidiaries (together referred to as the "Group") and the Company's interest in associates. The Company is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, digital home multimedia appliances, mobile broadband products and wireless audio and video products. Please refer to note (4)(c) for related information of the Group primary business activities.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2023.

(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. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

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

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

Standards or Interpretations	**Content of amendment**	**Effective date per IASB**
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

(Continued)

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS16 "Requirements for Sale and Leaseback Transactions"

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

3) Hedging financial instruments are measured at fair value;

4) The defined benefit liabilities (assets) are measured at fair value of plan assets less the present value of the defined benefit , and effect of the assets ceiling as explained in note (4)(p).

(ii) Functional and presentation currencies

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 Dollar (TWD), which is the Company's functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(Continued)

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

			Percentage ownership		
Investor	**Name of Subsidiary**	**Nature of operation**	**December 31, 2022**	**December 31, 2021**	**Description**
The Company	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Selling and technical support of wireless networking products	100 %	100 %	
〃	Arcadyan Germany Technology GmbH ("Arcadyan Germany")	Selling and technical support of wireless networking products	100 %	100 %	
〃	Arcadyan Technology Corporation Korea ("Arcadyan Korea")	Selling of wireless networking products	100 %	100 %	
〃	Arcadyan Holding (BVI) Corp. ("Arcadyan Holding")	Investment activities	100 %	100 %	
The Company and ZHI-BAO	Arcadyan do Brasil Ltda. ("Aracadyan Brasil")	Selling of wireless networking products	100 %	100 %	
〃	Arcadyan India Private Limited ("Arcadyan India")	Selling of wireless networking products	100 %	100 %	Note 1

(Continued)

Investor	Name of Subsidiary	Nature of operation	Percentage ownership December 31, 2022	Percentage ownership December 31, 2021	Description
The Company	ZHI-BAO Technology Inc. (“ZHI-BAO”)	Investment activities	100 %	100 %	
〃	Tatung Technology Inc. (“TTI”)	Research and development, and selling digital home appliance	61 %	61 %	
〃	AcBel Telecom Inc. (“AcBel Telecom”)	Investment activities	- %	51 %	Note 2
〃	Arcadyan Technology Limited (“Arcadyan UK”)	Technical support of wireless networking products	100 %	100 %	
〃	Arcadyan Technology Australia Pty Ltd (“Arcadyan AU”)	Selling of wireless networking products	100 %	100 %	
〃	Arcadyan Technology Corporation (Russia), LLC (“Arcadyan RU”)	Selling of wireless networking products	100 %	100 %	
Arcadyan Holding	Sinoprime Global Inc. (“Sinoprime”)	Investment activities	100 %	100 %	
〃	Arcadyan Technology (Shanghai) Corp. (“SVA”)	Research and development, and selling of wireless networking products	100 %	100 %	
〃	Arch Holding (BVI) Corp. (“Arch Holding”)	Investment activities	100 %	100 %	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. (“CNC”)	Manufacturing of wireless networking products	100 %	100 %	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	Manufacturing of wireless networking products	100 %	100 %	
TTI	Quest International Group Co., Ltd. (“Quest”)	Investment activities	100 %	100 %	
TTI	Tatung Technology of Japan Co., Ltd. (“TTJC”)	Selling of digital home appliance	100 %	100 %	
Quest	Exquisite Electronic Co., Ltd. (“Exquisite”)	Investment activities	100 %	100 %	
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. (“TCH”)	Manufacturing of digital home appliance	100 %	100 %	

Note 1: The subsidiary was incorporated on March 25, 2021.

Note 2: The liquidation procedures of the subsidiary had been completed on August 19, 2022.

(Continued)

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

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

3) 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 any 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 non-controlling interest. When the Group disposes only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future. Exchange difference arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(Continued)

(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 expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and 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 non-current.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability 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 the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits and repurchase agreements 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

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

(i) Financial assets

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

(Continued)

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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 "trade receivables" line item.

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

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.

(Continued)

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, guarantee deposit paid and other financial assets).

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

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

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

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

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 month 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.

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

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

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

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or being more than 90 days past due;

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

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

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

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

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

(Continued)

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

(Continued)

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 and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate 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.

The Group designates its hedging instruments, including derivatives, embedded derivatives, and nonderivative instruments for a hedge of a foreign currency risk, as a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risks of firm commitments are treated as fair value hedges.

At initial designated hedging relationships, the Group documents the risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under ‘other equity－gains (losses) on hedging instruments’, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Company expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

(Continued)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average-cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. However, if the actual operating capacity is not significantly different from the normal operating capacity, it will be apportioned according to the actual operating capacity, and the variable manufacturing overhead will be apportioned based on the actual operating capacity.

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

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

(j) 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 when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings: 50 years

2) Machinery and equipment: 3~10 years

3) Research equipment: 3~6 years

4) Mold equipment: 2~3 years

5) Other equipment: 1~10 years

The main components of property, plant and equipment are factory buildings and firefighting facilities. Each component is depreciated based on its useful life.

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(k) 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.

(i) As a leasee

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

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

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

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

1) fixed payments, including in substance fixed payments;

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

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

4) 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:

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

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

3) 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

(Continued)

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

5) 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.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of factory facilities and vehicles 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.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

— the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

— the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

— any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

— there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

(Continued)

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

1) Copyright: 10 years

2) Authorization fee: amortized over the contract period by using the straight-line method.

3) Computer software: 1~10 years

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

(m) Impairment – 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. Goodwill is tested annually for impairment. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The Group will adjust the carrying amount of an asset or CGU to recoverable amount if the carrying amount of an asset or CGU exceeds its recoverable amount, and recognize impairment loss. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(n) Provisions

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

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical experience of provision expenses as percentage of sales.

(Continued)

(o) 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.

(i) Sale of goods

The Group manufactures and sells broadband network products, wireless network products, digital home appliance and mobility products. 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.

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.

(ii) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short term employee benefits

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

(q) 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 the Board of Directors authorized the price and approved employees can subscribe for shares.

(r) Income Taxes

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

(Continued)

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

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

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

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

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

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

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

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

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

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

  1) the same taxable entity; or

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

(Continued)

(s) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non controlling interests in the acquiree either at fair value or at the non controlling interest’ s proportionate share of the acquiree’ s identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the Group’ s net assets in the event of liquidation. Other components of non controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group’ s financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(t) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Group. 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 Group divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds, employee compensation which could be issued in the form of common stock not yet approved by the Board of Directors, and employee restricted shares.

(u) 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 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.

There are no critical judgments in applying the accounting policies that have significant effects on the amounts recognized in the consolidated financial statements.

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

(a) Inventory valuation

As inventories are supposed to be measured based on the lower of cost or net realizable value, which is based on the estimated sales price; therefore, the value of inventories may vary due to the nature of the industry and market fluctuation. Please refer to note (6)(f) of the consolidated financial statement for inventory valuation.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 2,738	2,194
Checking accounts and demand deposits	2,522,308	3,292,553
Time deposits	3,804,505	4,676,032
Repurchase agreements	1,250,000	-
	$ 7,579,551	**7,970,779**

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

(Continued)

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

	December 31, 2022	December 31, 2021
Current financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	$ 187	17,264
Foreign exchange swaps contracts	-	2,449
Total	$ 187	19,713
Non-current financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets:		
Fund unlisted on domestic or foreign markets	$ 46,379	37,475
Held-for-trading financial liabilities:		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	$ 30,795	1,589

The Group uses derivative financial instruments to hedge the certain foreign exchange risk the Group is exposed to, arising from its operating activities. For the years ended December 31, 2022 and 2021, the derivative instruments, without the application of hedge accounting, classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities were as follows:

	December 31, 2022		
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	EUR 8,000	Sell EUR / USD	May 12, 2023~ June 14, 2023
Foreign exchange forward	USD 512	Buy USD / INR	January 31, 2023
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	EUR 20,000	Sell EUR / USD	January 31, 2023~ April 14, 2023
Foreign exchange forward	EUR 2,000	Sell EUR / TWD	January 31, 2023

	December 31, 2021		
	Contract amount (in thousands)	**Currency**	**Maturity date**
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	EUR 17,000	Sell EUR / USD	January 14, 2022~ March 14, 2022
Swap contracts:			
Foreign exchange swaps	USD 20,000	B/S USD / TWD	February 14, 2022~ March 14, 2022
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	USD 5,000	Buy USD / CNH	January 26, 2022
Foreign exchange forward	EUR 7,000	Sell EUR / USD	February 18, 2022~ March 4, 2022

Please refer to note (6)(x) for the exposure to credit risk of the financial instruments.

As of December 31, 2022 and 2021, the Group did not provide any aforementioned financial assets as collaterals.

(c) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:		
Stock unlisted on domestic markets	$ 46,150	26,169

(i) For the years ended December 31, 2022 and 2021, unrealized gains (losses) from above-mentioned equity investments measured at fair value were $19,981 and $(4,966), respectively, recognized under other comprehensive income.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2022 and 2021.

(iii) Please refer to note (6)(x) for information of market risk.

(iv) The Group did not provide any aforementioned financial assets as collaterals.

(d) Financial assets and liabilities used for hedging

(i) Financial assets and liabilities used for hedging were as follows:

	December 31, 2022	December 31, 2021
Cash flow hedge:		
Financial liabilities used for hedging:		
Foreign exchange forward contracts	$ 47,809	-

(ii) Cash flow hedge–foreign exchange risk

The strategy of the Group is to enter into foreign exchange forward contracts to hedge its foreign currency exposure risk in relation to the forecast sales.

The Group has no balance of cash flow hedge as of December 31, 2021. As of December 31, 2022, the amounts relating to the items designated as hedging instruments were as follows:

	December 31, 2022			
	Contract amount (in thousands)	Currency	Maturity date	Average strike price
Derivative financial liabilities used for hedging				
Forward contracts:				
Foreign exchange forward	EUR 65,000	Sell EUR / USD	January 30, 2023~ December 28, 2023	1.0472

(iii) Adjustments on reclassification from components of other comprehensive income

For the years ended December 31, 2022 and 2021, the details of adjustments on reclassification from components of other comprehensive income were as follows:

	2022	2021
Cash flow hedge:		
Profit in current period	$ 82,853	43,006
Less: Profit of adjustments on reclassification from components of other comprehensive income which belongs to net income	130,662	40,814
Net gains(losses) recognized in other comprehensive income	$ (47,809)	2,192

(iv) For the years ended December 31, 2022 and 2021, the ineffective portion of cash flow hedge recognized in profit were amounted to $44,071 and $0, respectively, were recorded under the “Gains (losses) on financial assets (liabilities) at fair value through profit or loss”.

(v) For the years ended December 31, 2022 and 2021, profit or loss of adjustments from reclassification of other equity, deriving from the changes of fair value for hedge instruments, were recognized under operating revenues in statement of comprehensive income.

(e) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	$ 4,992	10,305
Accounts receivable – measured at amortized cost	10,836,321	7,411,501
Accounts receivable – fair value through other comprehensive income	-	298,642
	10,841,313	7,720,448
Less: allowance for uncollectible accounts	(44,598)	(28,152)
	$ 10,796,715	**7,692,296**

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

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking macroeconomic information. The expected credit losses of the Group as of December 31, 2022 and 2021 were determined as follows:

	December 31, 2022			
Credit rating	**Gross carrying amount**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit impaired**
Level A	$ 2,524,744	0%	-	No
Level B	6,876,702	0.10%	6,923	No
Level C	1,419,845	1.00%	17,653	No
Level D	-		-	-
Level E	20,022	100%	20,022	Yes
Total	**$ 10,841,313**		**44,598**	

	December 31, 2021			
Credit rating	**Gross carrying amount**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit impaired**
Level A	$ 2,142,077	0%	-	No
Level B	5,042,739	0.10%	4,913	No
Level C	517,585	1.00%	5,192	No
Level D	-	-	-	-
Level E	18,047	100%	18,047	Yes
Total	**$ 7,720,448**		**28,152**	

(Continued)

The aging analysis of notes and accounts receivable were as follows:

	December 31, 2022	December 31, 2021
Overdue 1~30 days	$ 1,071,407	485,866
Overdue 31~60 days	163,112	133,034
Overdue 61~90 days	129,856	21,897
Overdue 91~180 days	71,332	12,376
Overdue over 181 days	28,574	25,726
	$ **1,464,281**	**678,899**

The movement of allowance for uncollectible notes and accounts receivable were as follows:

	2022	2021
Balance at January 1	$ 28,152	26,831
Impairment loss recognized	16,446	1,321
Balance at December 31	$ **44,598**	**28,152**

As of December 31, 2022 and 2021, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

The Group entered into accounts receivable factoring agreements with banks. Based on the agreements, the Group is not responsible for guaranteeing the ability of the accounts receivable of the obligor to make payment when it is affected by credit risk. Thus, this is deemed as a non-recourse accounts receivable factoring. After the transfer of the accounts receivable, the Group can request for the partial advances stipulated in the agreements, while the interest calculated at an agreed rate is paid to the bank for the period during the time of receiving advances and the accounts receivable is collected. The remaining amounts without advance are received when the accounts receivable are paid by the customers.

For the year ended December 31, 2022, the Group has not transferred accounts receivable. As of December 31, 2021, there were unreceived balances of transferred accounts receivable amounted to $958, which were recognized under other receivables. The details of the derecognized account receivables were as follows:

	December 31, 2021						
Purchaser	**Accounts receivable factored (gross)**	**Amount Unpaid**	**Advanced Paid**	**Amount Recognized in other receivables**	**Collateral**	**Amount derecognized**	**Interest rate**
Financial institutions	$ **8,947**	**-**	**7,989**	**958**	None	**8,947**	0.64%

(Continued)

(f) Inventories

(i) A summary of the Group's inventories were as follows:

	December 31, 2022	December 31, 2021
Raw materials	$ 2,693,315	6,150,112
Work in progress	456,966	660,661
Finished goods	11,413,277	5,685,646
	$ 14,563,558	**12,496,419**

(ii) Inventory cost recognized as operating costs for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Cost of sales and expenses	$ 39,750,967	32,892,633
Provision for inventory valuation and obsolescence loss	830,765	37,923
	$ 40,581,732	**32,930,556**

(iii) As of December 31, 2022 and 2021, the Group did not provide any inventories as collaterals.

(g) Investments accounted for using equity method

A summary of the Group's financial information for equity-accounted investees at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Associates	**$ 305,101**	**324,178**

(i) The Group's equity-accounted associates that are individually insignificant and the Group's share of the financial information which included in the consolidated financial statements are summarized as below:

	December 31, 2022	December 31, 2021
Aggregate carrying amount of the Group's associates that are individually insignificant	**$ 305,101**	**324,178**

Share of associates attributed to the Group were as follows:

	2022	2021
Net (loss) income from continuing operations	$ (11,535)	6,685
Other comprehensive income (loss)	79	(219)
Total comprehensive income (loss)	**$ (11,456)**	**6,466**

(Continued)

(ii) As of December 31, 2022 and 2021, the Group did not provide any investment accounted for using equity method as collaterals.

(h) Loss control of subsidiaries

AcBel Telecom had completed its liquidation process in August 2022, wherein the Group received the liquidation dividends of $34,354. Since the completion of liquidation, AcBel Telecom was not comprised in the consolidated financial statements anymore.

The Group derecognized the assets, liabilities and the related equity components of AcBel Telecom, but recognized gains on disposal of $2,568 and recorded under Gains on disposal of investments.

The carrying amount of assets and liabilities of AcBel Telecom on the date of disposal were as follow:

Other current assets	$ 67,262
Other current liabilities	-
Carrying amount of net assets	**$ 67,262**

(i) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Land	Buildings and construction	Machinery and equipment	Research and development equipment	Mold equipment	Leasehold improvement and other equipment	Construction in progress and prepayment for purchase of equipment	Total
Cost:								
Balance at January 1, 2022	$ 878,978	1,512,417	2,484,758	697,267	222,181	462,135	19,129	6,276,865
Additions	-	6,237	678,969	98,324	26,872	54,985	707,917	1,573,304
Reclassifications	-	16,306	24,545	2,560	-	7,058	(50,860)	(391)
Disposals and derecognitions	-	-	(117,909)	(86,320)	(7,037)	(46,192)	-	(257,458)
Effect of movements in exchange rates	-	75,590	269,294	4,934	1,419	18,378	20,627	390,242
Balance at December 31, 2022	**$ 878,978**	**1,610,550**	**3,339,657**	**716,765**	**243,435**	**496,364**	**696,813**	**7,982,562**
Balance at January 1, 2021	$ 463,262	828,128	2,196,610	587,071	212,438	723,336	28,249	5,039,094
Additions	415,716	497,612	602,969	106,256	23,918	47,571	35,231	1,729,273
Reclassifications	-	194,810	6,068	33,364	(2,366)	(190,048)	(44,194)	(2,366)
Disposals and derecognitions	-	-	(281,698)	(27,753)	(11,493)	(110,943)	-	(431,887)
Effect of movements in exchange rates	-	(8,133)	(39,191)	(1,671)	(316)	(7,781)	(157)	(57,249)
Balance at December 31, 2021	**$ 878,978**	**1,512,417**	**2,484,758**	**697,267**	**222,181**	**462,135**	**19,129**	**6,276,865**
Depreciation:								
Balance at January 1, 2022	$ -	117,853	1,508,894	419,902	182,781	284,922	-	2,514,352
Depreciation	-	46,490	397,563	68,093	20,925	54,093	-	587,164
Reclassifications	-	-	-	-	-	(130)	-	(130)
Disposals and derecognitions	-	-	(101,670)	(50,808)	(7,037)	(34,999)	-	(194,514)
Effect of movements in exchange rates	-	1,164	154,360	1,879	564	10,655	-	168,622
Balance at December 31, 2022	**$ -**	**165,507**	**1,959,147**	**439,066**	**197,233**	**314,541**	**-**	**3,075,494**

(Continued)

	Land	Buildings and construction	Machinery and equipment	Research and development equipment	Mold equipment	Leasehold improvement and other equipment	Construction in progress and prepayment for purchase of equipment	Total
Balance at January 1, 2021	$ -	98,676	1,562,332	383,779	176,630	299,668	-	2,521,085
Depreciation	-	19,204	240,537	62,869	17,738	72,503	-	412,851
Reclassifications	-	-	-	-	-	-	-	-
Disposals and derecognitions	-	-	(276,848)	(26,117)	(11,491)	(85,275)	-	(399,731)
Effect of movements in exchange rates	-	(27)	(17,127)	(629)	(96)	(1,974)	-	(19,853)
Balance at December 31, 2021	$ -	117,853	1,508,894	419,902	182,781	284,922	-	2,514,352
Carrying amounts:								
Balance at December 31, 2022	$ 878,978	1,445,043	1,380,510	277,699	46,202	181,823	696,813	4,907,068
Balance at December 31, 2021	$ 878,978	1,394,564	975,864	277,365	39,400	177,213	19,129	3,762,513
Balance at January 1, 2021	$ 463,262	729,452	634,278	203,292	35,808	423,668	28,249	2,518,009

(i) In response to the demand of business operation, the Group decided to purchase land by a resolution of the Board of Directors on March 17, 2021. In addition, the Group has signed the land purchase agreement amounting to $415,480 with non-related parties on April 7, 2021. The procedures of ownership-transfer has been completed and the relevant amount had been fully paid in the second quarter of 2021.

(ii) As of December 31, 2022 and 2021, the Group did not provide any property, plant and equipment as collaterals.

(j) Right-of-use assets

The Group leases land, buildings, machinery equipment and vehicles, recognizing as right-of-use assets. The cost and depreciation of the right-of-use assets of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Land	Buildings	Machinery Equipment	Vehicles and other	Total
Cost:					
Balance at January 1, 2022	$ 297,707	360,109	81,081	16,530	755,427
Additions	-	22,203	-	13,269	35,472
Disposal/write-off	-	(66,401)	(81,081)	(3,777)	(151,259)
Effect of movements in exchange rates	32,589	29,190	-	105	61,884
Balance at December 31, 2022	$ 330,296	345,101	-	26,127	701,524
Balance at January 1, 2021	$ 306,311	423,832	81,081	10,648	821,872
Additions	-	44,061	-	10,637	54,698
Disposal/write-off	-	(100,353)	-	(4,755)	(105,108)
Effect of movements in exchange rates	(8,604)	(7,431)	-	-	(16,035)
Balance at December 31, 2021	$ 297,707	360,109	81,081	16,530	755,427

(Continued)

	Land	Buildings	Machinery Equipment	Vehicles and other	Total
Depreciation:					
Balance at January 1, 2022	$ 11,973	108,727	41,891	6,529	169,120
Depreciation	7,032	83,758	-	9,179	99,969
Disposal/Write-off	-	(27,066)	(41,891)	(3,777)	(72,734)
Effect of movements in exchange rates	1,524	10,796	-	40	12,360
Balance at December 31, 2022	**$ 20,529**	**176,215**	**-**	**11,971**	**208,715**
Balance at January 1, 2021	$ 5,600	60,568	25,675	6,605	98,448
Depreciation	6,608	91,662	16,216	4,679	119,165
Disposal/write-off	-	(42,135)	-	(4,755)	(46,890)
Effect of movements in exchange rates	(235)	(1,368)	-	-	(1,603)
Balance at December 31, 2021	**$ 11,973**	**108,727**	**41,891**	**6,529**	**169,120**
Carrying amount:					
Balance on December 31, 2022	**$ 309,767**	**168,886**	**-**	**14,156**	**492,809**
Balance at December 31, 2021	**$ 285,734**	**251,382**	**39,190**	**10,001**	**586,307**
Balance at January 1, 2021	**$ 300,711**	**363,264**	**55,406**	**4,043**	**723,424**

(k) Intangible Assets

The cost, amortization and impairment loss of intangible assets of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Goodwill	Authorization fee	Copyright	Computer software and others	Total
Cost:					
Balance at January 1, 2022	$ 6,556	101,703	18,496	199,114	325,869
Additions	-	-	-	25,272	25,272
Reductions	-	(14,286)	-	(29,647)	(43,933)
Effect of movement in exchange rates	-	-	-	306	306
Balance at December 31, 2022	**$ 6,556**	**87,417**	**18,496**	**195,045**	**307,514**
Balance at January 1, 2021	$ 6,556	113,605	18,496	178,042	316,699
Additions	-	-	-	75,542	75,542
Reductions	-	(11,902)	-	(54,383)	(66,285)
Effect of movement in exchange rates	-	-	-	(87)	(87)
Balance at December 31, 2021	**$ 6,556**	**101,703**	**18,496**	**199,114**	**325,869**

(Continued)

		Goodwill	Authorization fee	Copyright	Computer software and others	Total
Amortization:						
Balance at January 1, 2022	$	-	94,695	18,496	97,650	210,841
Amortization		-	2,486	-	44,557	47,043
Reductions		-	(14,286)	-	(29,647)	(43,933)
Effects of movement in exchange rates		-	-	-	284	284
Balance at December 31, 2022	$	**-**	**82,895**	**18,496**	**112,844**	**214,235**
Balance at January 1, 2021	$	-	102,329	18,496	120,574	241,399
Amortization		-	4,268	-	31,538	35,806
Reductions		-	(11,902)	-	(54,383)	(66,285)
Effects of movement in exchange rates		-	-	-	(79)	(79)
Balance at December 31, 2021	$	**-**	**94,695**	**18,496**	**97,650**	**210,841**
Carrying amounts**:**						
Balance at December 31, 2022	$	**6,556**	**4,522**	**-**	**82,201**	**93,279**
Balance at January 1, 2021	$	**6,556**	**11,276**	**-**	**57,468**	**75,300**
Balance at December 31, 2021	$	**6,556**	**7,008**	**-**	**101,464**	**115,028**

As of December 31, 2022 and 2021, the Group did not provide any intangible assets as collaterals.

(l) Short-term borrowings

		December 31, 2022	December 31, 2021
Unsecured bank loans	$	**4,386,582**	**4,363,580**
Unused credit line for short-term borrowings	$	**11,618,524**	**6,236,932**
Annual interest rates		**0.05%~5.58%**	**0.05%~1.17%**

For the information of the Group's interest risk, foreign currency risk and liquidity risk, please see note (6)(x).

(m) Other current liabilities

		December 31, 2022	December 31, 2021
Temporary receipts–non-recurring engineering revenue and collection on behalf of others	$	814,405	465,910
Others		103,613	268,889
	$	**918,018**	**734,799**

(n) Unsecured convertible bonds payable

(i) The Company issued the first domestic unsecured convertible bonds on June 6, 2019, the details were as follows:

	December 31, 2022	December 31, 2021
Total convertible bonds issued	$ 1,000,000	1,000,000
Unamortized discounts on bonds payable	-	(1,433)
Unamortized issuance cost on bonds payable	-	(496)
Accumulated converted amount	(992,600)	(671,500)
Repayment of bonds payable	(7,400)	-
Balance of bonds payable as of the reporting date	**$ -**	**326,571**
Conversion options included in equity components (recognized as capital surplus－tock options)	**$ -**	**15,987**
Conversion options included in equity components (recognized as capital surplus－expired stock options)	**$ 361**	**-**

	2022	2021
Interest expenses	**$ 763**	**11,968**

The effective interest rate of the first issued convertible bonds was 1.3284%.

(ii) The main terms of issuing the above-mentioned convertible bonds were as follows:

1) Coupon rate: 0%

2) Duration: three years (June 6, 2019~June 6, 2022)

3) Repayment:

Put option and call option are excluded from the issuance of convertible bonds. Except that the bondholders convert the bonds to Group's ordinary shares, or the bonds are repurchased and cancelled by the Group from the securities firm's business office, the bonds will be repaid in cash at par value when the bonds expired.

4) Terms of conversion:

a) The bondholder may opt to have its bonds converted into the Group's ordinary shares, with the approval of Taiwan Depository & Clearing Corporation through securities firms, at any time between three months after the issuance date (September 7, 2019) and the day before the maturity day (June 6, 2022), except for the following:

(Continued)

- The closing period in accordance with the applicable law;
- The period starting from the first day of the first fifteen working days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;
- The period starts from the date of record of the capital decrease and ends on the date prior to the trading of the reissuance shares after the capital decrease.

b) The conversion price was NT$98.3 per share upon issuance. The conversion price had been adjusted to NT$93.0 per share after distribution of cash dividends on ordinary shares and issuing new shares in cash in 2019, then had been adjusted to NT$87.7 and NT$82.5 per share after distribution of cash dividends on ordinary shares in 2020 and 2021, respectively.

(iii) The maturity date of above mentioned convertible bonds was on June 6, 2022. The remaining bonds which were not converted were repaid in cash at maturity with par value of $7,400 according to the terms of conversion.

(iv) From January 1 to June 6, 2022, and for the year ended December 31, 2021, the convertible bonds with a par value of $321,100 and $671,500 were converted into ordinary shares of the Company with $38,920 and $81,363, and the capital surplus were recognized with $296,640 and $616,933 (including the stock options reclassified as additional paid-in capital－premium of $15,626 and $32,680 and the unamortized discounts on bonds payable of $1,166 and $5,884, respectively).

(o) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 91,055	86,426
Non-current	$ 104,690	197,303

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expense on lease liabilities	$ 9,574	12,165
Expenses relating to short-term leases	$ 23,130	43,992

(Continued)

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

	2022	2021
Total cash outflow for leases	$ **119,263**	**144,859**

(i) Land, buildings, machinery equipment and vehicles leases

The Group leases buildings, machinery equipment and vehicles with lease terms of 1 to 5 years, and the right-of-use for land is 45 years.

(ii) Other leases

The Group leases offices and parts of vehicles with contract terms of 1 year. These leases are short-term items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Provisions

	Warranties
Balance at January 1, 2022	$ 1,018,471
Provisions made	346,478
Provisions used	(273,027)
Provisions reversed	(481,927)
Balance at December 31, 2022	$ **609,995**
Balance at January 1, 2021	$ 659,377
Provisions made	452,843
Provisions used	(93,749)
Balance at December 31, 2021	$ **1,018,471**

Provisions for warranty is related to sales of products and being assessed based on the historical experience of similar products or services and customer feedback.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of the present value of the defined benefit obligations and the fair value of plan assets for the Company were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 214,762	236,742
Fair value of plan assets	(140,339)	(130,840)
Net defined benefit liabilities	$ **74,423**	**105,902**

(Continued)

The Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans (cover by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company’ s Bank of Taiwan labor pension reserve account balance amounted to $140,339 as of the reporting date. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate 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 present value of defined benefit obligations for the Company for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Balance at January 1	$ 236,742	229,760
Current service costs and interest	2,174	2,702
Remeasurement of net defined benefit liabilities	(18,410)	10,461
Pension payments	(5,744)	(6,181)
Balance at December 31	**$ 214,762**	**236,742**

3) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Fair value of plan assets at January 1	$ 130,840	130,641
Contributions paid by the employer	4,024	4,081
Expected return on plan assets	756	818
Remeasurement of net defined benefit assets	10,463	1,481
Pension payments	(5,744)	(6,181)
Fair value of plan assets at December 31	**$ 140,339**	**130,840**
Actual return on plan assets	**$ 11,219**	**2,299**

(Continued)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Current service costs	$ 768	1,278
Net interest on the net defined benefit liabilities	1,406	1,424
Expected return on plan assets	(756)	(818)
	$ 1,418	**1,884**
Operating costs	$ 165	290
Selling expenses	172	224
Administrative expenses	319	306
Research and development expenses	762	1,064
	$ 1,418	**1,884**

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

The Company's actuarial gains and losses recognized in other comprehensive income, before tax, for the years ended December 31, 2022 and 2021, were as follows:

	2022	2021
Cumulative amount at January 1	$ 80,783	71,803
Recognized	(28,873)	8,980
Cumulative amount at December 31	**$ 51,910**	**80,783**

6) Actuarial assumptions

a) The following are the Company's principal actuarial assumptions at the reporting date:

i) Actuarial valuation for present value of defined benefit obligations as of December 31, 2022 and 2021.

	December 31, 2022	December 31, 2021
Discount rate	1.750 %	0.625 %
Future salary increasing rate	3.000 %	3.000 %

(Continued)

ii) Actuarial valuation for defined benefit plan cost for the years ended December 31, 2022 and 2021:

	2022	**2021**
Discount rate	0.625 %	0.625 %
Future salary increasing rate	3.000 %	3.000 %

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date was $4,024.

The weighted-average duration of the defined benefit obligation is 12.98 years.

7) Sensitivity analysis

If the main actuarial assumptions as of December 31, 2022 and 2021 had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligation	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2022		
Discount rate	(4,565)	4,714
Future salary increasing rate	4,555	(4,422)
December 31, 2021		
Discount rate	(5,709)	5,925
Future salary increasing rate	5,670	(5,495)

Reasonably possible changes 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 on the net defined benefit liabilities in the balance sheets.

The method and assumptions used in the preparation of sensitivity analysis is consistent with prior period.

8) The payments of pension to the qualified employees from Bank of Taiwan labor pension reserve account made by the Company were amounted to $5,744 and $6,181 for the years ended December 31, 2022 and 2021, respectively.

(Continued)

(ii) Defined contribution plans

The Company and all subsidiaries in domestic allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company and all subsidiaries in domestic recognized the pension costs under the defined contribution method amounting to $51,561 and $50,300 for the years ended December 31, 2022 and 2021, respectively. Payment was allocated to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expense, basic endowment insurance expense, and social welfare expenses amounting to $58,648 and $59,866 for the years ended December 31, 2022 and 2021, respectively.

(r) Income taxes

(i) Income tax expense (benefit)

The amount of income tax (benefit) for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Current tax expense			
Recognized during the period	$	609,621	621,024
Additional tax on undistributed earnings		13,568	14,627
Adjustment for prior periods		154,395	(60,449)
		777,584	575,202
Deferred tax expense			
Recognition and reversal of temporary differences		(226,454)	(4,222)
Income tax expense	**$**	**551,130**	**570,980**

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Exchange differences on translation of foreign financial statements	$	(2,556)	(17,270)
Gains (losses) on remeasurement of defined benefit plans		5,775	(1,796)
Gain on hedging instrument		(9,562)	-
	$	**(6,343)**	**(19,066)**

(Continued)

Reconciliation of income tax and income before tax for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Income before income tax	$ 2,466,183	2,272,780
Income tax at the Company's domestic tax rate	417,341	495,773
Effect of tax rates in foreign jurisdiction	(9,068)	24,820
Tax-exempt net profit and loss from investment	35,385	8,965
Changes in unrecognized temporary differences	31,884	174,936
Over provision in prior periods	(6,139)	(57,217)
Additional tax on undistributed earnings	13,568	14,627
Tax credit of investment	(90,000)	(70,000)
Others	158,159	(20,924)
	$ 551,130	**570,980**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities:

As of December 31, 2021, there were no unrecognized deferred tax liabilities. As of December 31, 2022, since the Group was able to control the timing of the reversal of the temporary differences associated with investments in overseas subsidiaries, and the management considered it is probable that the temporary differences will not be reversed in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Details were as follows:

	December 31, 2022
The temporary differences associated with investments in overseas subsidiaries	**$ 510,620**
Unrecognized deferred tax liabilities	**$ 102,124**

2) Unrecognized deferred tax assets:

Details of unrecognized deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Tax effect of deductible temporary differences	$ 413,593	377,915
Tax effect of loss carryforward	161,802	63,472
	$ 575,395	**441,387**

(Continued)

The Group assesses and considers that part of the income tax deductible items may be unrealized, therefore the Group do not recognize as deferred tax assets. In addition, according to ROC Income Tax Act, the loss carryforward are the losses incurred in past 10 years assessed by ROC tax authorities which can be deducted from the net profit of current year before levied. The items are not recognized as deferred income tax assets due to the fact that the Group may not have sufficient taxable income in the future for the losses.

As of December 31, 2022, the tax effects on loss carryforward that have not been recognized as deferred tax assets were as follows:

Year of loss	Expiry year	Deductible amount
2020 (filed)	2025	$ 20,484
2020 (examined)	2030	77,459
2021 (filed)	2026	126,335
2021 (filed)	2031	47,904
2022 (filed)	2027	277,800
2022 (estimated)	2032	152,875
		$ 702,857

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	Investment income recognized under the equity method (overseas)	Exchange difference on translation of foreign financial statements	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2022	$ 168,117	-	4	168,121
Recognized in profit or loss	(168,117)	-	26,217	(141,900)
Balance at December 31, 2022	**$ -**	**-**	**26,221**	**26,221**
Balance at January 1, 2021	$ 97,387	58	-	97,445
Recognized in profit or loss	70,730	-	4	70,734
Recognized in other comprehensive income	-	(58)	-	(58)
Balance at December 31, 2021	**$ 168,117**	**-**	**4**	**168,121**

(Continued)

		Defined benefit plans	Exchange difference on translation of foreign financial statements	Loss on inventory valuation	Unrealized exchange gains and losses, net	Unrealized gross profit	Loss carryforward	Others	Total
Deferred Tax Assets:									
Balance at January 1, 2022	$	16,153	59,088	33,749	49,638	11,414	-	230,452	400,494
Recognized in profit or loss		-	-	163,909	(49,638)	8,960	-	(38,677)	84,554
Recognized in other comprehensive income		(5,775)	4,979	-	-	-	-	7,139	6,343
Balance at December 31, 2022	**$**	**10,378**	**64,067**	**197,658**	**-**	**20,374**	**-**	**198,914**	**491,391**
Balance at January 1, 2021	$	14,357	41,876	48,287	48,186	9,526	-	144,298	306,530
Recognized in profit or loss		-	-	(14,538)	1,452	1,888	-	86,154	74,956
Recognized in other comprehensive income		1,796	17,212	-	-	-	-	-	19,008
Balance at December 31, 2021	**$**	**16,153**	**59,088**	**33,749**	**49,638**	**11,414**	**-**	**230,452**	**400,494**

(iii) The ROC tax authorities have examined the income tax returns of the Company, ZHI-BAO, and TTI through 2020. The income tax returns through 2021 and the liquidation period of Acbel Telecom have been examined by the tax authorities. The relevant approved differences have been reflected as income tax adjustments in the year of determination.

(s) Capital and other equities

As of December 31, 2022 and 2021, the authorized ordinary stocks were both $3,000,000, of which 220,355 thousand shares and 216,493 thousand shares were issued respectively. All issued shares were paid up upon issuance.

(i) Ordinary shares

Reconciliation of shares outstanding for 2022 and 2021 were as follows:

	Ordinary shares	
(in thousands of shares)	**2022**	**2021**
Balance on January 1	216,493	208,409
Cancellation of employee restricted shares	(30)	(53)
Convertible bonds converted into ordinary shares	3,892	8,137
Balance on December 31	**220,355**	**216,493**

(ii) Ordinary Shares

In 2018, the Company issued its employee restricted shares amounting to $45,000, wherein the amount of $303 and $532, respectively, had been cancelled due to failure in meeting the vested requirements for the years ended December 31, 2022 and 2021. As of the reporting date, the registration procedures had been completed.

(Continued)

For the years ended December 31, 2022 and 2021, by the request of bonds holders, the convertible bonds issued by the Company were converted into ordinary shares of $38,920 with 3,892 thousand new shares and $81,363 with 8,137 thousand new shares issued at par value, respectively. As of the reporting date, the registration procedures had been completed.

(iii) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Additional paid-in capital–premium	$ 4,081,618	3,943,016
Difference between consideration and carry amount arising from acquisition or disposal of subsidiaries	3,698	3,698
Changes in equity of associates, joint ventures and subsidiaries accounted for using equity method	6,052	-
Issuance of convertible bonds	-	15,987
Expired stock options	361	-
Issuance of employee restricted shares	-	69,699
	$ 4,091,729	4,032,400

According to the ROC 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 should not exceed 10% of the paid-in capital.

The capital surplus－premium resulted from the conversion of unsecured convertible bonds into ordinary shares for the years ended December 31, 2022 and 2021 were $296,640 and $616,933, respectively (including the stock options reclassified as additional-paid in capital－premium of $15,626 and $32,680, and the unamortized discounts on bonds payable of $1,166 and $5,884).

The Company's Board of Directors meeting held on March 10, 2022 and March 17, 2021, approved to distribute the cash dividend of $217,406 ($0.98662085 per share) and $208,377 ($0.99977022 per share) through capital surplus. The related information can be accessed through the Market Observation Post System website.

The Company's Board of Directors meeting held on March 14, 2023, approved to distribute the cash dividend of $220,355 ($1 per share) through capital surplus. The related information can be accessed through the Market Observation Post System website after the meeting.

(iv) Retained earnings

According to the Company's Article of Incorporation, if the Company make earnings in a fiscal year, after all tax and dues have been paid and accumulated loss for previous years have been made up, shall set aside 10% of earnings as legal reserve (unless the amount of legal reserve is equal or greater than total paid-in capital), and set aside the special reserve in accordance with relevant laws and regulations. Depending on operation conditions, the board of directors shall retain an appropriate amount then propose an earnings distribution plan. According to the Company's Article of Incorporation, the Company authorize the board of directors to distribute dividend, bonus, capital surplus and legal reserve in whole or in part in the form of cash, after a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of total number of directors, and shall report such distribution plan in the general shareholders' meeting.

According to the Company's dividend stabilization policy, the type of dividends should be determined after considering the business environment, operating performance, financial structure, etc. If there is any year-end retained earnings to be distributed to stockholders, the dividend and bouns shall not be lower than 30% of the net income and the cash dividends to stockholders shall not be lower than 10% of total dividends.

1) Legal reserve

If 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. Only the portion of legal reserve which exceeds 25% of paid-in capital may be distributed.

2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. An equivalent amount of special earnings reserve shall be reclassified from current-period net income, plus items other than current-period net income, that are included in the undistributed current-period earnings and undistributed prior-period earnings. A portion of undistributed prior period earnings shall be reclassified as a special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(v) Earnings distributed

Earnings distribution for 2021 and 2020 were approved by the Board of Directors meeting held on March 10, 2022 and on March 17, 2021, respectively. The relevant dividend distribution to shareholders were as follows:

	2021		2020	
	Amount per share (dollars)	**Total amount**	**Amount per share (dollars)**	**Total amount**
Cash dividends distributed to ordinary shareholders	$ 5.72240092	$ 1,260,956	5.49873625	1,146,071

(Continued)

The earnings distribution for 2022 was approved by the Board of Directors meeting held on March 14, 2023 as follows:

	2022	
	Amount per share (dollars)	**Total amount**
Cash dividends distributed to ordinary shareholders from unappropriated earnings	$ 5.50	1,211,949

The related information of the earnings distribution for the years ended December 31, 2022, can be accessed through the Market Observation Post System website after the meeting.

(t) Share-based payment

(i) The Company – Employee restricted share

At the meeting held on June 21, 2018, the Company's Shareholders' meeting is resolved to issue 4,500 thousand shares of employee restricted shares to the Company's full time employees who meet certain requirements. The restricted shares have been registered with, and approved by, the Securities and Futures Bureau of FSC. The Board of Directors decided to issue all the restricted shares on November 6, 2018, which is also the record date of the share issuance.

3,500 thousand shares of the aforementioned restricted shares are issued without consideration. 30%, 30% and 40% of the 3,500 thousand restricted shares are vested when the employees continue to provide service for at least 2 year, 3 years and 4 years, respectively, from the registration and the effective date, and at the same time, meet the performance requirement. In addition, when earnings per share in two consecutive and complete fiscal years from the registration and effective date are no less than NT$4, and at the same time, the employees with the restricted shares meet the performance requirement, the other 1,000 thousand shares of the restricted shares are vested 100% at the date the shareholders approved the financial statements for the second fiscal year. If the earnings per share in two consecutive and complete fiscal years from the registration and effective date are between NT$3 to NT$4, at the same time, the employees with the restricted shares meet the performance requirement, the restricted shares are vested 75% at the date the shareholders approved the financial statements for the second fiscal year. If the earnings per share in two consecutive and complete fiscal years from the registration and effective date are less than NT$3, the employees with restricted shares, whether or not they meet the performance requirement, no restricted shares are vested at the date the shareholders approved the financial statements for the second fiscal year. The earnings per share mentioned above are calculated based on the profit approved by the shareholders and the weighted average number of ordinary shares outstanding at the date of the restricted shares have been approved by the authority.

(Continued)

After the issuance, the restricted shares are kept by a trust, which is appointed by the Company, before they are vested. These restricted shares shall not be sold, transferred, pledged, gifted, or disposed by any other means, to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian shall act based on the law and regulations. If the shares remain unvested after the vesting period, the Company will redeem all the unvested shares without consideration and cancel the shares thereafter. Restricted shares could be received in cash and stock dividends, or could be used to participate in cash injection. The aforementioned new shares are not considered as restricted shares.

The information of the Company's employee restricted shares were as follows:

Unit: in thousands of shares

	2022	2021
Outstanding unit at January 1	1,283	2,306
Canceled during the period	(30)	(53)
Vested during the period	(1,253)	(970)
Outstanding unit at December 31	-	1,283

As of December 31, 2022 and 2021, the unearned employee benefit were $0 and $13,030, respectively.

The compensation cost related to the employee restricted share were $2,396 and 32,576 respectively for the years ended December 31, 2022 and 2021.

(u) Earnings per share

(i) Basic earnings per share

1) Net income attributable to ordinary shareholders of the Company

	2022	2021
Net income attributable to ordinary shareholders of the Company	$ 2,013,156	1,787,544

2) Weighted-average number of ordinary shares (thousand shares)

	2022	2021
Weighted-average number of ordinary shares as of December 31	218,722	207,793
Basic earnings per share (dollars)	$ 9.20	8.60

(ii) Diluted earnings per share

1) Net income attributable to ordinary shareholders of the Company (diluted)

	2022	2021
Net income attributable to ordinary shareholders of the Company(basic) (diluted)	$ **2,013,919**	**1,799,512**

2) Weighted-average number of ordinary shares (diluted) (thousand shares)

	2022	2021
Weighted-average number of outstanding ordinary shares (basic)	218,722	207,793
Effect of remuneration to employees	3,959	2,970
Effect of employee restricted shares unvested	885	1,784
Effect of convertible bonds payable	795	10,721
Weighted-average number of ordinary shares (diluted)	**224,361**	**223,268**
Diluted earnings per share (dollars)	$ **8.98**	**8.06**

(v) Revenue from contracts with customers

(i) Details of revenue

	2022	2021
Primary geographical markets:		
America	$ 18,532,126	9,895,139
Europe	18,153,698	20,269,034
Asia and others	10,481,925	8,075,885
	$ **47,167,749**	**38,240,058**
Major products:		
Smart Home Solution	$ 16,630,098	22,691,012
Mobility Solution	15,946,538	1,909,456
Broadband Solution	13,232,692	12,663,587
Others	1,358,421	976,003
	$ **47,167,749**	**38,240,058**

(Continued)

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable	$ 10,841,313	7,720,448	6,939,295
Less: allowance for uncollectible accounts	(44,598)	(28,152)	(26,831)
Total	**$ 10,796,715**	**7,692,296**	**6,912,464**

For the details on accounts receivable and allowance for uncollectible accounts, please refer to note (6)(e).

(w) Remuneration to employees and directors

Based on the Company's articles of incorporation, if there is any income before tax prior to deduction of the remuneration of employees and directors in a fiscal year, it shall be distributed to employees as remuneration in an amount of not less than five percent (5%) and to directors as remuneration in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset its accumulated losses. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees serve in the subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2022 and 2021, the Company accrued employee remuneration of $327,896 and $309,470, and directors' remuneration of $17,635 and $16,806, respectively. The estimated amounts mentioned above are based on the income before tax prior to deduction of the remuneration to employees and directors of each respective ending period, multiplied by the percentage of remuneration to employees and directors, which were approved by the management of the Company. The estimations were recorded under operating costs or expenses during 2022 and 2021.

The differences between the actual amounts and the estimate recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee remuneration in the form of stock, the number of the shares of the employee remuneration is determined based on the closing price of the day before the Board of Directors' meeting.

There is no differences between the amounts approved in the Board of Directors' meeting and those recognized in the consolidated financial statement for the year ended December 31, 2021, the related information can be accessed through the Market Observation Post System website.

(Continued)

(x) Financial instruments

(i) Credit risk

1) Maximum exposure to credit risk

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

2) Concentration of credit risk

The Group has large customer bases; therefore, the Group does not concentrate on a specific customer and the sales regions are widely spread, thus, there should be no concern on the significant concentrations of accounts receivable credit risk. In addition, in order to mitigate accounts receivable credit risk, the Group constantly assesses the financial status of its customers, wherein it does not require its customers to provide any collaterals.

3) Receivable and debt securities

For credit risk exposure of note and trade receivables, please refer to note (6)(e).

Other financial assets at amortized cost include other receivables, repurchase agreements and time deposits. These financial assets are considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Besides, due to the counterparties of the time deposits and repurchase agreements held by the Group are financial institutions with investment grade and above credit ratings, these time deposits and repurchase agreements are considered to have low credit risk.

The movement of loss allowance provision for the years ended December 31, 2022 and 2021 were as follows:

	Other receivables
Balance at January 1, 2022	$ 3
Impairment loss recognized	525
Balance at December 31, 2022	**$ 528**
Balance at January 1, 2021	$ 45
Impairment loss reversed	(42)
Balance at December 31, 2021	**$ 3**

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities. Except for lease liabilities and bonds payable, the amounts exclude estimated interest payments.

	Carrying Amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
December 31, 2022					
Non-derivative financial liabilities					
Unsecured bank loans	$ 4,386,582	(4,386,582)	(4,386,582)	-	-
Accounts payable (including related parties)	14,180,945	(14,180,945)	(14,180,945)	-	-
Other payables	4,807,007	(4,807,007)	(4,807,007)	-	-
Lease liability－current and non-current	195,745	(204,828)	(86,754)	(82,618)	(35,456)
Deposits received	34,607	(34,607)	(34,607)	-	-
Derivative financial liabilities					
Other foreign exchange forward contracts:	30,795				
Outflow		(719,840)	(719,840)	-	-
Inflow		692,176	692,176	-	-
Foreign exchange forward contracts used for hedging	47,809				
Outflow		(2,126,800)	(2,126,800)	-	-
Inflow		2,090,285	2,090,285	-	-
	$ 23,683,490	**(23,678,148)**	**(23,560,074)**	**(82,618)**	**(35,456)**
December 31, 2021					
Non-derivative financial liabilities					
Unsecured bank loans	$ 4,363,580	(4,363,580)	(4,363,580)	-	-
Accounts payable (including related parties)	9,785,660	(9,785,660)	(9,785,660)	-	-
Other payables	3,844,588	(3,844,588)	(3,844,588)	-	-
Bonds payable	326,571	(328,500)	(328,500)	-	-
Lease liability－current and non-current	283,729	(302,673)	(96,175)	(91,218)	(115,280)
Deposits received	29,711	(29,711)	(29,711)	-	-
Derivative financial liabilities					
Other foreign exchange forward contracts:	1,589				
Outflow		(358,895)	(358,895)	-	-
Inflow		357,183	357,183	-	-
	$ 18,635,428	**(18,656,424)**	**(18,449,926)**	**(91,218)**	**(115,280)**

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Market risk

1) Exposure to foreign currency risk

The Group's significant exposure to financial assets and liabilities for foreign currency risk were as follows:

Unit: thousands of foreign currency

	December 31, 2022			December 31, 2021		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 749,672	USD/TWD =30.71	23,022,427	484,260	USD/TWD =27.68	13,404,317
EUR	56,037	EUR/TWD =32.72	1,833,531	52,311	EUR/TWD =31.32	1,638,381
Financial liabilities						
USD	883,557	USD/TWD =30.71	27,134,035	600,011	USD/TWD =27.68	16,608,304
EUR	20,859	EUR/TWD =32.72	682,506	27,365	EUR/TWD =31.32	857,072

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, notes and accounts payable and other payables (including related parties) that are denominated in foreign currency. The analysis assumes that all other variables remain constant. A strengthening (weakening) 5% of each foreign currency against the functional currency on December 31, 2022 and 2021 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods:

	December 31, 2022	**December 31, 2021**
USD (against the TWD)		
Strengthening 5%	$ (205,580)	(160,199)
Weakening 5%	205,580	160,199
EUR (against the TWD)		
Strengthening 5%	57,551	39,065
Weakening 5%	(57,551)	(39,065)

(Continued)

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2022 and 2021, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $391,251 and $(161,048), respectively.

(iv) Interest rate analysis

The Group's risk exposure to financial assets and liabilities for interest rate were as follows:

	Carrying amount	
	December 31, 2022	**December 31, 2021**
Fixed rate financial instrument:		
Financial assets	$ 5,054,505	4,676,032
Financial liabilities	(4,386,582)	(4,690,151)
	$ 667,923	**(14,119)**
Variable rate financial instrument:		
Financial assets	**$ 2,522,097**	**3,291,890**

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

If the interest rate had increased or decreased by 0.25% on the reporting date, assuming all other variables remaining constant the net income before tax would have increased or decreased by $6,305 and $8,230 for the years ended December 31, 2022 and 2021, respectively, which would be mainly resulted from the bank savings with variable interest rates.

(v) Fair value

1) The categories of financial instruments and fair value

The Group's financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows. However, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required.

(Continued)

	December 31, 2022				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss－current and non-current					
Derivative financial assets	$ 187	-	187	-	187
Non derivative financial assets mandatorily measured at fair value through profit or loss	46,379	-	-	46,379	46,379
Subtotal	46,566				
Financial assets measured at fair value through other comprehensive income					
Stocks unlisted on domestic markets	46,150	-	-	46,150	46,150
Financial assets measured at amortized cost:					
Cash and cash equivalents	7,579,551	-	-	-	-
Notes and accounts receivable, net	10,796,715	-	-	-	-
Other receivables (including related parties)	276,728	-	-	-	-
Refundable deposits	90,135	-	-	-	-
Subtotal	18,743,129				
Total	$ 18,835,845				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 30,795	-	30,795	-	30,795
Financial liabilities for hedging	47,809	-	47,809	-	47,809
Financial liabilities measured at amortized cost					
Short-term borrowings	4,386,582	-	-	-	-
Accounts payable (including related parties)	14,180,945	-	-	-	-
Other payables	4,807,007	-	-	-	-
Lease liabilities–current and non-current	195,745	-	-	-	-
Deposits received	34,607	-	-	-	-
Subtotal	23,604,886				
Total	$ 23,683,490				

(Continued)

	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss － current and non-current					
Derivative financial assets	$ 19,713	-	19,713	-	19,713
Non-derivative financial assets mandatorily measured at fair value through profit or loss	37,475	-	-	37,475	37,475
Subtotal	57,188				
Financial assets measured at fair value through other comprehensive income					
Stocks unlisted on domestic markets	26,169	-	-	26,169	26,169
Accounts receivable	298,642	-	298,642	-	298,642
Subtotal	324,811				
Financial assets measured at amortized cost					
Cash and cash equivalents	7,970,779	-	-	-	-
Notes and accounts receivable, net	7,393,654	-	-	-	-
Other receivables (including related parties)	98,994	-	-	-	-
Refundable deposits	112,868	-	-	-	-
Subtotal	15,576,295				
Total	**$ 15,958,294**				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 1,589	-	1,589	-	1,589
Financial liabilities measured at amortized cost					
Short-term borrowings	4,363,580	-	-	-	-
Accounts payable (including related parties)	9,785,660	-	-	-	-
Other payables	3,844,588	-	-	-	-
Bonds payable	326,571	-	-	-	-
Lease liabilities–current and non-current	283,729	-	-	-	-
Deposits received	29,711	-	-	-	-
Subtotal	18,633,839				
Total	**$ 18,635,428**				

(Continued)

2) Fair value valuation technique for financial instruments not measured at fair value

The Group's estimates financial instruments that not measured at fair value by methods and assumptions as follows:

a) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the most recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Fair value valuation technique for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The Group holds the unquoted equity investments of financial instruments without an active market. The measurement of fair value of the equity instruments is based on the Guideline Public Company method, which mainly assumes the evaluation by the price-book ratio of comparable public companies and by the discount for lack of marketability. The estimation has been adjusted by the effect resulting from the discount for lack of marketability of the securities.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward contracts is usually determined by using the forward exchange rate.

4) Transfers between Level 1 and Level 2

There was no transfer from level 2 to level 1 for the years ended December 31, 2022 and 2021.

(Continued)

5) Reconciliation of Level 3 fair values

	Fair value through profit of loss	Fair value through other comprehensive income
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	**Unquoted equity instruments**
Balance at January 1, 2022	$ 37,475	26,169
Total gains and losses recognized		
In profit or loss	8,904	-
In other comprehensive income	-	19,981
Balance at December 31, 2022	**$ 46,379**	**46,150**
Balance at January 1, 2021	$ 42,840	31,135
Total gains and losses recognized		
In profit or loss	(5,365)	-
In other comprehensive income	-	(4,966)
Balance at December 31, 2021	**$ 37,475**	**26,169**

For the years ended December 31, 2022 and 2021, total gains and losses that were included in "gains and losses on financial assets (liabilities) at fair value through profit or loss" and "unrealized gains and losses from investments in equity instruments measured at fair value through other comprehensive income" were as follows:

	2022	**2021**
Total gains and losses recognized:		
In profit or loss, and presented in "Gains and losses on financial assets(liabilities) at fair value through profit or loss"	**$ 8,904**	**(5,365)**
In other comprehensive income, and presented in "Unrealized gains and losses from investments in equity instruments measured at fair value through other comprehensive income"	**$ 19,981**	**(4,966)**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair values include "financial assets measured at fair value through profit or loss – investments in private equity fund" and "financial assets measured at fair value through other comprehensive income – equity investments".

Most of fair value measurements of the Group categorized within Level 3 have single and significant unobservable inputs. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity instruments are independent from each other, as a result, there is no relevance between them.

Quantified information of significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income–equity investment without an active market	Comparable market approach	· Price-Book ratio multiples (1.21~3.77 and 1.58~5.31 on December 31, 2022 and 2021, respectively)	· The higher the multiple is , the higher the fair value will be.
		· Lack-of-Marketability discount rate (30% on December 31, 2022 and 2021)	· The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through profit or loss–investments in private equity fund	Net asset value method	· Net asset value	· Inapplicable

7) Fair value measurements in Level 3 – Sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement in financial instruments is reasonable. However, the measurement would be different if different valuation models or parameters are adopted. For fair value measurements in Level 3, if the valuation parameters changed, the impacts on profit or loss or other comprehensive income (loss) are as follows:

			Other comprehensive income	
	Input	Move up or down	Favorable change	Unfavorable change
December 31, 2022				
Financial assets measured at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 2,323	2,340
				zz
	Lack-of-Marketability discount rate	5%	$ 986	990

(Continued)

	Input	Move up or down	Other comprehensive income Favorable change	Unfavorable change
December 31, 2021				
Financial assets measured at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 1,356	1,327
	Lack-of-Marketability discount rate	5%	$ 573	573

The favorable and unfavorable change represent the movement of the fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes for a single input, and it does not consider the interrelationships and variability with another inputs.

8) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards No.32 Sections 42 endorsed by the FSC which requested for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

Unit: In thousand dollars of TWD and USD

December 31, 2022 Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement	Gross amounts of recognized financial assets/ liabilities (a)	Gross amounts of financial assets/ liabilities offset in the balance sheet (b)	Net amount of financial assets/ liabilities presented in the balance sheet (c)=(a)-(b)
Cash/short-term borrowings	$ 8,525,741 (USD 277,621)	8,525,741 (USD 277,621)	-

December 31, 2021 Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement	Gross amounts of recognized financial assets/ liabilities (a)	Gross amounts of financial assets/ liabilities offset in the balance sheet (b)	Net amount of financial assets/ liabilities presented in the balance sheet (c)=(a)-(b)
Cash/short-term borrowings	$ 8,300,236 (USD 299,864)	8,300,236 (USD 299,864)	-

(Continued)

(y) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Group's risk management policies are set for identifying and analyzing the risk that the Group confronts for setting the appropriate amount of the risk and complying with the policies. The Group continually reviews the risk management policies to reflect the market condition and the changes of the Group's operation. The Group develops a disciplined and constructive environment and makes employees understand their rules and obligations through training, management guidelines, and operating procedures.

Audit Committee of the Group ensures that the monitoring of the management is in compliance with the Group's risk management policies and procedures, and reviews the appropriateness of the related risk management framework. The Group's internal auditors assist the Audit Committee to supervise and review the control and procedures of the risk management periodically and aperiodically, and report the findings to the Audit Committee and the Board of Directors.

(iii) Credit risk

Credit risk is the risk on the financial loss to the Group if a customer or a counterparty fails to meet its contractual obligations. It arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings or financial statements provided by customers (internal ratings). Purchase limits are established for each customer, and these limits are reviewed periodically. Customers who do not meet the basic credit rating of the Group only can make transactions by either advanced payments or obtain consent by authorized supervisors.

The Group's customers are mainly from the communications industry. And in order to mitigate the credit risk of accounts receivable, the Group constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Group regularly accesses the collectability of accounts receivable and recognizes the allowance for accounts receivable. The impairment losses are always within management's expectation.

The Group set the allowance for bad debt account to reflect the estimated losses for trade and other receivables. The allowance for bad debt account is based on extensive analysis for customers' creditworthiness and historical collection records.

2) Investments

The credit risks exposure in the bank deposits and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transaction counterparties and the contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits and investment grade, there are no compliance issues, and therefore, no significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages and maintain sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. The loans and borrowings from banks form an important source of liquidity for the Group. As of December 31, 2022 and 2021, for the information of the unused credit lines of short-term loans, please see note (6)(l).

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which 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 optimising the return.

In order to manage market risk, there are some financial liabilities incurred by the Group from buying and selling of derivative instruments. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Group, primarily in USD, EUR and other currencies.

The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk. Most of these contracts have a maturity of less than one year from the reporting date. The forward elements of forward exchange contracts are excluded from designation as the hedging instrument and are separately accounted for as a cost of hedging, which is recognized in equity in "other equity interest – gains (losses) on hedging instruments". The Group's policy is requesting for the critical terms of the forward exchange contracts to align with the hedged items.

The Group determines the existence of an economic relationship between the hedging instruments and hedged items based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

– the effect of the counterparty and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and

– changes in the timing of the cash flows for hedged transactions.

2) Interest rate risk

The Group borrows funds with a stable combination of fixed and variable interest rates to maintain its interest rate risk. The Group adopts contracts of interest swap to avoid the variability of cash flows attributed to fluctuation of interest rate.

(z) Capital management

The Group maintains the capital based on the current operating characteristics of the industry, future development and changes in external environment to assure there is essential financial resource and operating plan to support working capital, capital expenditures, research & development expense, debt redemption and dividend payment and so on. The management decides the optimized capital structure by using the appropriate debt-to-equity ratio. To maintain a strong capital base, the Group enhances the return on equity by optimizing debt-to-equity ratio. The Group's debt-to-equity ratio at the end of the reporting date were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 26,081,266	20,978,000
Total equity	13,939,261	12,923,113
Debt-to-equity ratio	187 %	162 %

As of December 31, 2022 and 2021, there were no changes in the Group's approach of capital management.

(Continued)

(aa) Investing and financing activities not affecting cash flow

The Group's investing and financing activities which did not affect the cash flow for the years ended December 31, 2022 and 2021 were as follows:

(i) The acquisition of right-of-use assets by lease, please see note (6)(j).

(ii) Convertible bonds issued, please see note (6)(n).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes Other	December 31, 2022
Short-term borrowings	$ 4,363,580	23,002	-	4,386,582
Lease liabilities	283,729	(86,559)	(1,425)	195,745
Bonds payable	326,571	(7,400)	(319,171)	-
Deposits received	29,711	4,785	111	34,607
Total liabilities from financing activities	**$ 5,003,591**	**(66,172)**	**(320,485)**	**4,616,934**

	January 1, 2021	Cash flows	Non-cash changes Other	December 31, 2021
Short-term borrowings	$ 707,795	3,655,785	-	4,363,580
Lease liabilities	380,816	(88,702)	(8,385)	283,729
Bonds payable	980,219	-	(653,648)	326,571
Deposits received	2,073	27,570	68	29,711
Total liabilities from financing activities	**$ 2,070,903**	**3,594,653**	**(661,965)**	**5,003,591**

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Compal Electronics, Inc.(CEI) is not only the parent company of the consolidated entity but also the ultimate controlling party of the Group. CEI owns 33 percent of all outstanding ordinary shares of the Company, and has released the consolidated financial statements available for public use.

(b) Name and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Compal Electronics, INC.	Parent company
Compal Electronics (Vietnam) Co., Ltd. (“CVC”)	The ultimate parent company is the same
Kinpo Group Management Service Company	The chairman of parent company is the same as that of the entity
AcBel Polytech Inc.	The chairman of the entity is the first degree of kinship of the chairman of parent company
LIZ Electronics (Nantong) Co., Ltd.	An associate of parent company
LIZ Electronics (Kunshan) Co., Ltd.	〃

(c) Significant related party transactions

(i) Purchases of goods from related parties

The amounts of significant purchases by the Group from related parties were as follows:

	2022	2021
Parent company	$ 4,736,735	23,523
Other related parties	92,488	114,402
	$ 4,829,223	**137,925**

The pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were net 60~120 days from the end of the month of delivery, which were similar to those offered by other vendors.

(ii) Other expenditures

Other related parties provided technical support, professional services and other services for the Group, and the related expenses for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Other related parties	**$ 1,085**	**17,832**

(iii) Lease

In April 2019, the Group leased factories and buildings from other related parties－CVC, with a lease term of 3 years, after surveying the market price in neighboring areas. The Group recognized the interest expenses of $258 for the year ended December 31,2021. As of December 31, 2021, the balance of lease liabilities amounted to $1,200. The lease contract had been early terminated on January 31, 2022, and recognized the lease modification benefit of $174.

(Continued)

The Group leased machinery equipment from other related parties－CVC with a contract term of 5 years in June 2019. The lease payment was collected by the parent company on behalf of CVC, and had been fully paid by the Group in 2020. The balance of right-of-use assets were amounted to $39,190 as of December 31, 2021. In addition, the lease contract had been early terminated on January 31, 2022. The prepaid lease payment amounting to $40,541 had been refunded by parent company. The Group has received the refund and recognized the lease modification benefit of $1,351.

(iv) Property transaction

1) Disposals of property, plant and equipment

The disposals of equipment to related parties were as follows:

	2022		2021	
Related party categories	**Disposal price**	**Gain (loss) on disposal**	**Disposal price**	**Gain (loss) on disposal**
Other related parties	**$ -**	**-**	**19,689**	**(4,825)**

2) Acquisition of property, plant and equipment

In January 2022, the Group purchased machinery equipment from other related parties－CVC. The transaction amount of $40,325 had been fully paid.

(v) Payables to related parties

The payables to related parties were as follows:

Account	**Related party categories**	**December 31, 2022**	**December 31, 2021**
Accounts payable	Parent company	$ 1,451,984	14,034
Accounts payable	Other related parties	27,754	39,091
		$ 1,479,738	**53,125**

(vi) Receivables from related parties

The other receivables arising from selling eqipments to related parties were as follows:

Account	**Related party categories**	**December 31, 2022**	**December 31, 2021**
Other receivables	Other related parties	**$ -**	**19,689**

(Continued)

(d) Transactions with key management personnel

Key management personnel remunerations comprised:

		2022	2021
Short-term employee benefits	$	100,795	101,577
Post-employment benefits		1,058	1,248
Share-based payments		2,350	5,771
	$	**104,203**	**108,596**

Please refer to note note (6)(t) for further explanations related to share-based payment.

(8) Pledged assets:None

(9) Commitments and contingencies:

As of December 31, 2022 and 2021, the Group has entered into agreements for the construction of its plants, amounted to $779,873 and $70,962, respectively, which have yet to be paid.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

The followings are the summary statement of employee benefits, depreciation and amortization expenses by function:

By function / By item	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	829,314	1,684,105	2,513,419	834,014	1,733,022	2,567,036
Labor and health insurance	45,471	117,237	162,708	32,288	123,544	155,832
Pension	47,744	63,883	111,627	52,452	59,598	112,050
Others	598,173	62,551	660,724	658,534	58,929	717,463
Depreciation	535,121	152,012	687,133	389,270	142,746	532,016
Amortization	1,540	45,503	47,043	5,006	30,800	35,806

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the years ended December 31, 2022:

(Continued)

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(i) Loans to other parties:

Unit: In thousand dollars of TWD/USD

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2 & 3)	Note
													Item	Value			
0	The Company	Arcadyan do Brasil Ltda	Other receivables	Yes	35,867 (USD1,300)	-	-	1%	2	-	Operating demand	-	-	-	2,761,448	5,522,896	The transactions had been eliminated in the consolidated financial statements.
0	〃	Arcadyan do Brasil Ltda	〃	Yes	59,880 (USD2,000)	-	-	1%	2	-	Operating demand	-	-	-	2,761,448	5,522,896	〃
0	〃	Arcadyan do Brasil Ltda	〃	Yes	64,300 (USD2,000)	61,420 (USD2,000)	42,994 (USD1,400)	5%	2	-	Operating demand	-	-	-	2,761,448	5,522,896	〃
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	280,250 (USD10,000)	-	-	1%	1	4,821,470 (USD157,000)	-	-	-	-	2,761,448	5,522,896	〃
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	321,500 (USD10,000)	307,100 (USD10,000)	-	1%	1	14,679,380 (USD478,000)	-	-	-	-	2,761,448	5,522,896	〃
0	〃	Arcadyan Technology Corporation (Russia), LLC	〃	Yes	32,150 (USD1,000)	-	-	1%	1	418,792 (USD13,637)	-	-	-	-	335,034 (USD10,909)	5,522,896	〃
1	Arcadyan Holding	CNC	〃	Yes	546,550 (USD17,000)	-	-	1%	2	-	Operating demand	-	-	-	2,108,499	2,108,499	〃

Note 1: Number 1 represents the business relationship with the Company; number 2 represents the short-term financing facility, if necessary.

Note 2: According to the policy of the Company on Lending Funds to Other Parties, the amount of loans to others shall not exceed 40% of the net worth of the Company. To borrowers having business relationship with the Company, the total amount of loans to the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expected amount for the current year, which shall not exceed 20% of the net worth of the Company. Also, the amount shall be combined with the Company’ s endorsements/guarantees for the borrower upon calculation. When a short-term financing facility is deemed necessary, only the investees of the Company are allowed to borrow. The total amount of loans to the borrower shall not exceed 80% of the its net worth, nor shall it exceed 20% of the net worth of the Company, and it shall be combined with the Company’s endorsements/guarantees for the borrower upon calculation.

Note 3: According to the policy of Arcadyan Holding on Loaning Funds to Others, the amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility with Arcadyan Holding is deemed necessary, only the investees of Arcadyan Holding are allowed to borrow. The total amount for lending the borrower shall not exceed its net worth , and it shall be combined with the Company’s endorsements/guarantees for the borrower upon calculation.

Note 4: The amounts in New Taiwan Dollars were translated at the exchange rate of $30.71(USD) and $0.4147(RUB) based on the year-end date.

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars of TWD/USD

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Arcadyan Technology Australia Pty Ltd	100% owned subsidiary of the Company	1,840,965	241,125 (USD7,500)	230,325 (USD7,500)	-	-	1.67 %	5,522,896	Y	N	N

Note: The total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 40% of the Company’ s net worth. The total amount of endorsements/ guarantees the Company or the Group is permitted to make for a single company shall not exceed 1/3 of the amount aforementioned.

(Continued)

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Unit: In thousand dollars of TWD/thousand shares

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Highest balance during the year		Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	Shares	Percentage of ownership (%)	
The Company	Geo Things Inc.	-	Financial assets at fair value through profit or loss–non-current	200	-	4.17 %	-	200	7.14 %	
〃	AirHop Communication, Inc.	-	〃	1,152	-	4.60 %	-	1,152	4.60 %	
〃	Adant Technologies Inc.	-	〃	349	-	4.93 %	-	349	4.93 %	
〃	IOT Eye, Inc.	-	〃	60	-	13.75 %	-	60	13.75 %	
〃	TIEF Fund, L.P.	-	〃	-	46,379	7.49 %	46,379	-	7.49 %	
〃	Chimei Motor Electronic Co Ltd.	-	Financial assets at fair value through other comprehensive income–non-current	1,650	46,150	4.93 %	46,150	1,650	7.17 %	
〃	Golden Smart home Technology Corp.	-	〃	1,229	-	5.61 %	-	1,229	6.14 %	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Name of property	Transaction date (Note 1)	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relation-ship with the Company	Date of transfer	Amount			
Arcadyan Vietnam	Plant, mechanical and electrical equipment	May 5, 2022	Estimated the maximum limit of 1,437,610	657,737	DONG HUI CO., LTD and THANH NGUYEN DUC CONSTRUCTION AND TRADING CO., LTD	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	Operation use	None

Note 1: In order to meet the operational needs, the Board of Directors of Arcadyan Vietnam resolved on May 5, 2022, to authorize the chairman of the Board to expand the plant in the maximum limit of USD48,000. The total contract amount is expected to be $1,437,610 (VND1,118,763 million).

(vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(Continued)

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter party	Nature of relationship	Transaction details: Purchase/ Sale	Transaction details: Amount	Transaction details: Percentage of total purchases/ (sales)	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/Accounts receivable (payable): Ending balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
The Company	Arcadyan Germany	Subsidiary	(Sales)	(1,226,274)	(3)%	Net 150 days from delivery	-	-	597,274	6 %	Note 3
〃	Arcadyan USA	〃	(Sales)	(16,685,476)	(36)%	Net 120 days from delivery	-	-	4,102,435	39 %	Note 3
〃	Arcadyan AU	〃	(Sales)	(1,135,329)	(2)%	Net 60 days from the end of the month of delivery	-	-	281,293	3 %	Note 3
〃	CNC	〃	Purchases	11,854,935	16 %	Net 120 days from delivery	According to cost plus pricing	-	(3,011,224)	(24)%	Note 1、3
〃	Arcadyan Vietnam	〃	Purchases	3,412,391	5 %	Net 180 days from the end of the month of delivery	〃	-	Note 2	- %	Note 1、3
〃	Compal Electronics, INC.	Parent company of the Company	Purchases	4,736,735	6 %	Net 60 days from the end of the month of delivery	-	-	(1,451,984)	(12)%	-
CNC	The Company	Parent company	(Sales)	(11,854,935)	(100)%	Net 120 days from delivery	According to cost plus pricing	-	3,011,224	98 %	Note 1、3
Arcadyan Vietnam	The Company	Parent company	(Sales)	(3,412,391)	(100)%	Net 180 days from the end of the month of delivery	〃	-	Note 2	- %	Note 1、3
Arcadyan Germany	The Company	Parent company	Purchases	1,226,274	100 %	Net 150 days from delivery	-	-	(597,274)	(100)%	Note 3
Arcadyan USA	〃	〃	Purchases	16,685,476	100 %	Net 120 days from delivery	-	-	(4,102,435)	(100)%	Note 3
Arcadyan AU	〃	〃	Purchases	1,135,329	100 %	Net 60 days from the end of the month of delivery	-	-	(281,293)	(100)%	Note 3

Note 1: The ending balances were derived from the net transactions on processing and sales of raw materials.
Note 2: As of December 31, 2022, the other receivables were amounted to $1,000,854.
Note 3: The transactions had been eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue: Amount	Overdue: Action taken	Amounts received in subsequent period (Note 3)	Allowance for bad debts
The Company	Arcadyan USA	Subsidiary	4,102,435	5.45	-		2,632,307	-
〃	Arcadyan Vietnam	〃	1,000,854 (Note 2)	(Note 2)	-		-	-
〃	Arcadyan AU	〃	281,293	7.45	-		188,344	-
〃	Arcadyan Germamy	〃	597,274	2.84	-		236,699	-
CNC	The Company	Parent company	3,011,224 (Note 1)	4.70	-		655,717	-
TTI	TCH	Subsidiary of TTI	268,851 (Note 2)	(Note 2)	-		-	-

(Continued)

Note 1: The ending balance was accounts receivable derived from processing.
Note 2: The ending balance was other receivables derived from purchasing raw materials on behalf of related parties.
Note 3: Balance as of March 3, 2023.

(ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)

(x) Business relationships and significant intercompany transactions:

Unit: In thousands dollars of TWD

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Arcadyan Germany	1	Sales Revenue	1,226,274	There is no significant difference of price between general customers'. The credit period is net 150 days from delivery.	2.60 %
〃	〃	〃	1	Accounts Receivable	597,274	〃	1.49 %
〃	〃	Arcadyan USA	1	Sales Revenue	16,685,476	There is no significant difference of price between general customers'. The credit period is net 120 days from delivery.	35.37 %
〃	〃	〃	1	Accounts Receivable	4,102,435	〃	10.25 %
〃	〃	Arcadyan AU	1	Sales Revenue	1,135,329	There is no significant difference of price between general customers'. The credit period is net 60 days from the end of the month of delivery.	2.41 %
〃	〃	〃	1	Accounts Receivable	281,293		0.70 %
〃	〃	Arcadyan Vietnam	1	Other Receivable	1,000,854	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	2.50 %
1	CNC	The Company	2	Processing Revenue	11,854,935	The price is based on the operating cost-plus. The credit period is net 120 days from delivery and depended on funding demand.	25.13 %
〃	〃	〃	2	Accounts Receivable	3,011,224	〃	7.52 %
2	Arcadyan Vietnam	The Company	2	Processing Revenue	3,412,391	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	7.23 %

Note 1: The numbers filled in as follows:
1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:
1 represents transactions between the parent company and its subsidiaries.
2 represents transactions between the subsidiaries and the parent company.
3 represents transactions between subsidiaries.

(Continued)

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

Unit: In thousand dollars of TWD and USD and thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2022	Original investment amount December 31, 2021	Balance as of December 31, 2022 Shares (thousands)	Balance as of December 31, 2022 Percentage of ownership	Balance as of December 31, 2022 Carrying value	The highest holdings in the period Shares	The highest holdings in the period Percentage of Ownership	Net Income (Losses) of the Investee	Share of Income (losses) of the Investee	Note
The Company	Arcadyan Holding	British Virgin Islands	Investment activities	1,701,027	2,219,782	47,780	100%	1,804,421	64,780	100 %	(45,949)	(257,561)	Note 2、4、7
The Company	Arcadyan USA	USA	Selling and technical support of wireless networking products	23,055	23,055	1	100%	79,312	1	100 %	(63,692)	(63,692)	Note 2、4
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	87,814	0.5	100 %	7,152	7,152	〃
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	24,216	20	100 %	11,167	11,167	〃
The Company and ZHI-BAO	Arcadyan Brasil	Brazil	Selling of wireless networking products	81,593	81,593	968	100%	(41,645)	968	100 %	(23,669)	(23,669)	〃
The Company	ZHI-BAO	Hsinchu City	Investment activities	48,000	48,000	34,980	100%	405,516	34,980	100 %	(10,735)	(10,735)	〃
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	205,272	25,028	61 %	(256,058)	(156,306)	〃
The Company	AcBel Telecom	Taipei City	Investment activities	-	23,000	-	-%	-	4,494	51 %	3,365	1,718	Note 5
The Company	Arcadyan UK	England	Technical support of wireless networking products	1,988	1,988	50	100%	4,759	50	100 %	572	572	Note 2、4
The Company	Arcadyan AU	Australia	Selling of wireless networking products	1,161	1,161	50	100%	61,405	50	100 %	18,089	18,089	〃
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	7,672	-	100%	4,964	-	100 %	(1,713)	(1,713)	〃
The Company	CBN	Hsinchu County	Manufacturing and selling of broadband network products	11,925	11,925	533	1%	11,898	533	1 %	(57,588)	(450)	Note 3
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	29,110	13,507	7,500	100%	23,337	7,500	100 %	(4,001)	(4,001)	Note 2、4、6
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	892,126 (USD29,050)	892,126 (USD29,050)	29,050	100%	1,223,179 (USD39,830)	29,050	100 %	267,559 (USD8,977)	Investment gain(losses) recognized by Arcadyan Holding	Note 2、4
〃	Arch Holding	British Virgin Islands	Investment activities	338,148 (USD11,011)	338,148 (USD11,011)	35	100%	827,635 (USD26,950)	35	100 %	(323,027) (USD(10,838))	〃	〃
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	890,590 (USD29,000)	890,590 (USD29,000)	-	100%	1,218,634 (USD39,682)	-	100 %	267,530 (USD8,976)	Investment gain (losses) recognized by Sinoprime	〃
TTI	Quest	Samoa	Investment activities	36,852 (USD1,200)	36,852 (USD1,200)	1,200	100%	(230,523)	1,200	100 %	(142,972)	Investment gain (losses) recognized by TTI	〃
TTI	TTJC	Japan	Selling digital home appliance	9,626	9,626	0.7	100%	3,297	0.7	100 %	(499)	〃	〃
Quest	Exquisite	Samoa	Investment activities	35,931 (USD1,170)	35,931 (USD1,170)	1,170	100%	(232,168) (USD(7,560))	1,170	100 %	(142,975) (USD(4,797))	Investment gain(losses) recognized by Quest	〃
ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	36,272	36,272	13,140	19.32%	293,202	13,140	19.32 %	(57,588)	Investment gain(losses) recognized by ZHI-BAO	Note 3

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of $US29.805 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of US$30.71 based on the reporting date.
Note 2: The Group has owner control.
Note 3: The Group has significant influence.
Note 4: The transactions had been eliminated in the consolidated financial statements.
Note 5: The liquidation procedures of the subsidiary had been completed on August 19, 2022.
Note 6: The subsidiary was incorporated on March 25, 2021.
Note 7: The subsidiary was reduced capital at the amount of USD17,000 on September 21. 2022.

(Continued)

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousand dollars of TWD and USD)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest balance during the year		Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow				Shares	Percentage of ownership (%)				
SVA	Research and sale of wireless networking products	248,751 (USD8,100)	Note 1	(Note 4) 412,128 (USD13,420)	-	-	412,128 (USD13,420)	6,199 (USD208)	100%	-	100%	6,199 (USD208)	35,040 (USD1,141)	-	Note 3
CNC	Manufacturing of wireless networking products	382,340 (USD12,450)	〃	(Note 5) 338,148 (USD11,011)	-	-	338,148 (USD11,011)	(323,027) (USD(10,838))	100%	-	100%	(323,027) (USD(10,838))	827,635 (USD26,950)	-	〃
TCH	Manufacturing of digital home appliance products	102,879 (USD3,350)	Notes 1 and 6	35,317 (USD1,150)	-	-	35,317 (USD1,150)	(142,975) (USD(4,797))	100%	-	100%	(142,975) (USD(4,797))	(232,690) (USD(7,577))	-	〃

Note 1: Investment in Mainland China through companies registered in a third region.
Note 2: The amounts in New Taiwan Dollars were translated at the exchange rate of $US29.805 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of US$30.71 based on the reporting date.
Note 3: The amounts are according to the financial statements which have been audited by parent company's independent external CPA.
Note 4: The Company paid US$18,420 thousands and acquired 100% shares of SVA from Accton Asia through Arcadyan Holding in 2010.
Note 5: The Company paid US$8,561 thousands and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.
Note 6: The Company’s subsidiary, TTI, obtained control over TCH for US$1,150 thousands on February 28, 2013 (base date of stock transferring).

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China by Investment Commission, MOEA
785,593 (USD25,581)	785,593 (USD25,581)	8,284,344

Note : The amounts in TWD were translated at the exchange rate of $30.71 on December 31, 2022.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2022, which were eliminated in the preparation of consolidated financial statements, are disclosed in “ Information on significant transactions” and “ Business relationships and significant intercompany transactions” .

(d) Major shareholders:

Unit: Share

Shareholding / Shareholder’s Name	Shares Owned	Ownership Percentage
Compal Electronics, Inc.	41,304,504	18.74 %

(Continued)

(14) Segment information:

Beginning from the first quarter of 2022, the basis of segmentation of the Group is different from the last annual consolidated financial statements. The difference is resulted from the adjustment of the basis of measurement of segment profit or loss starting from the current year. The reportable segment after adjustment includes only one segment- the networking product segment. The networking product segment is primarily engaged in the research, development, manufacture and sale of wireless LAN products, integrated digital and mobile multimedia products, wireless audio and video products, integrated home network game products, and digital set-top box products. The segment information of the Group is consistent with the information in the financial statements, and please see the consolidated statement of comprehensive income for the segment profit or loss.

(a) Geographic information

Stated below are the geographic information on the Group's sales presented by location of customers and non-current assets presented by location of the assets.

(i) Revenue from external customers: Please refer to note (6)(v).

(ii) Non-current assets:

Country	2022	2021
Vietnam	$ 2,605,566	1,445,314
Taiwan	2,235,127	2,290,898
Mainland China	745,937	842,677
Others	1,124	976
	$ 5,587,754	**4,579,865**

Non-current assets include plant, property, and equipment, intangible assets, right of use assets and other assets, excluding deferred tax assets and financial assets.

(b) Major customers information

	2022	2021
Customer:		
L Company	$ 9,159,566	696,194
J Company	4,316,298	5,330,643
K Company	2,591,200	6,011,031
	$ 16,067,064	**12,037,868**

5. Parent-Company-Only Financial Statements and Independent Auditors' Report

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Independent Auditors' Report

To the Board of Directors of Arcadyan Technology Corporation:

Opinion

We have audited the financial statements of Arcadyan Technology Corporation(" the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2022 and 2021, 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Inventory valuation

   Please refer to Note (4)(g) and Note (5) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainly of the valuation of inventory, respectively. Information regarding the inventory is shown in Note (6)(f) of the financial statements.

Description of key audit matters:

Inventory is measured at the lower of cost and net realizable value. The Company is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, digital home multimedia appliances, mobile broadband and wireless audio and video products. The significant change in supply and competitive market of demand may cause fluctuation in product price. Consequently, the book value of inventory may exceed its net realizable value. Therefore, the valuation of inventory is one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included : assessing the rationality of the Company's accounting policies, such as the policy of provision for inventory loss due to price decline, obsolete, and slow moving inventories; inspecting the Company's inventory aging reports' accuracy and analyzing the changes of inventory aging which are in accordance with the Company's accounting policies; sampling and inspecting the Company's sales price, as well as verifying the calculation of the lower of cost or net realizable value; and assessing the disclosure of provision for inventory valuation and obsolescence was appropriate.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and I-Wen Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

Notes to Readers

The accompanying parent company only 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

ARCADYAN TECHNOLOGY CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in thousand dollars of TWD)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 6,352,629	17	6,767,854	23
1110	Current financial assets at fair value through profit or loss (note (6)(b))	187	-	17,980	-
1170	Notes and accounts receivable, net (notes (6)(e) and (u))	5,497,095	16	4,724,297	16
1180	Accounts receivable from related parties, net (note (7))	5,010,025	14	2,328,537	8
1200	Other receivables	464,885	1	36,970	-
1210	Other receivables from related parties (note (7))	1,274,873	3	1,386,023	4
1310	Inventories, net (note (6)(f))	12,535,342	34	8,584,714	29
1410	Prepayments	79,382	-	27,771	-
1470	Other current assets (note (8))	5,572	-	41,108	-
		31,219,990	85	23,915,254	80
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(g))	2,711,914	8	3,469,645	12
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	46,379	-	37,475	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	46,150	-	26,169	-
1600	Property, plant and equipment (note (6)(h))	2,005,392	6	1,943,162	7
1755	Right-of-use assets (note (6)(i))	19,940	-	49,192	-
1780	Intangible assets (note (6)(j))	92,298	-	112,312	-
1840	Deferred tax assets (note (6)(q))	486,832	1	308,938	1
1900	Other non-current assets	75,125	-	92,483	-
		5,484,030	15	6,039,376	20
	Total assets	$ 36,704,020	100	29,954,630	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note (6)(k))	$ 3,366,765	9	4,143,580	14
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	30,795	-	989	-
2126	Current financial liabilities for hedging (note (6)(d))	47,809	-	-	-
2170	Accounts payable	8,104,425	22	5,598,033	19
2180	Accounts payable to related parties (note (7))	4,464,602	12	2,051,957	7
2200	Other payables (including related parties) (note (7))	4,638,726	13	3,442,911	11
2230	Current tax liabilities	660,600	2	243,290	1
2250	Current provisions (note (6)(o))	608,560	2	483,782	2
2280	Current lease liabilities (note (6)(n))	15,144	-	4,567	-
2300	Other current liabilities (note (6)(l))	821,529	2	698,203	2
2321	Bonds payable, current portion (note (6)(m))	-	-	326,571	1
		22,758,955	62	16,993,883	57
	Non-Current liabilities:				
2570	Deferred tax liabilities (note (6)(q))	26,168	-	165,797	1
2580	Non-current lease liabilities (note (6)(n))	4,497	-	4,996	-
2640	Non-current net defined benefit liability (note (6)(p))	74,423	-	105,902	-
2670	Other non-current liabilities	32,737	-	27,951	-
		137,825	-	304,646	1
	Total liabilities	22,896,780	62	17,298,529	58
	Equity (notes (6)(m), (r) and (s)):				
3100	Ordinary share	2,203,543	6	2,164,926	7
3200	Capital surplus	4,091,729	11	4,032,400	14
3300	Retained earnings	7,514,181	21	6,738,883	22
3410	Exchange differences on translation of foreign financial statements	39,384	-	(243,747)	(1)
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income (note (6)(w))	(3,350)	-	(23,331)	-
3450	Gain(loss) from hedging instrument	(38,247)	-	-	-
3490	Unearned employee benefit	-	-	(13,030)	-
	Total equity	13,807,240	38	12,656,101	42
	Total liabilities and equity	$ 36,704,020	100	29,954,630	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ARCADYAN TECHNOLOGY CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in thousand dollars of TWD, except net income per share amounts)

		2022		2021	
		Amount	%	Amount	%
4000	**Operating Revenues** (notes (6)(u) and (7)):				
4100	Net sales revenue	$ 45,800,360	99	35,748,424	99
4800	Other operating revenue	517,342	1	286,205	1
		46,317,702	100	36,034,629	100
5000	**Operating costs** (notes (6)(f), (6)(j), (6)(p), (7) and (12))	40,095,468	87	31,453,035	87
	Gross profit from operating	6,222,234	13	4,581,594	13
5910	Unrealized profit from sales	44,799	-	9,442	-
		6,177,435	13	4,572,152	13
	Operating expenses (notes (6)(j), (6)(p), (7) and (12)):				
6100	Selling expenses	908,245	2	512,113	1
6200	Administrative expenses	450,699	1	350,287	1
6300	Research and development expenses	2,260,691	5	1,692,807	5
	Total operating expenses	3,619,635	8	2,555,207	7
	Net operating income	2,557,800	5	2,016,945	6
	Non-operating income and expenses:				
7100	Interest income	46,178	-	17,409	-
7230	Foreign exchange (losses) gains, net	464,648	1	(137,476)	-
7225	Gains on disposal of investments	2,568	-	-	-
7375	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method (note (6)(g))	(479,429)	(1)	254,856	-
7010	Other income	7,975	-	17,717	-
7510	Interest expense (note (6)(m))	(95,923)	-	(21,173)	-
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss (notes (6)(b) and (6)(d))	(116,880)	-	104,366	-
	Total non-operating income and expenses	(170,863)	-	235,699	-
	Income before tax	2,386,937	5	2,252,644	6
7950	Less: Income tax expenses (note (6)(q))	373,781	1	465,100	1
	Net income	2,013,156	4	1,787,544	5
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(p))	28,873	-	(8,980)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note (6)(c))	19,981	-	(4,966)	-
8349	Less:Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(q))	5,775	-	(1,796)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	43,079	-	(12,150)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	291,862	1	(84,195)	-
8368	Gains (losses) on hedging instrument (note (6)(d))	(47,809)	-	2,192	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(8,731)	-	(28)	-
8399	Less:Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(q))	(9,562)	-	(16,838)	-
	Components of other comprehensive income that may be reclassified to profit or loss	244,884	1	(65,193)	-
8300	**Other comprehensive income**	287,963	1	(77,343)	-
	Total comprehensive income	**$ 2,301,119**	**5**	**1,710,201**	**5**
	Earnings per share (note (6)(t))				
9750	Basic earnings per share	**$ 9.20**		**8.60**	
9850	Diluted earnings per share	**$ 8.98**		**8.06**	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

ARCADYAN TECHNOLOGY CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in thousand dollars of TWD)

			Retained earnings				Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unearned employee benefit	Total other equity interest	Total equity
Balance at January 1, 2021	$ 2,084,095	3,661,594	981,894	95,172	5,029,131	6,106,197	(176,362)	(18,365)	(2,192)	(45,606)	(242,525)	11,609,361
Net income for the year ended December 31, 2021	-	-	-	-	1,787,544	1,787,544	-	-	-	-	-	1,787,544
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(7,184)	(7,184)	(67,385)	(4,966)	2,192	-	(70,159)	(77,343)
Comprehensive income for the year ended December 31, 2021	-	-	-	-	1,780,360	1,780,360	(67,385)	(4,966)	2,192	-	(70,159)	1,710,201
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	170,897	-	(170,897)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	101,747	(101,747)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,146,071)	(1,146,071)	-	-	-	-	-	(1,146,071)
Cash dividends from capital surplus	-	(208,377)	-	-	-	-	-	-	-	-	-	(208,377)
Convertible bonds converted into ordinary shares	81,363	584,253	-	-	-	-	-	-	-	-	-	665,616
Changes in equity of associates and subsidiaries accounted for using equity method	-	(5,602)	-	-	(1,603)	(1,603)	-	-	-	-	-	(7,205)
Share-based payment transactions	(532)	532	-	-	-	-	-	-	-	32,576	32,576	32,576
Balance at December 31, 2021	2,164,926	4,032,400	1,152,791	196,919	5,389,173	6,738,883	(243,747)	(23,331)	-	(13,030)	(280,108)	12,656,101
Net income for the year ended December 31, 2022	-	-	-	-	2,013,156	2,013,156	-	-	-	-	-	2,013,156
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	23,098	23,098	283,131	19,981	(38,247)	-	264,865	287,963
Comprehensive income for the year ended December 31, 2022	-	-	-	-	2,036,254	2,036,254	283,131	19,981	(38,247)	-	264,865	2,301,119
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	177,876	-	(177,876)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	70,159	(70,159)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,260,956)	(1,260,956)	-	-	-	-	-	(1,260,956)
Cash dividends from capital surplus	-	(217,406)	-	-	-	-	-	-	-	-	-	(217,406)
Convertible bonds converted into ordinary shares	38,920	281,014	-	-	-	-	-	-	-	-	-	319,934
Changes in equity of associates and subsidiaries accounted for using equity method	-	6,052	-	-	-	-	-	-	-	-	-	6,052
Share-based payment transactions	(303)	(10,331)	-	-	-	-	-	-	-	13,030	13,030	2,396
Balance at December 31, 2022	$ **2,203,543**	**4,091,729**	**1,330,667**	**267,078**	**5,916,436**	**7,514,181**	**39,384**	**(3,350)**	**(38,247)**	**-**	**(2,213)**	**13,807,240**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ARCADYAN TECHNOLOGY CORPORATION

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in thousand dollars of TWD)

	2022	2021
Cash flows from (used in) operating activities:		
Income before tax	$ 2,386,937	2,252,644
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	129,291	114,821
Amortization expense	45,286	34,121
Expected credit loss	16,983	82
Interest expense	95,923	21,173
Interest income	(46,178)	(17,409)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(8,904)	5,365
Share-based payments transactions	2,396	32,576
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	479,429	(254,856)
Gain on disposal of property, plant and equipment	(240)	(29)
Gain on disposal of investments accounted for using equity method	(2,568)	-
Lease modification benefits	(1,351)	-
Unrealized profit from sales	44,799	9,442
Total adjustments to reconcile probit (loss)	754,866	(54,714)
Changes in operating assets and liabilities:		
Chaneges in financial assets or liabilities mandatorily measured at fair value through profit or loss	47,599	(57,136)
(Increase) decrease in notes and accounts receivable	(789,256)	164,503
Increase in accounts receivable from related parties	(2,681,488)	(930,656)
Increase in other receivable(including related parties)	(340,040)	(883,723)
Increase in inventories	(3,950,628)	(3,637,896)
Increase in prepayments	(51,611)	(4,187)
Decrease in other current assets	35,536	3,162
Increase (decrease) in accounts payable (including related parties)	4,919,037	(926,551)
Increase in other payable and other current liabilities	1,364,233	1,769,318
Decrease in other operating liabilities	(2,606)	(2,197)
Total changes in operating assets and liabilities	(1,449,224)	(4,505,363)
Total adjustments	(694,358)	(4,560,077)
Cash inflow (outflow) generated from operations	1,692,579	(2,307,433)
Interest received	42,110	17,842
Dividends received	5,291	9,103
Interest paid	(78,076)	(6,823)
Income taxes paid	(260,932)	(577,419)
Net cash flows from (used in) operating activities	1,400,972	(2,864,730)
Cash flows from (used in) investing activities:		
Decrease in pledged assets	-	41,090
Acquisition of investments accounted for using equity method	(15,603)	(18,553)
Proceeds from disposal of investments accounted for using equity method	34,354	-
Reduction of capital from investee	518,755	139,950
Acquisition of property, plant and equipment	(113,600)	(568,710)
Proceeds from disposal of property, plant and equipment	766	2,638
Acquisition of intangible assets	(25,272)	(75,005)
Proceeds from disposal of right-of-use assets	40,541	-
Increase in other non-current assets	17,358	(66,830)
Net cash flows from (used in) investing activities	457,299	(545,420)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term borrowings	(776,815)	3,801,820
Repayments of bonds	(7,400)	-
Cash dividends paid	(1,478,345)	(1,354,449)
Repayment of lease principal	(15,722)	(4,894)
Other financing activities	4,786	27,570
Net cash flows (used in) from financing activities	(2,273,496)	2,470,047
Net decrease in cash and cash equivalents	(415,225)	(940,103)
Cash and cash equivalents at beginning of period	6,767,854	7,707,957
Cash and cash equivalents at end of period	**$ 6,352,629**	**6,767,854**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ARCADYAN TECHNOLOGY CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in thousand dollars of TWD, Unless Otherwise Specified)

(1) Company history

Arcadyan Technology Corporation (the "Company") was incorporated in May 9, 2003 and merged with BroadNet Technology, Inc. on May 1, 2006.

The Company is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, digital home multimedia appliances, mobile broadband products and wireless audio and video products.

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

These financial statements were authorized for issuance by the Board of Directors on March 14, 2023.

(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. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(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.

(b) Basis of preparation

(i) Basis of measurement

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

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

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Hedging financial assets are measured at fair value; and

4) The defined benefit liabilities (assets) are measured at fair value of plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(p).

(ii) Functional and presentation currencies

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

(c) Foreign currencies

(i) Foreign currency transactions

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

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

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

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

3) 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 non-current.

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

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

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

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

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits and repurchase agreements 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

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a account 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 account 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) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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.

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.

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.

(Continued)

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets).

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

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

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

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

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 month 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.

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.

(Continued)

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

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

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

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 90 days past due;

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

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

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

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

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

(Continued)

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.

(Continued)

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 and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate 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.

The Company designates certain hedging instruments (which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk) as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At inception of designated hedging relationships, the Company documents the risk management objectives and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under 'other equity－gains (losses) on hedging instruments', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Company expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

(Continued)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average-cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. However, if the actual operating capacity is not significantly different from the normal operating capacity, it will be apportioned according to the actual operating capacity, and the variable manufacturing overhead will be apportioned based on the actual operating capacity.

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

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

(i) Investments in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of the parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings: 50 years

2) Machinery and equipment: 3~6 years

3) Research equipment: 3~6 years

4) Modeling equipment: 2~3 years

5) Other equipment: 1~10 years

The main components of property, plant and equipment are factory buildings and firefighting facilities. Each component is depreciated based on its useful life.

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(k) 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.

(i) 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:

1) fixed payments, including in substance fixed payments;

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

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

4) 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:

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

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

3) 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

(Continued)

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

5) there is any lease modifications

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

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

The Company 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 factory facilities and vehicles 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.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Company will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

— the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

— the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

— any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

— there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

(Continued)

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

1) Authorization fee: amortized over the contract period by using the straight-line method.

2) Computer software: 1~10 years

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

(m) Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The Company will adjust the carrying amount of an asset or CGU to recoverable amount if the carrying amount of an asset or CGU exceeds its recoverable amount, and recognize impairment loss. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(n) Provisions

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

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on the historical experience of provision expenses as percentage of sales.

(o) 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.

(Continued)

(i) Sale of goods

The Company manufactures and sells broadband network products, wireless network products, digital home appliance and mobility products. 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.

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

(ii) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

(Continued)

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.

(q) 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 the Board of Directors authorized the price and approved employees can subscribe for shares.

(r) 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 are 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.

(Continued)

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

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

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

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

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

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

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

(i) the Company has a legally enforceable right to set off currenttax 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.

(s) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

(Continued)

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non controlling interests in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the Company's net assets in the event of liquidation. Other components of non controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(t) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds, employee compensation which could be issued in the form of common stock not yet approved by the Board of Directors, and employee restricted shares.

(u) Operating segments

Please refer to the Company's consolidated financial statements for the years ended December 31,2022 and 2021, for further details.

(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.

There are no critical judgments in applying the accounting policies that 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 is as follows:

Inventory valuation

As inventories are supposed to be measured based on the lower of cost or net realizable value, which is based on the estimated sales price; therefore, the value of inventories may vary due to the nature of the industry and market fluctuation. Please refer to note (6)(f) of the financial statement for inventory valuation.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 2,140	1,276
Checking accounts and demand deposits	1,500,489	2,766,578
Time deposits	3,600,000	4,000,000
Repurchase agreements	1,250,000	-
	$ 6,352,629	**6,767,854**

Please refer to note (6)(w) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2022	December 31, 2021
Current financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	$ 187	15,531
Foreign exchange swap contracts	-	2,449
Total	**$ 187**	**17,980**
Non-current financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets:		
Fund unlisted on domestic or foreign markets	**$ 46,379**	**37,475**
Held-for-trading financial liabilities:		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	**$ 30,795**	**989**

The Company uses derivative financial instruments to hedge the certain foreign exchange risk the Company is exposed to, arising from its operating activities. For the years ended December 31, 2022 and 2021, the derivative instruments, without the application of hedge accounting, classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities were as follows:

	December 31, 2022		
	Contract amount (in thousands)	**Currency**	**Maturity date**
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	EUR 8,000	Sell EUR / USD	May 12, 2023~ June 14, 2023
Foreign exchange forward	USD 512	Buy USD / INR	January 31, 2023
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	EUR 20,000	Sell EUR / USD	January 31, 2023~ April 14, 2023
Foreign exchange forward	EUR 2,000	Sell EUR / TWD	January 31, 2023

(Continued)

	December 31, 2021		
	Contract amount (in thousands)	**Currency**	**Maturity date**
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	EUR 15,000	Sell EUR / USD	January 14, 2022~ March 14, 2022
Swap contracts:			
Foreign exchange swaps	USD 20,000	B/S USD / TWD	February 14, 2022~ March 14, 2022
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	USD 5,000	Buy USD / CNH	January 26, 2022
Foreign exchange forward	EUR 2,000	Sell EUR / USD	February 25, 2022

Please refer to note (6)(w) for the exposure to credit risk of the financial instruments.

As of December 31, 2022 and 2021, the Company did not provide any aforementioned financial assets as collaterals.

(c) Financial assets at fair value through other comprehensive income

	December 31, 2022	**December 31, 2021**
Eqity investments at fair value through other comprehensive income:		
Stocks unlisted on domestic markets	$ 46,150	26,169

(i) For the years ended December 31, 2022 and 2021, unrealized gains (losses) from above mentioned equity measured at fair value were $19,981 and $(4,966), respectively, recognized under other comprehensive income.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2022 and 2021.

(iii) Please refer to note (6)(w) for information of market risk.

(iv) The Company did not provide any aforementioned financial assets as collaterals for its loans.

(d) Financial assets and liabilities used for hedging

(i) Financial assets and liabilities used for hedging were as follows:

	December 31, 2022	December 31, 2021
Cash flow hedge:		
Financial liabilities used for hedging:		
Foreign exchange forward contracts	$ **47,809**	**-**

(ii) Cash flow hedge－foreign exchange risk

The strategy of the Company is to enter into foreign exchange forward contracts to hedge its foreign currency exposure risk in relation to the forecast sales.

The Company has no balance of cash flow hedge as of December 31,2021. As of December 31, 2022, the amounts relating to the items designated as hedging instruments were as follows:

	December 31, 2022			
	Contract amount (in thousands)	Currency	Maturity date	Average strike price
Derivative financial liabilities used for hedging				
Forward contracts:				
Foreign exchange forward	EUR 65,000	Sell EUR / USD	January 30, 2023~ December 28, 2023	1.0472

(iii) Adjustments on reclassification from components of other comprehensive income

For the years ended December 31, 2022 and 2021, the details of adjustments on reclassification from other comprehensive income were as follows:

	2022	2021
Cash flow hedge		
Profit in current year	$ 82,853	43,006
Less: Profit of adjustments on reclassification from components of other comprehensive income which belongs to net income	130,662	40,814
Net Gains (losses) recognized in other comprehensive income	$ **(47,809)**	**2,192**

(iv) For the years ended December 31, 2022 and 2021, the ineffective portion of cash flow hedge recognized in profit were amounted to $44,071 and $0, respectively, were recognized under the "Gains (losses) on financial assets (liabilities) at fair value through profit or loss".

(v) For the years ended December 31, 2022 and 2021, profit or loss of adjustments from reclassification of other equity, deriving from the changes of fair-value for hedge instruments, were recognized under operating revenues in income statement.

(e) Notes and accounts receivable

		December 31, 2022	December 31, 2021
Accounts receivable – measured at amortized cost	$	5,538,510	4,749,254
Less: allowance for uncollectible accounts		(41,415)	(24,957)
	$	**5,497,095**	**4,724,297**

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

	December 31, 2022				
Credit rating		**Gross carrying amount**	**Weigh-average ECLs rate**	**Lifetime ECLs**	**Credit impaired**
Level A	$	2,238,387	0%	-	No
Level B		2,993,329	0.2%	6,246	No
Level C		286,772	5%	15,147	No
Level D		-	-	-	-
Level E		20,022	100%	20,022	Yes
Total	**$**	**5,538,510**		**41,415**	

	December 31, 2021				
Credit rating		**Gross carrying amount**	**Weighted-average rate**	**Lifetime ECLs**	**Credit impaired**
Level A	$	1,703,746	0%	-	No
Level B		2,600,509	0.1%	2,640	No
Level C		426,952	1%	4,270	No
Level D		-	-	-	-
Level E		18,047	100%	18,047	Yes
Total	**$**	**4,749,254**		**24,957**	

The aging analysis of notes and accounts receivable were as follows:

		December 31, 2022	December 31, 2021
Overdue 1~30 days	$	905,584	453,599
Overdue 31~60 days		119,110	125,620
Overdue 61~90 days		129,856	20,095
Overdue 91~180 days		71,301	12,376
Overdue over 181 days		28,574	25,726
	$	**1,254,425**	**637,416**

(Continued)

The movement in the allowance for notes and accounts receivable were as follows:

	2022	2021
Balance at January 1	$ 24,957	24,833
Impairment losses recognized	16,458	124
Balance at December 31	**$ 41,415**	**24,957**

As of December 31, 2022 and 2021, the Company did not provide any aforementioned notes and accounts receivable as collaterals for its loans.

(f) Inventories

(i) A summary of the Company's inventories were as follows:

	December 31, 2022	December 31, 2021
Raw materials	$ 1,510,355	3,694,269
Finished goods	11,024,987	4,890,445
	$ 12,535,342	**8,584,714**

(ii) Inventory cost recognized as operating costs for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Cost of sales and expense	$ 39,488,645	31,361,581
Provision for inventory valuation and obsolescence loss	606,823	91,454
	$ 40,095,468	**31,453,035**

(iii) As of December 31, 2022 and 2021, the Company did not provide any inventories as collaterals for its loans.

(g) Investments accounted for using equity method(including credit balance of investments accounted for using equity method)

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 2,658,371	3,442,176
Associates	11,898	12,642
	2,670,269	3,454,818
Add: Recorded as deduction of other receivable from related parties	41,645	14,827
	$ 2,711,914	**3,469,645**

(Continued)

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2022.

(ii) Associates

The Company's financial information for investment accounted for using equity method that are individually insignificant was as follows:

	December 31, 2022	December 31, 2021
The carrying amount of the Company's interests in all individually insignificant associates' equity	$ **11,898**	**12,642**

The Company's share of the net income (loss) of associates was as follows:

	2022	2021
Attributable to the Company:		
Net (loss) income from continuing operations	$ (450)	261
Other comprehensive income (loss)	3	(9)
Total comprehensive (loss) income	$ **(447)**	**252**

(iii) As of December 31, 2022 and 2021, the Company did not provide any investment accounted for using equity method as collaterals for its loans.

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021 were as follows:

	Land	Buildings and construction	Machinery and equipment	Research and development equipment	Molding equipment	Other equipment	Construction in progress and prepayment for purchase of equipment	Total
Cost:								
Balance at January 1, 2022	$ 878,978	828,128	175,457	584,991	90,354	253,076	9,208	2,820,192
Additions	-	-	9,320	98,324	21,309	31,170	16,062	176,185
Reclassifications	-	-	-	2,560	-	-	(2,560)	-
Disposals and derecognitions	-	-	(29,401)	(8,382)	-	(1,760)	-	(39,543)
Balance at December 31,2022	$ **878,978**	**828,128**	**155,376**	**677,493**	**111,663**	**282,486**	**22,710**	**2,956,834**
Balance at January 1, 2021	$ 463,262	828,128	197,419	463,086	90,952	242,224	25,804	2,310,875
Additions	415,716	-	1,494	102,337	10,776	19,314	21,187	570,824
Reclassifications	-	-	-	33,021	(2,366)	4,762	(37,783)	(2,366)
Disposals and derecognitions	-	-	(23,456)	(13,453)	(9,008)	(13,224)	-	(59,141)
Balance at December 31, 2021	$ **878,978**	**828,128**	**175,457**	**584,991**	**90,354**	**253,076**	**9,208**	**2,820,192**

(Continued)

		Land	Buildings and construction	Machinery and equipment	Research and development equipment	Molding equipment	Other equipment	Construction in progress and prepayment for purchase of equipment	Total
Depreciation and impairment loss:									
Balance at January 1, 2022	$	-	115,572	173,908	351,099	77,854	158,597	-	877,030
Depreciation		-	16,382	787	59,578	5,826	30,856	-	113,429
Disposals and derecognitions		-	-	(29,397)	(8,337)	-	(1,283)	-	(39,017)
Balance at December 31, 2022	**$**	**-**	**131,954**	**145,298**	**402,340**	**83,680**	**188,170**	**-**	**951,442**
Balance at January 1, 2021	$	-	98,675	197,153	316,299	83,310	144,199	-	839,636
Depreciation		-	16,897	202	46,691	3,550	26,586	-	93,926
Disposals and derecognitions		-	-	(23,447)	(11,891)	(9,006)	(12,188)	-	(56,532)
Balance at December 31, 2021	**$**	**-**	**115,572**	**173,908**	**351,099**	**77,854**	**158,597**	**-**	**877,030**
Carrying amounts:									
Balance at December 31, 2022	**$**	**878,978**	**696,174**	**10,078**	**275,153**	**27,983**	**94,316**	**22,710**	**2,005,392**
Balance at January 1, 2021	**$**	**463,262**	**729,453**	**266**	**146,787**	**7,642**	**98,025**	**25,804**	**1,471,239**
Balance at December 31, 2021	**$**	**878,978**	**712,556**	**1,549**	**233,892**	**12,500**	**94,479**	**9,208**	**1,943,162**

(i) In response to the demand of business operation, the Company decided to purchase land by a resolution of the Board of Directors on March 17, 2021. In addition, the Company has signed the land purchase agreement amounting to $415,480 with non-related parties on April 7, 2021. The procedures of ownership transfer has been completed and the relevant amount had been fully paid in the second quarter of 2021.

(ii) As of December 31, 2022 and 2021, the Company did not provide any Company's property, plant and equipment as collaterals.

(i) Right-of-use assets

The cost and depreciation of the right-of-use of the Company for the years ended December 31, 2022 and 2021 were as follow:

		Buildings and construction	Machinery	Vehicles and Other	Total
Cost:					
Balance at January 1, 2022	$	-	81,081	16,530	97,611
Additions		16,003	-	9,797	25,800
Disposals		-	(81,081)	(3,777)	(84,858)
Balance at December 31, 2022	**$**	**16,003**	**-**	**22,550**	**38,553**
Balance at January 1, 2021	$	-	81,081	10,648	91,729
Additions		-	-	10,637	10,637
Disposals		-	-	(4,755)	(4,755)
Balance at December 31, 2021	**$**	**-**	**81,081**	**16,530**	**97,611**
Depreciation:					
Balance at January 1, 2022	$	-	41,891	6,528	48,419
Depreciation		8,001	-	7,861	15,862
Disposals		-	(41,891)	(3,777)	(45,668)
Balance at December 31, 2022	**$**	**8,001**	**-**	**10,612**	**18,613**

(Continued)

	Buildings and construction	Machinery	Vehicles and Other	Total
Balance at January 1, 2021	$ -	25,675	6,604	32,279
Depreciation	-	16,216	4,679	20,895
Disposal	-	-	(4,755)	(4,755)
Balance at December 31, 2021	**$ -**	**41,891**	**6,528**	**48,419**
Carrying amount:				
Balance at December 31, 2022	**$ 8,002**	**-**	**11,938**	**19,940**
Balance at January 1, 2021	**$ -**	**55,406**	**4,044**	**59,450**
Balance at December 31, 2021	**$ -**	**39,190**	**10,002**	**49,192**

(j) Intangible Assets

The cost, amortization and impairment loss of intangible assets for the years ended December 31, 2022 and 2021, were as follows:

	Goodwill	Authorization fee	Computer software and others	Total
Cost:				
Balance at January 1, 2022	$ 6,556	39,114	144,523	190,193
Additions	-	-	25,272	25,272
Reductions	-	(14,286)	(29,443)	(43,729)
Balance at December 31, 2022	**$ 6,556**	**24,828**	**140,352**	**171,736**
Balance at January 1, 2021	$ 6,556	51,016	123,633	181,205
Additions	-	-	75,005	75,005
Reductions	-	(11,902)	(54,115)	(66,017)
Balance at December 31, 2021	**$ 6,556**	**39,114**	**144,523**	**190,193**
Amortization:				
Balance at January 1, 2022	$ -	32,108	45,773	77,881
Amortization	-	2,483	42,803	45,286
Reductions	-	(14,286)	(29,443)	(43,729)
Balance at December 31, 2022	**$ -**	**20,305**	**59,133**	**79,438**
Balance at January 1, 2021	$ -	39,742	70,035	109,777
Amortization	-	4,268	29,853	34,121
Reductions	-	(11,902)	(54,115)	(66,017)
Balance at December 31, 2021	**$ -**	**32,108**	**45,773**	**77,881**
Carrying amounts:				
Balance at December 31, 2022	**$ 6,556**	**4,523**	**81,219**	**92,298**
Balance at January 1, 2021	**$ 6,556**	**11,274**	**53,598**	**71,428**
Balance at December 31, 2021	**$ 6,556**	**7,006**	**98,750**	**112,312**

(Continued)

(i) Amortization expenses

The amortization of intangible assets is included in the statements of comprehensive income:

	2022	2021
Operating costs	$ 1,483	4,916
Operating expenses	$ 43,803	29,205

(ii) As of December 31, 2022 and 2021, the Company did not provide any intangible assets as collaterals.

(k) Short-term borrowings

The short-tem borrowings were summarized a follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 3,366,765	4,143,580
Unused credit line for short-term borrowings	$ 8,061,960	1,541,037
Annual interest rates	0.05%~5.58%	0.05%~0.87%

For the information of the Company's interest risk, foreign currency risk and liquidity risk, please see note (6)(w).

(l) Other current liabiliteis

The other current liabilities were summarized a follows:

	December 31, 2022	December 31, 2021
Temporary receipts－non-recurring engineering revenue and collection on behalf of others	$ 796,444	464,630
Others	25,085	233,573
	$ 821,529	698,203

(Continued)

(m) Unsecured convertible bonds payable

(i) The Company issued the first domestic unsecured convertible bonds on June 6, 2019, the details were as follows:

	December 31, 2022	December 31, 2021
Total convertible bonds issued	$ 1,000,000	1,000,000
Unamortized discounted bonds payable	-	(1,433)
Unamortized issuance cost on bonds payable	-	(496)
Accumulated converted amount	(992,600)	(671,500)
Repayment of bonds payable	(7,400)	-
Balance of bonds payable as of the reporting date	**$ -**	**326,571**
Conversion options included in equity components (recognized as capital surplus - stock options)	**$ -**	**15,987**
Conversion options included in equity components (recognized as capital surplus - expired stock options)	**$ 361**	**-**

	2022	2021
Interest expenses	**$ 763**	**11,968**

The effective interest rate of the first issued convertible bonds was 1.3284%.

(ii) The main terms of issuing the above-mentioned convertible bonds were as follows:

1) Coupon rate: 0%

2) Duration: three years (June 6, 2019~June 6, 2022)

3) Repayment:

Put option and call option are excluded from the issuance of convertible bonds. Except that the bondholders convert the bonds to Company's ordinary shares, or the bonds are repurchased and cancelled by the Company from the securities firm's business office, the bonds will be repaid in cash at par value when the bonds expired.

4) Terms of conversion:

a) The bondholder may opt to have its bonds converted into the Company's ordinary shares, with the approval of Taiwan Depository & Clearing Corporation through securities firms, at any time between three months after the issuance date (September 7, 2019) and the day before the maturity day (June 6, 2022), except for the following:

- The closing period in accordance with the applicable law;

(Continued)

- The period starting from the first day of the first fifteen working days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;

- The period starts from the date of record of the capital decrease and ends on the date prior to the trading of the reissuance shares after the capital decrease.

b) The conversion price was NT$98.3 per share upon issuance. The conversion price had been adjusted to NT$93.0 per share after distribution of cash dividends on ordinary shares and issuing new shares in cash in 2019, then had been adjusted to NT$87.7 and NT$82.5 per share after distribution of cash dividends on ordinary shares in 2020 and 2021, respectively.

(iii) The maturity date of above mentioned convertible bonds was on June 6, 2022. The remaining bonds which were not converted were repaid in cash at maturity with par value of $7,400 according to the terms of conversion.

(iv) From January 1 to June 6, 2022, and for the year ended December 31, 2021, the convertible bonds with a par value of $321,000 and $671,500 were converted into ordinary shares of the Company with $38,920 and $81,363, and the capital surplus were recognized with $296,640 and $616,933 (including the stock options reclassified as additional paid-in capital－premium of $15,626 and $32,680 and the unamortized discounts on bond payable of $1,166 and $5,884, respectively).

(n) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 15,144	4,567
Non-current	$ 4,497	4,996

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expense on lease liabilities	$ 319	99
Expenses relating to short-term leases	$ 3,948	11,651

(Continued)

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

	2022	2021
Total cash outflow for leases	$ **19,989**	**16,644**

(i) Office and vehicles lease

The Company leases office and vehicles with lease terms of 3 to 5 years.

(ii) Other leases

The Company leases laboratory with contract terms of 1 year. These leases are short-term items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Provisions

	Warranties
Balance at January 1, 2022	$ 483,782
Provisions made	332,855
Provisions used	(208,077)
Balance at December 31, 2022	$ **608,560**
Balance at January 1, 2021	$ 235,477
Provisions made	329,221
Provisions used	(80,916)
Balance at December 31, 2021	$ **483,782**

Provisions for warranty related to sales of products are assessed based on the historical experience of similar products or services and customer feedback.

(p) Employee benefits

(i) Defined benefit plans

Reconciliation of the present value of the defined benefit obligations and the fair value of plan assets for the Company were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 214,762	236,742
Fair value of plan assets	(140,339)	(130,840)
Net defined benefit liabilities	$ **74,423**	**105,902**

The Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans (cover by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

(Continued)

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 Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $140,339 as of the reporting date. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate 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 present value of defined benefit obligations for the Company for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Balance at January 1	$ 236,742	229,760
Current service costs and interest	2,174	2,702
Remeasurement of net defined benefit liabilities	(18,410)	10,461
Pension payments	(5,744)	(6,181)
Balance at December 31	**$ 214,762**	**236,742**

3) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Fair value of plan assets at January 1	$ 130,840	130,641
Contributions paid by the employer	4,024	4,081
Expected return on plan assets	756	818
Remeasurement of net defined benefit assets	10,463	1,481
Pension payments	(5,744)	(6,181)
Fair value of plan assets at December 31	**$ 140,339**	**130,840**
Actual return on plan assets	**$ 11,219**	**2,299**

(Continued)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Current service cost	$	768	1,278
Net interest on the net defined benefit liabilities		1,406	1,424
Expected return on plan assets		(756)	(818)
	$	**1,418**	**1,884**
Operating costs	$	165	290
Selling expenses		172	224
Administrative expenses		319	306
Research and development expenses		762	1,064
	$	**1,418**	**1,884**

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

The Company's actuarial gains and losses recognized in other comprehensive income, before tax for the years ended December 31, 2022 and 2021, were as follows:

		2022	2021
Cumulative amount at January 1	$	80,783	71,803
Recognized		(28,873)	8,980
Cumulative amount at December 31	$	**51,910**	**80,783**

6) Actuarial assumptions

a) The following are the Company's principal actuarial assumptions at the reporting date:

i) Actuarial valuation for present value of defined benefit obligations as of December 31, 2022 and 2021

	December 31, 2022	December 31, 2021
Discount rate	1.750 %	0.625 %
Future salary increasing rate	3.000 %	3.000 %

(Continued)

ii) Actuarial valuation for defined benefit plan cost for the years ended December 31, 2022 and 2021

	2022	2021
Discount rate	0.625 %	0.625 %
Future salary increasing rate	3.000 %	3.000 %

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date was $4,024.

The weighted-average duration of the defined benefit obligation is 12.98 years.

7) Sensitivity analysis

If the main actuarial assumptions as of December 31, 2022 and 2021 had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligation	
	Increased 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate	(4,565)	4,714
Future salary increasing rate	4,555	(4,422)
December 31, 2021		
Discount rate	(5,709)	5,925
Future salary increasing rate	5,670	(5,495)

Reasonably possible changes 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 on the net defined benefit liabilities in the balance sheets.

The method and assumptions used in the preparation of sensitivity analysis is consistent with prior period.

8) The payments of pension to the qualified employees from Bank of Taiwan labor pension reserve account made by the Company were amounted to $5,744 and $6,181 for the years ended December 31, 2022 and 2021, respectively.

(ii) Defined contribution plans

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

(Continued)

The Company recognized the pension costs under the defined contribution method amounting to $48,211 and $43,381 for the years ended December 31, 2022 and 2021, respectively. Payment was allocated to the Bureau of Labor Insurance.

(q) Income taxes

(i) Income tax expense

		2022	2021
Current tax expense			
Recognized during the period	$	607,066	527,467
Additional tax on undistributed earnings		13,568	14,622
Adjustment for prior periods		66,883	(52,577)
		687,517	489,512
Deferred tax expense			
Recognition and reversal of temporary differences		(313,736)	(24,412)
Income tax expense	**$**	**373,781**	**465,100**

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Exchange differences on translation of foreign financial statements	$	-	(16,838)
Gains (losses) on remeasurement of defined benefit plans		5,775	(1,796)
Gain on hedging instruments		(9,562)	-
	$	**(3,787)**	**(18,634)**

Reconciliation of income tax expense and income before tax for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Income before income tax	$	2,386,937	2,252,644
Income tax at the Company's domestic tax rate		477,387	450,529
Tax-exempt net profit and loss from investment		33,155	25,448
Changes in unrecognized temporary differences		(63,725)	87,637
Over provision in prior periods		3,210	(52,577)
Additional tax on undistributed earnings		13,568	14,622
Tax credit of investment		(90,000)	(70,000)
Others		186	9,441
	$	**373,781**	**465,100**

(Continued)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities:

As of December 31, 2021, there were no unrecongized deferred tax liabilities. As of December 31, 2022, since the Company was able to control the timing of the reversal of the temporary differences associated with investments in overseas subsidiaries, and the management considered it is probable that the temporary differences will not be reversed in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Detail were as follows:

	December 31, 2022
The temporary differences associated with investments in overseas subsidiaries	$ 510,620
Unrecognized deferred tax liabilities	$ 102,124

2) Unrecognized deferred tax assets:

Details of unrecognized under deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Tax effect of deductible temporary differences	$ 334,829	296,430

The management considered that the temporary differences would probably not be reversed in the foreseeable future. Therefore, such temporary differences were not recognized under deferred tax assets.

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

	Unrealized gain, net	Investment income recognized under the equity method (overseas)	Total
Deferred Tax Liabilities:			
Balance at January 1,2022	$ -	165,797	165,797
Recognized in profit or loss	26,168	(165,797)	(139,629)
Balance at December 31, 2022	26,168	-	26,168
Balance at January 1,2021	$ -	89,378	89,378
Recognized in profit or loss	-	76,419	76,419
Balance at December 31, 2021	$ -	165,797	165,797

(Continued)

		Defined benefit plans	Exchange difference on transaction of foreign financial statements	Loss on inventory valuation	Unrealized exchange losses, net	Unrealized gross profit	Others	Total
Deferred Tax Assets:								
Balance at January 1,2022	$	16,153	61,138	33,716	45,811	11,414	140,706	308,938
Recognized in profit or loss		-	-	162,050	(45,811)	8,960	48,908	174,107
Recognized in other comprehensive income		(5,775)	-	-	-	-	9,562	3,787
Balance at December 31, 2022	$	**10,378**	**61,138**	**195,766**	**-**	**20,374**	**199,176**	**486,832**
Balance at January 1,2021	$	14,357	44,300	25,078	40,748	9,526	55,464	189,473
Recognized in profit or loss		-	-	8,638	5,063	1,888	85,242	100,831
Recognized in other comprehensive income		1,796	16,838	-	-	-	-	18,634
Balance at December 31, 2021	$	**16,153**	**61,138**	**33,716**	**45,811**	**11,414**	**140,706**	**308,938**

(iii) The ROC tax authorities have examined the income tax expenses of the Company through 2020.

(r) Capital and other equities

As of December 31, 2022 and 2021, the authorized ordinary stocks were both $3,000,000 of which 220,355 thousand shares and 216,493 thousand shares were issued respectively. All issued shares were paid up upon issuance.

(i) Ordinary shares

Reconciliation of shares outstanding for 2022 and 2021 were as follows:

	Ordinary shares	
(in thousands of shares)	**2022**	**2021**
Balance on January 1	216,493	208,409
Cancellation of employee restricted shares	(30)	(53)
Convertible bonds converted into ordinary shares	3,892	8,137
Balance on December 31	**220,355**	**216,493**

In 2018, the Company issued its employee restricted shares amounting to $45,000, wherein the amount of $303 and $532, respectively, had been cancelled due to failure in meeting the for vested requirements for the years ended December 31, 2022 and 2021. As of the reporting date, the registration procedure had been completed.

For the years ended December 31, 2022 and 2021, by the request of bonds holders, the convertible bonds issued by the Company were converted into ordinary shares of $38,920 with 3,892 thousand new shares and $81,363 with 8,137 thousand new shares issued at par value, respectively. As of the reporting date, the registration procedures had been completed.

(Continued)

(ii) Capital surplus

The balances of capital surplus as of December 31, 2022 amd 2021 were as follows:

		December 31, 2022	December 31, 2021
Additional paid-in capital－premium	$	4,081,618	3,943,016
Difference between consideration and carry amount arising from acqusition or disposal of subsidiaries		3,698	3,698
Changes in equity of associates, joint ventures and subsidiaries accounted for using equity method		6,052	-
Issuance of convertible bonds		-	15,987
Expired stock options		361	-
Issuance of employee restricted shares		-	69,699
	$	**4,091,729**	**4,032,400**

According to the ROC 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 should not exceed 10% of the paid-in capital.

The capital surplus－premium resulted from the conversion of unsecured convertible bonds converted into ordinary shares for the years ended December 31, 2022 and 2021 were $296,640 and 616,933, respectively (including the stock options reclassified as additional-paid in capital－premium of $15,626 and $32,680, and the unamortized discounts on bonds payable of $1,166 and $5,864).

The Company's Board of Directors meeting held on March 10, 2022 and March 17, 2021, approved to distribute the cash dividend of $217,406 ($0.98662085 per share) and $208,377 (0.99977022 per share) through capital surplus. The related information can be accessed through the Market Observation Post System website.

The Company's Board of Directors meeting held on March 14, 2023, approved to distribute the cash dividend of $220,355 ($1.0 per share) through capital surplus. The related information can be accessed through the Market Observation Post System website after the meeting.

(Continued)

(iii) Retained earnings

According to the Company' s Article of Incorporation, if the Company make earnings in a fiscal year, after all tax and dues have been paid and accumulated loss for previous years have been made up, shall set aside 10% of earnings as legal reserve (unless the amount of legal reserve is equal or greater than total paid-in capital), and set aside the special reserve in accordance with relevant laws and regulations. Depending on operation conditions, the board of directors shall retain an appropriate amount then propose an earnings distribution plan. According to the Company' s Article of Incorporation, the Company authorize the board of directors to distribute dividend, bonus, capital surplus and legal reserve in whole or in part in the form of cash, after a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of total number of directors, and shall report such distribution plan in the general shareholders' meeting.

According to the Company's dividend stabilization policy, the type of dividends should be determined after considering the business environment, operating performance, financial structure, etc. If there is any year-end retained earnings to be distributed to stockholders, the dividend and bouns shall not be lower than 30% of the net income and the cash dividends to stockholders shall not be lower than 10% of total dividends.

1) Legal reverse

If 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. Only the portion of legal reserve which exceeds 25% of paid-in capital may be distributed.

2) Special reverse

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. An equivalent amount of special earnings reserve shall be reclassified from current-period net income, plus items other than current-period net income, that are included in the undistributed current-period earnings and undistributed prior-period earnings. A portion of undistributed prior period earnings shall be reclassified as a special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(iv) Earnings distributed

Earnings distribution for 2021 and 2020 were approved by the Board of Directors meeting held on March 10, 2022 and Mach 17, 2021, respectively. The relevant dividend distribution to shareholders were as follows:

	2021		**2020**	
	Amount per share (dollars)	**Total amount**	**Amount per share (dollars)**	**Total amount**
Cash dividends distributed to ordinary shareholders	5.72240092	$ 1,260,956	5.49873625	1,146,071

(Continued)

The earnings distribution for 2022 was approved by the Board of Directors meeting held on March 14, 2023 as follows:

	2021	
	Amount per share	**Total amount**
Cash dividends distributed to ordinary shareholders from unappropriated earnings	$ 5.5	1,211,949

The related information of the earnings distribution for the year 2022, can be accessed through the Market Observation Post System website after the meeting.

(s) Share-based payment

(i) Employee restricted share

At the meeting held on June 21, 2018, the Company's Board of Directors decided to issue 4,500 thousand shares of employee restricted shares to the Company's full-time employees who meet certain requirements. The restricted shares have been registered with, and approved by, the Securities and Futures Bureau of FSC. The Board of Directors decided to issue all the restricted shares on November 6, 2018, which is also the effective date of the share issuance.

3,500 thousand shares of the aforementioned restricted shares are issued without consideration. 30%, 30% and 40% of the 3,500 thousand restricted shares are vested when the employees continue to provide service for at least 2 year, 3 years and 4 years, respectively, from the registration and the effective date, and at the same time, meet the performance requirement. In addition, when earnings per share in two consecutive and complete fiscal years from the registration and effective date are no less than NT$4, and at the same time, the employees with the restricted shares meet the performance requirement, the other 1,000 thousand shares of the restricted shares are vested 100% at the date the shareholders approved the financial statements for the second fiscal year. If the earnings per share in two consecutive and complete fiscal years from the registration and effective date are between NT$3 to NT$4, at the same time, the employees with the restricted shares meet the performance requirement, the restricted shares are vested 75% at the date the shareholders approved the financial statements for the second fiscal year. If the earnings per share in two consecutive and complete fiscal years from the registration and effective date are less than NT$3, the employees with restricted shares, whether or not they meet the performance requirement, no restricted shares are vested at the date the shareholders approved the financial statements for the second fiscal year. The earnings per share mentioned above are calculated based on the profit approved by the shareholders and the weighted average number of ordinary shares outstanding at the date of the restricted shares have been approved by the authority.

(Continued)

After the issuance, the restricted shares are kept by a trust, which is appointed by the Company, before they are vested. These restricted shares shall not be sold, transferred, pledged, gifted, or disposed by any other means, to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian shall act based on the law and regulations. If the shares remain unvested after the vesting period, the Company will redeem all the unvested shares without consideration and cancel the shares thereafter. Restricted shares could be received in cash and stock dividends, or could be used to participate in cash injection. The aforementioned new shares are not considered as restricted shares.

The information of the Company's employee restricted shares were as follows:

Unit: in thousands of shares

	2022	**2021**
Outstanding unit at January 1	1,283	2,306
Canceled during the period	(30)	(53)
Vested during the period	(1,253)	(970)
Outstanding unit at December 31	**-**	**1,283**

As of December 31, 2022 and 2021, the unearned employee benefit were \$0 and \$13,030, respectivley.

The compensation cost related to the employee restricted shares were \$2,396 and \$32,576, respectively for the years ended December 31, 2022 and 2021.

(t) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

1) Net income attributable to ordinary shareholders of the Company

	2022	**2021**
Net income attributable to ordinary shareholders of the Company	**\$ 2,013,156**	**1,787,544**

2) Weighted-average number of ordinary shares (thousand shares)

	2022	**2021**
Weighted-average number of ordinary shares as of December 31	**218,722**	**207,793**
Basic earnings per share (dollars)	**\$ 9.20**	**8.60**

(Continued)

(ii) Diluted earnings per share

1) Net income attributable to ordinary shareholders of the Company (diluted)

		2022	2021
Net income attributable to ordinary shareholders of the Company(basic) (diluted)	$	**2,013,919**	**1,799,512**

2) Weighted-average number of ordinary shares (diluted) (thousand shares)

		2022	2021
Weighted-average number of outstanding ordinary shares (basic)		218,722	207,793
Effect of remuneration to employees		3,959	2,970
Effect of employee restricted shares unvested		885	1,784
Effect of convertible bonds payable		795	10,721
Weighted-average number of ordinary shares (diluted)		**224,361**	**223,268**
Diluted earnings per share (dollars)	$	**8.98**	**8.06**

(u) Revenue from contracts with customers

(i) Details of revenue

		2022 Networking Product Segment	2021 Networking Product Segmen
Primary geographical markets			
Europe	$	17,922,434	18,392,522
America		18,384,227	9,708,319
Asia and others		10,011,041	7,933,788
	$	**46,317,702**	**36,034,629**
Major products:			
Smart Home Solution	$	16,324,984	20,733,920
Broadband Solution		12,983,734	12,610,535
Mobility Solution		15,724,672	1,915,641
Materials and others		1,284,312	774,533
	$	**46,317,702**	**36,034,629**

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	$ 10,548,535	7,077,791	6,311,638
Less: Allowance for uncollectible accounts	(41,415)	(24,957)	(24,833)
Total	**$ 10,507,120**	**7,052,834**	**6,286,805**

For details on accounts receivable and allowance for impairment, please refer to note (6)(e).

(v) Remuneration to employees and directors

Based on the Company's articles of incorporation, if there is any income before tax prior to deduction of the remuneration of employees and directors in a fiscal year, it shall be distributed to employees as remuneration in an amount of not less than five percent (5%) and to directors as remuneration in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset its accumulated losses. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees serve in the subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2022 and 2021, the Company accrued employee remuneration of $327,896 and $309,470, and directors' remuneration of $17,635 and $16,806, respectively. The estimated amounts mentioned above are based on the income before tax prior to deduction of the remuneration to employees and directors of each respective ending period, multiplied by the percentage of remuneration to employees and directors, which were approved by the management of the Company. The estimations were recorded under operating costs or expenses during 2022 and 2021.

The differences between the actual amounts and the estimate recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee remuneration in the form of stock, the number of the shares of the employee remuneration is determined based on the closing price of the day before the Board of Directors' meeting.

There is no differences between the amounts approved in the Board of Directors' meeting and those recognized in the financial statement for the year ended December 31, 2021, the related information can be accessed through the Market Observation Post System website.

(w) Financial instruments

(i) Credit risk

1) Maximum exposure to credit risk

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

2) Concentration of credit risk

The Group has large customer bases; therefore, the Company does not concentrate on a specific customer and the sales regions are widely spread, thus, there should be no concern on the significant concentrations of accounts receivable credit risk. In addition, in order to mitigate accounts receivable credit risk, the Company constantly assesses the financial status of its customers, wherein it does not require its customers to provide any collaterals.

3) Receivables and debt risk

For credit risk exposure of note and trade receivables, please refer to note (6)(e).

Other financial assets at amortized cost includes other receivables, repurchase agreements and time deposits. 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). In addition, the counterparties of the time deposits and repurchase agreements held by the Company are the financial institutions with investment grade credit ratings, these time deposits and repurchase agreements are considered to have low credit risk.

The loss allowance provision as of December 31, 2022 and 2021 was determined as follows:

	Other receivables
Balance at January 1, 2022	$ 3
Impairment loss recognized	525
Balance at December 31, 2022	**$ 528**
Balance at January 1, 2021	$ 45
Impairment loss reversed	(42)
Balance at December 31, 2021	**$ 3**

(Continued)

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities. Except for lease liabilities and bonds payable, the amounts exclude estimated interest payments.

	Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
December 31, 2022					
Non-derivative financial liabilities					
Unsecured bank loans	$ 3,366,765	(3,366,765)	(3,366,765)	-	-
Accounts payable (including related parties)	12,569,027	(12,569,027)	(12,569,027)	-	-
Other payables (including related parties)	4,638,726	(4,638,726)	(4,638,726)	-	-
Lease liability－current and non-current	19,641	(19,817)	(15,293)	(4,308)	(216)
Deposits received	32,737	(32,737)	(32,737)	-	-
Derivative financial liabilities					
Other foreign exchange forward contracts:	30,795				
Outflow		(719,840)	(719,840)	-	-
Inflow		692,176	692,176	-	-
Foreign exchange forward contracts used for hedging	47,809				
Outflow	-	(2,126,800)	(2,126,800)	-	-
Inflow	-	2,090,285	2,090,285	-	-
	$ 20,705,500	**(20,691,251)**	**(20,686,727)**	**(4,308)**	**(216)**
December 31, 2021					
Non-derivative financial liabilities					
Unsecured bank loans	$ 4,143,580	(4,143,580)	(4,143,580)	-	-
Accounts payable (including related parties)	7,649,990	(7,649,990)	(7,649,990)	-	-
Other payables	3,442,911	(3,442,911)	(3,442,911)	-	-
Bonds Payable	326,571	(328,500)	(328,500)	-	-
Lease liability－current and non-current	9,563	(9,700)	(4,656)	(3,616)	(1,428)
Deposits received	27,951	(27,951)	(27,951)	-	-
Derivative financial liabilities					
Other foreign exchange forward contracts:	989				
Outflow		(202,293)	(202,293)	-	-
Inflow		200,996	200,996	-	-
	$ 15,601,555	**(15,603,929)**	**(15,598,885)**	**(3,616)**	**(1,428)**

(Continued)

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

(iii) Currency risk

1) Exposure to foreign currency risk

The Company' s significant exposure to financial assets and liabilities for foreign currency risk were as follows:

Unit: thousand of foreign currency

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 719,578	USD/TWD =30.71	22,098,240	471,166	USD/TWD =27.68	13,041,875
EUR	53,769	EUR/TWD =32.72	1,759,322	41,615	EUR/TWD =31.32	1,303,382
Financial liabilities						
USD	858,022	USD/TWD =30.71	26,349,856	588,514	USD/TWD =27.68	16,290,068

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade 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. The analysis assumes that all other variables remain constant. A strengthening (weakening) 5% of each foreign currency against the functional currency on December 31, 2022 and 2021 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods:

	December 31, 2022	December 31, 2021
USD (against the TWD)		
Strengthening 5%	$ (212,581)	(162,410)
Weakening 5%	212,581	162,410
EUR (against the TWD)		
Strengthening 5%	$ 87,966	65,169
Weakening 5%	(87,966)	(65,169)

(Continued)

3) Exchange gains and losses of monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2022 and 2021, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $464,648 and $(137,476), respectively.

(iv) Interest rate analysis

The Company's risk exposure to financial assets and liabilities for interest rate were as follows:

	Carrying amount	
	December 31, 2022	**December 31, 2021**
Fixed rate financial instrument:		
Financial assets	$ 4,850,000	4,000,000
Financial liabilities	(3,366,765)	(4,470,151)
	$ 1,483,235	**(470,151)**
Variable rate financial instrument:		
Financial assets	**$ 1,500,278**	**2,765,945**

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

If the interest rate had increased or decreased by 0.25% on the reporting date, assuming all other variables remaining constant, the net income before tax would have increased or decreased by $3,751 and $6,915 for the years ended December 31, 2022 and 2021, respectively, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

(v) Fair value information

1) The categories of financial instruments and fair value

The Company's financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging are measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows. However, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

(Continued)

ARCADYAN TECHNOLOGY CORPORATION
Notes to the Financial Statements

	December 31, 2022				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss-current and non-current					
Derivative financial assets	$ 187	-	187	-	187
Non-derivative financial assets mandatorily measured at fair value through profit or loss	46,379	-	-	46,379	46,379
Subtotal	46,566				
Financial assets measured at fair value through other comprehensive income					
Stocks unlisted on demestic markets	46,150	-	-	46,150	46,150
Financial assets measured at amortized cost					
Cash and cash equivalents	6,352,629	-	-	-	-
Notes and accounts receivable, net (including related parties)	10,507,120	-	-	-	-
Other receivables (including related parties)	1,739,758	-	-	-	-
Refundable deposits	75,125	-	-	-	-
Subtotal	18,674,632				
Total	$ 18,767,348				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 30,795	-	30,795	-	30,795
Financial liabilities for hedging	47,809	-	47,809	-	47,809
Financial liabilities measured at amortized cost					
Short-term borrowings	3,366,765	-	-	-	-
Accounts payable (including related parties)	12,569,027	-	-	-	-
Other payables (including related parties)	4,638,726	-	-	-	-
Lease liabilities－curent and non-current	19,641	-	-	-	-
Deposits received	32,737	-	-	-	-
Subtotal	20,626,896				
Total	$ 20,705,500				

(Continued)

	December 31, 2021				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Derivative financial assets	$ 17,980	-	17,980	-	17,980
Non-derivative financial assets mandatorily measured at fair value through profit or loss	37,475	-	-	37,475	37,475
Subtotal	55,455				
Financial assets measured at fair value through other comprehensive income					
Stocks unlisted on domestic markets	26,169	-	-	26,169	26,169
Financial assets measured at amortized cost					
Cash and cash equivalents	6,767,854	-	-	-	-
Notes and accounts receivable, net (including related parties)	7,052,834	-	-	-	-
Other receivables (including related parties)	1,422,993	-	-	-	-
Refundable deposits	92,483	-	-	-	-
Subtotal	15,336,164				
Total	**$ 15,417,788**				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 989	-	989	-	989
Financial liabilities measured at amortized cost					
Short-term borrowings	4,143,580	-	-	-	-
Accounts payable (including related parties)	7,649,990	-	-	-	-
Other payables	3,442,911	-	-	-	-
Bonds payable	326,571	-	-	-	-
Lease liabilities–current and non-current	9,563	-	-	-	-
Deposits received	27,951	-	-	-	-
Subtotal	15,600,566				
Total	**$ 15,601,555**				

2) Fair value valuation technique for financial instruments not measured at fair value

The Company’s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(Continued)

3) Fair value valuation technique for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The Company holds the unquoted equity investments of financial instruments without an active market. The measurement of fair value of the equity instruments is based on the Guideline Public Company method, which mainly assumes the evaluation by the price to book value ratio of similar public company and by the discount for lack of marketability. The estimation has been adjusted by the effect resulting from the discount for lack of marketability of the securities.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) Transfers between Level 1 and Level 2

There were no transfers from level 2 to level 1 in 2022 and 2021.

5) Reconciliation of Level 3 fair values

	At fair value through profit of loss	Fair value through other comprehensive income
	Non-derivation financial assets mandatorily measured at fair value through profit or loss	**Unquoted equity instruments**
Balance at January 1, 2022	$ 37,475	26,169
Total gains and losses recognized		
In profit or loss	8,904	-
In other comprehensive income	-	19,981
Balance at December 31, 2022	**$ 46,379**	**46,150**

(Continued)

	At fair value through profit of loss	Fair value through other comprehensive income
	Non-derivation financial assets mandatorily measured at fair value through profit or loss	**Unquoted equity instruments**
Balance at January 1, 2021	42,840	31,135
Total gains and losses recognized		
In profit or loss	(5,365)	-
In other comprehensive income	-	(4,966)
Balance at December 31, 2021	$ **37,475**	**26,169**

For the years ended December 31, 2022 and 2021, total gains and losses that were included in "gains and losses on financial assets (liabilities) at fair value through profit or loss" and "unrealized gains and losses from investments in equity instruments measured at fair value through other comprehensive income" were as follows:

	2022	**2021**
Total gains and losses recognized:		
In profit or loss, and presented in "Gains and losses on financial assets(liabilities) at fair value through profit or loss"	$ **8,904**	**(5,365)**
In other comprehensive income, and presented in "unrealized gains and losses from investment in equity instruments measured at fair value through other comprehensive income"	$ **19,981**	**(4,966)**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – investments in private equity fund" and " financial assets measured at fair value through other comprehensive income - investments".

Most of fair value measurements of the Company categorized within Level 3 have single and significant unobservable inputs. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity instruments are independent from each other, as a result, there is no relevance between them.

(Continued)

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investment without an active market	Comparable market approach	·Price-Book ratio multiples (1.21~3.77, and 1.58~5.31 on December 31, 2022 and 2021, respectively)	·The higher the multiple is , the higher the fair value will be.
		·Lack-of-Marketability discount rate (30% on December 31, 2022 and 2021)	·The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through profit or loss-investment in private equity fund	Net asset value method	· Net asset value	Inapplicable

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's fair value measurement in financial instruments is reasonable. However, the measurement would be different if different valuation models or parameters are adopted. For fair value measurements in Level 3, if the valuation parameters changed, the impacts on profit or loss or other comprehensive income (loss) are as follows:

	Input	Move up or down	Other comprehensive income Favorable change	Other comprehensive income Unfavorable change
December 31, 2022				
Financial assets measured at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 2,323	2,340
	Lack-of-Marketability discount rae	5%	$ 986	990
December 31, 2021				
Financial assets measured at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 1,356	1,327
	Lack-of-Marketability discount rae	5%	$ 573	573

(Continued)

The favorable and unfavorable changes represent the movement of the fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes for a single input, and it does not consider the interrelationships and variability with another input.

(x) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company's risk management policies are set for identifying and analyzing the risk that the Company confronts for setting the appropriate amount of the risk and complying with the policies. The Company continually reviews the risk management policies to reflect the market condition and the changes of the Company's operation. The Company develops a disciplined and constructive environment and makes employees understand their rules and obligations through training, management guidelines, and operating procedures.

Audit Committee of the Company ensures that the monitoring of the management is in compliance with the Company's risk management policies and procedures, and reviews the appropriateness of the related risk management framework. The Company's internal auditors assist the Audit Committee to supervise and review the control and procedures of the risk management periodically and aperiodically, and report the findings to the Audit Committee and the Board of Directors.

(iii) Credit risk

Credit risk is the risk on the financial loss to the Company if a customer or a counterparty fails to meet its contractual obligations. It arises principally from the Company's receivables from customers and investment securities.

(Continued)

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings or financial statements provided by customers (internal ratings). Purchase limits are established for each customer, and these limits are reviewed periodically. Customer who do not meet the basic credit rating of the Company only can make transactions by either advanced payment or obtain consent by authorized superisors.

The Company's customers are mainly from the communications industry. And in order to mitigate the credit risk of accounts receivable, the Company constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Company regularly accesses the collectability of accounts receivable and recognizes the allowance for accounts receivable. The impairment losses are always within management's expectation.

The Company set the allowance for bad debt account to reflect the estimated losses for trade and other receivables. The allowance for bad debt account is based on extensive analysis for customers' creditworthiness and historical collection records.

2) Investments

The credit risks exposure in the bank deposits and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transaction counterparties and the contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits and investment grade, there are no compliance issues, and therefore, no significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages and maintain sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. The loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2022 and 2021, for the information of the unused credit lines of short-term, please see note (6)(k).

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which 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 optimising the return.

In order to manage market risk, there are some financial liabilities incurred by the Company from buying and selling of derivative instruments. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Company seeks to apply hedge accounting in order to manage volatility in profit or loss.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Company, primarily USD and EUR.

The Company designates the spot element of forward foreign exchange contracts to hedge its currency risk. Most of these contracts have a maturity of less than one year from the reporting date. The forward elements of forward exchange contracts are excluded from designation as the hedging instrument and are separately accounted for as a cost of hedging, which is recognized in equity "other equity interest - gains (losses) on hedging instruments". The Company's policy is requesting for the critical terms of the forward exchange contracts to align with the hedged items.

The Company determines the existence of an economic relationship between the hedging instruments and hedged items based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

– the effect of the counterparty and the Company's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and

– changes in the timing of the cash flows for hedged transactions.

2) Interest rate risk

The Company borrows funds with a stable combination of fixed and variable interest rates to maintain its interest rate risk. The Company adopts contracts of interest swap to aviod variability of cash flows attributed to fluctuation of interest rate.

(a) Capital management

The Company maintains the capital based on the current operating characteristics of the industry, future development and changes in external environment to assure there is essential financial resource and operating plan to support working capital, capital expenditures, research & development expense, debt redemption and dividend payment and so on. The management decides the optimized capital structure by using the appropriate debt-to-equity ratio. To maintain a strong capital base, the Company enhances the return on equity by optimizing debt-to-equity ratio. The Company's debt-to-equity ratio at the end of the reporting date were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 22,896,780	17,298,529
Total equity	13,807,240	12,656,101
Debt-to-equity ratio	166 %	137 %

As of December 31, 2022, there were no changes in the Company' s approach of capital management.

(y) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021were as follows:

(i) The acquisition of right-of-use assets by lease, please see note (6)(i).

(ii) Issuance of convertible bonds, please see note (6)(m).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes Other	December 31, 2022
Short-term borrowings	$ 4,143,580	(776,815)	-	3,366,765
Lease liabilities	9,563	(15,722)	25,800	19,641
Bonds payable	326,571	(7,400)	(319,171)	-
Deposits received	27,951	4,786	-	32,737
Total liabilities from financing activities	**$ 4,507,665**	**(795,151)**	**(293,371)**	**3,419,143**

	January 1, 2021	Cash flows	Non-cash changes Other	December 31, 2021
Short-term borrowings	$ 341,760	3,801,820	-	4,143,580
Lease liabilities	3,820	(4,894)	10,637	9,563
Bonds payable	980,219	-	(653,648)	326,571
Deposits received	381	27,570	-	27,951
Total liabilities from financing activities	**$ 1,326,180**	**3,824,496**	**(643,011)**	**4,507,665**

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Compal Electronics Inc. (CEI) is both the parent company of the consolidated entity and the ultimate controlling party of the Company. CEI owns 33 percent of all outstanding ordinary shares of the Company, and it has released the consolidated financial statements available for public use.

(Continued)

(b) Name and relationship with related parties

The followings are related parties that have had transactions with the Company and subsidiaries during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Compal Electronics, Inc.	Parent company
Arcadyan Technology N.A. Corp. (Arcadyan USA)	Subsidiaries
Arcadyan Germany Technology GmbH (Arcadyan Germany)	〃
Arcadyan Holding (BVI) Corp. (Arcadyan Holding)	〃
ZHI-BAO Technology Inc. (ZHI-BAO)	〃
Tatung Technology Inc. (TTI)	〃
AcBel Telecom Inc. (AcBel Telecom) (Note 1)	〃
Arcadyan Technology Corporation Korea (Arcadyan Korea)	〃
Arcadyan do Brasil Ltda (Arcadyan Brasil)	〃
Arcadyan Technology Limited (Arcadyan UK)	〃
Arcadyan Technology Australia Pty Ltd (Arcadyan AU)	〃
Arcadyan Technology Corporation (Russia), LLC. (Arcadyan RU)	〃
Arcadyan India Private Limited (Arcadyan India)	〃
Sinoprime Global Inc. (Sinoprime)	Sub-subsidiaries
Arcadyan Technology (Shanghai) Corp. (SVA)	〃
Arch Holding (BVI) Corp. (Arch Holding)	〃
Compal Networking (Kunshan) Co., Ltd. (CNC)	〃
Arcadyan Technology (Vietnam) Co. Ltd (Arcadyan Vietnam)	〃
Tatung Technology of Japan Co., Ltd. (TTJC)	〃
Quest International Group Co., Ltd. (Quest)	〃
Exquisite Electronic Co., Ltd. (Exquisite)	〃
Tatung Home Appliance (Wujiang) Co., Ltd. (TCH)	〃
Kinpo Group Management Service Company	The chairman of the entity's ultimate parent company is the same as that of the Company.
Compal Electronics (Vietnam) Co., Ltd. ("CVC")	The entity's ultimate parent company is the same
LIZ Electronics (Nantong) Co., Ltd.	An associate of parent company
AcBel Polytech Inc. (AcBel)	The chairman of the entity is the first degree of kinship of the chairman parent company.

Note 1: On August 19, 2022 the liquidation procedures had been completed.

(Continued)

(c) Significant related party transactions

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	2022	2021
Subsidiaries:		
Arcadyan USA	$ 16,685,476	7,323,420
Other subsidiaries	2,363,210	1,789,578
	$ 19,048,686	**9,112,998**

Sales prices for subsidiaries and other related parties were similar to those of the third-party customers. The collection period was 45-120 days for the aforementioned related parties.

(ii) Purchases

The amounts of significant purchases by the Company to related parties were as follows:

	2022	2021
Parent company	$ 4,736,735	15,123
Other related parties	2,241	15,645
	$ 4,738,976	**30,768**

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were net 60 to 120 days from the end of the month of delivery, which were similar to those offered by other vendors.

(iii) Processing cost

	2022	2021
Subsidiaries：		
CNC	$ 11,854,935	12,985,802
Arcadyan Vietnam	3,412,391	1,091,354
	$ 15,267,326	**14,077,156**

The Company sold raw materials to related parties due to the demand of processing raw materials. The related revenue and cost had been eliminated in the financial statements, had not been considered as selling raw materials and purchasing finished goods. Any revenue from selling materials is recognized in other receivables.

(Continued)

(iv) Other expenditures

Parent company and other related parties provided technical support, professional services and other services for the Company, and the related expenses for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Subsidiaries	$ 35,980	161,563
Other related parties	1,085	1,082
	$ 37,065	**162,645**

(v) Lease

The Company lease machinery equipment from other related parties－CVC with a contract term of 5 years in June 2019. The lease payment was collected by the parent company and had been fully paid in 2020. The balance of right-of-use assets was amounted to $39,190 as of December 31, 2021. In addition, the lease contract had been early terminated on January 31, 2022. The prepaid lease payment amounting to recognized $40,541 had been refunded by parent company. The Company has received the refund and recognized the lease modification benefit of $1,351.

(vi) Loans to related parties

The loans to related parties (including interest receivable) were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries:		
Arcadyan Brazil	$ 43,275	36,148
Arcadyan RU	-	6,713
Less: Credit balance of investments accounted for using equity method transferred to dectuction of other receivable from related parties	(41,645)	(14,827)
	$ 1,630	**28,034**

The Company has granted loans to related parties and the interest rates were set based on the average interest rates of the unsecured short-term loans that the Company borrowed from financial institutions in the current year. All the loans are not guaranteed loans. There are $281 and $172 interest receivables for the years ended December 31, 2022 and 2021, which are recognized in other receivables, and no need to record a bad debt expense after the assessment. There are $650 and $433 interest revenue for the years ended December 31, 2022 and 2021, respectively.

(Continued)

(vii) Receivables from related parties

The other receivables arising from the transactions with relared parties mentioned above were as follows:

Account	Related party categories	December 31, 2022	December 31, 2021
Accounts receivable	Subsidiaries:		
	Arcadyan USA	$ 4,102,435	2,020,989
	Arcadyan Germany	597,274	266,118
	Other subsidiaries	310,316	41,430
		$ 5,010,025	**2,328,537**
Other receivables	Subsidiaries:		
	Arcadyan Vietnam	$ 1,000,854	1,276,111
	Arcadyan USA	270,862	77,749
	Other subsidiaries	1,527	4,129
		$ 1,273,243	**1,357,989**

(viii) Payables to related parties

The payables arising from the transactions mentioned above, and others on behalf of the related parties were as follows:

Account	Related party categories	December 31, 2022	December 31, 2021
Accounts payable	Parent company	$ 1,451,984	13,937
Accounts payable	Subsidiaries:		
	CNC	3,011,224	2,028,930
	Other related parties	1,394	9,090
		$ 4,464,602	**2,051,957**
Other payable	Subsidiaries	**$ 231,126**	**25,205**

(d) Transactions with key management personnel compensation

Key management personnel remunerations comprised:

	2022	2021
Short-term employee benefits	$ 100,181	98,521
Post-employment benefits	1,033	1,078
Share-based payments	2,350	5,771
	$ 103,564	**105,370**

Please refer to note (6)(s) for further explanations related to share-based payment transactions.

(8) Pledged assets:None

(9) Commitments and contingencies: None

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function / By item	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	57,404	1,438,382	1,495,786	122,762	1,435,846	1,558,608
Labor and health insurance	3,334	89,779	93,113	7,256	90,163	97,419
Pension	2,032	47,597	49,629	4,036	41,229	45,265
Remuneration of directors	-	17,635	17,635	-	16,771	16,771
Others	1,603	49,295	50,898	3,509	40,740	44,249
Depreciation	8,551	120,740	129,291	22,490	92,331	114,821
Amortization	1,483	43,803	45,286	4,916	29,205	34,121

The following are the additional information on the numbers of the Company's employees and their benefits:

	2022	2021
Number of employees	877	796
Number of directors who were not employees	7	7
The average employee benefit	$ 1,942	2,212
The average salaries and wages	$ 1,719	1,975
Average salary expense adjustment	(12.96)%	
Remuneration of supervisors	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) is as follows:

The remuneration distribution for each director depends on degree of participation and contribution to the Company, which is reviewed by the Salary and Remuneration Committee and is approved by the Board of Directors.

The remuneration of managers is according to the position held, contribution to the Company, performance indicators achieved and reference to competitors, the payment shall be reviewed by the Salary and Remuneration Committee and be approved by the Board of Directors.

The salary of employees not only refers to holiday bonus, but also refer to year end bonus and employee remuneration. Annual salary adjustment based on performance and reference to industry standards. The salary adjustment refers to competitors, employee’s education, professional technical ability and work experience.

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the years ended December 31, 2022:

(i) Loans to other parties:

Unit: In thousand dollars of TWD/USD

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2 & 3)	Note
													Item	Value			
0	The Company	Arcadyan do Brasil Ltda	Other receivables	Yes	35,867 (USD1,300)	-	-	1%	2	-	Operating demand	-	-	-	2,761,448	5,522,896	
0	〃	Arcadyan do Brasil Ltda	〃	Yes	59,880 (USD2,000)	-	-	1%	2	-	Operating demand	-	-	-	2,761,448	5,522,896	
0	〃	Arcadyan do Brasil Ltda	〃	Yes	64,300 (USD2,000)	61,420 (USD2,000)	42,994 (USD1,400)	5%	2	-	Operating demand	-	-	-	2,761,448	5,522,896	
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	280,250 (USD10,000)	-	-	1%	1	4,821,470 (USD157,000)	-	-	-	-	2,761,448	5,522,896	
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	321,500 (USD10,000)	307,100 (USD10,000)	-	1%	1	14,679,380 (USD478,000)	-	-	-	-	2,761,448	5,522,896	
0	〃	Arcadyan Technology Corporation (Russia), LLC	〃	Yes	32,150 (USD1,000)	-	-	1%	1	418,792 (USD13,637)	-	-	-	-	335,034 (USD10,909)	5,522,896	
1	Arcadyan Holding	CNC	〃	Yes	546,550 (USD17,000)	-	-	1%	2	-	Operating demand	-	-	-	2,108,499	2,108,499	

Note 1: Number 1 represents the business relationship with the Company; number 2 represents the short-term financing facility, if necessary.
Note 2: According to the policy of the Company on Lending Funds to Other Parties, the amount of loans to others shall not exceed 40% of the net worth of the Company. To borrowers having business relationship with the Company, the total amount of loans to the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expected amount for the current year, which shall not exceed 20% of the net worth of the Company. Also, the amount shall be combined with the Company' s endorsements/guarantees for the borrower upon calculation. When a short-term financing facility is deemed necessary, only the investees of the Company are allowed to borrow. The total amount of loans to the borrower shall not exceed 80% of the its net worth, nor shall it exceed 20% of the net worth of the Company, and it shall be combined with the Company's endorsements/guarantees for the borrower upon calculation.
Note 3: According to the policy of Arcadyan Holding on Loaning Funds to Others, the amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility with Arcadyan Holding is deemed necessary, only the investees of Arcadyan Holding are allowed to borrow. The total amount for lending the borrower shall not exceed its net worth , and it shall be combined with the Company's endorsements/guarantees for the borrower upon calculation.
Note 4: The amounts in New Taiwan Dollars were translated at the exchange rate of $30.71(USD) and $0.4147(RUB) based on the year-end date.

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars of TWD/USD

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Arcadyan Technology Australia Pty Ltd	100% owned subsidiary of the Company	1,840,965	241,125 (USD7,500)	230,325 (USD7,500)	-	-	1.67 %	5,522,896	Y	N	N

Note 1: The total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 40% of the Company' s net worth. The total amount of endorsements/ guarantees the Company or the Group is permitted to make for a single company shall not exceed one third of the amount aforementioned.

(Continued)

(iii) Securities held as of September 30, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Unit: In thousand dollars of TWD/thousand shares

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Geo Things Inc.	-	Financial assets at fair value through profit or loss–non-current	200	-	4.17 %	-	
〃	AirHop Communication, Inc.	-	〃	1,152	-	4.60 %	-	
〃	Adant Technologies Inc.	-	〃	349	-	4.93 %	-	
〃	IOT Eye, Inc.	-	〃	60	-	13.75 %	-	
〃	TIEF Fund, L.P.	-	〃	-	46,379	7.49 %	46,379	
〃	Chimei Motor Electronic Co Ltd.	-	Financial assets at fair value through other comprehensive income–non-current	1,650	46,150	4.93 %	46,150	
〃	Golden Smart home Technology Corp.	-	〃	1,229	-	5.61 %	-	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Name of property	Transaction date (Note 1)	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relation-ship with the Company	Date of transfer	Amount			
Arcadyan Vietnam	Plant, mechanical and electrical equipment	May 5, 2022	Estimated the maximum limit of 1,437,610	657,737	DONG HUI CO., LTD and THANH NGUYEN DUC CONSTRUCTION AND TRADING CO., LTD	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	Operation use	None

Note 1: In order to meet the operational needs, the Board of Directors of Arcadyan Vietnam resolved on May 5, 2022, to authorize the chairman of the Board to expand the plant in the maximum limit of USD48,000. The total contract amount is expected to be 1,437,610 (VND1,118,763 million).

(vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Arcadyan Germany	Subsidiary	(Sales)	(1,226,274)	(3)%	Net 150 days from delivery	-	-	597,274	6 %	
〃	Arcadyan USA	〃	(Sales)	(16,685,476)	(36)%	Net 120 days from delivery	-	-	4,102,435	39 %	
〃	Arcadyan AU	〃	(Sales)	(1,135,329)	(2)%	Net 60 days from the end of the month of delivery	-	-	281,293	3 %	
〃	CNC	〃	Purchases	11,854,935	16 %	Net 120 days from delivery	According to cost plus pricing	-	(3,011,224)	(24)%	Note 1
〃	Arcadyan Vietnam	〃	Purchases	3,412,391	5 %	Net 180 days from the end of the month of delivery	〃	-	Note 2	- %	Note 1
〃	Compal Electronics, INC.	Parent company of the Company	Purchases	4,736,735	6 %	Net 60 days from the end of the month of delivery	-	-	(1,451,984)	(12)%	-
CNC	The Company	Parent company	(Sales)	(11,854,935)	(100)%	Net 120 days from delivery	According to cost plus pricing	-	3,011,224	98 %	Note 1
Arcadyan Vietnam	The Company	Parent company	(Sales)	(3,412,391)	(100)%	Net 180 days from the end of the month of delivery	〃	-	Note 2	- %	Note 1
Arcadyan Germany	The Company	Parent company	Purchases	1,226,274	100 %	Net 150 days from delivery	-	-	(597,274)	(100)%	
Arcadyan USA	〃	〃	Purchases	16,685,476	100 %	Net 120 days from delivery	-	-	(4,102,435)	(100)%	
Arcadyan AU	〃	〃	Purchases	1,135,329	100 %	Net 60 days from the end of the month of delivery	-	-	(281,293)	(100)%	

Note 1: The ending balances were derived from the net transactions on processing and sales of raw materials.
Note 2: As of December 31, 2022, the other receivables were amounted to $1,000,854.

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 3)	Allowance for bad debts
					Amount	Action taken		
The Company	Arcadyan USA	Subsidiary	4,102,435	5.45	-		2,632,307	-
〃	Arcadyan Vietnam	〃	1,000,854 (Note 2)	Note 2	-		-	-
〃	Arcadyan AU	〃	281,293	7.45	-		188,344	-
〃	Arcadyan Germany	〃	597,274	2.84	-		236,699	-
CNC	The Company	Parent company	3,011,224 (Note 1)	4.70	-		655,717	-
TTI	TCH	Subsidiary of TTI	268,851 (Note 2)	Note 2	-		-	-

Note 1: The ending balance was accounts receivable derived from processing.
Note 2: The ending balance was other receivables derived from purchasing raw materials on behalf of related parties.
Note 3: Balance as of March 3, 2023.

(Continued)

(ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

Unit: In thousand dollars of TWD and USD and thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2022	Original investment amount December 31, 2021	Balance as of December 31, 2022 Shares (thousands)	Balance as of December 31, 2022 Percentage of ownership	Balance as of December 31, 2022 Carrying value	Net Income (Losses) of the Investee	Share of Income (losses) of the Investee	Note
The Company	Arcadyan Holding	British Virgin Islands	Investment activities	1,701,027	2,219,782	47,780	100%	1,804,421	(45,949)	(257,561)	Subsidiary
The Company	Arcadyan USA	USA	Selling and technical support of wireless networking products	23,055	23,055	1	100%	79,312	(63,692)	(63,692)	〃
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	87,814	7,152	7,152	〃
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	24,216	11,167	11,167	〃
The Company and ZHI-BAO	Arcadyan Brasil	Brazil	Selling of wireless networking products	81,593	81,593	968	100%	(41,645)	(23,669)	(23,669)	〃
The Company	ZHI-BAO	Hsinchu City	Investment activities	48,000	48,000	34,980	100%	405,516	(10,735)	(10,735)	〃
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	205,272	(256,058)	(156,306)	〃
The Company	AcBel Telecom	Taipei City	Investment activities	-	23,000	-	-%	-	3,365	1,718	Note 2
The Company	Arcadyan UK	England	Technical support of wireless networking products	1,988	1,988	50	100%	4,759	572	572	Subsidiary
The Company	Arcadyan AU	Australia	Selling of wireless networking products	1,161	1,161	50	100%	61,405	18,089	18,089	〃
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	7,672	-	100%	4,964	(1,713)	(1,713)	〃
The Company	CBN	Hsinchu County	Manufacturing and selling of broadband network products	11,925	11,925	533	1%	11,898	(57,588)	(450)	Invested subsidiary valued using the equity method
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	29,110	13,507	7,500	100%	23,337	(4,001)	(4,001)	Subsidiary
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	892,126 (USD29,050)	892,126 (USD29,050)	29,050	100%	1,223,179 (USD39,830)	267,559 (USD8,977)	Investment gain(losses) recognized by Arcadyan Holding	Sub-subsidiary
〃	Arch Holding	British Virgin Islands	Investment activities	338,148 (USD11,011)	338,148 (USD11,011)	35	100%	827,635 (USD26,950)	(323,027) (USD(10,838))	〃	〃
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	890,590 (USD29,000)	890,590 (USD29,000)	-	100%	1,218,634 (USD39,682)	267,530 (USD8,976)	Investment gain (losses) recognized by Sinoprime	〃
TTI	Quest	Samoa	Investment activities	36,852 (USD1,200)	36,852 (USD1,200)	1,200	100%	(230,523)	(142,972)	Investment gain (losses) recognized by TTI	Sub-subsidiary
TTI	TTJC	Japan	Selling digital home appliance	9,626	9,626	0.7	100%	3,297	(499)	〃	〃
Quest	Exquisite	Samoa	Investment activities	35,931 (USD1,170)	35,931 (USD1,170)	1,170	100%	(232,168) (USD(7,560))	(142,975) (USD(4,797))	Investment gain(losses) recognized by Quest	〃
ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	36,272	36,272	13,140	19.32%	293,202	(57,588)	Investment gain(losses) recognized by ZHI-BAO	Invested company, which subsidiary is valued using the equity method.

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of US29.805 based on the average exchange rate for net income(losses) of the investees, others were translated at the exchange rate of US$30.71 based on the reporting date.

Note 2: On August 19, 2022, the liquidation procedures had been completed.

(Continued)

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousand dollars of TWD and USD)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
SVA	Research and sale of wireless networking products	248,751 (USD8,100)	Note 1	(Note 4) 412,128 (USD13,420)	-	-	412,128 (USD13,420)	6,199 (USD208)	100%	6,199 (USD208)	35,040 (USD1,141)	-	Note 3
CNC	Manufacturing of wireless networking products	382,340 (USD12,450)	〃	(Note 5) 338,148 (USD11,011)	-	-	338,148 (USD11,011)	(323,027) (USD(10,838))	100%	(323,027) (USD(10,838))	827,635 (USD26,950)	-	〃
TCH	Manufacturing of digital home appliance products	102,879 (USD3,350)	Notes 1 and 6	35,317 (USD1,150)	-	-	35,317 (USD1,150)	(142,975) (USD(4,797))	100%	(142,975) (USD(4,797))	(232,690) (USD(7,577))	-	〃

Note 1: Investment in Mainland China through companies registered in a third region.
Note 2: The amounts in New Taiwan Dollars were translated at the exchange rate of $US29.805 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of US$30.71 based on the reporting date.
Note 3: The amounts are according to the financial statements which have been audited by parent company's independent external CPA.
Note 4: The Company paid US$18,420 thousands and acquired 100% shares of SVA from Accton Asia through Arcadyan Holding in 2010.
Note 5: The Company paid US$8,561 thousands and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.
Note 6: The Company's subsidiary, TTI, obtained control over TCH for US$1,150 thousands on February 28, 2013 (base date of stock transferring).

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China by Investment Commission, MOEA
785,593 (USD25,581)	785,593 (USD25,581)	8,284,344

Note : The amounts in TWD were translated at the exchange rate of $30.71 on December 31, 2022.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2022 are disclosed in "Information on significant transactions" and "Business relationships and significant intercompany transactions".

(d) Major shareholders:

Unit: Share

Shareholding / Shareholder's Name	Shares owend	Ownership Percentage
Compal Electronics Inc.	41,304,504	18.74 %

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2022.

6. For the most recent year until the publication date of the annual report, Financial Position Impacted by Insolvency Incidents Encountered by the Company and Affiliates Should be detailed: None.

VII. Review of Financial Position, Financial Performance and Risk Issues

1. Financial Position

(1) Assets, Liabilities and Equity for the Recent Two Years (Consolidated)

Unit: thousand of TWD

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	33,543,752	28,532,932	5,010,820	17.56
Investments accounted for using equity method	305,101	324,178	(19,077)	(5.88)
Property, plant and equipment	4,907,068	3,762,513	1,144,555	30.42
Other assets	1,264,606	1,281,490	(16,884)	(1.32)
Total Assets	40,020,527	33,901,113	6,119,414	18.05
Current liabilities	25,841,325	20,476,963	5,364,362	26.20
Non-current liabilities	239,941	501,037	(261,096)	(52.11)
Total liabilities	26,081,266	20,978,000	5,103,266	24.33
Ordinary shares	2,203,543	2,164,926	38,617	1.78
Capital surplus	4,091,729	4,032,400	59,329	1.47
Retained earnings	7,514,181	6,738,883	775,298	11.50
Other equity interests	(2,213)	(280,108)	277,895	(99.21)
Non-controlling interests	132,021	267,012	(134,991)	(50.56)
Total equity	13,939,261	12,923,113	1,016,148	7.86

(2) Main reasons and impact of material variations

(Analysis of variations exceeding 20% and amounting exceeding TWD10 million)

a. Property, plant and equipment: Mainly due to the construction of plant and purchase of machinery equipment for the operating development for the current period.
b. Current liabilities: Mainly due to the increase in accounts payable as compared to the last period.

c. Non-current liabilities: Mainly due to the decrease in deferred tax liabilities as compared to the last period.
d. Total liabilities: Mainly due to the increase in accounts payable as compared to the last period.
e. Other equity: Mainly due to the increase in gains from exchange differences on translation of foreign financial statements as compared to the last period.
f. Non-controlling interest: Mainly due to the increase in losses of the subsidiary for the current period.

(3) Material Change in Financial Position and Plans of Future Counter-measures for the Most Recent Two Years

In terms of the analysis from aforementioned causes, the material changes in Company's financial position for the recent two years are normal outcomes from operating activities.

2. Financial Performance:

(1) Operating revenues, Operating income and Income before tax for the Recent Two Years (consolidated)

Unit: thousand of TWD

Item \ Year	2022 Total	2021 Total	Amount increased (decreased)	Fluctuation percentage (%)
Operating revenues	47,167,749	38,240,058	8,927,691	23.35
Operating costs	40,581,732	32,930,556	7,651,176	23.23
Gross profit	6,586,017	5,309,502	1,276,515	24.04
Operating expenses	4,386,229	3,110,415	1,275,814	41.02
Operating income	2,199,788	2,199,087	701	0.03
Non-operating income and expense	266,395	73,693	192,702	261.49
Net income before tax	2,466,183	2,272,780	193,403	8.51
Income tax expense	551,130	570,980	(19,850)	(3.48)
Net income	1,915,053	1,701,800	213,253	12.53
Other comprehensive income of the current period (after tax)	283,981	(77,222)	361,203	(467.75)
Total comprehensive income of the current period	2,199,034	1,624,578	574,456	35.36
Net income attributes to owners of the parent	2,013,156	1,787,544	225,612	12.62
Net income attributable to non-controlling interests	(98,103)	(85,744)	(12,359)	14.41
Comprehensive income attributed to owners of parent	2,301,119	1,710,201	590,918	34.55
Comprehensive income attributed to non-controlling interests	(102,085)	(85,623)	(16,462)	19.23

(2) Main reasons of material variations
(Analysis of variations exceeding 20% and amounting exceeding TWD10 million)

a. Operating revenue: Mainly due to the increase in demand from end customers.

b. Operating costs: Mainly due to the increase in operating revenue accompanied by the increase in operating costs.
c. Gross profit: Mainly due to the increase in operating revenue.
d. Operating expenses: Mainly due to the increase in operating revenue, selling expenses, and R&D expenses.
e. Non-operating income and expense: Mainly due to the increase in gains on foreign currency exchange for the current period.
f. Other comprehensive income of the current period (after tax): Mainly due to the increase in gains from exchange differences on translation of foregin financial statements.
g. Total comprehensive income of the current period: Mainly due to the increase in net income and other comprehensive income for the current period.
h. Total comprehensive income attributable to the owner of the parent company: Mainly due to the increase in net income and other comprehensive income for the current period.

(3) Forecast for sales for next year and basis for the forecast

In line with the rapidly increasing global demand for remote work and cloud applications in the post-epidemic era and against the backdrop of the ongoing expansion of broadband infrastructure installations, growth in the field of networking devices will be maintained. It is projected that the shipment volume of broadband networking devices will be increased by 5% ~ 10% in 2023.

(4) Potential impact on the Company's finances and sales in the future and response plan

In order to respond the growth in operation, the Company has established relevant financial strategies. For the funding needs, please refer to the section on cash flow analysis for the coming year.

3. Cash Flow Analysis (Consolidated)

(1) Analysis for cash flow change change in the most recent year

Unit: thousand of TWD

Cash and Cash Equivalents, Beginning of Year	Net cash flow from operating activities	Other net cash inflow	Foreign exchange adjustments	Cash Surplus	Financing of cash deficit	
					Investment Plans	Financing Plans
7,970,779	2,529,050	(2,993,311)	73,033	7,579,551	None	None

- Net cash inflow from operating activities amounted to TWD 2,529,050 thousand: Mainly due to the increase in accounts payable for the current period.
- Net cash outflow from investing activities amounted to TWD 1,415,888 thousand: Mainly due to the increase in acquicition of property, plant, and equipment.
- Net cash outflow from financing activities amounted to TWD 1,577,423 thousand: Mainly due to the disbursement of cash dividend.

(2) Plans to improve insufficient liquidity: Not applicable.

(3) Cash Flow Analysis for the Coming Year:

Unit: thousand of TWD

Cash and Cash Equivalents, Beginning of Year	Estimated net cash flow from operating activities for the year	Other estimated net cash outflow	Estimated Cash Surplus	Estimated financing of cash deficit	
				Investment Plans	Financing Plans
7,579,551	2,700,000	(3,200,000)	7,079,551	None	None

- Estimated net cash inflow from operating activities amounted to TWD 2,700,000 thousand: Mainly due to the projection of cash inflow generated from operating activities.
- Estimated net cash outflow from investing activities amounted to TWD 1,700,000 thousand: Mainly due to increase in capital expenditure for 2023.
- Estimated net cash outflow from financing activities amounted to TWD 1,500,000 thousand: Mainly due to the disbursement of cash dividend for 2022 and the decrease in short-term borrowings.

4. Major Capital Expenditures and Impact on Finance and Business in the Most Recent Year

(1) Major capital expenditures and sources of capital:

Unit: thousand of TWD

Item	Actual or expected source of capital	Actual or expected completion date	Capital required	Actual or expected capital use			
				2020	2021	2022	2023
Plant and equipment acquired (Vietnam Phase I)	Proprietary funds	2022	731,524	183,474	477,088	70,962	-
Plant and equipment acquired (Vietnam Phase II)	Proprietary funds	2023	1,437,610	-	-	511,856	925,754

(2) Expected Benefits:

To cater to business growth, the Company has expanded the capacity of the production base in Vietnam and increased the investment in automation equipment to enhance the long term competitive advantage.

5. Investment Policy in the Most Recent Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(1) Investment policy for the most recent year

The Company's investment policy is all long-term strategic investment, which is strengthening the vertical consolidation of the supply chain, and expanding product lines and operational scale to lower production costs, as well as focusing on the development of related broadband wireless networking industry to accumulate the core resources and strengthen core competency of the Company.

(2) Causes of profit or loss incurred on investments in the most recent year, and any plans for improvement:

Recently, the Company’s effort in actively adjusting product strategy and developing new customers is emerging. However, part of the investment business has not reached economy of scale, the overall recognition of investment loss recognized under equity method for 2022 amounted to TWD11,535 thousand. In the future, the Company shall continue to assist in strive to acquire new business to increase the usage of production capacity and strengthen post-investment management, regularly review the return on investment.

(3) Investment plans for the coming year

In the coming year, there is no major investment project.

6. Risk Matters

(1) For the Most Recent Year up to the Publication Date of the Annual Report, the impact of fluctuation in interest rates, foreign exchange rates, and inflation on Net Income of the Company and future response measures:

Item	2022	First quarter of 2023
Net interest income and expense	(22,521)	(43,760)
Net foreign exchange gains or losses (incl. valuation of financial instruments)	282,348	11,429
Net operating revenue	47,167,749	11,021,138
Net operating income	2,199,788	692,177
Net interest income and expense to net operating revenue	(0.05)%	(0.40)%
Net interest income and expense to net operating income	(1.02)%	(6.32)%
Net foreign exchange gains or losses to net operating revenue	0.60%	0.10%
Net foreign exchange gains or losses to net operating income	12.84%	1.65%

a. Impact of interest rates fluctuations and response measures

The net interest expense of the Company for 2022 amounted to TWD (22,521) thousand or (0.05%) of net operating revenue or (1.02%) of net operating income. The net interest expense in the first quarter of 2023 amounted to TWD (43,760) thousand or

(0.40%) of net operating revenue or (6.32%) of net operating income. The Company maintains good relationships with the banks to acquire competitive interest rates and keeps proper borrowing ratios. Beginning in 2022, the Fed has taken the lead in raising interest rates, interest costs have risen compared with previous years, but are still within a controllable range. The Company maintains a multi-pronged approach to closely monitor changes in interest rates and strive for preferential conditions in order to keep adequate working capital and adjust the optimal capital structure, so that changes in interest rates will not have a significant impact on the Company.

b. Impact of foreign exchange rates fluctuations and response measures

The sales and purchase of the Company are mainly in USD. Meanwhile, part of the sales are denominatd in EUR and there are also some CNY and VND assets. The foreign currency assets are greater than liabilities. The net foreign exchange gains/losses (including valuation of financial instruments) for 2022 amounted to TWD282,348 thousand or 0.60% of net operating revenue or 12.84% of net operating income; the net foreign exchange gains/losses (including valuation of financial instruments) in the first quarter of 2023 amounted to TWD11,429 thousand or 0.10% of net operating revenue or 1.65% of net operating income. The gains on foreign exchange in 2022 are mainly due to the appreciation of USD and EUR against TWD.

The Company's countermeasures against exchange rate fluctuation are as follows:

A. The Company has certain sales and purchases to be denominated in the same foreign currency, therefore natural hedge is received. Furthermore, the net foreign currency position is also collected by dedicated financial personnel and evaluate the relevant information and trend of foreign exchange market. To meet the demand of working capital, the Company exchanges foreign currencies in a timely manner to reduce the risk.

B. To maintain close relationship with the banks and grasp the change in foreign exchange market, serve as the reference for the relevant personnel as a basis for quotation, so as to respond the fluctuations of the exchange rate in a timely manner.

C. The Company has established “Procedures for the Acquisition and Disposal of Assets”, governing the related procedures for derivative financial instruments. Meanwhile, depending on the foreign currency position and fluctuation of currency, the Company undertakes necessary measures to reduce the foreign currency exchange risk resulting from the business operation of the Company.

c. Impact of inflation and response measures

The net income of the Company has not been materially impacted by inflation in the past. If inflation causes an increase in the cost of purchases, the Company shall also adjust the selling prices of products accordingly.

The Company will closely monitor the impact of interest rates, foreign exchange rates and inflation toward the profit of the Company and will take response measures in time.

(2) For the Most Recent Year up to the Publication Date of the Annual Report, Policies, Main Causes of Gain or Loss, and Future Response Measures with Respect to High-risks, Highly-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

a. The Company focuses on its main business and does not make high-risk, highly-leveraged investments; all investments are executed after assessment prudently.

b. The Company and subsidiaries only offer financing to its related parties for the purpose of providing short-term financing for their operating needs. These transactions are executed in accordance with “Procedures for Loaning Funds to Other Parties”.

c. The Company is engaged in endorsement and guarantee activities only belonged to the parent company to its subsidiaries. The arrangements are executed in accordance with “Procedures for Endorsements and Guarantees.”

d. The book value of derivatives financial instruments held as of December 31, 2022 and March 31, 2023 are as follows:

Item	2022.12.31 Book value	2023.03.31 Book value
Current financial assets mandatorily measured at fair value through profit or loss - Derivative instruments not used for hedging	187	3,206
Financial liabilities held for trading:	30,795	17,430

The main reason to use financial derivatives instruments (including forward exchange contracts and swap trading) is for hedging purposes, mainly to mitigate the risks arisen from fluctuation of foreign exchange rates and interest rates to net position of foreign currency assets and liabilities, and not for speculation purposes. In addition to following the regulations stipulated by the competent authorities and GAAP, the Shareholders Meeting also adopted a resolution to the establishment of “Procedures for Acquisition or Disposal of Assets” to govern the transactions concerning derivative financial instruments.

(3) For the most recent year up to the publication date of the annual report, future research & development projects and corresponding budget:

In recent years, the Company is moving toward developing highly integrated, high value-added products. The relevant R&D projects and their progresses proceed as planned. In the future, the Company shall continue to invest in R&D for new products, developing niche market products, retaining talents, capital and technology, making product development timelines shorter, and striving for the leading position in R&D capability. The

Company estimates the R&D expenditure in 2023 will amount to TWD 3,000,000 thousand.

(4) For the most recent year up to the publication date of the annual report, effects of and response to changes in local and foreign policies and regulations relating to corporate finance and business:
The Company conforms to the corporate governance regulations, Company Act and Securities and Exchange Act imposed by the competent authorities. Further, the Management of the Company closely monitors the changes of both domestic and foreign important policies and regulations, hiring legal consultants for advisory services, and undertaking countermeasures in a timely manner. Hence, there is no material impact on the financial business of the Company.

(5) For the most recent year up to the publication date of the annual report, effects of and response to changes in technology (including cybersecurity risks) and the industry relating to corporate finance and business:
The Company has established an R&D center to conduct the necessary research to cater for the future needs of the relevant products, such as material research, simulation of design structures and etc., as well as a professional patent team to manage the valuable IP of the Company. Meanwhile, the knowledge process team is solely responsible for institutionalizing processes and knowledge management. For the information security risk control, the Company has devised and implemented the information security management system and set up information security policy documents to specify the regulations regarding information security of the Company. In addition, information security risk assessments and internal/external information security cycle audits are carried out annually on a regular basis to ensure the effectiveness and legal compliance of the management system. Thus, the Company is able to respond quickly and properly to technological and industrial changes.

(6) For the most recent year up to the publication date of the annual report, the impact of changes in corporate image on corporate risk management, and the Company’s response measures:

The Company adopts the principle of stability and prudence as its business philosophy. With a good corporate reputation, the Company has been publicly listed since March 2009 and continues to attract more outstanding talents into its organization, strengthening the capability of the business team, giving the business reward back to the shareholders and fulfilling the corporate social responsibility. Currently, there is no incident that taints the corporate reputation of the Company and causes a crisis.

(7) For the most recent year up to the publication date of the annual report, expected benefits from, risks relating to, and response to merger and acquisition plans: None.

(8) For the most recent year up to the publication date of the annual report, expected benefits from, risks relating to, and response to factory expansion plans:

To cater to the growth of operating scale, the appropriate diversification of production bases to overseas locations can also increase production capabilities and take up more orders. The Phase-I new plant in Vietnam has been established and put into operation since the third quarter of 2021. It is estimated that the construction of Phase-II plant in Vietnam will be completed in the second quarter of 2023 and put into mass production in the third quarter, which will be beneficial to the growth of operating revenue and profitability, as well as expanding the market share. The feasibility assessment and financial analysis of expansion and construction of factory are all assessed by the technical teams before execution, so as to mitigate the potential risks and prepare for the relevant countermeasures.

(9) For the most recent year up to the publication date of the annual report, risks relating to and response to excessive concentration of purchasing sources and excessive customer concentration:

a. Purchase: In addition to procuring finished products from affiliated companies (the factories in China and Vietnam), orders of other major raw material purchases (such as chipset) are placed with several international brands. The

Company has fostered a good relationship with its procuring counterparts and thus has no risk from lack of diversification.

b. Sales: The main sales products of the Company are broadband wireless networking products. For the latest fiscal year, the top 10 major customers are all well-known telecom operators or major information and telecommunication brands. As such, there is no risk from lack of diversification.

(10) For the most recent year up to the publication date of the annual report, effects of, risks relating to, and response to large share transfers or changes in shareholdings by Directors or Shareholders with shareholdings of over 10%: None.

(11) For the most recent year up to the publication date of the annual report, effects of, risks relating to, and response to the changes in management: None.

(12) For the most recent year up to the publication date of the annual report, for litigation or non-litigation cases involving the Company, Directors, President, actual persons in-charge or major Shareholders with a stake of 10% or more that have been concluded or are still pending, and have material impact on the shareholders' interest or security prices, disclosure should be made regarding the content of the disputes, the sum of penalty or claim, the commencement date of the suits, the parties involved and the status as of the publication date of the annual report:

Compal Electronics, Inc. (hereinafter referred to as Compal Electronics), the legal person Director and the major shareholder of the Company, has the following litigation cases:

a. In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against Compal Electronics concerning its former employees who join Compal Electronics. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law and requested related damages. Compal Electronics engaged lawyers to defend its right on this matter immediately.

Currently, the case is still in progress in Taipei District Court; therefore, Compal Electronics cannot make any reasonable estimation regarding the possible impact on its business operation.

b. Huawei Technologies Co., Ltd. filed an infringement litigation against Compal Electronics on October 28, 2022. Compal Electronics will carefully evaluate the litigation, discuss with related client for the following strategies and actions, and engage professional attorneys, to protect the rights and reputation of Compal Electronics from any damage.

(13) Other major risks and countermeasures: None.

7. Other Material Items: None.

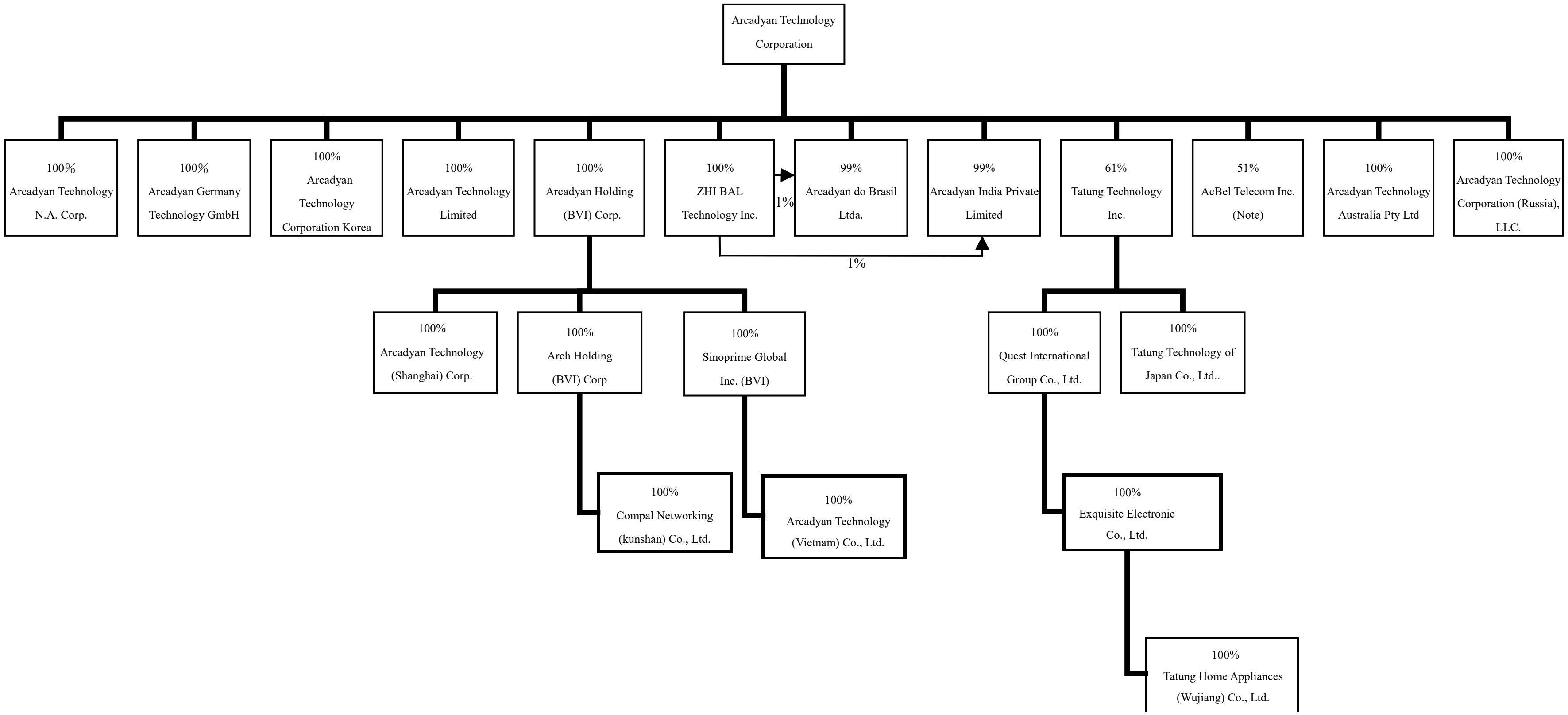
VIII. Special Disclosure

1. Summary of Affiliated Companies

(1) Consolidated business reports with affiliated enterprises

I. Organizational chart of affiliated companies

December 31, 2022



Note: The liquidation procedure had been completed on August 19, 2022.

II. Basic Information of Affiliated Companies

December 31, 2022 Unit: thousand dollars

Company Name	Date of Incorporation	Address	Paid-up capital	Main business activities or production items
Arcadyan Technology N.A. Corp.	2003.6.18	5450 Thornwood Dr, Unit J Floor 2 San Jose CA 95123-1222, USA	USD 669	Sales and Technical support of wireless networking products
Arcadyan Germany Technology GmbH	2007.4.11	Koelner Strasse 10b D-65760 Eschborn, Germany	EUR 25	Sales and Technical support of wireless networking products
Arcadyan Technology Corporation Korea	2014.10.16	103-1109RM SK Ventium 166, Gosan-ro, Gunpo-si, Gyeonggi-do, Republic of Korea 15850	KRW 100,000	Sales of wireless networking products
Arcadyan do Brasil Ltda.	2015.4.24	Travessa Francisca Rios n° 48, Centro, Pouso Alegre, Minas Gerais	BRL 9,682	Sales of wireless networking products
Arcadyan Technology Limited	2016.8.16	Charlotte House 500 Charlotte Road Sheffield South Yorkshire S2 4ER, United Kingdom	GBP 50	Technical support of wireless networking products
Arcadyan Technology Australia Pty Ltd	2017.3.28	Tower Three International Towers, Sydney ' Level 38, 300 Barangaroo Avenue, Sydney NSW 2000	AUD 50	Sales of wireless networking products
Arcadyan Technology Corporation (Russia), LLC.	2020.6.2	17/2, Skakovaya street, floor 7, room 2, Moscow, Russia, 125040	RUB 20,000	Sales of wireless networking products
Arcadyan Holding (BVI) Corp.	2007.3.7	Coastal Building, Wickham’s Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 47,780	General investments
Sinoprime Global Inc.(BVI)	2004.12.29	Coastal Building, Wickham’s Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 29,050	General investments
Arcadyan Technology (Vietnam) Co., Ltd.	2019.3.26	Lot D4-5-6, Thang Long Vinh Phuc Industrial Zone, Thien Ke Commune, Binh Xuyen District, Vinh Phuc Province, Vietnam	USD 29,000	Manufacturing of wireless networking products
Arcadyan Technology (Shanghai) Corp.	2002.4.17	Room 1503, Building 20., No.487 Tianlin Rd., Xuhui District, Shanghai, China	USD 8,100	Research and sales of wireless networking products
Arch Holding (BVI) Corp.	2007.5.24	Coastal Building, Wickham’s Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 10,550	General investments
Compal Networking (Kunshan) Co., Ltd.	2006.6.26	No. 520 Nanbang Road, Economic & Technological Development Zone, Kunshan, Jiangsu, China	USD 12,450	Manufacturing of wireless networking products
Zhi Bao Technology Inc.	2009.8.10	8F., No. 8, Sec. 2, Guangfu Rd., Hsinchu City	TWD 349,800	General investments

Company Name	Date of Incorporation	Address	Paid-up capital	Main business activities or production items
Tatung Technology Inc.	2008.1.21	10F, No. 288, Section 6, Civic Boulevard, Xinyi District, Taipei City	TWD 410,000	Development and sale of digital home appliance
Tatung Technology of Japan Co., Ltd.	2017.11.22	1 Chome-2-18, Mita, Minato-ku, Tokyo-to, Japan	JPY 35,000	Sale of digital home appliance
Quest International Group Co., Ltd.	2012.12.11	Unit 25,2nd Floor,Nia Mall, Saleufi Street, Apia, Samoa	USD 1,200	General investments
Exquisite Electronic Co., Ltd.	2012.2.3	Unit 25,2nd Floor,Nia Mall, Saleufi Street, Apia, Samoa	USD 1,170	General investments
Tatung Home Appliances (Wujiang) Co., Ltd.	2001.2.13	No. 508 Youming Road, Songling Town, Wujiang District, Suzhou, Jiangsu, China	USD3,350	Manufacturing of digital home appliance
AcBel Telecom Inc. (Note)	2004.11.29	5F, No. 58, Lane 188, Ruiguang Road, Neihu District, Taipei City	TWD 0	General investments
Arcadyan India Private Limited	2021.3.25	Fifth Floor, Unit-F516, The Sapphire, Sector 49, Gurgaon,Gurgaon, Haryana, 122018	INR 75,000	Sales of wireless networking products

Note: The liquidation procedure had been completed on August 19, 2022.

III. The businesses of affiliated companies and the association of these businesses

December 31, 2022

Industry	Name of Affiliated Enterprises	Business Relations with Other Affiliated Enterprises
Holding Company	Arcadyan Holding (BVI) Corp.	Invested in Sinoprime Global Inc.(BVI), Arch Holding (BVI) Corp., Arcadyan Technology (Shanghai) Corp.
	Arch Holding (BVI) Corp.	Invested in Compal Networking (Kunshan) Co., Ltd.
	Zhi Bao Technology Inc.	Invested in Arcadyan do Brasil Ltda., Arcadyan India Private Limited
	Quest International Group Co., Ltd.	Invested in Exquisite Electronic Co., Ltd.
	Exquisite Electronic Co., Ltd.	Invested in Tatung Home Appliances (Wujiang) Co., Ltd.
	AcBel Telecom Inc. (Note)	-
	Sinoprime Global Inc.(BVI)	Invested in Arcadyan Technology (Vietnam) Co., Ltd.
Wholesaling of electronic products	Arcadyan Technology N.A. Corp.	Sales and Technical support for wireless networking products
	Arcadyan Technology Corporation Korea	Sales of wireless networking products
	Arcadyan do Brasil Ltda.	Sales of wireless networking products
	Arcadyan Technology Australia Pty Ltd	Sales of wireless networking products
	Arcadyan Technology Corporation (Russia), LLC.	Sales of wireless networking products
	Arcadyan India Private Limited	Sales of wireless networking products
	Tatung Technology Inc.	Research and sale of digital home appliance

Industry	Name of Affiliated Enterprises	Business Relations with Other Affiliated Enterprises
	Tatung Technology of Japan Co., Ltd.	Sale of digital home appliance
	Arcadyan Germany Technology GmbH	Sales and Technical support of wireless networking products
Manufacturing of electronic products	Compal Networking (Kunshan) Co., Ltd.	Manufacturing of wireless networking products
	Arcadyan Technology (Vietnam) Co., Ltd.	Manufacturing of wireless networking products
	Tatung Home Appliances (Wujiang) Co., Ltd.	Manufacturing of digital home appliance
Technical Service	Arcadyan Technology (Shanghai) Corp.	Research and sales of wireless networking products
	Arcadyan Technology Limited	Technical support of wireless networking products

Note: The liquidation procedure had been completed on August 19, 2022.

IV. Directors, Supervisors and President of Affiliated Companies

December 31, 2022 Unit: Share; %

Company Name	Job title	Name or Representative	Shares Held	
			Number of shares	Percentage of Shareholding
Arcadyan Technology N.A. Corp.	Director	Arcadyan Technology Corporation. (Representative: Yen-Ju Lin)	1,000	100%
	President	Yen-Ju Lin	0	0%
Arcadyan Germany Technology GmbH	Manager	Arcadyan Technology Corporation. (Representative: Chao-Peng Tseng)	500	100%
Arcadyan Technology Corporation Korea	Director	Arcadyan Technology Corporation. (Representative: Chao-Peng Tseng)	20,000	100%
Arcadyan do Brasil Ltda.	Manager	Arcadyan Technology Corporation. (Representative: Nien-Cheg Hsiung)	964,510	99%
Arcadyan Technology Limited	Director	Arcadyan Technology Corporation. (Representative: Chao-Peng Tseng)	50,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Keng-Tien Lin)	50,000	100%
Arcadyan Technology Australia Pty Ltd	Director	Arcadyan Technology Corporation. (Representative: Chao-Peng Tseng)	50,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Fong-Yu Lu)	50,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Paul Christopher Devlin)	50,000	100%
Arcadyan Technology Corporation (Russia), LLC.	Director	Arcadyan Technology Corporation. (Representative: Management Company ABU accounting services Limited Liability Company)	0	100%
	Manager	Management Company ABU accounting services Limited Liability Company (Representative: Svetlana Mikhailovna Vesnina)	0	0%
Arcadyan Holding (BVI) Corp.	Director	Arcadyan Technology Corporation. (Representative: Jui-Tsung Chen)	47,780,148	100%
	Director	Arcadyan Technology Corporation. (Representative: Chao-Peng Tseng)	47,780,148	100%

Company Name	Job title	Name or Representative	Shares Held	
			Number of shares	Percentage of Shareholding
Sinoprime Global Inc.(BVI)	Director	Arcadyan Holding (BVI) Corp. (Representative: Jui-Tsung Chen)	29,050,000	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	29,050,000	100%
Arcadyan Technology (Vietnam) Co., Ltd.	Chairman & President	Sinoprime Global Inc.(BVI) (Representative: Chao-Peng Tseng)	0	100%
Arch Holding (BVI) Corp.	Director	Arcadyan Holding (BVI) Corp. (Representative: Jui-Tsung Chen)	34,900	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	34,900	100%
Arcadyan Technology (Shanghai) Corp.	Chairman	Arcadyan Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	0	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Ching-Hsiung Lu)	0	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Fong-Yu Lu)	0	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chung-Pao Liu)	0	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chih-Fang Lee)	0	100%
	Supervisor	Arcadyan Holding (BVI) Corp. (Representative: Shih-Wei Huang)	0	100%
	President	Chung-Pao Liu	0	0%
Compal Networking (Kunshan) Co., Ltd.	Chairman	Arch Holding (BVI) Corp. (Representative: Fong-Yu Lu)	0	100%
	Director	Arch Holding (BVI) Corp. (Representative: Jui-Tsung Chen)	0	100%
	Director	Arch Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	0	100%
	Supervisor	Arch Holding (BVI) Corp. (Representative: Ching-Hsiung Lu)	0	100%
	President	Chung-Pao Liu	0	0%
Zhi Bao Technology Inc.	Chairman	Arcadyan Technology Corporation. (Representative: Chao-Peng Tseng)	34,980,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Cheng-Chiang Wang)	34,980,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Ching-Hsiung Lu)	34,980,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Fong-Yu Lu)	34,980,000	100%
	Supervisor	Arcadyan Technology Corporation. (Representative: Shih-Wei Huang)	34,980,000	100%
	President	Chao-Peng Tseng	0	0%
Tatung Technology Inc.	Chairman	Arcadyan Technology Corporation. (Representative: Fong-Yu Lu)	25,027,910	61%
	Director	Arcadyan Technology Corporation. (Representative: Chao-Peng Tseng)	25,027,910	61%
	Director	Arcadyan Technology Corporation. (Representative: Shih-Wei Huang)	25,027,910	61%
	Director	Arcadyan Technology Corporation. (Representative: Nien-Che Hsiung)	25,027,910	61%
	Director	Arcadyan Technology Corporation. (Representative: Chih-Fang Lee)	25,027,910	61%
	Director	Shang Chi Investment Co., Ltd. (Representative: Chia-Tien Lin)	1,027,056	3%

Company Name	Job title	Name or Representative	Shares Held	
			Number of shares	Percentage of Shareholding
	Director	ChungHwa Investment Co., Ltd. (Representative: Chih-Cheng Chien)	4,570,830	11%
	Supervisor	Ya-Ling Chiang	0	0%
	Supervisor	Chi Sheng Investment Co., Ltd. (Representative: Chang-Chuan Lin)	2,727,272	7%
	President	Shih-Wei Huang	0	0%
Tatung Technology of Japan Co., Ltd.	Chairman	Tatung Technology Inc. (Representative: Fong-Yu Lu)	700	100%
	Director	Tatung Technology Inc. (Representative: Chao-Peng Tseng)	700	100%
Quest International Group Co., Ltd.	Director	Tatung Technology Inc. (Representative: Chao-Peng Tseng)	1,200,000	100%
	Director	Tatung Technology Inc. (Representative: Fong-Yu Lu)	1,200,000	100%
Exquisite Electronic Co., Ltd.	Director	Quest International Group Co., Ltd. (Representative: Chao-Peng Tseng)	1,170,000	100%
	Director	Quest International Group Co., Ltd. (Representative: Fong-Yu Lu)	1,170,000	100%
Tatung Home Appliances (Wujiang) Co., Ltd.	Chairman	Exquisite Electronic Co., Ltd. (Representative: Fong-Yu Lu)	0	100%
	Director	Exquisite Electronic Co., Ltd. (Representative: Chao-Peng Tseng)	0	100%
	Director	Exquisite Electronic Co., Ltd. (Representative: Chung-Pao Liu)	0	100%
	Supervisor	Exquisite Electronic Co., Ltd. (Representative: Shih-Wei Huang)	0	100%
	President	Chung-Pao Liu	0	0%
Arcadyan India Private Limited	Director	Arcadyan Technology Corporation. (Representative: Nien-Che Hsiung)	7,465,000	99%
	Director	Zhi Bao Technology Inc. (Representative: Yi-Shu Lee)	35,000	1%
	Director	Arcadyan Technology Corporation. (Representative: RAJ KUMAR BHOLA)	7,465,000	99%

V. Operational Highlights of Affiliated Companies for 2022

Unit: thousand of TWD

Company Name	Amount of Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating income	Net income (loss) for the period (after tax)	EPS (in TWD) (After tax)
Arcadyan Technology N.A. Corp.	23,055	5,120,005	4,944,530	175,475	16,700,216	(73,578)	(63,692)	(69,691.69)
Arcadyan Germany Technology GmbH	1,125	699,344	611,530	87,814	1,256,580	7,536	7,152	14,304.71
Arcadyan Technology Corporation Korea	2,879	310,284	286,068	24,216	1,110,378	6,328	11,167	558.34
Arcadyan do Brasil Ltda.	81,593	7,131	48,448	(41,317)	0	(1,979)	(23,669)	(24.45)
Arcadyan Technology Limited	1,988	4,896	137	4,759	14,996	714	572	11.43
Arcadyan Technology Australia Pty Ltd	1,161	345,555	280,069	65,486	1,156,003	25,604	18,089	361.77
Arcadyan Technology Corporation (Russia), LLC.	7,672	14,276	9,287	4,989	0	(2,479)	(1,713)	-
Arcadyan Holding (BVI) Corp.	1,512,207	2,108,499	0	2,108,499	0	(1)	(45,949)	(0.96)
Sinoprime Global Inc.(BVI)	892,126	1,223,179	0	1,223,179	0	0	267,559	9.21
Arcadyan Technology (Vietnam) Co., Ltd.	890,590	13,328,978	12,110,344	1,218,634	23,323,766	264,394	267,530	-
Arch Holding (BVI) Corp.	323,991	827,635	0	827,635	0	0	(323,027)	(9,255.77)
Arcadyan Technology (Shanghai) Corp.	248,751	56,299	21,259	35,040	117,456	6,197	6,199	-
Compal Networking (Kunshan) Co., Ltd.	382,340	8,763,258	7,935,623	827,635	21,738,111	(145,190)	(323,027)	-
Zhi Bao Technology Inc.	349,800	405,587	70	405,517	0	(71)	(10,735)	(0.31)
Tatung Technology Inc.	410,000	825,916	487,022	338,894	441,086	(82,383)	(256,058)	(6.25)

Company Name	Amount of Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating income	Net income (loss) for the period (after tax)	EPS (in TWD) (After tax)
Quest International Group Co., Ltd.	36,852	(231,320)	0	(231,320)	0	0	(142,972)	(119.14)
Exquisite Electronic Co., Ltd.	35,931	(232,168)	0	(232,168)	0	0	(142,975)	(122.20)
Tatung Home Appliances (Wujiang) Co., Ltd.	129,635	36,764	269,454	(232,690)	363,671	(136,780)	(142,975)	-
Tatung Technology of Japan Co., Ltd.	9,626	3,309	12	3,297	0	(499)	(499)	(713.25)
AcBel Telecom Inc. (Note 1)	0	0	0	0	0	(595)	3,365	0.38
Arcadyan India Private Limited	29,110	90,201	67,730	22,471	263,752	(4,001)	(4,001)	(0.53)

Note 1: The liquidation procedure had been completed on August 19, 2022.
Note 2: The amount in TWD were translated at the exchange rate on the end of period.

(2) Consolidated financial statements of affiliated enterprises

Representation Letter

The entities that are required to be included in the combined financial statements of Arcadyan Technology Corporation as of and for the year ended December 31, 2022 (from January 1 to December 31, 2022) 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, Arcadyan Technology Corporation and its subsidiaries do not prepare a separate set of combined financial statements.

Yours faithfully,

Company name : Arcadyan Technology Corporation

Chairman : Jui-Tsung Chen

Date : March 14, 2023

(3) Affiliation reports

I. Overview of the relationship with Controlling Company

December 31, 2022

Name of Controlling Company	Reason(s) of Controlling Interest	Shares Held and Pledged by Controlling Company			Director(s), Supervisor(s) or Manager(s) appointed by Controlling Company	
		Number of Shares Held	Percentage of Shareholding	Shares Pledged	Job title	Name
Compal Electronics Inc. (Compal Electronics hereafter) (Note 1)	Parent company of the Company	41,304,504	18.74%	-	Director	Jui-Tsung Chen, Chung-Pin Wong, Sheng-Hua Peng, Chng-Pao Liu

Note 1: The total shareholding of the Company held by Compal Electronics and its subsidiaries amounted to 33%, and thus a de facto control.

II. Transaction with Controlling Company

a. Purchase or sale transactions with Controlling Company

The purchase transactions made by the Company with the Controlling Company amounted to TWD 4,736,735 thousand, and the purchasing prices are on par with other customers. As of December 31, 2022, the outstanding amount totaled TWD 1,451,984 thousand, was yet paid and recognized as account payables.

b. Property transactions with Controlling Company: None.

c. Financing transactions with Controlling Company: None.

d. Leasing transactions with Controlling Company: None.

e. Other material transaction(s): None.

III. Endorsement or guarantee provided by the Company to the Controlling Company: None.

2. Private Placement of Securities in the Most Recent Year up to the Publication Date of this Annual Report: None.

3. Status of the Company Shares Held or Disposed by Subsidiaries in the Most Recent Year up to the Publication Date of this Annual Report: None.

4. Other Necessary Supplementary Information: None.
5. Any Event that had Material impact on Shareholders Right or Stock Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Act in the Most Recent Year up to the Publication Date of this Annual Report: None.

Arcadyan Technology Corporation

Chairman: Jui-Tsung Chen

President: Chao-Peng Tseng