

Arcadyan Technology Corporation

2020 General Shareholders' Meeting Procedure Handbook

Date: June 18, 2020

Venue: 6F, No. 8, Section 2, Guangfu Road, Hsinchu City

This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

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Meeting Procedure

Arcadyan Technology Corporation

Procedure of 2020 General Shareholders' Meeting

1. Call Meeting to Order
2. Chairman's Speech
3. Report Items
4. Election Item
5. Ratification and Discussion Items
6. Extraordinary Motions
7. Meeting Adjourned

Agenda of General Shareholders' Meeting

Arcadyan Technology Corporation

2020 General Shareholders' Meeting

Time: 9 am on June 18 (Thursday), 2020

Venue: 6F, No. 8, Section 2, Guangfu Road, Hsinchu City

I. Chairman's Speech

II. Report Items

1. Report on the business status of 2019
2. Audit Committee's review report of 2019
3. Report on the earnings distribution of cash dividends of 2019
4. Report on cash distribution from capital reserve
5. Report on the distribution of remuneration to employees and directors of 2019
6. Report on the issuance of convertible corporate bonds

III. Election Item

1. Election of the 8th term of directors

IV. Ratification and Discussion Items

1. To ratify the business report and financial statements of 2019.
2. To ratify the earnings distribution of 2019.
3. To approve the newly-elected directors of the Company from the non-competition restrictions.

V. Extraordinary Motions

VI. Meeting Adjourned

Report Items

Item 1

Proposed by the Board of Directors

Subject: Report on the business status of 2019.

Explanatory Note: The Business Report of 2019 is attached (please refer to pages 4 to 7).

Business Report

1. Business Results of 2019

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

In 2019, the Company's consolidated net operating income for the whole year was NT\$32,897,900 thousand, representing an annual increase of 24%. The net operating profit and after tax net profit were NT \$1,727,512 thousand and NT\$1,356,986 thousand respectively, and the after tax earnings per share was NT\$6.85.

(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 2019 was 169% and the debt ratio was 55%; the financial structure was sound.

In 2019, the profit was NT\$1,356,986 thousand, the return on assets was 6.0%, and the return on equity was 13.0%.

(3) Progress in Research and Development

- A. The developed products are including: Whole Home Wifi (Wifi Mesh Network) 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 Wifi coverage, Android TV OTT/IP STB support Ultra-high resolution (4K) and HDR (High Dynamic Range Imaging), GPON OLT/ONT Fiber products, and DOCSIS 3.1 & 3.0 Cable Modems.
- B. 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 and IEEE1905.1 Multi-interfaces Management System.
- C. Target to develop 5G CPE (Customer Premise Equipment), 5G Small Cell, Smart Home Gateway plus IOT (Internet of Things) applications, AI/Big Data/Cloud computing integration technology.

2. 2020 Business Prospects

(1) Operating Strategy

- A. 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; 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.

- B. Strengthen the technical capability of software and hardware on Android TV OTT and IP-STB; develop the next generation products, new markets and new customers for Android TV OTT/IP-STB; and optimize the profit rate on above-mentioned product portfolio.
- C. Cut into the Cable Modem market; aggressively develop and integrate Smart Home, IOT, IOV (Internet of Vehicles) and AI product lines; commercialize 5G CPE, 5G/4G LTE Small Cell and the derivatives.
- D. Cooperate with local technical suppliers in each market segment and country, to penetrate the local telecom markets together.
- E. Technical collaborate with the key chipset vendors and front-end suppliers to lead new technology trend and penetrate the product markets together.
- F. Keep scaling up the capacity of Vietnam manufacturing site, and optimizing the capacity transferring between our China manufacturing site and Vietnam manufacturing site, in order to maximum reduce the business impacts of the new coronavirus (COVID-19) and the tariff war.

(2) Expected Sales Overview

With the popularization of smart mobile devices in various countries, coupled with the rapid development trend of 5G/4G, Cloud Computing, IOT, IOV and AI, Networking devices will continue to grow rapidly under the continuous construction of broadband infrastructure in various regions. However, in the first half of this year, affected by the COVID-19 epidemic, the Company expects that the shipments of broadband wireless network devices in 2020 will only slightly increase by 3% ~ 5% compared with the previous year.

(3) Key Production and Marketing Policies

- A. In the next stage of product planning, we will continue to develop gateways supporting Smart Home and IOT functions; wireless modules built in consumer audio-visual products (such as DVD, Smart TV and home audio); high-end CPE demanded by ISP vendors such as 5G/4G LTE Small Cell and IAD that support fixed mobile convergence; high-end Android TV OTT/IP STB with ultra-high resolution (4K) and high dynamic range imaging (HDR); and the new generation Cable Modem and G.fast Router. We will also introduce AI algorithm, Big Data/Cloud Computing functions into the new intelligent CPE.
- B. Keep expanding the JDM business scale to gain the advantage of a greater economic scale, scaling up the production capacity of the Vietnam manufacturing site, appropriately diversifying the overseas production risk, and enhancing the manufacturing flexibility by above-mentioned multiple manufacturing sites.
- C. 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, and establishing a reliable Triple Play Enable software platform. In addition, Android TV OTT and IP STB have become our key product lines to develop. From the view of the business side, we will continue to explore new markets and new customers; from the view of technology side, we will enhance the integration between software, hardware, and whole system. Moreover, 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 Triple Play closely, and integrate above technology into the applications of smart handheld devices. We are also targeting at the fields of Smart Home, IOT, IOV, AI analysis and cloud computing, and further invest in the developments of 5G/4G, IAD, IP STB/Android TV OTT, GPON and V2V (Vehicle to Vehicle) applications 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 4G and the quick introducing of 5G, more and more Networking equipment manufacturers and major EMS providers have invested in the related products, developing process, and manufacturing procedure. It has led to a sharp increase in the overall market and price competition. In addition, at present, the Chinese market leads the world in 5G technology evolution and demand popularization, which also drives the growth and competitive advantage of Chinese Networking device manufacturers. All these manufacturers are aggressively doing strategic planning, entering the existing market at a destructive price, and putting a big budget in R&D to elevate their technical capability. Moreover, the new coronavirus (COVID-19) epidemic hits China's supply chain at the beginning of the first half of this year, and is now spreading to the global economy. The impact is not only a lack of labor and materials in manufacturing, but also the uncertainty of on-time supply and the price stability of key components. In the same period, the market demand is also huge shrinking accordingly. It is expected that the challenges on all aspects of future operation will be even more severe. Therefore, Arcadyan will keep upgrading key technology, strengthening supply

chain management flexibility, building cross-country manufacturing capacity, improving cost competitiveness, enhancing the advantage of time-to-market, and actively maintaining the mutual trust and mutual benefit with our telecom customers, so as to increase our market share.

4. Conclusion

Finally, we would like to extend our most sincere 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,

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

Item 2

Proposed by the Board of Directors

Subject: Audit Committee' review report of 2019.

Explanatory Notes:

1. The final accounting books and financial statements of 2019 have been audited by the Independent Auditors and reviewed by the Audit Committee. In addition, independent auditors' report and review report have been issued respectively.
2. The Independent Auditors' Report is attached (see page 9 to page 16).
3. The Audit Committee's review report is attached (see page 17).



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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. 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. The Group is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, and digital home and mobile office multimedia gateway 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 Group's accounting policies, such as the policy of provision for inventory loss due to price decline, obsolete, and slow moving inventories; inspecting the Group's inventory aging reports' accuracy and analyzing the changes of inventory aging which are in accordance with the Group's accounting policies; sampling and inspecting the Group'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.

2. Provisions

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

Description of key audit matters:

Assessment of provisions is subject to significant judgment and estimation from management. Accounting assumption is based on the historical experience of provision expenses as a percentage of sales.

How the matter was addressed in our audit:

Our principal audit procedures included : understing the method of estimation of provision, the sources of the data; confirming the policy of Group whether it is in accordance with the accounting principles; confirming whether the accounting estimates were conducted and the disclosure of provision was appropriate; performing retrospective testing for the amount of provision, testing the method of estimation, and recalculating the rationality of amount of provision.

Other Matter

Arcadyan Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuan-Ying Kuo and Hsin-Fu Yen.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2020

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.



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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, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

1. 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, and digital home and mobile office multimedia gateway 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.

2. Provisions

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

Description of key audit matters:

Assessment of provisions is subject to significant judgment and estimation from management. Accounting assumption is based on the historical experience of provision expenses as a percentage of sales.

How the matter was addressed in our audit:

Our principal audit procedures included : understanding the method of estimation of provision, the sources of the data; confirming the policy of Company whether it is in accordance with the accounting principles; confirming whether the accounting estimates were conducted and the disclosure of provision was appropriate; performing retrospective testing for the amount of provision, testing the method of estimation, and recalculating the rationality of amount of provision.

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2020

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.

Audit Committee's Review Report

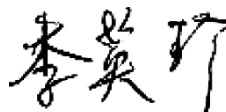
The Company's 2019 financial statements have been approved by the board of directors. Kuan-Ying Kuo and Hsin-Fu Yen, the certified public accountants of KPMG, have completed the audit of the financial statements. In addition, the board of directors has prepared and submitted the Company's 2019 business report and the proposal for distribution of earnings. We, the Audit Committee, has duly examined and determined such business report and proposal for distribution of earnings to be in line with the requirements under the Company Act and relevant laws and regulations. According to Article 14-4 of the Securities and Exchange Act and Article 219 of Company Act, we hereby submit this report.

To:

The 2020 General Shareholders' Meeting of the Company

Arcadyan Technology Corporation

Chairman of Audit Committee:



March 17, 2020

Item 3

Proposed by the Board of Directors

Subject: Report on the earnings distribution of cash dividend of 2019.

Explanation notes:

1. In accordance with the Company Act and Article 27-1 of the Articles of Incorporation, the Company authorizes the board of directors to distribute dividend in the form of cash, after a resolution adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and shall report it to the shareholders' meeting.
2. The total amount of dividends for the year 2019 to be distributed to shareholders is NT\$938,173,905, all of which will be paid in cash, at NT\$4.5 per share.
3. The board of directors will determine the record date for the distribution of cash dividends.
4. As of March 17, 2020, the number of shares that can participate in the distribution of rights is 208,483,090. If the number of shares outstanding is affected by other factors afterwards, resulting in a change in the cash distribution ratio and need to amend the ratio accordingly, the Chairman is fully authorized by the board of directors to deal with this matter.

Item 4

Proposed by the Board of Directors

Subject: Report on cash distribution from capital reserve.

Explanatory Notes:

1. In accordance with the Company Act and Article 27-1 of the Articles of Incorporation, the Company authorizes the board of directors to distribute capital reserve in the form of cash, after a resolution adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and shall report it to the shareholders' meeting.
2. In accordance with Article 241 of the Company Act, the board of directors adopted by resolution of a cash distribution in the amount of NT\$41,696,618 from capital reserve derived from the amount of the subscription price in excess of par value of common shares issued by the Company. The distribution will be NT\$0.2 per share, based on the holdings of shareholders as recorded in the shareholders roster on the record date of the cash distribution.
3. The board of directors will set the record date for cash distribution from capital reserve.
4. As of March 17, 2020, the number of shares that can participate in the distribution of rights is 208,483,090. If the number of shares outstanding is affected by other factors afterwards, resulting in a change in the cash distribution ratio and need to amend the ratio accordingly, the Chairman is fully authorized by the board of directors to deal with the matter.

Item 5

Proposed by the Board of Directors

Subject: Report on distribution of remuneration to employees and directors of 2019.

Explanatory Notes:

1. In accordance with Article 27 of the Articles of Incorporation.
2. The remunerations for employees and directors in 2019 were NT\$156,863,294 and NT\$11,811,798 respectively, both of which were paid in cash. There was no difference between the amounts and those recognized in 2019 financial statements.

Item 6

Proposed by the Board of Directors

Subject: Report on the issuance of convertible corporate bonds.

Explanatory Notes:

1. On April 9, 2019, the board of directors of the Company adopted a resolution of issuing NT\$1 billion of the first domestic unsecured convertible corporate bonds. The purpose of the funds raised is to strengthen the working capital for operation.
2. Please refer to the following table for the issuance of the domestic unsecured convertible corporate bonds of the Company:

Type of corporate bonds	First domestic unsecured convertible corporate bonds (Security Code: 35961)
Par value	NT\$100,000
Number of certificates issued	10,000
Issuance price	Issued at 101% of par value
Total amount	NT\$1,000,000,000
Coupon rate	0%
Issuance period	June 6, 2019 to June 6, 2022
Conversion premium rate	115%
Conversion price at issuance	NT\$98.3
Latest conversion price	NT\$93.0
Redemption date and method	Except where the holders of the convertible corporate bond convert it into the Company's common shares in accordance with Article 10 of the regulations governing the issuance of the Company's corporate bonds, or the Company repurchases the convertible corporate bond at the business premises of securities firms and cancel it, the Company shall redeem this corporate bond in cash at its maturity in one go in accordance with the par value of the bond.
Underwriter	KGI Securities
Number of common shares already converted and amount not yet converted as of the date of printing.	Number of common shares already converted: 0 shares; Amount not yet converted: NT\$1,000,000,000.

Election Item

Item 1

Proposed by the Board of Directors

Proposal: Election of the 8th term of directors.

Explanatory Notes:

1. The directors of the 7th term of the Company were elected by the shareholders' meeting on June 13, 2017 for a term of three years from June 13, 2017 to June 12, 2020.
2. According to Paragraph 2 of Article 195 of the Company Act, in case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.
3. Elect nine directors (including three independent directors) of the 8th term in accordance with the Company's Articles of Incorporation and the resolution of the board of directors meeting; the term of office is three years, from June 18, 2020 to June 17, 2023. The original directors shall be dismissed after the election.
4. According to the relevant regulations and the Articles of Incorporation of the Company, the candidate nomination system and procedure is adopted for the election of directors and independent directors of the Company. The candidate list has been adopted by resolution of the board of directors on May 6, 2020. The shareholders shall elect from the herewith attached list of candidates for directors and independent directors (see page 23).

Election results:

Arcadyan Technology Corporation
List of candidates for directors and independent directors

Candidate Category	Name of Candidate	Educational Background	Main Experience	Number of shares held by the legal entity represented	Number of shares held by the representative
Director	Compal Electronics Inc. Representative: Chen Jui-Tsung	National Cheng Kung University Department of Electrical Engineering	Compal Electronics Inc. Vice Chairman and CSO	41,304,504	0
Director	Compal Electronics Inc. Representative: Wong Chung-Pin	National Chiao Tung University Institute of Management Science	Compal Electronics Inc. Director and CEO	41,304,504	429
Director	Compal Electronics Inc. Representative: Peng Shen-Hua	National Taiwan University Institute of Electrical Engineering	Compal Electronics Inc. Director and Executive Vice President	41,304,504	0
Director	Compal Electronics Inc. Representative: Liu Chung-Pao	National Chiao Tung University Advanced Management Institute	Arcadyan Technology Corporation Vice President	41,304,504	13,079
Director	Tseng Chao-Peng	Oklahoma State University, Master of Business Administration	Arcadyan Technology Corporation CEO	0	26,669
Director	Wei Che-Ho	University of Washington PhD, Electrical Engineering	Honorary Professor of National Chiao Tung University	0	0
Independent Director	Lee Ing-Jen (Note 1)	National Taiwan University PhD, Electrical Engineering	Litemax Electronics Inc. Chairman	0	0
Independent Director	Wen Ching-Chang (Note 1)	University of Pennsylvania PhD, Electrical Engineering	New E Materials Co., Ltd. Chairman	0	0
Independent Director	Yang Wen-An (Note 2)	National Taiwan University Master of Commerce	Der Ben Financial Consulting Co., Ltd. Chairman	0	0

Note 1: Mr. Lee Ing-Jen and Mr. Wen Ching-Chang have rich knowledge and experience in the industry, and have provided important suggestions and contributions to the Company. Although they have been re-appointed as independent directors for three times, the Company still needs their expertise. Therefore, the board of directors proposes to continue to nominate them as independent directors of the Company.

Note 2: Mr. Yang Wen-An, a former certified public accountant, has rich knowledge and experience in finance and accounting, and has provided important suggestions and contributions to the Company. Although he has been re-appointed as an independent director for three times, the Company still needs his expertise. Therefore, the board of directors proposes to continue to nominate him as an independent director of the Company.

Ratification and Discussion Items

Item 1

Proposed by the Board of Directors

Proposal: To ratify the Company's business report and financial statements of 2019.

Explanatory Notes:

1. The Company's business report and financial statements of 2019 have been adopted by resolution of the board of directors and reviewed by the Audit Committee (the earnings distribution proposal is listed as Item 2 of the Ratification and Discussion items).
2. The financial statements (please refer to pages 25 to 32) and the business report (please refer to pages 4 to 7) are attached for ratification.

Resolution:

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents	\$ 7,607,559	30	5,976,053	28
1110 Current financial assets at fair value through profit or loss	15,455	-	35,744	-
1139 Current financial assets for hedging	61	-	-	-
1170 Notes and accounts receivable, net(including related parties)	6,106,597	24	5,816,762	27
1200 Other receivables(including related parties)	208,524	1	81,844	-
1310 Inventories	7,811,724	30	6,400,895	30
1410 Prepayments	162,505	1	226,537	1
1470 Other current assets	140,410	-	100,843	1
	<u>22,052,835</u>	<u>86</u>	<u>18,638,678</u>	<u>87</u>
Non-current assets:				
1550 Investments accounted for using equity method	348,250	1	370,777	2
1511 Non-current financial assets at fair value through profit or loss	44,262	-	45,645	-
1517 Non-current financial assets at fair value through other comprehensive income	49,500	-	-	-
1600 Property, plant and equipment	2,312,578	10	1,913,556	10
1755 Right-of-use assets	147,810	1	-	-
1780 Intangible assets	66,878	-	61,033	-
1840 Deferred income tax assets	364,440	1	156,547	1
1900 Other non-current assets	144,432	1	67,244	-
	<u>3,478,150</u>	<u>14</u>	<u>2,614,802</u>	<u>13</u>
Total assets	<u>\$ 25,530,985</u>	<u>100</u>	<u>21,253,480</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
Short-term borrowings		2100		2100
Current financial liabilities at fair value through profit or loss		2120		2120
Current financial liabilities for hedging		2126		2126
Accounts payable(including related parties)	8,222,862	32	7,246,291	34
Other payables(including related parties)	1,537,265	6	987,020	5
Current tax liabilities	532,947	2	224,990	1
Current provisions	602,319	2	210,972	1
Current lease liabilities	143,453	-	-	-
Other current liabilities	1,476,576	7	1,128,048	5
	<u>13,044,806</u>	<u>51</u>	<u>11,620,412</u>	<u>55</u>
Non-Current liabilities:				
Bonds payable	966,492	4	-	-
Deferred income tax liabilities	68,706	-	68,801	-
Non-current lease liabilities	13,354	-	-	-
Non-current net defined benefit liability	94,911	-	88,565	-
Other non-current liabilities	1,782	-	1,904	-
	<u>1,145,245</u>	<u>4</u>	<u>159,270</u>	<u>-</u>
	<u>14,190,051</u>	<u>55</u>	<u>11,779,682</u>	<u>55</u>
Total liabilities				
Equity attributable to owners of parent:				
Ordinary share	2,085,350	8	1,936,190	9
Capital surplus	3,703,916	14	2,794,174	13
Retained earnings	5,335,400	21	4,609,080	22
Exchange differences on translation of foreign financial statements	(95,172)	-	(53,684)	-
Loss(Gain) from hedging instrument	(4,871)	-	-	-
Unearned employee benefit	(119,897)	-	(219,616)	(1)
	<u>10,904,726</u>	<u>43</u>	<u>9,066,144</u>	<u>43</u>
	<u>436,208</u>	<u>2</u>	<u>407,654</u>	<u>2</u>
	<u>11,340,934</u>	<u>45</u>	<u>9,473,798</u>	<u>45</u>
Non-controlling interests	3600			
Total equity	<u>\$ 25,530,985</u>	<u>100</u>	<u>21,253,480</u>	<u>100</u>
Total liabilities and equity	<u>\$ 25,530,985</u>	<u>100</u>	<u>21,253,480</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, except earnings per share)

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenues:	\$ 32,897,900	100	26,621,262	100
5000	Operating costs	<u>28,545,525</u>	<u>87</u>	<u>23,465,062</u>	<u>88</u>
	Gross profit from operating	<u>4,352,375</u>	<u>13</u>	<u>3,156,200</u>	<u>12</u>
	Operating expenses:				
6100	Selling expenses	689,498	2	593,099	2
6200	Administrative expenses	481,732	2	404,671	2
6300	Research and development expenses	<u>1,453,633</u>	<u>4</u>	<u>1,186,987</u>	<u>4</u>
	Total operating expenses	<u>2,624,863</u>	<u>8</u>	<u>2,184,757</u>	<u>8</u>
	Net operating income	<u>1,727,512</u>	<u>5</u>	<u>971,443</u>	<u>4</u>
	Non-operating income and expenses:				
7100	Interest income	70,899	-	43,129	-
7190	Other income	29,990	-	20,273	-
7225	Gains on disposals of investments	-	-	2,122	-
7230	Foreign exchange losses, net	(181,263)	-	(15,765)	-
7235	Gains on financial assets (liabilities) at fair value through profit or loss	110,075	-	90,480	-
7370	Share of profit of associates and joint ventures accounted for using equity method	2,172	-	42,789	-
7510	Interest expense	<u>(56,561)</u>	<u>-</u>	<u>(36,447)</u>	<u>-</u>
		<u>(24,688)</u>	<u>-</u>	<u>146,581</u>	<u>-</u>
	Profit from continuing operations before tax	1,702,824	5	1,118,024	4
7950	Less: Income tax expenses	<u>345,838</u>	<u>1</u>	<u>237,841</u>	<u>1</u>
	Profit	<u>1,356,986</u>	<u>4</u>	<u>880,183</u>	<u>3</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(8,141)	-	3,924	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(1,628)</u>	<u>-</u>	<u>(1,056)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(6,513)</u>	<u>-</u>	<u>4,980</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(52,772)	-	29,966	-
8368	Gains (losses) on hedging instrument	(4,871)	-	-	-
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	(101)	-	(6)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(10,554)</u>	<u>-</u>	<u>3,288</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(47,190)</u>	<u>-</u>	<u>26,672</u>	<u>-</u>
8300	Other comprehensive income	<u>(53,703)</u>	<u>-</u>	<u>31,652</u>	<u>-</u>
	Total comprehensive income	<u>\$ 1,303,283</u>	<u>4</u>	<u>911,835</u>	<u>3</u>
	Profit, attributable to:				
	Owners of parent	\$ 1,313,498	4	871,519	3
	Non-controlling interests	<u>43,488</u>	<u>-</u>	<u>8,664</u>	<u>-</u>
		<u>\$ 1,356,986</u>	<u>4</u>	<u>880,183</u>	<u>3</u>
	Comprehensive income attributable to:				
	Owners of parent	\$ 1,260,626	4	902,103	3
	Non-controlling interests	<u>42,657</u>	<u>-</u>	<u>9,732</u>	<u>-</u>
		<u>\$ 1,303,283</u>	<u>4</u>	<u>911,835</u>	<u>3</u>
	Earnings per share				
9750	Basic earnings per share	<u>\$ 6.85</u>		<u>4.61</u>	
9850	Diluted earnings per share	<u>\$ 6.51</u>		<u>4.56</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Retained earnings					Total other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Total retained earnings	Unearned employee benefit and others	Gains (losses) on hedging instruments	Exchange differences on translation of financial statements	Total other equity interest	Total equity			
Balance at January 1, 2018	1,891,190	2,656,323	702,668	15,242	3,317,262	4,035,172	871,519	(79,288)	8,503,397	421,010	8,924,407	8,924,407	
Profit for the year ended December 31, 2018	-	-	-	-	871,519	871,519	-	-	871,519	8,664	880,183	880,183	
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	4,980	4,980	25,604	-	30,584	1,068	31,652	31,652	
Comprehensive income for the year ended December 31, 2018	-	-	-	-	876,499	876,499	25,604	-	902,103	9,732	911,835	911,835	
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	60,724	-	(60,724)	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	64,046	(64,046)	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	(75,648)	-	-	(302,591)	(302,591)	-	-	(378,239)	-	(378,239)	(378,239)	
Changes in equity of associates and subsidiaries accounted for using equity method	-	5,651	-	-	-	-	-	-	5,651	-	5,651	5,651	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(8)	-	-	-	-	-	-	(8)	-	(8)	(8)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(23,088)	(23,088)	(23,088)	
Issuance of restricted employee stock	45,000	207,856	-	-	-	-	-	-	(252,856)	-	-	-	
Cost of employee restricted share	-	-	-	-	-	-	-	-	33,240	-	33,240	33,240	
Balance at December 31, 2018	1,936,190	2,794,174	763,392	79,288	3,766,400	4,609,080	(53,684)	(219,616)	9,066,144	407,654	9,473,798	9,473,798	
Profit for the year ended December 31, 2019	-	-	-	-	1,313,498	1,313,498	(41,488)	-	1,313,498	43,488	1,356,986	1,356,986	
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(6,513)	(6,513)	(41,488)	-	(46,359)	(831)	(53,703)	(53,703)	
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	1,306,985	1,306,985	(41,488)	-	(46,359)	42,657	(3,372)	(3,372)	
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	87,152	-	(87,152)	-	-	-	-	-	-	-	
Special reserve reversed	-	-	-	(25,604)	25,604	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	(96,778)	-	-	(580,665)	(580,665)	-	-	(677,443)	-	(677,443)	(677,443)	
Capital increase by cash	150,000	930,000	-	-	-	-	-	-	1,080,000	-	1,080,000	1,080,000	
Issuance of convertible bonds	-	48,667	-	-	-	-	-	-	48,667	-	48,667	48,667	
Changes in equity of associates and subsidiaries accounted for using equity method	-	-	-	-	-	-	-	-	13	-	13	13	
Share-based payment transactions	(840)	27,840	-	-	-	-	-	-	99,719	-	126,719	126,719	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(119,897)	(14,103)	(133,999)	(133,999)	
Balance at December 31, 2019	2,085,350	3,703,916	850,544	53,684	4,431,172	5,335,400	(95,172)	(4,871)	10,904,726	436,208	11,340,934	11,340,934	

Balance at January 1, 2018

Profit for the year ended December 31, 2018

Other comprehensive income for the year ended December 31, 2018

Comprehensive income for the year ended December 31, 2018

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Special reserve appropriated

Cash dividends of ordinary share

Changes in equity of associates and subsidiaries accounted for using equity method

Difference between consideration and carrying amount of subsidiaries acquired or disposed

Changes in non-controlling interests

Issuance of restricted employee stock

Cost of employee restricted share

Balance at December 31, 2018

Profit for the year ended December 31, 2019

Other comprehensive income for the year ended December 31, 2019

Total comprehensive income for the year ended December 31, 2019

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Special reserve reversed

Cash dividends of ordinary share

Capital increase by cash

Issuance of convertible bonds

Changes in equity of associates and subsidiaries accounted for using equity method

Share-based payment transactions

Changes in non-controlling interests

Balance at December 31, 2019

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,702,824	1,118,024
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	393,265	218,519
Amortization expense	34,853	29,517
Expected credit loss (gain)	(7,442)	30,323
Interest expense	56,561	36,447
Interest income	(70,899)	(43,129)
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	1,383	3,064
Share-based payments transactions	125,393	32,743
Share of profit of associates and joint ventures accounted for using equity method	(2,172)	(42,789)
Gain on disposal of property, plant and equipment	(10,870)	(2,017)
Gain on disposal of investments accounted for using equity method	-	(2,122)
Total adjustments to reconcile profit (loss)	520,072	260,556
Changes in operating assets and liabilities:		
Net loss (gain) on financial assets or liabilities mandatorily measured at fair value through profit or loss	(2,951)	(49,563)
Increase in notes and accounts receivable (including related parties)	(283,793)	(543,505)
Decrease (increase) in other receivable (including related parties)	(130,088)	21,078
Increase in inventories	(1,410,829)	(2,713,490)
Decrease (increase) in prepayments	64,032	(28,967)
Decrease (increase) in other current assets	(39,567)	4,269
Increase in accounts payable (including related parties)	976,571	3,325,648
Increase in other payable (including related parties) and other current liabilities	1,290,808	544,827
Increase (decrease) in other operating liabilities	6,346	(1,190)
Total changes in operating assets and liabilities	470,529	559,107
Total adjustments	990,601	819,663
Cash inflow generated from operations	2,693,425	1,937,687
Interest received	75,707	34,449
Dividends received	24,611	25,453
Interest paid	(54,699)	(28,987)
Income taxes paid	(242,219)	(153,494)
Net cash flows from operating activities	2,496,825	1,815,108
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(49,500)	-
Proceeds from disposal of financial assets at fair value through profit or loss	25,478	-
Proceeds from disposal of investments accounted for using equity method	-	15,374
Acquisition of property, plant and equipment	(714,378)	(338,384)
Proceeds from disposal of property, plant and equipment	18,506	3,436
Decrease (increase) in refundable deposits	22,013	(29,880)
Acquisition of intangible assets	(40,704)	(19,674)
Increase in other non-current assets	(99,201)	-
Net cash flows from (used in) investing activities	(837,786)	(369,128)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(1,300,877)	1,102,842
Issuance of convertible bonds	1,007,240	-
Repayment of lease principal	(93,366)	-
Cash dividends paid	(677,441)	(378,225)
Proceeds from issuing shares	1,080,000	-
Acquisition of ownership interests in subsidiaries	-	(1,803)
Change in non-controlling interests	(12,777)	(20,796)
Other financing activities	-	99
Net cash flows from (used in) financing activities	2,779	702,117
Effect of exchange rate changes on cash and cash equivalents	(30,312)	16,667
Net increase in cash and cash equivalents	1,631,506	2,164,764
Cash and cash equivalents at beginning of period	5,976,053	3,811,289
Cash and cash equivalents at end of period	\$ 7,607,559	5,976,053

(English Translation of Financial Statements Originally Issued in Chinese)
ARCADYAN TECHNOLOGY CORPORATION

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents	\$ 4,460,976	21	2,795,733	17
1110 Current financial assets at fair value through profit or loss	12,400	-	35,071	-
1139 Current financial assets for hedging	61	-	-	-
1170 Notes and accounts receivable, net	3,355,418	16	3,987,392	25
1180 Accounts receivable from related parties, net	3,765,782	17	1,818,220	11
1200 Other receivables	80,819	-	62,436	-
1210 Other receivables from related parties	523,513	2	83,612	1
1310 Inventories, net	4,106,296	19	3,176,782	20
1410 Prepayments	45,763	-	43,300	-
1470 Other current assets	89,744	1	87,357	1
	<u>16,440,772</u>	<u>76</u>	<u>12,089,903</u>	<u>75</u>
Non-current assets:				
1550 Investments accounted for using equity method	3,157,057	15	2,450,259	15
1511 Non-current financial assets at fair value through profit or loss	44,262	-	45,645	-
1517 Non-current financial assets at fair value through other comprehensive income	49,500	-	-	-
1600 Property, plant and equipment	1,455,271	7	1,459,348	9
1755 Right-of-use assets	79,200	1	-	-
1780 Intangible assets	63,761	-	55,133	-
1840 Deferred income tax assets	245,703	1	109,537	1
1900 Other non-current assets	19,866	-	16,055	-
	<u>5,114,620</u>	<u>24</u>	<u>4,135,977</u>	<u>25</u>
Total assets	<u>\$ 21,555,392</u>	<u>100</u>	<u>16,225,880</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
Short-term borrowings	\$ 270,180	1	430,010	3
Current financial liabilities at fair value through profit or loss	5,414	-	3,143	-
Current financial liabilities for hedging	4,932	-	-	-
Accounts payable	3,911,744	18	2,041,665	13
Accounts payable to related parties	3,173,637	15	3,460,018	20
Other payables	1,087,821	6	581,274	4
Current tax liabilities	388,093	2	210,161	1
Current provisions	182,737	1	175,023	1
Current lease liabilities	86,879	-	-	-
Other current liabilities	170,447	1	111,037	1
	<u>9,281,884</u>	<u>44</u>	<u>7,012,331</u>	<u>43</u>
Non-current liabilities:				
Bonds payable	966,492	4	-	-
Non-current lease liabilities	1,816	-	-	-
Deferred income tax liabilities	55,716	-	58,840	-
Non-current net defined benefit liability	94,911	-	88,565	1
Credit balance of investments accounted for using equity method	249,847	1	-	-
	<u>1,368,782</u>	<u>5</u>	<u>147,405</u>	<u>1</u>
Total liabilities	<u>10,650,666</u>	<u>49</u>	<u>7,159,736</u>	<u>44</u>
Equity:				
Ordinary share	2,085,350	10	1,936,190	12
Capital surplus	3,703,916	17	2,794,174	17
Retained earnings	5,335,400	25	4,609,080	28
Exchange differences on translation of foreign financial statements	(95,172)	-	(53,684)	-
Loss(Gain) from hedging instrument	(4,871)	-	-	-
Unearned employee benefit	(119,897)	(1)	(219,616)	(1)
	<u>10,904,726</u>	<u>51</u>	<u>9,066,144</u>	<u>56</u>
Total equity	<u>\$ 21,555,392</u>	<u>100</u>	<u>16,225,880</u>	<u>100</u>
Total liabilities and equity	<u>\$ 21,555,392</u>	<u>100</u>	<u>16,225,880</u>	<u>100</u>

ARCADYAN TECHNOLOGY CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, except net income per share amounts)

		2019		2018	
		Amount	%	Amount	%
4000	Operating Revenues :				
4100	Net sales revenue	\$ 27,248,530	100	21,708,946	99
4800	Other operating revenue	<u>132,687</u>	-	<u>117,621</u>	<u>1</u>
		27,381,217	100	21,826,567	100
5000	Operating costs	<u>23,520,056</u>	<u>86</u>	<u>19,302,285</u>	<u>88</u>
	Gross profit from operating	3,861,161	14	2,524,282	12
5910	Unrealized profit from sales	<u>320,345</u>	<u>1</u>	<u>13,886</u>	<u>-</u>
		<u>3,540,816</u>	<u>13</u>	<u>2,510,396</u>	<u>12</u>
	Operating expenses :				
6100	Selling expenses	465,888	2	396,631	2
6200	Administrative expenses	347,637	1	287,163	1
6300	Research and development expenses	<u>1,175,721</u>	<u>4</u>	<u>932,592</u>	<u>4</u>
	Total operating expenses	<u>1,989,246</u>	<u>7</u>	<u>1,616,386</u>	<u>7</u>
	Net operating income	<u>1,551,570</u>	<u>6</u>	<u>894,010</u>	<u>5</u>
	Non-operating income and expenses:				
7100	Interest income	23,313	-	15,321	-
7230	Foreign exchange losses, net	(126,589)	-	(50,099)	-
7375	Share of profit of associates and joint ventures accounted for using equity method	53,550	-	115,221	1
7010	Other income	3,491	-	13,897	-
7510	Interest expense	(15,670)	-	(12,835)	-
7635	Gains on financial assets (liabilities) at fair value through profit or loss	<u>84,585</u>	<u>-</u>	<u>67,878</u>	<u>-</u>
		<u>22,680</u>	<u>-</u>	<u>149,383</u>	<u>1</u>
	Profit (loss) from continuing operations before tax	1,574,250	6	1,043,393	6
7950	Less: Income tax expenses	<u>260,752</u>	<u>1</u>	<u>171,874</u>	<u>1</u>
	Profit (loss)	<u>1,313,498</u>	<u>5</u>	<u>871,519</u>	<u>5</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(8,141)	-	3,924	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(1,628)</u>	<u>-</u>	<u>(1,056)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(6,513)</u>	<u>-</u>	<u>4,980</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(51,437)	-	28,212	-
8368	Gains (losses) on hedging instrument	(4,871)	-	-	-
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	(101)	-	(6)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(10,050)</u>	<u>-</u>	<u>2,602</u>	<u>-</u>
	Components of other comprehensive income that may be reclassified to profit or loss	<u>(46,359)</u>	<u>-</u>	<u>25,604</u>	<u>-</u>
8300	Other comprehensive income	<u>(52,872)</u>	<u>-</u>	<u>30,584</u>	<u>-</u>
	Total comprehensive income	<u>\$ 1,260,626</u>	<u>5</u>	<u>902,103</u>	<u>5</u>
	Earnings per share				
9750	Basic earnings per share	<u>\$ 6.85</u>		<u>4.61</u>	
9850	Diluted earnings per share	<u>\$ 6.51</u>		<u>4.56</u>	

(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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total retained earnings	Total other equity interest		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Exchange differences on translation of financial statements	Gains (losses) on hedging instruments	Unearned employee benefit and others
Balance at January 1, 2018	\$ 1,891,190	2,656,323	702,668	15,242	3,317,262	4,035,172	(79,288)	-	8,503,397
Profit for the year ended December 31, 2018	-	-	-	-	871,519	871,519	-	-	871,519
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	4,980	4,980	25,604	-	30,584
Comprehensive income for the year ended December 31, 2018	-	-	-	-	876,499	876,499	25,604	-	902,103
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	60,724	-	(60,724)	-	-	-	-
Special reserve appropriated	-	-	-	64,046	(64,046)	-	-	-	-
Cash dividends of ordinary shares	-	(75,648)	-	-	(302,591)	(302,591)	-	-	(378,239)
Changes in equity of associates and subsidiaries accounted for using equity method	-	5,651	-	-	-	-	-	-	5,651
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(8)	-	-	-	-	-	-	(8)
Issuance of restricted employee stock	45,000	207,856	-	-	-	-	-	(252,856)	-
Cost of employee restricted share	-	-	-	-	-	-	-	33,240	33,240
Balance at December 31, 2018	1,936,190	2,794,174	763,392	79,288	3,766,400	4,609,080	(53,684)	(219,616)	9,066,144
Profit for the year ended December 31, 2019	-	-	-	-	1,313,498	1,313,498	-	-	1,313,498
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(6,513)	(6,513)	(41,488)	(4,871)	(52,872)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	1,306,985	1,306,985	(41,488)	(4,871)	1,260,626
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	87,152	-	(87,152)	-	-	-	-
Special reserve reversed	-	-	-	(25,604)	25,604	-	-	-	-
Cash dividends of ordinary share	-	(96,778)	-	-	(580,665)	(580,665)	-	-	(677,443)
Capital increase by cash	150,000	930,000	-	-	-	-	-	-	1,080,000
Issuance of convertible bonds	-	48,667	-	-	-	-	-	-	48,667
Change in equity of associates and subsidiaries accounted for using equity method	-	-	-	-	-	-	-	-	-
Share-based payment transactions	-	27,840	-	-	-	-	-	99,719	126,719
Balance at December 31, 2019	\$ 2,085,350	3,703,916	850,544	53,684	4,431,172	5,335,400	(95,172)	(119,897)	10,904,726

(English Translation of Financial Statements Originally Issued in Chinese)
ARCADYAN TECHNOLOGY CORPORATION

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,574,250	1,043,393
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	95,588	84,551
Amortization expense	31,186	24,505
Expected credit loss (gain)	(4,171)	23,542
Interest expense	15,670	12,835
Interest income	(23,313)	(15,321)
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	1,383	3,064
Share-based payments	126,719	33,240
Share of profit of associates and joint ventures accounted for using equity method	(53,550)	(115,221)
Loss on disposal of property, plant and equipment	(325)	150
Unrealized profit from sales	320,345	13,886
Total adjustments to reconcile profit (loss)	<u>509,532</u>	<u>65,231</u>
Changes in operating assets and liabilities:		
Net loss (gain) on financial assets or liabilities mandatorily measured at fair value through profit or loss	24,942	(39,963)
Decrease (increase) in notes and accounts receivable	636,128	(874,834)
Increase in accounts receivable from related parties	(1,947,562)	(1,439,671)
Increase in other receivable	(465,725)	(9,027)
Increase in inventories	(929,514)	(1,325,570)
Increase in prepayments	(2,463)	(23,469)
Decrease (increase) in other current assets	(2,387)	13,322
Increase in accounts payable	1,583,698	2,964,896
Increase in other payable and other current liabilities	568,669	83,698
Decrease in other operating liabilities	(1,796)	(1,190)
Total changes in operating assets and liabilities	<u>(536,010)</u>	<u>(651,808)</u>
Total adjustments	<u>(26,478)</u>	<u>(586,577)</u>
Cash inflow generated from operations	1,547,772	456,816
Interest received	21,994	14,565
Dividends received	57,011	95,550
Interest paid	(8,117)	(12,205)
Income taxes paid	(210,432)	(70,550)
Net cash flows from operating activities	<u>1,408,228</u>	<u>484,176</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(49,500)	-
Acquisition of investments accounted for using equity method	(823,505)	(280,036)
Acquisition of property, plant and equipment	(70,487)	(61,828)
Proceeds from disposal of property, plant and equipment	1,095	669
Increase in refundable deposits	-	(14,580)
Acquisition of intangible assets	(39,814)	(13,737)
Increase in other non-current assets	(3,810)	(661)
Net cash flows from (used in) investing activities	<u>(986,021)</u>	<u>(370,173)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(159,830)	430,010
Cash dividends paid	(677,441)	(378,225)
Proceeds from issuing shares	1,080,000	-
Issuance of convertible bonds	1,007,240	-
Repayment of lease principal	(6,933)	-
Net cash flows from (used in) financing activities	<u>1,243,036</u>	<u>51,785</u>
Net increase in cash and cash equivalents	1,665,243	165,788
Cash and cash equivalents at beginning of period	2,795,733	2,629,945
Cash and cash equivalents at end of period	<u>\$ 4,460,976</u>	<u>2,795,733</u>

Item 2

Proposed by the Board of Directors

Proposal: To ratify the earnings distribution of 2019.

Explanatory Notes:

1. The 2019 earnings are planned to be distributed to shareholders after deducting the legal reserve provided in accordance with regulations from the 2019 after-tax net profit.
2. 2019 earnings distribution proposal is attached on Page 34.

Resolution:

Arcadyan Technology Corporation
2019 Earnings Distribution Proposal

Unit: NT\$

Item	Amount
Unappropriated retained earnings of previous years	3,124,186,676
Less: Other comprehensive income of 2019 – remeasurement of defined benefit plans	(6,512,800)
Less: Special reserve resulting from other equity interest	(41,488,429)
Plus: Net income of 2019	1,313,498,319
Less: Legal reserve	(131,349,832)
Retained earnings available for distribution	4,258,333,934
Less: Dividends to shareholders (cash dividend of NT\$4.5 per share)	(938,173,905)
Unappropriated retained earnings as the end of the period	3,320,160,029

Item 3

Proposed by the Board of Directors

Proposal: To approve the newly-elected directors of the Company from the non-competition restrictions.

Explanatory Notes:

1. As Company's directors may invest in or operate a business which is identical of similar to the business scope of the Company, without prejudice to any interest of the Company, it is proposed to approve the release of non-competition restrictions for these directors in accordance with Article 209 of the Company Act.
2. Information of the newly-elected directors and independent directors who currently serve in a position of other companies is shown in the attachment (page 36 to 38).

Resolution:

Arcadyan Technology Corporation
List of Positions Held by Candidates of Directors and
Independent Directors in Other Companies

The Company		Other companies with concurrent positions	
Position	Name	Position	Company
Director	Chen Jui-Tsung	Vice Chairman and CSO	Compal Electronics Inc.
		Chairman	Palcom International Corporation, Compal System Trading (Kunshan) Co., Ltd., Unicom Global, Inc., Ripal Optotronics Co., Ltd., General Life Biotechnology Co., Ltd., UniCore Biomedical Co., Ltd., Raycore Biotech Co., Ltd., Ray-Kwong Medical Management Consulting Co., Ltd., Rally Biopharma Co., Ltd., Aco Smartcare Co.,Ltd., Arce Therapeutics, Inc.
		Director	Arcadyan Holding (BVI) Corp. 、 Arcadyan Technology N.A. Corporation, 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 Display Holding (HK) Limited, Compal Electronics (Holding) Ltd., Compal Electronics International Ltd., Compal International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal International Ltd., Compal Rayonnant Holdings Ltd., Compalead Electronics B.V., 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 Information Research & Development (Nanjing) 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., Hong Jin Investment Co., Ltd., Hong Ji Capital Co., Ltd., Kunshan Botai Electronics Co., Ltd., Kinpo Group Management Consultant Company, Kinpo Electronics, Inc., Gempal Technology Corp., Panpal Technology Corp., 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., Compal Smart Device (Chongqing) Co., Ltd.,
CEO	Hong Jin Investment Co., Ltd., Hong Ji Capital Co., Ltd., Panpal Technology Corp., Gempal Technology Corp.		

The Company		Other companies with concurrent positions	
Position	Name	Position	Company
Director	Wong Chung-Pin	Chairman	Wah Yuen Technology Holding Ltd., Rayonnant Technology Co., Ltd., HengHao Technology Co. Ltd., Compal Broadband Networks, Inc., HippoScreen Neurotech Corp., Shennona Co., Ltd.,
		Director	Allied Power Holding Corp., Amexcom Electronics, Inc., Auscom Engineering Inc., Bizcom Electronics, Inc., Compal Connector Manufacture Ltd., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., HengHao Trading Co., Ltd., Primetek Enterprises Limited, Shennona Corporation, Sirqul Inc., Speedlink Tradings Limited, Compal Electronics, Inc., Unicom Global, 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., Taiwan Sanga Co., Ltd., UniCore Biomedical Co., Ltd., General Life Biotechnology Co., Ltd., Panpal Technology Corp., Hong Jin Investment Co., Ltd., Maxima Ventures I, Inc., Taiwan, Kinpo Group Management Consultant Company, Aco Smartcare Co., Ltd., Infinno Technology Corp.,
		Supervisor	Hong Ya Technology Corporation
		Executive Director	Compower Global Service Co., Ltd.
		CEO	Compal Electronics Inc.
Director	Peng Shen-Hua	Chairman	Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Hanhelt Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd.
		Director	Amexcom Electronics, Inc., 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.
		CEO	Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Palcom International Corporation, Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Hanhelt Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd.
		Executive Vice President	Compal Electronics Inc.
		Supervisor	General Life Biotechnology Co., Ltd.

The Company		Other companies with concurrent positions	
Position	Name	Position	Company
Director	Liu Chung-Pao	Director	Leading images limited, Arcadyan Technology (Shanghai) Corp.
		CEO	Compal Networking (Kunshan) Co., Ltd, Arcadyan Technology (Shanghai) Corp.
Director	Tseng Chao-Peng	Chairman	Tatung Technology Inc., Arcadyan Technology (Shanghai) Corp., Zhi-Bao Technology Corporation, AcBel Telecom Inc., Arcadyan Technology (Vietnam) Co., Ltd.
		Director	Arcadyan Holding (BVI) Corp., Arcadyan Technology Limited, Arcadyan Technology N.A. Corp., Arcadyan Technology Corporation Korea, Arcadyan Technology Australia Pty Ltd, Arch Holding (BVI) Corp., Exquisite Electronic Co., Ltd., Leading Images Limited, Quest International Group Co., Ltd., Sinoprime Global Inc. (BVI), Compal Networking (Kunshan) Co., Ltd, Tatung Home Appliances (WuJiang) Co., Ltd, Tatung Technology of Japan Co., Ltd.
		CEO	Arcadyan Technology N.A. Corp., Arcadyan Technology Corporation., Zhi-Bao Technology Corporation
		Manager	Arcadyan Germany Technology GmbH
Director	Wei Che-Ho	Chair Professor	Department of Electrical Engineering, Tatung University
		Adjunct Professor	Department of Electronics Engineering, National Chiao Tung University
		Director	Unizyx Holding Corporation, Macronix International Co., Ltd.
		Independent Director	Genesis Photonics Inc., Sunplus Technology Co., Ltd.
		Chairman	National Information Infrastructure Enterprise Promotion Association
Independent Director	Lee Ing-Jen	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	Wen Ching-Chang	Chairman	Materials Co., Ltd.
		Director	Bioptik Technology Inc.
Independent Director	Yang Wen-An	Chairman	Der Ben Financial Consulting Co., Ltd.
		Director and Partner	BDO Taiwan Union & Co.
		Independent Director	E&E Recycling Inc.

Extraordinary Motions

Extraordinary Motions

Appendix

Appendix 1

Arcadyan Technology Corporation Rules of Procedure for Shareholders' Meetings

- Article 1 The shareholders' meeting shall be conducted in accordance with the Rules of Procedure.
- Article 2 The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulations, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3 The "shareholders" stated in the Rules of Procedure for Shareholders' Meetings refers to shareholders and their proxies.
- Article 4 The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5 The Company shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders (or the proxy) may hand in a sign-in card in lieu of signing in. Those who hand over the sign-in card to the Company may be deemed to be the shareholders or proxies represented in the sign-in card, and sign-in procedures shall be handled in accordance with the Rules of Procedure for Shareholders' Meetings.
- Article 6 If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
- It is advisable that shareholders' meetings convened by the board of directors be attended by a majority of the directors.
- If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.
- Article 7 The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders' meeting which shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 8 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in. If a shareholder proposes to count the number of attending shareholders and is rejected by the chairman, the proposal that has been put to a vote shall be deemed passed when the number of voters have reached the legal limit.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that such postponements less than two times, with a combined period of postponement less than one hour, shall be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9 If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which shall not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chair shall not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 10 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic-person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 11 Voting at a shareholders' meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 12 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Except as otherwise provided in the Company Act and in Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall announce the total number of voting rights represented by the attending shareholders.

If the chair puts the proposal before all shareholders present at the meeting and none voices an objection, the matter is deemed approved, with equivalent force as a resolution by vote. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote. Except for the proposals listed in the meeting agenda, other proposals or an amendment or an alternative to the original proposals must be seconded by other shareholders.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting shall be announced on-site at the meeting, and a record made of the vote.

For the resolution method, when the chair puts the proposal before all shareholders present at the meeting and none voices an objection, the proposal shall specified as having "unanimous consent of all shareholders present at the meeting upon inquiry by the chair." However, any objection shall specify the voting method, as well as the number of votes and weighting for the passing the proposal.

Article 13 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 15 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 16 The Rules and any amendments hereto shall be implemented after adoption by shareholders' meetings. These Rules were formulated on April 10, 2006. The 1st amendment was made on June 22, 2012.

Appendix 2

Arcadyan Technology Corporation Procedures for the Election of Directors

- Article 1 Elections of directors shall be conducted in accordance with these Procedures.
- Article 2 The candidate nomination system shall be adopted for the election of directors by the shareholders' meeting from among the persons with disposing capacity. The cumulative voting method shall be used for the election the Company. The number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director or an independent director elect. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 3 The candidate nomination system shall be adopted for the election of independent directors. The board of directors or shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may nominate the next election of independent directors with the Company Act and relevant laws and regulations. The Company shall, prior to the share transfer suspension date dedicated before the meeting date of a shareholders' meeting, announce in a public notice, the period for accepting the nomination of independent director candidates, the quota of independent directors to be elected, the place designated for accepting the roster of independent director candidates nominated, and other necessary matters. The qualifications for the independent directors of the Company shall comply with relevant laws and regulations.
- Article 4 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
- Article 5 When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 6 The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 7 The board of directors shall prepare the ballots, and the number of voting rights associated with each ballot shall be specified on the ballots.
- Article 8 A voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. When the candidate is a governmental organization or juristic-person shareholder, the name of the

governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name and identity card number in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name and identity card number of its representative may be entered. When there are multiple representatives, the names and identity card number of each respective representative shall be entered.

Article 9 A ballot is invalid under any of the following circumstances, and the weights in the election vote shall not be counted under the candidate:

1. The ballot was not prepared in accordance with this election procedure.
2. Two or more candidates are selected in the same ballot.
3. Ballot is not placed in the ballot box or a blank ballot is placed in the ballot box.
4. Other words or marks are entered in addition to the candidate's account name and shareholder account number (or identity card number).
5. The writing is unclear and indecipherable or has been altered.
6. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
7. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number (or identity card number) is provided in the ballot to identify such an individual.

Article 10 The voting rights shall be calculated by the vote monitoring personnel on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair on the site.

Article 11 The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 12 Matters not provided for herein shall be governed by the Company Act, the Company's Articles of Incorporation, Rules of Procedure for Shareholders' Meetings, and relevant laws and regulations.

Article 13 The Procedures, and any amendments hereto, shall be implemented after the approval by a shareholders' meeting. The Procedures are formulated on April 10, 2006. The 1st amendment was made on June 22, 2012. The 2nd amendment was made on June 28, 2016.

Appendix 3

Arcadyan Technology Corporation Articles of Incorporation

Chapter 1 General Provisions

Article 1 The Company is organized under the Company Act and is named as Arcadyan Technology Corporation.

Article 2 The Company's scope of businesses are as follows:

1. CC01070 Telecommunication equipment and apparatus manufacturing.
2. CC01080 Electronic parts and components manufacturing.
3. CC01101 Restrained telecom radio frequency equipment and materials manufacturing (limited to radio transceivers, radio receivers, radio transmitters, radiative motors for industrial science and medical purposes, and other motors that produce radio waves).
4. F401021 Restrained telecom radio frequency equipment and materials import (limited to radio transceivers, radio receivers, radio transmitters, radiant motors for industrial science and medical use, and other motors that produce radio waves).

[Research, development, design, manufacture and sale of the following products:

1. Wireless LAN.
2. Bluetooth wireless transmission.
3. Multimedia Gateway for Digital Home and Mobile Office.
4. Wireless audio/ video.
5. Integrated Digital Home online games.]

Article 3 The Company may be a shareholder of limited liability in another company. The total amount of its investments in such other companies may exceed forty percent of the amount of its own paid-up capital.

Article 4 The Company may provide guarantees to other companies to meet business needs.

Article 5 The Company's head office is located in Hsinchu City, and may establish domestic and foreign subsidiaries or branches or offices when necessary by resolution of the board of directors and the approval of the competent authority.

Article 6 The Company's public announcements shall be published in accordance with Article 28 of the Company Act.

Chapter 2 Shareholding

Article 7 The Company's total registered capital of NT\$3 billion is being divided into 300 million common shares, with par value NT\$10 per share, which may be issued in installments. Unissued shares are authorized to be issued by the board of directors in installments. NT\$400 million is retained from the total amount of registered

capital in the preceding paragraph, with a total of 40 million shares for stock warrants, preferred shares with warrants, and corporate bonds with equity warrants, which may be issued in installments by resolution of the board of directors meeting.

Article 7-1 Employees of parents or subsidiaries of the Company meeting certain specific requirements, are entitled to receive or be transferred stocks from employee stock warrants, employee new shares subscription right, or restricted employee shares which the Company issue or buy back by laws or regulations.

Article 8 The Company's registered share certificates shall be affixed with the signatures or personal seals of the director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof.

The Company may be exempted from printing any share certificate for the shares issued, and shall register the issued shares with a centralized securities depository enterprise.

Article 9 The share transfer registration shall be suspended by the Company within 60 days prior to the convening date of a regular shareholders' meeting, within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonuses, or other benefits.

Article 10 The Company's stock transactions are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" issued by the competent authority.

Chapter 3 Shareholders' Meeting

Article 11 Shareholders' meeting shall be of two kinds: The regular meeting of shareholders, to be held at least once every year, and the special meeting of shareholders, to be held when necessary, both shall be convened in accordance with relevant laws and regulations.

Article 12 The notice to convene a regular meeting of shareholders and special meeting of shareholders shall be given to each shareholder in accordance to Article 172 of the Company Act.

Article 12-1 If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

- Article 13 A shareholder who cannot attend a shareholders' meeting may appoint a proxy to attend the meeting on his/her behalf by signing a power of attorney printed by the Company with signature or seal, stating therein the scope of power authorized to the proxy. Except as otherwise specified in the provisions of Article 177 of the Company Act and Article 25-1 of the Securities and Exchange Act, the attendance of shareholder proxy shall be in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" prescribed by the competent authority.
- Article 14 A shareholder shall have one voting right in respect of each share in his/her possession, but the shares shall have no voting power under any of the circumstances in the 2nd paragraph of Article 179 in the Company Act.
- Article 15 Resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders or proxies present, who represent more than one-half of the total number of voting shares, unless there are higher standards specified in the Article of Incorporation, such higher standards shall prevail.
- Article 16 The following shall be determined by the shareholders' meeting:
1. Amendment of the Company's Articles of Incorporation.
 2. Alteration of the scope of business undertaken by the Company.
 3. Reorganization or dissolution of the Company.
 4. Other powers granted under the Company Act or relevant laws and regulations.

Chapter 4 Directors and the Functional Committee

- Article 17 The board of directors of the Company shall have 7 to 11 directors. The candidate nomination system shall be adopted for the election of directors, and candidates shall be elected by the shareholders' meeting from among the nominees listed in the roster of director candidates. The directors shall include not less than two independent director members, and not less than one-fifth of the director seats shall be held by independent directors.

The Company shall purchase and maintain liability insurance for all directors with respect to their legally required liabilities for damages arising from their performance of duties during the term of office.

The term of office of a director is three years; but he/she may be eligible for re-election. Independent directors may be re-elected according to relevant laws and regulations.

In the process of electing directors at a shareholders' meeting, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect.

Article 17-1 For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors may set up functional committees, of which the organic regulations shall be stipulated in accordance with relevant laws and regulations as well as the Company's provisions.

Article 17-2 The Company's Audit Committee shall be composed of the entire number of independent directors in accordance with Article 14-4 of the Securities and Exchange Act.

The exercise of power by Audit Committee and related matters shall be set forth in accordance with laws, regulations, and the Articles of Incorporation.

Article 18 The board of directors shall be organized by the directors, and the chairman of the board of directors shall be elected from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman of the board of directors shall internally preside the shareholders' meeting, the meeting of the board of directors; and shall externally represent the Company. In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the proxy shall act on his behalf in accordance with Article 208 of the Company Act.

Article 19 Except as otherwise provided by laws or regulations, meetings of the board of directors shall be convened by the chairman of the board of directors. In calling a meeting of the board of directors, a notice shall be given to each director no later than 7 days prior to the scheduled meeting date. In the case of emergency, a meeting of the board of directors may be convened at any time. The board of directors meeting notice shall specify the time, place, and causes of the meeting. The board of directors meeting notice may be given via written mail, e-mail, or facsimile.

Article 20 The director shall attend the meeting of the board of directors in person. If attendance in person is not possible, the director may appoint another director to attend a meeting of the board of directors in his behalf, he shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A proxy under the previous paragraph may accept a proxy from one person only. Except as otherwise specified in the Company Act, each director shall have one vote. Except as otherwise stated in the laws and regulations, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 21 Except where otherwise provided by the Company Act or the Articles of Incorporation, the power and authority of the board of directors include:

1. Make the business plan.

2. Propose earnings distribution or loss make-up proposal.
3. Propose to increase or decrease capital.
4. Formulate important provisions and contracts.
5. Appoint and remove of managers of the Company.
6. Establish or close a branch or representative office.
7. Examine the acquisition and disposal of real estate and investment.
8. Examine budget and final account.
9. Other powers granted under the Company Act or relevant laws and regulations.

Article 22 Remuneration of the board of directors who conduct the Company's business shall be paid irrespective of whether the Company operates at a profit or loss. The remuneration of all directors is proposed by the Remuneration Committee and determined by the board of directors, based on their participation and contribution to the Company's operations and benchmarks in the same industry.

Article 23 (Deleted)

Chapter 5 Managerial personnel

Article 24 The Company may have managerial personnel. Appointment, discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 25 The Company's fiscal year begins on January 1 and ends on December 31.

Article 26 Upon close of each fiscal year, the directors shall prepare the following statements and records to be submitted to the shareholders' meeting for approval in accordance with the procedure prescribed by law:

1. Business report.
2. Financial statements.
3. Surplus earnings distribution or loss make-up proposal.

The aforementioned surplus earning distribution proposal, including dividends and bonuses paid in cash, shall be distributed in accordance with the Articles of Incorporation by resolution of the board of directors, and reported to the shareholders' meeting but require no resolution of a shareholders' meeting.

Article 27 If the Company made a profit in a fiscal year, shall reserve no less than 5% for employee's compensation, and no more than 2% for remuneration of directors from the Company's pre-tax profit prior to the deduction of employee's compensation and directors remuneration. In the event that the Company has accumulated losses, the Company shall reserve an amount to cover the losses. 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.

Article 27-1 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 authorizes the board of directors to distribute dividends, bonuses, capital reserve, 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 two-thirds of the total number of directors, and shall report it to the shareholders' meeting.

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 profit after-tax. Cash dividends shall be no less than ten percent of the total dividends distributed to shareholders.

Chapter 7 Supplementary Provisions

Article 28 Matters not set out in the Articles of Incorporation shall be governed in accordance with the Company Act and relevant laws and regulations.

Article 29 The Company's Articles of Incorporation was formulated on April 29, 2003 by consent of all of the promoters. The 1st amendment was made on May 10, 2003. The 2nd amendment was made on June 16, 2003. The 3rd amendment was made on April 10, 2006. The 4th amendment was made on July 31, 2006. The 5th amendment was made on October 12, 2006. The 6th amendment was made on September 14, 2007. The 7th amendment was made on June 13, 2008. The 8th amendment was made on June 25, 2010. The 9th amendment was made on June 22, 2012. The 10th amendment was made on June 25, 2013. The 11th amendment was made on June 28, 2016. The 12th amendment was made on June 25, 2019.

Appendix 4

Arcadyan Technology Corporation Shareholdings of All Directors

Book-close date: April 20, 2020

Position	Name	Number of shares	%
Chairman	Compal Electronics Inc. Representative: Chen Jui-Tsung	41,304,504	19.81
Director	Compal Electronics Inc. Representative: Wong Chung-Pin		
Director	Compal Electronics Inc. Representative: Peng Shen-Hua		
Director	Compal Electronics Inc. Representative: Liu Chung-Pao		
Director	Tseng Chao-Peng	26,669	0.01
Director	Wei Che-Ho	0	0
Independent Director	Lee Ing-Jen	0	0
Independent Director	Wen Ching-Chang	0	0
Independent Director	Yang Wen-An	0	0
Total		41,331,173	19.82

Note 1: According to the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, where the paid-in capital of a company exceeds NT\$2 billion and is less than NT \$4 billion with two or more independent directors are elected, the legally required number of shares held by all directors shall be as follows: not less than 8,339,324 shares (208,483,090 shares * 5% * 80%) shall be held by all directors.

Note 2: The Company has an audit committee in place, so the number of shares legally required to be held by supervisors is not applicable.

Appendix 5

Other Notes:

Acceptance of shareholders' proposed motions and nomination of director candidates at this general shareholders' meeting:

1. In accordance with Article 172-1 of the Company Act, a shareholder who holds more than 1% of the total issued shares may propose a motion in writing to the Company at a regular shareholders' meeting. The number of proposed motions is limited to one and the motion is limited to three hundred words (including the description, explanation and punctuation); those exceeding the limit shall not be included in the proposal. The proposing shareholder shall attend the regular shareholders' meeting in person or by proxy and participate in the discussion of the motion.
2. In accordance with Article 192-1 of the Company Act and the Company's Articles of Incorporation, the system of nomination of candidates shall be adopted for the election of directors. Shareholders holding more than 1% of the total issued shares may submit a list of candidates for directors to the Company in writing, but the number of nominations shall not exceed the number of directors to be elected for the Company.
3. For the 2020 regular shareholders' meeting, the period for the Company's acceptance of shareholders' proposed motions and nominations is from March 31, 2020 to April 10, 2020, and the acceptance period shall be announced on MOPS in accordance with the law.
4. During the acceptance period above, the Company has not received any shareholders' nomination or proposed motion.