

Stock Code: 3596

## Arcadyan Technology Corporation

### 2024 Annual Report

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

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Deputy Spokesperson: Fong-Yu Lu / Executive Vice President

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**Headquarters, Branches and Plant**

Headquarter: 8F, No 8, Guangfu Rd., Hsinchu, Taiwan

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Branches: None.

Plant: None.

**Stock Transfer Agency**

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**Auditors**

CPA firm: KPMG Taiwan

Auditors: Szu-Chuan Chien, Keng-Chia Huang

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**Overseas Securities Exchange**

None.

**Corporate Website**

[http://www. arcadyan.com](http://www.arcadyan.com)

I. Letter to Shareholders .....	1
II. Report on Corporate Governance .....	8
1. Directors, President, Vice Presidents, Senior Managers and Department and Branch Heads .....	8
2. Remuneration of Directors, President and Vice Presidents in the Most Recent year .....	24
3. Implementation of Corporate Governance .....	31
4. Information Regarding the CPA's Audit Fee .....	84
5. Replacement of CPA .....	85
6. Any of the Company's Chairman, President, or Managers responsible for Financial or Accounting Affairs Being Employed by the Auditor's Firm or Any of Its Affiliated Company in the Most Recent Year .....	87
7. For the Most Recent Year until the Publication Date of the Annual Report, the Transfer of Equity Interest and Change in Stock Pledge of Directors, Managers and Shareholders with Stake of 10% or More .....	87
8. Relationship among the Top Ten Shareholders .....	89
9. Comprehensive Shareholding Information Relating to Company, Directors, Managers and Affiliated Companies through Direct and Indirect Investment .....	90
III. Fund Raising .....	91
1. Capital and Shares .....	91
2. Corporate Bonds .....	95
3. Preferred Shares .....	95
4. Global Depository Receipts .....	95
5. Employee Stock Option Plan .....	95
6 Restricted Employee Shares Plan .....	95
7. Status of New Shares Issuance in Connection with Mergers and Acquisitions .....	95
8. Financing Plans and Implementation .....	95
IV. Operational Highlights .....	96
1. Business Activities .....	96
2. Market and Sales Overview .....	104
3. The Number of employees, their average service seniority, average age, and education level distribution ratio in the most recent two years up to the publication date of this annual report .....	110

4. Expenditure on Environmental Protection .....	110
5. Labor Relations .....	111
6. Cyber security management .....	115
7. Important contracts .....	120
V. Review of Financial Position, Financial Performance and Risk Assessment .....	123
1. Financial Position .....	123
2. Financial Performance .....	124
3. Cash Flow Analysis .....	126
4. Major Capital Expenditures and Effect on Finance and Business in the Most Recent Year .....	127
5. Investment Policy in the Most Recent Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year .....	127
6. Risk Management .....	128
7. Other Material Items .....	134
VI. Special Disclosure .....	135
1. Summary of Affiliated Companies .....	135
2. Private Placement of Securities in the Most Recent Year up to the Publication Date of this Annual Report .....	135
3. Other Necessary Supplementary Information .....	135
4. Any Event that had Material impact on Shareholders Right or Stock Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Act in the Most Recent Year up to the Publication Date of this Annual Report .....	135

# I. Letter to Shareholders

Dear Shareholders:

The business results for 2024, an overview of the 2025 operating plan and future development strategies of the Company, along with the impact of external competition, regulations, and the overall operating environment are as follows:

## 1. Business Results of 2024

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

In 2024, the Company's consolidated net operating revenues for the whole year was NT\$48,967,458 thousand, representing an annual decrease of 4.3%. The net operating income and after tax net income were NT \$3,037,631 thousand and NT\$ 2,479,517 thousand respectively, and the after tax earnings per share was NT\$11.28.

### (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 2024 was 137% and the debt ratio was 59%; the financial structure was sound.

In 2024, the net income was NT\$2,479,517 thousand, the return on assets was 6.5%, and the return on equity was 16.0%.

### (3) Progress in Research and Development

- (I) The developed products include: 5G FWA CPE, Whole Home Wifi (Wifi Mesh Network) smart home solution, 4G/LTE Small Cell integrated SON (Self Organizing Network) features, Indoor and Outdoor LTE Routers/Gateways, 802.11be(Wi-Fi 7) , 802.11ax and 802.11ac (Single-band, Dual-band and Tri-band) Wireless Routers and VDSL Routers, Repeaters used to expand Wifi coverage, Android TV OTT/IP STB support Ultra-high resolution (4K) and HDR (High Dynamic Range Imaging), Edge AI Box, GPON/XGSPON/ONT and NG-PON2 Fiber products, and DOCSIS 4.0, 3.1 & 3.0 Cable Modems.
- (II) Keep integrating and optimizing the new functions into the next generation IAD, such as Zigbee, Z-wave, BLE, DECT ULE and NFC,

and introducing AI (Artificial Intelligence) algorithm, Intelligent Diagnostic functions, IEEE1905.1, EasyMesh™ R1~R5 Multi-interfaces Management System, and Big Data cloud analysis platform optimization.

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

## 2. 2025 Business Prospects

### (1) Operating Strategy

- (I) Keep enlarging the existing telecom market share and developing new telecom customers in emerging markets; expanding the product categories of existing telecom customers, extending from fixed line to optical fiber products and developing mobile broadband related products; providing the rapid customized products and services to all customers; and supporting the customers to design and develop competitive products by their needs, in order to efficiently make market segmentation for them.
- (II) Strengthen the technical capability of software, hardware on Android TV OTT and IP STB, expand product lines with Edge AI Box and other new products, focusing on new markets and developing new customers to continuously optimize the overall product portfolio and profitability.
- (III) Expansion of the MSO (Multiple System Operator) market share and enhance market positioning, proactive development of new customers, expansion of Cable Modem production lines, and increase product penetration at the customer end through the provision of added-value services.
- (IV) Proactive development of new product categories such as Smart Home, Internet of Things (IOT), Artificial Intelligence (AI), The 76GHz-80GHz Automotive Blind Spot Detection (BSD) Active warning radar system, Antenna Integrated PCB Car Alarm, etc; implementation of research on commercially viable applications of derived technologies, initiatives in sync with the development of 5G technology, keep the development of new-generation 5G CPE products.



- (V) Cooperate with local technical suppliers in each market segment and country, to penetrate the local telecom markets together, collaborate with the key chipset vendors and front-end suppliers in order to lead new technology trend and penetrate the product markets together.
- (VI) Continuously expand the capacity and scale of the Vietnam manufacturing center, optimize its production efficiency and process details, and collaborate with local subcontract manufacturing partners in various market regions to enhance the productivity of overseas production bases and the resilience of multi-site manufacturing. Additionally, establish a Smart Factory at Arcadyan's Vietnam manufacturing center, incorporating automated processes into production and implementing a lights-out factory model for select production lines, while adopting solar power generation as a green energy and energy-saving measure. Simultaneously, build a real-time information flow monitoring system for all production elements to significantly optimize direct labor and enhance production efficiency. Furthermore, Arcadyan's Vietnam manufacturing center has passed the Responsible Business Alliance (RBA) Validated Audit Process (VAP) audit, earning the highest honor of a platinum certificate. The Company will continue to adhere to the RBA Code of Conduct and stakeholder expectations, fulfill corporate social responsibility, and drive value chain partners to implement supplier development programs, strengthening risk management and resilience across the supply chain.
- (VII) Enhance the focus on the three key dimensions of sustainability: "Environmental, Social, and Governance." Based on the Company's core values as the foundation for its sustainable development strategy, a framework is established encompassing five major aspects, including "Corporate Governance", "Environmental Sustainability", "Employee Care", "Sustainable Procurement", and "Social Engagement", with short-term, mid-term, and long-term goals and management guidelines formulated. To date, the Company's overall ESG performance has been recognized with numerous domestic and international certifications and awards. Arcadyan is the first publicly listed company in Taiwan among industry peers to pass the SBTi carbon reduction and net-zero target review and has been awarded the highest level of "EXCELLENT" in the "Temperature Rising Index for Pathways (TRIPs)" achieving the 1.5°C corporate

temperature control target. Additionally, the Company received the highest honor of "Platinum" in the EcoVadis sustainability assessment, ranking in the top 1% of participating companies in sustainability performance. Furthermore, it was honored with two SEAL Awards - Environmental Initiative Award and Sustainable Innovation Award. The company will continue to leverage the operations of Sustainability Committee, the Company sets the sustainability strategy and development goals and continues to interact with all stakeholders to achieve the objectives of sustainability future.

- (VIII) The company is actively integrating artificial intelligence (AI) technology to enhance work efficiency and operational performance. Through intelligent automation, data analytics, and machine learning, we optimize internal processes, expedite decision-making, and improve the quality of our products and services. The application of AI enables us to allocate resources more effectively, minimize repetitive tasks, and enable our team to focus on more strategically valuable initiatives. We will continue to invest in AI technology to sustain our competitive edge in the digital era and create greater value for our customers and partners.

## (2) Expected Sales Overview

In line with the rapidly increasing global demand for remote work and cloud applications in the post-epidemic era and against the backdrop of the ongoing expansion of broadband infrastructure installations, growth in the field of networking devices will be maintained. It is projected that the shipment volume of broadband networking devices will be increased by 5%~10% in 2025.

## (3) Key Production and Marketing Policies

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





represents another focus of our R&D efforts.

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

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

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

#### (1) Future Development Strategy of the Company

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

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

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

In the post-pandemic era, the global demand for new technologies such as AI, 5G, and IoT shows no signs of slowing down and continues to grow. This has led to a period of supply shortages and frequent demand fluctuations for IC components such as chips and PMICs, making it increasingly challenging for network communication end-product manufacturers to manage material availability effectively. During periods of tightened component supply in the supply chain and extended lead times, the delivery timelines for customers were indirectly prolonged.

In recent years, frequent geopolitical conflicts and economic Black Swan Events internationally have significantly shaped the global landscape, such as the Russia-Ukraine war, the Israel-Hamas conflict, the prolonged US-China trade war, technology standoff and the unexpected rapid consecutive interest rate hikes by the Federal Reserve. These developments have directly or indirectly impacted the global macroeconomic environment, exacerbating its deterioration and instability. They have also significantly heightened economic uncertainty, particularly in Western countries, making the global consumer market increasingly pessimistic.

Although the Federal Reserve initiated emergency interest rate cuts at the end of last year to stimulate market consumption and investment, promote economic growth, and maintain stability in the overall economic environment (inflation), clear signs of resolution are yet to be seen in the Russia-Ukraine war, the US-China trade war and technology disputes. Coupled with escalating tariff risks and heightened geopolitical tensions, the global macroeconomic environment is expected to remain unstable. Severe challenges in competition and cooperation across various operational aspects persist. The Company will continue to enhance its product technologies, strengthen supply chain management and adaptability, build multi-regional manufacturing flexibility, advance cost competitiveness, strengthen the competitive edge in the field of Time to Market, and actively develop, cultivate, and maintain cooperative relationships based on mutual benefit with telecom customers with the ultimate goal of expanding our market share. The Company will strive to overcome the uncertainty in the market conditions to continue to expand market share.

## Conclusion

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

Good Health and Prosperity!

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

## II. Report on Corporate Governance

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

#### (1) Directors

March 30, 2025

Position	Nationality or place of registration	Name	Gender/ Age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Concurrent Position(s) in the Company or other companies	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	R.O.C.	Compal Electronics, Inc.	Note 3	2023.6.15	3 years	2006.10.12	41,304,504	18.74%	41,304,504	18.74%	0	0%	0	0%	Bachelor's degree of Electrical Engineering, National Cheng Kung University Chairman of Compal Electronics, Inc.	Note 5	None	None	None	Note 4
		Representative: Jui-Tsung Chen				2006.10.12	2,276,000	1.03%	2,276,000	1.03%	0	0%	0	0%						
Director	R.O.C.	Compal Electronics, Inc.	Note 3	2023.6.15	3 years	2006.10.12	41,304,504	18.74%	41,304,504	18.74%	0	0%	0	0%	Master's degree of Electrical Engineering, National Taiwan University Director and Executive Vice President of Compal Electronics, Inc.	Note 5	None	None	None	Note 4
		Representative: Sheng-Hua Peng				2014.6.20	0	0%	0	0%	0	0%	0	0%						
Director	R.O.C.	Compal Electronics, Inc.	Note 3	2023.6.15	3 years	2006.10.12	41,304,504	18.74%	41,304,504	18.74%	0	0%	0	0%	Bachelor's degree of Accounting, Fu Jen Catholic University Vice President of Compal Electronics, Inc.	Note 5	None	None	None	Note 4
		Cheng-Chiang Wang (Note 1)				2024.8.30	498,602	0.23%	498,602	0.23%	0	0%	0	0%						
Director	R.O.C.	Compal Electronics, Inc.	Note 3	2023.6.15	3 years	2006.10.12	41,304,504	18.74%	41,304,504	18.74%	0	0%	0	0%	EMBA, National Chiao Tung University Vice President of Arcadyan Technology Corporation	Note 5	None	None	None	Note 4
		Representative: Chung-Pao Liu				2019.4.12	36,079	0.02%	25,079	0.01%	0	0%	0	0%						

Position	Nationality or place of registration	Name	Gender/ Age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Concurrent Position(s) in the Company or other companies	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Director	R.O.C.	Chao-Peng Tseng (Note 2)	Note 3	2023.6.15	3 years	2019.6.25	162,669	0.07%	162,669	0.07%	0	0%	0	0%	MBA, Oklahoma State University President of Arcadyan Technology Corporation	Note 5	None	None	None	Note 4
Director	R.O.C.	Cheng-Hua Sun	Note 3	2023.6.15	3 years	2023.6.15	0	0%	0	0%	0	0%	0	0%	LL.M., Graduate Institute of National Development, National Taiwan University Prosecutor of Shilin District Prosecutors Office	None	None	None	None	Note 4
Independent Director	R.O.C.	Ing-Jen Lee	Note 3	2023.6.15	3 years	2008.6.13	0	0%	0	0%	0	0%	0	0%	Ph.D. in Electrical Engineering, National Taiwan University Chairman of Litemax Electronics Inc.	Note 5	None	None	None	Note 4
Independent Director	R.O.C.	Ching-Chang Wen	Note 3	2023.6.15	3 years	2008.6.13	0	0%	0	0%	0	0%	0	0%	Ph.D. in Electrical Engineering, University of Pennsylvania Director of Biophtik Technology Inc.	Note 5	None	None	None	Note 4
Independent Director	R.O.C.	Wen-An Yang	Note 3	2023.6.15	3 years	2008.6.13	0	0%	0	0%	0	0%	0	0%	Master's degree of Commerce, National Taiwan University Chairman of Durbun Digital Solutions, Inc.	Note 5	None	None	None	Note 4

Note 1: On August 30, 2024, Compal Electronics, Inc. reappointed its representative: Chung-Pin Wong stepped down, and Cheng-Chiang Wang was appointed as the new representative.

Note 2: Chao-Peng Tseng, a representative of Compal Electronics, Inc., served as the Company's Director from March 9, 2017 to April 12, 2019.

Note 3: All Directors of the Company are male, except for Cheng-Hua Sun, who is female. Directors aged 50 to 59: Sheng-Hua Peng, Cheng-Hua Sun; Directors aged 60 to 69: Cheng-Chiang Wang, Chung-Pao Liu, Chao-Peng Tseng; Directors aged 70 to 79: Jui-Tsung Chen, Ing-Jen Lee, Ching-Chang Wen, Wen-An Yang.

Note 4: The Company Chairman and the President or manager of equivalent position (the highest manager) are the same person or spouses or of kinship in the first degree, related information regarding the arrangements in terms of reasons, rationale, necessity and response measures shall be provided: None.

Note 5: Concurrent Position(s) in the Company or other companies



Job title	Name	Concurrent Position(s) in the Company or other companies
Chairman	Jui-Tsung Chen	<p>Chairman: Compal Electronics, Inc., Ripal Optotronics Co., Ltd., UniCore Biomedical Co., Ltd., Aco Healthcare Co., Ltd., ARCE Therapeutics, Inc., Kinpo&amp;Compal Group Assets Development Corporation, Palcom International Corporation, General Life Biotechnology Co., Ltd., Ray-Kwong Medical Management Consulting Co. Ltd., River Regeneration and Rejuvenation Biotechnology Co. Ltd., Raypal Biomedical Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Hong Jin Investment Co., Ltd., Hong Ji Capital Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., Compal Smart Device India Private Limited</p> <p>Director: Compal Broadband Networks, Inc., Compal Ruifang Health Assets Development Corporation, Kinpo Group Management Service Company, Mactech Corporation, UniCom Global, Inc., Henghao Technology Co., Ltd., Phoenix Innovation Venture Capital Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Networking (Kunshan) Co., Ltd., Ascendant Private Equity Investment Ltd., Big Chance International Co., Ltd., Billion Sea Holdings Ltd., Bizcom Electronics, Inc., Center Mind International Co., Ltd., Compal Americas (US) Inc. ∙ Compal Display Holding (HK) Limited, Compal Electronics (Holding) Ltd., Compal Electronics International Ltd., Compal Electronics N.A. Inc. ∙ Compal International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal International Ltd., Compal Rayonnant Holdings Ltd., Compal USA (Indiana), Inc., Compal Wise Electronic (Vietnam) Co., 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., Smart International Trading Ltd., Webtek Technology Co., Ltd, Compal (Vietnam) Co., Ltd., Compal Development &amp; Management (Vietnam) Co., Ltd., Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., Sinoprime Global Inc., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., Wah Yuen Technology Holding Ltd., NCKUEE Alumni Association</p> <p>Independent Director: Powertech Technology Inc.</p> <p>President: Compal Electronics (Vietnam) Co., Ltd.</p> <p>President: Compal Electronics (Vietnam) Co., Ltd.</p>

Job title	Name	Concurrent Position(s) in the Company or other companies	
Director	Sheng-Hua Peng	Chairman:	Compal Healthcare & Technology Ltd., Compal Ruifang Health Assets Development Corporation, HippoScreen Neurotech Corp., Shennona Co., Ltd., Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Hanhelt Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd.
		Director:	Compal Electronics, Inc., Arcadyan Technology Corporation, Ripal Optotronics Co., Ltd., UniCore Biomedical Co., Ltd., Aco Healthcare Co., Ltd., Kinpo Group Management Service Company, Kinpo&Compal Group Assets Development Corporation, Palcom International Corporation, INFSitronix Technology Corporation, Mactech Corporation, Gempal Technology Corp., Hong Jin Investment Co., Ltd., Hong Ji Capital Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., Compal Smart Device India Private Limited, Shennona Corporation
		Supervisor:	Compal Electronics, Inc.
		President:	Palcom International Corporation, Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Hanhelt Communications (Nanjing) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd.
		Executive Vice President	Compal Electronics, Inc.
		Branch Manager:	Kaohsiung Branch of Compal Electronics Inc.
Director	Cheng-Chiang Wang	Director:	Allied Circuit Co., Ltd., Poindus Systems Corp., UniCore Biomedical Co., Ltd., Palcom International Corporation, INFSitronix Technology Corporation, Mactech Corporation, Gempal Technology Corp., Panpal Technology Corp., Zhi Bao Technology Inc., Hong Jin Investment Co., Ltd., Hong Ji Capital Co., Ltd., Phoenix Innovation Venture Capital Co., Ltd., Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd., Rayonnant Technology (Taicang) Co., Ltd., Big Chance International Co., Ltd., Center Mind International Co., Ltd., CGS Technology (Poland) Sp. z o.o., Compal Electronics (Holding) Ltd., Compal Electronics India Private Limited, Compal International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal Rayonnant Holdings Ltd., Flight Global Holding Inc., Fortune Way Technology Corp., Jenpal international Ltd., Prisco International Co., Ltd., Prospect Fortune Group Ltd., Shennona Corporation, Genki Compal Long-term Care Juridical Association
		Supervisor:	Compal Ruifang Health Assets Development Corporation, HippoScreen Neurotech Corp., Kinpo&Compal Group Assets Development Corporation, UniCom Global, Inc., HengHao Technology Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., FIPOLL Electronics (Chongqing) Co., Ltd., HengHao Optoelectronics Technology (Zhejiang)
		Supervisor:	Kunshan Botai Electronics Co., Ltd.
		President:	Gempal Technology Corp., Panpal Technology Corp., Hong Jin Investment Co., Ltd., Hong Ji Capital Co., Ltd.
		Vice President:	Compal Electronics, Inc.



Job title	Name	Concurrent Position(s) in the Company or other companies	
Director	Chung-Pao Liu	Director:	Zhi-Bao Technology Inc., Shanghai Guangzhi Technology Development Co., Ltd., Tatung Electronic Technology (Suzhou) Co., Ltd.
		President:	Compal Networking (Kunshan) Co., Ltd., Arcadyan Technology (Shanghai) Corp., Tatung Electronics Technology (Suzhou) Incorporation
Director	Chao-Peng Tseng	Chairman:	Arcadyan Technology (Vietnam) Co., Ltd., Zhi-Bao Technology Inc., Shanghai Guangzhi Technology Development Co., Ltd.
		Director:	Arcadyan Holding (BVI) Corp., Arcadyan Technology Limited, Arcadyan Technology Corporation Korea, Arcadyan Technology Australia Pty Ltd, Arch Holding (BVI) Corp., Exquisite Electronic Co., Ltd., Quest International Group Co., Ltd., Sinoprime Global Inc. (BVI), Compal Networking (Kunshan) Co., Ltd, Tatung Technology Inc., Tatung Electronics Technology (Suzhou) Incorporation
		President:	Arcadyan Technology Corporation, Arcadyan Technology (Vietnam) Co., Ltd., Zhi-Bao Technology Inc.
		Managerial personnel:	Arcadyan Germany Technology GmbH
Independent Director	Ing-Jen Lee	Chairman:	Litemax Electronics Inc.
		Director:	Aaeon Technology Inc., Aaeon Technology (Suzhou) Inc., Litemax Technology, Inc., Yen Sun Technology Corp., Eutech Microelectronics Inc., Eutech Microelectronics Inc., IBASE Technology Inc., Jet One Technology CO., LTD.
		Executive Director:	Litemax Electronics (Shanghai) Inc.
		Independent Director:	AXIS Corporation
Independent Director	Ching-Chang Wen	Director:	Bioptik Technology Inc., New E Masterials Co., Ltd.
Independent Director	Wen-An Yang	Chairman:	Durbun Digital Solutions, Inc.
		President:	Durbun Accounting Firm
		Director:	Lien Chang Electronic Enterprise Co., Ltd.
		Independent Director:	E&E Recycling, Inc., Kuen Ling Machinery Refrigerating Corporation



## ■ Major shareholders of the Company's corporate shareholder

March 31, 2025

Name of corporate shareholder	Major shareholders of the corporate shareholder (Note)
Compal Electronics, Inc.	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (9.21%), Yuanta/P-shares Taiwan Dividend Plus ETF (5.25%), Kinpo Electronics, Inc. (3.44%), New Labor Pension Fund (2.27%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.29%), Chunghwa Post Co., Ltd. (1.20%), Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds (1.19%), JP Morgan Chase Bank Custody ABP Retirement Fund Investment Account (0.93%), Taiwan Business Bank Co., Ltd. (0.91%), Labor Insurance Fund (0.85%)

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

## ■ Major Shareholders as Legal Entities

April 5, 2025

Name of corporate	Major shareholders of the corporate
Kinpo Electronics, Inc.	Compal Electronics, Inc (8.24%), Panpal Technology Corp. (4.61%), GEBO Limited (2.77%), Ho Bao Investment Co., Ltd. (1.99%), Ruey Shinn Co., Ltd. (1.86%), Li-Chu Tsai (1.44%), UBS Taipei Branch is subject to Li Chu Tsai trust property account (1.33%), JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.18%), Kao-Huang Lin (1.00%), JPMorgan Chase Bank Taipei Branch is entrusted with the safekeeping of Van Gard Emerging Market Stock Index Fund investment account of the manager of Van Gard Group (0.99%)



March 31, 2025

Name of corporate	Major shareholders of the corporate
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications, R.O.C. (100.00%)

August 16, 2024

Name of corporate	Major shareholders of the corporate
Taiwan Business Bank Co., Ltd.	Bank of Taiwan (16.21%), National Development Fund, Executive Yuan, R.O.C (5.87%), Land Bank of Taiwan (2.29%), Ministry of Finance (2.08%), Taiwan Business Bank Trust Account for Employee Stock Ownership of Taiwan Business Bank (1.05%), JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds (0.92%), Jixiang Investment Co., Ltd. (0.91%), Norges Bank (0.89%), Vanguard Emerging Markets Stock Index Fund A Series of Vanguard International Equity Index Funds (0.85%), New Labor Pension Fund (0.7%)

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

Qualifications Name	Professional qualifications and experience	Independence (Note)									No. of other public companies at which the person concurrently serves as an Independent Director
		1	2	3	4	5	6	7	8	9	
Chairman: Representative of Compal Electronics, Inc.: Jui-Tsung Chen	Having work experience in the areas of commerce, management and electronics related industry; now serving as the Chairman of Compal Electronics, Inc.; not under any circumstances of Article 30 of the Company Act.	Non-independent Director Not applicable									1
Director: Representative of Compal Electronics, Inc.: Sheng-Hua Peng	Having work experience in the areas of commerce, management and electronics related industry; now serving as the Executive Vice President of Compal Electronics, Inc.; not under any circumstances of Article 30 of the Company Act.										0
Director: Representative of Compal Electronics, Inc.: Cheng-Chiang Wang	Having work experience in the areas of commerce, management and electronics related industry; now serving as the Corporate Governance & Chief of Accounting of Compal Electronics, Inc.; not under any circumstances of Article 30 of the Company Act.										0
Director: Representative of Compal Electronics, Inc.: Chung-Pao Liu	Having work experience in the areas of commerce, management and electronics related industry; now serving as the Vice President of Arcadyan Technology Corporation; not under any circumstances of Article 30 of the Company Act.										0
Director: Chao-Peng Tseng	Having work experience in the areas of commerce, management and electronics related industry; now serving as the President of Arcadyan Technology Corporation; not under any circumstances of Article 30 of the Company Act.										0
Director: Cheng-Hua Sun	Previously serving as a judge and a prosecutor, with qualification as a lawyer; having work experience in the areas of commerce and legal; not under any circumstances of Article 30 of the Company Act.										0

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

Note: According to Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, a “✓” mark shall be given in the box under the code of the requirement that any Independent Director meets within two years before being elected or during the term of office:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, in cases where the person is an Independent Director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
- (4) Not a managerial officer mentioned in paragraph (1), or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship mentioned in paragraphs (2) and (3).

- (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or ranks as its top five shareholders, or the designated representative pursuant to Article 27 Section 1 or 2 in the Company as director/supervisor. (The same does not apply, however, in cases where the person is an Independent Director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
- (6) Not a director, supervisor, or employee of other company with the Board seats or more than half of the voting shares under control of one person. (The same does not apply, however, in cases where the person is an Independent Director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
- (7) Not a director, supervisor, or employee of other company whose chairman or general manager are the same person or spouse of the Company. (The same does not apply, however, in cases where the person is an Independent Director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
- (8) Not a director, supervisor, managerial officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company. (The same does not apply, however, if specified company or institution possessing shareholdings of more than 20% and less than 50% of the total number of issued shares of the Company, and in cases where the person is an Independent Director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services or for the past two years, has provided commercial, legal, financial, accounting services or consultation amounted to less than a cumulative TWD500,000 to the Company or to any affiliate of the company, or a spouse thereof. However, this does not apply to members of Remuneration Committee, Public Tender Offer Review Committee or Special Merger and Acquisition Committee carrying out their duties in accordance with Securities and Exchange Act or Business Mergers and Acquisitions Act.

■ Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

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

- a. Basic conditions and values: gender, age, nationality and culture, etc.
- b. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience, etc.

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



The implementation of diversified Board members is described below:

Item Name	Core items								
	Operational judgments	Accounting and financial analysis	Business management	Risk management	Knowledge of the industry	International market perspective	Leadership	Knowledge of investment and merger	Legal proficiency
Representative of Compal Electronics, Inc.: Jui-Tsung Chen	✓	✓	✓	✓	✓	✓	✓	✓	
Representative of Compal Electronics, Inc.: Sheng-Hua Peng	✓		✓	✓	✓	✓	✓		
Representative of Compal Electronics, Inc.: Cheng-Chiang Wang	✓	✓	✓	✓	✓	✓	✓	✓	✓
Representative of Compal Electronics, Inc.: Chung-Pao Liu	✓		✓	✓	✓	✓	✓		
Chao-Peng Tseng	✓	✓	✓	✓	✓	✓	✓	✓	
Cheng-Hua Sun	✓		✓	✓		✓	✓		✓
Independent Director: Ing-Jen Lee	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director: Ching-Chang Wen	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director: Wen-An Yang	✓	✓	✓	✓		✓	✓	✓	✓

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

Management objectives	Explanatory note	Achievement status
For the composition of the Board of Directors, Directors concurrently serving as Company officers shall not exceed one-third of the total number of Board members.	Directors concurrently serving as the Company officers accounted for 22% of the Board members.	Achieved
Board members shall include at least one Director of a different gender.	The Company has elected a female Director in the 2023 General Shareholders Meeting.(Note 1)	Achieved
More than half of the members of the Board of Directors have telecommunication technology expertise and industrial qualifications to provide professional advices on operational matters, improve the competitiveness of the Company, thus completing the functions of the Board.	Directors with expertise in telecommunication technology and industrial qualifications accounted for 78% of the Board members.	Achieved

Item		Director	Independent Director
Age	50-59 years old	2	0
	60-69 years old	3	0
	70-79 years old	1	3
Gender	Male	5	3
	Female	1	0
Nationality	R.O.C.	6	3
	Foreign nationality	0	0
Employee status (Note 2)		2	0

Note 1: Among the Company's nine Directors, only one is a female. Neither gender holds at least one-third of the board seats. This is primarily due to lack of explicit consideration for gender diversity in the previous board nomination process. In the future, the Company plans to revise the Director nomination mechanism. In the nomination procedure, gender diversity will be taken into consideration and shareholders are encouraged to nominate candidates of diverse genders. In addition, to address the underrepresentation of female in board seats, the Company will expand the candidate pool through internal training programs or external professional organizations or channels. Through the above measures, the Company aims to gradually enhance gender diversity on the Board of Directors.

Note 2: This refers to serving concurrently as an employee of the Company or its subsidiaries.

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



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

March 30, 2025

Job title	Nationality	Name	Gender	Date of election / appointment to current term	Shares Held		Current Shares Held by Spouse, Minor Child(ren)		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Spouse or relative within the second degree of kinship Holding Managerial Position			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
President	R.O.C.	Chao-Peng Tseng	Male	2017.2.23	162,669	0.07%	0	0%	0	0%	MBA, Oklahoma State University Director of Arcadyan Technology Corporation	Note 1	None	None	None	Note 2
Executive Vice President	R.O.C.	Fong-Yu Lu	Male	2003.05.09	103,780	0.05%	0	0%	0	0%	Master degree of Computer Engineering, National Chiao Tung University Chairman of Tatung Technology Inc.	Note 1	None	None	None	Note 2
Vice President	R.O.C.	Chung-Pao Liu	Male	2003.05.09	25,079	0.01%	0	0%	0	0%	EMBA, National Chiao Tung University Director of Arcadyan Technology Corporation	Note 1	None	None	None	Note 2
Vice President	R.O.C.	Nien-Che Hsiung	Male	2017.05.03	60	0.00%	0	0%	0	0%	EMBA, National Chiao Tung University Director of Tatung Technology Inc.	Note 1	None	None	None	Note 2
Vice President	R.O.C.	Chih-Fang Lee	Male	2018.08.01	152,939	0.07%	11,572	0.01%	0	0%	Master degree of Electrical Engineering, National Central University Director of Tatung Technology Inc.	Note 1	None	None	None	Note 2
Vice President	R.O.C.	Shin-Lung Kuo	Male	2018.08.01	10,699	0.00%	61	0.00%	0	0%	Bachelor degree of Electronic Engineering, Fu Jen Catholic University Vice President of Delta Networks, Inc.	None	None	None	None	Note 2
Vice President	R.O.C.	Yen-Ju Lin	Male	2022.03.10	9,000	0.00%	0	0%	0	0%	Master degree of New York University Tandon School of Engineering President of Arcadyan Technology N.A. Corporation	Note 1	None	None	None	Note 2

Job title	Nationality	Name	Gender	Date of election / appointment to current term	Shares Held		Current Shares Held by Spouse, Minor Child(ren)		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Spouse or relative within the second degree of kinship Holding Managerial Position			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Chief Accounting Officer and Corporate Governance Officer	R.O.C.	Shih-Wei Huang	Male	2018.03.14	52,790	0.02%	0	0%	0	0%	Master degree of Accounting, Soochow University Chairman of Tatung Technology Inc. Deputy Director of Compal Electronics, Inc.	Note 1	None	None	None	Note 2
Chief Internal Audit Officer	R.O.C.	Yi-Ling Peng	Female	2006.04.17	0	0%	0	0%	0	0%	Bachelor degree of Accounting, Yuan Ze University Senior Auditor of KPMG Junior Manager of Masterlink Securities Corporation	None	None	None	None	Note 2



Note 1: List of Concurrent Positions Held by Managers

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

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

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

### (1) Remuneration of Directors and Independent Directors

Unit: thousand of TWD

Job title	Name	Remuneration of Director								Sum of A+B+C+D and ratio to net income after tax (%)		Compensation to Directors Also Serving as Company Employees								Sum of A+B+C+D+E+F+G and ratio to net income after tax		Remuneration received from investee enterprises other than subsidiaries or from the parent company (H)
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
																Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
Chairman	Representative of Compal Electronics, Inc.: Jui-Tsung Chen	0	0	0	0	19,912 (Note 2)	19,912 (Note 2)	840	840	20,752 083%	20,752 0.83%	24,017 (Note 3)	24,572 (Note 3)	306	306	21,811 (Note 4)	0	21,811 (Note 4)	0	66,886 2.69%	67,441 2.71%	102,183
Director	Representative of Compal Electronics, Inc.: Sheng-Hua Peng																					
Director	Representative of Compal Electronics, Inc.: Cheng-Chiang Wang (Note 1)																					
Director	Representative of Compal Electronics, Inc.: Chung-Pao Liu																					
Director	Chao-Peng Tseng																					
Director	Cheng-Hua Sun																					
Independent Director	Ing-Jen Lee	0	0	0	0	2,880 (Note 2)	2,880 (Note 2)	540	540	3,420 0.14%	3,420 0.14%	0	0	0	0	0	0	0	0	3,420 0.14%	3,420 0.14%	0
Independent Director	Ching-Chang Wen																					
Independent Director	Wen-An Yang																					
1. Please describe the policy, system, standards and structure in place for paying remuneration to Directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the Directors to the amount of remuneration paid.: In accordance with the Articles of Incorporation, Article 22, the remuneration to independent directors is determined by the participation and contribution in the operation of the Company, while taking into consideration the performance of counterparts, all of which the Board meeting is authorized to resolve.																						
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by Directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.																						

Note 1: On August 30, 2024, Compal Electronics, Inc. reappointed its representative: Chung-Pin Wong stepped down, and Cheng-Chiang Wang was appointed as the new representative.

Note 2: The remuneration of directors was approved by the resolution of the Board of Directors of the Company on February 26, 2025.

Note 2: Rewards and special disbursements include vehicles.

Note 4: As of the publication date of this annual report, the distribution list for Employee profit-sharing compensation has not yet been finalized. The information is an estimate based on the actual distribution ratio from the previous year.

## ■ Remuneration Range Table

Ranges of remuneration paid to each of the Company's Directors	Name of Director(s)			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 8 items (A+B+C+D+E+F+G+H)	
	The Company	All consolidated entities	The Company	Parent Company and all consolidated entities
Less than TWD1,000,000	Jui-Tsung Chen, Cheng-Chiang Wang, Sheng-Hua Peng, Chung-Pao Liu, Chung-Pin Wong	Jui-Tsung Chen, Cheng-Chiang Wang, Sheng-Hua Peng, Chung-Pao Liu, Chung-Pin Wong	Jui-Tsung Chen, Cheng-Chiang Wang, Sheng-Hua Peng, Chung-Pin Wong	-
TWD1,000,000 (incl.) to TWD2,000,000 (excl.)	Ing-Jen Lee, Ching-Chang Wen, Wen-An Yang, Cheng-Hua Sun	Ing-Jen Lee, Ching-Chang Wen, Wen-An Yang, Cheng-Hua Sun	Ing-Jen Lee, Ching-Chang Wen, Wen-An Yang, Cheng-Hua Sun	Ing-Jen Lee, Ching-Chang Wen, Wen-An Yang, Cheng-Hua Sun
TWD2,000,000 (incl.) to TWD3,500,000 (excl.)	Chao-Peng Tseng	Chao-Peng Tseng	-	-
TWD3,500,000 (incl.) to TWD5,000,000 (excl.)	-	-	-	-
TWD5,000,000 (incl.) to TWD10,000,000 (excl.)	-	-	-	Cheng-Chiang Wang
TWD10,000,000 (incl.) to TWD15,000,000 (excl.)	-	-	Chung-Pao Liu	Chung-Pao Liu, Chung-Pin Wong
TWD15,000,000 (incl.) to TWD30,000,000(excl.)	Compal Electronics, Inc.	Compal Electronics, Inc.	Compal Electronics, Inc., Chao-Peng Tseng	Compal Electronics, Inc., Chao-Peng Tseng, Sheng-Hua Peng,
TWD30,000,000 (incl.) to TWD50,000,000(excl.)	-	-	-	Jui-Tsung Chen
TWD50,000,000 (incl.) to TWD100,000,000(excl.)	-	-	-	-
More than TWD100,000,000	-	-	-	-
Total	11	11	11	11

Note 1: On August 30, 2024, Compal Electronics, Inc. reappointed its representative: Chung-Pin Wong stepped down, and Cheng-Chiang Wang was appointed as the new representative.

Note 2: As of the publication date of this annual report, the distribution list for Employee profit-sharing compensation has not yet been finalized, and the amount cannot be reasonably estimated. Therefore, this calculation does not include employee compensation.



## (2) Remuneration to President and Vice Presidents

Unit: thousand of TWD

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income after tax (%) (Note 4)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in Cash	Amount in stock	Amount in Cash	Amount in stock			
President	Chao-Peng Tseng	30,772	31,307	1,150 (Note 1)	1,150 (Note 1)	37,425 (Note 2)	37,545 (Note 2)	42,094 (Note 3)	0	42,094 (Note 3)	0	111,441 4.48%	112,096 4.51%	0
Executive Vice President	Fong-Yu Lu													
Vice President	Chung-Pao Liu													
Vice President	Nien-Che Hsiung													
Vice President	Chih-Fang Lee													
Vice President	Shin-Lung Kuo													
Vice President	Yen-Ju Lin													
Chief Accounting Officer and Corporate Governance Officer	Shih-Wei Huang													

Note 1: Referring to the amount recognized as expense or contributed for retirement benefits.

Note 2: Rewards and special disbursements include vehicles.

Note 3: As of the publication date of this annual report, the distribution list for Employee profit-sharing compensation has not yet been finalized. The information is an estimate based on the actual distribution ratio from the previous year.



## ■ Remuneration Range Table

Ranges of remuneration paid to each of the Company's President and Vice Presidents	Names of President and Vice Presidents	
	The Company	All consolidated entities
Less than TWD1,000,000	-	-
TWD1,000,000 (incl.) to TWD2,000,000 (excl.)	-	-
TWD2,000,000 (incl.) to TWD3,500,000 (excl.)	-	-
TWD3,500,000 (incl.) to TWD5,000,000 (excl.)	-	-
TWD5,000,000 (incl.) to TWD10,000,000 (excl.)	Shih-Wei Huang, Nien-Che Hsiung	Shih-Wei Huang, Nien-Che Hsiung
TWD10,000,000 (incl.) to TWD15,000,000 (excl.)	Fong-Yu Lu, Chung-Pao Liu, Chih-Fang Lee, Shin-Lung Kuo, Yen-Ju Lin	Fong-Yu Lu, Chung-Pao Liu, Chih-Fang Lee, Shin-Lung Kuo, Yen-Ju Lin
TWD15,000,000 (incl.) to TWD30,000,000(excl.)	Chao-Peng Tseng	Chao-Peng Tseng
TWD30,000,000 (incl.) to TWD50,000,000(excl.)	-	-
TWD50,000,000 (incl.) to TWD100,000,000(excl.)	-	-
More than TWD100,000,000	-	-
Total	8	8

Note: As of the publication date of this annual report, the distribution list for Employee profit-sharing compensation has not yet been finalized, and the amount cannot be reasonably estimated. Therefore, this calculation does not include employee compensation.

■ Employee profit-sharing granted to management team

December 31, 2024; Unit: thousand of TWD

	Job title	Name	Amount in stock	Amount in Cash	Total	Total as a percentage of after-tax net income (%)
Manager	President	Chao-Peng Tseng	0	42,094 (Note 1&2)	42,094	1.69%
	Executive Vice President	Fong-Yu Lu				
	Vice President	Chung-Pao Liu				
	Vice President	Nien-Che Hsiung				
	Vice President	Chih-Fang Lee				
	Vice President	Shin-Lung Kuo				
	Vice President	Yen-Ju Lin				
	Chief Accounting Officer and Corporate Governance Officer	Shih-Wei Huang				

Note1: Referring to the estimated employees' compensation resolved by the Board of Directors.

Note2: As of the publication date of this annual report, the distribution list for Employee profit-sharing compensation has not yet been finalized. The information is an estimate based on the actual distribution ratio from the previous year.

- (3) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to Directors, President, and Vice Presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

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





Unit: thousand of TWD

Item	2024		2023		Increased (decreased)	
	Amount	%	Amount	%	Amount	%
Directors	132,269	5.84	141,400	5.84	(5,131)	(0.36)
President and Vice Presidents						
After-tax net income in parent-company- only financial statements	2,486,429		2,420,569		65,860	

Explanation and analysis of increase/decrease:

The total remuneration to Directors, President, and Vice Presidents in 2024 as a percentage of net income was not significantly different from that in 2023.

- The correlation between policies, standards, portfolios for the payment of remuneration, the procedures for determining remuneration, and business performance and future risks:
  - a. In accordance with the Articles of Incorporation for Directors' Remuneration, if the Company made profit in each fiscal year, no more than 2% for remuneration of Directors shall be deducted from the Company's pre-tax income which is before deducting employee compensation and Director remuneration. In addition, the reasonable remuneration is determined considering the Company's operating results and their contribution to the Company's performance. Further, the Remuneration Committee will report to the Board of Directors and make specific proposals based on the analysis of performance evaluation results as a reference for the remuneration of individual Directors.
  - b. In accordance with the Company's Articles of Incorporation, if the Company makes profit in each fiscal year, no less than 5% of the pre-tax net income which is before deducting employee compensation and Director remuneration shall be allocated as employee compensation.
  - c. The Company's manager compensation comprises both fixed items, such as salary, holiday bonus, and relevant benefits, and variable items, such as combination of retention bonus, employee compensation, restricted stock agreement (RSA) and stock options. Our compensation policy is based on the Company's salary policy and refers to the

counterparts' standards and items such as job title, position rank, education (experience), professional ability, and job responsibilities. Reasonable remuneration is determined in reference to the manager's target achievement rate, operating efficiency, contribution, etc., taking into account the scope of powers and responsibilities of the position in the Company to calculate the remuneration ratio. Moreover, the remuneration system for managers is reviewed in due course through the actual operating conditions and relevant laws and regulations.

- d.Regarding the procedures for determining remuneration, it is also based on financial indicators 70% (individual performance achievement rate and contribution to company performance), non-financial indicators 30% (such as leader-specific major deficiencies in compliance with laws and regulations and operational risks in projects or subordinate departments), etc. At the beginning of the year, these indicators and their corresponding weights are established, taking into account the operating environment and future risk factors. At interim periods and at year-end, achievements are assessed to determine the variable bonus amount to give reasonable remuneration. Relevant remuneration is submitted to the Remuneration Committee for review and to the Board of Directors for resolution. In addition, the Company reviews changes in the global economy, international financial environment, and industrial prosperity at any time to estimate the Company's future operating development, profitability, operating risks, and changes in relevant laws and regulations. The remuneration system is reviewed in due course to strike a balance between the Company's sustainable operation and risk control.



### 3. Implementation of Corporate Governance

#### (1) Board of Directors

Term of Board of Directors: June 15, 2023 to June 14, 2026.

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

Job title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remark
Chairman	Compal Electronics, Inc. Representative: Jui-Tsung Chen	4	0	100%	Note 1: On August 30, 2024, Compal Electronics, Inc. reappointed its representative: Chung-Pin Wong stepped down, and Cheng-Chiang Wang was appointed as the new representative. Note 2: The in-person attendance rate shall be calculated based on the number of Board meetings held and the number of times each Director has attended during their term of office.
Director	Compal Electronics, Inc. Representative: Chung-Pin Wong (Note 1)	2	1	67%	
Director	Compal Electronics, Inc. Representative: Sheng-Hua Peng	3	1	75%	
Director	Compal Electronics, Inc. Representative: Cheng-Chiang Wang (Note 1)	1	0	100%	
Director	Compal Electronics, Inc. Representative: Chung-Pao Liu	4	0	100%	
Director	Chao-Peng Tseng	4	0	100%	
Director	Cheng-Hua Sun	4	0	100%	
Independent Director	Ing-Jen Lee	3	1	75%	
Independent Director	Ching-Chang Wen	3	1	75%	
Independent Director	Wen-An Yang	4	0	100%	

Other notes:

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

and the participation of voting for the resolution.

Time of Board of Directors Meeting	Content of resolution	Name of Director(s) of Recusal	Reason of recusal	Participation of voting for the resolution
April 29, 2024 The 5th meeting of the 9th term Board of Directors	Adjustment of salary for 2024	Chao-Peng Tseng, Chung-Pao Liu	Holding a concurrent position as manager of the Company	The relevant Directors recused themselves from the discussion and voting due to the conflict of interest. The resolution was adopted after the convener solicited opinions from the rest of the Directors present and received no objections.
	Approval for disbursement of Dragon Boat and Mid-Autumn Festivals bonus for 2024.	Chao-Peng Tseng, Chung-Pao Liu	Holding a concurrent position as manager of the Company	
July 25, 2024 The 6th meeting of the 9th term Board of Directors	Disbursement of remuneration of Directors for 2023	Jui-Tsung Chen, Chung-Pin Wong, Sheng-Hua Peng, Chng-Pao Liu, Chao-Peng Tseng, Cheng-Hua Sun, Ing-Jen Lee, Ching-Chang Wen, Wen-An Yang	Discussion of disbursement amount for themselves and the legal persons they represented.	The relevant Directors recused themselves from the discussion and voting due to the conflict of interest. The resolution was adopted after the convener solicited opinions from the rest of the Directors present and received no objections.
	Disbursement of employee compensation for 2023	Chao-Peng Tseng, Chung-Pao Liu	Holding a concurrent position as manager of the Company	
November 4, 2024 The 7th meeting of the 9th term Board of Directors	Disbursement of year-end bonus for 2024	Chao-Peng Tseng, Chung-Pao Liu	Holding a concurrent position as manager of the Company	The relevant Directors recused themselves from the discussion and voting due to the conflict of interest. The resolution was adopted after the convener solicited opinions from the rest of the Directors present and received no objections.

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



(1) The Board adopted a resolution for the establishment of “Procedures of Performance Evaluation of the Board of Directors and Functional Committees”. Internal evaluation results for 2024 are as follows:

Nature	Frequency of evaluation	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation	Results of evaluation
Board of Directors	Once a year	2024.1.1-2024.12.31	Board of Directors and individual Directors	Internal self-evaluation of the Board and self-evaluation of Board members	<p>The performance evaluation items of the Board shall at least include the following five major areas:</p> <ol style="list-style-type: none"> <li>1. Participation level in the operation of the Company.</li> <li>2. Enhancement of the decision making quality of the Board.</li> <li>3. Composition and structure of the Board of Directors.</li> <li>4. Election and continuing education of Directors.</li> <li>5. Internal control.</li> </ol> <p>The performance evaluation items of the Board members shall at least include the following six major areas:</p> <ol style="list-style-type: none"> <li>1. Alignment with the Company's goals and tasks.</li> <li>2. Awareness of Director's duties and responsibilities.</li> <li>3. Participation level in the operation of the Company.</li> <li>4. Management and communication of internal relationships.</li> <li>5. Professionalism and continuing education of Directors.</li> <li>6. Internal control.</li> </ol>	Standards significantly surpassed
Audit Committee	Once a year	2024.1.1-2024.12.31	Audit Committee	Internal self-evaluation of Audit Committee	<p>The performance evaluation items of Audit Committee shall at least include the following five major areas:</p> <ol style="list-style-type: none"> <li>1. Participation level in the operation of the Company.</li> <li>2. Awareness of Audit Committee's duties and responsibilities.</li> <li>3. Enhancement of the decision making quality of Audit Committee.</li> <li>4. Composition of the Audit Committee and election of committee members.</li> <li>5. Internal control.</li> </ol>	Standards significantly surpassed
Remuneration Committee	Once a year	2024.1.1-2024.12.31	Remuneration Committee	Internal self-evaluation of Remuneration Committee	<p>The performance evaluation items of Remuneration Committee shall at least include the following four major areas:</p> <ol style="list-style-type: none"> <li>1. Participation level in the operation of the Company.</li> </ol>	Standards significantly surpassed

Nature	Frequency of evaluation	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation	Results of evaluation
					2. Awareness of Remuneration Committee's duties and responsibilities. 3. Enhancement of the decision making quality of Remuneration Committee. 4. Composition of Remuneration Committee and election of committee members.	
Sustainability Committee	Once a year	2024.1.1-2024.12.31	Sustainability Committee	Internal self-evaluation of Sustainability Committee	The performance evaluation items of Sustainability Committee shall at least include the following four major areas: 1. Participation level in the operation of the Company. 2. Awareness of Sustainability Committee's duties and responsibilities. 3. Enhancement of the decision making quality of Sustainability Committee. 4. Composition of Sustainability Committee and election of committee members.	Standards significantly surpassed

4. Enhancing the valuation regarding the target achievement and execution by the Board of Directors in the current and the most recent year (e.g. establishing Audit Committee, increase information transparency).
- (1) The Board of Directors established three functional committees, namely Audit Committee (in 2014), Remuneration Committee (in 2014), and Sustainability Committee (in 2022). The Independent Directors constitute the entire members of the Audit Committee and Remuneration Committee, and one Independent Director plus two Directors concurrently serving as managers constitute the members of the Sustainability Committee to assist the Board in fulfilling its oversight duties.
- (2) In 2023, the Company's Board of Directors underwent a full re-election, during which a new female Director with legal expertise was elected to implement the policy for diversity of Board members.
- (3) On May 6, 2020, the Board adopted a resolution for the establishment of the "Procedures of Performance Evaluation of the Board of Directors and Functional Committees". The results of the evaluation shall be submitted to the Remuneration Committee for making analysis and recommendation proposal, followed by reporting to the Board of Directors. The results shall serve as a reference for salary and remuneration for individual Directors, as well as for the nominations of their re-election. The Company had completed the performance evaluation for 2024 on February 26, 2025 and submitted the report to the Remuneration Committee and the Board of Directors. The performance evaluation results have been published on the Company's website. At the same time, the "Regulations Governing the Board of Directors and Functional Committees Performance Evaluation" stipulate that at least once every three years, an external professional independent organization or an external expert team should be engaged to perform a performance evaluation of the Board of Directors, to implement the self-motion of the Board members, to improve the sound operation of the Board of Directors. The most recent external performance



evaluation of the Board of Directors was in 2023. For the external performance evaluation of the Board of Directors, recommendations and improvement plan, please refer to the performance evaluation of the Board of Directors under the corporate governance section of the Company's website.

(4) Continuing education of Directors: Directors are encouraged to participate in continuous education to enrich their knowledge continually. In 2024, the total hours of continuing education for all Directors amounted to 60 hours.

(5) In 2024, the Company completed the revisions to the following relevant laws and regulations: "Articles of Incorporation," "Regulations Governing the Election of Directors," "Rules and Procedures for Board of Directors Meetings," "Rules Governing the Scope of Powers of Independent Directors," "Audit Committee Charter," "Remuneration Committee Charter," "Corporate Governance Best Practice Principles," "Internal Control System," and "Implementation Rules of Internal Audit."

## (2) Implementation status of Audit Committee:

Term of Audit Committee: June 15, 2023 to June 14, 2026.

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

There Audit Committee held four meetings in the most recent year.

The attendance of Independent Directors is as follows:

Job title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remark
Independent Director	Ing-Jen Lee	3	1	75%	
Independent Director	Ching-Chang Wen	3	1	75%	
Independent Director	Wen-An Yang	4	0	100%	

Other notes:

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

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

Audit Committee Date/Session	Content of motion	Objections, qualified opinion or significant recommendations of Independent Directors	Audit Committee's resolution	The Company's action on the Audit Committee's opinions
2024.2.22 The 4th meeting of the 5th term	1. 2023 financial reports	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	2. 2023 business reports	None		
	3. 2023 distribution of earnings	None		
	4. 2023 statement of internal control system	None		
	5. Amendments to "Audit Committee Charter."	None		
	6. Change of auditing CPAs.	None		
2024.4.29 The 5th meeting of the 5th term	1. 2024 Q1 financial reports	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	2. Lending funds to subsidiary, Arcadyan Turkey Technology and Trade Joint Stock Company.	None		
	3. Proposed investment in a Company related to automotive industry.	None		
2024.7.25 The 6th meeting of the 5th term	1. 2024 Q2 financial reports	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	2. Lending funds to subsidiary, Arcadyan do Brasil Ltda.	None		
2024.11.4 The 7th meeting of the 5th term	1. 2024 Q3 financial reports	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	2. Proposed amendments to the "Internal Control System" and "Implementation Rules of Internal Audit."	None		
	3. Approval for the internal audit plan for 2025.	None		
	4. Assessment of the independence and competence of the auditing CPAs.	None		
	5. Proposal for the approval of the non-assurance services provided by the auditing CPA firm.	None		

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





2. Regarding the execution of recusal by Independent Director(s) from motions involving conflict of interest, shall state the name(s) of Independent Director(s), the content of the resolution, the reason(s) for recusal due to conflicts of interest and the participation of voting for the resolution: None.
3. Communication between the Independent Directors and the Chief Internal Audit Officer and the CPAs (including any significant matters, methods and outcomes of communications with respect to the Company's finances and business conditions).
- a. Method of communication between Independent Directors, the Internal Audit officer, and CPAs:
- By the end of the following month after completing the audited items, the Internal Audit Officer shall submit a written audit report to the Independent Directors. Should the Independent Directors require clarification of the audit and follow-up actions, they may contact the Internal Audit Officer at any time.
  - The Internal Audit Officer and the Independent Directors shall hold at least one meeting every quarter, reporting the execution of internal audit and the operating status of internal control.
  - CPAs and Independent Directors are required to hold at least one regular meeting per year to maintain effective communication. During the meeting, CPAs will report to the Independent Directors on the annual audit plan, the results of the financial statement audit, and any other legal requirements. The independent Directors will also evaluate the independence and competence of CPAs.
  - Should an auditing need arises, the Internal Audit Officer and CPAs should submit a written report or make a verbal explanation report to the members of the Audit Committee.

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

Date	Communication Items	Communication Result
2024.2.22	a. Reporting of internal audit conducted in Q4 2023. b. 2023 statement of internal control system	There were no objections or other instructions after all the Independent Directors reviewed.
2024.4.29	Reporting of internal audit conducted in Q1 2024.	There were no objections or other instructions after all the Independent Directors reviewed.
2024.7.25	Reporting of internal audit conducted in Q2 2024.	There were no objections or other instructions after all the Independent Directors reviewed.
2024.11.4 (Separate communication meeting)	a. Reporting of internal audit conducted in Q3 2024. b. Amendments to the "Internal Control System" and "Implementation Rules of Internal Audit" c. 2025 internal audit plan.	There were no objections or other instructions after all the Independent Directors reviewed.

c. Communications between Independent Directors and CPAs, as well as summary of key communication matters:

Date	Communication Items	Communication Result
2024.11.4 (Separate communication meeting)	<ul style="list-style-type: none"> <li>a. Independence of CPAs</li> <li>b. The responsibility of the reviewers for interim financial reports.</li> <li>c. the scope of the review, and the type of the conclusion issued based on the review.</li> <li>d. Audit plan for annual financial statements.</li> <li>e. Update on significant laws and regulations.</li> <li>f. Report of annual “Audit Quality Indicators (AQIs)”</li> <li>g. Update of the list of pre-approved non-assurance services</li> </ul>	There were no other instructions after all the Independent Directors reviewed.



(3) Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons

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

Evaluation Item	Implementation status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary description	
public information?			Procedures” and the “Procedures for Handling Material inside Information”. Both had been released available on the Company website. The Directors, managers, employees and the persons who obtain material inside information via their positions, work or controlling interest, must conform to the relevant Procedures.	
3. Composition and responsibilities of the Board of Directors (1) Has the Board of Directors established a diversity policy, set specific management objectives and have them been fully implemented?	V		<p>(1) The Company has nine Directors, including three Independent Directors, and one external individual Director. Seven Directors do not assume managerial positions in the Company; every Director possesses professional background, including business, legal, accounting, technology, management, professional skills and industrial experience, which form a diversified composition. The current Board members who are specialized in leadership quality, business judgment, operation and management, and product knowledge include Jui-Tsung Chen, Sheng-Hua Peng, Chao-Peng Tseng, Chung-Pao Liu, Ing-Jen Lee and Ching-Chang Wen; members with accounting knowledge and financial analytical capability include Wen-An Yang, Cheng-Chiang Wang; member with legal proficiency includes Cheng-Hua Sun.</p> <p>Directors who are also employees of the Company represent 22% of the Board; Independent Directors represent 33%, the average age of the Directors falls between 60 and 70 years old.</p> <p>The targets of Board diversification include (1) Directors concurrently serving as Company officers shall not exceed one-third of the total numbers of Board members; (2) achieving gender diversity among directors; (3)</p>	No material deviation



Evaluation Item	Implementation status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary description	
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		<p>ensuring that more than half of the members of the Board of Directors have telecommunication technology expertise and industrial qualifications to provide professional advice on operational matters, improve the competitiveness of the Company, thus completing the function of the Board. For the implementation of Board diversification, please refer to page 18-20.</p> <p>The Board of Directors has established the diversity policy pertaining to the composition of Directors, and provides disclosure on the Company website and Market Observation Post System.</p> <p>(2) In addition to the Remuneration Committee and Audit Committee established in accordance with the law, the Company also has a Sustainability Committee, with the President serving as the chairman, to promote sustainable development-related matters and report the implementation status and results to the Board of Directors at least once a year.</p>	No material deviation
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary and remuneration for individual Directors and their re-nomination?	V		<p>(3) On May 6, 2020, the Board adopted resolution for the establishment of “Procedures of Performance Evaluation of the Board of Directors and Functional Committees”. The scope of evaluation includes the performance evaluation of the entire Board of Directors, individual Directors and functional committees. The methodologies of evaluation include self-evaluation of the Board and functional committees, self-evaluation of individual Board members, engagement of external professional institution, experts, or other appropriate methods to conduct the performance evaluation. The results of the evaluation were submitted to the Remuneration Committee for making analysis and</p>	No material deviation

Evaluation Item	Implementation status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary description	
(4) Does the Company regularly evaluate its external auditors' independence?	V		<p>recommendation proposal, followed by reporting to the Board along with specific recommendations. The results shall serve as a reference for the salary and remuneration for individual Directors, as well as for their re-nomination. The Company has completed the 2024 performance evaluation on February 26, 2025 (evaluation period: January 1, 2024 to December 31, 2024), and the results were all “standards significantly surpassed” and already reported to the Remuneration Committee and the Board of Directors.</p> <p>The external performance evaluation of the Board of Directors shall be conducted at least once every three years by an external professional independent institution or a team of external experts, and it shall be completed by the end of the first quarter of the following year. The Company engaged an external professional institution to conduct its first external performance evaluation of the Board of Directors in 2023. The evaluation resulted in an “Advanced” rating. The institution's overall evaluation and recommendations have been disclosed in the corporate governance section of the Company's website for investors' reference.</p> <p>(4) The auditing firm of the Company and its employees are required to submit a annual “Declaration of Independence”. After verification, apart from fees for audit and tax related services, the Company confirmed that there is no other business interest or relationship with the CPAs. Further, when the Audit Committee and the Board of Directors discuss the independence and engagement of the auditing CPAs, the recommended CPAs are required to submit their CVs and “Declaration of Independence.” (declaring not in</p>	No material deviation



Evaluation Item	Implementation status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary description	
			violation of Ethical Standards Publication No. 10), and an “Assessment Form of the independence and competence of Independent Auditors” for the independence evaluation. In addition, the Audit Committee and Board of Directors evaluate the independence and competence of CPAs with reference to the Audit Quality Indicators (AQIs) on a yearly basis. The results of the evaluation for the most recent year have been completed by November 4, 2024. Please refer to the relevant information disclosure on the Company website.	
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for Directors and supervisors to perform their duties, aiding Directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general shareholders meetings)?	V		The Company has designated specific personnel to take charge of corporate governance and appointed the Company’s CFO as its Corporate Governance Officer in accordance with “Corporate Governance Best Practice Principles.” The CFO has more than 15-year experience in public companies engaged in financial and stock affairs, and the main responsibilities are to provide the information required for the Directors and Independent Directors to perform their duties, assist convening Board/Shareholders Meetings in accordance with the law, prepare meeting minutes of Board/ Shareholders Meetings, regularly review and revise the Company’s “Corporate Governance Best Practice Principles” and related regulations, and implement corporate governance management. Please refer to page 45-47 for the implementation details of the corporate governance business in 2024.	No material deviation
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to	V		The Company maintains good communication channels with its banks, shareholders, suppliers, creditors and employees, as well as respecting and protecting their legal interests. The Company has provided phone numbers and e-mail addresses for business queries and investor relations, managed by the	No material deviation

Evaluation Item	Implementation status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary description	
stakeholders’ questions and concerns on important corporate social responsibility issues?			designated responsible units. Various interested parties may also reach out the Company via e-mail when needed, and the Company will properly respond to the concerns and suggestions by stakeholders.	
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholders meetings?	V		The Company has appointed Chinatrust (CTBC Bank) Transfer Agency to handle the affairs of the Shareholders Meetings.	No material deviation
7. Information disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financial, business, and corporate governance status?	V		(1) The information on the Company website: <a href="http://www.arcadyan.com">www.arcadyan.com</a> , and a dedicated unit is designated to be responsible for the collection and disclosure of the Company's financial, business and corporate governance information.	No material deviation
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference via the Company website, etc.)?	V		(2) The Company discloses the relevant information on the Company website and Market Observation Post System from time to time. Meanwhile, spokespersons and acting spokespersons have been set up to implement the spokesperson system. In addition, the Company has established Investor Relations section on its Chinese and English websites, providing adequate disclosure on financial information, institutional investor conferences and corporate governance for the reference of shareholders and the public. The URL for the audio and video files of the Institutional investors' conference: <a href="http://www.arcadyan.com">www.arcadyan.com</a> .	No material deviation
(3) Does the company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file its financial reports for the first, second, and third quarters as well as its monthly operating status report ahead of the specified deadlines?	V		(3) The Company’s annual financial reports for 2024 were publicly announced and filed on February 26, 2025. Additionally, the first, second, and third quarterly financial reports, along with the monthly operating status report, were submitted earlier than the statutory deadlines.	No material deviation





Evaluation Item	Implementation status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary description	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors’ and supervisors’ continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for Directors and supervisors)?	V		Please refer to the page 46-50 explanation of Note.	No material deviation
<p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.</p> <ol style="list-style-type: none"> <li>According to the 11th Corporate Governance Evaluation Results announced by the Taiwan Stock Exchange, the Company was ranked as one of the third range companies, i.e., the Top 21% to 35%. The Company shall make effort in expanding and deepening the implementation of environmental, social and governance (ESG) criteria, thus working toward sustainable development.</li> <li>The improvements made in 2024 are mainly as follows: <ol style="list-style-type: none"> <li>A majority of the directors and the convener of the Audit Committee attended the shareholders' meeting in person, and the attendance list was disclosed in the meeting minutes.</li> <li>The Chairman attended the general shareholders' meeting in person.</li> <li>Convene the shareholders' meeting before the end of May.</li> <li>Amend the “Corporate Governance Best Practice Principles,” stipulating measures for controlling stock trading by insiders from the date when learning of the company’s financial reports or related results. These measures include (but not limited to) prohibiting directors from trading their stocks during the lock-up periods, within 30 days prior to the announcement of annual financial report and 15 days prior to the quarterly financial report announcement.</li> <li>The annual financial statements audited by CPAs were publicly announced and filed within two months after the end of the fiscal year.</li> <li>Disclose the policy of linking the compensation of senior managers with ESG-related performance evaluation.</li> <li>Submit the sustainability report to the Board of Directors for approval.</li> </ol> </li> <li>In the future, the Company will continue to strengthen the operation of the Board of Directors and gradually increase the number and percentage of female directors in line with the principle of gender diversity, aiming to improve corporate governance measures.</li> </ol>				

- The implementation status of the corporate governance business in 2024 were as follows:
- To meet legal, business and financial needs, the deliberation documents of the Audit Committee, Sustainability Committee and the Board of Directors, and the meeting minutes of the Audit Committee, Sustainability Committee and the Board of Directors to

be compiled, and coordinating with the proposal making unit for related matters as one of the responsibilities.

- The results of performance evaluations of the members of individual Directors, the Board of Directors, the Audit Committee, the Remuneration Committee and the Sustainability Committee were reported to the Board of Directors.
- Communication meetings between Independent Directors, Chief Internal Audit Officer and CPAs are planned. The Audit Committee reviews the independence and competence of CPAs to implement corporate governance.
- Material information is released in conjunction with the event of Board of Directors meetings, Shareholders Meetings, financial and business information.
- The pre-registration of the date of the Shareholders Meeting, the preparation of the meeting notice, the meeting handbook, and the minutes of the meeting within the statutory time limit are handled according to the law and coordinate matters related to the relevant units, stock agent, CPAs and lawyers.
- Preparing for the chapter on corporate governance of the annual report, responsible for collecting data, compiling stock affairs data, coordinating the operation and editing of various units.
- Corporate governance evaluation refers to overall planning, compilation of stock affairs materials, coordination of operations of various units and website maintenance.
- The Corporate Governance Officer had completed 12 hours of continuing education and filed to the MOPS.
- Provide relevant information to promote and encourage Directors' participation in continuing education in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."

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

- a. Employee interest: The Company has established Staff Benefit Committee to plan for employee group insurance, arrange for regular medical check-ups and implement pension system. The Company also provides numerous avenues for education, as fostering good labor-management relations and creating equal opportunity for employment are deemed important.
- b. Employee welfare: Fostering a good and trusting relationship with employees by providing a satisfactory and steady welfare system for employees' lives, and proper educational training to them. For example, subsidizing the society activities of employees, and providing entertainment, staff quarters and welfare of employees staying in staff quarters.
- c. Code of conduct or ethical policies for employees: To implement the corporate governance principles and provide the code of conduct, legal compliance and moral principles for employees, so as to protect the assets, rights and reputation of the Company and Stakeholders, the Company has established the following business ethical policies:
  - Conforming to the rules and regulations of the law.
  - Protecting the rights of employees, customers, shareholders, suppliers, community and environment. Insisting on the adoption of business ethics, fair transaction, integrity in management, transparency of information, protection of IPs, personal safety and business secrets.



- d. Investor relations: The Company has established an investor relations department to bridge the communication between the Company and the investors. In addition to regular and irregular institutional investor conferences, the Company has established Investor Relations section on its website which not only provides disclosure of Company information, but also allows investors to fully comprehend the operating results and long term operating strategy of the Company.
- e. Relationship with suppliers: The Company enters into contracts with all suppliers to protect mutual interests and foster a good working relationship.
- f. Stakeholders' rights: The stakeholders are able to communicate and make suggestions with the Company to protect their legal rights.
- g. Status of financial personnel obtaining licenses issued by the competent authorities: the Chief Financial and Accounting Officer possesses CPA qualification of ROC and International Certified Internal Auditor (CIA) qualification; the Chief Internal Audit Officer possesses International Certified Internal Auditor (CIA) qualification, which meets the practicing requirement for internal auditor personnel.
- h. Continuing education of Directors

Job title	Name	Date of training	Organized by	Course title	Hours of training
Chairman	Jui-Tsung Chen	2024.03.16	Importers and Exporters Association of Taipei	Outlook for 2024 global political, economic, and financial trends and how Taiwanese companies should respond	3
		2024.04.16	Independent Director Association Taiwan	Talking about the two major risks in the high-tech manufacturing industry: export control imposed by geopolitical conflicts and supply chain procurement frauds	3
Director	Sheng-Hua Peng	2024.04.16	Independent Director Association Taiwan	Talking about the two major risks in the high-tech manufacturing industry: export control imposed by geopolitical conflicts and supply chain procurement frauds	3
		2024.09.30	Taiwan Stock Exchange	Taiwan's Capital Market Summit	3
Director	Cheng-Chiang Wang	2024.04.16	Independent Director Association Taiwan	Talking about the two major risks in the high-tech manufacturing industry: export control imposed by geopolitical conflicts and supply chain procurement frauds	3
		2024.08.13	Taiwan Institute of Directors	Trends in digital technology and artificial intelligence and risk management	3

Job title	Name	Date of training	Organized by	Course title	Hours of training
		2024.09.30	Taiwan Stock Exchange	Taiwan's Capital Market Summit	3
Director	Chung-Pao Liu	2024.09.25	Accounting Research and Development Foundation	Analysis of the practical impacts on financial statements resulting from the latest ESG sustainable policy regulations related to “annual report preparation” and the net-zero carbon emissions goal.	6
Director	Chao-Peng Tseng	2024.10.16	Taiwan Corporate Governance Association	The 20th (2024) Corporate Governance International Summit - Focusing on the Core of Corporate Governance and Leveraging Talent for Advantage	6
Director	Cheng-Hua Sun	2024.04.12	Taiwan Corporate Governance Association	Shareholders’ meetings, management control and ownership strategies	3
		2024.04.16	Taiwan Corporate Governance Association	How to Fully Launch Corporate Innovation Growth - Corporate Innovation Through Five Major Aspects.	3
Independent Director	Ing-Jen Lee	2024.09.12	Taipei Exchange	Insider Stock Ownership Advocacy Seminar for TPEx-Listed Companies	3
		2024.10.07	Chinese National Association of Industry and Commerce	2024 Taishin Net-Zero Summit Forum	3
Independent Director	Ching-Chang Wen	2024.11.04	Securities & Futures Institute of R.O.C.	Development and challenges in the precision care industry related to sustainability	3
		2024.11.04	Securities & Futures Institute of R.O.C.	Key fiscal and taxation issues in 2024	3
Independent Director	Wen-An Yang	2024.09.05	National Federation of CPA Association of the R.O.C	How to establish an effective money laundering and terrorism prevention system	3
		2024.09.10	National Federation of CPA Association of the R.O.C	Aspects of sustainable internal control	3
		2024.10.08	National Federation of CPA Association of the R.O.C	Money laundering practices that accountants should pay attention to; analysis of tax crime cases	3

- i. Implementation of risk management policies and risk assessment standard: The Board of Directors approved the “Risk Management Policies and Procedures” and The Audit Committee has been designated the responsibility of supervising the company’s risk management unit. Additionally, the “Operation Management Committee” was established under the President office, and the “Risk Management Initiative and Implementation Task



Force” was added. According to the characteristics of the Company's industry and operating activities, the major risk identification and measurement indicators of each unit are defined, and the corresponding strategies are proposed, which are regularly reported to the Audit Committee and Board of Directors every year.

- j. Execution of customer policy: The Company values its customers' interests and endeavors to maintain stable and positive relationships with them, aiming to consistently meet their needs and generate profit.
- k. Purchase of insurance against liabilities of Directors: The Company has purchased insurance for all Directors against liabilities. The insurance amount for 2024 amounted to USD10,000 thousand (TWD 314,050 thousand) and the main content of the insurance was reported to the Board of Directors on February 22, 2024.
- l. Continuing education of the Chief Accounting Officer, Corporate Governance Officer, and Chief Internal Audit Officer

Job title	Name	Date of training	Organized by	Course title	Hours of training
Chief Accounting Officer	Shih-Wei Huang	2024.09.19~2024.09.20	Accounting Research and Development Foundation	Training Program for the Chief Accounting Officer	12
Corporate Governance Officer	Shih-Wei Huang	2024.07.03	Taiwan Stock Exchange Corporation	2024 Cathay Sustainable Finance and Climate Change Summit	6
		2024.08.09	Taiwan Corporate Governance Association	The Road to Net Zero – Renewable Energy Certification and Sustainable Development	3
		2024.08.16	Accounting Research and Development Foundation	ESG Development Trends and Related Regulations on Sustainability Information Disclosure	3
Chief Internal Audit Officer	Yi-Ling Peng	2024.07.10	The Institute of Internal Auditors	New challenges for internal auditors - analysis of sustainable information disclosure and management policies and related audit procedures	6
		2024.10.08	The Institute of Internal Auditors	Audit Skills Practice	6

- m. Succession planning for board members and its operation  
The Company has nine directors (including three independent directors), all of whom possess expertise in commerce, financial accounting, law, or corporate management necessary for operations and management. Two of them concurrently serve as the Company's senior management, and one is a female director. The Company's board of directors intends to maintain the current diversified structure in its composition and background for its members in the future.  
In its succession planning operations, the Group currently boasts many senior management professionals. We deepen their industry and management experience through work rotations and arrange internal and external training courses across various aspects. Therefore, a sufficient talent pool will be available for the future succession of the Company's Directors. For the Independent Directors, who shall possess work experience in commerce, law, finance, accounting, or corporate business as required by laws, Taiwan has an abundant supply of such professionals. Therefore, succession planning for Independent Directors will primarily target professionals from industry.
- n. Succession planning for key management  
Employees at the senior manager level and above are considered the key management personnel of the Company. They are responsible for the relevant operations and management within the organization. Deputy representatives are assigned at every management level. Key management personnel are required to not only possess the

necessary professional skills and experience but also adhere to the values and business philosophy aligned with the corporate culture of the Group.

Through group training and continuing education courses, as well as job rotation, project assignment, promotion of the Group's philosophy, and strengthening management functions, to foster key management personnel equipped with multi-functional and multi-oriented capabilities in management, leadership, decision-making, and execution. Experience sharing and knowledge transfer among key management personnel are systematically promoted.

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

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

■ Information on Remuneration Committee Members

Identity	Name	Qualifications	Independence criteria	No. of other public companies at which the person concurrently serves as Remuneration Committee member
		Professional qualifications and experience		
Independent Director (Convener)	Wen-An Yang	Having practical experience in a CPA firm and specialized in accounting and finance; now serving as the Chairman of Durbun Digital Solutions, Inc. as well as Head of Durbun CPA firm; not under any circumstances of Article 30 of the Company Act.	Refer to Page 19 for independence evaluation.	2
Independent Director	Ing-Jen Lee	Having work experience in the areas of commerce, management and electronics related industry; now serving as the Chairman of Litemax Technology Inc.; not under any circumstances of Article 30 of the Company Act.	Refer to Page 19 for independence evaluation.	0
Independent Director	Ching-Chang Wen	Having work experience in the areas of commerce, management and electronics related industry; now serving as a director of Biopik Technology Inc.; not under any circumstances of Article 30 of the Company Act.	Refer to Page 19 for independence evaluation.	0



■ Attendance of Members at Remuneration Committee Meetings

- I. There are three members in the Remuneration Committee.
- II. The term of the current Committee: June 15, 2023 to June 14, 2026.  
Remuneration Committee held four meetings for the most recent year and the attendance records of the Committee member are as follows:

Job title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remark
Convener	Wen-An Yang	4	0	100%	
Committee Member	Ing-Jen Lee	3	1	75%	
Committee Member	Ching-Chang Wen	3	1	75%	

■ Other notes:

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

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

Remuneration Committee Date/Session	Content of motion	Objections, qualified opinion or important recommendations of Independent Directors	Resolution by the Remuneration Committee	The Company's response on the Remuneration Committee's opinions
2024.2.22 The 3rd meeting of the 5th term	1. Approval for the appropriation of the remuneration to Directors and compensation to employees for 2023.	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	2. Approval for the appropriation ratio of the remuneration to Directors and compensation to employees for 2024.	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	3. Amendments to "Remuneration Committee Charter."	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
2024.4.29 The 4th meeting of the 5th term	1. Adjustment of salary for 2024.	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	As Chao-Peng Tseng and Chung-Pao Liu were the managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was adopted after the convener solicited opinions from the rest Directors present at the meeting and received no objections.
	2. Approval for disbursement of Dragon Boat and Mid-Autumn Festivals bonus for 2024.	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	As Chao-Peng Tseng and Chung-Pao Liu were the managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was adopted after the convener solicited opinions from the rest Directors present at the meeting and received no objections.





Remuneration Committee Date/Session	Content of motion	Objections, qualified opinion or important recommendations of Independent Directors	Resolution by the Remuneration Committee	The Company's response on the Remuneration Committee's opinions
2024.7.25 The 5th meeting of the 5th term	1. Approval for the disbursement of remuneration of Directors for 2023.	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	Directors, Jui-Tsung Chen, Chung-Pin Wong, Sheng-Hua Peng, Chung-Pao Liu, Chao-Peng Tseng, and Cheng-Hua Sun, as well as Independent Directors, Ing-Jen Lee, Ching-Chang Wen, Wen-An Yang, recused themselves from the discussion and voting concerning the allocation of remuneration to themselves or the legal entities they represent. The aforementioned Directors recused themselves, and the resolution was adopted after the chair solicited opinions from the rest of the Directors present and received no objections.
	2. Approval for the disbursement of employee compensation for 2023.	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	As Chao-Peng Tseng and Chung-Pao Liu were the managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was adopted after the convener solicited opinions from the rest Directors present at the meeting and received no objections.
2024.11.4 The 6th meeting of the 5th term	Year-end bonus for 2024	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	As Chao-Peng Tseng and Chung-Pao Liu were the managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was adopted after the convener solicited opinions from the rest Directors present at the meeting and received no objections.

■ Functions:

1. Establishing and reviewing the performance of Directors and managers, as well as policy, system, standard and structure of remuneration and compensation on a regular basis.
2. Periodically evaluate and determine the remuneration of Directors, and compensation of managers.
3. Periodically evaluate the achievement of the performance targets of the Company's Directors and managers, and determine the content and amount of their individual remunerations based on the results of the performance evaluation standards.

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

Promotion Items	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?	V		<p>In line with the vision and mission of the Company's ESG policy, the Company established the "CSR Committee" in 2017, expanded its organization, and established a dedicated unit in 2020. The Board of Directors adopted a resolution for the "Sustainability Committee Charter" on May 5, 2022, set up the "Sustainability Committee" under the Board of Directors and appointed three committee members (including one Independent Director). The President serves as the chairman of the committee, appoints senior executives from various fields to lead each sustainability task force to establish mid- to long-term sustainability development plans. Besides, the "Sustainable Development Office" was also set up and the dedicated person is responsible for the implementation of all the matters related to the sustainable development of the Company.</p> <p>The "Sustainability Committee" shall be convened at least once a year. The chairman shall report the implementation results of the sustainable development and the future plans to the Board of Directors every year on a regular basis. In 2024, 3 meetings were held with proposals encompassing: (1) Approval for 2024 sustainable development goals and plans; (2) approval for Sustainability report for 2023; (3) Approval for amendments to "Procedures for Sustainable Information Management" in the other management system cycle of the "Internal Control System."</p> <p>The Company's Board of Directors regularly receives reports from the management team. The management must propose corporate strategies to the Board of Directors. The Board of Directors evaluates the likelihood of success for these strategies, reviews the progress of these strategies, and urges the management team to make adjustments when necessary.</p>	No material deviation



Promotion Items	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The Company's Board of Directors serves as the highest governance unit for risk management, while the Audit Committee acts as the supervisory unit for risk management. Additionally, the "Business Management Committee", comprised of senior management, is responsible for appointing the appropriate unit to promote and execute risk management. With the President serving as the chairman of the "Business Management Committee," its members include participants from procurement, finance, legal affairs, IT, R&D, quality departments and overseas production centers. Meetings are convened on a regular basis every year. At least once a year, a systematic analysis is conducted to cover the five major elements of risk: identification, analysis, assessment, response, and monitoring and review mechanisms. This analysis aims to identify environmental, economic, corporate governance, and social risks that may impact our operation bases and subsidiaries over the world. The Company adopts prevention, response, management, and business continuity plans to mitigate or eliminate potential operating losses. For a description of the risks identified based on the major risks identification and assessment, please refer to page 67. The "Business Management Committee" has reported to the Audit Committee and the Board of Directors on the results of risk assessment, possible impacts, and response strategies for 2024.	No material deviation
3. Environmental issues (1) Has the Company set an environmental management system designed to industry characteristics?	V		(1) The Company's headquarter in Taiwan and production centers in China and Vietnam are subject to the following ISO standards and set up an environmental management system. They pass the third-party verification continuously and conduct Greenhouse Gas inventory every year in accordance with ISO14064-1, take follow-up actions for the emission reduction effectiveness, and disclose relevant information in the sustainability report and on the website of the Company. ISO 14001: 2015 Environmental Management Systems ISO 14006: 2011 Environmental management systems -Guidelines for incorporating eco-design	No material deviation

Promotion Items	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		<p>IECQ-QC080000: 2017 Hazardous Substance Process Management System  ISO 14064-1: 2018 Greenhouse Gas Inventory  ISO 50001: 2018 Energy Management System</p> <p>(2) The Company implements energy reduction measures proactively, introduces ISO 50001 Energy Management System, and uses the equipment of high energy efficiency and saving design to reduce the consumption of the energy at the corporate and product levels. The Company also uses more renewable energy to optimize the energy efficiency.</p> <p>In addition, solar panels have been installed to generate renewable energy and improve the efficiency of the renewable energy every year. The Company uses raw materials in compliance with the EU RoHS, REACH, and Halogen Free regulations. We set up a cross-platform resources integration and recycle system to recover materials, make products using renewable energy, reduce the pollution during the manufacturing process, and minimize the impact on the environment.</p> <p>As for green manufacturing, we reduce unnecessary waste of resources, dedicate ourselves to the reduction of the waste, and develop recycling technologies. We work with our upstream and downstream partners to recover and share packaging materials, and do our best to use recycled material in the production to reduce the load and impact on the environment, and maximize the benefit of the circular economy. We create circular value by recovering process materials, developing waste reduction technology, designing and selling of recycled products.</p>	No material deviation
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		<p>(3) The Sustainability Committee of Company is the most top organization which is in charge of climate change management. The environmental sustainability task force is responsible for climate change strategies and goals, management of the risks and opportunities in climate change,</p>	No material deviation



Promotion Items	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for reduction of greenhouse gas, reduction of water consumption, or management policy of other wastes?	V		<p>review of the implementation status, and discussion of the future plans. The Company adapted the TCFD structure to enhance the assessment of the risks and opportunities that climate change brings to the Company.</p> <p>To reduce the aforementioned risk factors, the Company also identifies the feasible opportunities and develops countermeasures at the same time. We develop to the direction of green operation, energy management, disclosure of carbon information, and green building with regard to the mitigation of the climate change. We have implemented enhanced basic infrastructures, developed sustainable operation capabilities, and made use of green buildings with regard to the adaptation to climate change.</p> <p>The details of the Company's climate change risk and opportunity analysis have been disclosed in the chapter on TCFD Climate Change Information Disclosure within the Company's sustainability report, which can be found under the "ESG Sustainability" section on the Company's website.</p> <p>(4) The headquarter of the Company in Taiwan and production centers in China and Vietnam have completed the Scope 1, Scope 2 and Scope 3 GHG inventory and the third-party verification required by ISO 14064-1 in 2024, as well as inventory and third-party verification required by ISO 50001 have been completed. The GHG inventory and third-party verification for the carbon footprint of key products in Scope 3 have also been completed.</p> <p>In 2023 and 2024, the Company's headquarters in Taiwan and production centers in China and Vietnam had GHG emissions of 25,035.79 tons and 18,803.74 tons CO<sub>2</sub>e, respectively. Within these emissions, Scope 1 accounted for 738.60 tons and 530.41 tons, while Scope 2 accounted for 24,297.19 tons and 18,273.33 tons, respectively. Energy emissions from Scope 2 were the major sources and occupied 97% of the aforesaid emissions, followed by the emissions from the consumption of the process oil and the fuel used for the public systems</p>	No material deviation

Promotion Items	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>in Scope 1 that occupied a proportion of 3%.</p> <p>To catch up with the international reduction trend of emissions, the Sustainability Committee of the Company takes follow-up actions with setup of goals in the design and selection of the materials, local procurement and 10R strategy, power-saving production and green transportation to reduce carbon based on the life circle in the circular economy. We will continuously purchase renewable energy and dedicate ourselves to the development of energy saving products, and assess the possibility to use 100% renewable energy completely to achieve the long-term goal of net zero emissions.</p> <p>With the aforementioned efforts, we expect to further reduce the total carbon emission and GHG intensity in 2025 and make a contribution to the environment.</p> <p>The goals of the Company in the management of the energy resources are described below:</p> <p>The greenhouse gas reduction target, using 2022 as the base year, has been set to achieve net-zero emissions for greenhouse gases (Scope 1 and Scope 2) within the organization by 2040, with a short-term goal of reducing absolute emissions by 50% by 2030.</p> <p>In 2024, it is estimated that less GHG intensity by 6% compared to previous year;</p> <p>less energy (electricity) intensity by 1% compared to previous year; less per capita consumption of water resource by 3% compared to previous year; more waste recovery rate by 3% compared to previous year.</p> <p>The Company pays attention to the issues on water resource, energy saving, and environmental protections for many years. Saving of water is conducted comprehensively in daily life to maximize the benefit of the available water resource. The Company's headquarters in Taiwan and production centers in China and Vietnam completed the water footprint verification in 2024. The water consumption in 2023 and 2024 was 158,203 tons and 112,952 tons, respectively. The Company continues to take various improvement</p>	



Promotion Items	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>measures, including guiding the wastewater system to the recovery system and applying recycles water to the process to reduce water consumption.</p> <p>The Company is dedicated to the environmental protection. "The Sustainability Committee" establishes the waste reduction KPI and review the performance every year. Internal and external audits are also conducted for the reduction of the waste.</p> <p>To ensure the recycle of resources, the Company, in principle, the priority is to reuse the treated waste in our plants to reduce the usage of the raw materials then recycle for reuse. Incineration or dumping in landfill sites is the last resort.</p> <p>In 2023 and 2024, the Company's headquarters in Taiwan and production centers in China and Vietnam produced non-hazardous wastes of 1,214 tons and 1,603 tons, respectively; hazardous wastes of 120 tons and 69 tons, respectively, and total waste generation of 1,334 tons and 1,672 tons, respectively.</p> <p>The "zero waste" is the ultimate goal in the waste management of the Company. We will continuously implement the waste reduction plan and reduce the generation of the waste from a single product unit to meet the requirements of the WEEE Directives. We will take the reduction of the total waste volume and conversion of the waste to resources as the strategy to reduce the generation of the waste and its volume by implementing the source management such as improvement of process technologies and reduction of the raw material at the design stage.</p>	
<p>4. Social Issues</p> <p>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	V		<p>(1) All the Company's operating bases adhere to the international human rights conventions, such as "International Labour Organization Convention," "UN Universal Declaration of Human Rights," and "UN Global Compact," as well as local laws and regulations, and eliminate any behaviors that assault and violate human rights. The Company establishes relevant management rules, such as "Child</p>	No material deviation

Promotion Items	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(2) Has the Company established and implemented reasonable employee welfare measures (including salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		<p>and Juvenile Workers Control Procedures”, “Freedom of Association and Collective Bargaining rights Control Procedures”, “Discrimination Prohibition and Discipline Measures Control Procedure”, “Forced Labor Prohibition Control Procedures”, to ensure that employees and external stakeholders can work or provide services without the concern about retaliation or threat, or they will not work or provide service in the form of paying a debt. Relevant policies and implementation status have been disclosed in the chapter of happy workplace in our Sustainability Report under “ESG Sustainability” section on the Company’s website.</p> <p>(2) The Company establishes reasonable salary/compensation and relevant management systems to ensure that the salary/compensation meets the requirements of the regulations and is up with the market. In addition to the fixed monthly salary, the Company offers festival and year-end bonus, patent bonus, project bonus, and so on. A compensation adjustment plan has been established to share the operation results with the employees based on the annual earnings of the Company and the performance of individual employees.</p> <p>In general, male and female employees occupy 70% and 30% of all the employees respectively, while male and female employees taking management positions occupy 77.5% and 22.5%. (The difference is attributable to the type of functions, the educational background of the employees, and other factors.) The gender is never a factor that influences the employment or promotion of the employees.</p> <p>In accordance with the laws, the Company establishes the “Employee Benefit Committee” and sets aside a welfare fund, holds committee meetings on a regular basis, and organizes employee welfare activities on a regular basis. The Company also supports the development of multiple club activities. The welfare for the employees includes birthday cash gifts, festival cash gifts, organization of recreational activities for the</p>	No material deviation





Promotion Items	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		<p>health of the employees, family day, domestic and overseas travels, wedding and funeral subsidies, childbirth subsidies, consolatory payment for hospitalization to employees and family members, lucky draw at year-end party, and physical examination. In addition to the insurance required by labor laws, the Company takes out group insurance for the employees (including life insurance, accident insurance, cancer insurance, and medical insurance) to provide them with comprehensive protection.</p> <p>(3) The Company establishes ESH (Environmental, Health and Safety) policies with reference to ISO 45001 and formulates procedural documentation related to the “occupational safety and health management” to control every detail at the workplace. At the initial stage of designing the hardware and software of the office environment, the Company set the protection of employee safety as its top priority, to ensure employees receive the greatest security at work.</p> <p>The Company provides educational training courses on labor safety to help employees understand the safety and potential hazard in the factory area. The Company also help employees understand the level of the disasters in the factory area and the response measures, evacuation routes, and other related matters pursuant to the “Emergency Preparation and Response Procedures”. Fire distinguishing training is performed in accordance with the instructions of the fire brigade. Disaster prevention knowledge is communicated to the employees every year on a regular basis.</p> <p>The Company takes zero occupational accident in the work environment as the goal in the hope to minimize the occupational accident risk. There were no occupational and fire accidents in 2024.</p>	No material deviation
(4) Has the Company established effective career development training programs for employees?	V		<p>(4) The Company places importance on the development of the employees and is dedicated to the training of talents. We encourage employees to participate in training courses and</p>	No material deviation

Promotion Items	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and establish policies for consumer protection and grievance procedures?	V		<p>self-learning activities. The types of courses can be categorized into professional &amp; technical, leadership management, and common communication. In 2024, about 50 professional courses were provided, with more than 67 courses organized in total. The professional courses include R&amp;D, engineering, IT, law and patent, finance and accounting, etc.</p> <p>Also, via internal and external physical courses and the introduction of new IT technology and the sharing of experience by numerous internal speakers, the Company was able to establish a knowledge sharing platform, Arcadyan Content Sharing System (CSS), where employees can peruse teaching materials and watch video or audio clips within the Company, and share professional know-how of various departments. With these efforts, the Company can not only enable employees to obtain necessary information but also urge the establishment of knowledge management mechanisms by the departments, encouraging self-study among employees at any time.</p> <p>(5) The Company prevents disclosure of documents by implementing the ISO 27001 Information Security Management System to protect the integrity of the customer's documents and data, and help each department manage and reduce the threat and risk with respect to the information.</p> <p>The Company conducts internal and external audits on a regular basis. Through the risk assessment of information assets, proper control measures are implemented for risks related to various information assets based on the characteristics of the risks to reduce or transfer risks and achieve the goal of risk management. This can ensure the confidentiality of information related to the business and prevent breaches or losses sensitive information and individual data.</p> <p>The Company sets up an information security reporting mailbox (ethics@arcadyan.com) for stakeholders to communicate with each other about information security-related issues. No</p>	No material deviation



Promotion Items	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		<p>infringement upon the privacy of the customers or other material incidents for information security have occurred since the foundation of the Company's facilities.</p> <p>(6) The Company establishes the "Supplier Sustainability Survey Regulations" to create the selection conditions for the suppliers in terms of the protective environment, human rights, safety, health and sustainable development. In the regulations, we express our requirements and expectations to the suppliers with regard to the ESH risk, prohibition of child workers, labor management, non-violation of basic labor rights, code of ethics, and ethical management.</p> <p>The Company establishes supplier guidance projects to ensure implementation of the sustainability in the daily management of the supply chain through selection of suppliers, audit and guidance, performance evaluation, training and supplier forums. All the cooperative suppliers of the Company met relevant requirements in 2024.</p>	No material deviation
5. Does the company refer to international reporting standards or guidelines when preparing its "Sustainability Report" and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The Company prepared Sustainability Report in accordance with the internationally recognized reporting guidelines (GRI Standards). AFNOR Asia as an independent and fair third party has conducted the verification pursuant to AA1000 Accountability Principles and GRI Standards, and confirmed the conformity to the Core of the GRI Standards and the Type 1, moderate assurance level of the AA1000 Assurance Standard. The verification result was disclosed in Company's Sustainability Report under "ESG Sustainability" section on the Company's website.	No material deviation
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has prepared the Sustainability Report and disclosed it on the Company website and established "Sustainable Development Best Practice Principles" as the governing guideline, incorporating sustainable development into the overall operating development of the Company and the companies of the Group and promoted various sustainable development activities. There is no material deviation between the operations of the company and the principles stipulated.				

7. Other significant information relevant to understanding the Company's implementation of sustainable development:
  - (1) Going green and environmental protection: To avoid damaging the ecosystem, the R&D team of the Company focuses on the eco-design of products and has introduced a lead-free manufacturing process successfully and at the same time, meeting the international environmental protection requirements of removing lead, cadmium, mercury, hexavalent chromium and other hazardous chemicals, implementing Eco-design in 2017, and obtaining ISO 14006 certification for incorporating eco-design in 2018.
  - (2) In 2005, the Company obtained both ISO 14001 certification on environmental management systems and OHSAS 18001 certification on occupational health and safety management system. The Company also obtained the Taiwan Occupational Safety and Health Management System certification in 2009. The certification was issued by the Health Promotion Administration of Ministry of Health and Welfare under the Executive Yuan. Furthermore, the Company successfully transferred OHSAS 18001 to ISO 45001 management system in 2020.
  - (3) Production Center in China obtained Social Accountability 8000 (SA8000) in 2013, showing the performance and commitment in CSR by the Company, increasing the loyalty and sense of belonging of the employees, and establishing a positive corporate image.
  - (4) The Company has established energy conservation, carbon reduction, reduction of greenhouse gas emission and water use, and other waste treatment management policies: Including a Carbon Disclosure Project (CDP) which is mainly to strengthen the ability of the Company in responding to climate change, such as inspection on carbon emission, checking the result of carbon reduction and establishing regulations on evaluation and physical risks, and further transitioning various risks into opportunities for green circular economy, to increase the sustainable development; for energy management, every factory area tracks the KPI management every month, in which depending on how well the KPIs are met, improvement measures and planning will be proposed; for water resource management, due to the high water use of the Company, which mainly comprises of employee daily water use, many facilities and infrastructure have to be inspected and improved, and awareness for good lifestyle habits is promoted; for waste management, while paper use in the verification system of the production is reduced, thus decreasing waste due to human error. The employees at the factory areas have been trained professionally and rigorously in safety, health and environmental protection, and thus no major pollution incident has occurred over the years.
  - (5) In support of the RE100 initiative led by its parent company, Compal Group, the Company has formulated an active renewable energy plan. At its manufacturing site in Vietnam, the Company has installed rooftop solar panels, which now produce about 15% of the factory's total yearly electricity consumption. The Company has also increased its purchase of International Renewable Energy Certificates (IRECs), bringing the usage ratio of renewable energy to 40% in 2024. The Company plans to raise its usage ratio of renewable energy by 10% each year. It is also looking into signing Power Purchase Agreements (PPAs) to help move toward cleaner energy and low-carbon production. The goal is to use 100% renewable energy by 2030.
  - (6) Circular economy: to help promote the design thinking of circular economy, the Company instills the concept into its products and in turn constructs a multiple cycle circular economic model in product recycling and re-use. In 2021, the Company passed the certification of SGS and obtained optimum level on business model.
  - (7) Strengthen supply chain carbon management: The Company collaborates with its suppliers to respond to the challenges posed by climate change. In October 2023, a supplier conference was convened, inviting key supply chain partners to engage in discussions concerning international net-zero trends. The "Go Green with Arcadyan" program was introduced, aimed at systematically aiding supply chain partners in conducting organizational GHG inventories and product carbon footprint reduction plans, in order to lead the supply chain towards a green and low-carbon transformation and continuously track carbon reduction progress. In addition, The Company also participated in the Compal Group's "Net Zero Announcement Conference," reinforcing its commitment to sustainability. To fulfill its commitment to the global 1.5°C warming limit, the "Net Zero Declaration and Sustainability Cloud Launch Event" was held in 2024. The Company will utilize Compal Group's self-developed "Sustainability Cloud Digital Platform," which provides real-time and accurate carbon emissions and renewable energy data online. This platform features multilingual and AI verification capabilities, consolidating the group's extensive and complex carbon data to ensure timeliness and accuracy, strongly supporting management decisions across global locations.
  - (8) Sustainability Performance in 2024:
    - Since 2009, the company has consistently participated in the Carbon Disclosure Project (CDP), disclosing information on climate change, water security, and forest management. In the 2024 CDP evaluation, the company received a "B Management" rating.



- The company's carbon reduction and net-zero targets have been approved by the Science Based Targets initiative (SBTi).
  - The rooftop solar power system at the company's Vietnam manufacturing center was further expanded, now generating about 15% of the facility's electricity for production.
  - 14 product projects received third-party verification for carbon footprint under ISO 14067, ISO 14040, and ISO 14044 standards.
  - 8 product projects were certified with the TUV Green Mark for eco-friendly product standards.
- (9) Sustainability Awards in 2024:
- Named one of TIME magazine's "World's Best Companies for Sustainable Growth 2025".
  - Received the Platinum Medal from EcoVadis, placing in the top 1% of companies globally for CSR and sustainability performance.
  - The Vietnam manufacturing center received a Platinum rating in the RBA VAP audit.
  - Honored with the "TCSA Top 100 Sustainable Companies in Taiwan" award.
  - Recognized as one of the "Top 100 Carbon Competitiveness Companies of 2024".
  - Winner of the 2024 India Circular Economy Technology Award (ICEF)
  - Recipient of the 2024 SEAL Awards, including the Environmental Initiative Award and the Sustainable Innovation Award
  - Gold Award in the 2024 Taiwan International Smart Mobility ESG Achievement Label Selection
  - Gold Supplier Award for sustainable supply chain performance from Chunghwa Telecom in 2024
- (10) For the community participation, contribution, service and welfare, consumer rights, human rights and other activities related to corporate social responsibility, the Company voluntarily takes part in many social welfare activities every year. Via the planning and execution initiated by "Sustainable Development Office", the Company makes contribution to the community through numerous activities, to meet its corporate social responsibility. The activities in 2024 are as follows:
- Emergency aids: Working with World Peace Association, Taipei City Hsin Hua Charity Foundation, World Vision Taiwan, Orphan Welfare Foundation, Eden Social Welfare Foundation, Continuation of Love Public Welfare Association, Canlove Social Service Association, Hualien Elder and Family Care Association, Pingtung County Hai Qing Qing Association, Mustard Seed Mission, Home-waiting baby Association, Tzih Huai Social Welfare Foundation, Apple Daily Charitable Foundation, etc. to assist approximately 110 cases that required emergency aids.
  - Regular donations: Making monthly donations to Student Sponsorship Project of Orphan Welfare Foundation, Children and Young Children Sponsorship of Mustard Seed Mission, Baby Waiting for Home Social Welfare Association (sponsoring fruits and vegetables for orphanages), Vulnerable Family Services of Tzih Huai Social Welfare Foundation, and Children and Youth Guidance and Counseling Project of World Vision Taiwan.
  - Group purchase from charity organizations: Including charity bazaar on Mother's Day and gift boxes of mooncake, Mid-Autumn Festival gift boxes from World Peace Association, gift boxes of Mother's Day and delivery of Love to Tribes program of Children Are Us Foundation, and charitable group purchase for Mother's Day from Huashan Social Welfare Foundation, and group purchase for Mid-Autumn Festival from AIHENG Educational Center and R.O.C. Resource Matching Association, etc.
  - Online English courses provided for remote primary schools: Taiping Elementary School, Nanhe Elementary School, Pinglin Elementary School, Shakeng Elementary School, Jinshan Elementary School, Shiguang Elementary School, Jaudung Elementary School, Ching Shuei Elementary School, Neiwan Elementary School, Shiguang Junior High School, Yu Shan Elementary School, Dongguang Elementary School, and Lufong Elementary School.
  - Providing summer intern jobs for 8 children from Hsinchu Fund for Children and Families, Hsinchu Chusin Association, and World Vision Taiwan.
  - Holding visually impaired massage charity.
  - Dreamer projects for children in rural areas: Dreams Come True of Hsu Chaung Social Welfare Charity Foundation, and Christmas activity of Kuen Tai Cultural and Education Foundation, etc.
  - Little Tree Spreads Love Association: Sponsoring the "Charity Carnival" activity.
  - R.O.C. Resource Matching Association: Sponsored the "delivery of love and food to the unprivileged families" project and Mid-Autumn Festival group purchase.
  - Saint Joseph Social Welfare Foundation: Sponsoring the 2024 "Joyful Christmas - Happiness with You" event and Mid-Autumn Festival mooncake group purchase
  - World Peace Organization: Sponsoring charitable performances of children's drama, New Year for Hungry Children Project, and New Year Food Box Project, etc.
  - World Vision Taiwan: Supporting the Children and Youth Guidance and Counseling Project and sponsoring the annual funding for supporting domestic children and drinking water initiative in Vietnam.

Promotion Items	Implementation Status			Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<ul style="list-style-type: none"><li>●Taiwan People’s Food Bank Association: Gifting the food offerings from first business day of the year and Ghost Festival’s praying rituals.</li><li>●Taiwan Yixin Baby Community Association: Sponsoring the 2024 Yixin Baby Diversity Learning Program</li><li>●Common Good Social Innovation Association: Volunteer training for providing care and support to young people.</li><li>●Andrew Charity Association: Donating to the food bank project for underprivileged children in summer.</li><li>●Hsu Chauing Social Welfare Charity Foundation: Participating in dreamer projects and food donation programs, summer camps for remote schools, remote education, and donations for disadvantaged.</li><li>●Hua-Guang Intellectual Development Center: Commissioning the Sediq people for rice planting, and donating the rice to Hua-Guang Intellectual Development Center.</li><li>●Children Are Us Foundation: Purchasing cakes for Mother’s Day and Mid-Autumn Festival (and donating the cakes to underprivileged children), sponsoring diversified workplace open house activities and beautiful life activities, employee fundraising for family daily care of children having intellectual development disorders and expenses for daycare centers, etc.</li><li>●Hsinchu Fund for Children and Families: Summer camp for disadvantaged children, 2024 Warm Winter Fair fundraising for children, parent-child relationship improvement activities, and fundraising for children.</li><li>●Hsinchu Chusin Association: Sponsoring 2024 Year-End Thanksgiving Concert.</li><li>●Huashan Social Welfare Foundation: Donation for New Year meals and provision of gift boxes for Dragon Boat and Mid-Autumn Festivals.</li><li>●Ai-Heng Training Center for Intelligent Development: Sponsoring 2024 environmental protection carnival and Mid-Autumn Festival group purchase.</li><li>●Eden Social Welfare Foundation: Funding the services for underprivileged children.</li><li>●Kuen Tai Foundation: Employee fundraising for donating school bags and Chinese calligraphy sets.</li><li>●Bluesky Home: Donating the Adolescent Placement and Guidance Program.</li><li>●Tribal Kitchen: Sponsoring Sediq’s tribal kitchen with cereals and donating acquired rice to World Peace Organization and Hua-Guang Intellectual Development Center.</li></ul> <p>The list above details the donations from the Company and its employees. The donations amounted to TWD 8,226,319, where 1,172 people participated and 4,937 people benefited.</p>				



■ Significant risk assessment and corresponding strategies

Risk type	Key issues	Risk description	Potential impact	Corresponding strategies
Strategy	Geopolitics and global political and economic situation	The China-US trade war, geopolitical conflicts, and regime changes have further increased operational risks, particularly due to Trump's tariff hikes after his inauguration.	The greatest uncertainty lies in the fact that Trump is highly likely to increase tariffs on countries with a trade surplus with the U.S. (such as Vietnam) after taking office, which would lead to higher costs and weakened competitiveness.	In response to the China-US trade war, the Company has expanded its production base in Vietnam and continues to diversify its manufacturing facilities by expanding EMS partnerships or establishing factories in other countries, thereby mitigating policy impacts.
Operation	EMS partners management	Weak financial position, production difficulties, capacity shortages, or quality defects in outsourcing factories.	Shipment delay or delayed payment collection	1. Signed an EMS contract to clearly define its obligations and responsibilities. 2. Seek letters of credit or bank/parent guarantees based on the financial position of outsourcing factories to protect the Company's rights and interests and mitigate risks.
Operation	Supply chain management	Shortage in raw materials and electronic components are insufficient and will affect production and delivery.	Failure to satisfy production, delivery, and customer needs and will affect revenue and profit.	Based on market supply and demand, the Company regularly evaluates the inventory levels of raw materials and electronic components, and establishes multi-sources of supply to ensure a stable supply.
Legal compliance	Infringement of patents and intellectual property rights	Claims by patent owners or customers.	Payment of royalties, claims, and litigation fees will affect the Company's profits.	The Company shall accrue royalty provisions and litigation expenses appropriately, and include patent expense into the quotation.

## (6) Climate-related Information

Item	Implementation Status																			
1. Supervision and governance of the Board or Directors and management over climate-related risks and opportunities.	In 2022, The Company established the “Sustainability Committee” as the subordinate unit under the Board of Directors. President/Director Chao-Peng Tseng was appointed as the Chairperson of the Committee. The Committee meets at least once a year and reports on the implementation results of the sustainable development and the future plans to the Board of Directors. The Company annually allocates a budget for greenhouse gas reduction management and ties the performance-based compensation of senior management and teams to the reduction target, in order to promote and achieve The Company’ climate-related management strategies and targets. The Company established a carbon management group under the Sustainability Committee. A dedicated team composed of relevant departments is responsible for realizing The Company 's greenhouse gas emission reduction commitments. The progress of carbon reduction is tracked and reviewed quarterly to ensure that it aligns with customer expectations and achieves the carbon reduction targets of both the organization and products. The Company identifies the major risks and opportunities it may face in future operations by referencing transition risks, physical risks, and opportunities within the Task Force on Climate-related Financial Disclosures (TCFD) framework. It then develops response strategies based on scenario analysis and assessments. These efforts aim to mitigate the possible financial losses that risks may lead to and, in some cases, transform them into opportunities to generate greater profit for the Company.																			
2. How the identified climate risks and opportunities will affect the Company's business, strategy, and finances (in the short-, medium-, and long-term).	<div>Based on the results of the risk and opportunity matrix analysis, the Company has identified its risks and opportunities for the short-, medium-, and long-term, and preliminarily selected 7 transition risks, 3 physical risks, and 3 climate opportunities:</div> <table><tr><th>Type</th><th colspan="2">Risks and opportunities</th><th>Time horizon</th><th>Description of risks/opportunities</th></tr><tr><td rowspan="4">Transition</td><td rowspan="4">Policies and regulations</td><td>Net-zero emission trend</td><td>Short-term</td><td>Customer requirements for active carbon reduction and early net-zero emissions schedule</td></tr><tr><td>Renewable energy regulations</td><td>Medium-term</td><td>According to Article 12 of Taiwan’s “Renewable Energy Development Act,” when the contracted capacity on electricity consumption agreements signed by the electricity user exceeds a certain capacity, the user shall install on their own or provide space to install renewable energy power generation and storage facilities of a certain installed capacity or purchase a certain amount of electricity generated from renewable energy and a certificate; if the user fails to take actions according to the aforesaid regulations, the user shall pay monetary substitution to the competent authority for the purpose of the development of renewable energy.</td></tr><tr><td>The carbon tax on imported goods levied by the E.U.</td><td>Medium-term</td><td>According to the E.U.’s Carbon Border Adjustment Mechanism (CBAM), carbon pricing for the production process of high-emission products imported to the E.U., such as steel and its downstream products (e.g., screw and bolts, etc.), will be officially implemented in 2026. (The average price of the EUA in August 2024 was EUR 71.46 per ton)</td></tr><tr><td>Corporate carbon fee levied by the government</td><td>Long-term</td><td>In response to the Taiwan's “Climate Change Response Act,” a target has been set to achieve net-zero emissions by 2050. For companies with carbon emissions exceeding 25,000 tons, a carbon fee will initially be levied at NT\$300 per ton.</td></tr></table>	Type	Risks and opportunities		Time horizon	Description of risks/opportunities	Transition	Policies and regulations	Net-zero emission trend	Short-term	Customer requirements for active carbon reduction and early net-zero emissions schedule	Renewable energy regulations	Medium-term	According to Article 12 of Taiwan’s “Renewable Energy Development Act,” when the contracted capacity on electricity consumption agreements signed by the electricity user exceeds a certain capacity, the user shall install on their own or provide space to install renewable energy power generation and storage facilities of a certain installed capacity or purchase a certain amount of electricity generated from renewable energy and a certificate; if the user fails to take actions according to the aforesaid regulations, the user shall pay monetary substitution to the competent authority for the purpose of the development of renewable energy.	The carbon tax on imported goods levied by the E.U.	Medium-term	According to the E.U.’s Carbon Border Adjustment Mechanism (CBAM), carbon pricing for the production process of high-emission products imported to the E.U., such as steel and its downstream products (e.g., screw and bolts, etc.), will be officially implemented in 2026. (The average price of the EUA in August 2024 was EUR 71.46 per ton)	Corporate carbon fee levied by the government	Long-term	In response to the Taiwan's “Climate Change Response Act,” a target has been set to achieve net-zero emissions by 2050. For companies with carbon emissions exceeding 25,000 tons, a carbon fee will initially be levied at NT\$300 per ton.
Type	Risks and opportunities		Time horizon	Description of risks/opportunities																
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		Renewable energy regulations	Medium-term	According to Article 12 of Taiwan’s “Renewable Energy Development Act,” when the contracted capacity on electricity consumption agreements signed by the electricity user exceeds a certain capacity, the user shall install on their own or provide space to install renewable energy power generation and storage facilities of a certain installed capacity or purchase a certain amount of electricity generated from renewable energy and a certificate; if the user fails to take actions according to the aforesaid regulations, the user shall pay monetary substitution to the competent authority for the purpose of the development of renewable energy.																
		The carbon tax on imported goods levied by the E.U.	Medium-term	According to the E.U.’s Carbon Border Adjustment Mechanism (CBAM), carbon pricing for the production process of high-emission products imported to the E.U., such as steel and its downstream products (e.g., screw and bolts, etc.), will be officially implemented in 2026. (The average price of the EUA in August 2024 was EUR 71.46 per ton)																
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Item	Implementation Status				
	Type	Risks and opportunities		Time horizon	Description of risks/opportunities
		Market	Changes in customer demand and preferences	Short-term	1. Declining market sales, leading to a decrease in revenue. 2. Increasing customer demand for low-carbon products.
			Increase in raw material costs	Short-term	The implementation of carbon reduction and energy conservation policies by the E.U. and countries around the world, along with the transition of the supply chain towards carbon reduction, may possibly increase the production costs of raw materials. Climate disasters could raise transportation costs of raw materials and risks of supply chain interruptions.
			Low-carbon technology transition	Long-term	If customers require low-carbon products, an increase in renewable energy usage, and improvements in power storage capacities and energy efficiency in manufacturing process, the development and execution costs that the Company has to invest in may increase.
	Physical risks	Immediacy	Extreme weather (floods)	Short-term	Floods caused by extreme weather events, such as typhoons and heavy rainfall, may pose risks of factory inundation, as well as damage to equipment and facilities due to strong winds and water exposure.
		Long-term	Energy resource shortage	Short-term	Climate change may make extreme heat and drought conditions during the summer more pronounced, leading to a continuous increase in electricity demand. For example, Vietnam experienced a heatwave and little rainfall during the summer of 2023. Power consumption increased significantly, while hydroelectric power efficiency declined sharply. As a result, power rationing and supply suspension were imposed in northern Vietnam from May to June 2023.
			Pressure on water resources	Medium-term	The factory is at risk of operational suspension or supply chain interruption due to drought.
	Climate opportunities	Energy source	Use of low-carbon energy	Short-term	The installation of solar power equipment can reduce the Company's operating electricity expenses and possible carbon fees in the future.
		Resource efficiency	Use of energy-saving equipment	Short-term	Promotion of various energy performance management measures, such as improving energy consumption efficiency through lighting updates and the replacement of air-conditioner/equipment, may reduce the Company's operating electricity expenses and future possible carbon fees.
		Products/ Services	Developing/adding low-carbon products and services	Short-term	In the face of the carbon reduction trend, The Company is committed to the R&D and design of sustainable products to respond to the needs of the market and customers, thereby increasing the Company's revenue.

Item	Implementation Status
<p>3. Financial impact of extreme climate events and transition actions.</p>	<p>[Positive financial impact]</p> <ol style="list-style-type: none"> <li>1. Leading in low-carbon product R&amp;D technology The Company leads in green product R&amp;D technology and launches low-carbon products to satisfy customers' expectations and market demand, thereby increasing its product market share.</li> <li>2. Installation of solar power generation equipment In response to the demand for renewable energy, the solar power generation equipment within factory is expanded to reduce the electricity cost.</li> </ol> <p>[Negative financial impact]</p> <ol style="list-style-type: none"> <li>1. Increase in the carbon fee/tax rate In the process of transitioning to a low-carbon economy, factors such as the customer demand for low-carbon products and increased use of renewable energy may require the purchase of carbon credits through carbon market trading to offset emissions, or the payment of energy and carbon taxes, resulting in higher carbon reduction and energy costs. If The Company's products imported into the E.U. are included in the next phase of products subject to carbon tax, significant carbon tax expenses are expected to be levied on these products. In addition, the carbon emission price may increase year by year, which will put pressure on the Company's operating costs.</li> <li>2. Increase in low-carbon material costs: The rise in global energy prices and carbon reduction policies may lead to higher raw material costs or production interruption in the supply chain, or suppliers may pass on the additional costs of their decarbonization efforts to The Company's procurement prices, resulting in higher product costs. If suppliers are unable to meet carbon reduction requirements and cannot timely find alternative suppliers, it may lead to shortages in material supply.</li> <li>3. Operation interruption due to extreme weather: The increasing frequency and severity of extreme weather events, such as typhoons and heavy rainfall, may pose risks of flooding in the company's factories and damage to equipment due to strong winds. This could lead to higher maintenance costs for operation sites or operation disruptions, resulting in production delays, delayed delivery timelines, increased operating costs, and reduced revenue.</li> <li>4. Operation interruption due to power shortages in manufacturing: Due to local power rationing policies or energy resource shortages, the Vietnam Production Center may experience production delays, delayed delivery timelines, increased operating costs, and reduced revenue.</li> </ol>
<p>4. How the climate risk identification, assessment and management process is integrated into the overall risk management system.</p>	<p>The Board of Directors is The Company's highest governing body for risk management, implementing the company's risk management and control. The Audit Committee acts as the supervisory unit for risk management. Additionally, the Business Management Committee, comprised of senior management, is responsible for appointing the related units to establish the Risk Management Implementation Task Force.</p> <p>In order to establish a sound risk management system, the "Risk Management Policy and Procedures" was approved by the Board of Directors in 2022. Risk management awareness is integrated into daily decision-making and operating activities to create a comprehensive corporate risk management culture.</p> <p>The Company conducts analysis of strategic risks, operational risks, financial risks, information risks, compliance risks, integrity risks, climate change and other emerging risks based on the company's size, industry, business characteristics, and operating activities, while also considering the regulatory focus of corporate sustainability.</p> <p>The Risk Management Implementation Task Force defines the scope and items of risks based on the characteristics of the company's industry and the operation activities, and convenes meetings with the operating units to conduct risk identification and measurement.</p>



Item	Implementation Status		
	and propose response strategies. It reports to the Audit Committee and the Board of Directors at least once a year on the implementation of management activities and risk control and management, while supervising, tracking, and reviewing the management team's performance in risk management, in order to enhance business strength.		
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts used should be explained.	To analyze the impact of climate-related risks and opportunities on the operation strategy, the scenario analysis is based on the data sources available from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) under the United Nations, including the assessment of pathways to energy net-zero emissions. The IPCC high emission scenarios (SSP5-8.5) and low emission scenarios (SSP1-2.6) are adopted for simulation analysis.		
	Category		Estimated potential financial impact
	Transition risks	Carbon fees	RCP 8.5 High Emission Scenario No additional carbon reduction actions beyond current national policies (International carbon price: US\$2.63 per ton) Annual operating costs increase by <0.01%
			RCP 2.6 Low Emission Scenario Achieving net-zero emissions globally by 2050 (International carbon price: US\$268.13 per ton) Annual operating costs increase by <0.1%
		Material cost	RCP 8.5 High Emission Scenario Difficulties in material mining may lead to increasing unit prices and delayed delivery timelines. Total procurement costs increase by <0.01%
			RCP 2.6 Low Emission Scenario The plastic and metal materials used as raw materials in the products are replaced with post-consumer recycled (PCR) materials. Metal material procurement costs increase by 15%
	Physical risks	Operation interruption due to typhoons and heavy rainfalls	RCP 8.5 High Emission Scenario A drastic increase in natural disasters, such as typhoons and heavy rains, may lead to production suspensions, resulting in losses in production capacity and employee fixed costs, as well as increased repairs and maintenance expenses or insurance expenses due to damage to the plant or equipment. Annual operating costs increase by <0.5%
			RCP 2.6 Low Emission Scenario Fewer typhoons, regular maintenance of buildings and equipment, sludge clean-up, and other routine maintenance operations. Annual operating costs increase by <0.001%
		Power shortage	RCP 8.5 High Emission Scenario Severe power shortage, resulting in a 25% increase in electricity prices over the past five years, based on historical price trends. Annual operating costs increase by <1.5%
			RCP 2.6 Low Emission Scenario No power shortage crisis, continuously purchasing solar energy certificates. Annual operating costs increase by <0.01%

Item	Implementation Status
6. A transition plan is in place to cope with climate-related risks along with the indicators and goal used to identify and manage physical risks and transition risks.	<p>The Company assesses the likelihood and impact of risks and opportunities based on the risk management process, then formulates relevant indicators and targets:</p> <p>[Short-term]</p> <ol style="list-style-type: none"> <li>1. Set the annual targets based on the carbon reduction pathway of the Science Based Targets Initiative (SBTi).</li> <li>2. Introduce smart monitoring system to enhance energy efficiency.</li> <li>3. Purchase the International Renewable Energy Certificates (I-REC).</li> <li>4. Evaluate the signing of long-term Power Purchase Agreements (PPA).</li> <li>5. Introduce ecological design of products and develop low-carbon products.</li> </ol> <p>[Medium-term]</p> <ol style="list-style-type: none"> <li>1. Continue to introduce energy efficiency improvement plans for production equipment in the factory.</li> <li>2. Self-constructed solar power generation equipment at the Company's headquarters.</li> <li>3. Construct or renovate green buildings with a focus on environmental protection, energy conservation, and sustainability.</li> <li>4. Collaborate with customers to develop high-efficiency, low-carbon products.</li> <li>5. Collaborate with suppliers to incorporate renewable materials into components and increase the percentage of post-consumer recycling (PCR) materials used.</li> </ol> <p>[Long-term]</p> <ol style="list-style-type: none"> <li>1. Achieve 100% usage ratio of renewable energy in production by 2030.</li> <li>2. Promote low-carbon technology among value chain partners.</li> <li>3. Invest in low-carbon or negative-carbon technology.</li> </ol>
7. If internal carbon pricing is used as a planning tool, state the basis for setting the price.	<p>The Company has not yet implemented internal carbon pricing.</p> <p>The Company will continue to monitor climate-related issues and updates to the laws and regulations.</p>
8. Information on the activities covered by climate-related goals, scope of greenhouse gas emissions, the schedule timeline, and annual progress; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, state the source and quantity of carbon credits or the quantity of renewable energy certificates (RECs).	<p>[Climate-related goals]</p> <p>In 2024, The Company passed the target review by the Science Based Targets Initiative (SBTi). With reference to the 1.5°C scenario of the International Energy Administration, the Company assessed the impacts of future climate change and set reduction targets for Scope 1, 2, and 3 greenhouse gas emissions for both the near-term and long-term.</p> <ul style="list-style-type: none"> <li>● The organization's near-term greenhouse gas (Scope 1+Scope 2) reduction target is to reduce absolute emissions by 50% by 2030 and achieve net-zero emissions by 2040.</li> <li>● The near-term target for other indirect greenhouse gas (Scope 3) emissions is to reduce intensity by 66% by 2030 and achieve net-zero emissions by 2050.</li> </ul> <p>[Number of renewable energy certificates]</p> <ul style="list-style-type: none"> <li>● In response to the global trend of renewable energy, The Company raised the proportion of renewable energy use, including the construction of photovoltaic facilities at its factory area and the purchase of green power certificates. In 2024, The Company purchased 18 million kWh of renewable energy certificates, increasing the proportion of renewable energy used at its production center to 40% and offsetting the greenhouse gas emissions (Market Base).</li> <li>● The Company is actively looking for suitable renewable energy operators and evaluating the signing of power purchase agreements (PPAs). The Company aims to gradually realize the energy transition and low-carbon production strategies in corporate operations and plans to achieve 100% renewable energy usage in production by 2030.</li> </ul>
9. GHG inventory and assurance status, as well as reduction targets strategies, and concrete action plans	<p>2022 serves as the baseline year for the Company's greenhouse gas inventory and management, and the certification for 2024 greenhouse gas inventory is expected to be obtained in May 2025. For the Company's greenhouse gas inventory results, reduction targets and strategies, please refer to 1-1 and 1-2 sections on the next page, as well as the Company's official website and Sustainability Report.</p>



## 1-1 Greenhouse gas inventory and assurance for the most recent 2 years

### 1-1-1 Greenhouse Gas Inventory Information

Item/year	2023	2024
Greenhouse gas (Scope 1) emissions (ton of CO <sub>2</sub> e)	738.60 (tons of CO <sub>2</sub> e) Emission intensity 0.0144 (tons/per million NTD in revenue)	530.41 (tons of CO <sub>2</sub> e) Emission intensity 0.0108 (tons/per million NTD in revenue)
Greenhouse gas (Scope 2) emission (ton of CO <sub>2</sub> e)	24,297.19 (tons of CO <sub>2</sub> e) Emission intensity 0.4749 (tons/per million NTD in revenue)	18,273.33 (tons of CO <sub>2</sub> e) Emission intensity 0.3732 (tons/per million NTD in revenue)
Greenhouse gas (Scope 1 and Scope 2) emissions (ton of CO <sub>2</sub> e)	25,035.79 (tons of CO <sub>2</sub> e) Emission intensity: 0.4893 (tons/per million NTD in revenue)	18,803.74 (tons of CO <sub>2</sub> e) Emission intensity 0.3840 (tons/per million NTD in revenue)
Scope	The Company headquarters: Taiwan Production Centers: Mainland China (Compal Networking), Vietnam (Arcadyan Technology (Vietnam) Co., Ltd.)	The Company headquarters: Taiwan Production Centers: Mainland China (Compal Networking), Vietnam (Arcadyan Technology (Vietnam) Co., Ltd.)

Note: As of the publication date of this annual report, the Company has arranged the greenhouse gas certification, and the certificate is expected to be obtained in May 2025. Once the certificate is obtained, it will be updated on the Company's official website.

### 1-1-2 Information on greenhouse gas assurance

Item	Implementation Status
Describe the status of assurance for the most recent 2 fiscal years as of the publication date of this annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.	The Company has conducted greenhouse gas inventories since 2009 and engaged third-party auditors to obtain verification statements starting from 2021. The assurance for 2023 and 2024 are as follows: Scope of assurance: Taiwan Headquarters and Production Centers in China and Vietnam Assurance institution: TÜV Rheinland Taiwan Assurance standards: ISO 14064-3:2019 Assurance opinion: The verification statement for 2023 has been obtained, while the verification statement for the 2024 inventory results is expected to be obtained in May 2025. The complete assurance information will be disclosed in the Sustainability Report.

## 1-2 GHG Reduction Targets, Strategies and Specific Action Plans

Baseline year: 2022		
Reduction targets	Scope 1+Scope 2	Scope 3
Short-term targets	Reduce absolute emissions by 50% by 2030	Reduce intensity (tons/per million NTD gross profit) by 66.47% by 2030.
Long-term targets (net zero)	Reduce absolute emissions by 90% by 2040	Reduce intensity (tons/per million NTD gross profit) by 98.19% by 2050.
Strategies and concrete action plans:		
Short-term 2022 - 2030	Medium-term 2031 - 2040	Long-term 2041 - 2050
<ul style="list-style-type: none"> <li>● Reduce business trips by using video conferencing</li> <li>● Regular inspections to prevent refrigerant leaks</li> <li>● Install solar panels and purchase renewable energy</li> <li>● Introduce smart energy monitoring systems</li> <li>● Install variable frequency drives to improve equipment efficiency</li> <li>● Introduce circular economy design solutions</li> <li>● Optimize PCB board layout</li> <li>● Use post-consumer recycled plastic and metal materials</li> <li>● Design environmentally friendly packaging materials</li> </ul>	<ul style="list-style-type: none"> <li>● Convert fuel vehicles to electric vehicles</li> <li>● Purchase high-quality international carbon credits</li> <li>● Green Factories</li> <li>● Smart management for equipment energy efficiency</li> <li>● Sign long-term Power Purchase Agreements (PPA) for renewable energy</li> <li>● Optimize product power management</li> <li>● AIPM smart power management system</li> <li>● Recycle sold products and reintegrate them into production</li> </ul>	<ul style="list-style-type: none"> <li>● AIPM PLUS smart power management system</li> <li>● Introduce biofuel transportation routes</li> <li>● Purchase high-quality international carbon credits</li> </ul>



(7) Ethical Corporate Management – Implementation Status and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the Reasons

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

Evaluation Item	Implementation status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and the Reasons
	Yes	No	Summary description	
			other improper benefits, prohibition of violating intellectual properties, prohibition of unfair competition, prevention of products or services damaging the interests of stakeholders. Further, the code of conduct stipulates punishment for violation and appeal system, which is properly implemented. In addition to strengthening awareness training for new employees, the Company implements in the daily routines, reviews on a regular basis, and assesses the need to make timely amendments.	
2. Ethical Management Practice				
(1) Does the company assess the ethics records of those who have business relationships with and include ethical conduct related clauses in the business contracts?	V		(1) The Company insists on the philosophy of ethical management. Business contracts clearly stipulates that ethical conduct shall not be violated. The Company requires suppliers to sign the “Commitment of Supplier for Corporate Social Responsibility”. It requires the suppliers to abide by organizational governance, labor rights, occupational health and safety, environmental protection, code of ethics and complaint system and other norms.	No material deviation
(2) Has the company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(2) According to the Company’s “Procedures for Ethical Management and Guidelines for Conduct,” the business integrity management policy is jointly established by the “Business Management Committee” and relevant responsible units, with the Internal Audit Office overseeing its implementation and reporting to the Board of Directors at least once a year. No significant violations have been identified in the most recent year.	No material deviation
(3) Has the company established policies to prevent conflict of interest, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) The Company has established “Business Ethical Code of Conduct” and expresses clearly the policies for conflict of interest and recusal. When the personal interest of employee presented in any form or extended to family members and friends, may conflict with the	No material deviation





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

Evaluation Item	Implementation status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and the Reasons
	Yes	No	Summary description	
			promotes related topics through internal system, conducts awareness training to all employees and educational training to new employees. In 2024, the educational training related to ethical corporate management including courses on the compliance of ethical corporate management enrolled 887 participants, totaling 444 hours of training.	
3. Implementation of Complaint Procedures				
(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	V		(1) The Company has installed mailboxes (ethics@arcadyan.com) to receive malpractice reports from internal or external of the Company and has established the relevant penalization. The authorities assign appropriate levels of department and personnels to handle depending on the nature and objects of the underlying complaints. One whistle-blowing case was received in 2024, but after investigation, no significant violation was found.	No material deviation
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		(2) The complaints and whistle-blowing procedures, in addition to regulate by statutes of the law, the identity of the whistle-blower shall be kept confidential. Appropriate protection measures shall be implemented to ensure the confidentiality and privacy of the whistle-blower.	No material deviation
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		(3) As above, the Company shall adopt appropriate confidentiality measures in accordance with the law. The Company handles complaint and whistle-blowing cases with a confidentiality principle and in a prompt, fair and objective manner. If the whistle-blower is an employee, the Company guarantees that the employee will not be mistreated or retaliated for filing a complaint or reporting on a malpractice.	No material deviation
4. Strengthening Information Disclosure Does the company disclose its Ethical Corporate Management	V		The Company has established a website at <a href="http://www.arcadyan.com">www.arcadyan.com</a> and a sustainability website at <a href="http://csr.arcadyan.com">csr.arcadyan.com</a> to provide information on corporate	No material deviation



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

## (8) Other Important Information Regarding Corporate Governance

- I. The information on the Company website, [www.arcadyan.com](http://www.arcadyan.com) is collected and maintained by dedicated personnel, making and renewing disclosure on a regular basis, providing investors information on the financial and business aspects, and the institutional investor conferences. In addition, the Company's sustainable development website at [csr.arcadyan.com](http://csr.arcadyan.com) provides stakeholders with communication channels and access to relevant information on sustainable development.
- II. To establish the management of insider trading prevention to avoid inappropriate leaking of material internal information and ensure the consistency and accuracy of information communicated to the public, the Company has established the “Insider Trading Prevention Procedures” and the “Procedures for Handling Material Inside Information” in the internal control system. Via the Company website, contracts and training, the Company conducts relevant awareness programs and inform the Directors, managers and all employees to conform the regulations.

## (9) Internal Control Systems

### 1. Internal Control Statement

#### Arcadyan Technology Corporation Statement of the Internal Control System

Date: February 26, 2025

The Company states the following with regard to its internal control system during fiscal year 2024, based on the findings of a self-assessment:

1. The Company acknowledges that the establishment, implementation and maintenance of internal control system are the responsibilities of the Board of Directors and managers of the Company. As such, the Company has established the aforementioned system. Its objectives are to provide reasonable assurance for effectiveness and efficiency of its operations (including profitability, performance and guarantee of assets safety etc.), reporting that is reliable, timely and transparent and conformity to applicable rules, regulations and laws.
2. The internal control system has its inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Company's internal control system has set up a self-supervision mechanism. Once a deficiency has been identified, the Company will take the remedial actions immediately.
3. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter "the Regulations"), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the "Regulations" are based on the process of management control, dividing the internal control system into five composite factors: 1. control of environment, 2. risk evaluation, 3. control of operations, 4. information and communication, and 5. Supervision. The composition of each element also includes several items. Please refer to the "Regulations" for the aforesaid items.
4. The Company has adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of design and execution for its own internal control system.
5. Based on the evaluation result of the preceding paragraph, the Company believes that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2024, including understanding the achievement for the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable regulations and laws, was effective in design and execution, and can be reasonably assured of the achievement of the aforementioned objectives.
6. This statement will serve as the main content of the Company's annual report and prospectus, and will be publicly announced. If the aforesaid public content has any illegal events including falseness or concealment etc., it shall to be liable to the legal liabilities stipulated in Article 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors of the Company held on February 26, 2025, where 0 of the 9 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Arcadyan Technology Corporation

Chairman: Jui-Tsung Chen

President: Chao-Peng Tseng



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

(10) For the most recent year until the publication date of this annual report, major resolutions made in Shareholders and Board of Directors Meetings

I. Shareholders Meeting

■ Time: 9:00 am, May 30, 2024

Venue: 1F of the Company, No. 8, Section 2, Guangfu Road,  
Hsinchu City

■ Major Resolutions:

- a. Ratification of business report and financial statements for 2023.
- b. Ratification of the distribution of earnings for 2023.
- c. Approval for the amendments to "Articles of Incorporation"
- d. Approval for the amendments to "Procedures for Election of Directors"
- e. Approval for the release of non-competition restrictions for Directors of the Company.

■ Post-meeting Execution:

- a. Approval for the amendments to "Articles of Incorporation": Approved by the Ministry of Economic Affairs for registration on June 24, 2024, and announced on the Company's website.
- b. Approval for the amendments to "Procedures for Election of Directors": Announced on the Market Observation Post System and the Company website on May 30, 2024.
- c. Release of non-competition restrictions for Directors: Announced on the Market Observation Post System on May 30, 2024.

## 2. Board of Directors

Date	Major Resolutions
February 22, 2024	<ol style="list-style-type: none"> <li>1. Approval for the appropriation of the remuneration to Directors and compensation to employees for 2023.</li> <li>2. Approval for the appropriation ratio of the remuneration to Directors and compensation to employees for 2024.</li> <li>3. Approval for the financial reports for 2023.</li> <li>4. Approval for business reports for 2023.</li> <li>5. Approval for business plan for 2024.</li> <li>6. Approval for Statement of Internal Control System for 2023.</li> <li>7. Approval for the cash dividend for 2023.</li> <li>8. Approval for the cash distribution from capital surplus.</li> <li>9. Approval for the earnings distribution for 2023.</li> <li>10. Approval for the amendments to “Articles of Incorporation.”</li> <li>11. Approval for amendments to “Procedures for Election of Directors.”</li> <li>12. Approval for amendments to “Rules and Procedures for Board of Directors Meeting,” “Rules Governing the Scope of Powers of Independent Directors,” “Audit Committee Charter,” and “Remuneration Committee Charter.”</li> <li>13. Approval for the release of non-competition restrictions for Directors of the Company.</li> <li>14. Approval for convening the Annual General Shareholders Meeting for 2024.</li> <li>15. Approval for the change of audit CPAs.</li> <li>16. Approval for application for the renewal of credit limits with the banks.</li> </ol>
April 29, 2024	<ol style="list-style-type: none"> <li>1. Approval for the financial reports for 2024 Q1.</li> <li>2. Approval for adjustment of salary for 2024.</li> <li>3. Approval for disbursement of Dragon Boat and Mid-Autumn Festivals bonus for 2024.</li> <li>4. Approval for the disbursement of cash dividend and cash distribution from capital surplus.</li> <li>5. Approval for 2024 sustainable development goals and plans.</li> <li>6. Approval for the amendments to “Corporate Governance Best Practice Principles”.</li> <li>7. Approval for loaning funds to subsidiary, Arcadyan Turkey Technology and Trade Joint Stock Company.</li> <li>8. Approval for the proposed investment in a Company related to the automotive related industry.</li> <li>9. Approval for change of Chief Information Security Officer.</li> </ol>



Date	Major Resolutions
	10. Approval for application for the renewal of credit limits with the banks.
July 25, 2024	<ol style="list-style-type: none"> <li>1. Approval for the financial reports for 2024 Q2.</li> <li>2. Approval for the disbursement of remuneration of Directors for 2023.</li> <li>3. Approval for the disbursement of employee compensation for 2023.</li> <li>4. Approval for loaning funds to subsidiary, Arcadayn do Brasil Ltda.</li> <li>5. Approval for Sustainability Report for 2023.</li> <li>6. Approval for application for the renewal of credit limits with the banks.</li> </ol>
November 4, 2024	<ol style="list-style-type: none"> <li>1. Approval for the financial reports for 2024 Q3.</li> <li>2. Approval for amendments to the “Internal Control System” and “Implementation Rules of Internal Audit”</li> <li>3. Approval for the internal audit plan for 2025.</li> <li>4. Approval for the assessment of the independence and competence of the CPAs.</li> <li>5. Approval for the non-assurance services provided by the CPA firm.</li> <li>6. Approval for the disbursement of year-end bonus for 2024.</li> <li>7. Approval for application for the renewal of credit limits with the banks.</li> </ol>
February 26, 2025	<ol style="list-style-type: none"> <li>1. Approval for the appropriation of the remuneration to Directors and compensation to employees for 2024.</li> <li>2. Approval for the appropriation ratio of the remuneration to Directors and compensation to employees for 2025.</li> <li>3. Approval for the financial reports for 2024.</li> <li>4. Approval for business reports for 2024.</li> <li>5. Approval for business plan for 2025.</li> <li>6. Approval for Statement of Internal Control System for 2024.</li> <li>7. Approval for the cash dividend for 2024.</li> <li>8. Approval for the cash distribution from capital surplus.</li> <li>9. Approval for the earnings distribution for 2024.</li> <li>10. Approval for the definition of “non-executive employees.”</li> <li>11. Approval for the amendments to “Articles of Incorporation”</li> <li>12. Approval for the amendments to “Corporate Governance Best Practice Principles”.</li> <li>13. Approval for the release of non-competition restrictions for Directors of the Company.</li> <li>14. Approval for convening the Annual General Shareholders Meeting for 2025.</li> </ol>

Date	Major Resolutions
	15. Approval for the change of audit CPAs. 16. Approval for application for the renewal of credit limits with the banks.

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

#### 4. Information Regarding the CPA's Audit Fee

##### (1) Information Regarding the CPA's Audit Fee

Unit: thousand of TWD

Accounting Firm	Name of CPA	Period covered by CPA's audit	Audit fee	Non-audit fee (Note)	Total	Remark
KPMG	Szu-Chuan Chien Keng-Chia Huang	January 1, 2024 to December 31, 2024	4,771	2,932	7,703	

Note: It includes tax services of NT\$1,940 thousand, business registration services of NT\$342 thousand, transfer pricing reports of NT\$300 thousand and investment project due diligence services of NT\$350 thousand.

- (2) Changes in the accounting firm that result in lesser audit fees paid in comparison to the previous year, and disclosure for the change in audit fee, and the reason for the change: None.
- (3) Reduction of audit fees by more than 10% compared to the previous year, and disclosure for the amount and percentage reduced, and the reason for the reduction: Not applicable.





## 5. Replacement of CPA:

### (1) Regarding the former CPA

Date of replacement	Resolution adopted by the Board of Directors on February 26, 2025.		
Reason for replacement and explanation	Due to internal adjustment in work and duties at KPMG, the CPAs of the Company have changed from Szu-Chuan Chien and Keng-Chia Huang to Keng-Chia Huang and Yao-Chun Au.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Party involved		Independent auditors
	Circumstances		The Company
	Termination by the Company		Not applicable
	Rejection of appointment (or re-appointment)		Not applicable
For the most recent two years, the causes for audit opinion other than unqualified audit opinion	None		
Opinion differing from the issuer	Yes		Accounting principles or practice
			Disclosure of financial statements
			Audit scope or procedure
			Others
	None	V	
	Explanatory note		
Other Disclosures	None		

Date of replacement	Resolution adopted by the Board of Directors on February 22, 2024.		
Reason for replacement and explanation	Due to internal adjustment in work and duties at KPMG, the CPAs of the Company have changed from Szu-Chuan Chien and I-Wen Wang to Szu-Chuan Chien and Keng-Chia Huang.		
Describe whether the Company terminated or the CPAs terminated or did not	Party involved	Independent auditors	The Company
	Circumstance		
	Termination by the Company	Not applicable	Not applicable

Date of replacement	Resolution adopted by the Board of Directors on February 22, 2024.		
accept the engagement	Rejection of appointment (or re-appointment)	Not applicable	Not applicable
For the most recent two years, the causes for audit opinion other than unqualified audit opinion	None		
Opinion differing from the issuer	Yes		Accounting principles or practice
			Disclosure of financial statements
			Audit scope or procedure
			Others
	None	V	
	Explanatory note		
Other Disclosures	None		

(2) Regarding the successor CPA

Accounting Firm	KPMG
Name of CPA	Keng-Chia Huang and Yao-Chun Ou
Date of engagement	Resolution adopted by the Board of Directors on February 26, 2025.
Prior to formal engagement, any inquiry or consultation on the accounting treatment or accounting principles for specific transactions and the type of audit opinion that might be rendered on the financial report	None
Written opinions from the successor CPAs that are different from the former CPAs' opinions	None

Accounting Firm	KPMG
Name of CPA	Szu-Chuan Chien and Keng-Chia Huang
Date of engagement	Resolution adopted by the Board of Directors on February 22, 2024.
Prior to formal engagement, any inquiry or consultation on the accounting	None



Accounting Firm	KPMG
treatment or accounting principles for specific transactions and the type of audit opinion that might be rendered on the financial report	
Written opinions from the successor CPAs that are different from the former CPAs' opinions	None

(3) Reply from former CPAs in pursuant of Article 10, Paragraph 5, Sub-paragraph 1, 2-3: None.

6. Any of the Company's Chairman, President, or Managers responsible for Financial or Accounting Affairs Being Employed by the Auditor's Firm or Any of Its Affiliated Company in the Most Recent Year: None.
7. For the Most Recent Year until the Publication Date of the Annual Report, the Transfer of Equity Interest and Change in Stock Pledge of Directors, Managers and Shareholders with Stake of 10% or More

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

Unit: Share

Job title	Name	2024		As of March 30, 2025	
		Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged	Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged
Director/Major Shareholder	Compal Electronics, Inc.	0	0	0	0
Director/Major Shareholder	Compal Electronics, Inc. Representative: Jui-Tsung Chen				
Director/Major Shareholder	Compal Electronics, Inc. Representative: Sheng-Hua Peng				
Director/Major Shareholder	Compal Electronics, Inc. Representative: Cheng-Chiang Wang (Note)				
Director/Major Shareholder	Compal Electronics, Inc. Representative: Chung-Pao Liu				

Job title	Name	2024		As of March 30, 2025	
		Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged	Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged
Director and President	Chao-Peng Tseng	0	0	0	0
Director	Cheng-Hua Sun	0	0	0	0
Independent Director	Ing-Jen Lee	0	0	0	0
Independent Director	Ching-Chang Wen	0	0	0	0
Independent Director	Wen-An Yang	0	0	0	0
Executive Vice President	Fong-Yu Lu	0	0	0	0
Vice President	Chung-Pao Liu	(6,000)	0	0	0
Vice President	Nien-Che Hsiung	0	0	0	0
Vice President	Chih-Fang Lee	(40,000)	0	0	0
Vice President	Shin-Lung Kuo	(6,000)	0	(14,000)	0
Vice President	Yen-Ju Lin	(7,000)	0	0	0
Chief Accounting Officer and Corporate Governance Officer	Shih-Wei Huang	0	0	0	0
Chief Internal Audit Officer	Yi-Ling Peng	0	0	0	0

Note: On August 30, 2024, Compal Electronics, Inc. reappointed its representative: Chung-Pin Wong stepped down, and Cheng-Chiang Wang was appointed as the new representative.

(2) The counterparty of equity interest transfer or equity pledge is a related party

I. Share transferred to related parties: None.

II. Shares pledged with related parties: None.



## 8. Relationship information, if among the company's 10 largest shareholders any one is a related party、spouse or a relative within the second degree of kinship of another.

March 30, 2025

Unit: Share

Name	Shares Held in Person		Shares Held by Spouse, Minor Child(ren)		Total shares held through nominees		Names and relationships of the top ten shareholders who is a related party to each other or are spouses or relatives within the second degree		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Compal Electronics, Inc. Representative: Jui-Tsung Chen	41,304,504	18.74%	0	0%	0	0%	Hong Ji Capital Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Hong Jin Investment Co., Ltd.	Subsidiaries of the Company: Hong Ji Capital Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Hong Jin Investment Co., Ltd.	
Hong Ji Capital Co., Ltd. Representative: Jui-Tsung Chen	9,278,643	4.21%	0	0%	0	0%	Compal Electronics, Inc.	Parent company of the Company	
Gempal Technology Corp. Representative: Jui-Tsung Chen	9,278,643	4.21%	0	0%	0	0%	Compal Electronics, Inc.	Parent company of the Company	
Yuanta Taiwan High Dividend Low Volatility ETF	8,799,000	3.99%	0	0%	0	0%	None	None	
Panpal Technology Corp. Representative: Jui-Tsung Chen	8,191,724	3.72%	0	0%	0	0%	Compal Electronics, Inc.	Parent company of the Company	
Fuh Hwa Taiwan Technology Dividend Highlight ETF	7,996,000	3.63%	0	0%	0	0%	None	None	
Hong Jin Investment Co., Ltd. Representative: Jui-Tsung Chen	4,609,160	2.09%	0	0%	0	0%	Compal Electronics, Inc.	Parent company of the Company	
Chunghwa Post Co., Ltd. Representative: Kwo-Tsai Wang	3,846,000	1.75%	0	0%	0	0%	None	None	
UPAMC Taiwan High Dividend Momentum ETF	3,534,000	1.60%	0	0%	0	0%	None	None	
KGI Taiwan Premium Selection High Dividend 30 ETF	2,999,000	1.36%	0	0%	0	0%	None	None	

## 9. Comprehensive Shareholding Information Relating to Company, Directors, Managers and Affiliated Companies through Direct and Indirect Investment

December 31, 2024

Unit: Share; %

Investees	Invested by the Company		Held by Directors, managers and directly/indirectly controlled entities		Aggregated investment	
	Number of shares	Percentage of Shareholding	Number of shares	Percentage of Shareholding	Number of shares	Percentage of Shareholding
Arcadyan Holding (BVI) Corp.	47,780,148	100%	0	0%	47,780,148	100%
Arcadyan Technology N.A. Corp.	1,000	100%	0	0%	1,000	100%
Arcadyan Germany Technology GmbH	500	100%	0	0%	500	100%
Arcadyan Technology Corporation Korea	20,000	100%	0	0%	20,000	100%
Arcadyan do Brasil Ltda.	964,510	99.6%	3,724	0.4%	968,234	100%
Arcadyan Technology Limited	50,000	100%	0	0%	50,000	100%
Arcadyan Technology Australia Pty Ltd	50,000	100%	0	0%	50,000	100%
Arcadyan Technology Corporation (Russia), LLC	0	100%	0	0%	0	100%
Arcadyan India Private Limited	19,765,000	99.8%	35,000	0.2%	19,800,000	100%
Arcadyan Turkey Technology and Trade Joint Stock Company	6,200,000	100%	0	0%	6,200,000	100%
Zhi Bao Technology Inc.	34,980,000	100%	0	0%	34,980,000	100%
Tatung Technology Inc.	25,027,910	61%	569,836	1%	25,597,746	62%
Sinoprime Global Inc. (BVI)	0	0%	29,050,000	100%	29,050,000	100%
Arcadyan Technology (Vietnam) Co., Ltd.	0	0%	0	100%	0	100%
Arcadyan Technology (Shanghai) Corp.	0	0%	0	100%	0	100%
Arch Holding (BVI) Corp.	0	0%	34,900	100%	34,900	100%
Compal Networking (Kunshan) Co., Ltd.	0	0%	0	100%	0	100%
Quest International Group Co., Ltd.	0	0%	1,200,000	100%	1,200,000	100%
Exquisite Electronic Co., Ltd.	0	0%	1,170,000	100%	1,170,000	100%
Tatung Home Appliances (Wujiang) Co., Ltd.	0	0%	0	100%	0	100%
Compal Broadband Networks, Inc.	533,217	1%	42,199,813	62%	42,733,030	63%

### III. Fund Raising

#### 1. Capital and Shares

##### (1) Source of capital

Unit: share: TWD; March 30 2025

Year	Month	Issue price	Authorized capital		Paid-in capital		Remark		
			Number of shares	Amount	Number of shares	Amount	Source of capital	Paid in properties other than cash	Others
2022	3	10	300,000,000	3,000,000,000	217,406,167	2,174,061,670	Corporate Bonds converted into shares of TWD73,235,300 and cancellation of restricted employee shares of TWD88,000.	None.	Approved by MOEA on March 24, 2022 in document number 11101048020.
2022	5	10	300,000,000	3,000,000,000	220,354,321	2,203,543,210	Corporate Bonds converted into shares of TWD29,696,540 and cancellation of restricted employee shares of TWD215,000.	None.	Approved by MOEA on May 25, 2022 in document number 11101084670.

Unit: share; March 30 2025

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

- Shelf registration system information: Not applicable.



(2) List of major shareholders

March 30, 2025; Unit: share

Name of Major Shareholders	Share	Number of Shares Held	Percentage of Shareholding
Compal Electronics, Inc.		41,304,504	18.74%
Hong Ji Capital Co., Ltd.		9,278,643	4.21%
Gempal Technology Corp.		9,278,643	4.21%
Yuanta Taiwan High Dividend Low Volatility ETF		8,799,000	3.99%
Panpal Technology Corp.		8,191,724	3.72%
Fuh Hwa Taiwan Technology Dividend Highlight ETF		7,996,000	3.63%
Hong Jin Investment Co., Ltd.		4,609,160	2.09%
Chunghwa Post Co., Ltd.		3,846,000	1.75%
UPAMC Taiwan High Dividend Momentum ETF		3,534,000	1.60%
KGI Taiwan Premium Selection High Dividend 30 ETF		2,999,000	1.36%

(3) Dividend Policy and Implementation Status

a. Dividend policy as stipulated in the Articles of Incorporation

If the Company makes 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 total paid-in capital, this shall not apply). It shall also set aside a special reserve in accordance with relevant laws and regulations, and then an appropriate amount shall be retained by the board of directors as basis for proposing a distribution plan according to the Company's operating status, which should be resolved in accordance with Item 2 of Article 27-1, and Article 26 of the Company's Articles of Incorporation.

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

b. Proposed distribution of dividends resolved by the Board of Directors

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



the total number of Directors, and shall report it to the Shareholders Meeting.

On February 26, 2025, the Board of Directors resolved the earnings distribution for 2024 to distribute cash dividends of TWD6.5 per share and the cash distribution from capital surplus of TWD1.0 per share. Total cash distribution to shareholders amounted to TWD1,652,657,408.

If there are changes in the number of outstanding shares and result in the cash dividends ratio of shareholders amended in the future, the Chairman was entitled with full authority to handle.

- c. When there is an expected significant change in dividend policy, it should be stated: None.
- (4) The impact on the business performance and earnings per share by stock dividend distribution proposed at the Shareholders Meeting:

Not applicable (the Company has not publicly disclosed the financial forecast for 2025).

- (5) Compensation of Employees and Remuneration of Directors

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

If the Company makes 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 first.

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

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

Compensation to Directors and employees, as stipulated in the Articles of Incorporation, shall be estimated based on pre-tax profit prior to the deduction of Directors and employees compensation

during the current year and multiplied by the ratio as stipulated in the Article of Incorporation (ratio for compensation to employees shall no less than 5%, and remuneration to Directors shall no more than 2%).

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

If the actual amounts differ from the amounts estimated, the differences are recorded as gains/losses in the subsequent year as a change in accounting estimate. The estimated amounts of the compensation to Directors and employees in 2024 do not differ from the amount approved by the Board of Directors and submitted to report in the Shareholders Meeting in 2025.

c. Remuneration proposal adopted by the Board of Directors:

- The amount approved by the Board of Directors and submitted to report in the Shareholders Meeting in 2025: Distributed the compensation to employees amounted to TWD421,161,976 and the Directors' remuneration amounted to TWD22,792,288. The appropriation of compensation to employees and remuneration to Directors do not differ from the estimated amount recognized in 2024.
- The disbursement of compensation to employees is made entirely in cash. As such, the ratios of compensation to employees in the form of stock dividend to net income in Parent company only financial statements or individual financial report, and to total compensation to employees are both nil.

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

- For the preceding year, the actual disbursement of compensation to employees amounted to TWD413,217,760 and remuneration to Directors amounted to TWD21,994,799, both did not differ from the amounts approved by the Board of Directors.

(6) Company Buyback of Own Shares: None.

2. Corporate Bonds: None.
3. Preferred Shares: None.
4. Global Depository Receipts: None.
5. Employee Stock Option Plan: None.
6. Restricted Employee Shares Plan: None.
7. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.
8. Financing Plans and Implementation

(1) Content of Plans:

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

(2) Implementation Status:

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

## IV. Operational Highlights

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

### 1. Business Activities

#### (1) Business Scope

##### (I) List of the Company's main areas of business operations and the revenue distribution

##### ■ Main areas of business operations

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



## ■ Revenue distribution

Unit: thousands of TWD

Item \ Year	2023		2024	
	Amount	(%) of Total Sales	Amount	(%) of Total Sales
Smart Home Solution	17,578,282	34.36	22,498,625	45.95
Mobility Solution	16,967,127	33.17	16,128,406	32.94
Broadband Solution	15,157,240	29.63	8,918,901	18.21
Others	1,455,473	2.84	1,421,526	2.90
Total	51,158,122	100.00	48,967,458	100.00

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

- a. Smart Home Solution: Mainly focuses on the development of Wi-Fi Gateway, Extender, Wi-Fi Module and Android STB/ IP STB; provides comprehensive home wireless networking solutions.
- b. Broadband Solution: Mainly includes DSL IAD, PON and Cable Modem; provides stable and fast home network.
- c. Mobility Solution: Mainly include 4G/5G Device and automotive electronic products, aiming to fulfill users' needs for the integration of mobile communication network with broadband network. Among these products, the automotive electronic products primarily offer ADAS driving safety services through the integration of millimeter wave 77GHz/79GHz radar. 4G/5G Vehicle-to-everything and comprehensive fleet management solutions provide real-time vehicle diagnosis and vehicle management services.

The company is dedicated to providing high-value-added products and services, enhancing market competitiveness through innovative thinking, and striving to become a leading international enterprise in the industry. We have a strong presence in the global market, serving telecommunications operators, networking brands, and system service providers. Through flexible solutions, we meet the diverse needs of our clients.

We always aim for long-term partnerships, working closely with clients from the product planning stage to ensure that development

aligns with market trends while offering the most suitable solutions. With our precise market insights and efficient resource integration capabilities, we have become a trusted strategic partner for many enterprises. Looking ahead to 2025, we aim to further optimize product value, enhance market adaptability, and deepen international collaborations, progressing steadily towards a more influential future.

## (2) Industry overview

### (I) Current and future industry prospects

- a. **Development of 5G and 6G Technologies:** By 2025, 5G technology will have been widely applied in areas such as smart cities, manufacturing, and autonomous vehicles, enabling more efficient network connectivity and real-time data exchange. With the initial exploration of 6G technology, the future is anticipated to bring even higher data transmission rates and lower latency, supporting innovative applications such as holographic imaging and fully autonomous driving. This advancement is anticipated to drive digital transformation and industrial upgrades.
- b. **Edge Computing and Cloud Integration:** With the expansion of the Internet of Things (IoT), edge computing has become a key technology, enabling local data processing to reduce latency and improve efficiency. By 2025, the integration of edge computing with cloud architecture will enable enterprises to flexibly adjust resource allocation, achieving real-time responses and efficient operations in sectors such as manufacturing and healthcare.
- c. **Applications of Artificial Intelligence (AI) and Machine Learning:** AI and machine learning have become widely applied in the telecommunications sector, enhancing the efficiency of network operations, traffic optimization, and fault prediction. These technologies also play an increasingly important role in areas such as autonomous vehicles and smart logistics, driving the automation and intelligence of network infrastructure.
- d. **Cybersecurity and Privacy Protection:** With digital transformation, cybersecurity and data privacy have become increasingly critical. By 2025, enterprises will rely on AI and machine learning to detect and prevent cyberattacks while strengthening data

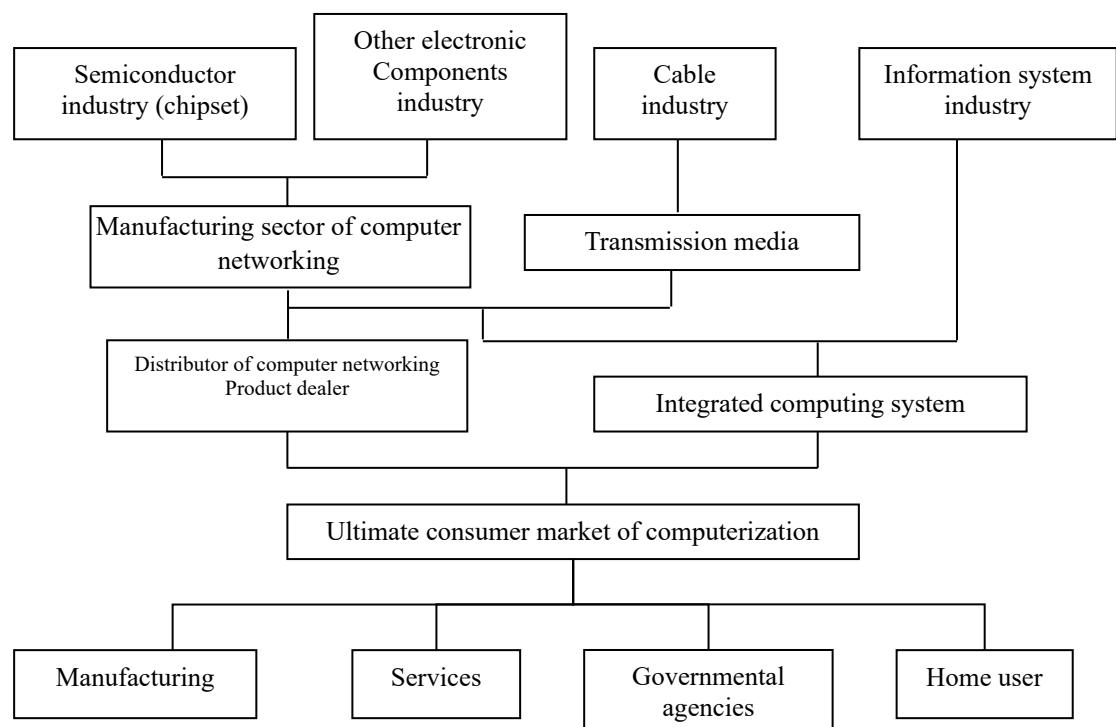


protection measures. As data privacy regulations become more comprehensive, businesses must ensure compliance and build user trust.

- e. Promoting Sustainability and Green Technologies: In response to environmental challenges, companies are actively adopting green technologies to reduce carbon emissions and improve energy efficiency. Operations such as 5G base stations and data centers are increasingly focusing on eco-friendly designs and carbon neutrality, driving the green transformation of the telecommunications industry.

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

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



### (III) Product trends and competition

- a. 5G networking equipment: By 2025, 5G network technology will have reached a higher level of maturity and will continue to expand into more application areas, particularly in smart cities, smart manufacturing, telemedicine, and autonomous vehicles. Global demand for 5G Fixed Wireless Access (FWA) is expected to remain on the rise, especially in the United States and Europe, where these markets continue to dominate the global market share. With the increasing demand for 5G equipment, Taiwan's supply chain is expected to benefit from this trend, particularly in base station equipment, edge computing, and network infrastructure. According to market research, global shipments of 5G equipment are projected to continue growing, driving upgrades and innovations in related devices, including servers, base stations, smartphones, and other smart devices.
- b. Wireless Network Equipment (Wi-Fi 7): By 2025, Wi-Fi 7 is expected to further replace Wi-Fi 6, becoming the mainstream technology for wireless networks. Compared to Wi-Fi 6, Wi-Fi 7 offers higher transmission speeds and more stable connections, excelling particularly in dense environments. A key feature of Wi-Fi 7 is its support for Multi-Link Operation (MLO), enabling better management of multi-band data streams for faster and more stable data transmission. With the growing adoption of laptops, smartphones, home routers, and IoT devices, Wi-Fi 7 is expected to become the standard for most household and enterprise networks by 2025, further driving the growth of the wireless equipment market. According to the Wi-Fi Alliance, over 500 million devices with Wi-Fi 7 capabilities are anticipated to be in use globally by 2025, with market demand surging in 2026—particularly in applications such as Virtual Reality (VR) and Augmented Reality (AR), where high-speed and low-latency connections are crucial.

In the global market, both 5G network equipment and Wi-Fi 7 will face intense competition. For 5G, the growing demand in the U.S. and Europe, driven by applications such as smart cities, manufacturing, and autonomous vehicles, has led major





international companies to compete fiercely in base stations, edge computing, and network infrastructure. Taiwan's supply chain plays a crucial role with its precision manufacturing capabilities. On the other hand, Wi-Fi 7, with its higher speed and more stable transmission performance, is rapidly replacing Wi-Fi 6, driving network upgrades across households and enterprises. Future market share will depend on companies' performance in research and development, product quality, and supply chain integration.

### (3) Research and Development

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

Unit: thousands of TWD; %

Year	R&D expenses	Operating revenues	R&D expenses as a percentage of operating revenues
2024	2,741,787	48,967,458	5.6%

#### (II) New technology or products developed

- Successfully developed 5G/Wi-Fi 7 Portable FWA integrated products.
- Successfully developed 5G/Wi-Fi 7 FWA integrated products with AI computing capabilities.
- Successfully developed Hybrid Wi-Fi 7 IAD supporting XGSPON and G.fast.
- Successfully developed Wi-Fi 7 enterprise-grade Access Points (AP).
- Successfully developed Easy-Mesh R5 and completed certification.
- Successfully developed RDK-based Wi-Fi 7 products.

### (4) Long-term and short-term development

#### (I) Short-term development

- a. Research and development strategy
  - A. Through technological integration and customization of products, mastering the market changes and customer needs to

increase market share.

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

b. Marketing strategy

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

c. Production strategy

- A. Acquiring production locations that offer cost advantages, enhancing the competitiveness of products.
- B. Enhancing production efficiency to control budgets and costs.
- C. Strengthening the supply chain management capability and maintaining informed of the delivery of materials.

d. Operational and financial planning strategy

- A. Actively expanding business, increasing operating revenue, accumulating operating capital, and expanding the scale of operations.
- B. Increasing management efficiency, motivating the potential of employees, strengthening internal organization.

(II) Long-term development

a. Research and development strategy

- A. Combining the market demands, providing a complete product portfolio to customers, accumulating experience and integrating technological capability in network communication design, developing a broad and deep product lines, and other high-end products so as to satisfy customer and market needs.
- B. Continuing to improve the R&D process and efficiency, strengthening the R&D and core technological capabilities.



b. Marketing strategy

- A. Training professional domestic and foreign marketing talents for the long term, fostering strong relationships with customers, and mastering the changes of network communication market and product development in a timely manner.
- B. Actively seeking development collaboration or strategic alliance with international brands to expand international markets.

c. Production strategy

- A. Maintaining long term cooperation with upstream suppliers to collaborate in development, so as to lower costs, and develop high quality and competitive products.
- B. Expanding production capacity and diversifying production bases to mitigate risk posed by single production base.
- C. Make good use of the advantages and resources of outsourcing partners to enhance flexibility in allocating production capacity.

d. Operational and financial planning strategy

- A. Using financial instruments from both domestic and foreign capital markets to mitigate financial risks.
- B. Strengthening global business philosophy and management capabilities, actively training international talents and working toward building a global enterprise.

## 2. Market and Sales Overview

### (1) Market Analysis

#### (I) Sales (Service) of the Company's Main Products (Services) by Regions in 2024

Sales Regions	Percentage
Americas	43.0 %
Asia and Others	30.1 %
Europe	26.9 %
Total	100.0 %

#### (II) Market Share

According to forecasts from the Industrial Economics and Knowledge Center (IEK) of the Industrial Technology Research Institute (ITRI), Taiwan's telecommunications industry output value is expected to reach NT\$1.2784 trillion in 2024, representing a 2.4% decline compared to 2023. However, with the expansion of 5G base station construction, the popularization of edge computing equipment, and the adoption of Wi-Fi 7 technology, global demand for networking and communication (Netcom) products is expected to rebound in 2025, driving growth in Taiwan's Netcom equipment market accordingly.

In 2024, The Company (including its subsidiaries) is expected to account for approximately 4% of Taiwan's Netcom market shipments. With the anticipated recovery in international demand, Taiwanese Netcom equipment manufacturers are poised for continued market share growth.

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

According to the Industrial Economics and Knowledge Center (IEK) of the Industrial Technology Research Institute (ITRI), the inventory adjustment of networking and communication (Netcom) products is expected to conclude in the second half of 2024. Following this adjustment, global demand for Netcom products is projected to return to normal levels in 2025.



Driven by advancements in 5G FWA, smart cities, edge computing, and Wi-Fi 7 technologies, the demand for related Netcom equipment is expected to continue to grow. With the inventory adjustment completed in 2024, the market demand for Netcom equipment is set to rebound, providing steady growth momentum for the industry.

In particular, as global digital transformation accelerates, the demand for construction of network infrastructure is expected to be a major driving force for industry growth in the coming years.

#### (IV) Competitive advantage

- **Outstanding R&D team:** Due to the outstanding capability of the R&D team and researchers with extensive experience in the internet telecommunications, the Company has been designated by leading international chipset makers as one of the Early Access Partners to take part in chipset development. As such, the Company has a faster grasp in mastering the latest information of future products than its counterparts in the industry, allowing it to engage in product development earlier and thus gaining competitive advantages in launching new products.
- **Product customization:** With the support of the experience and capability of the R&D team, for the Access Technology, the Company has a mature R&D capability which allows it to independently develop software applications and provide customers with high-speed, high-functionality and customized product designs. The contribution of customized software application to customers includes:
  - A. Assisting in market segmentation of customer products effectively.
  - B. Providing customers with rapidly customized product services.
  - C. Assisting customers in developing competitive products successfully.
  - D. Collaborating with chipset makers in development to ensure the leading position of the Company product in technology

and functionality.

E. Reducing the customers' manpower investment in customer service resources with user-friendly interface.

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

(V) Opportunities, threats, and strategies for future development

a. Opportunities

- Professional R&D team: In addition to technological advantages, the R&D team makes good use of the technical know-hows that the Company has accumulated, making the Company as one of the Early Access Partners designated by leading international chipset makers and a participant in the chipset development process. As such, the Company is ahead of its counterparts in the industry in R&D investment and thus gains first mover advantage in launching new products.
- Developing niche market: The Company has set a business target on developing niche markets and the sales strategy is mainly focused on differentiated products and services. Compared to other network communication companies which provide standardized and low-cost products in exchange for high sales volume, the Company offers products that have higher profit margins, and thus enable us to reinvest more resources in R&D, creating a sustainable business cycle.
- Customized product design: Beyond the technological capability in customization, the R&D team also needs to consider the functional flexibility in product design. To cater to the time-sensitive demand of customers, flexibility in



product design is crucial. To date, the Company has participated in many international open-source software platforms. The functions provided to customers include management tools, firewall or security, QoS, High Voice Quality on VoIP and Triple Play services. By selecting from a simple menu, customers can configure different product functions and complete different product planning of different functions within a short time frame. This approach not only fulfills clients' needs for differentiated products but also streamlines product design and production efficiently, allowing us to launching products to market in a timely manner.

b. Threats

As the telecommunication technology make leaps progress very quickly, many new competitors are attracted to join the industry. To acquire more customers and market share, many manufacturers are simplifying product functions to reduce costs, or adopting a low-cost sales strategy, intensifying price competition. However, the Company's focuses on product customization and comprehensive technical support to meet its business targets. The costs are relatively higher and make Company challenging to compete on price with other manufacturers.

c. Strategies

- Creating a single software platform: By leveraging a single software platform, the Company can rapidly transform the complicated product content into simple models, and thus acquiring orders quickly and obtain first mover advantage.
- Integration of R&D technologies: The core technology is mastered, the cost is reduced and the market share is expanded by continuously integrating different technologies. The integration and development of key components and software technologies are continued.
- Mastering the timing of R&D: Accurately analyzing the market trend and future demands to engage in visionary product development.

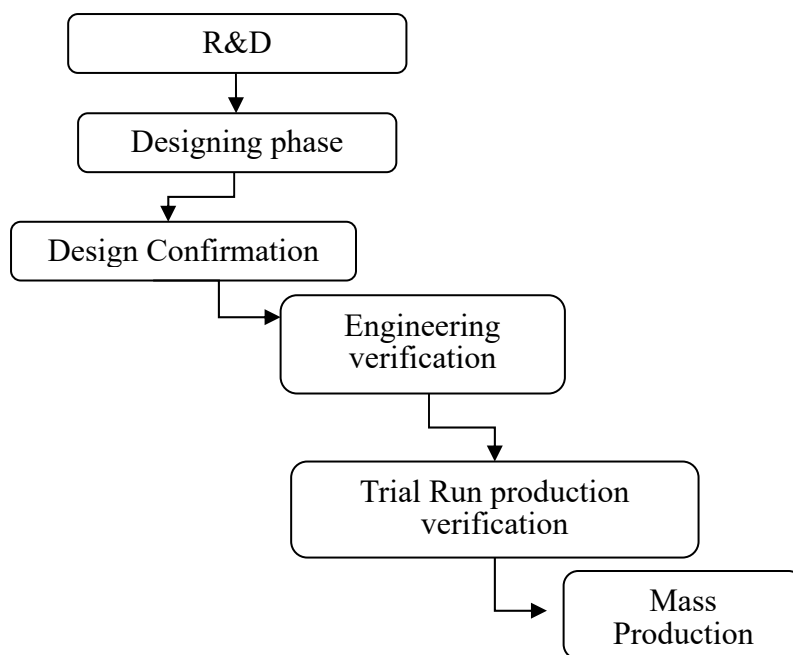
- Creating needs by collaborating with customers: Acting as a partner in development with customers, providing superior consultation and services, fostering long term working relationships and not merely serving as a manufacturer or OEM role.

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

(I) Main product applications

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

(II) Production processes of main products



(3) Supply status of main materials

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





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

### 1. Major Suppliers

Unit: thousand of TWD

Item	2023				2024			
	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer
1	Company I	7,274,490	18.4%	None	Company I	5,497,941	13.4%	None
2	Company II	6,648,080	16.8%	None	Company II	5,357,273	13.0%	None
3	Others	25,708,011	64.8%		Others	30,301,085	73.6%	
	Net purchases	39,630,581	100.0%		Net purchases	41,156,299	100.0%	
Explanation for increase/decrease: There have been no significant changes among the primary suppliers. In 2024, purchases from Companies I and II decreased primarily due to a decline in customer product demand.								

### 2. Major Customers

Unit: thousand of TWD

Item	2023				2024			
	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer
1	Company a	3,019,598	5.9%	None	Company a	7,740,050	15.8%	None
2	Company b	-	-%	None	Company b	5,832,391	11.9%	None
3	Company c	8,839,883	17.3%	None	Company c	2,074,234	4.2%	None
4	Others	39,298,641	76.8%		Others	33,320,783	68.1%	
	Net sales	51,158,122	100.0%		Net sales	48,967,458	100.0%	
Explanation for increase/decrease: Most of our customers are major global brand corporations. The fluctuations in sales revenue over the past two years are primarily due to market competition and varying operational performance among customers, leading to differences in sales outcomes.								

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

Unit: Person; %

Year		2023	2024	As of the publication date of annual report in 2025
Number of Employees	Administration	17	16	15
	R&D	738	778	782
	Ordinary	4,625	3,808	4,373
	Total	5,380	4,602	5,170
Average age		30.11	31.5	31.48
Average Seniority		3.03	3.49	3.02
Distribution of academic qualifications	Doctoral degree	0.2%	0.2%	0.2%
	Master degree	10.1%	12.9%	11.4%
	Bachelor degree	25.9%	27.7%	26.1%
	High school	34.7%	36.2%	41.3%
	Below high school	29.1%	23.0%	21.0%

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

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



## 5. Labor Relations

- (1) Outline the Company's employee welfare, education, training, retirement policies and their implementation, as well as the agreements between employers and employees, and measures to protect employee rights.

- Employee welfare measures

Regarding employee welfare measures, in addition to conformity to Labor Standards Act and other law statutes, the Company has established Staff Benefit Committee. Besides provision of allowances for weddings, bereavements, illnesses, child birth, the Committee regularly organizes society activities, retreats, birthday parties and gathering to provide entertainment to employees and encourage their interaction. The various welfare measures are well received by employees since their implementation.

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

1. Employees are entitled to annual leave in accordance with the Labor Standards Act from the first day of employment. Every year, 5 days of sick leave with pay is also given.
2. Establishing Employee canteens and cafes to take care of the diet of colleagues.
3. Providing free parking space for cars and motorcycles.
4. Providing designated space for breastfeeding needs.
5. Establishing relaxing community centers and providing various equipment for Employees stretching and exercising.
6. Establishing elegant public spaces for Employees to relax.
7. Collaborating with charity organizations to organize stress-

relief massage events.

8. Ticket-booking services for various promotions.
9. Organizing year-end party for employees.
10. Organizing domestic and international tours, providing touring subsidy to encourage employees' participation, enhance interactions, and promote family ties.
11. Distributing the Company uniform (summer/ polo shirt, winter/ jacket).
12. In response to the policies of the government and align with the Group initiatives, from 2011 onward, the Company gives out generous baby bonus for every childbirth. So far, more than TWD 22,968 thousand of baby bonus has been disbursed.
13. Cooperate with professional institutions to provide employees with channels for life and psychological assistance.

■ Education and training

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

1. Professional and technical courses: The Company collaborates with academic institutions and professional organizations to organize professional courses, offering continuous learning in R&D knowledge and innovative thinking to help R&D teams maintain their leadership in technology. Additionally, the Company also invites academic and industry experts to give speeches to accelerate the dissemination of new knowledge throughout the Company, enhancing R&D capabilities to adopt new technologies, and problem-solving ability.
2. Courses on leadership and management: Continuing to organize for leadership and management courses to cultivate the leadership quality of supervisors and broaden their perspectives, helping themselves and subordinates to grow continuously, introducing intergeneration training courses and assisting all units to take care of new employees.



3. General Courses: In addition to regular training programs, the Company actively conducts AI-related courses to introduce new knowledge, support work processes, enhance daily project operations, and improve problem-solving efficiency.

In 2024, approximately 902 participants attended training courses, with a total accumulated training time of 1,394 hours.

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

■ Retirement system and Implementation

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

■ Employer-Employee communications and the enforcement of employee rights

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

■ Code of Conduct for employees

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

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

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

■ Work environment and Employee safety

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

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

To encourage a healthier lifestyle and help prevent obesity and



metabolic conditions like high blood pressure, high blood sugar, and high cholesterol, the company launched a “Healthy Slimming Season” campaign in 2024. The campaign focused on three main areas—health talks, a fat-loss competition, and building exercise habits—to boost employees' health awareness and motivation:

- a. Four professional health talks were held, covering topics like cardiovascular health and diet tips for muscle gain and fat loss. On average, 90% of employees attended each session.
- b. The fat-loss competition was team-based (4 people per team), encouraging peer support and teamwork. 34 teams joined, achieving a total fat-loss percentage of 658.4%, showing strong engagement and impressive results.
- c. The “Active Walking” program encouraged employees to take 7,000 steps a day, with a goal of hitting that target on 50 days within two months. 177 employees participated, and 66.6% met the goal.

Through these activities, employees enhance their health awareness through team engagement, while gradually developing good habits like regular exercise and healthy eating, effectively achieving the goal of creating a healthier workplace and lowering health risks.

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

- The labor-management relations of the Company have been harmonious. For 2024 until the publication date of the annual report, no losses were incurred and no estimated losses will be incurred in the future years due to labor dispute.
- Responsive strategies and possible expenses: None.

## 6. Cyber security management

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

(I) Risk management of Cyber security:

a. Cyber security management system:

Due to the growing importance of Cyber security for the industries nowadays, in 2012, the Top Management instructed the IT Department to comply with the international standards ISO27001, strengthen the relevant operations to meet the requirements of the regulations, contracts, customers and suppliers, and obtain international certification, so as to ensure the effectiveness of the relevant operations. To address increasingly complex security risks, the company successfully completed the transition to the ISO/IEC 27001:2022 certification in 2024, enhancing its cybersecurity resilience and risk management capabilities.

b. Cyber security organizational structure:

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

c. Cyber security policies:

The Company adopts simple and memorable Cyber security policies that aligns with Cyber security management objectives. The Cyber security policy statement is formulated as: “Cyber security is everyone's responsibility”. Moreover, in order to effectively implement Cyber security management, the effectiveness of the implementation is guaranteed to be based on the Cyber security management system's planning, review, execution, improvement (Plan-Do-Check-Act, PDCA) cycle mechanism.





d. Specific management scheme:

- Establishment of Information Security Protection System: The Company has implemented a layered and in-depth defense mechanism to build a comprehensive information security protection system. Additionally, employee network usage control measures have been established to effectively reduce the risk of external cyberattacks. To further enhance information security risk management capabilities, the company has introduced:
  - ✓ External Risk Management System and Information Security Exposure Scoring Mechanism to assess and manage potential threats.
  - ✓ Threat Intelligence Platform for early detection and alerts of high-risk security incidents, ensuring rapid response capabilities.
  - ✓ Data Protection System to prevent the leakage of sensitive information, significantly improving overall data security protection standards.
- Enhance Cybersecurity Defense capabilities: The Company conducts annual penetration tests and vulnerability scans on IT systems. Based on the test results, necessary reinforcements and fixes are implemented to reduce cybersecurity risks and ensure the security and integrity of external service information systems.
- Establish Cybersecurity Incident Notification Procedures: Based on incident severity classified into four levels, procedures have been established for subsequent notification and handling.
- Endpoint Security Management: The Company has deployed Network Access Control (NAC) and endpoint monitoring tools to enhance real-time detection of abnormalities and monitor the security updates on endpoint devices. This system also provides real-time blocking capabilities for unauthorized external devices. Additionally, through asset management and information security control tools, the Company records employees' file access activities

on portable devices, ensuring comprehensive monitoring and security of sensitive data.

- Introduce Managed Detection and Response (MDR) service: The MDR service provides the ability to continuously monitor threats. Through real-time monitoring of corporate networks and systems, the MDR team can quickly identify and analyze potential threats, ensuring that enterprises can detect and respond to security incidents in a timely manner, reducing potential losses and downtime.
- Web Application Security: Internal and external firewalls are set up; the Company fully introduces Mobile One-Time Passwords (MOTP).
- Introduce international cybersecurity standards: The IT unit has introduced the international certification of ISO 27001 and ISO 27005 related to cybersecurity.
- Social engineering - phishing email test: Social engineering - phishing email tests are conducted quarterly to increase security awareness. Unqualified colleagues are re-educated and tested to ensure the implementation of cybersecurity awareness.
- Supplier Information Security Management Mechanism: In response to the potential risks of data breaches and operational disruptions caused by supplier security issues, the company has established a Supplier Information Security Assessment Procedure. The company implements information security risk management mechanisms at each stage of the supplier management lifecycle and has developed supplier information security management guidelines. These measures strengthen the evaluation and management of supplier security risks, ensuring the stability and security of business operations.
- In the event of a major cybersecurity incident as defined by the competent authority, the matter shall be handled in accordance with relevant regulations.



e. Resources invested in information security management:

- To strengthen the security management, the Company has appointed an Information Security Manager and a dedicated personnel for Cyber security. Each department performs related operations and regularly conducts internal and external audits under management based on the Cyber security policies, management procedures, operation instructions and regulations to ensure the effectiveness of ISO27001 and ISO27005.
- Cybersecurity insurance: The Company has procured Cybersecurity insurance annually since 2020, with an insurance coverage amount of USD 3 million in 2024.
- Certification: Every year, the Company engages external verification companies to conduct audit for ISO 27001 and ISO27005. Since its introduction, we have successfully obtained international certificates every year, and there was no major deficiency in the audit results.
- Cybersecurity Announcement: Important cybersecurity information is periodically announced on the Company's internal website from time to time, including the Company's cybersecurity systems, social engineering awareness, major cybersecurity vulnerability, and significant market information.
- Educational training: All new employees receive information security training upon onboarding. This program ensures that employees clearly understand relevant security regulations and develop appropriate cybersecurity awareness from their first day at the company.

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

## 7. Important contracts

Nature of Contract	Party involved	Period of contract	Major Contents	Restrictive Covenants
Sales contract	Company A	Effective from October 29, 2016, and remains valid until terminated by either party in accordance with the agreement.	Engaging for designing, R&D, manufacturing of wireless communication products.	Confidentiality clauses
Sales contract	Company B	Effective from February 2007, unless termination notice is issued beforehand, and the contract is renewed for another year automatically.	Engaging for designing, R&D, manufacturing of wireless communication products.	Confidentiality clauses
Sales contract	Company C	Effective from October 28, 2022 to October 28, 2025, upon expiration, the buyer has the option to extend the agreement for up to one year per extension, with a maximum of two extensions.	Engaging for designing, R&D, manufacturing of wireless communication products.	Confidentiality clauses
Sales contract	Company D	Effective from December 16, 2021, either party may terminate the agreement by providing written notice to the other party at least six months in advance.	Engaging for designing, R&D, manufacturing of wireless communication products.	Confidentiality clauses
Sales contract	Company E	Effective from August 31, 2018 to August 30, 2021. If no written termination notice is issued by either party, the contract is automatically renewed for another year.	Engaging for designing, R&D, manufacturing of wireless communication products.	Confidentiality clauses
Sales contract	Company F	Effective from March 1, 2016 to February 29, 2017 for one year. The contract is automatically renewed for another year unless a written notice is issued 90-working-day before.	Engaging for designing, R&D, manufacturing of wireless communication products.	Confidentiality clauses
Sales contract	Company G	Effective from December 13, 2024 to December 13, 2034. If no written notice of termination is provided within 12 months before the expiration date, the contract will be automatically renewed. The renewal will continue indefinitely until either party gives 12 months' prior written notice to terminate the agreement.	Engaging for designing, R&D, manufacturing of wireless communication products.	Confidentiality clauses



Nature of Contract	Party involved	Period of contract	Major Contents	Restrictive Covenants
Sales contract	Company H	Effective from December 21, 2015 to December 21, 2016. Unless either party provides written notice of termination at least three months before the expiration date, the contract will automatically renew for one year annually.	Engaging for designing, R&D, manufacturing of wireless communication products.	Confidentiality clauses
Sales contract	Company I	Effective from November 18, 2021, and any party may terminate the contract by giving a written notice 2 month before.	Engaging for designing, R&D, manufacturing of wireless communication products.	Confidentiality clauses
Sales contract	Company J	Effective from March 1, 2022, valid for 3 years from the effective date. Unless either party gives notice in writing to the other party to terminate this contract 90 days prior to the expiration of this contract, it will be automatically extended for one year after expiration.	Engaging for designing, R&D, manufacturing of wireless communication products.	Confidentiality clauses
Patent licensing agreement	Company K	Effective from December 29, 2007, until the patent expires.	Authorizing the Company the right to use certain patents of Company K for manufacturing and sales of products.	Confidentiality clauses
Patent licensing agreement	Company L	Effective from June 30, 2015 to December 31, 2020. Upon expiry, the contract is automatically renewed for five more years.	Authorizing the Company the right to use certain patents in HEVC of Company L for manufacturing and sales of STB products.	Confidentiality clauses
Patent licensing agreement	Company M	Effective from 2011, until patent expires.	Authorizing the Company the right to use certain patents of Company M for manufacturing and sales of products.	Confidentiality clauses
Patent licensing agreement	Company N	Effective from 2024, until patent expires.	Authorizing the Company the right to use WiFi patents of Company N for manufacturing and sales of products.	Confidentiality clauses

Nature of Contract	Party involved	Period of contract	Major Contents	Restrictive Covenants
Patent licensing agreement	Company O	Effective from 2011 to December 31,2027.	Authorizing the Company the right to use PON patents of Company O for manufacturing and sales of products.	Confidentiality clauses
Patent licensing agreement	Company P	Effective from 2024, until patent expires.	Authorizing the Company the right to use certain patents of Company P for manufacturing and sales of products.	Confidentiality clauses
Construction contract	Company Q	Effective from September 28, 2023, until the completion of all construction and the expiration of the warranty period.	The expansion construction of the Company's headquarters building Phase-II.	None
Construction contract	Company R	Effective from April 3, 2024, until the completion of all construction and the expiration of the warranty period.	The expansion mechanical, electrical and air conditioning of the Company's headquarters building Phase-II.	None



## V. Review of Financial Position, Financial Performance and Risk Assessment

### 1. Financial Position

#### (1) Assets, Liabilities and Equity for the Most Recent Two Years (Consolidated)

Unit: thousands of TWD

Item	Year	2024	2023	Difference	
				Amount	%
Current assets		31,778,953	31,358,657	420,296	1.34
Investments accounted for using equity method		200,175	232,347	(32,172)	(13.85)
Property, plant and equipment		5,866,322	5,439,395	426,927	7.85
Other assets		1,461,364	1,518,260	(56,896)	(3.75)
Total Assets		39,306,814	38,548,659	758,155	1.97
Current liabilities		23,187,317	23,477,920	(290,603)	(1.24)
Non-current liabilities		92,821	170,672	(77,851)	(45.61)
Total liabilities		23,280,138	23,648,592	(368,454)	(1.56)
Ordinary shares		2,203,543	2,203,543	0	0.00
Capital surplus		3,651,759	3,872,335	(220,576)	(5.70)
Retained earnings		9,910,030	8,721,653	1,188,377	13.63
Other equity interests		169,637	4,693	164,944	3,514.68
Non-controlling interests		91,707	97,843	(6,136)	(6.27)
Total equity		16,026,676	14,900,067	1,126,609	7.56

#### (2) Main reasons and impact of material variations

(Analysis of variations exceeding 20% and amounting exceeding TWD10 million)

- a. Decrease in Non-current liabilities: Mainly due to the decrease in non-current lease liabilities and non-current net defined benefit liability for the current period compared with the previous period.
- b. Increase in Other equity interests: Mainly due to the increase in exchange differences on translation of foreign financial statements for the current period compared with the previous period.

(3) Effect of Material Change in Financial Position and Plans of Future Counter-measures for the Most Recent Two Years

In terms of the analysis from aforementioned causes, the material changes in Company's financial position for the most recent two years are normal outcomes from operating activities.

## 2. Financial Performance:

(1) Operating revenues, Operating income and Income before tax for the Most Recent Two Years (consolidated)

Unit: thousands of TWD

Item	Year	2024	2023	Amount increased (decreased)	Change percentage (%)
	Total	Total	Total		
Operating revenues		48,967,458	51,158,122	(2,190,664)	(4.28)
Operating costs		41,551,491	43,772,840	(2,221,349)	(5.07)
Gross profit from operating		7,415,967	7,385,282	30,685	0.42
Operating expenses		4,378,336	4,220,915	157,421	3.73
Operating income		3,037,631	3,164,367	(126,736)	(4.01)
Non-operating income and expenses		239,769	35,626	204,143	573.02
Income before tax		3,277,400	3,199,993	77,407	2.42
Income tax expense		797,883	810,387	(12,504)	(1.54)
Net income		2,479,517	2,389,606	89,911	3.76
Other comprehensive income of the current period (after tax)		189,794	2,543	187,251	7,363.39
Total comprehensive income of the current period		2,669,311	2,392,149	277,162	11.59
Net income attributes to owners of parent		2,486,429	2,420,569	65,860	2.72
Net income attributable to non-controlling interests		(6,912)	(30,963)	24,051	77.68
Comprehensive income attributed to owners of parent		2,675,447	2,426,327	249,120	10.27
Comprehensive income attributed to non-controlling interests		(6,136)	(34,178)	28,042	82.05





(2) Main reasons of material variations

(Analysis of variations exceeding 20% and amounting exceeding TWD10 million)

- a. Increase in Non-operating income and expenses: Mainly due to the increase in interest income and other gains for the current period.
- b. Increase in Other comprehensive income of the current period (after tax): Mainly due to the increase in gains from exchange differences on translation of foreign financial statements.
- c. Increase in Net income attributable to non-controlling interests: Mainly due to the decrease in losses of subsidiaries for the current period.
- d. Increase in Comprehensive income attributable to non-controlling interests: Mainly due to the decrease in losses of subsidiaries for the current period.

(3) Forecast for sales volume for next year and basis for the forecast

In line with the rapidly increasing global demand for remote work and cloud applications in the post-epidemic era and against the backdrop of the ongoing expansion of broadband infrastructure installations, growth in the field of networking devices will be maintained. It is projected that the shipment volumes of broadband networking devices will increase by 5% to 10% in 2025.

(4) Potential effect on the Company's finances and sales in the future and response measures

In order to respond to the growth in operations, the Company has established relevant financial strategies. For the funding needs, please refer to the section on cash flow analysis for the coming year.

### 3. Cash Flow Analysis (Consolidated)

#### (1) Analysis for cash flow change in the most recent year

Unit: thousands of TWD

Cash and Cash Equivalents, Beginning of Year	Net cash flow from operating activities	Other net cash inflow (outflow)	Effect of Foreign exchange rate changes	Cash Surplus	Financing of cash deficit	
					Investment Plans	Financing Plans
7,856,971	8,761,626	(8,414,745)	(47,556)	8,156,296	None	None

- Net cash inflow from operating activities amounted to TWD8,761,626 thousand: Mainly due to the decrease in the average collection period of accounts receivable for the current period.
- Net cash outflow from investing activities amounted to TWD6,143,689 thousand: Mainly due to the increase in current financial assets measured at amortized cost (Time deposits with original maturity of more than three months).
- Net cash outflow from financing activities amounted to TWD2,271,056 thousand: Mainly due to the disbursement of cash dividends and the repayment of long-term borrowings.

#### (2) Plans to improve insufficient liquidity: Not applicable.

#### (3) Cash Flow Analysis for the Coming Year:

Unit: thousands of TWD

Cash and Cash Equivalents, Beginning of Year	Estimated net cash flow from operating activities	Estimated other net cash inflow (outflow)	Estimated Cash Surplus	Estimated financing of cash deficit	
				Investment Plans	Financing Plans
8,156,296	6,000,000	(5,600,000)	8,556,296	None	None

- Estimated net cash inflow from operating activities amounted to TWD6,000,000 thousand: The main reason is the projection of cash inflow generated from operating activities.
- Estimated net cash outflow from investing activities amounted to TWD3,000,000 thousand: The main reason is expected purchase of current financial assets measured at amortized cost (Time deposits with original maturity of more than three months) and capital expenditure for 2025.
- Estimated net cash outflow from financing activities amounted to TWD2,600,000 thousand: The main reason is the disbursement of cash dividends for 2024 and repayment of short-term borrowings.



#### 4. Major Capital Expenditures and Effect on Finance and Business in the Most Recent Year

##### (1) Major capital expenditures and sources of capital:

Unit: thousands of TWD

Project Item	Actual or expected source of capital	Actual or expected completion date	Capital required	Actual or expected capital expenditures			
				2024	2025	2026	2028
New office building of HQ (Phase II)	Self-owned funds	2026	1,106,000	424,000	184,400	460,800	36,800

##### (2) Expected Benefits:

New office building of HQ (Phase II): The building is constructed for operation needs. Once completed, it will enable the Company to attract more talented research and development personnels, allowing us to invest more resources in the development of core technologies. This will expand our new business ventures and new product portfolio, enhancing our long-term competitiveness.

#### 5. Investment Policy in the Most Recent Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

##### (1) Investment policy for the most recent year

The Company's investment policy is based on a long-term strategic investment, which is primarily strengthening the vertical integration with the supply chain, and expanding product lines and operational scale to lower production costs, as well as focusing on the development of related broadband wireless networking industry to accumulate the core resources and strengthen core competitiveness of the Company.

##### (2) Main causes of profits or losses incurred on investments in the most recent year, and any plans for improvement:

The Company recognized an investment loss under equity method for 2024 amounted to TWD31,950 thousand. This was primarily

due to the weak market demands of the industry which parts of investee companies belong to or their failure to reach economic scale. In the future, we will continue to assist in seeking new business opportunities to enhance capacity utilization. We will also strengthen post-investment management and conduct regular returns reviews to enhance the efficiency of our equity investments and accelerate the recovery of investment returns.

(3) Investment plans for the coming year

In the coming year, there is no significant investment project.

## 6. Risk Management

- (1) For the Most Recent Year up to the Publication Date of the Annual Report, the impact of fluctuation in interest rates, foreign exchange rates, and inflation on Net Income of the Company and future response measures:

Unit: thousands of TWD

Item	2024
Net interest income and expense	144,034
Net foreign exchange gains or losses (including valuation of financial instruments )	20,120
Net operating revenues	48,967,458
Net operating income	3,037,631
Net interest income and expense to net operating revenues	0.29%
Net interest income and expense to net operating income	4.74%
Net foreign exchange gains or losses to net operating revenues	0.04%
Net foreign exchange gains or losses to net operating income	0.66%

a. Impact of interest rates fluctuations and response measures

The net interest income of the Company for 2024 amounted to TWD144,034 thousand, representing 0.29% of net operating revenues and 4.74% of net operating income. The Company maintains good relationships with the banks to acquire competitive interest rates and keeps proper borrowing ratios.



Moving forward, the Company will continue to adopt a multi-pronged approach to closely monitor changes in interest rates and strive for preferential deposit and loan interest rates in order to adjust the optimal capital structure to ensure sufficient operating working capital, so that changes in interest rates will not have a significant impact on the Company.

b. Impact of foreign exchange rates fluctuations and response measures

The sales and procurement of the Company are mainly conducted in USD. Meanwhile, part of the sales are denominated in EUR and INR, there are also some CNY and VND assets. The total foreign currency assets are greater than liabilities. The net foreign exchange gains/losses (including valuation of financial instruments) for 2024 amounted to TWD20,120 thousand, representing 0.04% of net operating revenues and 0.66% of net operating income. The gains on foreign exchange for 2024 were mainly due to the appreciation of USD against TWD.

The Company's countermeasures against exchange rate fluctuation are as follows:

- A. The Company has certain sales and purchases to be denominated with the same foreign currency, therefore, effect of natural hedge is generated. Furthermore, the net foreign currency position is also collected by dedicated financial personnel and evaluate the relevant information and trend of foreign exchange market. To meet the demand of working capital, the Company exchanges foreign currencies in a timely manner to mitigate the risk.
- B. The Company maintains close relationship with the banks and grasps the change in foreign exchange market, serves as the reference for the relevant personnel as a basis for quotation, so as to respond the fluctuations of the exchange rate in a timely manner.
- C. The Company has established "Procedures for the Acquisition and Disposal of Assets", governing the related procedures for derivative financial instruments. Meanwhile, depending on the

foreign currency position and fluctuation of currency, the Company undertakes necessary measures to reduce the foreign currency exchange risk resulting from the business operation of the Company.

c. Impact of inflation on Company's Profit and Loss and response measures

The net income of the Company has not been materially impacted by inflation in the past. If inflation causes an increase in the cost of purchases, the Company shall also adjust the selling prices of products accordingly.

The Company will continue to closely monitor the impact of interest rates, foreign exchange rates and inflation toward the profit of the Company and will take response measures in time.

(2) For the Most Recent Year up to the Publication Date of the Annual Report, Policies, Main Causes of Gain or Loss, and Future Response Measures with Respect to High-risks, Highly-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

- a. The Company focuses on its main business and does not make high-risk, highly-leveraged investments; all investments are executed only after assessment prudently.
- b. The Company and subsidiaries engage in fund lending to its related parties for the purpose of providing short-term financing for their operating needs. These transactions are executed in accordance with "Procedures for Lending Funds to Other Parties".
- c. The Company is engaged in endorsement and guarantee activities only belonged to the parent company to its subsidiaries. The arrangements are executed in accordance with "Procedures for Endorsements and Guarantees."
- d. The main reason to use financial derivatives instruments (including forward exchange contracts and swap contracts) is for hedging purposes, mainly to mitigate the market risks



arising from fluctuations in foreign exchange rates and interest rates to net position of assets and liabilities denominated in foreign currencies, and not for speculation purposes. In addition to complying with relevant regulations stipulated by the competent authorities and GAAP, the Company has also established the “Procedures for Acquisition or Disposal of Assets” resolved by a resolution of the Shareholders Meeting to govern the transactions concerning derivative financial instruments.

- (3) For the most recent year up to the publication date of the annual report, future research & development projects and corresponding budget:

In recent years, the Company is moving toward developing highly integrated, high value-added products. The relevant R&D projects and their progresses proceed as planned. In the future, the Company shall continue to invest in R&D for new products, developing niche market products, leveraging key factors such as talents, capital and technology, making product development timelines shorter, and striving for maintaining the leading position in R&D capability. The Company estimates to invest approximately TWD3,000,000 thousand in R&D expenditure in 2025.

- (4) For the most recent year up to the publication date of the annual report, effects and response measures to changes in domestic and foreign policies and regulations relating to financial and business of the Company:

The Company complies with the revisions of important policies and relevant laws by the competent authorities regarding to the corporate governance regulations, Company Act and Securities and Exchange Act. Further, the Management of the Company closely monitors and pays attention to the changes of both domestic and foreign important policies and regulations, engaging legal consultants for advisory services, and undertaking countermeasures in a timely manner. Hence, there is no material impact on the financial and business of the Company.

- (5) For the most recent year up to the publication date of the annual report, effects and response measures to changes in technology (including cybersecurity risks) and the industry relating to financial and business of the Company:

The Company has established a new business center to conduct the necessary research in advance to cater for the future technological needs of the relevant products, such as material research, simulation of design structures and etc., as well as a dedicated intellectual property and patent team to manage the valuable IPs of the Company. Meanwhile, the knowledge process team is solely responsible for institutionalizing processes and knowledge management.

In terms of cybersecurity and information security risk control, the Company adopts the international standards ISO 27001 and ISO 27005, and has established and implemented the information security management system and set up information security policy documents to specify the regulations regarding information security of the Company. In addition, information security risk assessments and internal/external information security cycle audits are carried out annually on a regular basis to ensure the effectiveness and legal compliance of the management system. Thus, the Company is able to respond quickly and properly to technological and industrial changes.

- (6) For the most recent year up to the publication date of the annual report, the effects and measures to the changes in corporate image on corporate crisis management:

The Company adopts the principle of stability and integrity as its business philosophy. With a good corporate image, the Company has been publicly listed since March 2009 and continues to attract more outstanding talents into its organization, strengthening the capability of the business team, giving the business reward back to the shareholders and fulfilling the corporate social responsibility. Currently, there is no incident that change the corporate image and causes a crisis of the Company.

- (7) For the most recent year up to the publication date of the annual report, expected benefits from, risks relating to, response and measures to merger and acquisition plans: None.





- (8) For the most recent year up to the publication date of the annual report, expected benefits from, risks relating to, response and measures to factory expansion plans: None.
- (9) For the most recent year up to the publication date of the annual report, risks relating to and response measures to excessive concentration of procurement or sales:
  - a. Procurement: In addition to procuring finished products from affiliated companies (the factories in Vietnam), orders of other major raw material procurement (such as chipset and communication modules) are purchased from several international brands. The Company has fostered a good relationship with its procuring counterparts and thus has no risk of procurement concentration.
  - b. Sales: The main sales products of the Company are broadband wireless networking products. For the most recent year, the top ten major customers mainly consisted of well-known telecom operators or major information and communication brands. As such, there is no risk of sales concentration.
- (10) For the most recent year up to the publication date of the annual report, effects of, risks relating to, and response measures to large share transfers or changes in shareholdings by Directors or Shareholders with shareholdings of over 10%: None.
- (11) For the most recent year up to the publication date of the annual report, effects of, risks relating to, and response measures to the changes in management: None.
- (12) For the most recent year up to the publication date of the annual report, for litigation or non-litigation cases involving the Company's Directors, President, actual persons in-charge or major Shareholders with a stake of 10% or more and subsidiaries that have been concluded or are still pending, and have material impact on the shareholders' interest or security prices, disclosure should be made regarding the content of the disputes, the sum of penalty or claim, the commencement date of the litigation, the parties involved and the status as of the publication date of the annual report:

Compal Electronics, Inc. (hereinafter referred to as Compal Electronics), the legal person Director and the major shareholder of the Company, has the following litigation cases:

- a. In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against Compal Electronics concerning its former employees who join Compal Electronics. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law and requested related damages. Compal Electronics engaged lawyers to defend its right on this matter immediately. Currently, the case is still in progress in Taipei District Court; therefore, Compal Electronics cannot make any reasonable estimation regarding the possible impact on its business operation.

(13) Other major risks and countermeasures: None.

7. Other Material Items: None.



## VI. Special Disclosure

1. Summary of Affiliated Companies:  
Please find the relevant information on the Market Observation Post System (MOPS).  
(website:  
[https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)).
2. Private Placement of Securities in the Most Recent Year up to the Publication Date of this Annual Report: None.
3. Other Necessary Supplementary Information: None.
4. Any Event that had Material impact on Shareholders Right or Stock Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Act in the Most Recent Year up to the Publication Date of this Annual Report: None.

**Arcadyan Technology Corporation**

**Chairman: Jui-Tsung Chen**

**President: Chao-Peng Tseng**