Stock Code: 3596

Arcadyan Technology Corporation

2023 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
Tel: (03) 572-7000
Branches: None.
Plant: None.

Stock Transfer Agency
Agency: Transfer Agency Department, CTBC Bank Co., Ltd.
Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
Tel: (02) 6636-5566
Website: https://www.ctbcbank.com

Auditors
CPA firm: KPMG Taiwan
Auditors: Szu-Chuan Chien, I-Wen Wang
Address: 68F, No 7, Sec 5, Xinyi Rd, Taipei, Taiwan
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Overseas Securities Exchange
None.

Corporate Website
http://www. arcadyan.com

I. Letter to Shareholders

Dear Shareholders:

The business results for 2023, and the overview of operating plans and future development strategies of the Company for 2024, as well as the impact of external competition are as follows:

1. Business Results of 2023

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

In 2023, the Company's consolidated net operating revenues for the whole year was NT$51,158,122 thousand, representing an annual increase of 8.5%. The net operating income and after tax net income were NT $3,164,367 thousand and NT$ 2,389,606 thousand respectively, and the after tax earnings per share was NT$10.98.

(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 2023 was 134% and the debt ratio was 61%; the financial structure was sound.

In 2023, the net income was NT$2,389,606 thousand, the return on assets was 6.4%, and the return on equity was 16.6%.

(3) Progress in Research and Development

(I) The developed products are including: 5G FWA CPE, Whole Home Wifi (Wifi Mesh Network) smart home solution, 4G/LTE Small Cell integrated SON (Self Organizing Network) features, Indoor and Outdoor LTE Routers/Gateways, 802.11ax and 802.11ac (Single-band, Dual-band and Tri-band) Wireless Routers, 802.11ax and 802.11ac VDSL Routers, Repeaters used to expand Wifi coverage, Android TV OTT/IP STB support Ultra-high resolution (4K) and HDR (High Dynamic Range Imaging), Edge AI Box, GPON OLT/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, EasyMeshTM R1/R2 Multi-interfaces Management System, and big data cloud analysis platform optimization.

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

2. 2024 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), 76GHz-80GHz Automotive Blind Spot Detection (BSD) Active Warning Radar system, Antenna Integrated PCB and 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 and invest on 5G small-cell market.

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

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

(VII) Keep scaling up the capacity of Vietnam manufacturing site and optimizing its production efficiency and process details, enhancing the productivity of overseas production bases.

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

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

(2) Expected Sales Overview

In line with the rapidly increasing global demand for remote work and cloud applications in the post-epidemic era and against the backdrop of the ongoing expansion of broadband infrastructure installations, growth in the field of networking devices will be maintained. It is projected that the shipment volume of broadband networking devices will be increased by 5%~10% in 2024.

(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 and 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.

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

Conclusion

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

Good Health and Prosperity!

Chairman of the Board: Jui-Tsung Chen

Chief Executive Officer: Chao-Peng Tseng

Chief Accounting Officer: Shih-Wei Huang

II. Company Overview

1. Date of Incorporation: May 9, 2003

2. Company History

(1) Yearly Major Events

March 2022	Won the Gold Medal Award of EcoVadis Global Sustainability Rating.
April 2022	Successfully developed EasyMesh R2 products.
April 2022	Ranked Top 21% to 35% of the 8th Corporate Governance Evaluation among the listed companies.
May 2022	Set up Sustainability Committee.
August 2022	Successfully developed 77GHz five-in-one BSD ADAS radar.
October 2022	Successfully developed Wi-Fi 6e products.
October 2022	Signed the SBTi (Science Based Targets initiative), and formulated the carbon reduction goals of the Group.
November 2022	Won the Silver Award of "the 4th National Enterprise. Environmental Protection Award" from the Environmental Protection Administration, Exeutive Yuan, R.O.C.
November 2022	Participated in the Carbon Disclosure Project (CDP) climate change investigation and won B Management Level.
November 2022	Won the Green Environmental Protection Enterprise Award of Chinese Organic (CONA).
December 2022	Won the honor of Chunghwa Telecom sustainable partner "CDP Best Carbon Management and Disclosure".
December 2022	Passed the certification to the ISO 50001 energy management system.
March 2023	Won the Golden ESG Achievement in 2023 E-Mobility Taiwan.
March 2023	Successfully developed 5G ODU products.
April 2023	Ranked Top 21% to 35% of the 9th Corporate Governance Evaluation among the listed companies.
April 2023	Successfully developed Wi-Fi 7 products.
May 2023	Won SEAL Business Sustainability Awards.
May 2023	Won Golden Award for Occupational Accident Free Record.
June 2023	Started the operation of the Phase-II new plant in Vietnam.
July 2023	Won the Gold Medal Award of EcoVadis Global Sustainability Rating.
July 2023	Successfully developed DOCSIS 4.0 Cable products.
October 2023	Officially commenced the engaged construction of Phase-II Hsinchu Headquarters Building on entrusting others to build on its

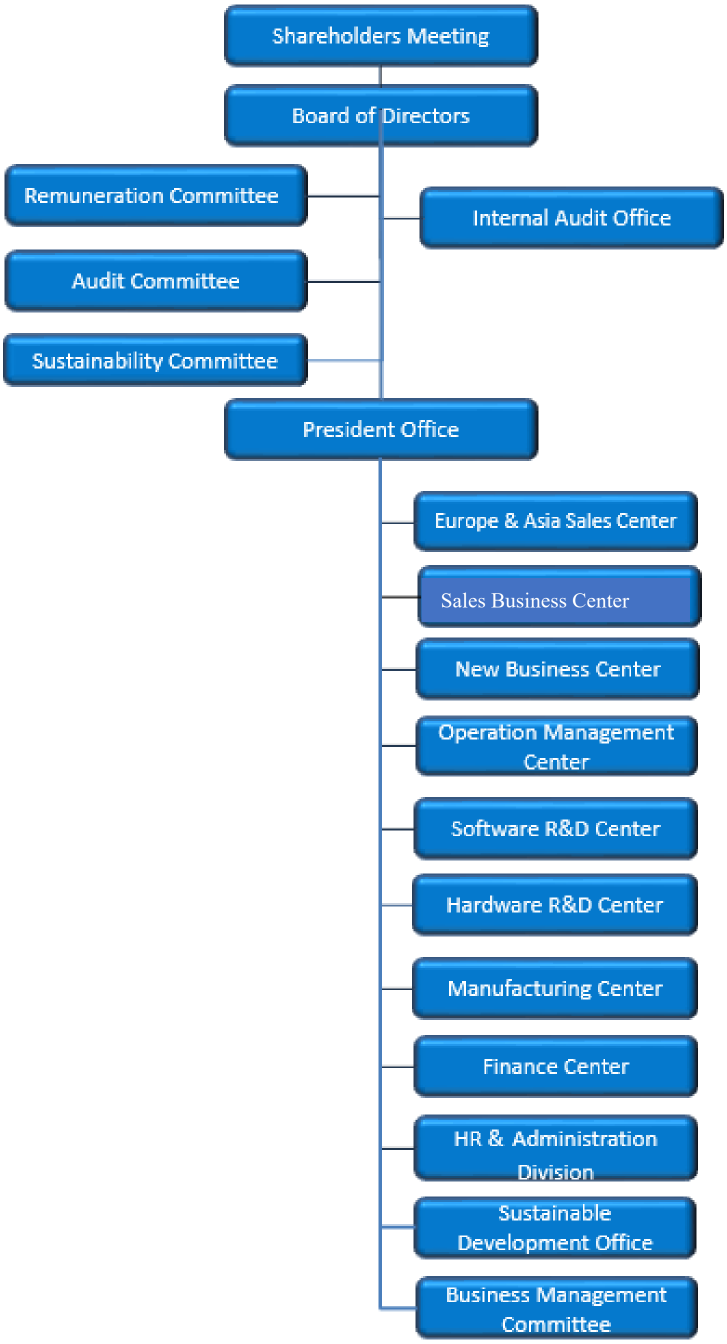
	self-owned land.
October 2023	Won “Outstanding Product Award” at the Taiwan Circular Economy Awards.
November 2023	Won National Sustainable Development Awards.
November 2023	Awarded Top 100 Taiwanese Sustainable Corporates Award and Sustainability Report Silver Awards in the 16th Taiwan Corporate Sustainability Awards (TCSA).
December 2023	Successfully developed 5G/Wi-Fi 7 FWA integrated products.
December 2023	Won “Carbon Reduction Pioneer Award” at Chunghwa Telecom Supplier ESG Conference.
April 2024	Won the Platinum Medal Award of EcoVadis Global Sustainability Rating.

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

III. Report on Corporate Governance

1. Organization of the Company

(1) Organizational Chart (as of December 31, 2023)



(2) Description of Department Functions:

Department	Main Responsibilities
Remuneration Committee	1.Establishing and reviewing performance of Directors and managers, as well as policy, system, standard and structure of remuneration and compensation on a regular basis. 2.Evaluating and establishing the remuneration and compensation of Directors and managers on a regular basis.
Audit Committee	The main objective is to supervise the following items: 1.Fair presentation of the financial reports of the Company. 2.Appointing, dismissing and evaluating the independence and performance of certificated public accountants. 3.The effective implementation of the internal control system of the Company. 4.Compliance with relevant laws and regulations by the Company. 5.Management of the existing or potential risks of the Company.
Sustainability Committee	1.The formulation of sustainable development policies. 2.The establishment of the annual plan and strategic direction of sustainable development. 3.Track and review the implementation and effectiveness of sustainable development. 4.Decisions on other matters related to sustainable development.
Internal Audit Office	In charging of the planning, execution and improvement of the internal audit of the Company.
President Office	Establishing the operational goals of the Company, taking charge, directing and overseeing the overall business operations.
Europe and Asia Sales Center	1.Expanding and developing sales operation. 2.Taking charge the communication channels of customer service. 3.Managing marketing strategy and business operation. 4.Designing, planning and implementation of marketing projects.
Sales Business Center	
New Business Center	Conducting R&D on new technologies, new products development and introduction for mass production, including assessment of the feasibility of new product development and integration of technologies.
Operation Management Center	1.Managing products and controlling project schedules. 2.Collaborating with R&D and manufacturing divisions and arranging for trial-run manufacturing to facilitate mass production. 3.Taking charge procurement, import and export, and production material management. 4.Designing and managing the engineering and manufacturing of products, managing and certificating of product quality. 5.Constructing and overseeing network environment, and installing and maintaining the mainframe computer system and peripheral equipment. 6. Planning for introduction and conducting overall maintenance of ERP/MES, other online systems, developing operating procedures and assessing feasibilities. 7.Planning, designing and implementation of legal and patent related business. 8.Assisting in cost control of products and procurement to increase the overall profitability. 9.Responsible for manufacturing outsourcing, managing outsourcing factories, and handling relevant matters.

Department	Main Responsibilities
Software R&D Center	Develop various software technologies and testing programs of the Company.
Hardware R&D Center	Develop various hardware technologies and the related integration programs of the Company.
Manufacturing Center	Supervising the overall production matters and capacity accommodation in the factory areas of Vietnam and China.
Finance Center	1.Preparing and examining the accounting and tax matters, and preparing financial reports. 2.Preparing budgets, difference analysis and control of variances. 3.Managing financial matters, establishing short, medium and long term capital funding and arrangement. 4.Cost computing, analyzing and planning for inventory physical count.
HR & Administration Division	1.Establishing, amending and implementation of Company management system. 2.Establishing performance assessment for employees, evaluation promotion, retirement and other HR systems. 3.Planning and conducting employee training. 4.Computing salary, labor, health and group insurance. 5.Managing administrative matters.
Sustainable Development Office	1.Promotion and implementation of matters related to the sustainable development of the Company. 2.Assistance in the Sustainability Committee to track the implementation progress of various sustainable development matters.
Business Management Committee	Responsibilities in planning, excution and overseeing risk management related matters.

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

(1) Directors

April 1, 2024

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 2	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 Vice Chairman and CSO 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 2	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 Management Science, National Chiao Tung University Director and President of Compal Electronics, Inc.	Note 5	None	None	None	Note 4
		Representative: Chung-Pin Wong				2014.6.20	429	0%	429	0%	0	0%	0	0%						
Director	R.O.C.	Compal Electronics, Inc.	Note 2	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				2018.6.1	0	0%	0	0%	0	0%	0	0%						
Director	R.O.C.	Compal Electronics, Inc.	Note 2	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	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 3)	Note 2	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 1)	Note 2	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 2	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 2	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 Bioptik Technology Inc.	Note 5	None	None	None	Note 4
Independent Director	R.O.C.	Wen-An Yang	Note 2	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 June 15, 2023, the Company re-elected all its directors. Cheng-Hua Sun was newly elected and Che-Ho Wei resigned, with remaining directors continuing in office.

Note 2: 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: Chung-Pin Wong, Chung-Pao Liu, Chao-Peng Tseng, Wen-An Yang; Directors aged 70 to 79: Jui-Tsung Chen, Ing-Jen Lee, Ching-Chang Wen.

Note 3: Chao-Peng Tseng served as the Company's Director of a representative of Compal Electronics, Inc. from March 9, 2017 to April 12, 2019.

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

Job title	Name	Concurrent Position(s) in the Company or other companies	
			Kinpo Group Management Consultant Company, Aco Healthcare Co., Ltd., Infinno Technology Corp., Raypal Biomedical Co., Ltd., Gempal Technology Corp., Hong Ji Capital Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., ARCE Therapeutics, Inc., Kinpo & Compal Group Assets Development Corporation, Compal Ruifang Health Assets Development Corporation, Compal Ruifang Health Assets Development Corporation, Compal Healthcare & Technology Ltd., Taiwan Sanga Co., Ltd.
		Supervisor:	Hong Ya Technology Corp.
		Executive Director:	Kunshan Botai Electronics Co., Ltd.
		President:	Compal Electronics, Inc., Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd.
Director	Sheng-Hua Peng	Chairman:	Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Hanhelt Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd.
		Director:	Compal Smart Device India Private Limited, Bizcom Electronics, Inc., Compal Electronics, Inc., Gempal Technology Corp., Hong Ji Capital Co., Ltd., Ripal Optotronics Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Palcom International Corporation, Compal Smart Device (Chongqing) Co., Ltd., Hong Jin Investment Co., Ltd.
		President:	Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Palcom International Corporation, Hanhelt Communications (Nanjing) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd.
		Executive Vice President	Compal Electronics, Inc.
		Supervisor:	General Life Biotechnology Co., Ltd.
Director	Chung-Pao Liu	Director:	Arcadyan Technology (Shanghai) Corp., Tatung Electronics Technology (Suzhou) Incorporation
		President:	Compal Networking (Kunshan) Co., Ltd., Arcadyan Technology (Shanghai) Corp., Tatung Electronics Technology (Suzhou) Incorporation
Director	Chao-Peng Tseng	Chairman:	Arcadyan Technology (Shanghai) Corp., Zhi-Bao Technology Inc., Arcadyan Technology (Vietnam) Co., Ltd.
		Director:	Arcadyan Holding (BVI) Corp., Arcadyan Technology Limited, Arcadyan Technology Corporation Korea, Arcadyan Technology Australia Pty Ltd, Arch Holding (BVI) Corp., Exquisite Electronic Co., Ltd., Quest International Group Co., Ltd., Sinoprime Global Inc. (BVI), Compal Networking (Kunshan) Co., Ltd., Tatung Technology Inc., Tatung Home Appliances (Wujiang) Co., Ltd., Tatung Technology of Japan Co., Ltd.
		President:	Arcadyan Technology Corporation, Arcadyan Technology (Vietnam) Co., Ltd., Zhi-Bao Technology Inc.
		Managerial personnel:	Arcadyan Germany Technology GmbH
Independent Director	Ing-Jen Lee	Chairman:	Litemax Electronics Inc.
		Director:	Aaeon Technology Inc., Aaeon Technology (Suzhou) Inc., Litemax Technology, Inc., Yen Sun Technology Corp., Eutech Microelectronics Inc.
		Independent Director:	AXIS Corporation
Independent	Ching-Chang	Director:	Bioptik Technology Inc., New E Masterials Co., Ltd.

Job title	Name	Concurrent Position(s) in the Company or other companies	
Director	Wen		
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 corporate shareholder

April 2, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder (Note)
Compal Electronics, Inc.	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (6.97%), Yuanta/P-shares Taiwan Dividend Plus ETF (4.27%), Kinpo Electronics, Inc. (3.44%), New Labor Pension Fund (2.39%), Yuanta Taiwan High Dividend Low Volatility ETF (1.59%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.28%), Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds (1.25%), JP Morgan Chase Bank Custody ABP Retirement Fund Investment Account (1.23%), Citibank (Taiwan) Ltd. in custody for Norges Bank (1.10%), Labor Insurance Fund (0.87%)

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

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

April 8, 2024

Name of corporate	Major shareholders of the corporate
Kinpo Electronics, Inc.	Compal Electronics, Inc. (8.26%), Panpal Technology Corp. (4.62%), GEBO Limited (3.00%), Ho Bao Investment Co., Ltd. (2.00%), Ruey Shinn Co., Ltd. (1.87%), Li Chu Tsai (1.44%), UBS Taipei Branch is subject to Li Chu Tsai trust property account (1.33%), Lai Shun Shen Tsai (1.28%), JPMorgan Chase Bank Taipei Branch is entrusted with the safekeeping of Van Gard Emerging Market Stock Index Fund investment account of the manager of Van Gard Group (1.24%), JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.21%)

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

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

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.: Chung-Pin Wong	✓	✓	✓	✓	✓	✓	✓	✓	
Representative of Compal Electronics, Inc.: Sheng-Hua Peng	✓		✓	✓	✓	✓	✓		
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.	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	1
	70-79 years old	1	2
Gender	Male	5	3
	Female	1	0
Nationality	R.O.C.	6	3
	Foreign nationality	0	0
Employee status (Note)		2	0

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

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

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

April 1, 2024

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	24,699	0.01%	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	11,000	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 (Shanghai) Corp., Zhi-Bao Technology Inc., Arcadyan Technology (Vietnam) Co., Ltd.
		Director:	Arcadyan Holding (BVI) Corp., Arcadyan Technology Limited, Arcadyan Technology Corporation Korea, Arcadyan Technology Australia Pty Ltd, Arch Holding (BVI) Corp., Exquisite Electronic Co., Ltd., Quest International Group Co., Ltd., Sinoprime Global Inc. (BVI), Arcadyan Technology Corporation, Compal Networking (Kunshan) Co., Ltd., Tatung Technology Incorporation, Tatung Home Appliances (Wujiang) Co., Ltd., Tatung Technology of Japan 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., Tatung Technology of Japan Co., Ltd.
Vice President	Chung-Pao Liu	Director:	Arcadyan Technology Corporation, Arcadyan Technology (Shanghai) Corp., Tatung Home Appliances (Wujiang) Co., Ltd.
		President:	Compal Networking (Kunshan) Co., Ltd., Arcadyan Technology (Shanghai) Corp., Tatung Home Appliances (Wujiang) Co., Ltd.
Vice President	Nien-Che Hsiung	Director:	Arcadyan do Brazil Ltda, Arcadyan India Private Limited, Tatung Technology Inc.
Vice President	Chih-Fang Lee	Director:	Tatung Technology Inc., Arcadyan Technology (Shanghai) Corp.
Vice President	Yen-Ju Lin	Director:	Arcadyan Technology N.A. Corporation
		President:	Arcadyan Technology N.A. Corporation
Chief Accounting Officer and Corporate Governance Officer	Shih-Wei Huang	Chairman:	Tatung Technology Inc.
		President:	Tatung Technology Inc.
		Supervisor:	Zhi-Bao Technology Inc., 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.

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

(1) Remuneration of Directors and Independent Directors

Unit: thousand of TWD

Job title	Name	Remuneration of Director								Sum of A+B+C+D and ratio to net income after tax (%)		Compensation to Directors Also Serving as Company Employees								Sum of A+B+C+D+E+F+G and ratio to net income after tax		Remuneration received from investee enterprises other than subsidiaries or from the parent company (H)
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
																The Company		All consolidated entities				
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock	The Company	All consolidated entities	
Chairman	Representative of Compal Electronics, Inc.: Jui-Tsung Chen	0	0	0	0	19,445 (Note 2)	19,445 (Note 2)	840	865	20,285 084%	20,310 0.84%	25,219 (Note 3)	25,747 (Note 3)	300	300	23,942 (Note 4)	0	23,942 (Note 4)	0	69,746 2.88%	70,299 2.90%	105,966
Director	Representative of Compal Electronics, Inc.: Chung-Pin Wong																					
Director	Representative of Compal Electronics, Inc.: Sheng-Hua Peng																					
Director	Representative of Compal Electronics, Inc.: Chung-Pao Liu																					
Director	Chao-Peng Tseng																					
Director	Cheng-Hua Sun (Note 1)																					
Director	Che-Ho Wei (Note 1)																					
Independent Director	Ing-Jen Lee	0	0	0	0	2,550 (Note 2)	2,550 (Note 2)	540	540	3,090 0.13%	3,090 0.13%	0	0	0	0	0	0	0	0	3,090 0.13%	3,090 0.13%	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 June 15, 2023, the Company re-elected all its directors. Cheng-Hua Sun was newly elected and Che-Ho Wei resigned, with remaining directors continuing in office.
Note 2: The remuneration of directors was approved by the resolution of the Board of Directors of the Company on February 22, 2024.
Note 2: Rewards and special disbursements include vehicles.
Note 4: Referring to the estimated employees' compensation resolved by the Board of Directors.

■Remuneration Range Table

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

Note: On June 15, 2023, the Company re-elected all its directors. Cheng-Hua Sun was newly elected and Che-Ho Wei resigned, with remaining directors continuing in office.

(2) Remuneration to President and Vice Presidents

Unit: thousand of TWD

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income after tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
								The Company		All consolidated entities				
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Amount in Cash	Amount in stock	Amount in Cash	Amount in stock	The Company	All consolidated entities	
President	Chao-Peng Tseng	30,028	30,556	1,032 (Note 1)	1,032 (Note 1)	38,905 (Note 2)	38,905 (Note 2)	47,507 (Note 3)	0	47,507 (Note 3)	0	117,472 4.85%	118,000 4.87%	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 provision or contribution of the retirement pay and pension expense.
Note 2: Rewards and special disbursements include vehicles.
Note 3: Referring to the estimated employees' compensation resolved by the Board of Directors.

■ Remuneration Range Table

Ranges of remuneration paid to each of the Company's President and Vice Presidents	Names of President and Vice Presidents	
	The Company	All consolidated entities
Less than TWD1,000,000	-	-
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

■ Employee profit-sharing granted to management team

December 31, 2023; 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	47,507 (Note)	47,507	1.96%
	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: Referring to the estimated employees' compensation resolved by the Board of Directors.

(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	2023		2022		Increased (decreased)	
	Amount	%	Amount	%	Amount	%
Directors	141,400	5.84	103,588	5.15	37,812	0.69
President and Vice Presidents						
After-tax net income in parent-company- only financial statements	2,420,569		2,013,156		407,413	

Description for analysis of increase/decrease:

The total remuneration to directors, the president, and vice presidents in 2023 as a percentage of net income increased by 0.69% from 2022. This increase can be attributed mainly to the growth of the Company's operation and profit, which led to an increase in provision for related remunerations as per the Articles of Incorporation.

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

- In accordance with the Articles of Incorporation for Directors' Remuneration, if the Company made profit in each fiscal year, no more than 2% for remuneration of Directors shall be deducted from the Company’s pre-tax income. In addition, the reasonable remuneration is determined considering the Company's operating results and their contribution to the Company's performance. 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.
- 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 remuneration to employees and directors shall be allocated as employee compensation.

- 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, 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.
- Regarding the procedures for determining remuneration, the Company not only makes reference to the overall operating performance of the Company, but also based on financial indicators (individual performance achievement rate and contribution to company performance), non-financial indicators (such as leader-specific major deficiencies in compliance with laws and regulations and operational risks in projects or subordinate departments), etc. 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.

4. Implementation of Corporate Governance

(1) Board of Directors

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

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

Job title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remark
Chairman	Compal Electronics, Inc. Representative: Jui-Tsung Chen	3	2	60%	● On June 15, 2023, the Company re-elected all its directors. Cheng-Hua Sun was newly elected and Che-Ho Wei resigned, with remaining directors continuing in office. ● 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	4	1	80%	
Director	Compal Electronics, Inc. Representative: Sheng-Hua Peng	3	2	60%	
Director	Compal Electronics, Inc. Representative: Chung-Pao Liu	5	0	100%	
Director	Chao-Peng Tseng	4	1	100%	
Director	Cheng-Hua Sun (Note)	3	0	100%	
Director	Che-Ho Wei (Note)	2	0	100%	
Independent Director	Ing-Jen Lee	5	0	100%	
Independent Director	Ching-Chang Wen	5	0	100%	
Independent Director	Wen-An Yang	5	0	100%	

Other notes:

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

2. For the recusal of Director(s) from voting on a motion due to a conflict of interest, shall state the name of Director(s), the content of the resolution, the reason of recusal and the participation of voting for the resolution.

Time of Board of Directors Meeting	Content of resolution	Name of Director(s) of Recusal	Reason of recusal	Participation of voting for the resolution
May 4, 2023 The 13th meeting of the 8th term Board of Directors	Adjustment of salary for 2023	Chao-Peng Tseng, Chung-Pao Liu	Holding concurrent position as manager of the Company	The relevant Directors recused themselves from the discussion and voting due to the conflict of interest. The resolution was adopted after the convener solicited opinions from the rest of the Directors present and received no objections.
	Approval for disbursement of Dragon Boat and Mid-Autumn Festivals bonus for 2023	Chao-Peng Tseng, Chung-Pao Liu	Holding concurrent position as manager of the Company	
	Disbursement of remuneration of Directors for 2022	Jui-Tsung Chen and other Directors	Discussion of disbursement amount for themselves or the legal persons they represented	
June 15, 2023 The 1st meeting of the 9th term Board of Directors	Appointment of Remuneration Committee members	Wen-An Yang, Ing-Jen Lee, Ching-Chang Wen	himself appointed	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.
	Appointment of the Sustainability Committee members	Chao-Peng Tseng, Chung-Pao Liu, Ing-Jen Lee	himself appointed	
	Appointment of President	Chao-Peng Tseng	himself appointed	
	Authorization granted to one director to assume the responsibility for managing the routine operations of the Internal Audit Office	Ing-Jen Lee	himself appointed	
August 1, 2023 The 2nd meeting of the 9th term Board of Directors	Change in appropriation of remuneration of directors for 2023	Jui-Tsung Chen and other Directors	Discussion of appropriation for themselves or 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 2022	Chao-Peng Tseng, Chung-Pao Liu	Holding concurrent position as manager of the Company	
November 1, 2023 The 3rd meeting of the 9th term Board of Directors	Disbursement of year-end bonus for 2023	Chao-Peng Tseng, Chung-Pao Liu	Holding concurrent position as manager of the Company	The relevant Directors recused themselves from the discussion and voting due to the conflict of interest. The resolution was adopted after the convener solicited opinions from the rest of the Directors present and received no objections.

3. Public listed companies shall disclose the frequency and timing of self-evaluation (or peer evaluation), scopes, methodology and content of assessment conducted by the Board of Directors, as well as the 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 2023 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	2023.1.1-2023.12.31	Board of Directors and individual Directors	Internal self-evaluation of the Board and self-evaluation of Board members	The performance evaluation items of the Board shall at least include the following five major areas: 1. Participation level in the management of the Company. 2. Enhancement of the decision making quality of the Board. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of Directors. 5. Internal control. The performance evaluation items of the Board members shall at least include the following six major areas: 1. Monitoring of Ccompany goals and tasks. 2. Comprehension of Director's duties. 3. Participation level in the operation of the Company. 4. Management and communication of internal relationships. 5. Professionalism and continuing education of Directors. 6. Internal control.	Standards significantly surpassed
Audit Committee	Once a year	2023.11-2023.12.31	Audit Committee	Internal self-evaluation of Audit Committee	The performance evaluation items of Audit Committee shall at least include the following five major areas: 1. Participation level in the operation of the Company. 2. Comprehension of Audit Committee's duties. 3. Enhancement of the decision making quality of Audit Committee. 4. Composition of the Audit Committee and election of committee members. 5. Internal control.	Standards significantly surpassed

Nature	Frequency of evaluation	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation	Results of evaluation
Remuneration Committee	Once a year	2023.1.1-2023.12.31	Remuneration Committee	Internal self-evaluation of Remuneration Committee	The performance evaluation items of Remuneration Committee shall at least include the following four major areas: 1. Participation level in the operation of the Company. 2. Comprehension of Remuneration Committee's duties. 3. Enhancement of the decision making quality of Remuneration Committee. 4. Composition of Remuneration Committee and election of committee members.	Standards significantly surpassed
Sustainability Committee	Once a year	2023.1.1-2023.12.31	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. Comprehension of Sustainability Committee's duties. 3. Enhancement of the decision making quality of Sustainability Committee. 4. Composition of Sustainability Committee and election of committee members.	Standards significantly surpassed

(2) According to the Company's assessment, EY Business Advisory Services Inc. has extensive practical experience in corporate governance guidance. Additionally, it is not a related party of the Company, nor does it maintain any business relationship that could compromise its independence. None of the personnel engaged, nor their second-degree relatives, hold positions of significant influence within the Company, nor do they have a direct or significant indirect financial interest relationship with the Company. Therefore, the Company has appointed them to conduct an external performance evaluation. The results of the external evaluation of the Board of Directors for 2023 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 3 years	2023.1.1-2023.12.31	1. Structure of Board of Directors 2. Members 3. Processes and information	1. Topic investigation and design 2. Board of Directors interview 3. Topic identification and analysis 4. Conclusion and suggestion	1. Board of Directors' participation level in the operation of the Company and comprehension of director's duties 2. Enhancement of the decision making quality of the Board and mastery of goals and tasks 3. Composition and structure of the Board of Directors 4. Election and continuing education of Directors 5. Internal control 6. Audit Committee 7. Remuneration Committee	The comprehensive performance is deemed advanced (meeting the basic requirements set by the competent authorities and relevant laws and regulations, and having a set of established and effective practices, or actively improving the performance in this aspect)

Item	Recommendations of the evaluation report	Future improvement plans
1	Starting in 2027, the tenure of independent directors for all TWSE/TPEx-listed companies shall be limited to three terms. It is recommended that Company nominate candidates for new independent directors in advance and establish a Board of Directors with the professionalism and practical experience required by the Company to ensure sustainable operations.	The Company will plan ahead for the nomination of new independent directors.
2	It is advisable to plan the meeting time in advance to enhance the attendance rate of directors at the Shareholders Meeting.	Directors are kindly requested to actively participate and attend the Shareholders Meeting.

4. Enhancing the valuation regarding the target achievement and execution by the Board of Directors in the current and most recent year (e.g. establishing Audit Committee, increase information transparency).
   (I) The Board of Directors established three functional committees, namely Audit Committee (in 2014), Remuneration Committee (in 2014), and Sustainability Committee (in 2022). The Independent Directors constitute the entire members of the Audit Committee and Remuneration Committee, and one Independent Director plus two Directors concurrently serving as managers constitute the members of the Sustainability Committee to assist the Board in fulfilling its duties.
   (II) 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.
   (III) On May 6, 2020, the Board of Directors adopted a resolution for the establishment of the "Procedures of Performance Evaluation of the Board of Directors and

Functional Committees". The results of the evaluation shall be submitted to the Remuneration Committee for making analysis and recommendation proposal before reporting to the Board. The results shall serve as a reference for salary and remuneration for individual Directors, as well as for the nomination of their re-election. The Company had completed the performance evaluation for 2023 and submitted the report to the Remuneration Committee and the Board of Directors on February 22, 2024.

(IV) The Company engaged an external professional institution to evaluate the performance of the Board of Directors and functional committees in 2023. The 2023 external performance evaluation report has been completed, and the evaluation results and recommendations as well as the measures expected to be adopted by the Company have been reported to the Remuneration Committee and the Board of Directors on February 22, 2024.

(V) Continuing education of directors: Directors are encouraged to participate in continuous education to enrich their knowledge continually. In 2023, the total hours of continuing education for all directors amounted to 60 hours.

(VI) In order to establish a sound risk management system and achieve the goal of sustainable operation, on August 1, 2023, the Company amended "Audit Committee Charter" and "Risk Management Policies and Procedures," empowering the Audit Committee to supervise risk management matters.

(VII) In order to strengthen the management of related-party transactions and regulate the significant purchase and sales, labor or technical service transactions between the Company and related parties, the relevant transaction information shall be submitted to the Board of Directors for approval before execution. The actual transactions shall then be reported to the Shareholders Meeting after the end of the fiscal year.

(VIII) In 2023, the Company completed the following amendments to the relevant laws and regulations: "Corporate Governance Best Practice Principles," "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties," "Articles of Incorporation," "Rules and Procedures for Shareholders Meetings," "Sustainable Development Best Practice Principles," "Audit Committee Charter," "Risk Management Policies and Procedures," "Procedures of Performance Evaluation of the Board of Directors and Functional Committees," "Internal Control System," and "Control Procedures of Cyber Security Review."

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

Job title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remark
Independent Director	Ing-Jen Lee	5	0	100%	On June 15, 2023, the Company underwent a full re-election of directors, and all three independent directors were elected to continue in office.
Independent Director	Ching-Chang Wen	5	0	100%	
Independent Director	Wen-An Yang	5	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 opioion or significant recommendations of Independent Directors	Audit Committee's resolution	The Company's action on the Audit Committee's opinions
2023.3.14 The 12th meeting of the 4th term	1. 2022 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. 2022 business reports	None		
	3. 2022 distribution of earnings	None		
	4. 2022 statement of internal control system	None		
	5. Investment increase on Arcadyan Holding (BVI) Corp.	None		
	6. Loaning funds to Arcadyan Technology (Vietnam) Co., Ltd.	None		
	7. Adoption of the "General Principles of Non-assurance Service Pre-approval"	None		
2023.5.4 The 13th meeting of the 4th term	1. 2023 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.
2023.6.15 The 1st meeting of the 5th term	1. Approval for the appointment of the Company's Chief Accounting Officer.	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 appointment of the Company's Chief Internal Audit Officer.	None		
	3. Authorization granted to one director to assume the responsibility for managing the routine operations of the Internal Audit Office.	None		
2023.8.1 The 2nd meeting of the 5th term	1. 2023 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. Amendments to "Audit Committee Charter" and "Risk Management Policies and Procedures."	None		
	3. Amendments to the "Internal Control System" and the "Control Procedures of Cyber Security Review."	None		
	4. Proposal for loaning funds to Arcadyan do Brasil Ltda.	None		
	5. Proposal for engaged construction of Phase-II Hsinchu Headquarters Building on its self-owned land.	None		

Audit Committee Date/Session	Content of resolution	Objections, reservations or important suggestions of Independent Directors	Audit Committee's resolution	The Company's action on the Audit Committee's opinions
2023.11.1 The 3rd meeting of the 5th term	1. 2023 Q3 financial reports	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	The resolution was adopted after the convener solicited opinion from the attending Directors and received no objection.
	2. Approval for the audit plan for 2024.	None		
	3. Assessment of the independence and competence of the auditing CPAs.	None		

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

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

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

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

      - By the end of the following month after completing the audited items, the Internal Audit Officer shall submit an audit report to the Independent Directors. Should the Independent Directors require clarification of the audit and follow-up actions, they 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.
      - 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
2023.3.14	1. Reporting of internal audit conducted in Q4 2022. 2. 2022 statement of internal control system.	There were no objections or other instructions after all the Independent Directors reviewed.
2023.5.4	Reporting of internal audit conducted in Q1 2023.	There were no objections or other instructions after all the Independent Directors reviewed.
2023.6.15	Reporting of internal audit conducted in April 2023.	There were no objections or other instructions after all the Independent Directors reviewed.
2023.8.1	Reporting of internal audit conducted in May to June 2023.	There were no objections or other instructions after all the Independent Directors reviewed.
2023.11.1 (Separate communication meeting)	1. Reporting of internal audit conducted in Q3 2023. 2. 2024 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
2023.11.1 (Separate communication meeting)	1. Independence of CPAs 2. The responsibility of the reviewers for review of the interim financial report, the scope of the review, and the type of the conclusion issued based on the review. 3. Audit plan for annual financial statements. 4. Update of important laws and regulations. 5. Report of 2022 “Audit Quality Indicators(AQIs)”	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 "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		In accordance with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the Company has established "Corporate Governance Best Practice Procedures" and make relevant disclosure on the Company website and Market Observation Post System.	No material deviation
2. Shareholding Structure and Shareholders' Equity				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, 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 Procedures. In 2023, the Company amended the "Corporate Governance Best Practice Principles," requiring measures for controlling stock trading by insiders from the date when become aware of the 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 publication of annual financial report and 15 days prior to publication of the quarterly financial reports. In 2023, the Company implemented requirements to Directors to cooperate in the process before the lock-up period in accordance with regulations.	
3. Composition and responsibilities of the Board of Directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(1) The Company has nine Directors, including three Independent Directors, and one external individual Director. Seven directors do not assume managerial positions in the Company; every Director possesses professional background, including business, legal, accounting, technology, management, professional skills and industrial experience, which form a diversified composition. The current Board members who are specialized in leadership quality, business judgment, operation and management, and product knowledge include Jui-Tsung Chen, Chung-Pin Wong, Sheng-Hua Peng, Chao-Peng Tseng, Chung-Pao Liu, Ing-Jen Lee	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	
			and Ching-Chang Wen; member with accounting knowledge and financial analytical capability includes Wen-An Yang; member with legal proficiency includes Cheng-Hua Sun. Directors who are also employees of the Company represent 22% of the Board; Independent Directors represent 33%, the average age of the Directors fall between 60 and 70 years old. 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) 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 20. The Board shall establish the diversity policy pertaining to the composition of Directors, and provide disclosure on the Company website and Market Observation Post System.	
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(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.	No material deviation
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors,	V		(3) On May 6, 2020, the Board adopted resolution for the establishment of "Procedures of Performance Evaluation of the Board of Directors	No material deviation

Evaluation Item	Implementation status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summary description	
implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary/ remuneration for individual Directors and their nomination and additional office terms?			and Functional Committees". The scope of evaluation includes the performance evaluation of the entire Board of Directors, individual Directors and functional committees. The scope of evaluation includes self-evaluation of the Board and functional committees, self-evaluation of individual Board members, 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 recommendation proposal before reporting to the Board. The results shall serve as a reference for the salary and remuneration for individual Directors, as well as for the nomination of their re-election. The Company has completed the 2023 performance evaluation on February 22, 2024 (evaluation period: January 1, 2023 to December 31, 2023), and the results were all "standards significantly surpassed" and already reported to the Remuneration Committee and the Board of Directors. The Company engaged an external professional institution to conduct the external performance evaluation of the Board of Directors in 2023. The evaluation result was "Advanced" and was already reported to the Remuneration Committee and the Board of Directors on February 22, 2024.	
(4) Does the Company regularly evaluate its external auditors' independence?	V		(4) The auditing firm of the Company and its employees are required to submit a "Declaration of Independent". After verification, in addition to audit and tax fees, the Company confirmed that there is no other business interest and relations with the CPAs. Further, when the Audit Committee and the Board of	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	
			Directors discussing the independence and engagement of the auditing CPAs, the recommended CPAs are required to submit CVs, their "Declaration of Independent" (declaring not in 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 1, 2023. Please refer to the relevant information disclosure on 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 appoint 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, review and amend the corporate governance principles and relevant procedures on a regular basis, and implement corporate governance management. Please refer to page 49 for the implementation status of the corporate governance business for 2023.	No material deviation
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees,	V		The Company maintains good communication channels with its banks, shareholders, suppliers, creditors and employees, as well as respecting and	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	
customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?			protecting their legal interests. The Company has provided phone numbers and e-mails for business queries and investor relations. Various interested parties may also reach the Company via e-mail when needed, and the Company will properly respond to the concerns and suggestions by stakeholders.	
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: www.arcadyan.com, and a dedicated unit is designated to be responsible for the collection and disclosure of the Company's financial, business and corporate governance information.	No material deviation
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference via the Company website, etc.)?	V		(2) The Company disclosures the relevant information on the Company website and Market Observation Post System from time to time. Meanwhile, spokespersons and acting spokespersons have been set up to implement the spokesperson system. In addition, the Company has established Investor Relations section on its Chinese and English websites, providing adequate 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: www.arcadyan.com.	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 2023 were announced and filed on February 22, 2024. Additionally, the first, second, and third quarterly financial reports, along with the monthly operating status report, were submitted earlier than the stipulated 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 explanation of Note.	No material deviation

9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.

(1) According to the 10th Corporate Governance Evaluation Results announced by the Taiwan Stock Exchange, the Company was ranked as one of the third range companies, i.e., the Top 21% to 35%. The Company shall make effort in expanding and deepening the implementation of environmental, social and governance (ESG) criteria, thus working toward sustainable development.

(2) The improvements made in 2023 are mainly as follows:

I. To amend the "Rules Governing Financial and Business Matters Between this Corporation and its Related Affiliates". Relevant major related-party transactions should be approved by the resolution of the Board of Directors.

II. Amend the "Corporate Governance Best Practice Principles," stipulating measures for controlling stock trading by insiders from the date when become aware 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 publication of annual financial reports and 15 days prior to publication of the quarterly financial reports.

III. Upload uninterrupted audio and video recording of the entire meeting after the Shareholders Meeting.

IV. In the 2023 Shareholders Meeting, all directors were re-elected, and a female director with a legal proficiency was elected.

V. Formulate succession plans for the Board members and key management personnel, and disclose the operational status on the Company's website.

VI. Evaluate independent auditors' independence and suitability with reference with the Audit Quality Indicators (AQIs).

VII. The Company amended the "Audit Committee Charter." The Audit Committee supervises the risk management, and the Board of Directors approves risk management policies and procedures. The risk management organizational structure, risk management procedures, and their operation status are reported to the Board of Directors.

VIII. Engage an external professional institution to conduct the evaluation of the Board of Directors for the period.

IX. The changes in the shareholding of insiders in the previous month are uploaded to the Market

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	
Observation Post System before the 10th of each month. X. Disclose the linkage between the performance evaluation and the remuneration of directors and managers in the annual report. XI. Establish policies for workplace diversity or the promotion of gender equality, and disclose their implementation status. XII. Assess the risks or opportunities to the community and take corresponding measures, and disclose the specific measures and implementation results on the company's website, annual report and sustainability report. (3) The expected improvements to be made in 2024 are mainly as follows: I. Convene the Shareholders Meeting before the end of May. II. Announce the annual financial statements audited by CPAs within two months after the end of the fiscal year. III. Disclose the policy of linking the remuneration of senior managers with ESG-related performance evaluation. IV. Submit the sustainability report to the Board of Directors for approval. V. Improve the attendance rate of Directors at the Shareholders Meetings.				

■ The implementation status of the corporate governance business in 2023 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 23 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 on Company information, but also allows investors to fully comprehend the operating results and long term operating strategy of the Company.
e. Relationship with suppliers: The Company enters into contracts with all suppliers to protect mutual interests and foster a good working relationship.
f. Stakeholders’ rights: The stakeholders are able to communicate and make suggestions with the Company to protect their legal rights.
g. Status of financial personnel obtaining licenses issued by the competent authorities: the Chief of Financial and Accounting Officer possesses CPA qualification of ROC and International Certified Internal Auditor (CIA) qualification; the Chief of Internal Control Officer possesses International CIA qualification, which meets the practicing requirement of an internal auditor.

h. Continuing education of Directors

Job title	Name	Date of training	Organized by	Course title	Hours of training
Chairman	Jui-Tsung Chen	2023.9.8	Taiwan Institute of Directors	The business implications of ESG rating analysis and sustainability evaluation	3
		2023.10.12	Taiwan Institute of Directors	Legal Risks of Enterprise Investment and Financing	3
		2023.11.10	Taiwan Corporate Governance Association	Global Trends and Business Opportunities of Low Carbon Economy and Low Carbon Innovation in 2023	3
Director	Chung-Pin Wong	2023.11.10	Taiwan Corporate Governance Association	Global Trends and Business Opportunities of Low Carbon Economy and Low Carbon Innovation in 2023	3
		2023.11.24	Taiwan Institute of Directors	Matters needing attention in enterprise IPO planning: general company and group spin-off	3
Director	Sheng-Hua Peng	2023.4.13	Taiwan Institute of Directors	2023 KPMG Leaders Academy Forum- Challenges and Opportunities of Net Zero	3
		2023.11.10	Taiwan Corporate Governance Association	Global Trends and Business Opportunities of Low Carbon Economy and Low Carbon Innovation in 2023	3
Director	Chung-Pao Liu	2023.8.18	Accounting Research and Development Foundation	The Development Trend of Internet Technology and the New Thinking of Internal Auditors	6
Director	Chao-Peng Tseng	2023.12.12	Taiwan Corporate Governance Association	The 19th (2023) Corporate Governance Summit Creating New Sphere of Governance for the Elevating Value of Enterprises	6
Director	Cheng-Hua Sun	2023.12.1	Taiwan Corporate Governance Association	An Era of Stringent Personal Data Protection Regulation	3
		2023.12.22	Taiwan Corporate Governance Association	Introduction to carbon market: discussion about carbon fee, carbon tax, allowance, and carbon trading	3
Independent Director	Ing-Jen Lee	2023.4.13	Taiwan Academy of Banking and Finance	Corporate Governance Lectures	3
		2023.7.12	Greater China Financial and Economic Development Association and Taiwan Listed Companies Association	AI Thinking and Digital Transformation	3

Job title	Name	Date of training	Organized by	Course title	Hours of training
Independent Director	Ching-Chang Wen	2023.11.9	Securities & Futures Institute of R.O.C.	Formulating sustainable governance strategies under risk management	3
		2023.11.9	Securities & Futures Institute of R.O.C.	Key fiscal, taxation and securities regulations issues in 2023	3
Independent Director	Wen-An Yang	2023.10.11	National Federation of CPA Association of the R.O.C	Improve information security literacy and personal data protection	3
		2023.10.23	National Federation of CPA Association of the R.O.C	The Latest Money Laundering prevention Trends and Practice	3
		2023.12.21	National Federation of CPA Association of the R.O.C	Accountants' responsibilities and responses to company shareholder disputes	3

i. Implementation of risk management policies and risk assessment standard: The Board of Directors approved the “Risk Management Policies and Procedures”. Therefore, the “Operation Management Committee” was established under the President 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 2023 amounted to USD10,000 thousand (TWD 321,900 thousand) and the main content of the insurance was reported to the Board of Directors on March 14, 2023.

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

Job title	Name	Date of training	Organized by	Course title	Hours of training
Chief Accounting Officer	Shih-Wei Huang	2023.8.10~ 2023.8.11	Accounting Research and Development Foundation	Training Program for the Chief Accounting Officer	12
Corporate Governance Officer	Shih-Wei Huang	2023.5.26	Kinpo Group Management Service Company	Challenges and Responses of Taiwanese Enterprises Among Global Risks in 2023	2
		2023.6.9	Securities & Futures Institute of R.O.C.	2023 Insider Trading Prevention Propaganda	3
		2023.7.4	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6
		2023.9.15	Accounting Research and Development Foundation	Internal Auditor's Audit Control Practice for "Information Security"	6
		2023.10.13	Securities & Futures Institute of R.O.C.	2023 Insider Trading Prevention Propaganda	3
		2023.11.15	Securities & Futures Institute of R.O.C.	2023 Internal Personal Equity Transaction and Legal Compliance Session	3
Chief Internal Audit Officer	Yi-Ling Peng	2023.9.7	The Institute of Internal Auditors-Chinese Taiwan	Risk based internal auditing: Approach and Practice	6
		2023.11.8	The Institute of Internal Auditors-Chinese Taiwan	How to adjust the internal control system to adapt to new ESG regulations	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.

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

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

■ Information on Remuneration Committee Members

Identity (Qualifications / Name)		Professional qualifications and experience	Independence criteria	No. of other public companies at which the person concurrently serves as Remuneration Committee member
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.; not under any circumstances of Article 30 of the Company Act.	Refer to Page 16 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 16 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 Bioptik Technology Inc.; not under any circumstances of Article 30 of the Company Act.	Refer to Page 16 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. There were four Remuneration Committee 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%	On June 15, 2023, the Company underwent a full re-election of directors, and all three members were appointed to continue in office.
Committee Member	Ing-Jen Lee	4	0	100%	
Committee Member	Ching-Chang Wen	4	0	100%	

■ Other notes:

1. If the Board of Directors does not accept, or amends, any recommendation of the Remuneration Committee, specify the Board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the Board of Directors, and the measures taken by the Company with respect to the opinions given by of the Remuneration Committee (e.g., if the salary/compensation approved by the Board is higher than the recommendation of the Remuneration Committee, specify the difference(s) and the reasons): None.
2. With respect to any matter for resolution by the Remuneration Committee, if there is any 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 reponse on the Remuneration Committee's opinions
2023.3.14 The 11th meeting of the 4th term	1.Approval for the appropriation of the remuneration to Directors and compensation to employees for 2022.	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 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.
2023.5.4 The 12th meeting of the 4th term	1.Adjustment of salary for 2023.	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	As Directors Chao-Peng Tseng and Chung-Pao Liu were concurrently serving as the managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The

Remuneration Committee Date/Session	Content of motion	Objections, qualified opinion or important recommendations of Independent Directors	Resolution by the Remuneration Committee	The Company's reponse on the Remuneration Committee's opinions
				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 2023.	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	As Directors Chao-Peng Tseng and Chung-Pao Liu were concurrently serving as 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.
	3.Approval for the disbursement of remuneration of Directors for 2022.	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	Director Chung-Pin Wong, serving as an acting chair, appointed Independent Director Ing-Jen Lee to preside over the discussion and vote on this proposal. The relevant Directors, including Jui-Tsung Chen and other directors, recused themselves from the discussion and voting due to conflict of interest. In addition, the resolution was adopted after the convener solicited opinions from the rest of the Directors in attendance and received no objections.
2023.8.1 The 1st meeting of the 5th term	1. Change in appropriation 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, including Ing-Jen Lee and other directors, recused themselves from the discussion and voting on this proposal. The resolution was adopted after the chair solicited opinions from the other directors present at the meeting and received no objections.
	2.Approval for the	None	The resolution was	As Directors Chao-Peng

Remuneration Committee Date/Session	Content of motion	Objections, qualified opinion or important recommendations of Independent Directors	Resolution by the Remuneration Committee	The Company's reponse on the Remuneration Committee's opinions
	disbursement of employee compensation for 2022.		adopted after the convener solicited opinion from the attending members and received no objection.	Tseng and Chung-Pao Liu were concurrently serving as 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.
2023.11.1 The 2nd meeting of the 5th term	Year-end bonus for 2023	None	The resolution was adopted after the convener solicited opinion from the attending members and received no objection.	As Directors Chao-Peng Tseng and Chung-Pao Liu were concurrently serving as the managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was adopted after the convener solicited opinions from the rest Directors present at the meeting and received no objections.

■ Functions:

1. Establishing and reviewing performance of Directors and managers, as well as policy, system, standard and structure of remuneration and compensation on a regular basis.
2. Periodically evaluate and prescribe the remuneration of Directors, and compensation of managers.
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		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, and the "Sustainable Development Office" was also set up. The dedicated person is responsible for the implementation of all the matters related to the sustainable development of the Company. The "Sustainability Committee" shall be convened at least once a year. The chairman shall report the implementation results of the sustainable development and the future plans to the Board of Directors every year on a regular basis. In 2023, 2 meetings were held with proposals encompassing: (1) Reviewing the ESG implementation and the establishment of annual goals; (2) Amending the "Sustainable Development Best Practice Principles." The implementation included: (1) Reviewing the ESG implementation and the establishment of annual goals; (2) Joining the Science Based Targets Initiative (SBTi) and establishing targets for carbon reduction and net zero; (3) Attaining the ISO 50001 energy management system certification for the Company's main production base, the Vietnam subsidiary, and introducing solar power system; (4) Setting a goal of achieving 100% green certification for our products and striving to achieve it; (5) Amending the "Sustainable Development Best Practice Principles" and sponsoring cultural and artistic events or cultural and creative industries to promote cultural development. The Company's Board of Directors regularly receives reports from the management team. The management must propose corporate strategies to the	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	
			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.	
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 71. 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 2023.	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	No material deviation

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>Company.
ISO 14001: 2015 Environmental Management Systems
ISO 14006: 2011 Environmental management systems -Guidelines for incorporating eco-design
IECQ-QC080000: 2017 Hazardous Substance Process Management System
ISO 14064-1: 2018 Greenhouse Gas Inventory</td><td></td></tr>
<tr><td>(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?</td><td>V</td><td></td><td>(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.
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.
As for green manufacturing, we reduce unnecessary waste of resources, dedicate ourselves to the reduction of the waste, and develop recycling technologies. We work with our upstream and downstream partners to recover and share packaging materials, and do our best to use recycled material in the production to reduce the load and impact on the environment, and maximize the benefit of the circular economy. We create circular value by recovering process materials, developing waste reduction technology, and designing and selling of recycled products.</td><td>No material deviation</td></tr>
<tr><td>(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in</td><td>V</td><td></td><td>(3) The Sustainability Committee of Company is the most top organization which is in charge of the climate change management. The environmental sustainability task</td><td>No material deviation</td></tr>
</table>

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	
the future and adopted relevant measures to address them?			force is responsible for the climate change strategies and goals, management of the risks and opportunities in the climate change, review of the implementation status, and discussion of the future plans. The Company adapted the TCFD structure to enhance the assessment of the risks and opportunities that the climate change brings to the Company. To reduce the aforementioned risk factors, the Company 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 the climate change. 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.	
(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		(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 2023, as well as inventory and third-party verification required by ISO 50001 have been completed. The GHG inventory and third-party verification for the carbon footprint of key products in Scope 3 have also been completed. In 2022 and 2023, the Company's headquarter in Taiwan and production centers in China and Vietnam had GHG emissions of 31,332 ton and 29,300 ton CO_2e, respectively. Within these emissions, Scope 1 accounted for 1,000 tons and 30,332 tons, while Scope 2 accounted for 1,000 tons and 28,300 tons, for the respective years. The main emissions from electric power in Scope 2 was the major sources and	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	
			occupied 97% of the aforesaid emissions, followed by the emissions from the consumption of the process oil and the fuel used for the public systems in Scope 1 that occupied a proportion of 3%. To catch up with the international reduction trend of emissions, the Sustainability Committee of the Company takes follow-up actions with setup of goals in the design and selection of the materials, local procurement and 10R strategy, power-saving production and green transportation to reduce carbon based on the life circle in the circular economy. We will continuously purchase renewable energy and dedicate ourselves to the development of energy saving products, and assess the possibility to use 100% renewable energy completely to achieve the long-term goal of net zero emissions. With the aforementioned efforts, we expect to further reduce the total carbon emission and GHG intensity in 2024 and make a contribution to the environment. The goals of the Company in the management of the energy resources are described below: The greenhouse gas reduction target, using 2022 as the base year, has been set to achieve net-zero emissions for greenhouse gases (Scope 1+2) within the organization by 2040, with a short-term goal of reducing absolute emissions by 50% in 2030. Less GHG intensity by 1% compared to previous year; less energy (electricity) intensity by 1% compared to previous year; less per capita consumption of water resource by 1% compared to previous year; more waste recovery rate by 3% compared to previous year. 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 the daily life to maximize the benefit of the available water resource. The Company's headquarter in Taiwan and production centers in China and Vietnam completed the water footprint verification in 2023. The	

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	
			water consumption in 2022 and 2023 was 166,291 and 175,976 tons respectively. The Company continues to take various improvement measures, including guiding the waste system to the recovery system and applying recycles water to the process to reduce water consumption. The Company is dedicated to the environmental protection. “The Sustainability Committee” establishes the waste reduction KPI and review the performance every year. Internal and external audits are also conducted for the reduction of the waste. To ensure the recycle of resources, the Company, in principle, the priority is to reuse the treated waste in our plants to reduce the usage of the raw materials then recycle for reuse. Incineration or dumping in landfill sites is the last resort. In 2022 and 2023, the Company's headquarters in Taiwan and production centers in China and Vietnam have produced the non-hazardous wastes of 990.84 tons and 1,620.26 tons respectively; the hazardous wastes of 121.46 tons and 120.34 tons respectively, and the total wastes of 1,112.30 tons and 1,740.60 tons respectively. The “zero waste” is the ultimate aim in the waste management of the Company. We will continuously implement the waste reduction plan and reduce the generation of the waste from a single product unit to meet the requirements of the WEEE Directives. We will take the reduction of the total waste volume and conversion of the waste to resources as the strategy to reduce the generation of the waste and its volume by implementing the source management such as improvement of process technologies and reduction of the raw material at the design stage.	
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(1) 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	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	
			and violate human rights. The Company establishes relevant management rules, such as "Child and Juvenile Workers Control Procedures", "Freedom of Association and Collective Bargaining rights Control Procedures", "Discrimination Prohibition and Discipline Measures Control Procedure", "Forced Labor Prohibition Control Procedures", to ensure that employees and external stakeholders can work or provide services without the concern about retaliation or threat, or they will not work or provide service in the form of paying a debt. Relevant policies and implementation status have been disclosed in the chapter of happy workplace in our Sustainability Report under "ESG Sustainability" section on the Company's website.	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		(2) The Company establishes reasonable salary/compensation and relevant management systems to ensure that the salary/compensation meets the requirements of the regulations and is up with the market. In addition to the fixed monthly salary, the Company offers festival and year-end bonus, patent bonus, special bonus, and so on. A compensation adjustment plan has been established to share the operation results with the employees based on the annual earnings of the Company and the performance of individual employees. In general, male and female employees occupy 70% and 30% of all the employees respectively, while male and female employees taking management positions occupy 79% and 21%. (The difference is attributable to the type of the functions, the educational background of the employees, and other factors.) The gender is never a factor that influences the employment or promotion of the employees. In accordance with the laws, the Company establishes the "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	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	
			activities. The welfare for the employees includes birthday cash gifts, festival cash gifts, organization of recreational activities for the health of the employees, family day, domestic and overseas travels, wedding and funeral subsidies, childbirth subsidies, consolatory payment for hospitalization to employees and family members, lucky draw at year-end party, and physical examination. In addition to the insurance required by labor laws, the Company takes out group insurance for the employees (including life insurance, accident insurance, cancer insurance, and medical insurance) to provide them with comprehensive protection.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(3) The Company establishes ESH (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. 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. 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 2023.	No material deviation
(4) Has the Company	V		(4) The Company places importance on	No material deviation

Promotion Items	Implementation Status: Yes	No	Summary description	Deviations and Reasons for Best Practice Principles of the Corporate Sustainable Development for TWSE/TPEx Listed Companies
established effective career development training programs for employees?			the development of the employees and is dedicated to the training of talents. We encourage employees to participate in training courses and self-leaning activities. The types of courses can be categorized into professional & technical, leadership management, and common communication. About 283 classes of professional courses were provided in the recent five years and, overall, more than 374 classes of courses were organized. The professional courses include R&D, engineering, IT, law and patent, finance and accounting, etc. 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.	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and establish policies for consumer protection and grievance procedures?	V		(5) The Company prevent disclosure of documents by implementing the ISO 27001 Information Security Management System to protect the integrity of the customer's documents and data, and help each departments manage and reduce the threat and risk with respect to the information. The Company conducts internal and external audits on a regular basis. Through the risk assessment of information assets, proper control measures are implemented for risks related to various information assets based on the characteristics of the risks to reduce or transfer risks and achieve the goal of risk management. This can ensure the confidentiality of information related to the business and prevent breaches or losses sensitive information and individual data. The Company sets up an information	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	
			security reporting mailbox (ethics@arcadyan.com) for stakeholders to communicate with each other about information security issues. No infringement upon the privacy of the customers or other material incidents for information security have occurred since the foundation of the Company.	
(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		(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. 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 2023.	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 universal report preparation standards (GRI Standards). AFNOR Asia as an independent and fair third party has conducted the verification pursuant to AA1000 Accountability Principles and GRI Standards, and confirmed the conformity to the 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 operation of the company and the princuples stipulated.				

7. Other information relevant to understanding the Company's business integrity:
   (I) Going green and environmental protection: To avoid damaging the ecosystem, the R&D team of the Company focuses on the eco-design of products and has introduced a lead-free manufacturing process successfully and at the same time, meeting the international environmental protection requirements of removing lead, cadmium, mercury, hexavalent chromium and other hazardous chemicals, implementing Eco-design in 2017, and obtaining ISO 14006 certification for incorporating eco-design in 2018.
   (II) In 2005, the Company obtained both ISO 14001 certification on environmental management systems and OHSAS 18001 certification on occupational health and safety management system. The Company also obtained the Taiwan Occupational Safety and Health Management System certification in 2009. The certification was issued by the Health Promotion Administration of Ministry of Health and Welfare under the Executive Yuan. Furthermore, the Company successfully transferred OHSAS 18001 to ISO 45001 management system in 2020.
   (III) Production Center in China obtained Social Accountability 8000 (SA8000) in 2013, showing the performance and commitment in CSR by the Company, increasing the loyalty and sense of belonging of the employees, and establishing a positive corporate image.
   (IV) The Company has established energy conservation, carbon reduction, reduction of greenhouse gas emission and water use, and other waste treatment management policies: Including a Carbon Disclosure Project (CDP) which is mainly to strengthen the ability of the Company in responding to climate change, such as inspection on carbon emission, checking the result of carbon reduction and establishing regulations on evaluation and physical risks, and further transitioning various risks into opportunities for green circular economy, to increase the sustainable development; for energy management, every factory area tracks the KPI management every month, in which depending on how well the KPIs are met, improvement measures and planning will be proposed; for water resource management, due to the high water use of the Company, which mainly comprises of employee daily water use, many facilities and infrastructure have to be inspected and improved, and awareness for good lifestyle habits is promoted; for waste management, while paper use in the verification system of the production is reduced, thus decreasing waste due to human error. The employees at the factory areas have been trained professionally and rigorously in safety, health and environmental protection, and thus no major pollution incident has occurred over the years.
   (V) Circular economy: to help promote the design thinking of circular economy, the Company instills the concept into its products and in turn constructs a multiple cycle circular economic model in product re-cycling and re-use. In 2021, the Company passed the certification of SGS and obtained optimum level on business model.
   (VI) Strengthen supply chain carbon management: Arcadyan 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.
   (VII) Sustainable Development Performance in 2023
   - Participated in the Carbon Disclosure Project (CDP) from 2009 for disclosure of the climate change investigation and water footprint verification. The 2022 CDP Supplier Engagement Rating Report was awarded A/A- (implementing current best practice). The CDP Category 1+2 was awarded B- Management Level.
   - The production center in Vietnam was audited and evaluated by the Responsible Business Alliance (RBA) as Silver Grade.
   - Won the Gold Medal Award of EcoVadis Global Corporate Social Responsibility (CSR) Rating.
   - Signed the SBTi Science Based Targets initiative, and formulated the carbon reduction goals of the Group.
   - Won "Carbon Reduction Pioneer Award" as a sustainable partner of Chunghwa Telecom
   - Won the "Golden ESG Achievement in 2023 E-Mobility Taiwan"
   - Won "SEAL Awards at Business Sustainability Awards"
   - Won "Product Award of Taiwan Circular Economy"
   - The Taitung County Government commends the adoption activity of the "Soil Carbon Sink Project"
   - Headquarters in Taiwan and production centers in China and Vietnam obtained the certification of ISO 14064 Greenhouse Gas Emissions Scope 1, 2, and 3
   - Passed ISO50001 Energy Management System Certification
   - Continuously expanded the construction of roof top solar panels at the Vietnam production center
   - Completed supplier evaluation and commended 15 excellent suppliers
   - 10 product projects have obtained third-party certification of ISO 14067 /ISO 14040 /ISO 14044 carbon footprint
   - 5 product projects obtained the certification of TUV Green mark
8. 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 2023 are as follows:

- Emergency aids: Working with Chinese Christian Relief Association, Jie Hui Social Welfare Foundation, World Peace Association, Taipei City Hsin Hua Charity Foundation, World Vision Taiwan, Continuation of Love Public Welfare Association, Canlove Social Service Association, Hualien Elder and Family Care Association, Pingtung County Hai Qing Qing Association, Children Are Us Foundation, Sunshine Social Welfare Foundation, Tzih Huai Social Welfare Foundation, Double Bliss Welfare and Charity Foundation, etc. to assist approximately 440 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 Lonely Elderly Project of Double Bliss Welfare and Charity Foundation.
- 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, group purchase of wendan for Mid-Autumn Festival from Tribe Kitchen, 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 gift boxes of Mother's Day and Mid-Autumn Festival from Aiheng Training Center, 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, Chingshuei Elementary School, Neiwan Elementary School, and Shiguang Junior High School.
- Providing summer intern jobs for 5 children from Hsinchu Fund for Children and Families, and Hsinchu Chusin Association.
- Holding visually impaired massage charity.
- Dreamer projects for children in rural areas: Dreams Come True of Hsu Chauing Social Welfare Charity Foundation, and Christmas activity of Kuen Tai Cultural and Education Foundation, etc.
- Taiping Elementary School, Pinglin Elementary School, Nanhe Elementary School: Subsidizing after-school care project, supporting the expense for the One School, One Talent program and the establishment of English environments.
- Little Tree Spreads Love Association: Sponsoring the "Charity Carnival" activity.
- R.O.C. Resource Matching Association: Sponsoring charity fairs of delivery with love to the underprivileged, and employee fundraising for New Year's food to the underprivileged family.
- World Peace Organization: Sponsoring the realization of dreams for underprivileged children and charitable performances of children's drama, participating in New Year for Hungry Children Project, and employee fundraising to keep hungry kids away from hunger, etc.
- World Vision Taiwan: Making donation to 30 Hour Famine and reconstruction of Orchid Island from Typhoon Koinu.
- Taiwan People's Food Bank Association: Gifting the food offerings from first business day of the year and Ghost Festival's praying rituals.
- Common Good Social Innovation Association: Sponsoring legal aid training program.
- Andrew Charity Association: Donating to the food bank project for underprivileged children, employee fundraising for New Year's food donation to underprivileged families
- Hsinchu Science Park Management Association: Sponsoring the "The 3rd Session Preventive Medicine Forum at Hsinchu Science Park."
- Children Are Us Foundation: Purchasing cakes for Mother's Day and Mid-Autumn Festival (and donating the cakes to underprivileged children), sponsoring diversified workplace open house activities and beautiful life activities, employee fundraising for family daily care of children having intellectual development disorders and expenses for daycare centers, etc.
- Huashan Social Welfare Foundation: Donation for New Year meals and provision of gift boxes for Dragon Boat and Mid-Autumn Festivals.
- Aiheng Training Center for Intelligent Development: Sponsoring the construction of the learning pavilion in the Center's lohas farm.
- Taiwan Joy Baby Community Association: Donating funds for tuition and preparing dinner for kids at remote area.
- Eden Social Welfare Foundation: Funding the services for underprivileged children.
- Hsu Chauing Social Welfare Charity Foundation: Participating in dreamer projects and food donation program, and donations for underprivileged children's education from employees.
- Kuen Tai Foundation: Employee fundraising for donating pad.
- Hua-Guang Intellectual Development Center: Commissioning the Sediq people for rice planting, and donating the rice to Hua-Guang Intellectual Development Center.
- Hsinchu Fund for Children and Families: Making donations to summer camp for disadvantaged children and 2023 Warm Winter Fair fundraising for children.

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	
● Hsinchu Chusin Association: Sponsoring 2023 Year-End Thanksgiving Concert. ● Bluesky Home: Donation to the halfway house for marginal adolescents. ● Tribal Kitchen: Sponsoring Sediq's tribal kitchen with cereals and donating acquired rice to World Peace Organization and Hua-Guang Intellectual Development Center. The list above details the donation from the Company and its employees. The donation amounted to TWD 5,624,535, where 1,039 people participated and 4,248 people benefited.				

■ Major risk assessment and corresponding strategies

Major issue	Risk category	Risk description and possible impact	Corresponding strategies
Economy	Strategy	International events, including the US-China trade war, the Russo-Ukrainian war, tensions in the Taiwan Strait, the Israel-Kazakhstan conflict, and the Red Sea crisis, have led to increased operation costs and risks for the Company, consequently affecting its sales and profitability, such as increase in tariffs, transportation time, shipping cost and material shortage, etc.	The Company has expanded its production base in Vietnam, which will become the main manufacturing center in the future. The R&D center is also planning to expand overseas branches. These bases in various countries will be capable of taking over relevant business contacts at any time to ensure that the operation is not affected.
Corporate Governance	Information	Material incidents for information security such as hacker intrusion, data encryption, or theft of confidential information, may result in interruption of the Company's daily operations, production, and damages to corporate reputation.	Continuously provide education and training in information security related skills and knowledge to IT personnel, raise the information security awareness among all employees of the Company, continuously invest in the use of information security protection tools, and procure business interruption insurance and information security insurance to protect the company's rights and interests.
Economy	Operation	Weak financial structure of overseas outsourcing partners, material shortages due to suppliers' delayed delivery, inefficiency in the production process, insufficiency of production capacity, low yield or poor quality, etc., which may prevent the Company from	1. Require outsourcing partners to sign contracts clearly specifying the responsibilities and obligations of both parties. 2. Regularly assign expetriate personnel to outsourcing partners to supervise the supply of materials and production processes, as well as conduct

Major issue	Risk category	Risk description and possible impact	Corresponding strategies
		successfully completing customer orders.	quality control. 3. Actively seek for transaction by the form of letters of credit or bank guarantees based on the financial position of outsourcing partners to ensure the Company's rights and interests and mitigate risks.
Economy and environment	Operation	Sustainability indicators not meeting the annual carbon reduction targets set by customers or international trends may affect competition for customer orders and increase operation costs.	1. The Company has established the Sustainability Committee to set annual implementation goals based on the five major aspects of corporate governance, environmental sustainability, sustainable procurement, employee care, and social participation, and convenes meetings on a quarterly basis to trace. 2. Introduce ISO 50001 energy management system, ISO 14006 product eco-design, ISO 14064 organization greenhouse gas inventory, and BS 80001 circular economy, implement environmentally friendly product design, monitor the company's carbon emissions, and promote relevant management measures for energy conservation and carbon reduction. 3. Evaluate the purchase of International Renewable Energy Certificates (IRECs).

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

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company 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: Yes	No	Summary description	Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the Reasons
	V		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 penalties for violation and complaint 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 it 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) Ethical Corporate management policy of the Company is established collaboratively by "Business Management Commitee"and relevant competent units, and supervised by Internal Audit Office, and report to the Board of Directors once a year. No major violations have been found in the most recent year.	No material deviation
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) The Company has established "Business Ethical Code of Conduct" and expresses clearly the policies for conflict of interest and recusal. When the personal interest of employee presented in any form or extended to family members and friends, may conflict with the Company's overall interest, according to the requirement of the policy, the employee has to submit a conflict of interest report, fully	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	
			disclosing details in any circumstances that may cause any conflicts of interest, then report to the supervisors immediately.	
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and formulate related audit plans to audit the compliance with the systems to prevent unethical conduct or engage CPAs to perform the audits?	V		(4) To ensure the implementation of 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 comprehensive and effective internal control system, relevant management procedures and accounting system. The Company executes and timely assesses the implementation in accordance with these policies, which shall be amended as necessary, so as to ensure the constant effectiveness of the design and implementation of the systems. On a yearly basis, which is also included in the yearly audit plan, the Company conducts self-assessment, where the internal audit unit 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, are used for main basis in evaluating the effectiveness of the overall internal control system and submit "Statement of Internal Control System" by the Board of Directors and President.	No material deviation
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(5) In addition to disclosing "Ethical Corporate Management Best Practice Principles" on the Company website, the Company promotes related topics through internal system, conducts awareness training to all employees and educational training to new employees. In 2023, the educational	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	
			training related to ethical corporate management including courses on the compliance of ethical corporate management enrolled 890 persons, totaling 445 hours of training.	
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	V		(1) The Company has installed mailboxes (ethics@arcadyan.com) to receive malpractice reports from internal or external of the Company and has established the relevant penalization. The authorities assigns appropriate levels of department and personnel to handle depending on the nature and objects of the underlying complaints. The Company had not received any whistle-blowing case in 2023.	No material deviation
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		(2) The complaints and whistle-blowing procedures, in addition to regulate by statutes of the law, the identity of the whistle-blower shall be kept confidential. Appropriate protection measures shall be implemented to ensure the confidentiality and privacy of the whistle-blower.	No material deviation
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		(3) As above, the Company shall adopt appropriate confidentiality measure in accordance with the law. The Company handles complaint and whistle-blowing cases with a confidentiality principle and in a quick, fair and objective manner. If the whistle-blower is an employee, the Company guarantees that the employee will not be mistreated or retaliated for filing a complaint or reporting on a malpractice.	No material deviation
4. Strengthening Information Disclosure Does the company disclose its Ethical Corporate Management Best Practice Principles and the results of their implementation on the Company's website and the Market Observation Post System (MOPS)?	V		The Company has established a website at www.arcadyan.com and a sustainability website at csr.arcadyan.com to provide information on corporate 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	No material deviation

<table>
<tr><td rowspan="2">Evaluation Item</td><td colspan="3">Implementation status</td><td rowspan="2">Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary description</td></tr>
<tr><td></td><td></td><td></td><td>Report.</td><td></td></tr>
<tr><td colspan="5">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.</td></tr>
<tr><td colspan="5">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 specific section pertaining to the implementation of Ethical Corporate Management and the handling situation of unethical conduct for awareness by employees.</td></tr>
</table>

(7) Corporate Governance Guidelines and Regulations

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

- Articles of Incorporation
- Rules and Procedures of Shareholders Meetings
- Rules and Procedures for Board of Directors Meetings
- Procedures for Election of Directors
- Procedures of Performance Evaluation of the Board of Directors and Functional Committees
- Procedures for Acquisition or Disposal of Assets
- Procedures for Endorsements and Guarantees
- Procedures for Loaning Funds to Other Parties
- Audit Committee Charter
- Remuneration Committee Charter
- Sustainability Committee Charter
- Corporate Governance Best Practice Principles
- Sustainable Development Best Practice Principles
- Code of Conduct for Directors and Managers
- Ethical Corporate Management Best Practice Principles
- Procedures for Ethical Management and Guidelines for Conduct
- Insider Trading Prevention Procedures
- Rules Governing Financial and Business Matters Between this

Corporation and its Related Parties
- Procedures for Halt and Resumption Applications
- Risk Management Policies and Procedures
- Procedures for Handling Material Inside Information
- Rules Governing the Scope of Powers of Independent Directors

(8) Other Important Information Regarding Corporate Governance

I. The information on the Company website, www.arcadyan.com is collected and maintained by specific personnel, making and renewing disclosure on a regular basis, providing investors information on the financial and business aspects, and the institutional investor conferences. In addition, the Company's sustainable development website at 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 22, 2024

The Company states the following with regard to its internal control system during fiscal year 2023, 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, 2023, 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 22 2024, 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 Cen

President: Chao-Peng Tseng

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

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

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

I. Shareholders Meeting

■ Time: 9:00 am, June 15, 2023
Venue: 1F of the Company, No. 8, Section 2, Guangfu Road, Hsinchu City

■ Major Resolutions:

a. Election of the 9th term of Directors.
b. Ratification of business report and financial statements for 2022.
c. Ratification of earnings distribution of 2022.
d. Approval for the amendments to “Articles of Incorporation.”
e. Approval for the amendments to “Rules and Procedures for Shareholders Meetings”.
f. Approval for the release of non- competition restrictions for newly elected Directors of the Company.

■ Post-meeting Execution:

a. Election of the 9th Board of Directors: Approved by the Ministry of Economic Affairs for registration on August 10, 2023, and announced on the Company's website.
b. Approval for the amendments to “Articles of Incorporation”: Approved by the Ministry of Economic Affairs for registration on August 10, 2023, and announced on the Company's website.

c. Approval for the amendments to "Rules and Procedures of Shareholders Meetings": Announced on the Market Observation Post System and the Company's website on June 15, 2023.

d. Release of non-competition restrictions for newly elected Directors: Announced on the Market Observation Post System on June 15, 2023.

2. Board of Directors

Date	Major Resolutions
March 14, 2023	1. Approval for the appropriation of the remuneration to Directors and compensation to employees for 2022. 2. Approval for the appropriation ratio of the remuneration to Directors and compensation to employees for 2023. 3. Approval for the financial reports for 2022. 4. Approval for business reports for 2022. 5. Approval for business plan for 2023. 6. Approval for Statement of Internal Control System for 2022. 7. Approval for the cash dividend for 2022. 8. Approval for the cash distribution from capital surplus. 9. Approval for the earnings distribution for 2022. 10. Approval for convening the Annual General Shareholders Meeting for 2023. 11. Approval for the election of the 9th term of Directors. 12. Approval for investment increase in Arcadyan Holding (BVI) Corp. 13. Approval for loaning funds to Arcadyan Technology (Vietnam) Co., Ltd. 14. Approval for the amendments to "Corporate Governance Best Practice Principles" and "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties". 15. Approval for adoption of the "General Principles of Non-assurance Service Pre-approval". 16. Approval for application for the renewal of credit limit with the banks.
May 4, 2023	1. Approval for the financial reports for 2023 Q1. 2. Approval for adjustment of salary for 2023. 3. Approval for disbursement of Dragon Boat and Mid-Autumn Festivals bonus for 2023.

Date	Major Resolutions
	4. Approval for the disbursement of remuneration of Directors for 2022. 5. Approval for the disbursement of cash dividend and cash distribution from capital surplus. 6. Approval for the amendments to “Articles of Incorporation”. 7. Approval for the amendments to “Rules and Procedures for Shareholders Meetings”. 8. Approval for the amendments to “Sustainable Development Best Practice Principles”. 9. Approval for the recommended slate of the 9th term of Directors and Independent Director candidates. 10. Approval for the release of non- competition restrictions for newly elected Directors of the Company. 11. Approval for 2023 sustainable development goals and plans. 12. Approval for application for the renewal of credit limit with the banks.
June 15, 2023	1. Election of Chairman. 2. Approval for appointment of Remuneration Committee members. 3. Approval for appointment of the Sustainability Committee members. 4. Approval for appointment of President. 5. Approval for appointment of Chief Accounting Officer. 6. Approval for appointment of Corporate Governance Officer. 7. Approval for appointment of Chief Internal Auditor. 8. Approval for authorization granted to one director to assume the responsibility for managing the routine operations of the Internal Audit Office.
August 1, 2023	1. Approval for the financial reports for 2023 Q2. 2. Approval for change in appropriation of remuneration of Directors for 2023. 3. Approval for the disbursement of employee compensation for 2022. 4. Approval for amendments to “Audit Committee Charter” and “Risk Management Policies and Procedures.” 5. Approval for amendments to “Corporate Governance Best Practice Principles” and “Procedures of Performance Evaluation of the Board of Directors and Functional Committees.” 6. Approval for amendments to the “Internal Control System” and the “Control Procedures of Cyber Security Review.” 7. Approval for appointment of Information Security Manager.

Date	Major Resolutions
	8. Approval for the release of non-competition restrictions for the managers. 9. Approval for loaning funds to Arcadyan do Brasil Ltda. 10. Approval for application for the renewal of credit limit with the banks. 11. Approval for proposal for engaged construction of Phase-II Hsinchu Headquarters Building on its self-owned land.
November 1, 2023	1. Approval for the financial reports for 2023 Q3. 2. Approval for the internal audit plan for 2024. 3. Approval for the assessment of the independence and competence of the CPAs. 4. Approval for the disbursement of year-end bonus for 2023. 5. Approval for application for the renewal of credit limit with the banks.
February 22, 2024	1. Approval for the appropriation of the remuneration to Directors and compensation to employees for 2023. 2. Approval for the appropriation ratio of the remuneration to Directors and compensation to employees for 2024. 3. Approval for the financial reports for 2023. 4. Approval for business reports for 2023. 5. Approval for business plan for 2024. 6. Approval for Statement of Internal Control System for 2023. 7. Approval for the cash dividend for 2023. 8. Approval for the cash distribution from capital surplus. 9. Approval for the earnings distribution for 2023. 10. Approval for the amendments to “Articles of Incorporation.” 11. Approval for amendments to “Procedures for Election of Directors.” 12. Approval for amendments to “Rules and Procedures for Board of Directors Meetings” ,“Rules Governing the Scope of Powers of Independent Directors”, “Audit Committee Charter,” and “Remuneration Committee Charter.” 13. Approval for the release of non-competition restrictions for Directors of the Company. 14. Approval for convening the Annual General Shareholders Meeting for 2024. 15. Approval for the change of audit CPAs. 16. Approval for application for the renewal of credit limit with the banks.

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

(13) The collective information of the resignation or discharge of the Company's Chairman, President, and Chief Accounting Officer , Chief Financial Officer, Chief Internal Audit Officer, Corporate Governance Officer and R&D officers in the most recent year up to the publication date of this annual report: None.

5. Information Regarding the Company's Audit Fee

(1) Information Regarding the Company's Audit Fee

Unit: thousand of TWD

Accounting Firm	Name of CPA	Period covered by CPA's audit	Audit fee	Non-audit fee (Note)	Total	Remark
KPMG	Szu-Chuan Chien	January 1, 2023 to December 31, 2023	4,814	1,704	6,518	
	I-Wen Wang					

Note: It includes tax service TWD1,180 thousand, business registration service TWD224 thousand, and transfer pricing report TWD300 thousand.

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

(3) Reduction of audit fees by more than 10% compared to the previous year, and disclosure for the amount and percentage reduced, and the reason for the reduction: Not applicable.

6. Replacement of CPA:

(1) Regarding the former CPA

<table>
<tr><td>Date of replacement</td><td colspan="5">Resolution adopted by the Board of Directors on February 22, 2024.</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="5">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.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td colspan="3">Party involved
Circumstance</td><td>Independent auditors</td><td>The Company</td></tr>
<tr><td colspan="3">Termination by the Company</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="3">Rejection of appointment (or re-appointment)</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>For the most recent two years, the causes for audit opinion other than unqualified audit opinion</td><td colspan="5">None</td></tr>
<tr><td rowspan="6">Opinion differing from the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="3">Accounting principles or practice</td></tr>
<tr><td></td><td colspan="3">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="3">Audit scope or procedure</td></tr>
<tr><td></td><td colspan="3">Others</td></tr>
<tr><td>None</td><td colspan="4">V</td></tr>
<tr><td colspan="5">Explanatory note</td></tr>
<tr><td>Other Disclosures</td><td colspan="5">None</td></tr>
</table>

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

(2) Regarding the successor CPA

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

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

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

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

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

Unit: Share

Job title	Name	2023		As of April 1, 2024	
		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.				
Director/Major Shareholder	Compal Electronics, Inc. Representative: Jui-Tsung Chen				
Director/Major Shareholder	Compal Electronics, Inc. Representative: Chung-Pin Wong	0	0	0	0
Director/Major Shareholder	Compal Electronics, Inc. Representative: Sheng-Hua Peng				
Director/Major Shareholder	Compal Electronics, Inc. Representative: Chung-Pao Liu				
Director and President	Chao-Peng Tseng	0 (46,000)	0	0	0
Director	Che-Ho Wei (Note 1)	0	0	0	0
Director	Cheng-Hua Sun (Note 1)	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	0 (5,000)	0	0 (6,000)	0
Vice President	Nien-Che Hsiung	0 (70,000)	0	0	0
Vice President	Chih-Fang Lee	0 (50,000)	0	0 (40,000)	0
Vice President	Shin-Lung Kuo	0 (36,000)	0	0 (6,000)	0

Job title	Name	2023		As of April 1, 2024	
		Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged	Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged
Vice President	Yen-Ju Lin	0 (6,000)	0	0 (6,000)	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 1: On June 15, 2023, the Company re-elected all its directors. Cheng-Hua Sun was newly elected, and Che-Ho Wei resigned, with remaining Directors continuing in office.

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

I. Share transferred to related parties:

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

II. Shares pledged with related parties: None.

9. Relationship 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.

April 1, 2024
Unit: Share

Name	Shares Held in Person		Shares Held by Spouse, Minor Child(ren)		Total shares held through nominees		Names and relationships of the top ten shareholders who are related to each other or are spouses or relatives within the second degree		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Compal Electronics, Inc. Representative: Sheng-Hsiung Hsu	41,304,504	18.74%	0	0%	0	0%	Hong Ji Capital Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Hong Jin Investment Co., Ltd.	Subsidiaries of the Company: Hong Ji Capital Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Hong Jin Investment Co., Ltd.	
Fuh Hwa Taiwan Technology Dividend Highlight ETF	9,498,000	4.31%	0	0%	0	0%	None	None	
Hong Ji Capital Co., Ltd. Representative: Sheng-Hsiung Hsu	9,278,643	4.21%	0	0%	0	0%	Compal Electronics, Inc.	Parent company of the Company	
Gempal Technology Corp. Representative: Sheng-Hsiung Hsu	9,278,643	4.21%	0	0%	0	0%	Compal Electronics, Inc.	Parent company of the Company	
Panpal Technology Corp. Representative: Sheng-Hsiung Hsu	8,191,724	3.72%	0	0%	0	0%	Compal Electronics, Inc.	Parent company of the Company	
Yuanta Taiwan Value High Dividend ETF	6,964,000	3.16%	0	0%	0	0%	None	None	
Hong Jin Investment Co., Ltd. Representative: Sheng-Hsiung Hsu	4,609,160	2.09%	0	0%	0	0%	Compal Electronics, Inc.	Parent company of the Company	
New Labor Pension Fund	3,404,153	1.54%	0	0%	0	0%	None	None	
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. – Equity Trading Division (Proprietary Trading Desk)	3,365,000	1.53%	0	0%	0	0%	None	None	
Yuanta Taiwan High Dividend Low Volatility ETF	3,092,000	1.40%	0	0%	0	0%	None	None	

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

December 31, 2023
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%
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%
Tatung Technology of Japan Co., Ltd.	0	0%	700	100%	700	100%
Quest International Group Co., Ltd.	0	0%	1,200,000	100%	1,200,000	100%
Exquisite Electronic Co., Ltd.	0	0%	1,170,000	100%	1,170,000	100%
Tatung Home Appliances (Wujiang) Co., Ltd.	0	0%	0	100%	0	100%
Compal Broadband Networks, Inc.	533,217	1%	42,199,813	62%	42,733,030	63%

IV. Fund Raising

1. Capital and Shares

(1) Source of capital

Unit: thousand shares: thousands of TWD; April 1 2024

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

Unit: share; April 1, 2024

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 in capital.

■ Shelf registration system information: Not applicable.

(2) Shareholder Structure

April 1, 2024; Unit: share

Shareholder Structure / Quantity	Governmental agencies	Financial institutions	Other Institutions	Domestic Natural Persons	Foreign institutions and Natural Persons	Total
Number of shareholders	0	19	262	18,384	347	19,012
Number of Shares Held	0	12,405,929	103,066,881	35,711,885	69,169,626	220,354,321
Percentage of Shareholding	0.00%	5.63%	46.77%	16.21%	31.39%	100.00%

(3) Share ownership distribution

April 1, 2024; Unit: share

Range of Shareholding	Number of Shareholders	Number of Shares Held	Percentage of Shareholding
1 to 999	10,167	855,343	0.39%
1,000 to 5,000	7,453	12,879,712	5.85%
5,001 to 10,000	613	4,731,952	2.15%
10,001 to 15,000	210	2,639,227	1.20%
15,001 to 20,000	104	1,895,968	0.86%
20,001 to 30,000	88	2,173,981	0.99%
30,001 to 40,000	46	1,616,075	0.73%
40,001 to 50,000	43	1,934,942	0.88%
50,001 to 100,000	88	6,236,925	2.83%
100,001 to 200,000	76	11,021,321	5.00%
200,001 to 400,000	56	15,876,765	7.20%
400,001 to 600,000	27	13,039,489	5.92%
600,001 to 800,000	10	6,999,391	3.18%
800,001 to 1,000,000	3	2,474,062	1.12%
More than 1,000,001	28	135,979,168	61.70%
Total	19,012	220,354,321	100.00%

(4) List of major shareholders

April 1, 2024; Unit: share

Share / Name of Major Shareholders	Number of Shares Held	Percentage of Shareholding
Compal Electronics, Inc.	41,304,504	18.74%
Fuh Hwa Taiwan Technology Dividend Highlight ETF	9,498,000	4.31%
Hong Ji Capital Co., Ltd.	9,278,643	4.21%
Gempal Technology Corp.	9,278,643	4.21%
Panpal Technology Corp.	8,191,724	3.72%
Yuanta Taiwan Value High Dividend ETF	6,964,000	3.16%
Hong Jin Investment Co., Ltd.	4,609,160	2.09%
New Labor Pension Fund	3,404,153	1.54%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. – Equity Trading Division (Proprietary Trading Desk)	3,365,000	1.53%
Yuanta Taiwan High Dividend Low Volatility ETF	3,092,000	1.40%

(5) Market Price, Net Worth, Earnings, Dividend per share and relevant information for the most recent two years

Unit: thousand shares: TWD

Items		Year	2022	2023	As of April 1, 2024
Market price per share	Highest		139.00	195.00	205.50
	Lowest		83.20	95.10	165.50
	Average		117.74	139.74	183.33
Net worth per share	Prior to distribution		62.66	67.17	–
	After distribution		56.16	60.17	–
Earnings per share	Weighted average outstanding shares		218,722	220,354	–
	Earnings per share		9.20	10.98	–
Per-share dividend	Cash dividend(Note 1)		6.5	7.0 (Note 2)	–
	Stock dividends	From retained earnings	0	0	–
		From capital surplus	0	0	–
	Cumulative unpaid dividends		0	0	–
Analysis of investment returns	P/E Ratio		12.80	12.73	–
	Price to dividend ratio		18.11	19.96	–
	Cash dividend Yield		5.52%	5.01%	–

Note 1: The cash distribution from capital surplus for 2022 and 2023 were both TWD1 per share.
Note 2: The earnings distribution for 2023 was resolved by the Board of Directors on February 22, 2024.
Note 3: P/E Ratio = Average closing price for the year/ Earnings per share
Note 4: Price to dividend ratio = Average closing price for the year/ Cash dividend per share
Note 5: Cash dividend Yield = Cash dividend per share / Average closing price for the year.

(6) Dividend Policy and Implementation Status

a. Dividend policy as stipulated in the Articles of Incorporation

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

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

b. 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 22, 2024, the Board of Directors resolved the earnings distribution for 2023 to distribute cash dividends of TWD6.0 per share and the cash distribution from capital surplus of TWD1.0 per share. Total cash distribution to shareholders amounted to TWD1,542,480,247.

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

(7) 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 made the financial forecast for 2024 to public).

(8) Compensation of employees and remuneration of Directors

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

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

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

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 determinded using the closing price of the ordinary shares one day preceding the Board of Directors' meeting.

If the actual amounts differ from the amounts estimated, the differences are recorded as gains/losses in the subsequent year as a change in accounting estimate. The estimated amounted of the compensation to Directors and employees in 2023 does not differ from the amount approved by the Board of Directors and submitted to report in the Shareholders Meeting in 2024.

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 2024: Distributed the compensation to employees amounted to TWD413,217,760 and the Directors' remuneration amounted to TWD21,994,799. The appropriation of compensation to employees and remuneration to Directors does not differ from the estimated amount recognized in 2023.
- 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 TWD327,896,254 and remuneration to Directors amounted to TWD17,635,531, both did not differ from the amounts approved by the Board of Directors.

(9) Company Buyback of Own Shares: None.

2. Corporate Bonds: None.

3. Preferred Shares: None.

4. Global Depository Receipts: None.

5. Employee Stock Option Plan: None.

6. Restricted Employee Shares Plan: None.

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

8. Financing Plans and Implementation

(1) Content of Plans:

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

(2) Implementation Status:

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

V. Operational Highlights

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

1. Business Activities

(1) Business Scope

(I) List of the Company's main areas of business operations and the 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: thousand of TWD

Item \ Year	2022		2023	
	Amount	(%) of Total Sales	Amount	(%) of Total Sales
Smart Home Solution	16,630,098	35.26	17,578,282	34.36
Mobility Solution	15,946,538	33.81	16,967,127	33.17
Broadband Solution	13,232,692	28.05	15,157,240	29.63
Others	1,358,421	2.88	1,455,473	2.84
Total	47,167,749	100.00	51,158,122	100.00

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

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

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

c. Mobility Solution: Mainly 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.

(2) Industry overview

(I) Current and future industry prospects

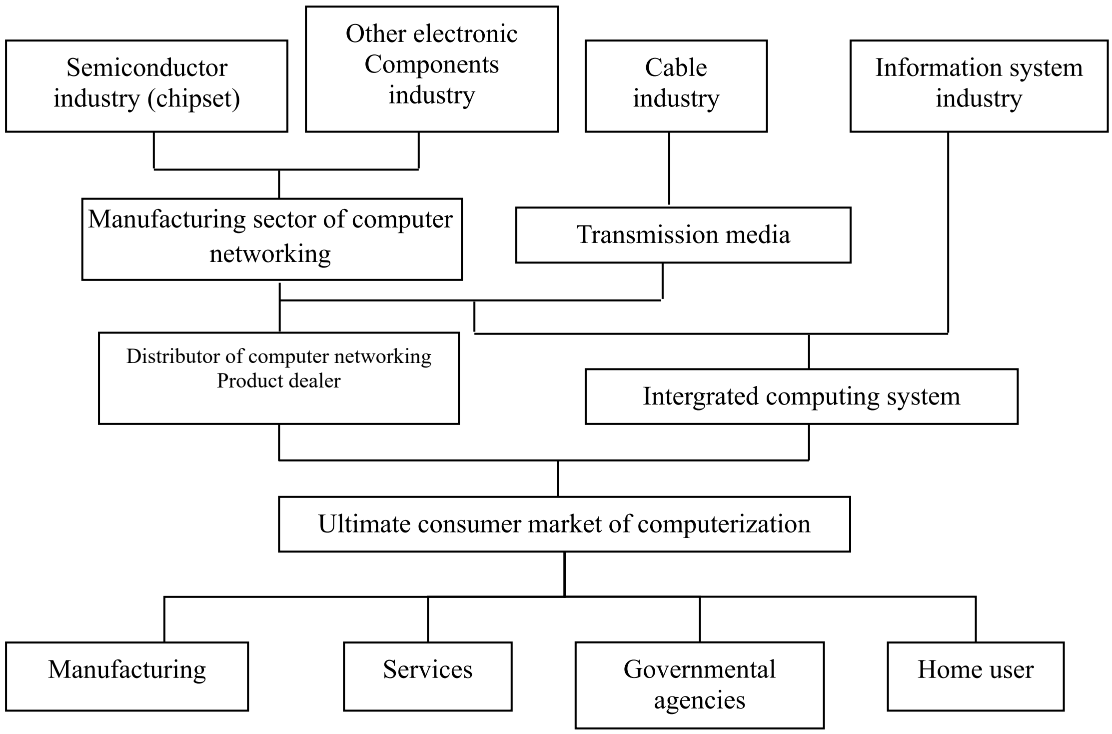
a. Continuous development of 5G networks: 5G Advanced network will bring about tremendous changes in the mobile and augmented reality market. The next-generation 5G technology not only provides higher transmission rates and lower latency but also focuses on advanced mobile applications, such as high-speed intelligent transportation and remote robot control. At the same time, the augmented reality market will benefit a lot, and its application scope in education, medical care, gaming, and corporate industries will be expanded. 5G Advanced will also support the development of the IoT and smart cities, foster real-time data exchange, and promote innovative applications in the fields of smart transportation and energy management.

b. Expansion of edge computing: With the expansion of IoT applications, the importance of intelligent edge devices is highlighted. These devices efficiently process and analyze data locally, reducing dependence on a centralized data center, reducing transmission delays, and improving overall system performance. Specific applications include strengthening real-time data processing, further reducing data transmission delay, and providing instant feedback; as well as multi-cloud service integration, strengthening the agreement between public clouds, private clouds, and edge computing to achieve more flexible data management and application deployment. This integrated model enables organizations to more flexibly select and adjust data processing and storage strategies in response to changing business needs.

c. Artificial intelligence and machine learning: When artificial intelligence (AI) is applied to communication equipment, it can improve performance, optimize traffic, enhance bandwidth utilization, and ensure a smooth user experience. In terms of network management, it can quickly identify abnormalities and detect attacks to improve security. Downtime costs can be reduced through predictive maintenance. At the same time, AI can also assist the industry in promoting innovation on network communication equipment, such as smart network nodes and automatic vehicle communication. This advancement can lead to forward-looking developments within the 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: According to the Yushan Industrial Forum report, with the promulgation of the "Infrastructure Investment and Jobs Act" in the United States to promote the construction of 5G FWA high-speed networks, their market share is reaching nearly 70%. In addition, North America and Europe are the two largest 5G FWA markets in the world with users accounting for 48% and 23%, respectively. The United States began to require a clean pathway for traffic entering the network infrastructure. It is expected that the Taiwanese supply chain will be the main beneficiary.

TrendForce, a research institution, also estimated that the global 5G FWA shipments in 2023 are expected to be 13 million units, with an increase of 71% over the previous year. In 2024, this growth trend is expected to continue, and the annual growth rate is expected to reach 38%, which is a very alarming growth rate. With the strong growth momentum of artificial intelligence, there is more room for the potential growth of various network node and edge computing products, including servers, base stations, switches, mobile phones, Wi-Fi routers and other equipment, all of which may become the focus of upgrade.

b. Wireless LAN equipment: Since the second half of 2023, telecom service providers in Europe and America have been actively deploying Wi-Fi 7 to accelerate the development of new solutions and products for networking equipment and semiconductor supply chains. Wi-Fi 7 is superior to Wi-Fi 6, offering better transmission efficiency, throughput, and stability. Additionally, it boasts speeds up to 4.8 times faster. It supports the "Multi-link Operation" (MLO), which can establish multiple connections between the base station and the Wi-Fi router. The data is distributed in multiple frequency bands, enabling data to be seamlessly transmitted even if some channels are interfered with.

2024 is expected to be the year of the rise of Wi-Fi 7. Manufacturers of CPE equipment are optimistic about their market performance. At the same time, there is anticipation for an increase in the volume of NB devices equipped with Wi-Fi 7. Wi-Fi Alliance predicts that by 2024, more than 233 million devices worldwide will adopt Wi-Fi 7. Furthermore, the growth in the number of smart phones, personal computers, tablet computers, AP, and devices between customer premise equipment and AR is expected to increase substantially to 2.1 billion by 2028. This not only indicates the strong development momentum of Wi-Fi 7 but also predicts the rapid evolution of network technology in the future.

(3) Research and Development

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

Unit: thousand of TWD; %

Year	R&D expenses	Operating revenues	R&D expenses as a percentage of operating revenue
2023	2,886,769	51,158,122	5.6%

(II) New technology or products developed

■Successfully developed 5G ODU products.

■Successfully developed Wi-Fi 7 products.

■Successfully developed DOCSIS 4.0 Cable products.

■Successfully developed 5G/Wi-Fi 7 FWA integrated products.

(4) Long-term and short-term development

(I) Short-term development

a. Research and development strategy

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

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

b. Marketing strategy

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

c. Production strategy

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

B. Increasing production efficiency to control budgets and costs.

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

d. Operational and financial planning strategy

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

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

(II) Long-term development

a. Research and development strategy

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

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

b. Marketing strategy

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

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

c. Production strategy

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

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

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 market to mitigate financial risks.

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

2. Market and Sales Overview

(1) Market Analysis

(I) Sales (Service) of the Company's Main Products (Services) by Regions in 2023

Sales Regions	Percentage
Americas	43.6 %
Europe	34.1 %
Asia and Others	22.3 %
Total	100.0 %

(II) Market Share

Market Intelligence & Consulting Institute, MIC, observed the telecommunications network (network communication equipment) and pointed out that in 2023, the network communication industry in Taiwan is projected to have an industry output of around TWD1,307.8 billion. The sales of the Company (including subsidiaries) are estimated to constitute 4% of the total sales of network communication manufacturers in Taiwan.

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

Looking forward to the industry trend in 2024, the International Strategy Center, ITRI (IEK) is optimistic about orders from the international market. This is mainly due to the gradual diminishing of the inventory adjustment effect of networking equipment, indicating that shipments will begin to recover, bringing positive momentum to related industries.

(IV) Competitive advantage

- Outstanding R&D team: Due to the outstanding capability of the R&D team and researchers with tremendous experience in the internet telecommunication, the Company has been designated by many international chipset makers as one of the Early Access Partners to take part in chipset development. As such, the

Company is quicker in mastering the information of future products than its counterparts in the industry, allowing it to engage in product development sooner and thus gaining competitive advantages in launching new products.

- Product customization: With the support of the experience and capability of the R&D team, for the Access Technology, the Company has a mature R&D capability which allows it to develop software application and provide customers with high speed and strong functionality customized product design. The contribution of customized software application to customers includes:
  A. Assisting in market segmentation of customer products effectively.
  B. Providing customers with quick customized product services.
  C. Assisting customers in developing competitive products successfully.
  D. Collaborating with chipset makes in development to ensure the leading position of the Company in product technology and functions.
  E. Reducing the customers' manpower investment in customer service with user friendly interface.
- Long term cultivation in the industry: Product technology coupling by the growing customer demand in functionality, such as Carrier Wi-Fi, xDSL products, xPON, IPTV and 802.11x solution are the focus and the Company opines that the future of ISP market is promising and thus to build a direct collaboration business model with ISP in the future, even though the market development is time consuming, the Company insists on investing R&D resources to accumulate product development experience, so as to strengthen R&D capability in the intergration of product technology.

(V) Future opportunities, threats, and responsive strategies

a. Opportunities

- ■ Professional R&D team: In addition to technological advantages, the R&D team makes use of the technical know-hows the Company has accumulated, making the Company as one of the Early Access Partners designated by many international chipset makers and a participant of the chipset development process. As such, the Company is ahead of its counterparts in the industry in R&D investment and thus gaining first mover advantage in launching new products.
- ■ Developing niche market: The Company sets a business target on developing niche market and the sales strategy is mainly providing differentiated products and services. Compared to other network communication companies which provide standardized and cheap products in exchange for sales quantity, the Company offers products that have higher profit margin, and thus is able to reinvest more resources in R&D, building a benign business cycle.
- ■ Customized product design: In addition to the technological capability in customization, the R&D team also needs to consider the functional flexibility in product design. To cater to the time-sensitive demand of customers, the flexibility in product design is crucial. To date, the Company has engaged in many international open software platforms. The functions provided to customers include management, firewall or security, QoS, High Voice Quality on VoIP and Triple Play. Via choosing from a simple menu, customers are able to choose different product functions and complete different product planning of different functions within a short time frame. The distinguished product needs of customers can be satisfied while the product design and manufacturing can be completed efficiently, which speeds up product launching.

b. Threats

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

c. Strategies

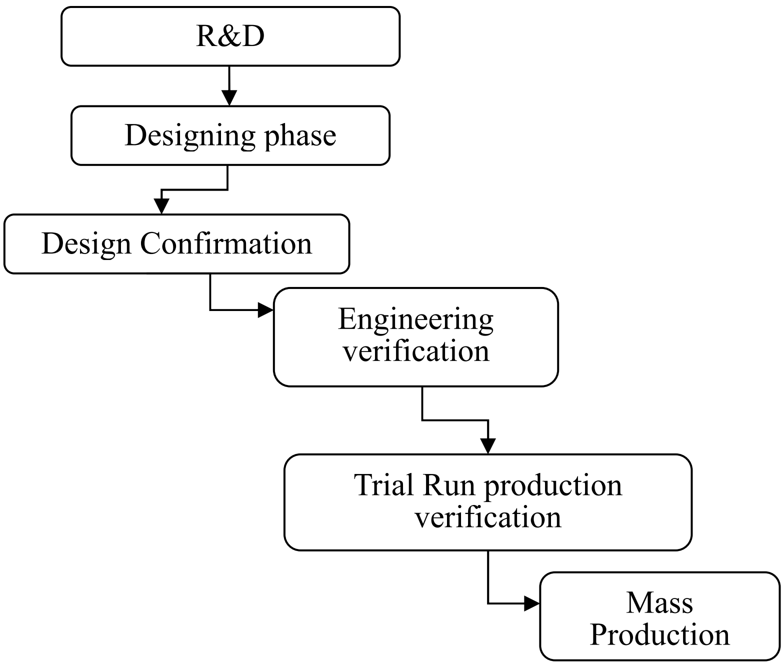
- ■ Creating a single software platform: Via a single software platform, the Company is able to turn complicated product content into simple models, and thus acquiring orders quickly and obtain first mover advantage.
- ■ Intergration of R&D technologies: The core technology is mastered, the cost is reduced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

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

(I) Main product applications

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

(II) Production processes of main products



(3) Supply status of main materials

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

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

1. Major Suppliers

Unit: thousand of TWD

	2022				2023			
Item	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer
1	Company I	6,857,353	16.3%	None	Company I	7,274,490	18.4%	None
2	Company II	6,664,660	15.8%	None	Company II	6,648,080	16.8%	None
3	Company III	4,736,735	11.2%	Parent Company	Company III	1,497,276	3.8%	Parent Company
4	Others	23,860,896	56.7%		Others	24,210,735	64.8%	
	Net purchases	42,119,644	100.0%		Net purchases	39,630,581	100.0%	
Explanation for increase/decrease: The decrease in purchase amount from Company III in 2023 was mainly because the decrease in demand of product by customer side.								

(II) Major Customers

Unit: thousand of TWD

	2022				2023			
Item	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer
1	Company a	9,159,566	19.4%	None	Company a	8,839,883	17.3%	None
2	Others	38,008,183	80.6%		Others	42,318,239	82.7%	
	Net sales	47,167,749	100.0%		Net sales	51,158,122	100.0%	
Explanation for increase/decrease: Most of our customers are major global large corporations, and there have been no significant changes in the past two years.								

(5) Production in the Last Two Years

Unit: thousand devices; thousand of TWD

Production / Year Volume /Value Main products	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Smart Home Solution	8,652	7,854	15,998,980	7,996	7,837	16,976,082
Broadband Solution	7,778	6,665	13,373,374	7,730	7,094	14,198,208
Mobility Solution	4,970	4,648	23,011,959	3,633	2,961	14,281,963
Total	21,400	19,167	52,384,313	19,359	17,892	45,456,253

Note: Prodiuction volume is referred to Finished Goods.

(6) Shipments and Sales in the Last Two Years

Unit: thousand devices; thousand of TWD

Year Shipments and Sales Volume /Value Main products	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Smart Home Solution	726	946,417	6,152	15,683,681	661	1,236,002	5,688	16,342,280
Broadband Solution	3	15,101	6,059	13,217,591	0	0	7,602	15,157,240
Mobility Solution	0	0	2,848	15,946,538	0	0	3,080	16,960,522
Others	0	58,959	0	1,299,462	0	30,874	0	1,431,205
Total	729	1,020,477	15,059	46,147,272	661	1,266,876	16,370	49,891,247

Note: Prodiuction volume is referred to Finished Goods.

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

Unit: Person; %

Year		2022	2023	As of the publication date of annual report in 2024
Number of Employees	Administration	19	17	17
	R&D	754	738	718
	Ordinary	5,434	4,625	4,621
	Total	6,207	5,380	5,356
Average age		28.3	30.11	30.06
Average Seniority		2.8	3.03	3.00
Distribution of academic qualifications	Doctoral degree	0.1%	0.2%	0.1%
	Master degree	8.5%	10.1%	10.5%
	Bachelor degree	19.9%	25.9%	25.7%
	High school	22.7%	34.7%	34.9%
	Below high school	48.8%	29.1%	28.8%

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 expenditures in future years.

5. Labor Relations

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

■ Employee welfare

For employee welfare, in addition to conformity to Labor Standards Act and other law statutes, the Company has established Staff Benefit Committee. Besides provision of allowances for wedding, bereavement, sickness, child 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.

The Company allocates funds to the "Staff Benefit Committee" monthly for organizing employee benefit activities, including birthday and holiday gift vouchers, organizing health and entertainment activities, family day, domestic and overseas tours, wedding congratulatory money, ex gratia payment, child 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 benefits:

1. Employees enjoy annual leave in accordance with the Labor Standards Act from the first day of employment. Every year, 5 days of sick leave with pay is also given.
2. Establishing Employee canteens and cafes to take care of the diet of colleagues.
3. Providing parking space for cars and motorcycles.
4. Providing special space for breastfeeding.

5. Establishing relaxing community centers and providing various equipment for Employees to stretch and work out.
6. Establishing elegant public spaces for Employees to relax.
7. Collaborating with charity organizations to hold charity massage events.
8. Booking services for various promotions.
9. Organizing year-end party for employees.
10. Organizing domestic and overseas tours, providing touring subsidy to encourage employees' participation and interactions, and promoting family ties.
11. Providing the Company uniform (summer/ polo shirt, winter/ jacket).
12. In response to the policies of the government and the call of the Group, from 2011 onward, the Company gives out generous baby bonus for every childbirth. So far, more than TWD 22,374 thousand of baby bonus has been given out.
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 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 schools and professional institutions 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 expansion of new knowledge within the Company, improving R&D capabilities, application of 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 expand their visions, helping themselves and subordinates to grow continuously; adopting courses that facilitate interaction and sharing between old and new generations, assisting all units to take care of new employees.
3. Courses on communication: Via project management and teamwork communication courses, assisting the supervisors of R&D and project management to collaborate, strengthening the daily operation and enhancing problem solving capability of project management.

In 2023, approximately 1,017 people participated in the aforementioned physical training courses, totaling 2,807 training hours.

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

■ Retirement system and Implementation

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

■ Employer-Employee communications and the enforcement of employee rights

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

■ Code of Conduct for employees

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

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

All employees have the duty to conform 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 exits of the Company have access control installation; the toilets have emergency buttons; each floor has AED; the main entrance and exits have 24-hour security guards to ensure the personal safety of the employees.

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

(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 2023 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 highest Management instructed the IT Department to conform to the international standards ISO27001, strengthen the relevant operations to meet the requirements of the regulations, contracts, customers and suppliers, and obtain international certification, so as to ensure the effectiveness of the relevant operations.

b. 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 principle of the Company is simple, easy to remember and in line 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:

- Enhance the cybersecurity defense capability: Penetration testing and vulnerability scanning are performed on IT systems on a regular basis every year. Also, it is reinforced and repaired to reduce information security risks according to the test results.

- Establish Cybersecurity notification management procedures: It is divided into four levels according to the severity of the event, and related procedures are established for subsequent notification and processing.
- Endpoint Security Management: The Company has fully introduced Forescout to improve the anomaly detection of endpoint devices and the real-time status monitoring of security updates, and meanwhile external devices can be blocked in real time. In addition, the file access status of colleagues using portable devices is recorded through SmartIT.
- 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.

e. Resources invested in information security management:

- To strengthen the security management, the Company has appointed an Information Security Manager and a dedicated personnal 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 Cybersecurity insurance are obtained starting from 2020 every year, and the insurance coverage amount in 2024 is USD 3 million.
- 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 announced on the Company's internal website from time to time, including the Company's cybersecurity system, social engineering promotion, major cybersecurity vulnerablity, and major market information.
- Educational training: All new employees of the Company need to receive cybersecurity education and training when they on board to ensure that they understand the relevant regulations and have basic cybersecurity awareness as on board.

(2) For the most recent year until the publication date of the annual report, disclose the actual or estimated losses arising as a result of mass cybersecurity incidents, possible impacts and any responsive measures taken. If a reasonable estimation cannot be made, the

reason why the estimation cannot be made should be disclosed: None.

7. Important contracts

Nature of Contract	Party involved	Period of contract	Major Contents	Restrictive Covenants
Sales contract	Company A	Effective from March 1, 2018, 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
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 March 1, 2014 to March 1, 2017, and stay effective unless a written termination notice is issued 12-month before.	Engaging for designing, R&D, manufacturing of STB products.	Confidentiality clauses
Sales contract	Company D	Effective from February 2015 to December 2017. The contract is renewed for another year automatically unless a written termination notice is issued 6-month before.	Engaging for designing, R&D, manufacturing of STB 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 May 16, 2021 to May 15, 2024 for three years. If no termination notice is issued by	Engaging for designing, R&D, manufacturing of wireless communication	Confidentiality clauses

Nature of Contract	Party involved	Period of contract	Major Contents	Restrictive Covenants
		either party before the expiry date, the contract is automatically renewed for another year. It can be renewed for at most two years.	products.	
Sales contract	Company H	Effective from 2012, unless termination notice is issued beforehand, the contract is renewed for another year automatically.	Engaging for designing, R&D, manufacturing of STB products.	Confidentiality clauses
Sales contract	Company I	Effective from November 18, 2021, and any party may terminate the contract by giving a written note 2 month before.	Engaging for designing, R&D, manufacturing of wireless communication products.	Confidentiality clauses
Patent licensing agreement	Company J	Effective from December 29, 2007, until the patent expires.	Authorizing the Company the right to use certain patents of Company J for manufacturing and sales of products.	Confidentiality clauses
Patent licensing agreement	Company K	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 K for manufacturing and sales of STB products.	Confidentiality clauses
Patent licensing agreement	Company L	Effective from 2011, until patent expires.	Authorizing the Company the right to use certain patents of Company L for manufacturing and sales of products.	Confidentiality clauses
Construction contract	Company M	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

VI. Financial Information

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

(1) Consolidated Condensed Balance Sheets –IFRSs

Unit: thousands of TWD

Item \ Year		Financial Information for the Most Recent Five Years(Note 1)				
		2019	2020	2021	2022	2023
Current assets		22,052,835	24,721,922	28,532,932	33,543,752	31,358,657
Property, plant and equipment		2,312,578	2,518,009	3,762,513	4,907,068	5,439,395
Intangible assets		66,878	75,300	115,028	93,279	65,915
Other assets		1,098,694	1,491,995	1,490,640	1,476,428	1,684,692
Total Assets		25,530,985	28,807,226	33,901,113	40,020,527	38,548,659
Current liabilities	Prior to distribution	13,044,806	15,368,928	20,476,963	25,841,325	23,477,920
	After distribution	14,024,676	16,723,376	21,955,325	27,273,628	25,020,400 (Note 2)
Non-current liabilities		1,145,245	1,476,302	501,037	239,941	170,672
Total Liabilities	Prior to distribution	14,190,051	16,845,230	20,978,000	26,081,266	23,648,592
	After distribution	15,169,921	18,199,678	22,456,362	27,513,569	25,191,072 (Note 2)
Equity attributable to shareholders of parent company		10,904,726	11,609,361	12,656,101	13,807,240	14,802,224
Ordinary shares		2,085,350	2,084,095	2,164,926	2,203,543	2,203,543
Capital surplus		3,703,916	3,661,594	4,032,400	4,091,729	3,872,335
Retained earnings	Prior to distribution	5,335,400	6,106,197	6,738,883	7,514,181	8,721,653
	After distribution	4,397,226	4,960,126	5,477,927	6,302,232	7,399,527 (Note 2)
Other equity interests		(219,940)	(242,525)	(280,108)	(2,213)	4,693
Treasury stock		0	0	0	0	0
Non-controlling interests		436,208	352,635	267,012	132,021	97,843
Total Equity	Prior to distribution	11,340,934	11,961,996	12,923,113	13,939,261	14,900,067
	After distribution	10,361,064	10,815,925	11,444,751	12,506,958	13,357,587 (Note 2)

Note 1: The financial information for the most recent five years above has been audited by CPAs.
Note 2: The amounts are approved by the Board of Directors on February 22, 2024.
Note 3: The 2023 annual financial statements have not been approved by the Shareholders Meeting.

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

Unit: thousands of TWD

Item \ Year		Financial Information for the Most Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		16,440,772	19,594,854	23,915,254	31,219,990	29,411,008
Property, plant and equipment		1,455,271	1,471,239	1,943,162	2,005,392	2,121,429
Intangible assets		63,761	71,428	112,312	92,298	65,621
Other assets		3,595,588	3,796,077	3,983,902	3,386,340	3,937,210
Total Assets		21,555,392	24,933,598	29,954,630	36,704,020	35,535,268
Current liabilities	Prior to distribution	9,281,884	12,153,990	16,993,883	22,758,955	20,597,868
	After distribution	10,261,754	13,508,438	18,472,245	24,191,258	22,140,348 (Note 2)
Non-current liabilities		1,368,782	1,170,247	304,646	137,825	135,176
Other liabilities		0	0	0	0	0
Total Liabilities	Prior to distribution	10,650,666	13,324,237	17,298,529	22,896,780	20,733,044
	After distribution	11,630,536	14,678,685	18,776,891	24,329,083	22,275,524 (Note 2)
Ordinary shares		2,085,350	2,084,095	2,164,926	2,203,543	2,203,543
Capital surplus		3,703,916	3,661,594	4,032,400	4,091,729	3,872,335
Retained earnings	Prior to distribution	5,335,400	6,106,197	6,738,883	7,514,181	8,721,653
	After distribution	4,397,226	4,960,126	5,477,927	6,302,232	7,399,527 (Note 2)
Other equity interests		(219,940)	(242,525)	(280,108)	(2,213)	4,693
Treasury stock		0	0	0	0	0
Total Equity	Prior to distribution	10,904,726	11,609,361	12,656,101	13,807,240	14,802,224
	After distribution	9,924,856	10,463,290	11,177,739	12,374,937	13,259,744 (Note 2)

Nore 1: The financial information for the most recent five years above has been audited by CPAs.
Note 2: The amounts are approved by the Board of Directors on February 22, 2024.
Note 3: The 2023 annual financial statements have not been approved by the Shareholders Meeting.

(3) Consolidated Condensed Statements of Comprehensive Income - IFRSs

Unit: thousands of TWD

Item \ Year	Financial Information for the Most Recent Five Years(Note 1)				
	2019	2020	2021	2022	2023
Operating revenues	32,897,900	33,765,295	38,240,058	47,167,749	51,158,122
Gross profit	4,352,375	5,053,451	5,309,502	6,586,017	7,385,282
Operating income	1,727,512	2,283,477	2,199,087	2,199,788	3,164,367
Non-operating income and expenses	(24,688)	54,873	73,693	266,395	35,626
Net income before tax	1,702,824	2,338,350	2,272,780	2,466,183	3,199,993
Net income from continuing operations	1,356,986	1,630,605	1,701,800	1,915,053	2,389,606
Loss from discontinuing operations	0	0	0	0	0
Net income	1,356,986	1,630,605	1,701,800	1,915,053	2,389,606
Other comprehensive income of the current period (net, after tax)	(53,703)	(97,919)	(77,222)	283,981	2,543
Total comprehensive income of the current period	1,303,283	1,532,686	1,624,578	2,199,034	2,392,149
Net income attributes to shareholders of parent company	1,313,498	1,713,942	1,787,544	2,013,156	2,420,569
Net income attributable to non-controlling interests	43,488	(83,337)	(85,744)	(98,103)	(30,963)
Comprehensive income attributed to shareholders of parent company	1,260,626	1,612,095	1,710,201	2,301,119	2,426,327
Comprehensive income attributed to non-controlling interests	42,657	(79,409)	(85,623)	(102,085)	(34,178)
Earnings per share (TWD)	6.85	8.36	8.60	9.20	10.98

Note 1: The financial information for the most recent five years above has been audited by CPAs.

Note 2: The 2023 annual financial statements have not been approved by the Shareholders Meeting.

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

Unit: thousands of TWD

Item \ Year	Financial Information for the Most Recent Five Years(Note 2)				
	2019	2020	2021	2022	2023
Operating revenues	27,381,217	30,703,280	36,034,629	46,317,702	47,614,360
Gross profit(Note 1)	3,540,816	4,549,393	4,572,152	6,177,435	6,251,255
Operating income	1,551,570	2,301,809	2,016,945	2,557,800	2,670,908
Non-operating income and expenses	22,680	47,233	235,699	(170,863)	337,361
Net income before tax	1,574,250	2,349,042	2,252,644	2,386,937	3,008,269
Net income from continuing operations	1,313,498	1,713,942	1,787,544	2,013,156	2,420,569
Income or loss from discontinuing operations	0	0	0	0	0
Net income	1,313,498	1,713,942	1,787,544	2,013,156	2,420,569
Other comprehensive income (loss) of the current period	(52,872)	(101,847)	(77,343)	287,963	5,758
Total comprehensive income of the current period	1,260,626	1,612,095	1,710,201	2,301,119	2,426,327

Nore 1: Gross profit includes unrealized sales profit and loss from affiliated companies.
Note 2: The above financial information has been audited by CPAs.
Note 3: The 2023 annual financial statements have not been approved by the Shareholders Meeting.

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

Year	Accounting Firm	Name of CPA	Audit Opinion
2019	KPMG	Kuan-Ying Kuo, Hsin-Fu Yen	Unqualified opinion
2020	KPMG	Szu-Chuan Chien, Hsin-Fu Yen	Unqualified opinion
2021	KPMG	Szu-Chuan Chien, Hsin-Fu Yen	Unqualified opinion
2022	KPMG	Szu-Chuan Chien, I-Wen Wang	Unqualified opinion
2023	KPMG	Szu-Chuan Chien, I-Wen Wang	Unqualified opinion

2. Financial Analysis for the Most Recent Five Years

(1) IFRSs (Consolidated)

Analysis Item \ Year		Financial Analysis for the Most Recent Five Years(Note)				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt ratio	55.58	58.48	61.88	65.17	61.35
	Long-term fund to PP&E ratio	539.92	533.69	356.79	288.95	277.07
Solvency (%)	Current ratio	169.05	160.86	139.34	129.81	133.57
	Quick ratio	107.92	107.69	77.52	72.63	80.06
	Interest coverage ratio	32.16	69.69	99.13	27.26	21.95
Operating performance	Accounts receivable turnover (times)	5.52	5.19	5.24	5.10	4.97
	Average collection days	66	70	70	72	73
	Inventory turnover (times)	4.02	3.63	3.21	3.00	3.25
	Accounts payable turnover (times)	3.69	3.09	3.27	3.39	3.30
	Average inventory turnover days	91	101	114	122	112
	Property, plant and equipment turnover (times)	15.57	13.98	12.18	10.88	9.89
	Total Assets Turnover (times)	1.41	1.24	1.22	1.28	1.30
Profitability	Return on total assets (%)	5.99	6.14	5.52	5.43	6.36
	Return on equity (%)	13.04	13.99	13.68	14.26	16.57
	Pre-tax income to paid-in capital ratio (%)	81.66	112.20	104.98	111.92	145.22
	Net profit margin (%)	4.12	4.83	4.45	4.06	4.67
	Earnings per share (TWD)	6.85	8.36	8.60	9.20	10.98
Cash Flow	Cash flow ratio (%)	19.14	21.81	0	9.79	23.81
	Cash flow adequacy ratio (%)	78.64	102.03	51.66	48.21	68.50
	Cash reinvestment ratio (%)	12.74	16.05	(9.17)	6.53	24.75
Leverage	Operating leverage	1.26	1.24	1.28	1.34	1.27
	Financial leverage	1.03	1.02	1.02	1.05	1.04

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

1. Pre-tax income to paid-in capital ratio: Mainly due to the increase in income before tax for the current period compared with the previous period.
2. Cash flow ratio: Mainly due to the net cash inflow from operating activities for the current period compared with the previous period.
3. Cash flow adequacy ratio: Mainly due to the net cash inflow from operating activities for the current period compared with the previous period.
4. Cash reinvestment ratio: Mainly due to the net cash inflow from operating activities for the current period compared with the previous period.

Note: The financial information for the most recent five years above has been audited by CPAs.

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

Analysis Item			Financial Analysis for the Most Recent Five Years(Note 1) 2019	2020	2021	2022	2023
Financial Structure (%)	Debt ratio		49.41	53.44	57.75	62.38	58.34
	Long-term fund to PP&E ratio		843.38	868.63	666.99	695.38	704.12
Solvency (%)	Current ratio		177.13	161.22	140.73	137.18	142.79
	Quick ratio		132.39	120.33	90.05	81.75	88.12
	Interest coverage ratio		195.88	231.34	333.26	31.80	34.99
Operating performance	Accounts receivable turnover (times)		4.24	4.58	5.40	5.28	4.90
	Average collection days		86	80	68	69	75
	Inventory turnover (times)		6.46	5.84	4.65	3.80	3.48
	Accounts payable turnover (times)		3.74	3.38	3.88	3.97	3.48
	Average inventory turnover days		57	62	79	96	105
	Property, plant and equipment turnover (times)		18.79	20.98	21.11	23.46	23.08
	Total Assets Turnover (times)		1.45	1.32	1.31	1.39	1.32
Profitability	Return on total assets (%)		7.02	7.46	6.58	6.27	6.86
	Return on equity (%)		13.15	15.23	14.73	15.21	16.92
	Ratio to paid-in capital (%)	Net operating income	74.40	110.45	93.16	116.08	121.21
		Income before tax	75.49	112.71	104.05	108.32	136.52
	Net profit margin (%)		4.80	5.58	4.96	4.35	5.08
	Earnings per share (TWD)		6.85	8.36	8.60	9.20	10.98
Cash Flow	Cash flow ratio (%)		15.17	38.60	0	6.16	22.59
	Cash flow adequacy ratio (%)		61.96	103.74	58.06	43.99	61.71
	Cash reinvestment ratio (%)		5.78	28.06	(10.18)	(0.54)	21.67
Leverage	Operating leverage		1.30	0.94	1.08	1.09	1.09
	Financial leverage		1.01	1.01	1.01	1.04	1.03

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

1. Pre-tax income to paid-in capital ratio: Mainly due to the increase in income before tax for the current period compared with the previous period.
2. Cash flow ratio: Mainly due to the increase in cash inflow from operating activities for the current period compared with the previous period.
3. Cash flow adequacy ratio: Mainly due to the increase in cash inflow from operating activities for the curren period compared with the previous period.
4. Cash reinvestment ratio: Mainly due to the increase in cash inflow from operating activities for the curren period compared with the previous period.

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

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

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

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

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

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

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

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

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

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

Audit Committee’s Report

We hereby allow

The Company's 2023 financial statements, business report and earnings distribution have been approved by the Audit Committee and resolved by the Board of Directors. The CPAs Szu-Chuan Chien and I-Wen Wang of KPMG have audited the 2023 financial statements and issued an audit report accordingly. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To:

2024 Annual General Shareholders Meeting of Arcadyan Technology Corporation

Chairman of Audit Committee：Ing-Jen Lee

February 22, 2024

4. Consolidated Financial Statements and Independent Auditors' Report

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Independent Auditors' Report

To the Board of Directors of Arcadyan Technology Corporation:

Opinion

We have audited the consolidated financial statements of Arcadyan Technology Corporation and its subsidiaries (" the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arcadyan Technology Corporation and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards (" IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Inventory valuation

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

Description of key audit matters:

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

How the matter was addressed in our audit:

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

Other Matter

Arcadyan Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing Arcadyan Technology Corporation and its subsidiaries's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chien, Szu-Chuan and Wang, I-Wen.

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2024

Notes to Readers

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

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

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed In thousand dollars of TWD)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 7,856,971	20	7,579,551	19
1110	Current financial assets at fair value through profit or loss (note (6)(b))	47,689	-	187	-
1170	Notes and accounts receivable, net (notes (6)(e) and (w))	9,785,739	26	10,796,715	27
1200	Other receivables (notes (6)(e) and (y))	993,854	3	276,728	1
1310	Inventories, net (note (6)(f))	12,377,227	32	14,563,558	37
1410	Prepayments	184,645	-	210,685	-
1470	Other current assets	112,532	-	116,328	-
		31,358,657	81	33,543,752	84
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(g))	232,347	1	305,101	1
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	48,112	-	46,379	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	35,442	-	46,150	-
1600	Property, plant and equipment (note (6)(i))	5,439,395	15	4,907,068	13
1755	Right-of-use assets (notes (6)(j) and (7))	444,615	1	492,809	1
1780	Intangible assets (note (6)(k))	65,915	-	93,279	-
1840	Deferred tax assets (note (6)(s))	811,970	2	491,391	1
1900	Other non-current assets	112,206	-	94,598	-
		7,190,002	19	6,476,775	16
	Total assets	$ 38,548,659	100	40,020,527	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note (6)(l))	$ 1,375,458	3	4,386,582	11
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	14,884	-	30,795	-
2126	Current financial liabilities for hedging (note (6)(d))	14,246	-	47,809	-
2171	Accounts payable (including related parties) (note (7))	12,314,903	32	14,180,945	36
2200	Other payables	6,441,708	17	4,807,007	12
2230	Current tax liabilities	1,072,007	3	769,119	2
2250	Current provisions (note (6)(q))	698,887	2	609,995	2
2280	Current lease liabilities (note (6)(p))	98,234	-	91,055	-
2300	Other current liabilities (note (6)(m))	971,533	3	918,018	2
2322	Long-term borrowings, current portion (note (6)(n))	476,060	1	-	-
		23,477,920	61	25,841,325	65
	Non-Current liabilities:				
2570	Deferred tax liabilities (note (6)(s))	7,099	-	26,221	-
2580	Non-current lease liabilities (note (6)(p))	51,541	-	104,690	-
2640	Non-current net defined benefit liability (note (6)(r))	73,651	-	74,423	-
2670	Other non-current liabilities	38,381	-	34,607	-
		170,672	-	239,941	-
	Total liabilities	23,648,592	61	26,081,266	65
	Equity:				
	Equity attributable to owners of parent (notes (6)(o) and (t)):				
3110	Ordinary share	2,203,543	6	2,203,543	6
3200	Capital surplus	3,872,335	10	4,091,729	10
3300	Retained earnings	8,721,653	23	7,514,181	19
3410	Exchange differences on translation of foreign financial statements	30,147	-	39,384	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	(14,058)	-	(3,350)	-
3450	Gains (losses) on hedging instrument	(11,396)	-	(38,247)	-
		14,802,224	39	13,807,240	35
3600	**Non-controlling interests**	97,843	-	132,021	-
	Total equity	14,900,067	39	13,939,261	35
	Total liabilities and equity	$ 38,548,659	100	40,020,527	100

See accompanying notes to consolidated financial statements.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenues (notes (6)(d) and (w)):**	$ 51,158,122	100	47,167,749	100
5000	**Operating costs (notes (6)(f), (r), (7) and (12))**	43,772,840	86	40,581,732	86
	Gross profit from operating	7,385,282	14	6,586,017	14
	Operating expenses (notes (6)(r), (7) and (12)):				
6100	Selling expenses	741,569	1	1,306,155	3
6200	Administrative expenses	592,577	1	569,689	1
6300	Research and development expenses	2,886,769	6	2,510,385	6
	Total operating expenses	4,220,915	8	4,386,229	10
	Net operating income	3,164,367	6	2,199,788	4
	Non-operating income and expenses:				
7100	Interest income	158,990	-	91,356	-
7020	Other gains or losses	39,835	-	15,535	-
7225	Gains on disposal of investments	-	-	2,568	-
7230	Foreign exchange gains, net (note (6)(y))	78,521	-	391,251	1
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss (notes (6)(b) and (d))	(40,297)	-	(108,903)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (note (6)(g))	(66,956)	-	(11,535)	-
7510	Interest expense (notes (6)(o) and (p))	(134,467)	-	(113,877)	-
	Total non-operating income and expenses	35,626	-	266,395	1
	Income before tax	3,199,993	6	2,466,183	5
7950	Less: Income tax expenses (note (6)(s))	810,387	1	551,130	1
	Net income	2,389,606	5	1,915,053	4
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(r))	(1,435)	-	28,873	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income (note (6)(c))	(10,708)	-	19,981	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(s))	(287)	-	5,775	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(11,856)	-	43,079	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(14,594)	-	276,514	1
8368	Gains (losses) on hedging instrument (note (6)(d))	33,563	-	(47,809)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (note (6)(g))	79	-	79	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(s))	4,649	-	(12,118)	-
	Components of other comprehensive income that will be reclassified to profit or loss	14,399	-	240,902	1
8300	**Other comprehensive income**	2,543	-	283,981	1
	Total comprehensive income	**$ 2,392,149**	**5**	**2,199,034**	**5**
	Net income, attributable to:				
	Owners of parent	$ 2,420,569	5	2,013,156	4
8620	Non-controlling interests	(30,963)	-	(98,103)	-
		$ 2,389,606	**5**	**1,915,053**	**4**
	Comprehensive income attributable to:				
	Owners of parent	$ 2,426,327	5	2,301,119	5
	Non-controlling interests	(34,178)	-	(102,085)	-
		$ 2,392,149	**5**	**2,199,034**	**5**
	Earnings per share (note (6)(v))				
9750	Basic earnings per share	**$ 10.98**		**9.20**	
9850	Diluted earnings per share	**$ 10.83**		**8.98**	

See accompanying notes to consolidated financial statements.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousand dollars of TWD)

	Equity attributable to owners of parent													
			Retained earnings				Total other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unearned employee benefit	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 2,164,926	4,032,400	1,152,791	196,919	5,389,173	6,738,883	(243,747)	(23,331)	-	(13,030)	(280,108)	12,656,101	267,012	12,923,113
Net income for the year ended December 31, 2022	-	-	-	-	2,013,156	2,013,156	-	-	-	-	-	2,013,156	(98,103)	1,915,053
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	23,098	23,098	283,131	19,981	(38,247)	-	264,865	287,963	(3,982)	283,981
Comprehensive income for the year ended December 31, 2022	-	-	-	-	2,036,254	2,036,254	283,131	19,981	(38,247)	-	264,865	2,301,119	(102,085)	2,199,034
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	177,876	-	(177,876)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	70,159	(70,159)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,260,956)	(1,260,956)	-	-	-	-	-	(1,260,956)	-	(1,260,956)
Cash dividends from capital surplus	-	(217,406)	-	-	-	-	-	-	-	-	-	(217,406)	-	(217,406)
Convertible bonds converted into ordinary shares	38,920	281,014	-	-	-	-	-	-	-	-	-	319,934	-	319,934
Changes in equity of associates and subsidiaries accounted for using equity method	-	6,052	-	-	-	-	-	-	-	-	-	6,052	-	6,052
Share-based payment transactions	(303)	(10,331)	-	-	-	-	-	-	-	13,030	13,030	2,396	-	2,396
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(32,906)	(32,906)
Balance at December 31, 2022	2,203,543	4,091,729	1,330,667	267,078	5,916,436	7,514,181	39,384	(3,350)	(38,247)	-	(2,213)	13,807,240	132,021	13,939,261
Net income for the year ended December 31, 2023	-	-	-	-	2,420,569	2,420,569	-	-	-	-	-	2,420,569	(30,963)	2,389,606
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(1,148)	(1,148)	(9,237)	(10,708)	26,851	-	6,906	5,758	(3,215)	2,543
Comprehensive income for the year ended December 31, 2023	-	-	-	-	2,419,421	2,419,421	(9,237)	(10,708)	26,851	-	6,906	2,426,327	(34,178)	2,392,149
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	203,625	-	(203,625)	-	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(264,865)	264,865	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,211,949)	(1,211,949)	-	-	-	-	-	(1,211,949)	-	(1,211,949)
Cash dividends from capital surplus	-	(220,354)	-	-	-	-	-	-	-	-	-	(220,354)	-	(220,354)
Changes in equity of associates and subsidiaries accounted for using equity method	-	960	-	-	-	-	-	-	-	-	-	960	-	960
Balance at December 31, 2023	$ **2,203,543**	**3,872,335**	**1,534,292**	**2,213**	**7,185,148**	**8,721,653**	**30,147**	**(14,058)**	**(11,396)**	**-**	**4,693**	**14,802,224**	**97,843**	**14,900,067**

See accompanying notes to consolidated financial statements.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in thousand dollars of TWD)

		2023	2022
Cash flows from (used in) operating activities:			
Income before tax	$	3,199,993	2,466,183
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		787,332	687,133
Amortization expense		55,170	47,043
Expected credit losses		8,445	16,971
Interest expense		134,467	113,877
Interest income		(158,990)	(91,356)
Net gains on financial assets or liabilities at fair value through profit or loss		(1,733)	(8,904)
Share-based payment transactions		-	2,396
Share of loss of associates and joint ventures accounted for using equity method		66,956	11,535
(Gains) losses on disposal of property, plant, equipment and intangible assets		(6,044)	6,282
Lease modification benefits		(167)	(3,046)
Others		(721)	(966)
Total adjustments to reconcile profit (loss)		884,715	780,965
Changes in operating assets and liabilities:			
Changes in financial assets or liabilities at fair value through profit or loss		(63,413)	48,732
Decrease (increase) in notes and accounts receivable		1,014,421	(3,120,865)
Increase in other receivables		(738,193)	(172,317)
Decrease (increase) in inventories		2,186,331	(2,067,139)
Decrease (increase) in prepayments		26,040	(47,192)
Decrease (increase) in other current assets		9,726	(25,090)
(Decrease) increase in accounts payable (including related parties)		(1,866,042)	4,395,285
Increase in other payables and other current liabilities		1,775,046	656,086
Decrease in other operating liabilities		(2,207)	(2,606)
Total changes in operating assets and liabilities		2,341,709	(335,106)
Total adjustments		3,226,424	445,859
Cash inflow generated from operations		6,426,417	2,912,042
Interest received		168,167	85,242
Dividends received		6,836	13,673
Interest paid		(151,929)	(94,641)
Income taxes paid		(859,555)	(387,266)
Net cash flows from operating activities		5,589,936	2,529,050
Cash flows from (used in) investing activities:			
Acquisition of property, plant and equipment		(1,240,020)	(1,510,457)
Proceeds from disposal of property, plant and equipment		17,659	56,662
Proceeds from disposal of right-of-use assets		-	40,541
(Increase) decrease in refundable deposits		(17,135)	22,733
Acquisition of intangible assets		(27,862)	(25,272)
Decrease (increase) in other non-current assets		95	(95)
Net cash flows used in investing activities		(1,267,263)	(1,415,888)
Cash flows from (used in) financing activities:			
(Decrease) increase in short-term borrowings		(3,011,124)	23,002
Repayments of bonds		-	(7,400)
Increase in long-term borrowings		1,302,659	-
Repayments of long-term borrowings		(818,865)	-
Repayments of lease principal		(93,069)	(86,559)
Cash dividends paid		(1,432,299)	(1,478,345)
Changes in non-controlling interests		-	(32,906)
Other financing activities		3,866	4,785
Net cash flows used in financing activities		(4,048,832)	(1,577,423)
Effect of exchange rate changes on cash and cash equivalents		3,579	73,033
Net increase (decrease) in cash and cash equivalents		277,420	(391,228)
Cash and cash equivalents at beginning of period		7,579,551	7,970,779
Cash and cash equivalents at end of period	$	**7,856,971**	**7,579,551**

See accompanying notes to consolidated financial statements.

(1) Company history

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

The consolidated financial statements of the Company as of December 31, 2023 comprise the Company and its subsidiaries (together referred to as the "Group") and the Company's interest in associates. The Company is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, digital home multimedia appliances, mobile broadband products and wireless audio and video products. Please refer to note (4)(c) for related information of the Group primary business activities.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 22, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

In addition, the Group has adopted Amendments to IAS 12"International Tax Reform – Pillar Two Model Rules" on May 23, 2023. The amendments provide a temporary mandatory exception for deferred tax accounting treatment to the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2022, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements. The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax in all jurisdictions which the Group operates. Please refer to note 6(s) income tax for further explanations.

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

(Continued)

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

3) Hedging financial instruments are measured at fair value;

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

(ii) Functional and presentation currencies

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

When necessary, financial statements of subsidiaries are adjusted properly to align the accounting policies with those adopted by the Group.

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

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Nature of operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
The Company	Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	Selling and technical support of wireless networking products	100 %	100 %	
〃	Arcadyan Germany Technology GmbH (“Arcadyan Germany”)	Selling and technical support of wireless networking products	100 %	100 %	
〃	Arcadyan Technology Corporation Korea (“Arcadyan Korea”)	Selling of wireless networking products	100 %	100 %	
〃	Arcadyan Holding (BVI) Corp. (“Arcadyan Holding”)	Investment activities	100 %	100 %	
The Company and ZHI-BAO	Arcadyan do Brasil Ltda. (“Aracadyan Brasil”)	Selling of wireless networking products	100 %	100 %	
〃	Arcadyan India Private Limited (“Arcadyan India”)	Selling of wireless networking products	100 %	100 %	
The Company	ZHI-BAO Technology Inc. (“ZHI-BAO”)	Investment activities	100 %	100 %	
〃	Tatung Technology Inc. (“TTI”)	Research and development, and selling digital home appliance	61 %	61 %	
〃	AcBel Telecom Inc. (“AcBel Telecom”)	Investment activities	- %	- %	Note 1
〃	Arcadyan Technology Limited (“Arcadyan UK”)	Technical support of wireless networking products	100 %	100 %	
〃	Arcadyan Technology Australia Pty Ltd (“Arcadyan AU”)	Selling of wireless networking products	100 %	100 %	
〃	Arcadyan Technology Corporation (Russia), LLC (“Arcadyan RU”)	Selling of wireless networking products	100 %	100 %	
Arcadyan Holding	Sinoprime Global Inc. (“Sinoprime”)	Investment activities	100 %	100 %	
〃	Arcadyan Technology (Shanghai) Corp. (“SVA”)	Research and development, and selling of wireless networking products	100 %	100 %	
〃	Arch Holding (BVI) Corp. (“Arch Holding”)	Investment activities	100 %	100 %	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. (“CNC”)	Manufacturing of wireless networking products	100 %	100 %	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	Manufacturing of wireless networking products	100 %	100 %	
TTI	Quest International Group Co., Ltd. (“Quest”)	Investment activities	100 %	100 %	
TTI	Tatung Technology of Japan Co., Ltd. (“TTJC”)	Selling of digital home appliance	100 %	100 %	

(Continued)

Name of Investor	Name of Subsidiary	Nature of operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
Quest	Exquisite Electronic Co., Ltd. ("Exquisite")	Investment activities	100 %	100 %	
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. ("TCH")	Manufacturing of digital home appliance	100 %	100 %	

Note 1: The liquidation procedures of the subsidiary had been completed on August 19, 2022.

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

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

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

(Continued)

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

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

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

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

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

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

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

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

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

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

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

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(Continued)

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

·significant financial difficulty of the borrower or issuer;

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

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

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

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

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

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

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4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments and hedge accounting

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

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

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

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

1) Cash flow hedges

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

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

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

(Continued)

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings: 50 years

2) Machinery and equipment: 3~10 years

3) Research equipment: 3~6 years

4) Mold equipment: 2~3 years

5) Other equipment: 1~10 years

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

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

(k) Lease

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

(i) As a leasee

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

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

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

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

1) fixed payments, including in substance fixed payments;

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

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

4) payments for purchase or termination options that are reasonably certain to be exercised or fines to be paid.

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

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

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

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

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

5) there is any lease modifications

(Continued)

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

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

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

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

(ii) As a leasor

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

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

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

(l) Intangible assets

(i) Recognition and measurement

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

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

(Continued)

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

1) Copyright: 10 years

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

3) Computer software: 1~10 years

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

(m) Impairment – non- financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

(Continued)

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

(n) Provisions

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

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

(o) Revenue from contracts with customers

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

(i) Sale of goods

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

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

(ii) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short term employee benefits

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

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(Continued)

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

Grant date of a share-based payment award is the date which the Board of Directors authorized the price and approved employees can subscribe for shares.

(r) Income Taxes

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

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (1) affects neither accounting nor taxable profits (losses) and (2) does not give rise to equal taxable and deductible temporary differences;

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

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

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

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

(Continued)

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief for deferred tax accounting treatment to the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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

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

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

1) the same taxable entity; or

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

(s) Business combination

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

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

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

(t) Earnings per share

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

(Continued)

(u) Operating segments

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

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

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

Inventory valuation

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 4,665	2,738
Checking accounts and demand deposits	3,099,751	2,522,308
Time deposits	3,152,555	3,804,505
Repurchase agreements	1,600,000	1,250,000
	$ 7,856,971	**7,579,551**

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

(Continued)

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

	December 31, 2023	December 31, 2022
Current financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	$ 146	187
Foreign exchange swaps contracts	47,543	-
Total	**$ 47,689**	**187**
Non-current financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets:		
Fund unlisted on domestic or foreign markets	**$ 48,112**	**46,379**
Held-for-trading financial liabilities:		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	**$ 14,884**	**30,795**

The Group uses derivative financial instruments to hedge the certain foreign exchange risk the Group is exposed to, arising from its operating activities. As of December 31, 2023 and 2022, the derivative instruments, without the application of hedge accounting, classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities were as follows:

	December 31, 2023		
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	USD 3,609	Buy USD / INR	January 30, 2024
Swap contracts:			
Foreign exchange swaps	USD 70,000	B/S USD / TWD	January 26, 2024~ March 28, 2024
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	USD 3,595	Buy USD / INR	January 12, 2024
Foreign exchange forward	EUR 17,000	Sell EUR / USD	January 12, 2024~ April 12, 2024

(Continued)

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

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

As of December 31, 2023 and 2022, the Group did not provide any aforementioned financial assets as collaterals.

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Stock unlisted on domestic markets	$ 35,442	46,150

(i) For the years ended December 31, 2023 and 2022, unrealized (losses) gains from above-mentioned equity investments measured at fair value were $(10,708) and $19,981, respectively, recognized under other comprehensive income.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2023 and 2022.

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

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

(d) Financial assets and liablities used for hedging

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

	December 31, 2023	December 31, 2022
Cash flow hedge:		
Financial liabilities used for hedging:		
Foreign exchange forward contracts	$ 14,246	47,809

(Continued)

(ii) Cash flow hedge–foreign exchange risk

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

As of December 31, 2023 and 2022, the amounts relating to the items designated as hedging instruments were as follows:

	December 31, 2023			
	Contract amount (in thousands)	**Currency**	**Maturity date**	**Average strike price**
Derivative financial liabilities used for hedging				
Forward contracts:				
Foreign exchange forward	EUR 32,000	Sell EUR / USD	January 30, 2024~ June 27, 2024	1.0960

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

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

For the years ended December 31, 2023 and 2022, the details of adjustments on reclassification from components of other comprehensive income were as follows:

	2023	2022
Cash flow hedge:		
Gains (losses) in current period	$ (8,754)	82,853
Less: Gains (losses) of adjustments on reclassification from components of other comprehensive income which belongs to net income	(42,317)	130,662
Net gains (losses) recognized in other comprehensive income	**$ 33,563**	**(47,809)**

(iv) For the years ended December 31, 2023 and 2022, the ineffective portions of cash flow hedge in profit or loss at fair value amounted to $944 and $44,071, respectively, were recognized as “Gains (losses) on financial assets (liabilities) at fair value through profit or loss”.

(v) For the years ended December 31, 2023 and 2022, profit or loss of adjustments from reclassification of other equity interest, deriving from the changes of fair value for hedge instruments, were recognized under operating revenues in statement of comprehensive income.

(Continued)

(e) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ -	4,992
Accounts receivable – measured at amortized cost	7,626,824	10,836,321
Accounts receivable – fair value through other comprehensive income	2,200,068	-
	9,826,892	10,841,313
Less: allowance for uncollectible accounts	(41,153)	(44,598)
	$ 9,785,739	**10,796,715**

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

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking macroeconomic information. The expected credit losses of the Group as of December 31, 2023 and 2022 were determined as follows:

	December 31, 2023			
Credit rating	**Gross carrying amount**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit impaired**
Level A	$ 3,377,894	0%	-	No
Level B	4,778,380	0.10%	4,832	No
Level C	1,650,599	1.00%	16,302	No
Level D	-	-	-	-
Level E	20,019	100%	20,019	Yes
Total	**$ 9,826,892**		**41,153**	

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

(Continued)

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

	December 31, 2023	December 31, 2022
Overdue 1~30 days	$ 888,371	1,071,407
Overdue 31~60 days	186,974	163,112
Overdue 61~90 days	11,427	129,856
Overdue 91~180 days	205,969	71,332
Overdue over 181 days	57,899	28,574
	$ 1,350,640	**1,464,281**

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

	2023	2022
Balance at January 1	$ 44,598	28,152
Impairment loss (reversed) recognized	(3,445)	16,446
Balance at December 31	**$ 41,153**	**44,598**

As of December 31, 2023 and 2022, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

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

As of December 31, 2023 and 2022, the Group has not transferred accounts receivable.

(f) Inventories

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

	December 31, 2023	December 31, 2022
Raw materials	$ 3,205,353	2,693,315
Work in progress	444,098	456,966
Finished goods	8,727,776	11,413,277
	$ 12,377,227	**14,563,558**

(ii) Inventory cost recognized as operating costs for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Cost of sales and expenses	$ 43,463,916	39,750,967
Provision for inventory valuation and obsolescence loss	308,924	830,765
	$ 43,772,840	**40,581,732**

(iii) As of December 31, 2023 and 2022, the Group did not provide any inventories as collaterals.

(g) Investments accounted for using equity method

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

	December 31, 2023	December 31, 2022
Associates	**$ 232,347**	**305,101**

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

	December 31, 2023	December 31, 2022
Aggregate carrying amount of the Group's associates that are individually insignificant	**$ 232,347**	**305,101**

	2023	2022
Share of associates attributed to the Group were as follows:		
Net loss from continuing operations	$ (66,956)	(11,535)
Other comprehensive income	79	79
Total comprehensive income (loss)	**$ (66,877)**	**(11,456)**

(ii) As of December 31, 2023 and 2022, the Group did not provide any investment accounted for using equity method as collaterals.

(h) Loss control of subsidiaries

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

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

(Continued)

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

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

(i) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022 were as follows:

		Land	Buildings and construction	Machinery and equipment	Research and development equipment	Mold equipment	Leasehold improvement and other equipment	Construction in progress and prepayment for purchase of equipment	Total
Cost or deemed cost:									
Balance at January 1, 2023	$	878,978	1,610,550	3,339,657	716,765	243,435	496,364	696,813	7,982,562
Additions		-	20,686	163,530	91,294	72,990	33,199	890,854	1,272,553
Reclassifications		-	1,358,178	46,033	3,338	-	59,664	(1,480,225)	(13,012)
Disposals and derecognitions		-	-	(409,235)	(41,142)	(131,701)	(14,347)	-	(596,425)
Effect of movements in exchange rates		-	(20,043)	(58,848)	(5)	(619)	(4,095)	8,844	(74,766)
Balance at December 31, 2023	**$**	**878,978**	**2,969,371**	**3,081,137**	**770,250**	**184,105**	**570,785**	**116,286**	**8,570,912**
Balance at January 1, 2022	$	878,978	1,512,417	2,484,758	697,267	222,181	462,135	19,129	6,276,865
Additions		-	6,237	678,969	98,324	26,872	54,985	707,917	1,573,304
Reclassifications		-	16,306	24,545	2,560	-	7,058	(50,860)	(391)
Disposals and derecognitions		-	-	(117,909)	(86,320)	(7,037)	(46,192)	-	(257,458)
Effect of movements in exchange rates		-	75,590	269,294	4,934	1,419	18,378	20,627	390,242
Balance at December 31, 2022	**$**	**878,978**	**1,610,550**	**3,339,657**	**716,765**	**243,435**	**496,364**	**696,813**	**7,982,562**
Depreciation:									
Balance at January 1, 2023	$	-	165,507	1,959,147	439,066	197,233	314,541	-	3,075,494
Depreciation for the period		-	69,220	439,853	79,054	29,354	70,259	-	687,740
Reclassifications		-	-	-	-	-	-	-	-
Disposals and derecognitions		-	-	(398,240)	(40,656)	(131,699)	(14,267)	-	(584,862)
Effect of movements in exchange rates		-	(768)	(43,910)	(4)	(296)	(1,877)	-	(46,855)
Balance at December 31, 2023	**$**	**-**	**233,959**	**1,956,850**	**477,460**	**94,592**	**368,656**	**-**	**3,131,517**
Balance at January 1, 2022	$	-	117,853	1,508,894	419,902	182,781	284,922	-	2,514,352
Depreciation for the period		-	46,490	397,563	68,093	20,925	54,093	-	587,164
Reclassifications		-	-	-	-	-	(130)	-	(130)
Disposals and derecognitions		-	-	(101,670)	(50,808)	(7,037)	(34,999)	-	(194,514)
Effect of movements in exchange rates		-	1,164	154,360	1,879	564	10,655	-	168,622
Balance at December 31, 2022	**$**	**-**	**165,507**	**1,959,147**	**439,066**	**197,233**	**314,541**	**-**	**3,075,494**
Carrying amounts:									
Balance at December 31, 2023	**$**	**878,978**	**2,735,412**	**1,124,287**	**292,790**	**89,513**	**202,129**	**116,286**	**5,439,395**
Balance at December 31, 2022	**$**	**878,978**	**1,445,043**	**1,380,510**	**277,699**	**46,202**	**181,823**	**696,813**	**4,907,068**
Balance at January 1, 2022	**$**	**878,978**	**1,394,564**	**975,864**	**277,365**	**39,400**	**177,213**	**19,129**	**3,762,513**

As of December 31, 2023 and 2022, the Group did not provide any property, plant and equipment as collaterals.

(Continued)

(j) Right-of-use assets

The Group leases land, buildings, machinery equipment and vehicles, recognizing as right-of-use assets. The cost and depreciation of the right-of-use assets of the Group for the years ended December 31, 2023 and 2022 were as follows:

	Land	Buildings	Machinery Equipment	Vehicles and other	Total
Cost:					
Balance at January 1, 2023	$ 330,296	345,101	-	26,127	701,524
Additions	-	55,512	-	-	55,512
Disposal/Write-off	-	(39,834)	-	(4,068)	(43,902)
Effect of movements in exchange rates	(54)	(2,010)	-	(72)	(2,136)
Balance at December 31, 2023	**$ 330,242**	**358,769**	**-**	**21,987**	**710,998**
Balance at January 1, 2022	$ 297,707	360,109	81,081	16,530	755,427
Additions	-	22,203	-	13,269	35,472
Disposal/Write-off	-	(66,401)	(81,081)	(3,777)	(151,259)
Effect of movements in exchange rates	32,589	29,190	-	105	61,884
Balance at December 31, 2022	**$ 330,296**	**345,101**	**-**	**26,127**	**701,524**
Depreciation:					
Balance at January 1, 2023	$ 20,529	176,215	-	11,971	208,715
Depreciation for the period	7,351	83,372	-	8,869	99,592
Disposal/Write-off	-	(35,171)	-	(4,068)	(39,239)
Effect of movements in exchange rates	(110)	(2,482)	-	(93)	(2,685)
Balance at December 31, 2023	**$ 27,770**	**221,934**	**-**	**16,679**	**266,383**
Balance at January 1, 2022	$ 11,973	108,727	41,891	6,529	169,120
Depreciation for the period	7,032	83,758	-	9,179	99,969
Disposal/Write-off	-	(27,066)	(41,891)	(3,777)	(72,734)
Effect of movements in exchange rates	1,524	10,796	-	40	12,360
Balance at December 31, 2022	**$ 20,529**	**176,215**	**-**	**11,971**	**208,715**
Carrying amount:					
Balance on December 31, 2023	**$ 302,472**	**136,835**	**-**	**5,308**	**444,615**
Balance at December 31, 2022	**$ 309,767**	**168,886**	**-**	**14,156**	**492,809**
Balance at January 1, 2022	**$ 285,734**	**251,382**	**39,190**	**10,001**	**586,307**

(Continued)

(k) Intangible Assets

The cost, amortization and impairment loss of intangible assets of the Group for the years ended December 31, 2023 and 2022 were as follows:

	Goodwill	Authorization fee	Copyright	Computer software and others	Total
Cost:					
Balance at January 1, 2023	$ 6,556	87,417	18,496	195,045	307,514
Additions	-	-	-	27,862	27,862
Reductions	-	-	-	(32,328)	(32,328)
Effect of movement in exchange rates	-	-	-	(350)	(350)
Balance at December 31, 2023	**$ 6,556**	**87,417**	**18,496**	**190,229**	**302,698**
Balance at January 1, 2022	$ 6,556	101,703	18,496	199,114	325,869
Additions	-	-	-	25,272	25,272
Reductions	-	(14,286)	-	(29,647)	(43,933)
Effect of movement in exchange rates	-	-	-	306	306
Balance at December 31, 2022	**$ 6,556**	**87,417**	**18,496**	**195,045**	**307,514**
Amortization:					
Balance at January 1, 2023	$ -	82,895	18,496	112,844	214,235
Amortization for the period	-	2,483	-	52,687	55,170
Reductions	-	-	-	(32,276)	(32,276)
Effects of movement in exchange rates	-	-	-	(346)	(346)
Balance at December 31, 2023	**$ -**	**85,378**	**18,496**	**132,909**	**236,783**
Balance at January 1, 2022	$ -	94,695	18,496	97,650	210,841
Amortization for the period	-	2,486	-	44,557	47,043
Reductions	-	(14,286)	-	(29,647)	(43,933)
Effects of movement in exchange rates	-	-	-	284	284
Balance at December 31, 2022	**$ -**	**82,895**	**18,496**	**112,844**	**214,235**
Carrying amounts:					
Balance at December 31, 2023	**$ 6,556**	**2,039**	**-**	**57,320**	**65,915**
Balance at December 31, 2022	**$ 6,556**	**4,522**	**-**	**82,201**	**93,279**
Balance at January 1, 2022	**$ 6,556**	**7,008**	**-**	**101,464**	**115,028**

As of December 31, 2023 and 2022, the Group did not provide any intangible assets as collaterals.

(Continued)

(l) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 1,375,458	4,386,582
Unused credit lines for short-term borrowings	$ 16,127,194	11,618,524
Annual interest rates	1.77%~5.95%	0.05%~5.58%

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

(m) Other current liabilities

The details of other current liabilities were as follows:

	December 31, 2023	December 31, 2022
Temporary receipts–non-recurring engineering revenue and collection on behalf of others	$ 591,340	618,657
Contract liabilities–advance receipts	351,229	234,715
Others	28,964	64,646
	$ 971,533	918,018

(n) Long-term borrowings

The details of long-term borrowings were as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 476,060	-
Less: current portion	476,060	-
Total	$ -	-
Unused credit lines for long-term borrowings	$ 1,117,310	-
Annual interest rates	2.80%~5.28%	-

(i) The loans, with maturity dates from January 2024 to May 2024, were amounted to $476,060 as of December 31, 2023.

(ii) As of December 31, 2023, the Group did not provide any assets pledged as collaterals for the bank loans.

(iii) For the information of the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(y).

(Continued)

(o) Unsecured convertible bonds payable

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

	December 31, 2023	December 31, 2022
Total convertible bonds issued	$ -	1,000,000
Accumulated converted amount	-	(992,600)
Repayment of bonds payable	-	(7,400)
Balance of bonds payable as of the reporting date	**$ -**	**-**
Conversion options included in equity components (recognized as capital surplus－expired stock options)	**$ 361**	**361**

	2023	2022
Interest expenses	**$ -**	**763**

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

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

1) Coupon rate: 0%

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

3) Repayment:

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

4) Terms of conversion:

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

- The closing period in accordance with the applicable law;

- The period starting from the first day of the first fifteen working days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;

(Continued)

- The period starts from the date of record of the capital decrease and ends on the date prior to the trading of the reissuance shares after the capital decrease.

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

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

(iv) For the period from January 1 to June 6, 2022, the convertible bonds of $321,100 were converted into ordinary shares of the Company with a par value of $38,920 and the capital surplus were recognized with $296,640 (including the stock options reclassified as additional paid-in capital－ premium of $15,626 and the unamortized discounts on bonds payable of $1,166).

(p) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 98,234	91,055
Non-current	$ 51,541	104,690

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expense on lease liabilities	$ 6,496	9,574
Expenses relating to short-term leases	$ 19,544	23,130

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

	2023	2022
Total cash outflow for leases	$ 119,109	119,263

(i) Land, buildings, office and vehicles leases

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

(Continued)

(ii) Other leases

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

(q) Provisions

	Warranties
Balance at January 1, 2023	$ 609,995
Provisions made	408,981
Provisions used	(318,654)
Provisions reversed	(1,435)
Balance at December 31, 2023	**$ 698,887**
Balance at January 1, 2022	$ 1,018,471
Provisions made	346,478
Provisions used	(273,027)
Provision reversed	(481,927)
Balance at December 31, 2022	**$ 609,995**

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

(r) Employee benefits

(i) Defined benefit plans

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 214,688	214,762
Fair value of plan assets	(141,037)	(140,339)
Net defined benefit liabilities	**$ 73,651**	**74,423**

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

(Continued)

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to $141,037 as of the reporting date. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations of the Company for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Balance at January 1	$ 214,762	236,742
Current service costs and interest	3,990	2,174
Remeasurement of net defined benefit liabilities	2,194	(18,410)
Pension payments	(6,258)	(5,744)
Balance at December 31	**$ 214,688**	**214,762**

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

The movements in the fair value of the defined benefit plan assets of the Company for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 140,339	130,840
Contributions paid by the employer	3,973	4,024
Expected return on plan assets	2,224	756
Remeasurement of net defined benefit assets	759	10,463
Pension payments	(6,258)	(5,744)
Fair value of plan assets at December 31	**$ 141,037**	**140,339**
Actual return on plan assets	**$ 2,983**	**11,219**

(Continued)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Company for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current service costs	$ 499	768
Net interest on the net defined benefit liabilities	3,491	1,406
Expected return on plan assets	(2,224)	(756)
	$ 1,766	**1,418**
Operating costs	$ 181	165
Selling expenses	234	172
Administrative expenses	335	319
Research and development expenses	1,016	762
	$ 1,766	**1,418**

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

The Company's actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Cumulative amount at January 1	$ 51,910	80,783
Recognized for the period	1,435	(28,873)
Cumulative amount at December 31	**$ 53,345**	**51,910**

6) Actuarial assumptions

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

i) Actuarial valuation for present value of defined benefit obligations as of December 31, 2023 and 2022.

	December 31, 2023	December 31, 2022
Discount rate	1.625 %	1.750 %
Future salary increasing rate	3.000 %	3.000 %

(Continued)

ii) Actuarial valuation for defined benefit plans cost for the years ended December 31, 2023 and 2022:

	2023	2022
Discount rate	1.750 %	0.625 %
Future salary increasing rate	3.000 %	3.000 %

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date is $3,967.

The weighted-average duration of the defined benefit obligation is 12.3 years.

7) Sensitivity analysis

If the main actuarial assumptions as of December 31, 2023 and 2022 had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligation	
	Increased 0.25%	Decreased 0.25%
December 31, 2023		
Discount rate	(3,536)	5,133
Future salary increasing rate	4,972	(3,405)
December 31, 2022		
Discount rate	(4,565)	4,714
Future salary increasing rate	4,555	(4,422)

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation on the net defined benefit liabilities in the balance sheets.

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

8) The payments of pension to the qualified employees from Bank of Taiwan labor pension reserve account made by the Company were amounted to $6,258 and $5,744 for the years ended December 31, 2023 and 2022, respectively.

(ii) Defined contribution plans

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

(Continued)

The Company and all subsidiaries in domestic recognized the pension costs under the defined contribution method amounting to $54,582 and $51,561 for the years ended December 31, 2023 and 2022, respectively. Payment was allocated to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expense, basic endowment insurance expense, and social welfare expenses amounting to $55,998 and $58,648 for the years ended December 31, 2023 and 2022, respectively.

(s) Income taxes

(i) Income tax expense (benefit)

The amount of income tax expense (benefit) for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Current income tax expense			
Recognized during the period	$	955,943	609,621
Additional tax on undistributed earnings		44,277	13,568
Adjustment for prior periods		154,230	154,395
		1,154,450	777,584
Deferred income tax profit			
Reversal of temporary differences		(344,063)	(226,454)
Income tax expense	$	**810,387**	**551,130**

The amount of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Exchange differences on translation of foreign financial statements	$	(2,063)	(2,556)
Gains (losses) on remeasurement of defined benefit plans		(287)	5,775
Gain on hedging instrument		6,712	(9,562)
	$	**4,362**	**(6,343)**

(Continued)

Reconciliation of income tax expense and income before tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	**2022**
Income before income tax	$ 3,199,993	2,466,183
Income tax at the Company's domestic tax rate	694,075	417,341
Effect of tax rates in foreign jurisdictions	(6,217)	(9,068)
Tax-exempt net profit and loss from investment	35,751	35,385
Foreign dividend income	9,674	-
Changes in unrecognized temporary differences	(19,251)	31,884
Change in provision in prior periods	40,213	(6,139)
Additional tax on undistributed earnings	44,277	13,568
Tax credit of investment	(95,000)	(90,000)
Others	106,865	158,159
	$ 810,387	**551,130**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities:

As of December 31, 2023 and 2022, Since the Group was able to control the timing of the reversal of the temporary differences associated with investments in overseas subsidiaries, and the management considered it is probable that the temporary differences which are not expected to reverse in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Details were as follows:

	December 31, 2023	**December 31, 2022**
The temporary differences associated with investments in overseas subsidiaries	**$ 802,283**	**510,620**
Unrecognized deferred tax liabilities	**$ 160,457**	**102,124**

2) Unrecognized deferred tax assets:

Details of unrecognized deferred tax assets were as follows:

	December 31, 2023	**December 31, 2022**
Tax effect of deductible temporary differences	$ 446,851	413,593
Tax effect of loss carryforward	167,626	161,802
	$ 614,477	**575,395**

(Continued)

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

As of December 31, 2023, the tax effects on loss carryforward that have not been recognized as deferred tax assets were as follows:

Year of loss	Expiry year	Deductible amount
2020 (filed)	2025	$ 20,484
2020 (examined)	2030	77,459
2021 (filed)	2026	126,335
2021 (examined)	2031	47,904
2022 (filed)	2027	277,800
2022 (filed)	2032	133,287
2023 (estimated)	2028	8,327
2023 (estimated)	2033	38,295
		$ 729,891

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Defined benefit plans	Exchange difference on translation of foreign financial statements	Loss on inventory valuation	Unrealized exchange gains and losses, net	Unrealized gross profit	Others	Total
Deferred Tax Assets:							
Balance at January 1, 2023	$ 10,378	64,067	197,658	-	20,374	198,914	491,391
Recognized in profit or loss	-	-	60,614	7,006	1,124	256,197	324,941
Recognized in other comprehensive income	287	2,063	-	-	-	(6,712)	(4,362)
Balance at December 31, 2023	**$ 10,665**	**66,130**	**258,272**	**7,006**	**21,498**	**448,399**	**811,970**
Balance at January 1, 2022	$ 16,153	59,088	33,749	49,638	11,414	230,452	400,494
Recognized in profit or loss	-	-	163,909	(49,638)	8,960	(38,677)	84,554
Recognized in other comprehensive income	(5,775)	4,979	-	-	-	7,139	6,343
Balance at December 31, 2022	**$ 10,378**	**64,067**	**197,658**	**-**	**20,374**	**198,914**	**491,391**

(Continued)

		Investment income recognized under the equity method (overseas)	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2023	$	-	26,221	26,221
Recognized in profit or loss		-	(19,122)	(19,122)
Balance at December 31, 2023	**$**	**-**	**7,099**	**7,099**
Balance at January 1, 2022	$	168,117	4	168,121
Recognized in profit or loss		(168,117)	26,217	(141,900)
Balance at December 31, 2022	**$**	**-**	**26,221**	**26,221**

(iii) Examination and approve

The ROC tax authorities has examined the income tax returned of the Company, ZHI-BAO and TTI through 2021. The relevant differences of examination have been reflected as income tax adjustments in the year of determination.

(iv) Global minimum top-up tax

Some of the Group's operating regions have enacted a new global minimum top-up tax law, but the new tax law has not yet become effective. The Group is closely monitoring the legislative progress of the introduction of the global minimum top-up tax in each of the regions in which the Group operates. As of December 31, 2023, there was no significant impact on the Group because of the assessment of the application of this new tax law.

The Group has applied a temporary mandatory relief for deferred income tax accounting treatment to the impacts of the top-up tax and recognizes it as current income tax expense when it is incurred. Please refer to note (4)(r).

(t) Capital and other equities

As of December 31, 2023 and 2022, the authorized ordinary shares were both $3,000,000, of which 220,355 thousand shares were issued. All issued shares were paid up upon issuance.

(i) Ordinary shares

Reconciliation of shares outstanding for 2023 and 2022 were as follows:

	Ordinary shares	
(in thousands of shares)	**2023**	**2022**
Balance at January 1	220,355	216,493
Cancellation of employee restricted shares	-	(30)
Convertible bonds converted into ordinary shares	-	3,892
Balance at December 31	**220,355**	**220,355**

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

For the year ended December 31, 2023, by the exercise of bonds holders, the convertible bonds issued by the Company were converted into ordinary shares of $38,920 with 3,892 thousand new shares issued at par value. As of the reporting date, the registration procedures had been completed.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022 were as follows:

		December 31, 2023	December 31, 2022
Additional paid-in capital–premium	$	3,861,264	4,081,618
Difference between consideration and carry amount arising from acquisition or disposal of subsidiaries		3,698	3,698
Changes in equity of associates, joint ventures and subsidiaries accounted for using equity method		7,012	6,052
Expired stock options		361	361
	$	**3,872,335**	**4,091,729**

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus generated from premium on issuance of capital stock and earnings from donation can be used to increase the common stock or be distributed as cash dividends. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus per annum should not exceed 10% of the paid-in capital.

The capital surplus－premium resulted from the conversion of unsecured convertible bonds into ordinary shares for the year ended December 31, 2022 was $296,640 (including the stock options reclassified as additional-paid in capital－premium of $15,626, and the unamortized discounts on bonds payable of $1,166).

The Company's Board of Directors meeting held on March 14, 2023 and March 10, 2022, approved to distribute the cash dividend of $220,354 ($1 per share) and $217,406 (0.98662085 per share) from capital surplus. The related information can be accessed through the Market Observation Post System website.

The Company's Board of Directors meeting held on February 22, 2024, approved to distribute the cash dividend of $220,354 ($1 per share) from capital surplus. The related information can be accessed through the Market Observation Post System website after the meeting.

(iii) Retained earnings

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

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

1) Legal reserve

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

2) Special reserve

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. The amount to be reclassified to special reserve shall be a portion of current-period earning plus other line items in the retained earnings movements and undistributed prior-period earnings. A portion of previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The special reserve shall be made available for appropriation when the net deductions of other equity interests are reversed in the subsequent periods.

(iv) Earnings distributed

Earnings distribution for 2022 and 2021 were approved by the Board of Directors meeting held on March 14, 2023 and on March 10, 2022, respectively. The relevant dividend distribution to shareholders were as follows:

	2022		2021	
	Amount per share (dollars)	**Total amount**	**Amount per share (dollars)**	**Total amount**
Cash dividends distributed to ordinary shareholders	$ 5.5	$ 1,211,949	5.72240092	1,260,956

(Continued)

The earnings distribution for 2023 was approved by the Board of Directors meeting held on February 22, 2024 as follows:

	2023		
	Amount per share (dollars)		**Total amount**
Cash dividends distributed to ordinary shareholders from unappropriated earnings	$	6.00	1,322,126

The related information of the earnings distribution for the year ended December 31, 2023, can be accessed through the Market Observation Post System website after the meeting.

(u) Share-based payment

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

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

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

(Continued)

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

Unit: in thousands of shares

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

The compensation cost related to the employee restricted share was 2,396 for the year ended December 31, 2022.

(v) Earnings per share

The basic earnings per share and diluted earnings per share of the Group are calculated as follows:

	2023	2022
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	**$ 2,420,569**	**2,013,156**
Weighted-average number of ordinary shares (thousand shares)	**220,354**	**218,722**
	$ 10.98	**9.20**
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company	**$ 2,420,569**	**2,013,156**
Weighted-average number of ordinary shares (thousand shares)	220,354	218,722
Effect of dilutive potential ordinary shares (thousand shares):		
Effect of remuneration to employees	3,239	3,959
Effect of employee restricted shares unvested	-	885
Effect of convertible bonds payable	-	795
Weighted-average number of ordinary shares (thousand shares)(after adjustment of dilutive potential ordinary shares)	**223,593**	**224,361**
	$ 10.83	**8.98**

(w) Revenue from contracts with customers

(i) Details of revenue

	2023	2022
Primary geographical markets:		
America	$ 22,331,104	18,532,126
Europe	17,432,035	18,153,698
Asia and others	11,394,983	10,481,925
	$ 51,158,122	**47,167,749**
Major products:		
Smart Home Solution	$ 17,578,282	16,630,098
Mobility Solution	16,967,127	15,946,538
Broadband Solution	15,157,240	13,232,692
Others	1,455,473	1,358,421
	$ 51,158,122	**47,167,749**

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	$ 9,826,892	10,841,313	7,720,448
Less: allowance for uncollectible accounts	(41,153)	(44,598)	(28,152)
Total	**$ 9,785,739**	**10,796,715**	**7,692,296**
Contract liabilities (recognized under other current liabilities)	**$ 351,229**	**234,715**	**8,249**

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

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the balance of contract liabilities at the beginning of the periods were $171,604 and $8,249, respectively.

(x) Remuneration to employees and directors

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

(Continued)

For the years ended December 31, 2023 and 2022, the Company accrued employee remuneration of $413,218 and $327,896, and directors' remuneration of $21,995 and $17,635, respectively. The estimated amounts mentioned above are based on the income before tax prior to deduction of the remuneration to employees and directors of each respective ending period, multiplied by the percentage of remuneration to employees and directors, which was approved by the management of the Company. The estimations were recorded under operating cost or expenses for 2023 and 2022. The differences between the actual amounts and the estimations recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee remuneration in the form of stock, the number of the shares of the employee remuneration is determined based on the closing price of the day before the Board of Directors' meeting.

There is no differences between the amounts approved in the Board of Directors' meeting and those recognized in the consolidated financial statement for the year ended December 31, 2022, the related information can be accessed through the Market Observation Post System website.

(y) Financial instruments

(i) Credit risk

1) Maximum exposure to credit risk

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

2) Concentration of credit risk

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

3) Receivable and debt securities

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

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

The movement of loss allowance provision for the years ended December 31, 2023 and 2022 were as follows:

		Other receivables
Balance at January 1, 2023	$	528
Impairment loss recognized		11,890
Balance at December 31, 2023	**$**	**12,418**
Balance at January 1, 2022	$	3
Impairment loss recognized		525
Balance at December 31, 2022	**$**	**528**

(ii) Liquidity risk

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

	Carrying Amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
December 31, 2023					
Non-derivative financial liabilities					
Unsecured bank loans (including short-term and long-term borrowings)	$ 1,851,518	(1,851,518)	(1,851,518)	-	-
Accounts payable (including related parties)	12,314,903	(12,314,903)	(12,314,903)	-	-
Other payables	6,441,708	(6,441,708)	(6,441,708)	-	-
Lease liability－current and non-current	149,775	(154,086)	(101,931)	(42,851)	(9,304)
Deposits received	38,381	(38,381)	(5,962)	(1,374)	(31,045)
Derivative financial liabilities					
Other foreign exchange forward contracts:	14,884				
Outflow		(688,480)	(688,480)	-	-
Inflow		674,655	674,655	-	-
Foreign exchange forward contracts used for hedging:	14,246				
Outflow		(1,087,360)	(1,087,360)	-	-
Inflow		1,076,861	1,076,861	-	-
	$ 20,825,415	**(20,824,920)**	**(20,740,346)**	**(44,225)**	**(40,349)**

(Continued)

	Carrying Amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
December 31, 2022					
Non-derivative financial liabilities					
Unsecured bank loans	$ 4,386,582	(4,386,582)	(4,386,582)	-	-
Accounts payable (including related parties)	14,180,945	(14,180,945)	(14,180,945)	-	-
Other payables	4,807,007	(4,807,007)	(4,807,007)	-	-
Lease liability－current and non-current	195,745	(204,828)	(86,754)	(82,618)	(35,456)
Deposits received	34,607	(34,607)	(1,870)	(326)	(32,411)
Derivative financial liabilities					
Other foreign exchange forward contracts:	30,795				
Outflow		(719,840)	(719,840)	-	-
Inflow		692,176	692,176	-	-
Foreign exchange swaps contracts:	47,809				
Outflow		(2,126,800)	(2,126,800)	-	-
Inflow		2,090,285	2,090,285	-	-
	$ 23,683,490	**(23,678,148)**	**(23,527,337)**	**(82,944)**	**(67,867)**

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

(iii) Market risk

1) Exposure to foreign currency risk

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

Unit: thousands of foreign currency

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 671,226	USD/TWD =30.705	20,609,994	749,672	USD/TWD =30.71	23,022,427
EUR	22,723	EUR/TWD =33.98	772,128	56,037	EUR/TWD =32.72	1,833,531
Financial liabilities						
Monetary items						
USD	696,440	USD/TWD =30.705	21,384,190	883,557	USD/TWD =30.71	27,134,035
EUR	2,583	EUR/TWD =33.98	87,770	20,859	EUR/TWD =32.72	682,506
CNY	286,729	CNY/USD =0.141	1,241,366	183,261	CNY/USD =0.144	810,424

(Continued)

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, accounts payable (including related parties), long-term borrowings, and other payables that are denominated in foreign currency. The analysis assumes that all other variables remain constant. A strengthening (weakening) 5% of each foreign currency against the functional currency on December 31, 2023 and 2022 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods.

		December 31, 2023	**December 31, 2022**
USD (against the TWD)			
Strengthening 5%	$	(38,710)	(205,580)
Weakening 5%		38,710	205,580
EUR (against the TWD)			
Strengthening 5%		34,218	57,551
Weakening 5%		(34,218)	(57,551)
CNY (against the USD)			
Strengthening 5%		(62,068)	(40,521)
Weakening 5%		62,068	40,521

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2023 and 2022, the net foreign exchange gains (including realized and unrealized portions) amounted to $78,521 and $391,251, respectively.

(Continued)

(iv) Interest rate analysis

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

		Carrying amount	
		December 31, 2023	**December 31, 2022**
Fixed rate financial instrument:			
Financial assets	$	4,752,555	5,054,505
Financial liabilities		(1,851,518)	(4,386,582)
	$	**2,901,037**	**667,923**
Variable rate financial instrument:			
Financial assets	**$**	**3,099,700**	**2,522,097**

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

If the interest rate had increased or decreased by 0.25% on the reporting date, assuming all other variables factors remaining constant, the net income before tax would have increased or decreased by $7,749 and $6,305 for the years ended December 31, 2023 and 2022, respectively, which would be mainly resulted from the bank savings with variable interest rates.

(v) Fair value

1) The categories of financial instruments and fair value

The Group's financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and financial assets and liabilities at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities (including the information on fair value hierarchy, but excluding financial instruments not measured at fair value whose carrying amount is reasonably approximate to the fair value, and lease liabilities, since the disclosures of fair value information is not required), were as follows:

(Continued)

	December 31, 2023				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss －current and non-current					
Derivative financial assets	$ 47,689	-	47,689	-	47,689
Non-derivative financial assets mandatorily measured at fair value through profit or loss	48,112	-	-	48,112	48,112
Subtotal	95,801				
Financial assets measured at fair value through other comprehensive income					
Stocks unlisted on domestic markets	35,442	-	-	35,442	35,442
Accounts receivable	2,200,068	-	2,200,068	-	2,200,068
Subtotal	2,235,510				
Financial assets measured at amortized cost					
Cash and cash equivalents	7,856,971	-	-	-	-
Accounts receivable, net	7,585,671	-	-	-	-
Other receivables	993,854	-	-	-	-
Refundable deposits	107,270	-	-	-	-
Subtotal	16,543,766				
Total	**$ 18,875,077**				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 14,884	-	14,884	-	14,884
Financial liabilities for hedging	14,246	-	14,246	-	14,246
Financial liabilities measured at amortized cost					
Short-term borrowings	1,375,458	-	-	-	-
Accounts payable (including related parties)	12,314,903	-	-	-	-
Other payables	6,441,708	-	-	-	-
Long-term borrowings, (including current portion)	476,060	-	-	-	-
Lease liabilities–current and non-current	149,775	-	-	-	-
Deposits received	38,381	-	-	-	-
Subtotal	20,796,285				
Total	**$ 20,825,415**				

(Continued)

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

(Continued)

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

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

a) Financial assets and financial liabilities measured at amortized cost

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

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

a) Non-derivative financial instruments

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

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

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

b) Derivative financial instruments

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

4) Transfers between Level 1 and Level 2

There was no transfer from level 2 to level 1 for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	**Unquoted equity instruments**
Balance at January 1, 2023	$ 46,379	46,150
Total gains and losses recognized		
In profit or loss	1,733	-
In other comprehensive income	-	(10,708)
Balance at December 31, 2023	**$ 48,112**	**35,442**
Balance at January 1, 2022	$ 37,475	26,169
Total gains and losses recognized		
In profit or loss	8,904	-
In other comprehensive income	-	19,981
Balance at December 31, 2022	**$ 46,379**	**46,150**

For the years ended December 31, 2023 and 2022, total gains and losses that were included in "gains and losses on financial assets (liabilities) at fair value through profit or loss" and "unrealized gains and losses from investments in equity instruments measured at fair value through other comprehensive income" were as follows:

	2023	2022
Total gains and losses recognized:		
In profit or loss, and presented in "Gains and losses on financial assets(liabilities) at fair value through profit or loss"	**$ 1,733**	**8,904**
In other comprehensive income, and presented in "Unrealized gains and losses from investments in equity instruments measured at fair value through other comprehensive income"	**$ (10,708)**	**19,981**

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

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

Most of fair value measurements of the Group categorized within Level 3 have single and significant unobservable inputs. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of

(Continued)

the equity instruments without an active market are independent from each other, as a result, there is no relevance between them.

Quantified information of significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income–equity investment without an active market	Comparable market approach	· Price-Book ratio multiples (2.36~3.04 and 1.21~3.77 on December 31, 2023 and 2022, respectively)	· The higher the multiple is , the higher the fair value will be.
		· Lack-of-Marketability discount rate (30% on December 31, 2023 and 2022)	· The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through profit or loss–investments in private equity fund	Net asset value method	· Net asset value	· Inapplicable

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

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

	Input	Move up or down	Other comprehensive income Favorable change	Other comprehensive income Unfavorable change
December 31, 2023				
Financial assets measured at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 1,802	1,811
	Lack-of-Marketability discount rate	5%	$ 784	771
December 31, 2022				
Financial assets measured at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 2,323	2,340
	Lack-of-Marketability discount rate	5%	$ 986	990

(Continued)

The favorable and unfavorable change represent the movement of the fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. If there are more than one input for the fair value of financial instrument, the analysis above only reflects the effects of changes for a single input, and it does not consider the inter-relationships and variability with another inputs.

8) Offsetting financial assets and financial liabilities

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

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

Unit: In thousand dollars of TWD and USD

	December 31, 2023		
	Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement		
	Gross amounts of recognized financial assets/ liabilities (a)	Gross amounts of financial assets/ liabilities offset in the balance sheet (b)	Net amount of financial assets/ liabilities presented in the balance sheet (c)=(a)-(b)
Cash/short-term borrowings	$ 4,694,672	4,694,672	-
	(USD 152,896)	(USD 152,896)	

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

(Continued)

(z) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

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

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

(iii) Credit risk

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

1) Accounts receivable and other receivables

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

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

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

2) Investments

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

(iv) Liquidity risk

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

The Group manages and maintain sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group’s management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. The loans and borrowings from banks form an important source of liquidity for the Group. As of December 31, 2023 and 2022, for the information of the unused credit lines of bank loans, please see notes (6)(l) and (6)(n).

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return of investment.

In order to manage market risk, there are some financial liabilities incurred by the Group from buying and selling of derivative instrument. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Group, primarily in New Taiwan Dollars. The main currency used in transaction are USD and EUR.

The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk. Most of these contracts have a maturity of less than one year from the reporting date. The forward elements of forward exchange contracts are excluded from designation as the hedging instrument and are separately accounted for as a cost of hedging, which is recognized in equity in "other equity interest – gains (losses) on hedging instruments". The Group's policy is requesting for the critical terms of the forward exchange contracts to align with the hedged items.

The Group determines the existence of an economic relationship between the hedging instruments and hedged items based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

– the effect of the counterparty and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and

– changes in the timing of the cash flows for hedged transactions.

2) Interest rate risk

The Group borrows funds with a stable combination of fixed and variable interest rates to maintain its interest rate risk. The Group adopts contracts of interest swap to avoid the variability of cash flows attributed to fluctuation of interest rate.

(aa) Capital management

The Group maintains the capital based on the current operating characteristics of the industry, future development and changes in external environment to assure there is essential financial resource and operating plan to support working capital, capital expenditures, research & development expense, debt redemption and dividend payment and so on. The management decides the optimized capital structure by using the appropriate debt-to-equity ratio. To maintain a strong capital base, the Group enhances the return on equity by optimizing debt-to-equity ratio. The Group's debt-to-equity ratio at the end of the reporting date were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 23,648,592	26,081,266
Total equity	14,900,067	13,939,261
Debt-to-equity ratio	159 %	187 %

As of December 31, 2023 and 2022, there were no changes in the Group's approach of capital management.

(Continued)

(ab) Investing and financing activities not affecting cash flow

The Group's investing and financing activities which did not affect the cash flow for the years ended December 31, 2023 and 2022 were as follows:

(i) The acquisition of right-of-use assets by lease, please see note (6)(j).

(ii) Convertible bonds issued, please see note (6)(o).

(iii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes Other	December 31, 2023
Short-term borrowings	$ 4,386,582	(3,011,124)	-	1,375,458
Lease liabilities	195,745	(93,069)	47,099	149,775
Long-term borrowings	-	483,794	(7,734)	476,060
Deposits received	34,607	3,866	(92)	38,381
Total liabilities from financing activities	**$ 4,616,934**	**(2,616,533)**	**39,273**	**2,039,674**

	January 1, 2022	Cash flows	Non-cash changes Other	December 31, 2022
Short-term borrowings	$ 4,363,580	23,002	-	4,386,582
Lease liabilities	283,729	(86,559)	(1,425)	195,745
Bonds payable	326,571	(7,400)	(319,171)	-
Deposits received	29,711	4,785	111	34,607
Total liabilities from financing activities	**$ 5,003,591**	**(66,172)**	**(320,485)**	**4,616,934**

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Compal Electronics, Inc.(CEI) is not only the parent company of the consolidated entity but also the ultimate controlling party of the Group. CEI owns 33 percent of all outstanding ordinary shares of the Company, and has released the consolidated financial statements available for public use.

(b) Name and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Compal Electronics, Inc.	Parent company
Compal Electronics (Vietnam) Co., Ltd. ("CVC")	The ultimate parent company is the same
Kinpo Group Management Service Company	The chairman of parent company is the same as that of the entity
AcBel Polytech Inc.	The chairman of the entity is the first degree of kinship of the chairman of parent company
LIZ Electronics (Nantong) Co., Ltd.	An associate of parent company
LIZ Electronics (Kunshan) Co., Ltd.	〃

(c) Significant related party transactions

(i) Purchases of goods from related parties

The amounts of significant purchases by the Group from related parties were as follows:

	2023	2022
Parent company	$ 1,497,276	4,736,735
Other related parties	93,487	92,488
	$ 1,590,763	**4,829,223**

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by third-party vendors. The payment terms were net 60~120 days from the end of the month of delivery.

(ii) Other expenditures

The Group entrusted other related parties to provide technical support, professional services and other services, and the related expenses for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Other related parties	**$ 1,030**	**1,085**

(iii) Lease

In April 2019, the Group leased factories and buildings from other related parties－CVC, with a lease term of 3 years, after surveying the market price in neighboring areas. The lease contract had been early terminated on January 31, 2022, and recognized the lease modification benefit of $174.

(Continued)

The Group leased machinery equipment from other related parties－CVC with a contract term of 5 years in June 2019. The lease payment was collected by the parent company on behalf of CVC, and had been fully paid by the Group in 2020. In addition, the lease contract had been early terminated on January 31, 2022. The prepaid lease payment amounting to $40,541 had been refunded by parent company. The Group has received the refund and recognized the lease modification benfit of $1,351.

(iv) Property transaction

In January 2022, the Group purchased machinery equipment from other related parties－CVC. The transaction amount of $40,325 had been fully paid.

(v) Payables to related parties

The payables to related parties were as follows:

Account	Related party categories	December 31, 2023	December 31, 2022
Accounts payable	Parent company	$ 685,277	1,451,984
Accounts payable	Other related parties	40,587	27,754
		$ 725,864	**1,479,738**

(d) Transactions with key management personnel

Key management personnel remunerations comprised:

	2023	2022
Short-term employee benefits	$ 140,535	100,795
Post-employment benefits	1,033	1,058
Share-based payments	-	2,350
	$ 141,568	**104,203**

Please refer to note (6)(u) for further explanations related to share-based payments.

(8) Pledged assets:None

(9) Commitments and contingencies:

As of December 31, 2023 and 2022, the Group has entered into agreements for the construction of its plants, amounted to $816,804 and $779,873, respectively, which have yet to be paid.

(10) Losses due to major disasters: None

(11) Subsequent Events: None

(12) Other:

The followings are the summary statement of employee benefits, depreciation and amortization expenses by function:

By function / By item	2023 Operating costs	2023 Operating expenses	2023 Total	2022 Operating costs	2022 Operating expenses	2022 Total
Employee benefits						
Salary	798,581	1,983,232	2,781,813	829,314	1,684,105	2,513,419
Labor and health insurance	57,000	135,257	192,257	45,471	117,237	162,708
Pension	40,428	71,918	112,346	47,744	63,883	111,627
Others	624,718	85,321	710,039	598,173	62,551	660,724
Depreciation	621,282	166,050	787,332	535,121	152,012	687,133
Amortization	1,541	53,629	55,170	1,540	45,503	47,043

(13) Other disclosure items:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2023:

(i) Loans to other parties:

Unit: In thousand dollars of TWD/USD

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2 & 3)	Note
0	The Company	Arcadyan do Brasil Ltda	Other receivables	Yes	63,720 (USD2,000)	-	-	5%	2	-	Operating demand	-	-	-	2,960,444	5,920,889	The transactions had been eliminated in the consolidated financial statements.
0	〃	Arcadyan do Brasil Ltda	〃	Yes	64,870 (USD2,000)	61,410 (USD2,000)	42,987 (USD1,400)	5.5%	2	-	Operating demand	-	-	-	2,960,444	5,920,889	〃
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	304,800 (USD10,000)	-	-	1%	1	14,676,990 (USD478,000)	-	-	-	-	2,960,444	5,920,889	〃
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	324,350 (USD10,000)	307,050 (USD10,000)	-	5.5%	1	19,589,790 (USD638,000)	-	-	-	-	2,960,444	5,920,889	〃
1	Arcadyan Holding	CNC	〃	Yes	1,946,100 (USD60,000)	1,842,300 (USD60,000)	-	5.5%	2	-	Operating demand	-	-	-	2,245,049	2,245,049	〃

Note 1: Number 1 represents the business relationship with the Company; number 2 represents the short-term financing facility, if necessary.

Note 2: According to the policy of the Company on Lending Funds to Other Parties, the amount of loans to others shall not exceed 40% of the net worth of the Company. To borrowers having business relationship with the Company, the total amount of loans to the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expected amount for the current year, which shall not exceed 20% of the net worth of the Company. Also, the amount shall be combined with the Company' s endorsements/guarantees for the borrower upon calculation. When a short-term financing facility is deemed necessary, only the investees of the Company are allowed to borrow. The total amount of loans to the borrower shall not exceed 20% of the net worth of the Company, and it shall be combined with the Company's endorsements/guarantees for the borrower upon calculation. Inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or to loans of fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares, shall not apply to the restriction in paragraph 1 and paragraph 3, but the aggregate total amount of loans to borrowing companies shall not exceed the net worth of the lending company.

Note 3: According to the policy of Arcadyan Holding on Loaning Funds to Others, the amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility with Arcadyan Holding is deemed necessary, only the investees of Arcadyan Holding are allowed to borrow. The total amount for lending the borrower shall not exceed its net worth , and it shall be combined with the Company's endorsements/guarantees for the borrower upon calculation.

Note 4: The amounts in New Taiwan Dollars were translated at the exchange rate of $30.705(USD) based on the year-end date.

(Continued)

(ii) Guarantees and endorsements for other parties:

Unit: In thousand dollars of TWD/USD

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Arcadyan Technology Australia Pty Ltd	100% owned subsidiary of the Company	1,973,629	243,263 (USD7,500)	230,288 (USD7,500)	-	-	1.56 %	5,920,889	Y	N	N

Note: The total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 40% of the Company' s net worth. The total amount of endorsements/ guarantees the Company or the Group is permitted to make for a single company shall not exceed 1/3 of the amount of limitation aforementioned.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Unit: In thousand dollars of TWD/thousand shares

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Highest holdings during the year		Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	Shares	Percentage of ownership (%)	
The Company	Geo Things Inc.	-	Financial assets at fair value through profit or loss–non-current	200	-	4.17 %	-	200	4.17 %	
〃	AirHop Communication, Inc.	-	〃	1,152	-	4.60 %	-	1,152	4.60 %	
〃	Adant Technologies Inc.	-	〃	349	-	4.93 %	-	349	4.93 %	
〃	IOT Eye, Inc.	-	〃	60	-	13.75 %	-	60	13.75 %	
〃	TIEF Fund, L.P.	-	〃	-	48,112	7.49 %	48,112	-	7.49 %	
〃	Chimei Motor Electronic Co Ltd.	-	Financial assets at fair value through other comprehensive income–non-current	1,650	35,442	5.50 %	35,442	1,650	5.50 %	
〃	Golden Smart home Technology Corp.	-	〃	1,229	-	1.99 %	-	1,229	5.61 %	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Others		Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	Shares	Amount
The Company	Arcadyan Holding	Investments accounted for using equity method	New shares in cash	Subsidiary	47,780	1,804,421	60,000 (note 1)	1,843,500 (note 1)	60,000 (note 2)	-	1,843,500 (note 2)	-	-	262,540 (Note 3)	47,780	2,066,961

Note 1: On March 14, 2023, the Board of Directors resolved to increase the capital of Arcadyan Holding in cash amounting to USD 60,000 thousand.
Note 2: On August 22, 2023, the Board of Directors resolved to decrease the capital of Arcadyan Holding in cash by USD60,000 thousand.
Note 3: Others include investment gains (losses) under equity method, exchange differents on translation of foreign financial statements, etc.

(v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relation-ship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
Arcadyan Vietnam	Plant, mechanical and electrical equipment	May 5, 2022 (Note 1)	Estimated the maximum limit of 1,466,719	1,387,915	DONG HUI CO., LTD and THANH NGUYEN DUC CONSTRUCTION AND TRADING CO., LTD	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	Operation use	None
The Company	Buildings	September 28, 2023	Estimated the maximum limit of 738,000	-	Chien Ming Construction Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	Operation use	None

Note 1: In order to meet the operational needs, the Board of Directors of Arcadyan Vietnam resolved on May 5, 2022, to authorize the chairman of the Board to expand the plant in the maximum limit of USD48,000 thousnad. The total contract amount is expected to be $1,466,719 (VND1,123,923 million).

(vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter party	Nature of relationship	Transaction details: Purchases/ (Sales)	Amount	Percentage of total purchases/ (sales)	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Arcadyan Germany	Subsidiary	(Sales)	(1,028,804)	(2)%	Net 150 days from delivery	-	-	208,003	2 %	Note 3
〃	Arcadyan USA	〃	(Sales)	(19,847,179)	(42)%	Net 120 days from delivery	-	-	3,444,196	39 %	Note 3
〃	Arcadyan AU	〃	(Sales)	(1,075,651)	(2)%	Net 60 days from the end of the month of delivery	-	-	135,262	2 %	Note 3
〃	CNC	〃	Purchases	8,605,578	12 %	Net 120 days from delivery	According to cost plus pricing	-	(2,871,117)	(26)%	Note 1、3
〃	Arcadyan Vietnam	〃	Purchases	3,346,396	5 %	Net 180 days from the end of the month of delivery	〃	-	Note 2	- %	Note 1、3
〃	Compal Electronics INC.	Parent companyof the Company	Purchases	1,497,276	2 %	Net 60 days from the end of the month of delivery	-	-	(685,277)	(6)%	-
CNC	The Company	Parent company	(Sales)	(8,605,578)	(100)%	Net 120 days from delivery	According to cost plus pricing	-	2,871,117	100 %	Note 1、3

(Continued)

Name of company	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (Sales)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Arcadyan Vietnam	The Company	Parent company	(Sales)	(3,346,396)	(100)%	Net 180 days from the end of the month of delivery	〃	-	Note 2	- %	Note 1、3
Arcadyan Germany	The Company	Parent company	Purchases	1,028,804	100 %	Net 150 days from delivery	-	-	(208,003)	(100)%	Note 3
Arcadyan USA	The Company	Parent company	Purchases	19,847,179	100 %	Net 120 days from delivery	-	-	(3,444,196)	(100)%	Note 3
Arcadyan AU	The Company	Parent company	Purchases	1,075,651	100 %	Net 60 days from the end of the month of delivery	-	-	(135,262)	(100)%	Note 3

Note 1: The ending balances were derived from the net transactions on processing and sales of raw materials.
Note 2: As of December 31, 2023, the other receivables were amounted to $1,439,730.
Note 3: The transactions had been eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 3)	Allowance for bad debts
					Amount	Action taken		
The Company	Arcadyan AU	Subsidiary	135,262	5.16	-		118,749	-
〃	Arcadyan USA	〃	3,444,196	5.26	-		3,212,352	-
〃	Arcadyan Vietnam	〃	1,439,730 (Note 2)	(Note 2)	-		-	-
〃	Arcadyan Germany	〃	208,003	2.56	-		15,897	-
CNC	The Company	Parent company	2,871,117 (Note 1)	2.93	-		747,311	-

Note 1: The ending balance was accounts receivable derived from processing.
Note 2: The ending balance was other receivables derived from purchasing raw materials on behalf of related parties.
Note 3: Balance as of February 16, 2024.

(ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)

(x) Business relationships and significant intercompany transactions:

Unit: In thousands dollars of TWD

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Arcadyan Germany	1	Operating Revenues	1,028,804	There is no significant difference of price with non-related customers. The credit period is net 150 days from delivery.	2.01 %
〃	〃	〃	1	Accounts Receivable	208,003	〃	0.54 %
〃	〃	Arcadyan USA	1	Operating Revenues	19,847,179	There is no significant difference of price with non-related customers. The credit period is net 120 days from delivery.	38.80 %
〃	〃	〃	1	Accounts Receivable	3,444,196	〃	8.93 %
〃	〃	Arcadyan AU	1	Operating Revenues	1,075,651	There is no significant difference of price between non-related customers'. The credit period is net 60 days from the end of the month of delivery.	2.10 %
〃	〃	〃	1	Accounts Receivable	135,262	〃	0.35 %
〃	〃	Arcadyan Vietnam	1	Other Receivables	1,439,730	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	3.73 %
1	CNC	The Company	2	Processing Revenue	8,605,578	The price is based on the operating cost-plus. The credit period is net 120 days from delivery and depended on funding demand.	16.82 %
〃	〃	〃	2	Accounts Receivable	2,871,117	〃	7.45 %
2	Arcadyan Vietnam	The Company	2	Processing Revenue	3,346,396	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	6.54 %

Note 1: The numbers filled in as follows:
1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:
1 represents transactions between the parent company and its subsidiaries.
2 represents transactions between the subsidiaries and the parent company.
3 represents transactions between subsidiaries.

(Continued)

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Unit: In thousand dollars of TWD and USD and thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance as of December 31, 2023			The highest holdings in the period		Net income (losses) of the investee	Share of income (losses) of the investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value	Shares	Percentage of Ownership			
The Company	Arcadyan Holding	British Virgin Islands	Investment activities	1,701,027	1,701,027	47,780	100%	2,066,961	107,780	100 %	186,347	312,338	Note 2、4
The Company	Arcadyan USA	USA	Selling and technical support of wireless networking products	23,055	23,055	1	100%	92,028	1	100 %	19,720	19,720	〃
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	99,059	0.5	100 %	7,798	7,798	〃
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	35,156	20	100 %	11,668	11,668	〃
The Company and ZHI-BAO	Arcadyan Brasil	Brazil	Selling of wireless networking products	81,593	81,593	968	100%	(45,570)	968	100 %	(1,032)	(1,032)	〃
The Company	ZHI-BAO	Hsinchu City	Investment activities	48,000	48,000	34,980	100%	343,292	34,980	100 %	(63,223)	(63,223)	〃
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	153,318	25,028	61 %	(79,482)	(48,518)	〃
The Company	Arcadyan UK	England	Technical support of wireless networking products	1,988	1,988	50	100%	5,590	50	100 %	561	561	〃
The Company	Arcadyan AU	Australia	Selling of wireless networking products	1,161	1,161	50	100%	69,715	50	100 %	8,257	8,257	〃
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	7,672	-	100%	3,212	-	100 %	(1,005)	(1,005)	〃
The Company	CBN	Hsinchu County	Manufacturing and selling of broadband network products	11,925	11,925	533	1%	9,061	533	1 %	(331,620)	(2,611)	Note 3
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	76,952	29,110	19,800	100%	49,894	19,800	100 %	(18,275)	(18,275)	Note 2、4
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	891,980 (USD29,050)	891,980 (USD29,050)	29,050	100%	1,580,601 (USD51,477)	29,050	100 %	362,862 (USD11,647)	Investment gain(losses) recognized by Arcadyan Holding	〃
〃	Arch Holding	British Virgin Islands	Investment activities	338,093 (USD11,011)	338,093 (USD11,011)	35	100%	622,790 (USD20,283)	35	100 %	(207,710) (USD(6,667))	〃	〃
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	890,445 (USD29,000)	890,445 (USD29,000)	-	100%	1,575,996 (USD51,327)	-	100 %	362,769 (USD11,644)	Investment gain (losses) recognized by Sinoprime	〃
TTI	Quest	Samoa	Investment activities	36,846 (USD1,200)	36,846 (USD1,200)	1,200	100%	10,294	1,200	100 %	(2,952)	Investment gain (losses) recognized by TTI	〃
TTI	TTJC	Japan	Selling of digital home appliance	9,626	9,626	0.7	100%	2,693	0.7	100 %	(397)	〃	〃
Quest	Exquisite	Samoa	Investment activities	35,925 (USD1,170)	35,925 (USD1,170)	1,170	100%	9,457 (USD308)	1,170	100 %	(2,960) (USD(95))	Investment gain(losses) recognized by Quest	〃
ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	36,272	36,272	13,140	19.43%	223,285	13,140	19.43 %	(331,620)	Investment gain(losses) recognized by ZHI-BAO	Note 3

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of $US31.155 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of US$30.705 based on the reporting date.
Note 2: The Group has owner control.
Note 3: The Group has significant influence.
Note 4: The transactions had been eliminated in the consolidated financial statements.

(Continued)

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: In thousand dollars of TWD and USD

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest balance during the year		Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow				Shares	Percentage of ownership (%)				
SVA	Research and sale of wireless networking products	248,711 (USD8,100)	Note 1	(Note 4) 412,061 (USD13,420)	-	-	412,061 (USD13,420)	6,885 (USD221)	100%	-	100%	6,885 (USD221)	41,114 (USD1,339)	-	Note 3
CNC	Manufacturing of wireless networking products	382,277 (USD12,450)	〃	(Note 5) 338,093 (USD11,011)	-	-	338,093 (USD11,011)	(207,710) (USD(6,667))	100%	-	100%	(207,710) (USD(6,667))	622,790 (USD20,283)	-	〃
TCH	Manufacturing of digital home appliance products	371,684 (USD12,105)	Notes 1, 6 and 7	35,311 (USD1,150)	-	-	35,311 (USD1,150)	(4,331) (USD(139))	100%	-	100%	(4,331) (USD(139))	27,020 (USD880)	-	〃

Note 1: Investment in Mainland China through companies registered in a third region.
Note 2: The amounts in New Taiwan Dollars were translated at the exchange rate of $US31.155 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of US$30.705 based on the reporting date.
Note 3: The amounts are according to the financial statements which have been audited by parent company's independent external CPA.
Note 4: The Company paid US$18,420 thousands and acquired 100% shares of SVA from Accton Asia through Arcadyan Holding in 2010.
Note 5: The Company paid US$8,561 thousands and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.
Note 6: The Company’s subsidiary, TTI, obtained control over TCH for US$1,150 thousands on February 28, 2013 (base date of stock transferring).
Note 7: The Company’s subsidiary, TTI, increased the capital of TCH by accounts receivable of TTI amounting to US$8,755 thousands on August 16, 2023.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China by Investment Commission, MOEA
785,465 (USD25,581)	1,054,287 (USD34,336)	8,881,334

Note : The amounts in TWD were translated at the exchange rate of $30.705 on December 31, 2023.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2023, which were eliminated in the preparation of consolidated financial statements, are disclosed in “ Information on significant transactions” and “ Business relationships and significant intercompany transactions” .

(d) Major shareholders:

Unit: Share

Shareholding / Shareholder’s Name	Shares Owned	Ownership Percentage
Compal Electronics, Inc.	41,304,504	18.74 %

(Continued)

(14) Segment information:

The Group includes only one segment - the networking product segment, which is primarily engaged in the research, development, manufacture and sale of wireless LAN products, integrated digital and mobile multimedia products, wireless audio and video products, integrated home network game products, and digital set-top box products. The segment information of the Group is consistent with the information in the financial statements, and please see the consolidated statement of comprehensive income for the segment profit or loss; and please see the consolidated Balance Sheets for the segment assets.

(a) Geographic information

Stated below are the geographic information on the Group's operating revenues presented by location of customers and non-current assets presented by location of the assets.

(i) Revenue from external customers: Please refer to note (6)(w).

(ii) Non-current assets:

Country	2023	2022
Vietnam	$ 3,555,970	2,605,566
Taiwan	2,332,575	2,235,127
Others	173,586	747,061
	$ 6,062,131	5,587,754

Non-current assets include plant, property, and equipment, intangible assets, right of use assets and other non-current assets, excluding deferred tax assets and financial assets.

(b) Major customers information

	2023	2022
L Company	$ 8,839,883	9,159,566

5. Parent-Company-Only Financial Statements and Independent Auditors' Report

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Independent Auditors' Report

To the Board of Directors of Arcadyan Technology Corporation:

Opinion

We have audited the financial statements of Arcadyan Technology Corporation(" the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Inventory valuation

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

Description of key audit matters:

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

How the matter was addressed in our audit:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chien, Szu-Chuan and Wang, I-Wen.

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2024

Notes to Readers

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

ARCADYAN TECHNOLOGY CORPORATION

Balance Sheets

December 31, 2023 and 2022

(Expressed in thousand dollars of TWD)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 6,799,304	19	6,352,629	17
1110	Current financial assets at fair value through profit or loss (note (6)(b))	47,689	-	187	-
1170	Notes and accounts receivable, net (notes (6)(e) and (u))	5,143,871	14	5,497,095	16
1180	Accounts receivable from related parties, net (notes (6)(u) and (7))	3,795,187	11	5,010,025	14
1200	Other receivables	920,749	3	464,885	1
1210	Other receivables from related parties (note (7))	1,439,730	4	1,274,873	3
1310	Inventories, net (note (6)(f))	11,257,603	32	12,535,342	34
1410	Prepayments	1,892	-	79,382	-
1470	Other current assets (note (8))	4,983	-	5,572	-
		29,411,008	83	31,219,990	85
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(g))	2,927,154	8	2,711,914	8
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	48,112	-	46,379	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	35,442	-	46,150	-
1600	Property, plant and equipment (note (6)(h))	2,121,429	6	2,005,392	6
1755	Right-of-use assets (note (6)(i))	33,171	-	19,940	-
1780	Intangible assets (note (6)(j))	65,621	-	92,298	-
1840	Deferred tax assets (note (6)(q))	798,635	3	486,832	1
1900	Other non-current assets	94,696	-	75,125	-
		6,124,260	17	5,484,030	15
	Total assets	**$ 35,535,268**	**100**	**36,704,020**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note (6)(k))	$ 951,855	3	3,366,765	9
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	14,884	-	30,795	-
2126	Current financial liabilities for hedging (note (6)(d))	14,246	-	47,809	-
2170	Accounts payable	7,602,753	21	8,104,425	22
2180	Accounts payable to related parties (note (7))	3,569,605	10	4,464,602	12
2200	Other payables (including related parties) (note (7))	5,881,837	16	4,638,726	13
2230	Current tax liabilities	910,545	3	660,600	2
2250	Current provisions (note (6)(o))	698,887	2	608,560	2
2280	Current lease liabilities (note (6)(n))	13,909	-	15,144	-
2300	Other current liabilities (note (6)(l))	939,347	3	821,529	2
		20,597,868	58	22,758,955	62
	Non-Current liabilities:				
2570	Deferred tax liabilities (note (6)(q))	7,054	-	26,168	-
2580	Non-current lease liabilities (note (6)(n))	19,203	-	4,497	-
2640	Non-current net defined benefit liability (note (6)(p))	73,651	-	74,423	-
2670	Other non-current liabilities (note (6)(g))	35,268	-	32,737	-
		135,176	-	137,825	-
	Total liabilities	20,733,044	58	22,896,780	62
	Equity (notes (6)(m), (r) and (s)):				
3100	Ordinary share	2,203,543	6	2,203,543	6
3200	Capital surplus	3,872,335	11	4,091,729	11
3300	Retained earnings	8,721,653	25	7,514,181	21
3410	Exchange differences on translation of foreign financial statements	30,147	-	39,384	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income (note (6)(w))	(14,058)	-	(3,350)	-
3450	Gain(loss) from hedging instrument	(11,396)	-	(38,247)	-
	Total equity	14,802,224	42	13,807,240	38
	Total liabilities and equity	**$ 35,535,268**	**100**	**36,704,020**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ARCADYAN TECHNOLOGY CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousand dollars of TWD, except net income per share amounts)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating Revenues** (notes (6)(d), (6)(u) and (7)):				
4100	Net sales revenue	$ 47,057,694	99	45,800,360	99
4800	Other operating revenue	556,666	1	517,342	1
		47,614,360	100	46,317,702	100
5000	**Operating costs** (notes (6)(f), (6)(j), (6)(p), (7) and (12))	41,357,483	87	40,095,468	87
	Gross profit from operating	6,256,877	13	6,222,234	13
5910	Unrealized profit from sales	5,622	-	44,799	-
		6,251,255	13	6,177,435	13
	Operating expenses (notes (6)(j), (6)(p), (7) and (12)):				
6100	Selling expenses	438,528	1	908,245	2
6200	Administrative expenses	467,616	1	450,699	1
6300	Research and development expenses	2,674,203	5	2,260,691	5
	Total operating expenses	3,580,347	7	3,619,635	8
	Net operating income	2,670,908	6	2,557,800	5
	Non-operating income and expenses:				
7100	Interest income	110,465	-	46,178	-
7230	Foreign exchange (losses) gains, net	90,564	-	464,648	1
7225	Gains on disposal of investments	-	-	2,568	-
7375	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method (note (6)(g))	225,678	-	(479,429)	(1)
7010	Other income	22,254	-	7,975	-
7510	Interest expense (note (6)(m))	(71,303)	-	(95,923)	-
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss (note (6)(d))	(40,297)	-	(116,880)	-
	Total non-operating income and expenses	337,361	-	(170,863)	-
	Income before tax	3,008,269	6	2,386,937	5
7950	Less: Income tax expenses (note (6)(q))	587,700	1	373,781	1
	Net income	2,420,569	5	2,013,156	4
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(p))	(1,435)	-	28,873	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note (6)(c))	(10,708)	-	19,981	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(q))	(287)	-	5,775	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(11,856)	-	43,079	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(4,279)	-	291,862	1
8368	Gains (losses) on hedging instrument (note (6)(d))	33,563	-	(47,809)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(4,958)	-	(8,731)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(q))	6,712	-	(9,562)	-
	Components of other comprehensive income that may be reclassified to profit or loss	17,614	-	244,884	1
8300	**Other comprehensive income**	5,758	-	287,963	1
	Total comprehensive income	$ 2,426,327	5	2,301,119	5
	Earnings per share (note (6)(t))				
9750	Basic earnings per share	$ 10.98		9.20	
9850	Diluted earnings per share	$ 10.83		8.98	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

ARCADYAN TECHNOLOGY CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousand dollars of TWD)

			Retained earnings				Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unearned employee benefit	Total other equity interest	Total equity
Balance at January 1, 2022	$ 2,164,926	4,032,400	1,152,791	196,919	5,389,173	6,738,883	(243,747)	(23,331)	-	(13,030)	(280,108)	12,656,101
Net income for the year ended December 31, 2022	-	-	-	-	2,013,156	2,013,156	-	-	-	-	-	2,013,156
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	23,098	23,098	283,131	19,981	(38,247)	-	264,865	287,963
Comprehensive income for the year ended December 31, 2022	-	-	-	-	2,036,254	2,036,254	283,131	19,981	(38,247)	-	264,865	2,301,119
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	177,876	-	(177,876)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	70,159	(70,159)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,260,956)	(1,260,956)	-	-	-	-	-	(1,260,956)
Cash dividends from capital surplus	-	(217,406)	-	-	-	-	-	-	-	-	-	(217,406)
Convertible bonds converted into ordinary shares	38,920	281,014	-	-	-	-	-	-	-	-	-	319,934
Changes in equity of associates and subsidiaries accounted for using equity method	-	6,052	-	-	-	-	-	-	-	-	-	6,052
Share-based payment transactions	(303)	(10,331)	-	-	-	-	-	-	-	13,030	13,030	2,396
Balance at December 31, 2022	2,203,543	4,091,729	1,330,667	267,078	5,916,436	7,514,181	39,384	(3,350)	(38,247)	-	(2,213)	13,807,240
Net income for the year ended December 31, 2023	-	-	-	-	2,420,569	2,420,569	-	-	-	-	-	2,420,569
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(1,148)	(1,148)	(9,237)	(10,708)	26,851	-	6,906	5,758
Comprehensive income for the year ended December 31, 2023	-	-	-	-	2,419,421	2,419,421	(9,237)	(10,708)	26,851	-	6,906	2,426,327
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	203,625	-	(203,625)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(264,865)	264,865	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,211,949)	(1,211,949)	-	-	-	-	-	(1,211,949)
Cash dividends from capital surplus	-	(220,354)	-	-	-	-	-	-	-	-	-	(220,354)
Changes in equity of associates and subsidiaries accounted for using equity method	-	960	-	-	-	-	-	-	-	-	-	960
Balance at December 31, 2023	**$ 2,203,543**	**3,872,335**	**1,534,292**	**2,213**	**7,185,148**	**8,721,653**	**30,147**	**(14,058)**	**(11,396)**	**-**	**4,693**	**14,802,224**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ARCADYAN TECHNOLOGY CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in thousand dollars of TWD)

		2023	2022
Cash flows from (used in) operating activities:			
Income before tax	$	3,008,269	2,386,937
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		167,035	129,291
Amortization expense		54,487	45,286
Expected credit loss		9,980	16,983
Interest expense		71,303	95,923
Interest income		(110,465)	(46,178)
Net gain on financial assets or liabilities at fair value through profit or loss		(1,733)	(8,904)
Share-based payments transactions		-	2,396
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method		(225,678)	479,429
Loss (gain) on disposal of property, plant and equipment		139	(240)
Gain on disposal of investments accounted for using equity method		-	(2,568)
Lease modification benefits		-	(1,351)
Unrealized profit from sales		5,622	44,799
Total adjustments to reconcile (loss) profit		(29,310)	754,866
Changes in operating assets and liabilities:			
Changes in financial assets or liabilities mandatorily measured at fair value through profit or loss		(63,413)	47,599
Decrease (increase) in notes and accounts receivable		355,134	(789,256)
Decrease (increase) in accounts receivable from related parties		1,214,838	(2,681,488)
Increase in other receivable (including related parties)		(638,123)	(340,040)
Decrease (increase) in inventories		1,277,739	(3,950,628)
Decrease (increase) in prepayments		77,490	(51,611)
Decrease in other current assets		589	35,536
(Decrease) increase in accounts payable (including related parties)		(1,396,669)	4,919,037
Increase in other payable and other current liabilities		1,448,449	1,364,233
Decrease in other operating liabilities		(2,207)	(2,606)
Total changes in operating assets and liabilities		2,273,827	(1,449,224)
Total adjustments		2,244,517	(694,358)
Cash inflow generated from operations		5,252,786	1,692,579
Interest received		114,247	42,110
Dividends received		48,635	5,291
Interest paid		(88,022)	(78,076)
Income taxes paid		(675,097)	(260,932)
Net cash flows from (used in) operating activities		4,652,549	1,400,972
Cash flows from (used in) investing activities:			
Acquisition of investments accounted for using equity method		(1,891,343)	(15,603)
Proceeds from disposal of investments accounted for using equity method		-	34,354
Reduction of capital from investee		1,843,500	518,755
Acquisition of property, plant and equipment		(249,545)	(113,600)
Proceeds from disposal of property, plant and equipment		2,618	766
Acquisition of intangible assets		(27,862)	(25,272)
Proceeds from disposal of right-of-use assets		-	40,541
(Increase) decrease in other non-current assets		(19,571)	17,358
Net cash flows from (used in) investing activities		(342,203)	457,299
Cash flows from (used in) financing activities:			
Decrease in short-term borrowings		(2,414,910)	(776,815)
Repayments of bonds		-	(7,400)
Cash dividends paid		(1,432,299)	(1,478,345)
Repayment of lease principal		(16,470)	(15,722)
Other financing activities		8	4,786
Net cash flows (used in) from financing activities		(3,863,671)	(2,273,496)
Net decrease in cash and cash equivalents		446,675	(415,225)
Cash and cash equivalents at beginning of period		6,352,629	6,767,854
Cash and cash equivalents at end of period	**$**	**6,799,304**	**6,352,629**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ARCADYAN TECHNOLOGY CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in thousand dollars of TWD, Unless Otherwise Specified)

(1) Company history

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

The Company is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, digital home multimedia appliances, mobile broadband products and wireless audio and video products.

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

These financial statements were authorized for issuance by the Board of Directors on February 22, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

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

In addition, the Company has adopted Amendments to IAS 12"International Tax Reform – Pillar Two Model Rules" on May 23, 2023. The amendments provide a temporary mandatory exception for deferred tax accounting treatment to the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2022, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Company operates and no related deferred taxes were recognized at that date, the retrospective application has no impact on the Company' s condensed interim financial statements. The Company is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax, and expects to disclose the mandatory relief and the new disclosures in the Company's financial statements for the year ended December 31, 2023.

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of material policies:

The material accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the presented periods in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

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

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

3) Hedging financial assets are measured at fair value; and

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

(ii) Functional and presentation currencies

The functional currency of the company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollars (TWD), which is the Company's functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

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

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

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

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

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

(Continued)

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

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

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

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

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

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

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

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

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

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

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

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

(Continued)

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above such as financial assets held-for-trading and evaluate performance on a fair value basi are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

(Continued)

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

(Continued)

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments and hedge accounting

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

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

The Company designates certain hedging instruments (which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk) as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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

1) Cash flow hedges

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

(Continued)

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

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

(g) Inventories

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

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

(h) Investment in associates

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

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

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

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

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

(i) Investments in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of the parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

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

1) Buildings: 50 years

2) Machinery and equipment: 3~6 years

3) Research equipment: 3~6 years

4) Modeling equipment: 2~3 years

5) Other equipment: 1~10 years

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

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

(k) Lease

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

(i) As a lessee

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

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

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

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

1) fixed payments, including in substance fixed payments;

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

(Continued)

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

4) payments for purchase or termination options that are reasonably certain to be exercised or fines to be paid.

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

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

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

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

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

5) there is any lease modifications

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

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of factory facilities and vehicles and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

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

(Continued)

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

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

(l) Intangible assets

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

2) Computer software: 1~10 years

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

(Continued)

(m) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

(n) Provisions

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

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

(o) Revenue from contracts with customers

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

(Continued)

(i) Sale of goods

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

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

(ii) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

(Continued)

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

(iii) Short term employee benefits

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

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

Grant date of a share-based payment award is the date which the Board of Directors authorized the price and approved employees can subscribe for shares.

(r) Income Taxes

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

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (1) affects neither accounting nor taxable profits (losses) and (2) does not give rise to equal taxable and deductible temporary differences;

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

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

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

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

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief for deferred tax accounting treatment to the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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

(i) the Company has a legally enforceable right to offset current tax assets against current tax liabilities; and

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

   1) the same taxable entity; or

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

(Continued)

(s) Business combination

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

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

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

(t) Earnings per share

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

(u) Operating segments

Please refer to the Company’s consolidated financial statements for the years ended December 31, 2023 and 2022, for further details.

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

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

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

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

(Continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

Inventory valuation

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 4,159	2,140
Checking accounts and demand deposits	2,195,145	1,500,489
Time deposits	3,000,000	3,600,000
Repurchase agreements	1,600,000	1,250,000
	$ 6,799,304	**6,352,629**

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

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

	December 31, 2023	December 31, 2022
Current financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	$ 146	187
Foreign exchange swap contracts	47,543	-
Total	**$ 47,689**	**187**
Non-current financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets:		
Fund unlisted on domestic or foreign markets	**$ 48,112**	**46,379**
Held-for-trading financial liabilities:		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	**$ 14,884**	**30,795**

The Company uses derivative financial instruments to hedge the certain foreign exchange risk the Company is exposed to, arising from its operating activities. For the years ended December 31, 2023 and 2022, the derivative instruments, without the application of hedge accounting, classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities were as follows:

	December 31, 2023		
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	USD 3,609	Buy USD / INR	January 30, 2024
Swap contracts:			
Foreign exchange swaps	USD 70,000	B/S USD / TWD	January 26, 2024~ March 28, 2024
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	USD 3,595	Buy USD / INR	January 12, 2024
Foreign exchange forward	EUR 17,000	Sell EUR / USD	January 12, 2024~ April 12, 2024

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

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

As of December 31, 2023 and 2022, the Company did not provide any aforementioned financial assets as collaterals.

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

	December 31, 2023	December 31, 2022
Eqity investments at fair value through other comprehensive income:		
Stocks unlisted on domestic markets	$ 35,442	46,150

(i) For the years ended December 31, 2023 and 2022, unrealized (losses) gains from above mentioned equity measured at fair value were $(10,708) and $19,981, respectively, recognized under other comprehensive income.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2023 and 2022.

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

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

(d) Financial assets and liabilities used for hedging

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

	December 31, 2023	December 31, 2022
Cash flow hedge:		
Financial liabilities used for hedging:		
Foreign exchange forward contracts	$ 14,246	47,809

(ii) Cash flow hedge－foreign exchange risk

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

As of December 31, 2023 and 2022, the amounts relating to the items designated as hedging instruments were as follows:

	December 31, 2023			
	Contract amount (in thousands)	Currency	Maturity date	Average strike price
Derivative financial liabilities used for hedging				
Forward contracts:				
Foreign exchange forward	EUR 32,000	Sell EUR / USD	January 30, 2024~ June 27, 2024	1.0960

(Continued)

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

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

For the years ended December 31, 2023 and 2022, the details of adjustments on reclassification from other comprehensive income were as follows:

	2023	2022
Cash flow hedge		
Gains (losses) in current year	$ (8,754)	82,853
Less: Gains (losses) of adjustments on reclassification from components of other comprehensive income which belongs to net income	(42,317)	130,662
Net gains (losses) recognized in other comprehensive income	**$ 33,563**	**(47,809)**

(iv) For the years ended December 31, 2023 and 2022, the ineffective portion of cash flow hedge recognized in profit were amounted to $944 and $44,071, respectively, were recognized under the “Gains (losses) on financial assets (liabilities) at fair value through profit or loss”.

(v) For the years ended December 31, 2023 and 2022, profit or loss of adjustments from reclassification of other equity interest, deriving from the changes of fair-value for hedge instruments, were recognized under operating revenues in statement of comprehensive income.

(e) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable – measured at amortized cost	$ 2,983,308	5,538,510
Accounts receivable – fair value through other comprehensive income	2,200,068	-
Less: allowance for uncollectible accounts	(39,505)	(41,415)
	$ 5,143,871	**5,497,095**

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

(Continued)

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

	December 31, 2023				
Credit rating		**Gross carrying amount**	**Weigh-average ECLs rate**	**Lifetime ECLs**	**Credit impaired**
Level A	$	2,321,489	0%	-	No
Level B		2,155,803	0.2%	4,529	No
Level C		686,065	2.2%	14,957	No
Level D		-	-	-	-
Level E		20,019	100%	20,019	Yes
Total	$	**5,183,376**		**39,505**	

	December 31, 2022				
Credit rating		**Gross carrying amount**	**Weigh-average ECLs rate**	**Lifetime ECLs**	**Credit impaired**
Level A	$	2,238,387	0%	-	No
Level B		2,993,329	0.2%	6,246	No
Level C		286,772	5%	15,147	No
Level D		-	-	-	-
Level E		20,022	100%	20,022	Yes
Total	$	**5,538,510**		**41,415**	

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

		December 31, 2023	**December 31, 2022**
Overdue 1~30 days	$	658,431	905,584
Overdue 31~60 days		184,039	119,110
Overdue 61~90 days		11,427	129,856
Overdue 91~180 days		205,969	71,301
Overdue over 181 days		57,898	28,574
	$	**1,117,764**	**1,254,425**

The movement in the allowance for notes and accounts receivable were as follows:

		2023	**2022**
Balance at January 1	$	41,415	24,957
Impairment loss (reversed) recognized		(1,910)	16,458
Balance at December 31	$	**39,505**	**41,415**

(Continued)

As of December 31, 2023 and 2022, the Company did not provide any aforementioned notes and accounts receivable as collaterals for its loans.

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

As of December 31, 2023 and 2022, the Company has not transferred accounts receivable.

(f) Inventories

(i) A summary of the Company's inventories was as follows:

	December 31, 2023	December 31, 2022
Raw materials	$ 3,001,291	1,510,355
Work in progress	1,986	-
Finished goods	8,254,326	11,024,987
	$ 11,257,603	**12,535,342**

(ii) Inventory cost recognized as operating costs for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Cost of sales and expense	$ 40,973,123	39,488,645
Provision for inventory valuation and obsolescence loss	384,360	606,823
	$ 41,357,483	**40,095,468**

(iii) As of December 31, 2023 and 2022, the Company did not provide any inventories as collaterals.

(Continued)

(g) Investments accounted for using equity method (including credit balance of investments accounted for using equity method)

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 2,872,195	2,658,371
Associates	9,061	11,898
	2,881,256	2,670,269
Add: Recorded as deduction of other receivable from related parties	43,375	41,645
Add: Credit balance of investments accounted for using equity method (recorded as other non-current liabilities)	2,523	-
	$ 2,927,154	2,711,914

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(ii) Associates

The Company's financial information for investment accounted for using equity method that are individually insignificant was as follows:

	December 31, 2023	December 31, 2022
The carrying amount of the Company's interests in all individually insignificant associates' equity	$ 9,061	11,898

The Company's share of the net income (loss) of associates was as follows:

	2023	2022
Attributable to the Company:		
Net loss from continuing operations	$ (2,611)	(450)
Other comprehensive income	3	3
Total comprehensive loss	$ (2,608)	(447)

(iii) As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using equity method as collaterals for its loans.

(Continued)

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

		Land	Buildings and construction	Machinery and equipment	Research and development equipment	Molding equipment	Other equipment	Construction in progress and prepayment for purchase of equipment	Total
Cost or deemed cost:									
Balance at January 1, 2023	$	878,978	828,128	155,376	677,493	111,663	282,486	22,710	2,956,834
Additions		-	-	57,597	91,294	72,990	9,178	37,725	268,784
Reclassifications		-	-	-	3,338	-	843	(3,898)	283
Disposals and derecognitions		-	-	(139,165)	(17,041)	(44,332)	(2,532)	-	(203,070)
Balance at December 31,2023	$	**878,978**	**828,128**	**73,808**	**755,084**	**140,321**	**289,975**	**56,537**	**3,022,831**
Balance at January 1, 2022	$	878,978	828,128	175,457	584,991	90,354	253,076	9,208	2,820,192
Additions		-	-	9,320	98,324	21,309	31,170	16,062	176,185
Reclassifications		-	-	-	2,560	-	-	(2,560)	-
Disposals and derecognitions		-	-	(29,401)	(8,382)	-	(1,760)	-	(39,543)
Balance at December 31, 2022	$	**878,978**	**828,128**	**155,376**	**677,493**	**111,663**	**282,486**	**22,710**	**2,956,834**
Depreciation and impairment loss:									
Balance at January 1, 2023	$	-	131,954	145,298	402,340	83,680	188,170	-	951,442
Depreciation for the period		-	16,382	4,026	77,270	18,281	34,366	-	150,325
Disposals and derecognitions		-	-	(136,466)	(17,037)	(44,330)	(2,532)	-	(200,365)
Balance at December 31, 2023	$	**-**	**148,336**	**12,858**	**462,573**	**57,631**	**220,004**	**-**	**901,402**
Balance at January 1, 2022	$	-	115,572	173,908	351,099	77,854	158,597	-	877,030
Depreciation for the period		-	16,382	787	59,578	5,826	30,856	-	113,429
Disposals and derecognitions		-	-	(29,397)	(8,337)	-	(1,283)	-	(39,017)
Balance at December 31, 2022	$	**-**	**131,954**	**145,298**	**402,340**	**83,680**	**188,170**	**-**	**951,442**
Carrying amounts:									
Balance at December 31, 2023	$	**878,978**	**679,792**	**60,950**	**292,511**	**82,690**	**69,971**	**56,537**	**2,121,429**
Balance at January 1, 2022	$	**878,978**	**712,556**	**1,549**	**233,892**	**12,500**	**94,479**	**9,208**	**1,943,162**
Balance at December 31, 2022	$	**878,978**	**696,174**	**10,078**	**275,153**	**27,983**	**94,316**	**22,710**	**2,005,392**

As of December 31, 2023 and 2022, the Company did not provide any Company’s property, plant and equipment as collaterals.

(i) Right-of-use assets

The cost and depreciation of the right-of-use of the Company for the years ended December 31, 2023 and 2022 were as follow:

	Buildings and construction	Machinery	Vehicles and Other	Total
Cost:				
Balance at January 1, 2023	$ 16,003	-	22,550	38,553
Additions	29,941	-	-	29,941
Disposals/ Write-off	(16,003)	-	(2,116)	(18,119)
Balance at December 31, 2023	**$ 29,941**	**-**	**20,434**	**50,375**
Balance at January 1, 2022	$ -	81,081	16,530	97,611
Additions	16,003	-	9,797	25,800
Disposals/ Write-off	-	(81,081)	(3,777)	(84,858)
Balance at December 31, 2022	**$ 16,003**	**-**	**22,550**	**38,553**
Depreciation:				
Balance at January 1, 2023	$ 8,001	-	10,612	18,613
Depreciation for the period	9,349	-	7,361	16,710
Disposals/ Write-off	(16,003)	-	(2,116)	(18,119)
Balance at December 31, 2023	**$ 1,347**	**-**	**15,857**	**17,204**
Balance at January 1, 2022	$ -	41,891	6,528	48,419
Depreciation for the period	8,001	-	7,861	15,862
Disposals/ Write-off	-	(41,891)	(3,777)	(45,668)
Balance at December 31, 2022	**$ 8,001**	**-**	**10,612**	**18,613**
Carrying amount:				
Balance at December 31, 2023	**$ 28,594**	**-**	**4,577**	**33,171**
Balance at January 1, 2022	**$ -**	**39,190**	**10,002**	**49,192**
Balance at December 31, 2022	**$ 8,002**	**-**	**11,938**	**19,940**

(j) Intangible Assets

The cost, amortization and impairment loss of intangible assets for the years ended December 31, 2023 and 2022, were as follows:

	Goodwill	Authorization fee	Computer software and others	Total
Cost:				
Balance at January 1, 2023	$ 6,556	24,828	140,352	171,736
Additions	-	-	27,862	27,862
Reductions	-	-	(32,314)	(32,314)
Balance at December 31, 2023	**$ 6,556**	**24,828**	**135,900**	**167,284**

(Continued)

		Goodwill	Authorization fee	Computer software and others	Total
Balance at January 1, 2022	$	6,556	39,114	144,523	190,193
Additions		-	-	25,272	25,272
Reductions		-	(14,286)	(29,443)	(43,729)
Balance at December 31, 2022	$	**6,556**	**24,828**	**140,352**	**171,736**
Amortization:					
Balance at January 1, 2023	$	-	20,305	59,133	79,438
Amortization for the period		-	2,483	52,004	54,487
Reductions		-	-	(32,262)	(32,262)
Balance at December 31, 2023	$	**-**	**22,788**	**78,875**	**101,663**
Balance at January 1, 2022	$	-	32,108	45,773	77,881
Amortization for the period		-	2,483	42,803	45,286
Reductions		-	(14,286)	(29,443)	(43,729)
Balance at December 31, 2022	$	**-**	**20,305**	**59,133**	**79,438**
Carrying amounts:					
Balance at December 31, 2023	$	**6,556**	**2,040**	**57,025**	**65,621**
Balance at January 1, 2022	$	**6,556**	**7,006**	**98,750**	**112,312**
Balance at December 31, 2022	$	**6,556**	**4,523**	**81,219**	**92,298**

(i) Amortization expenses

The amortization of intangible assets is included in the statements of comprehensive income:

		2023	2022
Operating costs	$	**1,490**	**1,483**
Operating expenses	$	**52,997**	**43,803**

(ii) As of December 31, 2023 and 2022, the Company did not provide any intangible assets as collaterals.

(k) Short-term borrowings

The short-term borrowings were summarized as follows:

		December 31, 2023	December 31, 2022
Unsecured bank loans	$	**951,855**	**3,366,765**
Unused credit lines for short-term borrowings	$	**12,419,241**	**8,061,960**
Annual interest rates		**1.77%~5.95%**	**0.05%~5.58%**

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

(Continued)

(l) Other current liabilities

The other current liabilities were summarized as follows:

		December 31, 2023	December 31, 2022
Temporary receipts－non-recurring engineering revenue and collection on behalf of others	$	563,802	600,696
Contract liabilities-advance receipts		351,227	196,756
Others		24,318	24,077
	$	**939,347**	**821,529**

(m) Unsecured convertible bonds payable

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

		December 31, 2023	December 31, 2022
Total convertible bonds issued	$	-	1,000,000
Accumulated converted amount		-	(992,600)
Repayment of bonds payable		-	(7,400)
Balance of bonds payable as of the reporting date	**$**	**-**	**-**
Conversion options included in equity components			
(recognized as capital surplus - expired stock options)	**$**	**361**	**361**

		2023	2022
Interest expenses	**$**	**-**	**763**

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

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

1) Coupon rate: 0%

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

3) Repayment:

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

(Continued)

4) Terms of conversion:

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

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

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

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

(iv) Period from January 1 to June 6, 2022, the convertible bonds with a par value of $321,000 were converted into ordinary shares of the Company with a par value of $38,920 and the capital surplus were recognized with $296,640 (including the stock options reclassified as additional paid-in capital－ premium of $15,626 and the unamortized discounts on bonds payable of $1,166).

(n) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 13,909	15,144
Non-current	$ 19,203	4,497

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expense on lease liabilities	$ **196**	**319**
Expenses relating to short-term leases	$ **4,746**	**3,948**

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

	2023	2022
Total cash outflow for leases	$ **21,412**	**19,989**

(i) Office and vehicles lease

The Company leases office and vehicles with lease terms of 3 to 5 years.

(ii) Other leases

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

(o) Provisions

	Warranties
Balance at January 1, 2023	$ 608,560
Provisions made	408,981
Provisions used	(318,654)
Balance at December 31, 2023	$ **698,887**
Balance at January 1, 2022	$ 483,782
Provisions made	332,855
Provisions used	(208,077)
Balance at December 31, 2022	$ **608,560**

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

(Continued)

(p) Employee benefits

(i) Defined benefit plans

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 214,688	214,762
Fair value of plan assets	(141,037)	(140,339)
Net defined benefit liabilities	**$ 73,651**	**74,423**

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

1) Composition of plan assets

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

The Company’s Bank of Taiwan labor pension reserve account balance amounted to $141,037 as of the reporting date. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations of the Company for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Balance at January 1	$ 214,762	236,742
Current service costs and interest	3,990	2,174
Remeasurement of net defined benefit liabilities	2,194	(18,410)
Pension payments	(6,258)	(5,744)
Balance at December 31	**$ 214,688**	**214,762**

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

The movements in the fair value of the defined benefit plan assets of the Company for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Fair value of plan assets at January 1	$	140,339	130,840
Contributions paid by the employer		3,973	4,024
Expected return on plan assets		2,224	756
Remeasurement of net defined benefit assets		759	10,463
Pension payments		(6,258)	(5,744)
Fair value of plan assets at December 31	**$**	**141,037**	**140,339**
Actual return on plan assets	**$**	**2,983**	**11,219**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Company for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Current service cost	$	499	768
Net interest on the net defined benefit liabilities		3,491	1,406
Expected return on plan assets		(2,224)	(756)
	$	**1,766**	**1,418**
Operating costs	$	181	165
Selling expenses		234	172
Administrative expenses		335	319
Research and development expenses		1,016	762
	$	**1,766**	**1,418**

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

The Company's actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

		2023	2022
Cumulative amount at January 1	$	51,910	80,783
Recognized for the period		1,435	(28,873)
Cumulative amount at December 31	**$**	**53,345**	**51,910**

(Continued)

6) Actuarial assumptions

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

i) Actuarial valuation for present value of defined benefit obligations as of December 31, 2023 and 2022

	December 31, 2023	**December 31, 2022**
Discount rate	1.625 %	1.750 %
Future salary increasing rate	3.000 %	3.000 %

ii) Actuarial valuation for defined benefit plans cost for the years ended December 31, 2023 and 2022

	2023	**2022**
Discount rate	1.750 %	0.625 %
Future salary increasing rate	3.000 %	3.000 %

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date was $3,967.

The weighted-average duration of the defined benefit obligation is 12.3 years.

7) Sensitivity analysis

If the main actuarial assumptions as of December 31, 2023 and 2022 had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligation	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2023		
Discount rate	(3,536)	5,133
Future salary increasing rate	4,972	(3,405)
December 31, 2022		
Discount rate	(4,565)	4,714
Future salary increasing rate	4,555	(4,422)

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation on the net defined benefit liabilities in the balance sheets.

(Continued)

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

8) The payments of pension to the qualified employees from Bank of Taiwan labor pension reserve account made by the Company were amounted to $6,258 and $5,744 for the years ended December 31, 2023 and 2022, respectively.

(ii) Defined contribution plans

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

The Company recognized the pension costs under the defined contribution method amounting to $52,615 and $48,211 for the years ended December 31, 2023 and 2022, respectively. Payment was allocated to the Bureau of Labor Insurance.

(q) Income taxes

(i) Income tax expense

The amount of income tax expense (benefit) for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Current income tax expense			
Recognized during the period	$	885,025	607,066
Additional tax on undistributed earnings		44,277	13,568
Adjustment for prior periods		(4,260)	66,883
		925,042	687,517
Deferred income tax revenue			
Reversal of temporary differences		(337,342)	(313,736)
Income tax expense	**$**	**587,700**	**373,781**

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Gains (losses) on remeasurement of defined benefit plans	$	(287)	5,775
Losses (gains) on hedging instruments		6,712	(9,562)
	$	**6,425**	**(3,787)**

(Continued)

Reconciliation of income tax expense (benefit) and income before tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Income before income tax	$ 3,008,269	2,386,937
Income tax at the Company's domestic tax rate	601,654	477,387
Tax-exempt net profit and loss from investment	32,544	33,155
Changes in unrecognized temporary differences	(32,136)	(63,725)
Change in provision in prior period	36,329	3,210
Additional tax on undistributed earnings	44,277	13,568
Tax credit of investment	(95,000)	(90,000)
Others	32	186
	$ 587,700	**373,781**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities:

As of December 31, 2023 and 2022, since the Company was able to control the timing of the reversal of the temporary differences associated with investments in overseas subsidiaries, and the management considered it is probable that the temporary differences whitch are not expected to reverse in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Detail were as follows:

	December 31, 2023	December 31, 2022
The temporary differences associated with investments in overseas subsidiaries	**$ 802,283**	**510,620**
Unrecognized deferred tax liabilities	**$ 160,457**	**102,124**

2) Unrecognized deferred tax assets:

Details of unrecognized under deferred tax assets were as follows:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	**$ 361,026**	**334,829**

The management considered that the temporary differences would probably not be reversed in the foreseeable future. Therefore, such temporary differences were not recognized under deferred tax assets.

(Continued)

3) Recognized deferred tax assets and liabilities

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

		Defined benefit plans	Exchange difference on transaction of foreign financial statements	Loss on inventory valuation	Unrealized exchange losses, net	Unrealized gross profit	Others	Total
Deferred Tax Assets:								
Balance at January 1,2023	$	10,378	61,138	195,766	-	20,374	199,176	486,832
Recognized in profit or loss		-	-	60,614	7,006	1,124	249,484	318,228
Recognized in other comprehensive income		287	-	-	-	-	(6,712)	(6,425)
Balance at December 31, 2023	**$**	**10,665**	**61,138**	**256,380**	**7,006**	**21,498**	**441,948**	**798,635**
Balance at January 1,2022	$	16,153	61,138	33,716	45,811	11,414	140,706	308,938
Recognized in profit or loss		-	-	162,050	(45,811)	8,960	48,908	174,107
Recognized in other comprehensive income		(5,775)	-	-	-	-	9,562	3,787
Balance at December 31, 2022	**$**	**10,378**	**61,138**	**195,766**	**-**	**20,374**	**199,176**	**486,832**

		Unrealized gain, net	Gains on valuated of financial assets	Investment income recognized under the equity method (overseas)	Total
Deferred Tax Liabilities:					
Balance at January 1,2023	$	26,168	-	-	26,168
Recognized in profit or loss		(26,168)	7,054	-	(19,114)
Balance at December 31, 2023		**-**	**7,054**	**-**	**7,054**
Balance at January 1,2022	$	-	-	165,797	165,797
Recognized in profit or loss		26,168	-	(165,797)	(139,629)
Balance at December 31, 2022	**$**	**26,168**	**-**	**-**	**26,168**

(iii) The ROC tax authorities have examined the income tax expenses of the Company through 2021.

(Continued)

(r) Capital and other equities

As of December 31, 2023 and 2022, the authorized ordinary shares were both $3,000,000 of which 220,355 thousand shares were issued. All issued shares were paid up upon issuance.

(i) Ordinary shares

Reconciliation of shares outstanding for 2023 and 2022 were as follows:

	Ordinary shares	
(in thousands of shares)	**2023**	**2022**
Balance at January 1	220,355	216,493
Cancellation of employee restricted shares	-	(30)
Convertible bonds converted into ordinary shares	-	3,892
Balance at December 31	**220,355**	**220,355**

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

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

(ii) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital－premium	$ 3,861,264	4,081,618
Difference between consideration and carry amount arising from acquisition or disposal of subsidiaries	3,698	3,698
Changes in equity of associates, joint ventures and subsidiaries accounted for using equity method	7,012	6,052
Expired stock options	361	361
	$ 3,872,335	**4,091,729**

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus generated from premium on issuance of capital stock and earnings from donation can be used to increase the common stock or be distributed as cash dividends. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus per annum should not exceed 10% of the paid-in capital.

(Continued)

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

The Company's Board of Directors meeting held on March 14, 2023 and March 10, 2022, approved to distribute the cash dividend of $220,354 ($1 per share) and $217,406 ($0.98662085 per share) from capital surplus. The related information can be accessed through the Market Observation Post System website.

The Company's Board of Directors meeting held on February 22, 2024, approved to distribute the cash dividend of $220,354 ($1 per share) from capital surplus. The related information can be accessed through the Market Observation Post System website after the meeting.

(iii) Retained earnings

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

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

1) Legal reverse

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

(Continued)

2) Special reverse

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. The amount to be reclassified to special reserve shall be a portion of current-period earning plus other line items in the retained earnings movements and undistributed prior-period earnings. A portion of previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The special reserve shall be made available for appropriation when the net deductions of other equity interests are reversed in the subsequent periods.

(iv) Earnings distributed

Earnings distribution for 2022 and 2021 were approved by the Board of Directors meeting held on March 14, 2023, and on Mach 10, 2022, respectively. The relevant dividend distribution to shareholders were as follows:

	2022			2021	
		Amount per share (dollars)	**Total amount**	**Amount per share (dollars)**	**Total amount**
Cash dividends distributed to ordinary shareholders	$	5.5	1,211,949	5.72240092	1,260,956

The earnings distribution for 2023 was approved by the Board of Directors meeting held on February 22, 2024 as follows:

	2023		
		Amount per share	**Total amount**
Cash dividends distributed to ordinary shareholders from unappropriated earnings	$	6.0	1,322,126

The related information of the earnings distribution for the year ended December 31, 2023, can be accessed through the Market Observation Post System website after the meeting.

(s) Share-based payment

(i) Employee restricted share

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

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

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

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

Unit: in thousands of shares

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

The compensation cost related to the employee restricted shares was $2,396 for the year ended December 31, 2022.

(Continued)

(t) Earnings per share

The basic earnings per share and diluted earnings per share of the Company were calculated as follows:

	2023	2022
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ **2,420,569**	**2,013,156**
Weighted-average number of ordinary shares (thousand shares)	**220,354**	**218,722**
	$ **10.98**	**9.20**
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ **2,420,569**	**2,013,156**
Weighted-average number of ordinary shares (thousand shares)	220,354	218,722
Effect of dilutive potential ordinary shares (thousand shares):		
Effect of remuneration to employees	3,239	3,959
Effect of employee restricted shares unvested	-	885
Effect of convertible bonds payable	-	795
Weighted-average number of ordinary shares (thousand shares)(after adjustment of dulutive potential diluted ordinary shares)	**223,593**	**224,361**
	$ **10.83**	**8.98**

(u) Revenue from contracts with customers

(i) Details of revenue

	2023 Networking Product Segment	2022 Networking Product Segment
Primary geographical markets		
Europe	$ 17,336,612	17,922,434
America	21,982,575	18,384,227
Asia and others	8,295,173	10,011,041
	$ **47,614,360**	**46,317,702**
Major products:		
Smart Home Solution	$ 16,283,507	16,324,984
Broadband Solution	13,146,591	12,983,734
Mobility Solution	16,747,087	15,724,672
Materials and others	1,437,175	1,284,312
	$ **47,614,360**	**46,317,702**

(Continued)

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable	$ 8,978,563	10,548,535	7,077,791
Less: Allowance for uncollectible accounts	(39,505)	(41,415)	(24,957)
Total	**$ 8,939,058**	**10,507,120**	**7,052,834**
Contract liabilities (recognized under other current liabilities)	**$ 351,227**	**196,756**	**2,172**

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

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the balance of contract liabilities at the beginning of the periods were $135,276 and $1,524, respectively.

(v) Remuneration to employees and directors

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

For the years ended December 31, 2023 and 2022, the Company accrued employee remuneration of $413,218 and $327,896, and directors’ remuneration of $21,995 and $17,635, respectively. The estimated amounts mentioned above are based on the income before tax prior to deduction of the remuneration to employees and directors of each respective ending period, multiplied by the percentage of remuneration to employees and directors, which were approved by the management of the Company. The estimations were recorded under operating costs or expenses for 2023 and 2022.The differences between the actual amounts and the estimations recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee remuneration in the form of stock, the number of the shares of the employee remuneration is determined based on the closing price of the day before the Board of Directors’ meeting.

There is no differences between the amounts approved in the Board of Directors’ meeting and those recognized in the financial statement for the year ended December 31, 2022, the related information can be accessed through the Market Observation Post System website.

(Continued)

(w) Financial instruments

(i) Credit risk

1) Maximum exposure to credit risk

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

2) Concentration of credit risk

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

3) Receivables and debt risk

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

Other financial assets at amortized cost includes other receivables, repurchase agreements and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision measured during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(f). In addition, the counterparties of the time deposits and repurchase agreements held by the Company are the financial institutions with investment grade credit ratings, these time deposits and repurchase agreements are considered to have low credit risk.

The loss allowance provision as of December 31, 2023 and 2022 were determined as follows:

	Other receivables
Balance at January 1, 2023	$ 528
Impairment loss recognized	11,890
Balance at December 31, 2023	**$ 12,418**
Balance at January 1, 2022	$ 3
Impairment loss reversed	525
Balance at December 31, 2022	**$ 528**

(Continued)

(ii) Liquidity risk

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

	Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
December 31, 2023					
Non-derivative financial liabilities					
Unsecured bank loans	$ 951,855	(951,855)	(951,855)	-	-
Accounts payable (including related parties)	11,172,358	(11,172,358)	(11,172,358)	-	-
Other payables (including related parties)	5,881,837	(5,881,837)	(5,881,837)	-	-
Lease liability－current and non-current	33,112	(33,663)	(14,226)	(10,134)	(9,303)
Deposits received	32,745	(32,745)	(326)	(1,374)	(31,045)
Derivative financial liabilities					
Other foreign exchange forward contracts:	14,884				
Outflow		(688,480)	(688,480)	-	-
Inflow		674,655	674,655	-	-
Foreign exchange forward contracts used for hedging:	14,246				
Outflow		(1,087,360)	(1,087,360)	-	-
Inflow		1,076,861	1,076,861	-	-
	$ 18,101,037	(18,096,782)	(18,044,926)	(11,508)	(40,348)
December 31, 2022					
Non-derivative financial liabilities					
Unsecured bank loans	$ 3,366,765	(3,366,765)	(3,366,765)	-	-
Accounts payable (including related parties)	12,569,027	(12,569,027)	(12,569,027)	-	-
Other payables (including related parties)	4,638,726	(4,638,726)	(4,638,726)	-	-
Lease liability－current and non-current	19,641	(19,817)	(15,293)	(4,308)	(216)
Deposits received	32,737	(32,737)	-	(326)	(32,411)
Derivative financial liabilities					
Other foreign exchange forward contracts:	30,795				
Outflow		(719,840)	(719,840)	-	-
Inflow		692,176	692,176	-	-
Foreign exchange forward contracts used for hedging:	47,809				
Outflow		(2,126,800)	(2,126,800)	-	-
Inflow		2,090,285	2,090,285	-	-
	$ 20,705,500	(20,691,251)	(20,653,990)	(4,634)	(32,627)

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

(Continued)

(iii) Currency risk

1) Exposure to foreign currency risk

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

Unit: thousand of foreign currency

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 666,191	USD/TWD =30.705	20,455,395	719,578	USD/TWD =30.71	22,098,240
EUR	22,593	EUR/TWD =33.98	767,710	53,769	EUR/TWD =32.72	1,759,322
Financial liabilities						
Monetary items						
USD	695,158	USD/TWD =30.705	21,344,826	858,022	USD/TWD =30.71	26,349,856

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), loans and borrowings, accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. The analysis assumes that all other variables remain constant. A strengthening (weakening) 5% of each foreign currency against the functional currency on December 31, 2023 and 2022 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods:

	December 31, 2023	December 31, 2022
USD (against the TWD)		
Strengthening 5%	$ (44,472)	(212,581)
Weakening 5%	44,472	212,581
EUR (against the TWD)		
Strengthening 5%	$ 38,386	87,966
Weakening 5%	(38,386)	(87,966)

(Continued)

3) Exchange gains and losses of monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2023 and 2022, the foreign exchange gain (including realized and unrealized portions) amounted to $90,564 and $464,648, respectively.

(iv) Interest rate analysis

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

		Carrying amount	
		December 31, 2023	**December 31, 2022**
Fixed rate financial instrument:			
Financial assets	$	4,600,000	4,850,000
Financial liabilities		(951,855)	(3,366,765)
	$	**3,648,145**	**1,483,235**
Variable rate financial instrument:			
Financial assets	**$**	**2,195,094**	**1,500,278**

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

If the interest rate had increased or decreased by 0.25% on the reporting date, assuming all other variables factors remaining constant, the net income before tax would have increased or decreased by $5,488 and $3,751 for the years ended December 31, 2023 and 2022, respectively, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

(v) Fair value information

1) The categories of financial instruments and fair value

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

ARCADYAN TECHNOLOGY CORPORATION

Notes to the Financial Statements

	December 31, 2023				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Derivative financial assets	$ 47,689	-	47,689	-	47,689
Non-derivative financial assets mandatorily measured at fair value through profit or loss	48,112	-	-	48,112	48,112
Subtotal	95,801				
Financial assets measured at fair value through other comprehensive income					
Stocks unlisted on domestic markets	35,442	-	-	35,442	35,442
Account receivable	2,200,068	-	2,200,068	-	2,200,068
Subtotal	2,235,510				
Financial assets measured at amortized cost					
Cash and cash equivalents	6,799,304	-	-	-	-
Notes and accounts receivable, net (including related parties)	6,738,990	-	-	-	-
Other receivables (including related parties)	2,360,479	-	-	-	-
Refundable deposits	94,696	-	-	-	-
Subtotal	15,993,469				
Total	**$ 18,324,780**				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 14,884	-	14,884	-	14,884
	14,246	-	14,246	-	14,246
Financial liabilities measured at amortized cost					
Short-term borrowings	951,855	-	-	-	-
Accounts payable (including related parties)	11,172,358	-	-	-	-
Other payables	5,881,837	-	-	-	-
Lease liabilities–current and non-current	33,112	-	-	-	-
Deposits received	32,745	-	-	-	-
Subtotal	18,071,907				
Total	**$ 18,101,037**				

(Continued)

	December 31, 2022					
			Fair Value			
	Book value		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss-current and non-current						
Derivative financial assets	$	187	-	187	-	187
Non-derivative financial assets mandatorily measured at fair value through profit or loss		46,379	-	-	46,379	46,379
Subtotal		46,566				
Financial assets measured at fair value through other comprehensive income						
Stocks unlisted on demestic markets		46,150	-	-	46,150	46,150
Financial assets measured at amortized cost						
Cash and cash equivalents		6,352,629	-	-	-	-
Notes and accounts receivable, net (including related parties)		10,507,120	-	-	-	-
Other receivables (including related parties)		1,739,758	-	-	-	-
Refundable deposits		75,125	-	-	-	-
Subtotal		18,674,632				
Total	**$**	**18,767,348**				
Financial liabilities measured at fair value through profit or loss						
Derivative financial liabilities	$	30,795	-	30,795	-	30,795
Financial liabilities for hedging		47,809	-	47,809	-	47,809
Financial liabilities measured at amortized cost						
Short-term borrowings		3,366,765	-	-	-	-
Accounts payable (including related parties)		12,569,027	-	-	-	-
Other payables (including related parties)		4,638,726	-	-	-	-
Lease liabilities－curent and non-current		19,641	-	-	-	-
Deposits received		32,737	-	-	-	-
Subtotal		20,626,896				
Total	**$**	**20,705,500**				

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

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

a) Financial assets and financial liabilities measured at amortized cost

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

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

a) Non-derivative financial instruments

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

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

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

b) Derivative financial instruments

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

4) Transfers between Level 1 and Level 2

There were no transfers from level 2 to level 1 in 2023 and 2022.

5) Reconciliation of Level 3 fair values

	At fair value through profit of loss	Fair value through other comprehensive income
	Non-derivation financial assets mandatorily measured at fair value through profit or loss	**Unquoted equity instruments**
Balance at January 1, 2023	$ 46,379	46,150
Total gains and losses recognized		
In profit or loss	1,733	-
In other comprehensive income	-	(10,708)
Balance at December 31, 2023	**$ 48,112**	**35,442**

(Continued)

	At fair value through profit of loss	Fair value through other comprehensive income
	Non-derivation financial assets mandatorily measured at fair value through profit or loss	**Unquoted equity instruments**
Balance at January 1, 2022	37,475	26,169
Total gains and losses recognized		
In profit or loss	8,904	-
In other comprehensive income	-	19,981
Balance at December 31, 2022	$ **46,379**	**46,150**

For the years ended December 31, 2023 and 2022, total gains and losses that were included in "gains and losses on financial assets (liabilities) at fair value through profit or loss" and "unrealized gains and losses from investments in equity instruments measured at fair value through other comprehensive income" were as follows:

	2023	2022
Total gains and losses recognized:		
In profit or loss, and presented in "Gains and losses on financial assets(liabilities) at fair value through profit or loss"	$ **1,733**	**8,904**
In other comprehensive income, and presented in "unrealized gains and losses from investment in equity instruments measured at fair value through other comprehensive income"	$ **(10,708)**	**19,981**

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

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

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

(Continued)

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investment without an active market	Comparable market approach	·Price-Book ratio multiples (2.36~3.04, and 1.21~3.77 on December 31, 2023 and 2022, respectively)	·The higher the multiple is , the higher the fair value will be.
		·Lack-of-Marketability discount rate (30% on December 31, 2023 and 2022)	·The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through profit or loss-investment in private equity fund	Net asset value method	· Net asset value	Inapplicable

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

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

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2023				
Financial assets measured at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 1,802	1,811
	Lack-of-Marketability discount rae	5%	$ 784	771
December 31, 2022				
Financial assets measured at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 2,323	2,340
	Lack-of-Marketability discount rae	5%	$ 986	990

(Continued)

The favorable and unfavorable changes represent the movement of the fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. If there are more than one input for the fair value of financial instrument, the analysis above only reflects the effects of changes for a single input, and it does not consider the inter-relationships and variability with another inputs.

(x) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

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

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

(iii) Credit risk

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

1) Accounts receivable and other receivables

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

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

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

2) Investments

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

(iv) Liquidity risk

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

The Company manages and maintain sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. The loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2023 and 2022, for the information of the unused credit lines of bank short-term loan, please see note (6)(k).

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

In order to manage market risk, there are some financial liabilities incurred by the Company from buying and selling of derivative instrument. Generally, the Company seeks to apply hedge accounting in order to manage volatility in profit or loss.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Company, primarily USD and EUR.

The Company designates the spot element of forward foreign exchange contracts to hedge its currency risk. Most of these contracts have a maturity of less than one year from the reporting date. The forward elements of forward exchange contracts are excluded from designation as the hedging instrument and are separately accounted for as a cost of hedging, which is recognized in equity "other equity interest - gains (losses) on hedging instruments". The Company's policy is requesting for the critical terms of the forward exchange contracts to align with the hedged items.

The Company determines the existence of an economic relationship between the hedging instruments and hedged items based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

– the effect of the counterparty and the Company's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and

– changes in the timing of the cash flows for hedged transactions.

2) Interest rate risk

The Company borrows funds with a stable combination of fixed and variable interest rates to maintain its interest rate risk. The Company adopts contracts of interest swap to avoid variability of cash flows attributed to fluctuation of interest rate.

(Continued)

(y) Capital management

The Company maintains the capital based on the current operating characteristics of the industry, future development and changes in external environment to assure there is essential financial resource and operating plan to support working capital, capital expenditures, research & development expense, debt redemption and dividend payment and so on. The management decides the optimized capital structure by using the appropriate debt-to-equity ratio. To maintain a strong capital base, the Company enhances the return on equity by optimizing debt-to-equity ratio. The Company's debt-to-equity ratio at the end of the reporting date were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 20,733,044	22,896,780
Total equity	14,802,224	13,807,240
Debt-to-equity ratio	140 %	166 %

As of December 31, 2023, there were no changes in the Company' s approach of capital management.

(z) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022 were as follows:

(i) The acquisition of right-of-use assets by lease, please see note (6)(i).

(ii) Issuance of convertible bonds, please see note (6)(m).

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes	
	January 1, 2023	Cash flows	Other	December 31, 2023
Short-term borrowings	$ 3,366,765	(2,414,910)	-	951,855
Lease liabilities	19,641	(16,470)	29,941	33,112
Deposits received	32,737	8	-	32,745
Total liabilities from financing activities	**$ 3,419,143**	**(2,431,372)**	**29,941**	**1,017,712**

			Non-cash changes	
	January 1, 2022	Cash flows	Other	December 31, 2022
Short-term borrowings	$ 4,143,580	(776,815)	-	3,366,765
Lease liabilities	9,563	(15,722)	25,800	19,641
Bonds payable	326,571	(7,400)	(319,171)	-
Deposits received	27,951	4,786	-	32,737
Total liabilities from financing activities	**$ 4,507,665**	**(795,151)**	**(293,371)**	**3,419,143**

(Continued)

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Compal Electronics Inc. (CEI) is both the parent company of the consolidated entity and the ultimate controlling party of the Company. CEI owns 33 percent of all outstanding ordinary shares of the Company, and it has released the consolidated financial statements available for public use.

(b) Name and relationship with related parties

The followings are related parties that have had transactions with the Company and subsidiaries during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Compal Electronics, Inc.	Parent company
Arcadyan Technology N.A. Corp. (Arcadyan USA)	Subsidiaries
Arcadyan Germany Technology GmbH (Arcadyan Germany)	〃
Arcadyan Holding (BVI) Corp. (Arcadyan Holding)	〃
ZHI-BAO Technology Inc. (ZHI-BAO)	〃
Tatung Technology Inc. (TTI)	〃
AcBel Telecom Inc. (AcBel Telecom) (Note 1)	〃
Arcadyan Technology Corporation Korea (Arcadyan Korea)	〃
Arcadyan do Brasil Ltda (Arcadyan Brasil)	〃
Arcadyan Technology Limited (Arcadyan UK)	〃
Arcadyan Technology Australia Pty Ltd (Arcadyan AU)	〃
Arcadyan Technology Corporation (Russia), LLC. (Arcadyan RU)	〃
Arcadyan India Private Limited (Arcadyan India)	〃
Sinoprime Global Inc. (Sinoprime)	Sub-subsidiaries
Arcadyan Technology (Shanghai) Corp. (SVA)	〃
Arch Holding (BVI) Corp. (Arch Holding)	〃
Compal Networking (Kunshan) Co., Ltd. (CNC)	〃
Arcadyan Technology (Vietnam) Co. Ltd (Arcadyan Vietnam)	〃
Tatung Technology of Japan Co., Ltd. (TTJC)	〃
Quest International Group Co., Ltd. (Quest)	〃
Exquisite Electronic Co., Ltd. (Exquisite)	〃

(Continued)

Name of related party	Relationship with the Company
Tatung Home Appliance (Wujiang) Co., Ltd. (TCH)	〃
Kinpo Group Management Service Company	The chairman of the Company's ultimate parent company is the same as that of the entity.
Compal Electronics (Vietnam) Co., Ltd. ("CVC")	The entity's ultimate parent company is the same
LIZ Electronics (Nantong) Co., Ltd.	An associate of parent company
AcBel Polytech Inc. (AcBel)	The chairman of the entity is the first degree of kinship of the chairman of the parent company.

Note 1: On August 19, 2022 the liquidation procedures had been completed.

(c) Significant related party transactions

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	2023	2022
Subsidiaries:		
Arcadyan USA	$ 19,847,179	16,685,476
Other subsidiaries	2,104,339	2,363,210
	$ 21,951,518	**19,048,686**

Sales prices for subsidiaries and other related parties were similar to those of the third-party customers. The collection period was 45-120 days for the aforementioned related parties.

(ii) Purchases

The amounts of significant purchases by the Company to related parties were as follows:

	2023	2022
Parent company	$ 1,497,276	4,736,735
Subsidiaries	6,974	-
Other related parties	16,393	2,241
	$ 1,520,643	**4,738,976**

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were net 60 to 120 days from the end of the month of delivery.

(iii) Processing cost

	2023	2022
Subsidiaries:		
CNC	$ 8,605,578	11,854,935
Arcadyan Vietnam	3,346,396	3,412,391
	$ 11,951,974	**15,267,326**

The Company sold raw materials to related parties due to the demand of processing raw materials. The related revenue and cost had been eliminated in the financial statements, had not been considered as selling raw materials and purchasing finished goods. Any revenue from selling materials is recognized in other receivables.

(iv) Other expenditures

Parent company and other related parties to provided technical support, professional services and other services for the Company, and the related expenses for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Subsidiaries	$ 39,976	35,980
Other related parties	1,030	1,085
	$ 41,006	**37,065**

(v) Lease

The Company lease machinery equipment from other related parties－CVC with a contract term of 5 years in June 2019. The lease payment was collected by the parent company and had been fully paid in 2020. The balance of right-of-use assets was amounted to $39,190 as of December 31, 2021. In addition, the lease contract had been early terminated on January 31, 2022. The prepaid lease payment amounting to recognized $40,541 had been refunded by parent company. The Company has received the refund and recognized the lease modification benefit of $1,351.

(vi) Loans to related parties

The loans to related parties (including interest receivable) were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries:		
Arcadyan Brazil	$ 43,375	43,275
Less: Credit balance of investments accounted for using equity method transferred to deduction of other receivable from related parties	(43,375)	(41,645)
	$ -	**1,630**

(Continued)

The Company has granted loans to related parties and the interest rates were set based on the average interest rates of the unsecured short-term loans that the Company borrowed from financial institutions in the current year. All the loans are not guaranteed loans. There are $387 and $281 interest receivables for the years ended December 31, 2023 and 2022, which are recognized in other receivables, and no need to record a bad debt expense after the assessment. There are $2,231 and $650 interest revenue for the years ended December 31, 2023 and 2022, respectively.

(vii) Receivables from related parties

The other receivables arising from the transactions with related parties mentioned above were as follows:

Account	Related party categories	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiaries:		
	Arcadyan USA	$ 3,444,196	4,102,435
	Arcadyan Germany	208,003	597,274
	Other subsidiaries	142,988	310,316
		$ 3,795,187	**5,010,025**
Other receivables	Subsidiaries:		
	Arcadyan Vietnam	$ 1,439,730	1,000,854
	Arcadyan USA	-	270,862
	Other subsidiaries	-	1,527
		$ 1,439,730	**1,273,243**

(viii) Payables to related parties

The payables arising from the transactions mentioned above, and others on behalf of the related parties were as follows:

Account	Related party categories	December 31, 2023	December 31, 2022
Accounts payable	Parent company	$ 685,277	1,451,984
Accounts payable	Subsidiaries:		
	CNC	2,871,117	3,011,224
	Other related parties	13,211	1,394
		$ 3,569,605	**4,464,602**
Other payable	Subsidiaries	**$ 252,416**	**231,126**

(d) Transactions with key management personnel compensation

Key management personnel remunerations comprised:

		2023	2022
Short-term employee benefits	$	139,817	100,181
Post-employment benefits		1,033	1,033
Share-based payments		-	2,350
	$	**140,850**	**103,564**

Please refer to note (6)(s) for further explanations related to share-based payment transactions.

(8) Pledged assets: None

(9) Commitments and contingencies:

As of December 31, 2023, the Company has entered into agreements for the construction of its plants amounted to $738,000, which has yet to be paid.

(10) Losses due to major disasters: None

(11) Subsequent Events: None

(12) Other:

(a) The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function / By item	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	60,098	1,704,698	1,764,796	57,404	1,438,382	1,495,786
Labor and health insurance	3,724	109,948	113,672	3,334	89,779	93,113
Pension	2,066	52,315	54,381	2,032	47,597	49,629
Remuneration of directors	-	21,994	21,994	-	17,635	17,635
Others	1,602	51,696	53,298	1,603	49,295	50,898
Depreciation	24,645	142,390	167,035	8,551	120,740	129,291
Amortization	1,490	52,997	54,487	1,483	43,803	45,286

The following are the additional information on the numbers of the Company's employees and their benefits:

		2023	2022
Number of employees		**933**	**877**
Number of directors who were not employees		**7**	**7**
The average employee benefit	$	**2,145**	**1,942**
The average salaries and wages	$	**1,906**	**1,719**
Average salary expense adjustment		**10.88 %**	
Remuneration of supervisors	$	**-**	**-**

(Continued)

The Company's salary and remuneration policy (including directors, managers and employees) is as follows:

The remuneration distribution for each director depends on degree of participation and contribution to the Company, which is reviewed by the Salary and Remuneration Committee and is approved by the Board of Directors.

The remuneration of managers is according to the position held, contribution to the Company, performance indicators achieved and reference to competitors, the payment shall be reviewed by the Salary and Remuneration Committee and be approved by the Board of Directors.

The salary of employees not only refers to holiday bonus, but also refer to year end bonus and employee remuneration. Annual salary adjustment based on performance and reference to industry standards. The salary adjustment refers to competitors, employee’s education, professional technical ability and work experience.

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2023:

(i) Loans to other parties:

Unit: In thousand dollars of TWD/USD

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2 & 3)	Note
													Item	Value			
0	The Company	Arcadyan do Brasil Ltda	Other receivables	Yes	63,720 (USD2,000)	-	-	5%	2	-	Operating demand	-	-	-	2,960,444	5,920,889	
0	〃	Arcadyan do Brasil Ltda	〃	Yes	64,870 (USD2,000)	61,410 (USD2,000)	42,987 (USD1,400)	5.5%	2	-	Operating demand	-	-	-	2,960,444	5,920,889	
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	304,800 (USD10,000)	-	-	1%	1	14,676,990 (USD478,000)	-	-	-	-	2,960,444	5,920,889	
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	324,350 (USD10,000)	307,050 (USD10,000)	-	5.5%	1	19,589,790 (USD638,000)	-	-	-	-	2,960,444	5,920,889	
1	Arcadyan Holding	CNC	〃	Yes	1,946,100 (USD60,000)	1,842,300 (USD60,000)	-	5.5%	2	-	Operating demand	-	-	-	2,245,049	2,245,049	

Note 1: Number 1 represents the business relationship with the Company; number 2 represents the short-term financing facility, if necessary.

Note 2: According to the policy of the Company on Lending Funds to Other Parties, the amount of loans to others shall not exceed 40% of the net worth of the Company. To borrowers having business relationship with the Company, the total amount of loans to the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expected amount for the current year, which shall not exceed 20% of the net worth of the Company. Also, the amount shall be combined with the Company’ s endorsements/guarantees for the borrower upon calculation. When a short-term financing facility is deemed necessary, only the investees of the Company are allowed to borrow. The total amount of loans to the borrower shall not exceed 20% of the net worth of the Company, and it shall be combined with the Company’ s endorsements/guarantees for the borrower upon calculation. Inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or to loans of fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares, shall not apply to the restriction in paragraph 1 and paragraph 3, but the aggregate total amount of loans to borrowing companies shall not exceed the net worth of the lending company.

Note 3: According to the policy of Arcadyan Holding on Loaning Funds to Others, the amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility with Arcadyan Holding is deemed necessary, only the investees of Arcadyan Holding are allowed to borrow. The total amount for lending the borrower shall not exceed its net worth , and it shall be combined with the Company’s endorsements/guarantees for the borrower upon calculation.

Note 4: The amounts in New Taiwan Dollars were translated at the exchange rate of $30.705(USD) based on the year-end date.

(Continued)

(ii) Guarantees and endorsements for other parties:

Unit: In thousand dollars of TWD/USD

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise (Note)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	Arcadyan Technology Australia Pty Ltd	100% owned subsidiary of the Company	1,973,629	243,263 (USD7,500)	230,288 (USD7,500)	-	-	1.56 %	5,920,889	Y	N	N

Note: The total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 40% of the Company' s net worth. The total amount of endorsements/ guarantees the Company or the Group is permitted to make for a single company shall not exceed 1/3 of the amount of limitation aforementioned.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Unit: In thousand dollars of TWD/thousand shares

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance: Shares	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
The Company	Geo Things Inc.	-	Financial assets at fair value through profit or loss–non-current	200	-	4.17 %	-	
〃	AirHop Communication, Inc.	-	〃	1,152	-	4.60 %	-	
〃	Adant Technologies Inc.	-	〃	349	-	4.93 %	-	
〃	IOT Eye, Inc.	-	〃	60	-	13.75 %	-	
〃	TIEF Fund, L.P.	-	〃	-	48,112	7.49 %	48,112	
〃	Chimei Motor Electronic Co Ltd.	-	Financial assets at fair value through other comprehensive income–non-current	1,650	35,442	5.50 %	35,442	
〃	Golden Smart home Technology Corp.	-	〃	1,229	-	1.99 %	-	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance: Shares	Beginning Balance: Amount	Purchases: Shares	Purchases: Amount	Sales: Shares	Sales: Price	Sales: Cost	Sales: Gain (loss) on disposal	Others: Shares	Others: Amount	Ending Balance: Shares	Ending Balance: Amount
The Company	Arcadyan Holding	Investments accounted for using equity method	New shares in cash	Subsidiary	47,780	1,804,421	60,000 (note 1)	1,843,500 (note 1)	60,000 (note 2)	-	1,843,500 (note 2)	-	-	262,540 (Note 3)	47,780	2,066,961

Note 1: On March 14, 2023, the Board of Directors resolved to increase the capital of Arcadyan Holding in cash amounting to USD 60,000 thousand.
Note 2: On August 22, 2023, the Board of Directors resolved to decrease the capital of Arcadyan Holding in cash by USD60,000 thousand.
Note 3: Others include investment gains (losses) under equity method, exchange differences on translation of foreign financial statements, etc.

(Continued)

(v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relation-ship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
Arcadyan Vietnam	Plant, mechanical and electrical equipment	May 5, 2022 (Note 1)	Estimated the maximum limit of 1,466,719	1,387,915	DONG HUI CO., LTD and THANH NGUYEN DUC CONSTRUCTION AND TRADING CO., LTD	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	Operation use	None
The Company	Buildings	September 28, 2023	Estimated the maximum limit of 738,000	-	Chien Ming Construction Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	Operation use	None

Note 1: In order to meet the operational needs, the Board of Directors of Arcadyan Vietnam resolved on May 5, 2022, to authorize the chairman of the Board to expand the plant in the maximum limit of USD48,000 thousnad. The total contract amount is expected to be $1,466,719 (VND1,123,923 million).

(vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter party	Nature of relationship	Transaction details: Purchases/ (Sales)	Amount	Percentage of total purchases/ (sales)	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Arcadyan Germany	Subsidiary	(Sales)	(1,028,804)	(2)%	Net 150 days from delivery	-	-	208,003	2 %	
〃	Arcadyan USA	〃	(Sales)	(19,847,179)	(42)%	Net 120 days from delivery	-	-	3,444,196	39 %	
〃	Arcadyan AU	〃	(Sales)	(1,075,651)	(2)%	Net 60 days from the end of the month of delivery	-	-	135,262	2 %	
〃	CNC	〃	Purchases	8,605,578	12 %	Net 120 days from delivery	According to cost plus pricing	-	(2,871,117)	(26)%	Note 1
〃	Arcadyan Vietnam	〃	Purchases	3,346,396	5 %	Net 180 days from the end of the month of delivery	〃	-	Note 2	- %	Note 1
〃	Compal Electronics INC.	Parent companyof the Company	Purchases	1,497,276	2 %	Net 60 days from the end of the month of delivery	-	-	(685,277)	(6)%	
CNC	The Company	Parent company	(Sales)	(8,605,578)	(100)%	Net 120 days from delivery	According to cost plus pricing	-	2,871,117	100 %	Note 1
Arcadyan Vietnam	The Company	Parent company	(Sales)	(3,346,396)	(100)%	Net 180 days from the end of the month of delivery	〃	-	Note 2	- %	Note 1

(Continued)

Name of company	Counter party	Nature of relationship	Transaction details: Purchases/ (Sales)	Transaction details: Amount	Transaction details: Percentage of total purchases/ (sales)	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/Accounts receivable (payable): Ending balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
Arcadyan Germany	The Company	Parent company	Purchases	1,028,804	100 %	Net 150 days from delivery	-	-	(208,003)	(100)%	
Arcadyan USA	The Company	Parent company	Purchases	19,847,179	100 %	Net 120 days from delivery	-	-	(3,444,196)	(100)%	
Arcadyan AU	The Company	Parent company	Purchases	1,075,651	100 %	Net 60 days from the end of the month of delivery	-	-	(135,262)	(100)%	

Note 1: The ending balances were derived from the net transactions on processing and sales of raw materials.
Note 2: As of December 31, 2023, the other receivables were amounted to $1,439,730.

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue: Amount	Overdue: Action taken	Amounts received in subsequent period (Note 3)	Allowance for bad debts
The Company	Arcadyan AU	Subsidiary	135,262	5.16	-		118,749	-
〃	Arcadyan USA	〃	3,444,196	5.26	-		3,212,352	-
〃	Arcadyan Vietnam	〃	1,439,730 (Note 2)	(Note 2)	-		-	-
〃	Arcadyan Germany	〃	208,003	2.56	-		15,897	-
CNC	The Company	Parent company	2,871,117 (Note 1)	2.93	-		747,311	-

Note 1: The ending balance was accounts receivable derived from processing.
Note 2: The ending balance was other receivables derived from purchasing raw materials on behalf of related parties.
Note 3: Balance as of February 16, 2024.

(ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Unit: In thousand dollars of TWD and USD and thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: December 31, 2023	Original investment amount: December 31, 2022	Ending Balance as of December 31, 2023: Shares (thousands)	Ending Balance as of December 31, 2023: Percentage of ownership	Ending Balance as of December 31, 2023: Carrying value	Net Income (Losses) of the Investee	Share of Income (losses) of the invesment	Note
The Company	Arcadyan Holding	British Virgin Islands	Investment activities	1,701,027	1,701,027	47,780	100%	2,066,961	186,347	312,338	Note 2
The Company	Arcadyan USA	USA	Selling and technical support of wireless networking products	23,055	23,055	1	100%	92,028	19,720	19,720	〃
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	99,059	7,798	7,798	〃
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	35,156	11,668	11,668	〃
The Company and ZHI-BAO	Arcadyan Brasil	Brazil	Selling of wireless networking products	81,593	81,593	968	100%	(45,570)	(1,032)	(1,032)	〃
The Company	ZHI-BAO	Hsinchu City	Investment activities	48,000	48,000	34,980	100%	343,292	(63,223)	(63,223)	〃
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	153,318	(79,482)	(48,518)	〃

(Continued)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2023	Original investment amount December 31, 2022	Ending Balance as of December 31, 2023 Shares (thousands)	Percentage of ownership	Carrying value	Net Income (Losses) of the Investee	Share of Income (losses) of the invesment	Note
The Company	Arcadyan UK	England	Technical support of wireless networking products	1,988	1,988	50	100%	5,590	561	561	〃
The Company	Arcadyan AU	Australia	Selling of wireless networking products	1,161	1,161	50	100%	69,715	8,257	8,257	〃
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	7,672	-	100%	3,212	(1,005)	(1,005)	〃
The Company	CBN	Hsinchu County	Manufacturing and selling of broadband network products	11,925	11,925	533	1%	9,061	(331,620)	(2,611)	Note 3
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	76,952	29,110	19,800	100%	49,894	(18,275)	(18,275)	Note 2
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	891,980 (USD29,050)	891,980 (USD29,050)	29,050	100%	1,580,601 (USD51,477)	362,862 (USD11,647)	Investment gain(losses) recognized by Arcadyan Holding	〃
〃	Arch Holding	British Virgin Islands	Investment activities	338,093 (USD11,011)	338,093 (USD11,011)	35	100%	622,790 (USD20,283)	(207,710) (USD(6,667))	〃	〃
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	890,445 (USD29,000)	890,445 (USD29,000)	-	100%	1,575,996 (USD51,327)	362,769 (USD11,644)	Investment gain (losses) recognized by Sinoprime	〃
TTI	Quest	Samoa	Investment activities	36,846 (USD1,200)	36,846 (USD1,200)	1,200	100%	10,294	(2,952)	Investment gain (losses) recognized by TTI	〃
TTI	TTJC	Japan	Selling of digital home appliance	9,626	9,626	0.7	100%	2,693	(397)	〃	〃
Quest	Exquisite	Samoa	Investment activities	35,925 (USD1,170)	35,925 (USD1,170)	1,170	100%	9,457 (USD308)	(2,960) (USD(95))	Investment gain(losses) recognized by Quest	〃
ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	36,272	36,272	13,140	19.43%	223,285	(331,620)	Investment gain(losses) recognized by ZHI-BAO	Note 3

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of $US31.155 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of US$30.705 based on the reporting date.
Note 2: The Group has owner control.
Note 3: The Group has significant influence.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unite: In thousand dollars of TWD and USD

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
SVA	Research and sale of wireless networking products	248,711 (USD8,100)	Note 1	(Note 4) 412,061 (USD13,420)	-	-	412,061 (USD13,420)	6,885 (USD221)	100%	6,885 (USD221)	41,114 (USD1,339)	-	Note 3
CNC	Manufacturing of wireless networking products	382,277 (USD12,450)	〃	(Note 5) 338,093 (USD11,011)	-	-	338,093 (USD11,011)	(207,710) (USD(6,667))	100%	(207,710) (USD(6,667))	622,790 (USD20,283)	-	〃
TCH	Manufacturing of digital home appliance products	371,684 (USD12,105)	Notes 1, 6 and 7	35,311 (USD1,150)	-	-	35,311 (USD1,150)	(4,331) (USD(139))	100%	(4,331) (USD(139))	27,020 (USD880)	-	〃

Note 1: Investment in Mainland China through companies registered in a third region.
Note 2: The amounts in New Taiwan Dollars were translated at the exchange rate of $US31.155 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of US$30.705 based on the reporting date.
Note 3: The amounts are according to the financial statements which have been audited by parent company's independent external CPA.
Note 4: The Company paid US$18,420 thousands and acquired 100% shares of SVA from Accton Asia through Arcadyan Holding in 2010.
Note 5: The Company paid US$8,561 thousands and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.
Note 6: The Company's subsidiary, TTI, obtained control over TCH for US$1,150 thousands on February 28, 2013 (base date of stock transferring).
Note 7: The Company's subsidiary, TTI, increased the capital of TCH by accounts receivable of TTI amounting to US$8,755 thousands on August 16, 2023.

(Continued)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China by Investment Commission, MOEA
785,465 (USD25,581)	1,054,287 (USD34,336)	8,881,334

Note : The amounts in TWD were translated at the exchange rate of $30.705 on December 31, 2023.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2023 are disclosed in " Information on significant transactions" and "Business relationships and significant intercompany transactions" .

(d) Major shareholders:

Unit: Share

Shareholding / Shareholder's Name	Shares Owned	Ownership Percentage
Compal Electronics, Inc.	41,304,504	18.74 %

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31,2023 .

6. For the most recent year until the publication date of the annual report, Financial Position Impacted by Insolvency Incidents Encountered by the Company and Affiliates Should be detailed: None.

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VII. Review of Financial Position, Financial Performance and Risk Assessment

1. Financial Position

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

Unit: thousands of TWD

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	31,358,657	33,543,752	(2,185,095)	(6.51)
Investments accounted for using equity method	232,347	305,101	(72,754)	(23.85)
Property, plant and equipment	5,439,395	4,907,068	532,327	10.85
Other assets	1,518,260	1,264,606	253,654	20.06
Total Assets	38,548,659	40,020,527	(1,471,868)	(3.68)
Current liabilities	23,477,920	25,841,325	(2,363,405)	(9.15)
Non-current liabilities	170,672	239,941	(69,269)	(28.87)
Total liabilities	23,648,592	26,081,266	(2,432,674)	(9.33)
Ordinary shares	2,203,543	2,203,543	0	0.00
Capital surplus	3,872,335	4,091,729	(219,394)	(5.36)
Retained earnings	8,721,653	7,514,181	1,207,472	16.07
Other equity interests	4,693	(2,213)	6,906	312.07
Non-controlling interests	97,843	132,021	(34,178)	(25.89)
Total equity	14,900,067	13,939,261	960,806	6.89

(2) Main reasons and impact of material variations

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

a. Decrease in Investments accounted for using equity method: Mainly due to losses incurred by investees using the equity method for the current period.
b. Increase in other assets: Mainly due to the increase in deferred tax assets for the current period compared with the previous period.
c. Decrease in non-current liabilities: Mainly due to the decrease in non-current lease liabilities for the current period compared with the previous period.
d. Decrease in non-controlling interests: Mainly due to losses incurred by subsidiaries for the current 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 recent two years are normal outcomes from operating activities.

2. Financial Performance:

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

Unit: thousands of TWD

Item \ Year	2023 Total	2022 Total	Amount increased (decreased)	Change percentage (%)
Operating revenues	51,158,122	47,167,749	3,990,373	8.46
Operating costs	43,772,840	40,581,732	3,191,108	7.86
Gross profit	7,385,282	6,586,017	799,265	12.14
Operating expenses	4,220,915	4,386,229	(165,314)	(3.77)
Operating income	3,164,367	2,199,788	964,579	43.85
Non-operating income and expenses	35,626	266,395	(230,769)	(86.63)
Income before tax	3,199,993	2,466,183	733,810	29.75
Income tax expense	810,387	551,130	259,257	47.04
Net income	2,389,606	1,915,053	474,553	24.78
Other comprehensive income of the current period (after tax)	2,543	283,981	(281,438)	(99.10)
Total comprehensive income of the current period	2,392,149	2,199,034	193,115	8.78
Net income attributes to shareholders of parent company	2,420,569	2,013,156	407,413	20.24
Net income attributable to non-controlling interests	(30,963)	(98,103)	67,140	68.44
Comprehensive income attributed to shareholders of parent company	2,426,327	2,301,119	125,208	5.44
Comprehensive income attributed to non-controlling interests	(34,178)	(102,085)	67,907	66.52

(2) Main reasons of material variations

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

a. Increase in operating income: Mainly due to the increase in operating revenues and gross profit but decrease in operating expenses.
b. Decrease in non-operating income and expenses: Mainly due to the decrease in foreign currency exchange gains for the current period.
c. Increase in income before tax: Mainly due to the increase in operating income for the current period.
d. Increase in income tax expense: mainly due to the increase in income before tax for the current period.
e. Increase in net income: Mainly due to the increase in operating income for the current period.
f. Decrease in other comprehensive income of the current period (after tax): Mainly due to the decrease in gains from exchange differences on translation of foreign financial statements.
g. Increase in net income attributes to shareholders of parent company: Mainly due to the increase in net income of parent company for the current period.
h. Increase in net income attributable to non-controlling interests: Mainly due to the decrease in losses of subsidiaries for the current period.
i. 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 volume of broadband networking devices will be increased by 5% ~ 10% in 2024.

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

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

3. Cash Flow Analysis (Consolidated)

(1) Analysis for cash flow change 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
7,579,551	5,589,936	(5,316,095)	3,579	7,856,971	None	None

- Net cash inflow from operating activities amounted to TWD 5,589,936 thousand: Mainly due to the decrease in inventories and accounts receivable for the current period.
- Net cash outflow from investing activities amounted to TWD 1,267,263 thousand: Mainly due to the increase in acquisition of property, plant, and equipment.
- Net cash outflow from financing activities amounted to TWD 4,048,832 thousand: Mainly due to the repayment of Short-term borrowings and disbursement of cash dividend.

(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 for the year	Estimated other net cash inflow (outflow)	Estimated Cash Surplus	Estimated financing of cash deficit	
				Investment Plans	Financing Plans
7,856,971	3,000,000	(3,500,000)	7,356,971	None	None

- Estimated net cash inflow from operating activities amounted to TWD 3,000,000 thousand: Mainly due to the projection of cash inflow generated from operating activities.
- Estimated net cash outflow from investing activities amounted to TWD 1,200,000 thousand: Mainly due to increase in capital expenditure for 2024.
- Estimated net cash outflow from financing activities amounted to TWD 2,300,000 thousand: Mainly due to the disbursement of cash dividend for 2023 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					
				2022	2023	2024	2025	2026	2028
Plant and equipment acquired (Vietnam Phase II)	Proprietary funds	2023	1,466,719	664,724	723,191	78,804	-	-	-
New office building of HQ (Phase II)	Proprietary funds	2026	368,000	-	-	128,800	36,800	165,600	36,800

(2) Expected Benefits:

a. Plant and equipment acquired (Vietnam Phase II): To cater to business growth, the Company has expanded the capacity of the production base in Vietnam and increased the investment in automation equipment to enhance the long term competitive advantage.

b. 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 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 all long-term strategic investment, which is strengthening the vertical consolidation of the supply chain, and expanding product lines and operational scale to lower production costs, as well as focusing on the development of related broadband wireless networking industry to accumulate the core resources and strengthen core competency of the Company.

(2) 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 2023 amounted to TWD66,956 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 improve capacity utilization. We will also strengthen post-investment management and regularly review returns 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	2023
Net interest income and expense	24,523
Net foreign exchange gains or losses (including valuation of financial instruments)	38,224
Net operating revenues	51,158,122
Net operating income	3,164,367
Net interest income and expense to net operating revenues	0.05%
Net interest income and expense to net operating income	0.77%
Net foreign exchange gains or losses to net operating revenues	0.07%
Net foreign exchange gains or losses to net operating income	1.21%

a. Impact of interest rates fluctuations and response measures

The net interest income of the Company for 2023 amounted to TWD 24,523 thousand or 0.05% of net operating revenues or 0.77% of net operating income. The Company maintains good relationships with the banks to acquire competitive interest rates and keeps proper borrowing ratios. Since 2022, the Fed has taken the lead in raising interest rates, interest costs have risen compared with previous years, but are still within a controllable range. The Company maintains a multi-pronged approach to closely monitor changes in interest rates and strive for preferential conditions in order to keep adequate working capital and adjust the optimal capital structure, so that changes in interest rates will not have a significant impact on the Company.

b. Impact of foreign exchange rates fluctuations and response measures

The sales and purchase of the Company are mainly in USD. Meanwhile, part of the sales are denominated in EUR and INR, there are also some CNY and VND assets. The foreign currency assets are greater than liabilities. The net foreign exchange gains/losses (including valuation of financial instruments) for 2023 amounted to TWD38,224 thousand or 0.07% of net operating revenues or 1.21% of net operating income. The gains on foreign exchange in 2023 are mainly due to the appreciation of USD and EUR against TWD.

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

A. The Company has certain sales and purchases to be denominated 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 reduce the risk.

B. To maintain close relationship with the banks and grasp the change in foreign exchange market, serve as the reference for the relevant personnel as a basis for quotation, so as to respond the fluctuations of the exchange rate in a timely manner.

C. The Company has established "Procedures for the Acquisition and Disposal of Assets", governing the related procedures for derivative financial instruments. Meanwhile, depending on the foreign currency position and fluctuation of currency, the Company undertakes necessary measures to reduce the foreign currency exchange risk resulting from the business operation of the Company.

c. Impact of inflation and response measures

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

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

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

a. The Company focuses on its main business and does not make high-risk, highly-leveraged investments; all investments are executed after assessment prudently.

b. The Company and subsidiaries 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 book value of derivatives financial instruments held as of December 31, 2023 is as follows:

Item	2023.12.31 Book value
Current financial assets mandatorily measured at fair value through profit or loss -Derivative instruments not used for for hedging:	47,689
Held-for-trading financial liabilities - Derivative instruments not used for hedging:	14,884

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" 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, mastering key factors such us talents, capital and technology, making product development timelines shorter, and striving for the leading position in R&D capability. The Company estimates to invest approximately TWD 3,000,000 thousand in R&D expenditure in 2024 .

(4) For the most recent year up to the publication date of the annual report, effects and response measures to changes in local and foreign policies and regulations relating to corporate finance and business:
The Company complies with the revision 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, hiring legal consultants for advisory services, and undertaking countermeasures in a timely manner. Hence, there is no material impact on the financial business of the Company.

(5) For the most recent year up to the publication date of the annual report, effects and response measures to changes in technology (including cybersecurity risks) and the industry relating to corporate finance and business:
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 risk 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:
In order to copy with the continued growth of operating scale, the Company appropriately diversifies production bases to overseas locations and also increases production capabilities to take more orders. The construction Phase-II plant in Vietnam was completed in the second quarter of 2023 and officially put into mass production in the third quarter which will be beneficial to the

growth of operating revenue and profitability, as well as expanding the market share. The expansion and construction of our factories are undertaken by reputable companies and have undergone feasibility assessment and financial analysis assessed by the technical teams before execution, so as to mitigate the potential risks and prepare the relevant countermeasures.

(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 purchasing sources and excessive customer concentration:

a. Purchase: In addition to procuring finished products from affiliated companies (the factories in China and Vietnam), orders of other major raw material purchases (such as chipset 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 from lack of diversification.

b. Sales: The main sales products of the Company are broadband wireless networking products. For the most of recent year, the top ten major customers are all well-known telecom operators or major information and communication brands. As such, there is no risk from lack of diversification.

(10) For the most recent year up to the publication date of the annual report, effects of, risks relating to, and response 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 suits, the parties involved and the status as of the publication date of the annual report:

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

a. Huawei Technologies Co., Ltd. filed an infringement litigation against Compal Electronics on October 28, 2022. Compal Electronics will carefully evaluate the litigation, discuss with related client for the following strategies and actions, and engage professional attorneys, to protect the rights and reputation of Compal Electronics from any damage.

b. 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.

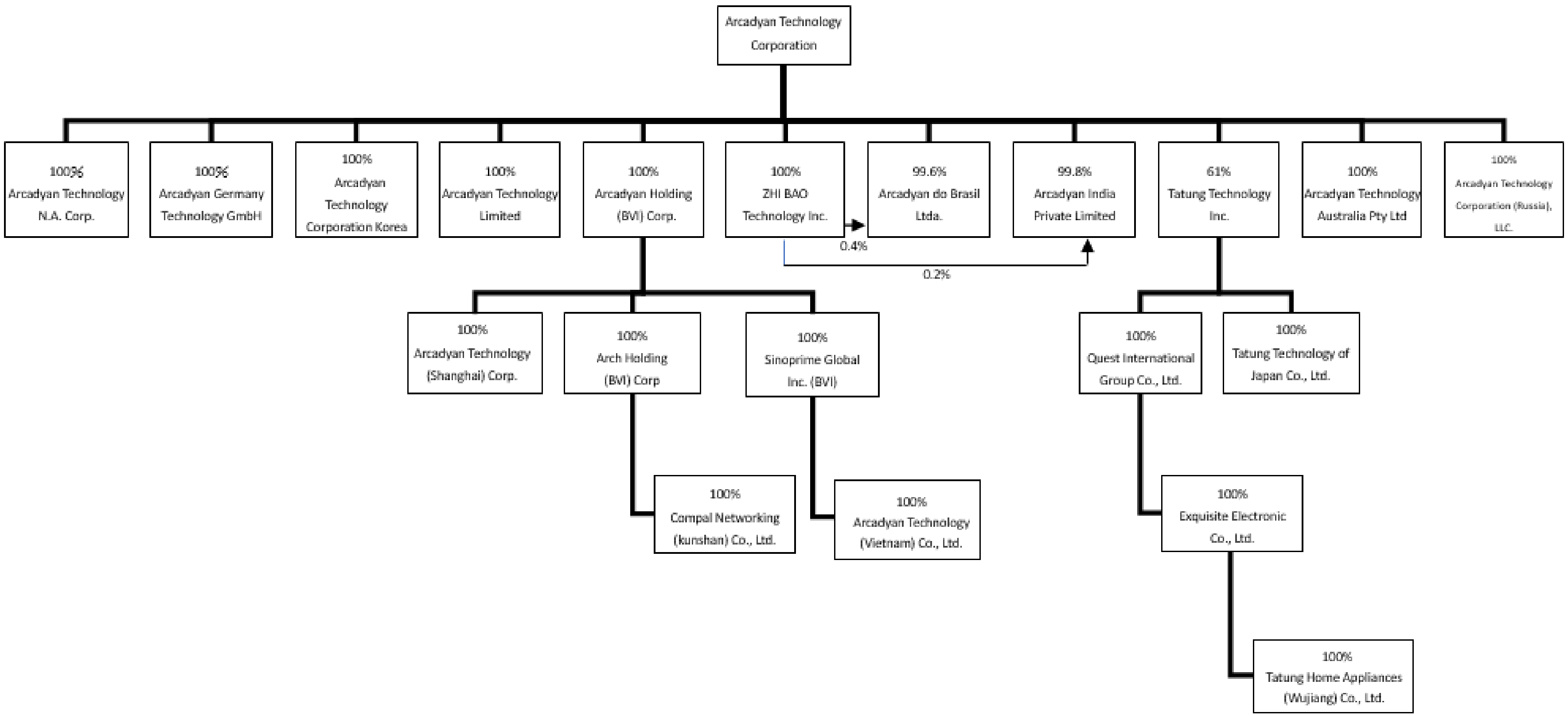
VIII. Special Disclosure

1. Summary of Affiliated Companies

(1) Consolidated business reports with affiliated enterprises

I. Organizational chart of affiliated enterprises

December 31, 2023



II. Basic Information of Affiliated Enterprises

December 31, 2023 Unit: thousand dollars

Company Name	Date of Incorporation	Address	Paid-up capital	Main business activities or products
Arcadyan Technology N.A. Corp.	2003.6.18	5450 Thornwood Dr, Unit J Floor 2 San Jose CA 95123-1222, USA	USD 669	Sales and Technical support of wireless networking products
Arcadyan Germany Technology GmbH	2007.4.11	Koelner Strasse 10b D-65760 Eschborn, Germany	EUR 25	Sales and Technical support of wireless networking products
Arcadyan Technology Corporation Korea	2014.10.16	103-1109RM SK Ventium 166, Gosan-ro, Gunpo-si, Gyeonggi-do, Republic of Korea 15850	KRW 100,000	Sales of wireless networking products
Arcadyan do Brasil Ltda.	2015.4.24	Travessa Francisca Rios n° 48, Centro, Pouso Alegre, Minas Gerais	BRL 9,682	Sales of wireless networking products
Arcadyan Technology Limited	2016.8.16	Charlotte House 500 Charlotte Road Sheffield South Yorkshire S2 4ER, United Kingdom	GBP 50	Technical support of wireless networking products
Arcadyan Technology Australia Pty Ltd	2017.3.28	Tower Three International Towers, Sydney ' Level 38, 300 Barangaroo Avenue, Sydney NSW 2000	AUD 50	Sales of wireless networking products
Arcadyan Technology Corporation (Russia), LLC.	2020.6.2	17/2, Skakovaya street, floor 7, room 2, Moscow, Russia, 125040	RUB 20,000	Sales of wireless networking products
Arcadyan Holding (BVI) Corp.	2007.3.7	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 47,780	General investments
Sinoprime Global Inc. (BVI)	2004.12.29	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 29,050	General investments
Arcadyan Technology (Vietnam) Co., Ltd.	2019.3.26	Lot D4-5-6, Thang Long Vinh Phuc Industrial Zone, Thien Ke Commune, Binh Xuyen District, Vinh Phuc Province, Vietnam	USD 29,000	Manufacturing of wireless networking products
Arcadyan Technology (Shanghai) Corp.	2002.4.17	Room 1503, Building 20., No.487 Tianlin Rd., Xuhui District, Shanghai, China	USD 8,100	Research & development and sales of wireless networking products
Arch Holding (BVI) Corp.	2007.5.24	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 10,550	General investments
Compal Networking (Kunshan) Co., Ltd.	2006.6.26	Building 005,No. 526 Nanbang Road,Economic & Technical Development Zone, Kunshan, JiangSu, China	USD 12,450	Manufacturing of wireless networking products
Zhi Bao Technology Inc.	2009.8.10	8F., No. 8, Sec. 2, Guangfu Rd., Hsinchu City	TWD 349,800	General investments

Company Name	Date of Incorporation	Address	Paid-up capital	Main business activities or products
Tatung Technology Inc.	2008.1.21	4F., No. 70, Ruiguang Rd., Neihu Dist., Taipei City	TWD 410,000	Research & development and sale of digital home appliance
Tatung Technology of Japan Co., Ltd.	2017.11.22	1 Chome-2-18, Mita, Minato-ku, Tokyo-to, Japan	JPY 35,000	Sale of digital home appliance
Quest International Group Co., Ltd.	2012.12.11	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 1,200	General investments
Exquisite Electronic Co., Ltd.	2012.2.3	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD 1,170	General investments
Tatung Home Appliances (Wujiang) Co., Ltd.	2001.2.13	No. 508 Youming Road, Songling Town, Wujiang District, Suzhou, Jiangsu, China	USD12,105	Manufacturing of digital home appliance
Arcadyan India Private Limited	2021.3.25	Fifth Floor, Unit-F516, The Sapphire, Sector 49, Gurgaon, Gurgaon, Haryana, 122018	INR 198,000	Sales of wireless networking products

III. The business activities and relationships of affiliated enterprises

December 31, 2023

Industry category	Name of Affiliated Enterprises	Business relationships with other Affiliated Enterprises
Holding Company	Arcadyan Holding (BVI) Corp.	Invested in Sinoprime Global Inc. (BVI), Arch Holding (BVI) Corp., Arcadyan Technology (Shanghai) Corp.
	Arch Holding (BVI) Corp.	Invested in Compal Networking (Kunshan) Co., Ltd.
	Zhi Bao Technology Inc.	Invested in Arcadyan do Brasil Ltda., Arcadyan India Private Limited
	Quest International Group Co., Ltd.	Invested in Exquisite Electronic Co., Ltd.
	Exquisite Electronic Co., Ltd.	Invested in Tatung Home Appliances (Wujiang) Co., Ltd.
	Sinoprime Global Inc. (BVI)	Invested in Arcadyan Technology (Vietnam) Co., Ltd.
Wholesaling of electronic products	Arcadyan Technology N.A. Corp.	Sales and Technical support for wireless networking products
	Arcadyan Technology Corporation Korea	Sales of wireless networking products
	Arcadyan do Brasil Ltda.	Sales of wireless networking products
	Arcadyan Technology Australia Pty Ltd	Sales of wireless networking products
	Arcadyan Technology Corporation (Russia), LLC.	Sales of wireless networking products
	Arcadyan India Private Limited	Sales of wireless networking products
	Tatung Technology Inc.	Research & development and sale of digital home appliance
	Tatung Technology of Japan Co., Ltd.	Sale of digital home appliance
	Arcadyan Germany Technology GmbH	Sales and Technical support of wireless networking products
Manufacturing	Compal Networking (Kunshan) Co., Ltd.	Manufacturing of wireless networking products
	Arcadyan Technology (Vietnam) Co., Ltd.	Manufacturing of wireless networking products

Industry category	Name of Affiliated Enterprises	Business relationships with other Affiliated Enterprises
of electronic products	Tatung Home Appliances (Wujiang) Co., Ltd.	Manufacturing of digital home appliance
Technical Service	Arcadyan Technology (Shanghai) Corp.	Research & development and sales of wireless networking products
	Arcadyan Technology Limited	Technical support of wireless networking products

IV. Directors, Supervisors and President of Affiliated Enterprises

December 31, 2023 Unit: Share; %

Company Name	Job title	Name or name of Representative	Shares Held	
			Number of shares	Percentage of Shareholding
Arcadyan Technology N.A. Corp.	Director	Arcadyan Technology Corporation (Representative: Yen-Ju Lin)	1,000	100%
	President	Yen-Ju Lin	0	0%
Arcadyan Germany Technology GmbH	Manager	Arcadyan Technology Corporation (Representative: Chao-Peng Tseng)	500	100%
Arcadyan Technology Corporation Korea	Director	Arcadyan Technology Corporation (Representative: Chao-Peng Tseng)	20,000	100%
Arcadyan do Brasil Ltda.	Manager	Arcadyan Technology Corporation (Representative: Nien-Cheg Hsiung)	964,510	99.6%
Arcadyan Technology Limited	Director	Arcadyan Technology Corporation (Representative: Chao-Peng Tseng)	50,000	100%
	Director	Arcadyan Technology Corporation (Representative: Keng-Tien Lin)	50,000	100%
Arcadyan Technology Australia Pty Ltd	Director	Arcadyan Technology Corporation (Representative: Chao-Peng Tseng)	50,000	100%
	Director	Arcadyan Technology Corporation (Representative: Fong-Yu Lu)	50,000	100%
	Director	Arcadyan Technology Corporation (Representative: Paul Christopher Devlin)	50,000	100%
Arcadyan Technology Corporation (Russia), LLC.	Director	Arcadyan Technology Corporation (Representative: Management Company ABU accounting services Limited Liability Company)	0(Note)	100%
	Manager	Management Company ABU accounting services Limited Liability Company (Representative: Svetlana Mikhailovna Vesnina)	0	0%
Arcadyan Holding (BVI) Corp.	Director	Arcadyan Technology Corporation (Representative: Jui-Tsung Chen)	47,780,148	100%
	Director	Arcadyan Technology Corporation (Representative: Chao-Peng Tseng)	47,780,148	100%
Sinoprime Global Inc. (BVI)	Director	Arcadyan Holding (BVI) Corp (Representative: Jui-Tsung Chen)	29,050,000	100%
	Director	Arcadyan Holding (BVI) Corp (Representative: Chao-Peng Tseng)	29,050,000	100%
Arcadyan Technology (Vietnam) Co., Ltd.	Chairman & President	Sinoprime Global Inc. (BVI) (Representative: Chao-Peng Tseng)	0(Note)	100%

Company Name	Job title	Name or name of Representative	Shares Held	
			Number of shares	Percentage of Shareholding
Arch Holding (BVI) Corp.	Director	Arcadyan Holding (BVI) Corp. (Representative: Jui-Tsung Chen)	34,900	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	34,900	100%
Arcadyan Technology (Shanghai) Corp.	Chairman	Arcadyan Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	0(Note)	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Ching-Hsiung Lu)	0(Note)	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Fong-Yu Lu)	0(Note)	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chung-Pao Liu)	0(Note)	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chih-Fang Lee)	0(Note)	100%
	Supervisor	Arcadyan Holding (BVI) Corp. (Representative: Shih-Wei Huang)	0(Note)	100%
	President	Chung-Pao Liu	0	0%
Compal Networking (Kunshan) Co., Ltd.	Chairman	Arch Holding (BVI) Corp. (Representative: Fong-Yu Lu)	0(Note)	100%
	Director	Arch Holding (BVI) Corp. (Representative: Jui-Tsung Chen)	0(Note)	100%
	Director	Arch Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	0(Note)	100%
	Supervisor	Arch Holding (BVI) Corp. (Representative: Ching-Hsiung Lu)	0(Note)	100%
	President	Chung-Pao Liu	0	0%
Zhi Bao Technology Inc.	Chairman	Arcadyan Technology Corporation (Representative: Chao-Peng Tseng)	34,980,000	100%
	Director	Arcadyan Technology Corporation (Representative: Cheng-Chiang Wang)	34,980,000	100%
	Director	Arcadyan Technology Corporation (Representative: Ching-Hsiung Lu)	34,980,000	100%
	Director	Arcadyan Technology Corporation (Representative: Fong-Yu Lu)	34,980,000	100%
	Supervisor	Arcadyan Technology Corporation (Representative: Shih-Wei Huang)	34,980,000	100%
	President	Chao-Peng Tseng	0	0%
Tatung Technology Inc.	Chairman	Arcadyan Technology Corporation (Representative: Shih-Wei Huang)	25,027,910	61%
	Director	Arcadyan Technology Corporation (Representative: Chao-Peng Tseng)	25,027,910	61%
	Director	Arcadyan Technology Corporation (Representative: Fong-Yu Lu)	25,027,910	61%
	Director	Arcadyan Technology Corporation (Representative: Nien-Che Hsiung)	25,027,910	61%
	Director	Arcadyan Technology Corporation (Representative: Chih-Fang Lee)	25,027,910	61%
	Director	Shang Chi Investment Co., Ltd. (Representative: Chia-Tien Lin)	1,027,056	3%
	Director	ChungHwa Investment Co., Ltd. (Representative:Chih-Cheng Lo)	4,570,830	11%
	Supervisor	Ya-Ling Chiang	0	0%
	Supervisor	Yu-Fang Lin	0	0%
	Supervisor	Chi Sheng Investment Co., Ltd. (Representative: Chang-Chuan Lin)	2,727,272	7%

Company Name	Job title	Name or name of Representative	Shares Held	
			Number of shares	Percentage of Shareholding
	President	Shih-Wei Huang	0	0%
Tatung Technology of Japan Co., Ltd.	Chairman	Tatung Technology Inc. (Representative: Fong-Yu Lu)	700	100%
	Director	Tatung Technology Inc. (Representative: Chao-Peng Tseng)	700	100%
Quest International Group Co., Ltd.	Director	Tatung Technology Inc. (Representative: Chao-Peng Tseng)	1,200,000	100%
	Director	Tatung Technology Inc. (Representative: Fong-Yu Lu)	1,200,000	100%
Exquisite Electronic Co., Ltd.	Director	Quest International Group Co., Ltd. (Representative: Chao-Peng Tseng)	1,170,000	100%
	Director	Quest International Group Co., Ltd. (Representative: Fong-Yu Lu)	1,170,000	100%
Tatung Home Appliances (Wujiang) Co., Ltd.	Chairman	Exquisite Electronic Co., Ltd. (Representative: Fong-Yu Lu)	0(Note)	100%
	Director	Exquisite Electronic Co., Ltd. (Representative: Chao-Peng Tseng)	0(Note)	100%
	Director	Exquisite Electronic Co., Ltd. (Representative: Chung-Pao Liu)	0(Note)	100%
	Supervisor	Exquisite Electronic Co., Ltd. (Representative: Shih-Wei Huang)	0(Note)	100%
	President	Chung-Pao Liu	0	0%
Arcadyan India Private Limited	Director	Arcadyan Technology Corporation (Representative: Nien-Che Hsiung)	19,765,000	99.8%
	Director	Zhi Bao Technology Inc. (Representative: Chen-Lung Fan)	35,000	0.2%
	Director	Arcadyan Technology Corporation (Representative: RAJ KUMAR BHOLA)	19,765,000	99.8%

Note: Limited Company

V. Business Operations Overview of Affiliated Enterprises for 2023

Unit: thousand of TWD

Company Name	Amount of Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating income (loss)	Net income (loss) for the period (after tax)	EPS (in TWD) (After tax)
Arcadyan Technology N.A. Corp.	23,055	3,931,757	3,736,876	194,881	19,735,610	60,097	19,720	19,719.66
Arcadyan Germany Technology GmbH	1,125	317,176	218,117	99,059	1,104,722	9,571	7,798	15,596.47
Arcadyan Technology Corporation Korea	2,879	214,321	179,165	35,156	1,123,222	20,867	11,668	583.43
Arcadyan do Brasil Ltda.	81,593	4,677	50,247	(45,570)	0	(2,058)	(1,032)	(1.07)
Arcadyan Technology Limited	1,988	5,725	135	5,590	14,718	701	561	11.23
Arcadyan Technology Australia Pty Ltd	1,161	211,646	137,316	74,330	1,102,021	12,214	8,257	165.13
Arcadyan Technology Corporation (Russia), LLC.	7,672	11,007	7,770	3,237	0	(1,497)	(1,005)	-
Arcadyan Holding (BVI) Corp.	1,512,207	2,245,049	0	2,245,049	0	(292)	186,347	3.90
Sinoprime Global Inc. (BVI)	891,980	1,580,601	0	1,580,601	0	0	362,862	12.49
Arcadyan Technology (Vietnam) Co., Ltd.	890,445	14,153,310	12,577,314	1,575,996	23,135,775	387,764	362,769	-
Arch Holding (BVI) Corp.	323,938	622,790	0	622,790	0	0	(207,710)	(5,951.46)
Arcadyan Technology (Shanghai) Corp.	248,711	56,948	15,834	41,114	124,252	6,479	6,885	-
Compal Networking (Kunshan) Co., Ltd.	382,277	5,667,470	5,044,680	622,790	15,557,359	(12,657)	(207,710)	-
Zhi Bao Technology Inc.	349,800	343,604	312	343,292	0	(70)	(63,223)	(1.81)
Tatung Technology	410,000	332,576	81,415	251,161	358,666	(99,216)	(79,482)	(1.94)

Company Name	Amount of Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating income (loss)	Net income (loss) for the period (after tax)	EPS (in TWD) (After tax)
Inc.								
Quest International Group Co., Ltd.	36,846	10,294	0	10,294	0	0	(2,952)	(2.46)
Exquisite Electronic Co., Ltd.	35,925	9,457	0	9,457	0	0	(2,960)	(2.53)
Tatung Home Appliances (Wujiang) Co., Ltd.	398,422	28,537	1,517	27,020	3,138	(8,190)	(4,331)	-
Tatung Technology of Japan Co., Ltd.	9,626	2,704	11	2,693	0	(397)	(397)	(567.25)
Arcadyan India Private Limited	76,952	1,152,545	1,102,651	49,894	2,837,998	(8,717)	(18,275)	(0.92)

Note : The amount in TWD were translated with the exchange rate at the end of period.

(2) Consolidated financial statements of affiliated enterprises

Representation Letter

The entities that are required to be included in the combined financial statements of Arcadyan Technology Corporation as of and for the year ended December 31, 2023 (from January 1 to December 31, 2023) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Arcadyan Technology Corporation and its subsidiaries do not prepare a separate set of combined financial statements.

Yours faithfully,

Company name : Arcadyan Technology Corporation

Chairman : Jui-Tsung Chen

Date : February 22, 2024

(3) Affiliation Reports

I. Overview of the relationship with Controlling Company

December 31, 2023

Name of Controlling Company	Reason(s) of Controlling Interest	Shares Held and Pledged by Controlling Company			Director(s), Supervisor(s) or Manager(s) appointed by Controlling Company	
		Number of Shares Held	Percentage of Shareholding	Shares Pledged	Job title	Name
Compal Electronics, Inc. (Compal Electronics hereafter) (Note)	Parent company of the Company	41,304,504	18.74%	-	Director	Jui-Tsung Chen, Chung-Pin Wong, Sheng-Hua Peng, Chng-Pao Liu

Note : The total shareholding of the Company held by Compal Electronics and its subsidiaries amounted to 33%, and thus a de facto control.

II. Transactions with Controlling Company

a. Purchase or sale transactions with Controlling Company

The purchase transactions made by the Company from the Controlling Company amounted to TWD 1,497,276 thousand, and the purchasing prices are not significantly different from other non-related suppliers. As of December 31, 2023, the outstanding amount totaled TWD 685,277 thousand, was yet paid and recognized as account payables.

b. Property transactions with Controlling Company: None.

c. Financing transactions with Controlling Company: None.

d. Leasing transactions with Controlling Company: None.

e. Other material transaction(s): None.

III. Endorsement or guarantee provided by the Company to the Controlling Company: None.

2. Private Placement of Securities in the Most Recent Year up to the Publication Date of this Annual Report: None.

3. Status of the Company Shares Held or Disposed by Subsidiaries in the Most Recent Year up to the Publication Date of this Annual Report: None.

4. Other Necessary Supplementary Information: None.

5. Any Event that had Material impact on Shareholders Right or Stock Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Act in the Most Recent Year up to the Publication Date of this Annual Report: None.

Arcadyan Technology Corporation

Chairman: Chen Jui-Tsung

President: Tseng Chao-Peng