Stock Code: 3596

Arcadyan Technology Corporation

2021 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: Lu Fong-Yu/ Executive Vice President
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E-mail: investor@arcadyan.com

Headquarters, Branches and Plant
Headquarter: 8F, No 8, Guangfu Rd., Hsinchu, Taiwan
Tel: (03) 572-7000
Branches: None.
Plant: None.

Stock Transfer Agent
Name: Chinatrust Transfer Agent
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Website: https://www.ctbcbank.com

Auditors
CPA firm: KPMG Taiwan
Auditors: Chien Szu-Chuan, Yen Hsin-Fu
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Overseas Securities Exchange
None.

Corporate Website
http://www. arcadyan.com

I. Letter to Shareholders

Dear Shareholders:

The business results for 2021, and the overview of operating plans and future development strategies of the Company for 2022, as well as the impact of external competition are as follows:

1. Business Results of 2021

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

In 2021, the Company's consolidated net operating revenues for the whole year was TWD 38,240,058 thousand, representing an annual increase of 13.3%. The net operating income and after tax net income were TWD 2,199,087 thousand and TWD 1,701,800 thousand respectively, and the after tax earnings per share was TWD 8.60.

(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 2021 was 139% and the debt ratio was 62%; the financial structure was sound.

In 2021, the net income was TWD 1,701,800 thousand, the return on assets was 5.5%, and the return on equity was 13.7%.

(3) Progress in Research and Development

A. The developed products are including: 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), GPON OLT/ ONT and NG-PON2 Fiber products, and DOCSIS 3.1 & 3.0 Cable Modems.

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

Management System.

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

2. 2022 Business Prospects

(1) Operating Strategy

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

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

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

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

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

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

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

H. 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.

I. Organize the Sustainable Development Committee to take responsibility for setting the sustainability strategy and development goals for the Company and continues to interact with all stakeholders to achieve the objectives of sustainability in the future.

(2) Expected Sales Overview

In line with the rapidly increasing global demand for remote work and cloud applications due to the impact of the COVID-19 epidemic 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 networking devices will be increased by 10%~15% in 2022.

(3) Key Production and Marketing Policies

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

B. Keep expanding the JDM business scale to gain the advantage of a greater economic scale, scaling up the production capacity of the Vietnam manufacturing site, appropriately diversifying the risk of overseas production sites, and enhancing the manufacturing flexibility by above-mentioned multiple manufacturing sites.

C. Increase the sales proportion of high-margin and high-price products.

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

(1) Future Development Strategy of the Company

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

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

With the diversification of network services and the development of multimedia applications such as video on demand, the global consumer demand for higher bandwidth continues to increase, and the number of global broadband users are growing rapidly as well. With the increasing popularity of broadband communication and the global commitment to the wide coverage of 5G, more and more Networking equipment manufacturers and major EMS providers have invested in developing manufacturing and selling the related products. Therefore, the competition intensity of the market and prices have increased rapidly. The global demand for IT infrastructure such as AI, 5G and Internet of Things increased greatly in the past year, 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. In addition, although the container shortage problem that we encountered during last year has been improved, the high shipping cost still caused the increase in operating costs. It is therefore projected that the Company will face more and more arduous coopetition challenges in all fields of its operations in the future. Therefore, 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.

4. 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,

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Chen Jui-Tsung, Chairman of the Board

Tseng Chao-Peng, Chief Executive Officer

Huang Shih-Wei, Chief Accounting Officer

II. Company Overview

1. Date of Incorporation: May 9, 2003

2. Company History

(1) Yearly Major Events

March 2019	Passed certification of Wi-Fi Easy Mesh Agent.
July 2019	Developed DOCSIS 3.1 cable modem home gateway.
July 2019	Developed Android TV set-top box with smart speaker function.
October 2019	Developed 10GPON BOSA on-board IAD.
November 2019	Developed 5G indoor home gateway.
December 2019	Successfully deployed Cloud Optimized Management System.
May 2020	Successfully developed Wi-Fi 6 broadband products.
June 2020	Successfully developed XGSPON fiber optic broadband products.
July 2020	Passed ISO 45001 certification on occupational safety and health management system (OHSAS 18001 revised edition)
February 2021	Successfully developed DOCS3.1 + Wi-Fi 6 cable products.
February 2021	Successfully developed 79GHz Commerciali Vehicle Side Defender Radar.
March 2021	Conferred 2020 Best CSR Implementation Award for Supplier by Joint Audit Cooperation (JAC) from Europe.
March 2021	Obtained Level 4 Optimizing of BS 8001 certification on circular economy from British Standards Institution (BSI).
April 2021	Ranked Top 21% to 35% of the 7th Corporate Governance Evaluation among the listed companies.
September 2021	Started the operation of the Phase-I new plant in Vietnam.
November 2021	Successfully developed the 4G/ 5G Telematics.
November 2021	Won the bronze prize of the 3th National Enterprise Environmental Protection Award from the Environmental Protection Administration, Executive Yuan, R.O.C..
December 2021	Successfully developed the mobile edge computing switch.

December 2021	Won the gold prize of the CHT Sustainable Partner Award.
March 2022	Won the Gold Medal Award of EcoVadis Global Corporate Social Responsibility (CSR) Rating.
April 2022	Ranked Top 21% to 35% of the 8th Corporate Governance Evaluation among the listed companies.
May 2022	Set up Sustainable Development Committee.

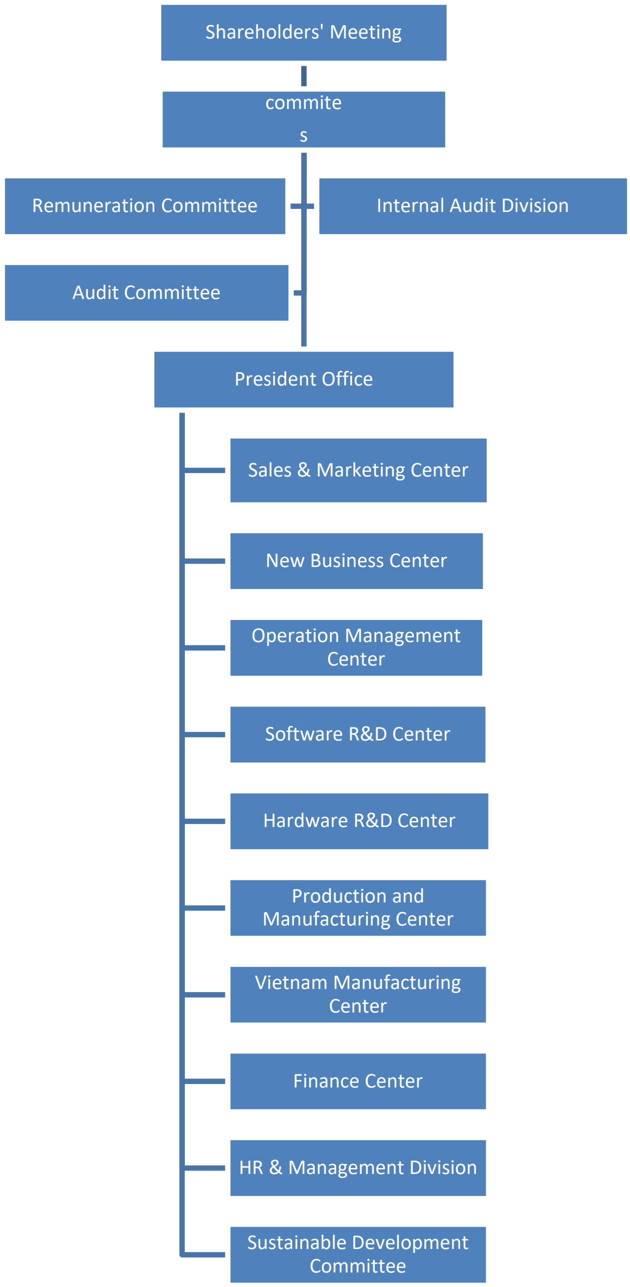
(2) For the Most Recent Year up to the Publication Date of this Annual Report, mergers and acquisitions, investment in affiliated companies, restructuring, transfer or change in shareholdings of Directors or major Shareholders with a stake of 10% or more, change of management right, material change in business activities or contents, and other matters that will significantly impact the Shareholders' interest and the Company:

March 2019	Invested in Arcadyan Technology (Vietnam) Co., Ltd., as the global production base.
June 2020	Invested in Arcadyan Technology Corporation (Russia), LLC as the sales office in Russia.
March 2021	Invested in Arcadyan India Private Limited as the sales office in India.

III. Report on Corporate Governance

1. Organization of the Company

(1) Organizational Chart (as of December 31, 2021)



(2) Description of Department Functions:

Functions:	Main Responsibilities:
Remuneration Committee	1. Establishing and reviewing performance of Directors and Managers, as well as policy, system, standard and structure of remuneration and compensation on a regular basis. 2. Evaluating and establishing the remuneration and compensation of Directors and Managers on a regular basis.
Audit Committee	The main objective is to supervising the following items, 1. Fair presentation of the financial reports of the Company. 2. Appointing, dismissing and evaluating the independence and performance of certificated public accountants. 3. The effective implementation of the internal control system of the Company. 4. Compliance with relevant laws and regulations by the Company. 5. Management of the existing or potential risks of the Company.
Internal Audit Division	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.
Sales & Marketing Center	1. Expanding and developing sales operation. 2. Overseeing the communication channels of customer service. 3. Managing marketing strategy and business operation. 4. Designing, planning and implementation of marketing projects.
New Business Division	Conducting R&D on new technologies, new products development and introduction for mass production, including assessment of the feasibility of new product development and integration of technologies.
Operation Management Center	1. Managing products and controlling project schedules. 2. Collaborating with R&D and manufacturing divisions and arranging for trial-run manufacturing to facilitate mass production. 3. Overseeing procurement, import and export, and production material control. 4. Designing and managing the engineering and manufacturing of products, managing and certificating of product quality. 5. Constructing and overseeing network environment, and installing and maintaining the mainframe computer system and peripheral equipment. 6. Planning for introduction and conducting overall maintenance of ERP/MES, other online systems, developing operating procedures and assessing feasibilities. 7. Planning, designing and implementation of legal patent related matters.

Functions:	Main Responsibilities:
	8. Assisting in cost control of products and procurement to increase the overall profitability.
Software R&D Center	Develop various software technologies and testing programs of the Company.
Hardware R&D Center	Develop various hardware technologies and the related integration programs of the Company.
Production and Manufacturing Center	Supervising the overall production matters in the factory areas of Vietnam and Mainland 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 & Management Division	1. Establishing, amending and implementation of company management system. 2. Conducting performance assessment for Employees, establishing promotion, retirement and other HR systems. 3. Planning and conducting employee training. 4. Computing salary, labor, health and group insurance. 5. Managing administrative matters.
Sustainable Development 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, and report to the Board of Directors. 4. Decisions on other matters related to sustainable development.

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

(1) Directors

April 17, 2022

Job title	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		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			(Note 5)
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	R.O.C.	Compal Electronics Inc.	Note 1	June 18, 2020	Three years	October 12, 2006	41,304,504	19.81%	41,304,504	18.74%	0	0%	0	0%	Bachelor of Electrical Engineering, National Cheng Kung University Vice Chairman and CSO of Compal Electronics Inc.	Note3	None	None	None	Note 2
		Representative: Chen Jui-Tsung				October 12, 2006	0	0%	2,721,000	1.23%	0	0%	0	0%						
Director	R.O.C.	Compal Electronics Inc.	Note 1	June 18, 2020	Three years	October 12, 2006	41,304,504	19.81%	41,304,504	18.74%	0	0%	0	0%	Master in Management Science, National Chiao Tung University Director and CEO of Compal Electronics Inc.	Note 3	None	None	None	Note 2
		Representative: Wong Chung-Pin				June 20, 2014	429	0%	429	0%	0	0%	0	0%						
Director	R.O.C.	Compal Electronics Inc.	Note 1	June 18, 2020	Three years	October 12, 2006	41,304,504	19.81%	41,304,504	18.74%	0	0%	0	0%	Master in Electrical Engineering, National Taiwan University Director and Executive Vice President of Compal Electronics Inc.	Note 3	None	None	None	Note 2
		Representative: Peng Sheng-Hua				June 1, 2018	0	0%	0	0%	0	0%	0	0%						
Director	R.O.C.	Compal Electronics Inc.	Note 1	June 18, 2020	Three years	October 12, 2006	41,304,504	19.81%	41,304,504	18.74%	0	0%	0	0%	EMBA, National Chiao Tung University Vice President of Arcadyan Technology Corporation	Note 3	None	None	None	Note 2
		Representative: Liu Chung-Pao				April 12, 2019	13,079	0.01%	10,079	0%	0	0%	0	0%						
Director	R.O.C.	Tseng Chao-Peng	Note 1	June 18, 2020	Three years	June 25, 2019	26,669	0.01%	162,669	0.07%	6,000	0%	0	0%	MBA, Oklahoma State University President of Arcadyan Technology Corporation	Note 3	None	None	None	Note 2
Independent Director	R.O.C.	Lee Ying-Jen	Note 1	June 18, 2020	Three years	June 13, 2008	0	0%	0	0%	0	0%	0	0%	PhD in Electrical Engineering, National Taiwan University Chairman of Litemax Electronics Inc.	Note 3	None	None	None	Note 2
Independent Director	R.O.C.	Wen Ching-Jang	Note 1	June 18, 2020	Three years	June 13, 2008	0	0%	0	0%	0	0%	0	0%	PhD. Graduate Institute Of Electrical Engineering, University of Pennsylvania. Director of Bioptik Technology Inc.	Note 3	None	None	None	Note 2

Job title	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		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			(Note 5)
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Independent Director	R.O.C.	Yang Wen-An	Note 1	June 18, 2020	Three years	June 13, 2008	0	0%	0	0%	0	0%	0	0%	Master of Commerce, National Taiwan University Chairman of Durbun Digital Solutions, Inc.	Note 3	None	None	None	Note 2
Director	R.O.C.	Wei Je-He	Note 1	June 18, 2020	Three years	June 22, 2012	0	0%	0	0%	0	0%	0	0%	PhD in Electrical Engineering, University of Washington Honorary Professor of National Chiao Tung University	Note 3	None	None	None	Note 2

Note 1: All the Directors of the Company are male. Director 50~59 years of age: Peng Sheng-Hua; Director 60~69 years of age: Wong Chung-Pin, Liu Chung-Pao, Tseng Chao-Peng, Lee Ying-Jen, Yang Wen-An; Director 70~79 years of age: Chen Jui-Tsung, Wen Ching-Jang, Wei Je-He.

Note 2: If the Company Chairperson and the CEO or manager of equivalent position (the highest manager) are the same person or spouses or of kinship in the first degree, related information regarding the arrangements in terms of reasons, rationale, necessity and response measures shall be provided: None

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

Position	Name	Current Positions(s) in the Company or other Companies	
Director	Chen Jui-Tsung	Vice Chairman and 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 Smartcare Co.,Ltd., ARCE Therapeutics, Inc., Raypal Biomedical Co., Ltd.
		Director	Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., Ascendant Private Equity Investment Ltd., Big Chance International Co., Ltd., Billion Sea Holdings Limited, Bizcom Electronics, Inc., Center Mind International Co., Ltd., Compal Display Holding (HK) Limited, Compal Electronics (Holding) Ltd., Compal Electronics International Ltd., Compal International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal International Ltd., Compal Rayonnant Holdings Ltd., Compalead Electronics B.V., 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

Position	Name	Current Positions(s) in the Company or other Companies	
			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, Kinpo Electronics, Inc., 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.
		Independent Director	Powertech Technology Inc.
Director	Wong Chung-Pin	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.
		Director	Allied Power Holding Corp., Amexcom Electronics, Inc., Auscom Engineering Inc., Bizcom Electronics, Inc., Compal Connector Manufacture Ltd., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., Primetek Enterprises Limited, Shennona Corporation, Sirqul Inc., Compal Electronics, Inc., Ripal Optotronics Co., Ltd., Mactech Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., UniCore Biomedical Co., Ltd., General Life Biotechnology Co., Ltd., Panpal Technology Corp., Hong Jin Investment Co., Ltd., Kinpo Group Management Consultant Company, Aco Smartcare 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
		Supervisor	Hong Ya Technology Corporation
		Executive Director	Compower Global Service Co., Ltd.
		CEO	Compal Electronics Inc., Gempal Technology Corp., Panpal Technology Corp., Hong Ji Investment Co., Ltd., Hong Jin

Position	Name	Current Positions(s) in the Company or other Companies	
			Investment Co., Ltd.
Director	Peng Sheng-Hua	Chairman	Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Hanhelt Communications (Nanjing) Co.,Ltd., Compal Communications (Nanjing) Co., Ltd.
		Director	Amexcom Electronics, Inc., Bizcom Electronics, Inc., Compal Electronics, Inc., Gempal Technology Corp., Hong Ji Capital Co., Ltd.,Ripal Optotronics Co., Ltd., UniCore Biomedical Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Palcom International Corporation, Compal Smart Device (Chongqing) Co., Ltd., Hong Jin Investment Co., Ltd.
		CEO	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	Liu Chung-Pao	Director	Arcadyan Technology (Shanghai) Corp., Tatung Home Appliances (WuJiang) Co., Ltd.
		CEO	Compal Networking (Kunshan) Co., Ltd, Arcadyan Technology (Shanghai) Corp., Tatung Home Appliances (WuJiang) Co., Ltd.
Director	Tseng Chao-Peng	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.
		CEO	Arcadyan Technology Corporation., Arcadyan Technology (Vietnam) Co., Ltd ., Zhi-Bao Technology Inc.
		Manager	Arcadyan Germany Technology GmbH
Independent Director	Lee Ying-Jen	Chairman	Litemax Electronics Inc.
		Director	Aaeon Technology Inc., Aaeon Technology (Suzhou) Inc., Litemax Technology, Inc., Yen Sun Technology Corp., Eutech Microelectronics Inc.
		Independent Director	Axis Corporation
Independent Director	Wen Ching-Jang	Director	Bioptik Technology Inc., Charng Yang Development Co., Ltd.

Position	Name	Current Positions(s) in the Company or other Companies	
Independent Director	Yang Wen-An	Chairman	Durbun Digital Solutions, Inc., Durbun Financial Consulting Co., Ltd., Durbun CPA Firm
		Director	Lien Chang Electronic Enterprise Co., Ltd.
		Independent Director	E&E Recycling Inc., Kuen Ling Machinery Refrigerating Co., Ltd.
Director	Wei Je-He	Director	National Information Infrastructure Enterprise Promotion Association, Macronix International Co., Ltd. Unizyx Holding Corporation
		Independent Director	Genesis Photonics Inc., Sunplus Technology Co., Ltd.
		Adjunct Professor	Department of Electronics Engineering, National Yang Ming Chiao Tung University

■ Major shareholders of the corporate shareholder

April 26, 2022

Name of corporate shareholder	Major shareholders of the corporate shareholder (Note)
Compal Electronics Inc.	Yuanta/P-shares Taiwan Dividend Plus ETF (4.40%), Silchester International Investors International Value Equity Trust held in trust by HSBC Taiwan (3.53%), Kinpo Electronics Inc. (3.44%), Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF held in trust by Taishin Bank (2.48%), Labor Pension fund (1.85%), Silchester International Investors International Value Equity Group Trust held in trust by HSBC Taiwan (1.68%), Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds (1.32%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, A series of Vanguard Star Funds (1.22%), Fubon Taiwan Index high dividend 30 ETF (1.18%), Silchester International Investors International Value Equity Taxable Trust held in trust by HSBC Taiwan (1.09%)

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

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

April 29, 2022

Name of corporate	Major shareholders of the corporate
Kinpo Electronics, Inc.	Compal Electronics Inc. (8.31%), Panpal Technology Corp. (4.65%), GEBO Limited (4.17%), Ho Bao Investment Co., Ltd. (2.94%), Shen, Tsai Lai-Shun (2.80%), Hsu Chun-Chi (2.40%), Ruey Shinn Co.,Ltd. (1.88%), Shen Shih-Jung (1.69%), Shen Kun-Chao (1.50%), Tsai Li-Chu (1.45%)

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

April 17, 2022

Qualification / Name	Profession qualifications and experiences	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
Representative of Compal Electronics Inc.: Chen Jui-Tsung	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
Representative of Compal Electronics Inc.: Wong Chung-Pin	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
Representative of Compal Electronics Inc.: Peng Sheng-Hua	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
Representative of Compal Electronics Inc.: Liu Tsung-Pao	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
Tseng Chao-Peng	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
Wei Che-Ho	Having the experience in the industry-academia collaboration, now serving as a professor of a national university, director of the										2

Qualification / Name	Profession qualifications and experiences	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
	National Information Infrastructure Enterprise Promotion Association, an adjunct professor of Department of Electronic Engineering, National Yang Ming Chiao Tung University; not under any circumstances of Article 30 of the Company Act.										
Independent Director: Lee Ying-Jen	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: Wen Ching-Jang	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: Yang Wen-An	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 TWD 500,000 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 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:

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

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

The diversity of the Board of Directors is described below:

Item / Name	Core items							
	Operational judgments	Accounting and finance	Business management	Risk management	Knowledge of the industry	International market perspective	Leadership	Knowledge of investment and merger
Representative of Compal Electronics Inc.:Chen Jui-Tsung	✓	✓	✓	✓	✓	✓	✓	✓
Representative of Compal Electronics Inc.: Wong Chung-Pin	✓	✓	✓	✓	✓	✓	✓	✓
Representative of Compal Electronics Inc.: Peng Sheng-Hua	✓		✓	✓	✓	✓	✓	
Representative of Compal Electronics Inc.: Liu Tsung-Pao	✓		✓	✓	✓	✓	✓	

Item / Name	Core items							
	Operational judgments	Accounting and finance	Business management	Risk management	Knowledge of the industry	International market perspective	Leadership	Knowledge of investment and merger
Tseng Chao-Peng	✓	✓	✓	✓	✓	✓	✓	✓
Wei Che-Ho	✓		✓	✓	✓	✓	✓	
Independent Director: Lee Ying-Jen	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director: Wen Ching-Jang	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director: Yang Wen-An	✓	✓	✓	✓		✓	✓	✓

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

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

The goal of diversification of the Board is to include a Director with telecommunication knowledge in the coming future to provide professional advice on operational matters and industrial practices, and improve the competitiveness of the Company, thus making the function of the Board more complete.

(2) Independence of the Board of Directors: Three of the nine Board members are Independent Directors occupying a proportion of 33%. No circumstances specified in Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act exist 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 President, Senior Managers and Department Heads:

April 17, 2022

Job title	Nationality	Name	Gender	Date of election / appointment to current term)	Shares Held		Shares currently held by spouse and minor children		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
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
President	R.O.C.	Tseng Chao-Peng	Male	February 23, 2017	162,669	0.07%	6,000	0%	0	0%	MBA, Oklahoma State University Director of Arcadyan Technology Corporation	Note 2	None	None	None	Note 3
Executive Vice President	R.O.C.	Lu Fong-Yu	Male	May 9, 2003	61,780	0.03%	0	0%	0	0%	Master of Computer Engineering, National Yang Ming Chiao Tung University computer engineering Director of Tatung Technology Inc.	Note 2	None	None	None	Note 3
Vice President	R.O.C.	Liu Chung-Pao	Male	May 9, 2003	10,079	0.00%	0	0%	0	0%	EMBA, National Chiao Tung University Vice President of Accton Technology Corporation	Note 2	None	None	None	Note 3
Vice President	R.O.C.	Hsiung Nien-Che	Male	May 3, 2017	64,060	0.03%	0	0%	0	0%	EMBA, National Chiao Tung University Director of Tatung Technology Inc.	Note 2	None	None	None	Note 3
Vice President	R.O.C.	Lee Chih-Fang	Male	August 1, 2018	214,939	0.10%	11,572	0.01%	0	0%	Bachelor of Electrical Engineering, National Central University Assistant Vice President of Accton Technology Corporation	Note 2	None	None	None	Note 3
Vice President	R.O.C.	Kuo Shin-Lung	Male	August 1, 2018	45,699	0.02%	61	0%	0	0%	Bachelor of Electronic Engineering, Fu Jen Catholic University Vice President of Delta Networks, Inc.	None	None	None	None	Note 3
Vice President	R.O.C.	Lin Yen-Ju	Male	March 10, 2022	0	0%	0	0%	0	0%	New York University Tandon School of Engineering Assistant Vice President of Aracdyan Technology Corporation	None	None	None	None	Note 3
Chief Financial Officer and Corporate Governance Officer	R.O.C.	Huang Shih-Wei	Male	March 14, 2018	40,790	0.02%	0	0%	0	0%	Master in Accounting, Soochow University Deputy Director of Compal Electronics Inc.	Note 2	None	None	None	Note 3
Chief Internal Audit Officer	R.O.C.	Peng Yi-Ling	Female	April 17, 2006	0	0%	0	0%	0	0%	Bachelor of Accounting, Yuan Ze University Senior Auditor of KPMG Junior Manager of Masterlink Securities Corporation	None	None	None	None	Note 2

Note 1: The Senior Vice President, Chen Chien-Lin, has retired on March 4, 2022.

Note 2: List of Concurrent Positions Held by Managers

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

Note 3: If the CEO 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: Base compensation (A): The Company	Base compensation (A): All consolidated entities	Retirement pay and pension (B): The Company	Retirement pay and pension (B): All consolidated entities	Director profitsharing compensation (C): The Company	Director profitsharing compensation (C): All consolidated entities	Expenses and perquisites (D): The Company	Expenses and perquisites (D): All consolidated entities	Sum of A+B+C+D and ratio to net income (%): The Company	Sum of A+B+C+D and ratio to net income (%): All consolidated entities	Compensation to Directors Also Serving as Company Employees: Salary, rewards, and special disbursements (E): The Company	Salary, rewards, and special disbursements (E): All consolidated entities	Retirement pay and pension (F): The Company	Retirement pay and pension (F): All consolidated entities	Employee profit-sharing compensation (G): The Company: Amount in cash	Employee profit-sharing compensation (G): The Company: Amount in stock	Employee profit-sharing compensation (G): All companies included in the financial statements: Amount in cash	Employee profit-sharing compensation (G): All companies included in the financial statements: Amount in stock	Sum of A+B+C+D+E+F+G and ratio to net income: The Company	Sum of A+B+C+D+E+F+G and ratio to net income: All c All consolidated entities	Remuneration received from investee enterprises other than subsidiaries or from the parent company (H)
Chairman	Representative of Compal Electronics Inc.: Chen Jui-Tsung																					
Director	Representative of Compal Electronics Inc.: Wong Chung-Pin																					
Director	Representative of Compal Electronics Inc.: Peng Sheng-Hua	0	0	0	0	14,646 (Note 1)	14,646 (Note 1)	840	880	0.87%	0.87%	16,616 (Note 2)	16,616 (Note 2)	287	287	15,265 (Note 3)	0	15,265 (Note 3)	0	2.67 %	2.67%	118,857
Director	Representative of Compal Electronics Inc.: Liu Chung-Pao																					
Director	Tseng Chao-Peng																					
Director	Wei Je-He																					
Independent Director	Lee Ying-Jen																					
Independent Director	Wen Ching-Jang	0	0	0	0	2,160	2,160	540	540	0.15%	0.15%	0	0	0	0	0	0	0	0	0.15 %	0.15%	0
Independent Director	Yang Wen-An																					

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 Articles of Incorporation, article 22, the remuneration 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: Referring to the estimated Directors' compensation approved by the Board of Directors.
Note 2: Salary, rewards, and special disbursements include vehicles.
Note 3: Referring to the estimated employees' compensation approved by the Board of Directors.

■Remuneration Range Table

Ranges of remuneration paid to each of the Company's Directors	Name of Director(s)			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 8 items (A+B+C+D+E+F+G+H)	
	The Company	All consolidated entities	The Company	Parent Company and all consolidated companies
Less than TWD 1,000,000	Chen Jui-Tsung, Wong Chung-Pin, Peng Sheng-Hua, Liu Chung-Pao, Lee Ying-Jen, Wen Ching-Jang, Yang Wen-An, Wei Je-He	Chen Jui-Tsung, Wong Chung-Pin, Peng Sheng -Hua, Liu Chung-Pao, Lee Ying -Jen, Wen Ching- Jang, Yang Wen-An, Wei Je-He	Chen Jui-Tsung, Wong Chung-Pin, Peng Sheng -Hua, Lee Ying -Jen, Wen Ching-Jang, Yang Wen-An, Wei Je-He	Lee Ying -Jen, Wen Ching-Jang, Yang Wen-An, Wei Je-He
TWD 1,000,000 (incl.)to TWD 2,000,000 (excl.)	-	-	-	-
TWD 2,000,000 (incl.) to TWD 3,500,000 (excl.)	Tseng Chao-Peng	Tseng Chao-Peng	-	-
TWD 3,500,000 (incl.) to TWD 5,000,000 (excl.)	-	-	-	-
TWD 5,000,000 (incl.) to TWD 10,000,000 (excl.)	-	-	-	-
TWD 10,000,000 (incl.) to TWD 15,000,000 (excl.)	Compal Electronics Inc.	Compal Electronics Inc.	Compal Electronics Inc., Liu Tsung-Pao	Compal Electronics Inc., Liu Tsung-Pao
TWD 15,000,000 (incl.) to TWD 30,000,000(excl.)	-	-	Tseng Chao-Peng	Tseng Chao-Peng, Peng Sheng-Hua
TWD 30,000,000 (incl.) to TWD 50,000,000(excl.)	-	-	-	Chen Jui-Tsung, Wong Chung-Pin,
TWD 50,000,000 (incl.)to TWD 100,000,000(excl.)	-	-	-	-
More than TWD 100,000,000	-	-	-	-
Total	10	10	10	10

(2) Remuneration to President and Vice Presidents

Unit: thousand of TWD

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income		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 companies included in the financial statements		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	Tseng Chao-Peng	28,779	28,779	1,078 (Note 2)	1,078 (Note 2)	22,073 (Note 3)	22,073 (Note 3)	34,254 (Note 4)	0	34,254 (Note 4)	0	4.82%	4.82%	None
Executive Vice President	Lu Fong-Yu													
Senior Vice President	Chen Chin-Lin(Note 1)													
Vice President	Liu Chung-Pao													
Vice President	Hsiung Nien-Che													
Vice President	Lee Chih-Fang													
Vice President	Kuo Shin-Lung													
Chief Financial Officer and Corporate Governance Officer	Huang Shih-Wei													

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

■Remuneration Range Table

Ranges of remuneration paid to each of the Company's General Manager(s) and Assistant Manager(s)	Names of General Manager(s) and Assistant Manager(s)	
	The Company	All consolidated entities
Less than TWD 1,000,000	-	-
TWD 1,000,000 (incl.)to TWD 2,000,000 (excl.)	-	-
TWD 2,000,000 (incl.) to TWD 3,500,000 (excl.)	-	-
TWD 3,500,000 (incl.) to TWD 5,000,000 (excl.)	Huang Shih-Wei	Huang Shih-Wei
TWD 5,000,000 (incl.) to TWD 10,000,000 (excl.)	Chen Chien-Lin, Hsiung Nien-Che	Chen Chien-Lin, Hsiung Nien-Che
TWD 10,000,000 (incl.) to TWD 15,000,000 (excl.)	Lu Fong-Yu, Liu Chung-Pao, Lee Chih-Fang, Kuo Shin-Lung	Lu Fong-Yu, Liu Chung-Pao, Lee Chih-Fang, Kuo Shin-Lung
TWD 15,000,000 (incl.) to TWD 30,000,000(excl.)	Tseng Chao-Peng	Tseng Chao-Peng
TWD 30,000,000 (incl.) to TWD 50,000,000(excl.)	-	-
TWD 50,000,000 (incl.)to TWD 100,000,000(excl.)	-	-
More than TWD 100,000,000	-	-
Total	8	8

■Earnings granted to management team

Unit: thousand of TWD

	Position	Name	Stock amount	Cash amount	Total	Total as a percentage of after-tax net income (%)
Manager	President	Tseng Chao-Peng	0	34,254 (Note 2)	34,254	1.92%
	Executive Vice President	Lu Fong-Yu				
	Senior Vice President	Chen Chien-Lin (Note 1)				
	Vice President	Liu Chung-Pao				
	Vice President	Hsiung Nien-Che				
	Vice President	Lee Chih-Fang				
	Vice President	Kuo Shin-Lung				
	Chief Financial Officer and Corporate Governance Officer	Huang Shih-Wei				

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

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

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

Unit: thousand of TWD

Item	2021		2020	
	Amount	%	Amount	%
Directors President and Vice Presidents	104,410	5.84%	127,387	7.43%
After-tax net income in parent-company- only financial statements	1,787,544		1,713,942	

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

- The remuneration and compensation of Directors and Managers is processed in accordance with the Article of Incorporation and human resource regulations of the Company, assessed by the Remuneration Committee and resolved by the Board of Directors.
- The remuneration above took into consideration the payment paid by counterparts in the industry, as well as personal performance, the operating performance of the Company and a reasonable correlation to future risks.

4. Implementation of Corporate Governance

(1) Board of Directors

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

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

Title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remark
Chairman	Compal Electronics Inc. Representative: Chen Jui-Tsung	4	0	100%	
Director	Compal Electronics Inc. Representative: Wong Chung-Pin	3	1	75%	
Director	Compal Electronics Inc. Representative: Peng Sheng-Hua	4	0	100%	
Director	Compal Electronics Inc. Representative: Liu Chung-Pao	4	0	100%	
Director	Tseng Chao-Peng	4	0	100%	
Independent Director	Lee Ying-Jen	4	0	100%	
Independent Director	Wen Ching-Jang	4	0	100%	
Independent Director	Yang Wen-An	4	0	100%	
Director	Wei Je-He	2	2	50%	

Other notes:

1. For Board of Directors meetings that meet any of the following descriptions, 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 board resolutions in relation to matters other than those described above: None.

2.For the recusal of Director(s), the name of Director(s), the content of the resolution, the reason of recusal and the participation of voting for the resolution.

Time of the Board meeting	Content of resolution	Recusal Name of Director(s)	Reason of recusal	Participation of voting for the resolution
May 6, 2021 The 5th meeting of The 8th Board of Directors	Salary adjustment for 2021.	Tseng Chao-Peng , Liu Tsung-Pao	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 passed after the convener solicited opinions from the rest of the Board and received no objections.
	Disbursement of Dragon Boat and Mid-Autumn Festivals bonuses for 2021.	Tseng Chao-Peng , Liu Tsung-Pao	Holding concurrent position as Manager of the Company.	
August 5, 2021 The 6th meeting of The 8th Board of Directors	Disbursement of Employee compensation for 2020.	Tseng Chao-Peng , Liu Tsung-Pao	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 passed after the convener solicited opinions from the rest of the Board and received no objections.
	Disbursement of remuneration of Directors for 2020.	Chen Jui-Tsung and other Directors	Discussion of disbursement amount for themselves and the legal persons they represented.	The relevant Directors recused themselves from the discussion and voting due to conflict of interest. The resolution was passed after the convener solicited opinions from the rest of the Board and received no objections.
November 3, 2021 The 7th meeting of The 8th Board of Directors	Disbursement of year-end bonus for 2021.	Tseng Chao-Peng , Liu Tsung-Pao	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 passed after the convener solicited opinions from the rest of the Board and received no objections.

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

The Board passed a resolution for the establishment of "Procedures of Performance Evaluation of the Board of Directors and Functional Committees." Evaluation results for 2021 are as follows:

Committee	Frequency of evaluation	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation
Board of Directors	Once a year	January 1, 2021 to December 31, 2021	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. Selection and continuing education of Directors. 5. Internal control. The performance evaluation items of the Board members shall at least include the following six major areas: 1. Monitoring of company goals and tasks. 2. Comprehension of Director's duties. 3. Participation level in the management of the Company. 4. Management and communication of internal relationships. 5. Professionalism and continuing education of Directors. 6. Internal control.
Audit Committee	Once a year	January 1, 2021 to December 31, 2021	Audit Committee	Internal self-evaluation of Audit Committee	The performance evaluation items of Audit Committee shall at least include the following five major areas: 1. Participation level in the management of the Company. 2. Comprehension of Audit Committee's duties. 3. Enhancement of the decision making quality of Audit Committee. 4. Composition of the Audit Committee and selection of committee members. 5. Internal control.

Committee	Frequency of evaluation	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation
Remuneration Committee	Once a year	January 1, 2021 to December 31, 2021	Remuneration Committee	Internal self-evaluation of Remuneration Committee	The performance evaluation items of Remuneration Committee shall at least include the following four major areas: 1. Participation level in the management of the Company. 2. Comprehension of Remuneration Committee's duties. 3. Enhancement of the decision making quality of Remuneration Committee. 4. Composition of Remuneration Committee and selection of committee members.

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).

1. The Board of Directors established two functional committees, namely Audit Committee (in 2014) and Remuneration Committee (in 2014). The Independent Directors constitute the entire members of the Audit Committee and Remuneration Committee, and assist the Board in fulfilling its duties.
2. In accordance with "Regulations Governing Procedure for Board of Directors Meetings of Public Companies," the Company has amended "Rules and Procedures for Board of Directors Meetings" for legal compliance on March 17, 2020. The attendance of Directors in the Board meetings is disclosed on Market Observation Post System, and material resolutions of the Board meetings are disclosed on the Company website.
3. On May 6, 2020, the Board passed a resolution for the establishment of "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 2021 on March 10, 2022 and submitted the report to the Remuneration Committee and the Board of Directors.
4. Continuing education of Directors: The Company encourages Directors to participate in continuing education to keep informed of new knowledge. The total hours of training for all Directors in 2021 were amounted to 62 hours.
5. The Company has implemented the convention of Board of Directors meetings via video conference since 2021 raise the attendance rate of the directors and increase the opportunity to participate the discussions of Board of Directors.

(2) Audit Committee:

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

  Yearly key focus: The main duties of the Audit Committee includes: reviewing and examining financial reports, internal audit, significant assets, 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 control supervisors; accpetance for whistle-blowing cases and inspecting legal compliance of the Company on a regular basis.

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

Other notes:

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

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

Audit Committee Date/Session	Content of resolution	Objections, reservations or important suggestions of Independent Directors	Audit Committee's resolution:	The Company's action on the Audit Committee's opinions
March 17, 2021 The 4th meeting of The 4th Audit Committee	1. Financial reports for 2020.	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	The resolution was passed after the convener solicited opinion from the attending Directors and received no objection.
	2. 2020 business report.	None		
	3. Statement of internal control system for 2020.	None		
	4. Distribution of earnings for 2020.	None		
	5. Lending funds to subsidiary, Arcadyan Technology (Vietnam) Co., Ltd.	None		
	6. Land purchase.	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
May 6, 2021 the 5th meeting of The 4th Audit Committee	1. Amendment of "Procedures for Acquisition or Disposal of Assets."	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	The resolution was passed after the convener solicited opinion from the attending Directors and received no objection.
	2. Issuance of guarantee letter for the subsidiary, Arcadyan Technology Australia Pty. Ltd.	None		
August 5, 2021 The 6th meeting of The 4th Audit Committee	1. Lending funds to subsidiary, Arcadyan do Brazil Ltda.	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	The resolution was passed after the convener solicited opinion from the attending Directors and received no objection.
November 3, 2021 The 7th meeting of The 4th Audit Committee	1. Approval for the audit plan for 2022.	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	The resolution was passed after the convener solicited opinion from the attending Directors and received no objection.
	2. Assessment of the independence and qualification of the auditing CPAs.	None		
	3. Loaning funds to subsidiary, Arcadyan Technology Corporation (Russia), LLC.	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):
   (1) Method of communication between Independent Directors, the Internal Audit officer, and CPAs:
   - By the end of the following month after completing the audited items, the Internal Audit Officer shall submit an audit report to the Independent Directors. Should the Independent Directors require clarification of the audit and follow-up actions, they

should contact the Internal Audit Officer at any time.

- The Internal Audit Officer and the Independent Directors shall hold at least one meeting every quarter, reporting the execution of internal audit and the operating status of internal control.
- Should an auditing need arises, the Internal Audit Officer should submit a written report or make a verbal report to the members of the Audit Committee.

(2) Summary of the communications between Independent Directors and Internal Audit Officer:

Date	Communication Items	Communication Result
March 17, 2021	Reporting of internal audit conducted in Q4 2020. Statement of internal control system for 2020.	There are not other instructions after all the Independent Directors reviewed.
May 6, 2021	Reporting of internal audit conducted in Q1 2021.	There are not other instructions after all the Independent Directors reviewed.
August 5, 2021	Reporting of internal audit conducted in Q2 2021.	There are not other instructions after all the Independent Directors reviewed.
November 3, 2021 (Separate communication meeting)	Reporting of internal audit conducted in Q3 2021. 2022 internal audit plan.	There are not other instructions after all the Independent Directors reviewed.

(3) Summary of the communications between the Independent Directors and CPA:

Date	Communication Items	
March 17, 2021	CPAs reported 2020 key audit matters and results of findings, and engaged in discussion and communication with the attending members pertaining to their queries.	There are not objections after all the Independent Directors reviewed. The financial statements are submitted to the Board of Directors for resolution after having been approved by the Audit Committee.
November 3, 2021 (Separate communication meeting)	1. Independence of CPAs 2. The responsibility of the reviewers for review of the interim financial report and its scope, the scope of the review, and the type of the conclusion issued based on the review. 3. Audit plan for 2021 financial statements. 4. Update of important laws and regulations.	There are not other instructions after all the Independent Directors reviewed.

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

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice 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' Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(1) In addition to designating specialized units to address the 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 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.	No material deviation.
(4) Has the Company established internal rules prohibiting insider trading against non-public information?	V		(4) Pertaining to the internal control system, the Company has established "Insider Trading Prevention Procedures" and had been made available on the Company website. The Directors, managers and employees who obtain material information via their positions, work or controlling interest, must conform to the	No material deviation.

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			Procedures.	
3. Composition and responsibilities of the Board of Directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(1) The Company has nine Directors, including three Independent Directors, and one external individual Director. Seven directors do not assume managerial positions in the Company; every Director possesses professional background, including business, legal, accounting, technology, management, professional skills and industrial experience, which form a diversified composition. The current Board members who are commendable in leadership quality, business judgement, operation and management, and product knowledge include Chen Jui-Tsung, Wong Chung-Pin, Peng Sheng-Hua, Tseng Chao-Peng, Liu Chung-Pao, Lee Ying-Jen and Wen Ching-Jang; member with accounting knowledge and financial analytical capability includes Yang Wen-An; member with academic accomplishment includes Wei Je-He. 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 target of Board diversification is to include a Director with telecommunication knowledge in the coming future to provide professional advice on operational matters, improve the competitiveness of the Company, thus completing the function of the Board. 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.	No material deviation.
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and	V		(2) In addition to the Remuneration Committee and Audit Committee established in accordance with the law, the Company also has a	No material deviation.

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
the Audit Committee?			Sustainable Development Committee to promote sustainable development-related matters and report the implementation status and results to the Board of Directors at least once a year.	
(3) Has the Company established rules and methodology forevaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary/compensation for individual Directors and their nomination and additional office terms?	V		(3) On May 6, 2020, the Board passed resolution for the establishment of “Procedures of Performance Evaluation of the Board of Directors and Functional Committees.” The scope of evaluation includes the performance evaluation of the entire Board of Directors, individual Directors and functional committees. The scope of evaluation includes self-evaluation of the Board and functional committees, self-evaluation of individual Board members or other appropriate methods to conduct the performance evaluation. The results of the evaluation were forwarded 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 had completed the performance evaluation for 2021 on March 10, 2022 and submitted the report to the Remuneration Committee and the Board of Directors.	No material deviation.
(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 an “Independent Auditor’s Report.” After verification, in addition to audit and tax fees, the Company confirmed that there is no other business interest and relations with the CPAs. Further, when the Board discussing the independence and engagement of the auditing CPAs, the recommended CPAs are required to submit CVs and their independence declaration (declaring not in violation of Ethical Standards Publication No. 10) for the independence evaluation discussion	No material deviation.

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			of the Board. The Audit Committee and Board of Directors assess the independence and qualification of the CPAs regularly every year. The most recent assessment is completed on November 11, 2021.	
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 meetings)?	V		The Company has designated specific personnel to take charge of corporate governance who has more than 15-year experience in public companies engaged in financial and stock affairs, so as to provide the information required for the Directors and Independent Directors to perform their duties, convene Board/Shareholders' meetings in accordance with the law, prepare meeting minutes of Board/ Shareholders' meetings, monitor and amend the corporate governance principles and procedures on a regular basis, and implement corporate governance management. In 2021, the Corporate Governance Officer had completed 18 hours of training and reported to the MOPS.	No material deviation.
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company maintains good communication channels with its banks, shareholders, suppliers, creditors and employees, as well as respecting and protecting their legal interests. The Company has provided phone numbers and e-mails for queries and investor relations. Various interested parties may also reach the Company via e-mail when needed.	No material deviation.
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholders' meetings?	V		The Company has appointed Chinatrust Transfer Agency to handle the affairs of the shareholders' meetings.	No material deviation.
7. Information disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		(1) The information on the Company website, www.arcadyan.com is collected and maintained by specific unit.	No material deviation.
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle	V		(2) The Company disclosures the relevant information on the Company website and Market Observation Post System from time to time. Further, the Company has	No material deviation.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status (Note)</th><th rowspan="2">Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?

(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?</td><td></td><td>

V</td><td>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.
(3) In accordance with regulations stipulated by the competent authority, the Company publicly announces and files the yearly financial reports three months after the accounting year ends, as well as the first, second and third quarterly financial reports and monthly operating status report before the stipulated deadlines.</td><td>

No material deviation. However, the feasibility of announcing and filing the annual financial reports within two months after the end of the fiscal year will be evaluated cautiously.</td></tr>
<tr><td>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors’ and supervisors’ continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for Directors and supervisors)?</td><td>V</td><td></td><td>(Note 1)</td><td>No material deviation.</td></tr>
<tr><td colspan="5">9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.
1. According to the 8th 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. Improvements made in 2021 are mainly as follows:
(1) From the first quarter onward, the English version of the interim financial statements shall be released additionally.
(2) The Board meetings conducted via videoconferencing to increase the actual attendance rate of the Directors to more than 85%.
(3) Make major announcements in both Chinese and English to increase the timeliness of information made available to foreign shareholders.
(4) The Company provided twice investor conferences at an interval of more than three months.
(5) The English interim financial report shall be disclosed within two months after declaration period of the Chinese interim financial report.
3. The expected improvements to be made in 2022 are mainly as follows:</td></tr>
</table>

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(1) Increase the continuing training hours of Directors. (2) Hold an investor conference at least once a quarter. (3) Upload the English sustainability report to MOPS and the website of the Company. (4) Refer to the structure of the Task Force on Climate-Related Financial Disclosures (TCFD) to disclose the information on the governance, strategy, risk management, indicator and goal of the climate-related risks and opportunities.				

1. 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.
2. Employee welfare: Fostering a good and trusting relationship with employees by providing a satisfactory and steady welfare system for employees' lives, and proper educational training to them. For example, subsidizing the social activities of employees, and providing entertainment, staff quarters and welfare of employees staying in staff quarters.
3. 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.
4. 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.
5. Relationship with suppliers: The Company enters into contracts with all suppliers to protect mutual interest and foster a good working relationship.
6. Stakeholders' rights: The stakeholders are able to communicate and make suggestions with the Company to protect their legal rights.
7. Status of financial personnel obtaining licenses issued by the competent authorities: the Chief of Financial and Accounting Officer possesses CPA qualification of ROC and Certified Internal Auditor (CIA) qualification; the Chief of Internal Control Officer possesses CIA qualification, which meets the practicing requirement of an internal auditor.

8.Continuing education of Directors

Position	Name	Date of training	Organized by	Course title	Hours of training
Chairman	Chen Jui-Tsung	May 14, 2021	Securities & Futures Institute of R.O.C.	Corporate Upgrading and Transformation Strategies and Management - Options of Merger, Acquisition and Alliance	3
		November 12, 2021	Securities & Futures Institute of R.O.C.	The Operating Risk and Opportunity of the Company in the Climate Change and Net Zero Emissions	3
		November 17, 2021	Taiwan Securities Association	Corporate Governance 3.0 - Sustainable Development Blueprint	3
Director	Wong Chung-Pin	April 9, 2021	Compal Electronics Inc.	Perspectives of Global Economy, Market and Exchange Market	1
		November 26, 2021	Taiwan Corporate Governance Association	Important Issue on Merger and Acquisition and Prevention of Insider Trading	3
		December 17, 2021	Compal Electronics Inc.	Perspectives of the Global Economy and Market in 2022	1
Director	Peng Sheng-Huaz	December 7, 2021	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	6
Director	Liu Chung-Pao	October 19, 2021	Accounting Research and Development Foundation	ESG for the Improvement of the Corporate Strategic Capabilities and the Trend of the Sustainable Finance	6
		November 24, 2021	Accounting Research and Development Foundation	Function of Corporate Goverance Supervisors and Legal Resonsibility of Managers	3
Director	Tseng Chao-Peng	October 15, 2021	Securities & Futures Institute of R.O.C.	2021 Internal Personnal Equity Transaction and Legal Compliance Session	3
		November 9, 2021	Securities & Futures Institute of R.O.C.	2021 Insider Trading Prevention Session	3
Director	Wei Je-He	February 26, 2021	Taiwan Institute of Directors	The Future and Trend of AI in the Corporate Digital Transformation	3
		March 15, 2021	Taiwan Corporate Governance Association	ESG/CSR and Sustainable Governance - An Irresistible Trend in 2021	3

Position	Name	Date of training	Organized by	Course title	Hours of training
Independent Director	Lee Ying-Jen	April 26, 2021	National Innovation and Entrepreneurship Association, R.O.C. (Taiwan)	Practical Business Management	3
		September 1, 2021	Taipei Exchange	2021 Sustainability Forum	3
		October 13, 2021	Securities & Futures Institute of R.O.C.	2021 Internal Personnal Equity Transaction and Legal Compliance Session	3
Independent Director	Wei Je-He	October 10, 2021	Securities & Futures Institute of R.O.C.	Key Financial and Taxation Issues for 2021	3
		November 10, 2021	Securities & Futures Institute of R.O.C.	Practices and Issues in the Operation of the Holding Companies in Taiwan	3
Independent Director	Yang Wen-An	August 19, 2021	Taiwan CPA Association, ROC	The Responsibilities and Measures of the CPAs in the Disputes of Shareholders	3
		December 7, 2021	Taiwan CPA Association, ROC	The Responsibilities of the Directors and Supervisors for the Misstatement in the Information Disclosures and Financial Statements	3

9. Implementation of risk management policies and risk assessment standard: Conducting various risk management and assessment in accordance with the internal regulations.
10. Execution of customer policy: The Company fosters a stable and good relationship with customers to create profit.
11. Purchase of insurance against liabilities of Directors: The Company has purchased insurance for all Directors against liabilities. The insurance premium for 2021amounted to USD 10,000 thousand (TWD 288,400 thousand) and on March 17, 2021 the content of the insurance was reported to the Board of Directors.

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

Position	Name	Date of training	Organized by	Course title	Hours of training
Chief Accounting Officer	Huang Shih-Wei	September 23, 2021 to September 24, 2021	Accounting Research and Development Foundation	Training program for the Chief Accounting Officer	12
Corporate Governance Officer	Huang Shih-Wei	September 17, 2021	Accounting Research and Development Foundation	Analysis of the Important Policies and Measures in the Latest "Corporate Governance 3.0 - Sustainable Development Blueprint"	3
		October 15, 2021	Securities & Futures Institute of R.O.C.	2021 Insider Equity Transaction and Legal Compliance Session	3
		November 12, 2021	Accounting Research and Development Foundation	2021 Insider Trading Prevention Session	3
		November 18, 2021	Taiwan Corporate Governance Association	Hostile Takeover, Competition for Management Rights, Analysis of Relevant Cases, and Countermeasures of the Company	3
		November 19, 2021	Taiwan Corporate Governance Association	Fund Raising of Startup Compayies, and Regulation, Operation and Development of Close Companies	3
		November 26, 2021	Taiwan Corporate Governance Association	An Important Issue on Merger and Acquisition - Responsibility and Prevention of Insider Trading	3
Chief Internal Audit Officer	Peng Yi-Ling	October 1, 2021	The Institute of Internal Auditors-Chinese Taiwan	A Case Study on the Commonly Seen Internal Control Deficiencies in Different Types of Operating Cycles	6
		October 5, 2021	The Institute of Internal Auditors-Chinese Taiwan	1. The Evolution in the Practice of the Materiality Standard for the Misstatement in Financial Statements and the Determination of the Responsibilities of the Directors and Supervisors 2. The Legal Responsibility, Investigation and Trial of Fraud Cases	6
		November 15, 2021	The Institute of Internal Auditors-Chinese Taiwan	Subsidiary Audit Practice	6

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

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

Information on Remuneration Committee Members

Status/name (Qualifications)		Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as Remuneration Committee member
Independent Director (Convener)	Wen Ching-Jang	Having work experience in the areas of commerce, management and electronics related industry; now serving as a Director of Bioptik Technology Inc.; not under any circumstances of Article 30 of the Company Act, refer to Page 17 for relevant evaluation.	Refer to Page 17 for relevant evaluation.	0
Independent Director	Lee Ying-Jen	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 17 for relevant evaluation.	Refer to Page 17 for relevant evaluation.	0
Independent Director	Yang Wen-An	Having practical experience in a CPA firm and specialized in accounting and finance; now serving as the Chairman of Durbun Digital Solutions, Inc., Chairman of Durbun CPA Firm; not under any circumstances of Article 30 of the Company Act, refer to Page 17 for relevant evaluation.	Refer to Page 17 for relevant evaluation.	1

■Attendance of Members at Remuneration Committee Meetings

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

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

■Other notes:

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

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

Remuneration Committee Date/Session	Content of resolution	Objections, reservations or important suggestions of Independent Directors	Remuneration Committee's resolution:	The Company's action on the Remunerati Committee's opinions
March 17, 2021 The 3th meeting of The 4th Remuneration Committee	1. Approval for the appropriation of the remuneration to Directors and compensation to Employees for 2020.	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	The resolution was passed 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 2021.	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	The resolution was passed after the convener solicited opinion from the attending Directors and received no objection.
May 6, 2021 The 4th meeting of The 4th Remuneration Committee	1. Approval for adjustment of salary for 2021.	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	As Tseng Chao-Peng and Liu Tsung-Pao were the Managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was passed 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 bonuses for 2021.	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	As Tseng Chao-Peng and Liu Tsung-Pao were the Managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was passed after the convener solicited opinions from the rest Directors present at the meeting and received no objections.

Remuneration Committee Date/Session	Content of resolution	Objections, reservations or important suggestions of Independent Directors	Remuneration Committee's resolution:	The Company's action on the Remunerati Committee's opinions
August 5, 2021 The 5th meeting of The 4th Remuneration Committee	1. Approval for the disbursement of Employee compensation for 2020.	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	As Tseng Chao-Peng and Liu Tsung-Pao were the Managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was passed after the convener solicited opinions from the rest Directors present at the meeting and received no objections.
	2. Approval for the disbursement of remuneration of Directors for 2020.	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	Chen Jui-Tsung and other Directors did not participate in the discussion and voting regarding to the disbursement amount to themselves. The resolution was passed after the convener solicited opinions from the rest Directors present at the meeting and received no objections.
November 3, 2021 The 6th meeting of The 4th Remuneration Committee	Approval for the year-end bouns for 2021.	None	The resolution was passed after the convener solicited opinion from the attending members and received no objection.	As Tseng Chao-Peng and Liu Tsung-Pao were the Managers of the Company and to avoid conflict of interest, they recused from the discussion and voting. The resolution was passed after the convener solicited opinions from the rest Directors present at the meeting and received no objections.

■Functions:

1. Prescribe and periodically review the performance and remuneration policy, system, standards, and structure for Directors and managers.
2. Periodically evaluate and prescribe the remuneration of Drectors, and managers.

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

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?	V		The Company established the “Corporation Social Responsibility Committee”in 2017 under the vision and mission in our ESG policy and set up an internal sustainable development center as the dedicated unit in 2020.The President acts as the chairman of the center and, together with the top managers of the Company from different fields, reviews the cor operating capabilities of the Company to formulate the med-term and long-term sustainable development plans. The chairman of the Corporation Social Responsibility Committee appoints the supervisors at the highest level of all the relevant units as the committee members, including the finance, R&D, production, procurement, human resources, quality, green implementation team, information security team, and audit unit. The President acts as the chairman attends the meetings periodically and monitor the promotions for all measures. The chairman not only states the policies and assertions to external but also defines objectives and directions, integrates the resources, reviews all measures and monitors the effectiveness of implement to internal. The Board of Directors adopted a resolution for the “Sustainable Development Committee Charter”of the Company on May 5, 2022 and set up the”Sustainable Development Committee”under the Board of Directors and appointed committee members for the implementation of all the matters related to the sustainable development of the Company. The chairman of the the”Sustainable Development Committee”reports the implementation results of the sustainable development and the future plans to the Board of Directors every year on a regular basis. The proposals include (1) identification of the sustainability issues of interest and development of relevant action plans; (2) amendment of the goals and policies related to the sustainability issues; (3) supervision of	No material deviation.

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			the implementation with respect to sustainable development matters and evaluation of the implementation status.	
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The Company collects and reviews the issues that stakeholders are concerned about based on the materiality principle of the sustainable development at least once a year on a regular basis. The Company also conducts risk assessment for material issues, establishes corresponding management strategies, and implements them accordingly. In 2021, the Company identified 18 material issues from 21 issues in the economy, environment and society, and formulated respective strategies for their management. Relevant explanations has been disclosed in the sections of stakeholders and material issue identifications in our Sustainable Report on the Company's website.	No material deviation
3. Environmental issues (1) Has the Company set an environmental management system designed to industry characteristics?	V		(1) The Company's headquarter in Taiwan and production centers in China and Vietnam are subject to the following ISO standards and set up an environmental management system. They pass the third-party verification continuously and conduct GHG inventory every year in accordance with ISO14064-1, take follow-up actions for the emission reduction effectiveness, and disclose relevant information in the sustainability report and on the website of the Company. ISO 14001: 2015 Environmental Management Systems ISO 14006: 2011 Environmental management systems -Guidelines for incorporating ecodesign IECQ-QC080000: 2017 Hazardous Substance Process Management System ISO 14064-1: 2018 Greenhouse Gas Inventory	No material deviation.
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(2) The Company implements energy reduction measures proactively and uses the equipment of high energy efficiency and saving design to reduce the consumption of the energy at the corporate and product levels. The	No material deviation.

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			Company also uses more renewable energy to optimize the energy efficiency. The power consumption in 2021 was 42,517 MWh. Solar panels will be installed in 2022 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 established the Corporation Social Responsibility Committee in 2017 and set up a cross-platform resources integration and recycle system to recover materials, make products using renewable energy, reduce the pollution during the manufacturing process, and minimize the impact on the environment. As for green manufacturing, we reduce unnecessary waste of resources, dedicate ourselves to the reduction of the waste, and develop recycling technologies. We work with our upstream and downstream partners to recover and share packaging materials, and do our best to use recycled material in the production to reduce the load and impact on the environment, and maximize the benefit of the circular economy. We create circular value by recovering process materials, developing waste reduction technology, and designing and selling of recycled products.	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(3) The Sustainable Development Committee is the highest organization of the Company in charge of the climate change management. The environmental sustainability team 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 plans to adapt the TCFD structure in 2022 to enhance the assessment of the risks and opportunities that the climate change brings to the Company.	No material deviation.

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			To reduce the aforementioned risk factors, the Company identifies the feasible opportunities and develops countermeasures at the same time. We develop to the direction of green operation, energy management, disclosure of carbon information, and green building with regard to the mitigation of the climate change. We have implemented enhanced basic measures, developed sustainable operation capabilities, and made use of green buildings with regard to the adaptation to the climate change. We have disclosed the analysis of the risks and opportunities in the climate change in our sustainability report.	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		(4) The Company's headquarter in Taiwan and production centers in China and Vietnam finished the Scope 1 and Scope 2 inventory and the third-party verification required by ISO 14064-1 in 2021. The inventory and third-party verification required by ISO 50001 will be expectedly completed in 2022. The inventory and third-party verification for the carbon footprint of key products in Scope 3 have also been completed. In 2020 and 2021, the Company's headquarter in Taiwan and production centers in China and Vietnam had GHG emissions of 24,651 ton and 34,178 ton CO2e respectively in Scope 1 and Scope 2. The emissions from power in Scope 2 was the major sources and occupied 96% 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 occupies a proportion of 4%. To catch up with the international reduction trend of emissions, the Sustainable Development Committee of the Company takes follow-up actions in the design and selection of the materials, local procurement and 10R strategy, power-saving production and green transportation to reduce carbon based on	No material deviation.

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			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 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 2022 and make a contribution to the environment. The goals of the Company in the management of the energy resources are described below: Less GHG intensity by 1% compared to previous year; Less energy (electricity) intensity by 1% compared to previous year; Less per capital consumption of water resource by 1% compared to previous year; more waste recovery rate by 3% compared to previous year. We have paid attention to the issues on water resource, energy saving, and environmental protections for many years. Saving of water is conducted comprehensively in the daily life to maximize the benefit of the available water resource. The Company's headquarter in Taiwan and production centers in China and Vietnam finished the water footprint verification in 2021. The water consumption in 2020 and 2021 was 97,859 and 177,567 tons respectively. The increase of the water consumption in 2021 was the result of the increased business scale. For this, we have taken various improvement measures, including guiding the waste system to the recovery system and applying recycles water to the process to reduce water consumption. The Company is dedicated to the environmental protection. The Sustainable Development Committee establishes the waste reduction KPI and review the performance every year. Internal and external audits are also	

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			conducted for the reduction of the waste. To ensure the recycle of resources, the Company, in principle, reuses the treated waste in our plants to reduce the use of the raw materials and uses them for other purposes. Incineration or dumping in landfill sites is the last resort. The Company's headquarter in Taiwan and production centers in China and Vietnam generated 964.62 and 597.83 tons of waste in 2020 and 2021 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) 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.	No material deviation.
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other	V		(2) The Company establishes reasonable compensation and relevant management systems to ensure that the 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 bonuses,	No material deviation.

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
benefits), and are business performance or results appropriately reflected in employee salary/compensation?			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 75% and 25% of all the employees respectively, while male and female employees taking management posts occupy 81% and 19%. (The difference is attributable to the type of the functions, the educational background of the employees, and other factors.) The gender is never a factor that influences the employment or promotion of the employees. The Company establishes the “Staff Benefit Committee” and sets aside a welfare fund, holds committee meetings on a regular basis, and organizes employee welfare activities on a regular basis. The Company also supports the development of multiple club activities. The welfare for the employees includes 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 dinner, and physical examination. In addition to the insurance required by labor laws, we take out group insurance for the employees (including life insurance, accident insurance, cancer insurance, and medical insurance) to provide them with comprehensive protection.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(3) The Company establishes ESH policies with reference to ISO 45001 and formulates procedural documentation related to the “occupational safety and health management” to control every detail at the workplace. At the initial stage of designing the hardware and software of the office environment, the Company set	No material deviation.

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			the protection of Employee safety as its top priority, to ensure Employees receive the greatest security at work. The Company provides educational training courses on labor safety to help employees understand the safety and potential hazard in the factory area. The Company also help employees understand the level of the disasters in the factory area and the response measures, evacuation routs, and other related matters pursuant to the "Emergency Preparation and Response Procedures." Fire distinguishing training is performed in accordance with the instructions of the fire brigade. Disaster prevention knowledge is communicated to the employees every year on a regular basis. The Company takes zero occupational accident in the work environment as the goal in the hope to minimize the occupational accident risk. There was no occupational accident in 2021.	
(4) Has the Company established effective career development training programs for employees?	V		(4) The Company places importance on the development of the employees and is dedicated to the training of talents. We encourage employees to participate in training courses and self-leaning activities. About 250 classes of professional courses were provided in the recent three years and, overall, more than 320 classes of courses were organized. The professional courses include R&D, engineering, IT, law and patent, finance and accounting. Also, via internal and external physical courses and the introduction of new IT technology and the sharing of experience by numerous internal speakers, the Company was able to establish a knowledge sharing platform, Arcadyan Content Sharing System (CSS), where Employees can peruse teaching materials and watch video or audio clips within the Company, and share professional know-how of various departments.	No material deviation.
(5) Does the company comply with the relevant	V		(5) The Company prevent disclosure of documents by implementing the ISO	No material deviation.

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?			27001 Information Security Management System to protect the integrity of the customer's documents and data, and help departments reduce the threat and risk with respect to the information. The Company conducts internal and external audits on a regular basis. Through the risk assessment of information assets, proper control measures are implemented for risks related to various information assets based on the characteristics of the risks to reduce or transfer risks and achieve the goal of risk management. This can ensure the confidentiality of information related to the business and prevent breaches or losses sensitive information and individual data. The Company sets up an information security reporting mailbox (ethics@arcadyan.com) for stakeholders to communicate with each other about information security issues. No infringement upon the privacy of the customers or other material incidents 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 suppliers of the Company met relevant requirements in 2021.	No material deviation.

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
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 theArcadyan Technology Corporate Social Responsibility Report" in accordance with the universal report preparation standards (GRI Standards). AFNOR Asia as an independent and fair third party has conducted the verification pursuant to AA1000 Accountability Principles and GRI Standards, and confirmed the conformity to the Cord of the GRI Standards and the Type 1, moderate assurance standard of the AA1000 Assurance Standard.The verification result was disclosed on the Company 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 CSR into the overall operating development of the Company and the collective companies of the Group and promoting various CSR activities.				
7. Other information relevant to understanding the Company's business integrity: (1) Going green and environmental protection: To avoid damaging the ecosystem, the R&D team of the Company focuses on the eco-design of products and has introduced a lead-free manufacturing process successfully and at the same time, meeting the international environmental protection requirements of removing lead, cadmium, mercury, hexavalent chromium and other hazardous chemicals, implementing Eco-design in 2017, and obtaining ISO 14006 certification for incorporating eco-design in 2018. (2) In 2005, the Company obtained both ISO 14001 certification on environmental management systems and OHSAS 18001 certification on occupational health and safety management system. The Company also obtained the Taiwan Occupational Safety and Health Management System certification in 2009. The certification was issued by the Health Promotion Administration of Ministry of Health and Welfare under the Executive Yuan. Furthermore, the Company successfully transferred OHSAS 18001 to ISO 45001 management system in 2020. (3) Production Centers in China obtained Social Accountability 8000 (SA8000) in 2013, showing the performance and commitment in CSR by the Company, increasing the loyalty and sense of belonging of the Employees, and establishing a positive corporate image. (4) The Company has established energy conservation, carbon reduction, reduction of greenhouse gas emission and water use, and other waste treatment management policies: Including a Carbon Disclosure Project (CDP) which is mainly to strengthen the ability of the Company in responding to climate change, such as inspection on carbon emission, checking the result of carbon reduction and establishing regulations on evaluation and physical risks, and further transitioning various risks into opportunities for green circular economy, to increase the sustainable development; for energy management, every factory area tracks the KPI management every month, in which depending on how well the KPIs are met, improvement measures and planning will be proposed; for water resource management, due to the high water use of the Company, which mainly comprises of Employee daily water use, many facilities and infrastructure have to be inspected and improved, and awareness for good lifestyle habits is promoted; for waste management, while paper use in the verification system of the production is reduced, thus decreasing waste due to human error. The Employees at the factory areas have been trained professionally and rigorously in safety, health and environmental protection, and thus no major pollution incident has occurred over the years. (5) Circular economy: to help promote the design thinking of circular economy, the Company instills the				

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	

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.

(6) 2021 sustainable development performance

- Won the bronze prize of the 2021 National Enterprise Environmental Protection Award from the Environmental Protection Administration.
- Participated in the Carbon Disclosure Project (CDP) from 2009 for disclosure of the climate change investigation and water footprint verification.
- Promoted TUV Green Mark certification; four products passed the certification in 2021 and are halogen-free products in design.
- All the products comply with the WEEE/ RoHS/ REACH Annex 17 (SVHC)/ POPs/ California Proposition 65.
- Complied with the Sweden Electric and Electrical Products Taxation Act and enjoyed the rights to exemption from taxes.
- More than 50% of the packaging materials were certified by the Forest Stewardship Council (FSC).
- The production center in Vietnam was audit and evaluated by the Responsible Business Alliance (RBA) as Silver Grade in 2021.
- Conferred with 2021 Best CSR Supply Chain Management Implementation Award by Joint Audit Cooperation (JAC).
- The production center in Vietnam was evaluated by Award by 2021 Joint Audit Cooperation (JAC) as Grade A.
- The production center in China was evaluated by Award by 2021 Joint Audit Cooperation (JAC) as Grade B.
- Won the gold prize of the 2021 CHT Sustainable Partner Award in the ESG supplier category.
- Won the best implementation award from the Sweden Sustainable Development Program (SDP).
- Won the 2021 EcoVadis gold prize in the global CSR category.

(7) 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 “CSR Committee”, the Company makes contribution to the community through numerous activities, to meet its corporate social responsibility. The activities in 2021 are as follows:

Charity activities, donations and sponsorships:

- Emergency aids: Working with Hai-Ching-Ching-Hung-Hui guanfang NPO, Tzih Huai Social Welfare Foundation, Children Are Us Foundation, Hualien Elderly and Family Care Association, Ruth Society for Disability Services, Sunshine Foundation, United Way of Taiwan, Chung Yi Social Welfare Foundation, Jieh Huey Foundation, Taipei Orphan Welfare Foundation, Taipei City Hsin Hua Charity Foundation, Eden Social Welfare Foundation, etc. to assist approximately thousand cases that required emergency aids.
- Regular donation: Making monthly donations to Chinese Christian Relief Association for its family emergency assistance program, to Baby Green Box for the expense of fruits and vegetables of its orphanage, and to Double Bliss Welfare and Charity Foundation for its integrated care service program for older adults.
- Group purchase from charity organizations: Including mooncakes from St. Joseph Social Welfare Foundation, pomelos from Tribal Kitchen, Mother’s Day cakes and mooncakes from the Love to Tribes program of Children Are Us Foundation, and charitable group purchase for Mid-Autumn Festival from Huashan Social Welfare Foundation.
- Providing summer jobs for children from the Taiwan Fund for Children and Families, and World Vision Taiwan.

Evaluation Item	Implementation status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	

- Holding visually impaired massage charity.
- Dreamer projects for children in rural areas: Children's Day activity of Hsu Chauing Social Welfare Charity Foundation, Christmas activity of Kuen Tai Cultural and Education Foundation, World Peace Organization, etc.
- Taiping Elementary School: Subsidizing after-school care project, supporting the expense for improving the teaching equipment.
- R.O.C. Resource Matching Association: Student supporting program and after-school program in rural areas.
- Chinese Childrenhome & Shelter Association: Transitioning accommodation program for children who lost their families.
- World Peace Organization: Donating to dreamer projects of underprivileged children and charity concerts, participating in New Year for Hungry Children Project, and employee fundraising to keep hungry kids away from hunger, etc.
- World Vision Taiwan: Sponsoring domestic children, supporting water resource program, participating in stationery/desk lamp giving activities for underprivileged students for new semesters.
- Taiwan People’s Food Bank Association: Gifting the food offerings from first business day of the year and Ghost Festival’s praying rituals.
- Taiwan Joy Baby Community Association: Donating funds for preparing dinner for kids after tuition at remote area.
- Spring Foundation of NCTU: Sponsoring annual TED conference.
- Eden Social Welfare Foundation: Funding the services for underprivileged children.
- Andrew Charity Association: Donating to the food bank project for underprivileged children, employee fundraising for food donation.
- Mennonite Social Welfare Foundation. : Guarding the Eastern Elderly and Vulnerable Family Care.
- Hsu Chauing Social Welfare Charity Foundation: Participating in dreamer projects and food donation program.
- 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 for the Children Are Us Foundation, employee fundraising for family daily care of children having intellectual development disorders and expenses for daycare centers, donating second-hand office equipment, etc.
- Huashan Social Welfare Foundation: Donation for New Year meals and provision of gift boxes for Dragon Boat and Mid-Autumn Festivals.
- Hua-Guang Intellectual Development Center: Commissioning the Sediq people for rice planting, and donating the rice to Hua-Guang Intellectual Development Center.
- Ai-Heng Training Center for Intelligent Development: 2021 carnival for children.
- Hsinchu City Government: Open House Hsinchu.
- Hsinchu Fund for Children and Families: Summer camp for disadvantaged children; 2021 Warm Winter Fair fundraising for children and parent-child activities.
- Hsinchu Building Hearts for Home: Summer camp for disadvantaged children and after-school child care in summer vacation.
- Huichu Organization: Sponsoring charity flea market activities, and donating the proceeds to St. Joseph Home and Hsin Chu Healthy Mind Association.
- Bluesky Home: Donation to the halfway house for marginal adolescents.
- Tribal Kitchen: Sponsoring Seediq’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 4,389,617, where 806 people participated and 3,985 people benefited.

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

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", the Company has established the "Ethical Corporate Management Best Practice Principles", and "Procedures for Ethical Management and Guidelines for Conduct" approved by Board of Directors. In addition, in the personnel regulations and the code of conduct for Directors and managers, the policies and practices of Ethical Corporarion 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", "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" to govern the whistle-blowing and punishment for unethical conducts. Via various internal control mechanisms, the Company examines the status of compliance on a regular basis.	No material deviation.
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and	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 illegal philanthropic donation or	No material deviation.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
regularly review and revise the plan?			sponsorship, prohibition of unreasonable gifting, reception or other illegal interests, prohibition of violating intellectual properties, prohibition of unfair competition, prevention of products or services damaging the interests of Stakeholders. Further, the code of conduct, penalty for violation and complaint system are properly implemented. In addition to strengthening awareness training for new Employees the Company shall implement in the daily routine and review on a regular basis, the Company assesses the need to make timely amendments.	
2. Ethical Management Practice (1)Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(1) The Company insists on integrity management. Business contracts consist of provisions that prohibit non-ethical principle.	No material deviation.
(2)Has the company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(2) The business integrity management policy of the Company is established collaboratively by relevant competent units, and supervised by Internal Audit Division, and report to the Board of Directors once a 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 "Business Ethical code of Conduct" of the Company has stipulated the recusal policy in event of a conflict of interest. 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 disclosing details in any circumstances that may cause any	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	
			conflicts of interest, then report to the supervisors immediately.	
(4)Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the compliance with the systems to prevent unethical conduct or engage CPAs to perform the audits?	V		(4) To ensure the implementation of business integrity management, the Company has elected three Independent Directors in the Board of Directors, formed Remuneration Committee and Audit Committee, established comprehensive and effective internal control system, relevant procedures and accounting system. The Company executes and timely assesses the implementation in accordance with these policies, so as to ensure the constant effectiveness of the design and implementation of the systems. On a yearly basis, which is also included in the yearly audit plan, the Company conducts self-assessment, where the internal audit unit inspect the self-assessment reports of all other units and subsidiaries, which include control of environment, risk assessment, control of operation, information and communication, and supervision. Together with the findings of internal control infractions or discrepancies to be improved on that have been uncovered, are used for main basis in evaluating the effectiveness of the overall internal control system and issuing Internal Control Statement 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, awareness workshop is also conducted for new employees. In 2021, the internal and external educational training related to ethical corporate management including courses on the compliance of ethical corporate management enrolled 729 persons, totaling 365 hours of training.	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	
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 in which the appropriate department and personnel shall handle. The Company had not received any whistle-blowing case in 2021.	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 complaint and whistle-blowing procedures are regulated by statutes of the law. Meanwhile, 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 such, the Company shall adopt 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 for filing a complaint or informing on a malpractice.	No material deviation.
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company has established a website, www.arcadyan.com, to disclose matters on corporate governance. The Company has established a specific unit to oversee the financial disclosure made at Market Observation Post System, and appointed a spokesperson for external communication.	No material deviation.
5. If the company has adopted 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.” In addition, 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.				
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				

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	
management best practice principles): The Company has publicly disclosed "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". In addition, the Company has also established a specific section pertaining to the implementation of Ethical Corporate Management and the handling situation of unethical conduct for awareness by employees.				

(7) Corporate Governance Guidelines and Regulations

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

- Articles of Incorporation
- Rules and Procedure for Shareholders Meetings
- Rules and Procedures for Board of Directors Meeting
- Procedures for the 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 Lending Funds to Other Parties
- Audit Committee Charter
- Remuneration Committee Charter
- Sustainable Development Committee Charter
- Corporate Governance Best Practice Principles
- Sustainable Development Best Practice Principles
- Codes of Conduct for Directors and Managers
- Ethical Corporate Management Best-Practice Principles
- Procedures for Ethical Management and Guidelines for Conduct
- Insider Trading Prevention Procedures
- Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises
- Procedures of Application to Suspend and Resume Trading

(8) Other Important Information Regarding Corporate Governance

1. 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.
2. 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 “Insider Trading Prevention Management” in the internal control system. Via the Company website, contracts and training, the Company conducts relevant awareness programs and inform the Directors, Managers and all Employees of the regulations to conform to.

(9) Internal Control Systems

1. Internal Control Statement

Arcadyan Technology Corporation.
Statement of the Internal Control System

Date: March 10, 2022

The Company states the following with regard to its internal control system during fiscal year 2021, 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, 2021, including understanding the achievement for the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable regulations and laws, was effective in design and execution, and can be reasonably assured of the achievement of the aforementioned objectives.
6. This statement will serve as the main content of the Company's annual report and prospectus, and will be publicly announced. If the aforesaid public content has any illegal events including falseness or concealment etc., it shall to be liable to the legal liabilities stipulated in Article 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors of the Company held on March 11, 2022, where 0 of the 9 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Arcadyan Technology Corporation

Chairman: Chen Jui-Tsung

President: Tseng Chao-Peng

2. 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 meetings

1. Shareholders' meeting

■Time：9:00 am, August 26, 2021

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

■Major Resolutions:

(1) Ratification of business report and financial statements for 2020.

(2) Ratified the distribution of earnings for 2020.

(3) Amendment of "Procedures for Acquisition or Disposal of Assets".

(4) Approval of the release of non-competition restrictions for Directors of the Company.

■Post-meeting Execution:

(1) Approval for the amendments to "Procedures for Acquisition or Disposal of Assets": Announced on the Market Observation Post System and the Company website on August 26, 2021.

(2) Release of non-competition restrictions for Directors: Announced on the Market Observation Post System on August 26, 2021.

2. Board of Directors

Date	Major Resolutions
March 17, 2021	1. Approval for the appropriation of the remuneration to Directors and compensation to Employees for 2020. 2. Approval for the appropriation ratio of the remuneration to Directors and compensation to Employees for 2021. 3. Approval for the financial reports for 2020. 4. Approval for business reports for 2020. 5. Approval for business plan for 2021. 6. Approval for Internal Control System Statement for 2020. 7. Approval for cancellation of employee restricted shares not meeting vesting conditions. 8. Approval for the cash dividend for 2020. 9. Approval for the cash distribution from capital surplus. 10. Approval for the earnings distribution for 2020. 11. Approval for the disbursement of cash dividend and cash distribution from capital surplus. 12. Approval for convening the Annual General Shareholders' Meeting for 2021. 13. Approval for loaning funds to subsidiary, Arcadyan Technology (Vietnam) Co., Ltd. 14. Approval for application for the renewal of credit limit with the banks. 15. Approval for land purchase.
May 6, 2021	1. Approval for set the record date of capital increase for the conversion of the first domestic unsecured convertible corporate bonds to common shares. 2. Approval for adjustment of salary for 2021. 3. Approval for disbursement of Dragon Boat and Mid-Autumn Festivals bonuses for 2021. 4. Approval for the amendment to the "Procedures for Acquisition or Disposal of Assets." 5. Approval for the release of non-competition restrictions for Directors. 6. Approval for application for the new addition and renewal of credit limit with the banks. 7. Approval for the issuance of letter of Parent Company guarantee for subsidiary, Arcadyan Technology Australia Pty. Ltd.
August 5, 2021	1. Approval for the postponement of Shareholders' Meeting for 2021. 2. Approval for the disbursement of Employee compensation for

Date	Major Resolutions
	2020. 3. Approval for the disbursement of remuneration of Directors for 2020. 4. Approval for set the record date of capital increase for the conversion of the first domestic unsecured convertible corporate bonds to common shares. 5. Approval for cancellation of employee restricted shares not meeting vesting conditions. 6. Approval for loaning funds to subsidiary, Arcadyan do Brasil Ltda. 7. Approval for application for the new addition and renewal of credit limit with the banks.
November 3, 2021	1. Approval for the Internal audit plan for 2022. 2. Approval for the assessment of the independence and competence of the CPAs. 3. Approval for the disbursement of year-end bonus for 2021. 4. Approval for set the record date of capital increase for the conversion of the first domestic unsecured convertible corporate bonds to common shares. 5. Approval for cancellation of employee restricted shares not meeting vesting conditions. 6. Approval for loaning funds to subsidiary, Arcadyan Technology Corporation (Russia), LLC. 7. Approval for application for the renewal of credit limit with the banks.
March 10, 2022	1. Approval for the appropriation of the remuneration to Directors and compensation to Employees for 2021. 2. Approval for the appropriation ratio of the remuneration to Directors and compensation to Employees for 2022. 3. Approval for the financial reports for 2021. 4. Approval for business reports for 2021. 5. Approval for business plan for 2022. 6. Approval for Internal Control System Statement for 2021. 7. Approval for set the record date of capital increase for the conversion of the first domestic unsecured convertible corporate bonds to common shares. 8. Approval for cancellation of employee restricted shares not meeting vesting conditions. 9. Approval for the cash dividend for 2021. 10. Approval for the cash distribution from capital surplus.

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

(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:

Position	Name	Date of appointment	Date of discharge	Reason for the resignation or discharge
R&D officer	Chen Chien-Lin	March 26, 2012	March 4, 2022	Retirement

5. Information Regarding the Company's Audit Fee

(1) Audit Fees

Unit: thousand of TWD

Accounting Firm	Name of CPA	Period covered by CPA's audit	Audit fee	Non-audit fee (Note)	Total	Remarks
KPMG	Chien Szu-Chuan Yen Hsin-Fu	January 1, 2021 to December 31, 2021	5,598	1,011	6,609	

Note: This includes the company registration service of TWD 441 thousand, transfer pricing report of TWD 300 thousand and tax consultation of TWD 270 thousand.

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

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

6. Replacement of CPA:

(1) Regarding the former CPA

<table>
<tr><td>Date of replacement</td><td colspan="4">Resolution passed by the Board of Directors on March 17, 2020.</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="4">Due to internal adjustment in KPMG, the independent auditors of the Company have changed from Kuo Kuan-Ying and Yen Hsing-Fu to Chien Szu-Chuan and Yen Hsing-Fu.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td colspan="2">Party involved / Circumstance</td><td>Independent auditors</td><td>The Company</td></tr>
<tr><td colspan="2">Termination by the Company</td><td>Not applicable.</td><td>Not applicable.</td></tr>
<tr><td colspan="2">Rejection of appointment (or re-appointment)</td><td>Not applicable.</td><td>Not applicable.</td></tr>
<tr><td>For the most recent two years, the causes for audit opinion other than unqualified audit opinion</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Opinion differing from the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedure</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None.</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanatory note</td></tr>
<tr><td>Other Disclosures</td><td colspan="4">None</td></tr>
</table>

(2) Regarding the successor CPA

Accounting Firm	KPMG
Name of CPAs	Chien Szu-Chuan and Yen Hsing-Fu
Date of engagement	Resolution passed by the Board of Directors on March 17, 2020.
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

Position	Name	2021		As of April 17, 2022	
		Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged	Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged
Director/Major Shareholder	Compal Electronics Inc.	0	0	0	0
Director/Major Shareholder	Compal Electronics Inc. Representative: Chen Jui-Tsung				
Director/Major Shareholder	Compal Electronics Inc. Representative: Wong Chung-Pin				
Director/Major Shareholder	Compal Electronics Inc. Representative: Peng Sheng-Hua				
Director/Major Shareholder	Compal Electronics Inc. Representative: Liu Chung-Pao				
Director cum CEO	Tseng Chao-Peng	45,000	0	(40,000)	0
Director	Wei Je-He	0	0	0	0
Independent Director	Lee Ying-Jen	0	0	0	0
Independent Director	Wen Ching-Jang	0	0	0	0
Independent Director	Yang Wen-An	0	0	0	0
Executive Vice President	Lu Fong-Yu	31,500 (70,000)	0	(30,000)	0

Position	Name	2021		As of April 17, 2022	
		Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged	Increase (decrease) in Shares Held	Increase (decrease) in Shares Pledged
Senior Vice Vice President	Chen Chien-Lin(Note)	21,000 (33,000)	0	0	0
Vice President	Liu Chung-Pao	19,500 (40,000)	0	0	0
Vice President	Hsiung Nien-Che	19,500 (40,000)	0	0	0
Vice President	Lee Chih-Fang	21,000 (60,000)	0	0	0
Vice President	Kuo Shin-Lung	19,500 (49,444)	0	0	0
Chief Finance Officer and Corporate Governance Officer	Huang Shih-Wei	9,000	0	0	0
Chief Internal Audit Officer	Peng Yi-Ling	0	0	0	0

Note: The Senior Vice President, Chen Chien-Lin, has retired on March 4, 2022.

(2) Shares transferred to or pledged with related parties

1. 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
Tseng Chao-Peng	Gift	February 25, 2022	Lin Hsiu-Hsin	Spouses	20,000	119.00
Tseng Chao-Peng	Gift	February 25, 2022	Tseng Yun-Ning	Father and daughter	20,000	119.00

2. Shares pledged with related parties: None.

9. Relationship among the Top Ten Shareholders

April 17, 2022
Unit: Share; %

Name	Shares held by oneself		Current Shares Held by Spouse, Minor Child(ren)		Total shares held in the names of others shares held		Spouse, relative of second degree or closer, and relationships among top 10 shareholders		Remark
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Name	Relationship	
Compal Electronics Inc. Representative: Hsu Sheng-Hsiung	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., Chen Jui-Tsung	Subsidiaries of the Company: Hong Ji Capital Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Hong Jin Investment Co., Ltd.; Vice Chairman and CSO of the Company: Chen Jui-Tsung	
New Labor Pension Fund	12,126,298	5.50%	0	0%	0	0%	None	None	
Hong Ji Capital Co., Ltd. Representative: Hsu Sheng-Hsiung	9,278,643	4.21%	0	0%	0	0%	Compal Electronics Inc.	Parent company of the Company	
Gempal Technology Corp. Representative: Hsu Sheng-Hsiung	9,278,643	4.21%	0	0%	0	0%	Compal Electronics Inc.	Parent company of the Company	
Panpal Technology Corp. Representative: Hsu Sheng-Hsiung	8,191,724	3.72%	0	0%	0	0%	Compal Electronics Inc.	Parent company of the Company	
Hong Jin Investment Co., Ltd. Representative: Hsu Sheng-Hsiung	4,609,160	2.09%	0	0%	0	0%	Compal Electronics Inc.	Parent company of the Company	

Name	Shares held by oneself		Current Shares Held by Spouse, Minor Child(ren)		Total shares held in the names of others shares held		Spouse, relative of second degree or closer, and relationships among top 10 shareholders		Remark
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Name	Relationship	
Taiwan Life Insurance Co., Ltd. Representative: Huang Ssu-Kuo	3,986,000	1.81%	0	0%	0	0%	None	None	
Chen Jui-Tsung	2,721,000	1.23%	0	0%	0	0%	Compal Electronics Inc.	Vice Chairman and CSO of Compal Electronics Inc.	
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	2,307,219	1.05%	0	0%	0	0%	None	None	
Advanced General ETF investment account held in trust by J.P. Morgan Chase, Taipei Branch	2,115,082	0.96%	0	0%	0	0%	None	None	

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

December 31, 2021
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.	64,780,148	100%	0	0%	64,780,148	100%
Arcadyan Technology N.A. Corp.	1,000	100%	0	0%	1,000	100%
Arcadyan Germany Technology GmbH	500	100%	0	0%	500	100%
Arcadyan Technology Corporation Korea	20,000	100%	0	0%	20,000	100%
Arcadyan do Brasil Ltda.	964,510	99%	3,722	1%	968,232	100%
Arcadyan Technology Limited	50,000	100%	0	0%	50,000	100%
Arcadyan Technology Australia Pty Ltd	50,000	100%	0	0%	50,000	100%
Arcadyan Technology Corporation (Russia), LLC	0	100%	0	0%	0	100%
Arcadyan India Private Limited	3,465,000	99%	35,000	1%	3,500,000	100%
Zhi-Bao Technology Inc.	34,980,000	100%	0	0%	34,980,000	100%
Tatung Technology Inc.	25,027,910	61%	580,448	1%	25,608,358	62%
AcBel Telecom Inc. (Note)	4,494,111	51%	0	0%	4,494,111	51%
Sinoprime Global Inc. (BVI)	0	0%	29,050,000	100%	29,050,000	100%
Arcadyan Technology (Vietnam) Co., Ltd.	0	0%	0	100%	0	100%
Arcadyan Technology (Shanghai) Corp.	0	0%	0	100%	0	100%
Arch Holding (BVI) Corp.	0	0%	34,900	100%	34,900	100%
Compal Networking (Kunshan) Co., Ltd.	0	0%	0	100%	0	100%
Tatung Technology of Japan Co., Ltd.	0	0%	700	100%	700	100%
Quest International Group Co., Ltd.	0	0%	1,200,000	100%	1,200,000	100%
Exquisite Electronic Co., Ltd.	0	0%	1,170,000	100%	1,170,000	100%
Tatung Home Appliances (Wujiang) Co., Ltd.	0	0%	0	100%	0	100%
Compal Broadband Networks, Inc.	533,217	1%	42,199,813	63%	42,733,030	64%

Note: The Company had been resolvd to be dissolved and liquidated on Octeber 28, 2021.

IV. Fund Raising

1. Capital and Shares

(1) Source of capital

Unit: thousand shares: thousand of TWD; April 17 2022

Year	Month	Issue price	Authorized capital (note)		Paid-up capital		Remark		
			Number of shares	Amount	Number of shares	Amount	Source of capital	Paid in properties other than cash	Others
2021	4	10	300,000	3,000,000	208,377	2,083,766	Cancellation of restricted employee shares of TWD 329 thousand.	None	Approved by MOEA on April 14, 2021 in document number 11001056120.
2021	5	10	300,000	3,000,000	208,424	2,084,245	Corporate Bonds converted into shares of TWD 479 thousand.	None	Approved by MOEA on May 20, 2021 in document number 11001089890.
2021	8	10	300,000	3,000,000	209,726	2,097,257	Corporate Bonds converted into shares of TWD 13,103 thousand and cancellation of restricted employee shares of TWD 91 thousand.	None	Approved by MOEA on August 27, 2021 in document number 11001148200.
2021	11	10	300,000	3,000,000	210,091	2,100,914	Corporate Bonds converted into shares of TWD 3,769 thousand and cancellation of restricted employee shares of TWD 112 thousand.	None	Approved by MOEA on November 18, 2021 in document number 11001213440.
2022	3	10	300,000	3,000,000	217,406	2,174,061	Corporate Bonds converted into shares of TWD 73,235 thousand and cancellation of restricted employee shares of TWD 88 thousand.	None	Approved by MOEA on March 24, 2022 in document number 11101048020.

Unit; share; April 17, 2022

Share Type	Authorized capital			Remarks
	Outstanding shares (publicly listed)(Note)	Unissued shares	Total	
Registered ordinary shates	220,375,821	79,624,179	300,000,000	Authorized capital includes 40 million shares warrant, preferred shares with warrants, and corporate bonds with warrants in capital.

Note: The discrepancy 2,969,654 shares between outstanding shares and shares approved by MOEA is mainly because the Corporate Bonds converted but not yet approved by MOEA.

■ Shelf registration system information: Not applicable.

(2) Shareholder Structure

Unit: share, April 17, 2022

Shareholder Structure / Quantity	Governmental agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreign persons	Total
Number of shareholders	0	23	292	25,403	183	25,901
Shares Held	0	18,584,229	102,789,030	71,348,985	27,653,577	220,375,821
Percentage of Shareholding	0.00%	8.43%	46.64%	32.38%	12.55%	100.00%

Note: The discrepancy 2,969,654 shares between outstanding shares and shares approved by MOEA is mainly because Corporate Bonds converted but not yet approved by MOEA.

(3) Share ownership distribution

Unit: share, April 17, 2022

Range of Shareholding	Number of Shareholders	Shares Held	Percentage of Shareholding
1 to 999	9,094	937,285	0.43%
1,000 to 5,000	14,580	25,028,111	11.36%
5,001 to 10,000	1,126	8,832,932	4.01%
10,001 to 15,000	322	4,058,224	1.84%
15,001 to 20,000	204	3,767,451	1.71%
20,001 to 30,000	156	3,961,327	1.80%
30,001 to 40,000	81	2,846,389	1.29%
40,001 to 50,000	52	2,397,651	1.09%
50,001 to 100,000	127	8,639,963	3.92%
100,001 to 200,000	59	8,461,575	3.84%
200,001 to 400,000	42	12,336,589	5.60%
400,001 to 600,000	22	10,706,007	4.86%
600,001 to 800,000	3	1,961,150	0.89%
800,001 to 1,000,000	6	5,447,126	2.47%
More than 1,000,001	27	120,994,041	54.89%
Total	25,901	220,375,821 (Note)	100.00%

Note: The discrepancy 2,969,654 shares between outstanding shares and shares approved by MOEA is mainly because Corporate Bonds converted but not yet approved by MOEA.

(4) List of major shareholders

Unit: share, April 17, 2022

Name of Major Shareholder \ Share	Shares Held	Percentage of Shareholding
Compal Electronics Inc.	41,304,504	18.74%
New Labor Pension Fund	12,126,298	5.50%
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%
Hong Jin Investment Co., Ltd.	4,609,160	2.09%
Taiwan Life Insurance Co., Ltd.	3,986,000	1.81%
Chen Jui-Tsung	2,721,000	1.23%
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	2,307,219	1.05%
JPMorgan Chase Bank N.A., in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,115,082	0.96%

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

Unit: thousand shares: thousand of TWD

Item \ Year			2020	2021	As of March 31, 2022
Market price per share	Highest		105.00	135.00	139.00
	Lowest		55.00	83.60	106.50
	Average		87.21	109.42	123.12
Net value per share	Prior to distribution		55.70	58.46	55.55
	After distribution		49.21	51.66(Note 2)	-
Earnings per Share	Weighted average outstanding shares		204,955	207,793	216,221
	Earnings per share		8.36	8.60	1.80
Per-share dividend	Cash dividend (Note 1)		6.5	6.8	-
	Stock dividends	From retained earnings	0	0	-
		From capital surplus	0	0	-
	Cumulative unpaid dividends		0	0	-
Analysis of investment returns	PE Ratio		10.43	12.72	-
	Price to dividend ratio		13.42	16.09	-
	Cash dividend Yield		7.45%	6.21%	-

Note 1: The cash distribution from capital surplus for 2020 and 2021 amounted to TWD 1.0 per share.
Note 2: The earnings distribution for 2021 was resolved by the Board of Directors on March 10, 2022.
Note 3: PE Ratio = Average closing price for the period / Earnings per share
Note 4: Price to dividend ratio = Average closing price for the period / Cash dividend per share
Note 5: Cash dividend Yield = Cash dividend per share / Average closing price for the period.

Note 6: Due to conversion of unsecured convertible bonds of the Company into ordinary shares and cancellation of employee restricted shares, for which the vesting conditions have not been met, there are changes in the number of shares entitling holders to participate in the distribution. Cash dividends and Cash distribution from capital will therefore be influenced abd adjusted to NT$6.7 per share accordingly.

(6) Dividend Policy and Implementation Status

1. Dividend policy as stipulated in the Articles of Incorporation

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

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

2. Cash dividends appropriation resolved by the Board of Directors

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

On March 10, 2022, the Board of Directors resolved the earnings distribution for 2021 to disburse cash dividends of TWD 5.8 per share. The cash distribution from capital surplus amounted to TWD 1.0 per share. Total cash distribution to shareholders amounted to TWD 1,478,361,936.

The Board of Directors resolved the record date of cash dividand and cash distribution from capital surplus on July 10, 2022, the date of disbursement on July 29, 2022.

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

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

Not applicable (the Company has not made the financial forecast for 2022 to public).

(8) Compensation of employees and Directors

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

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

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

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

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

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

If the actual amounts differ from the amounts estimated, the differences are recorded as gains/losses in the subsequent year as a change in accounting estimate. The estimated amounted of the compensation to Directors and Employees in 2021 does not differ from the amount approved by the Board of Directors and submitted to report in the Shareholders' Meeting in 2022.

3. Employees compensation proposal passed by the Board of Directors:

●The amount approved by the Board of Directors and submitted to report in the Shareholders' Meeting in 2022: Compensation to Employees amounted to TWD 309,470,426 and remuneration to Directors amounted to TWD 16,806,169. The appropriation of compensation to Employees and remuneration to Directors does not differ from the estimated amount recognized in 2021.

●The disbursement of compensation to Employees is made entirely in cash. As such, the ratios of compensation to Employees by way of stock dividend to net income in Stand Alone Financial Statements or individual financial report, and to total compensation to Employees are both nil.

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

●For the preceding year, the actual appropriation of compensation to Employees amounted to TWD 262,879,744 and remuneration to Directors amounted to TWD 16,875,506, both did not differ from the amounts approved by the Board of Directors.

(9) Company Buyback of Own Shares: None.

2. Corporate Bonds:

(1) Corporate Bonds

<table>
<tr><th colspan="2">Type of corporate bonds</th><th>First domestic unsecured convertible corporate bonds.</th></tr>
<tr><td colspan="2">Issue (Execute) date</td><td>June 6, 2019</td></tr>
<tr><td colspan="2">Face value</td><td>TWD 100 thousand</td></tr>
<tr><td colspan="2">Issuance and trading location</td><td>Republic of China; listed in Taipei Exchange</td></tr>
<tr><td colspan="2">Issue price</td><td>Issued at 101% of par value</td></tr>
<tr><td colspan="2">Total amount</td><td>TWD 1,000,000 thousand</td></tr>
<tr><td colspan="2">Interest rate</td><td>0%</td></tr>
<tr><td colspan="2">Tenor</td><td>Three year, expiry date: June 6, 2022</td></tr>
<tr><td colspan="2">Credit guarantee institution</td><td>None.</td></tr>
<tr><td colspan="2">Trustee</td><td>KGI Bank Co., Ltd</td></tr>
<tr><td colspan="2">Underwriter</td><td>KGI Securities</td></tr>
<tr><td colspan="2">Legal counsel</td><td>Handsome Attorney-at-law: Chiu Ya-Wen</td></tr>
<tr><td colspan="2">CPAs</td><td>KPMG
Kuo Kuan-Ying, Yen Hsin-Fu</td></tr>
<tr><td colspan="2">Redemption</td><td>Except where the holders of the convertible corporate bond converting it into the Company’s common shares in accordance with Article 10 of the regulations governing the issuance of the Company’s corporate bonds, or the Company repurchasing the convertible corporate bond at the business premises of securities firms and canceling it, the Company shall repay this convertible corporate bond in cash at its maturity in one go in accordance with the par value of the bond.</td></tr>
<tr><td colspan="2">Outstanding</td><td>TWD 7,400 thousand</td></tr>
<tr><td colspan="2">Redemption or early repayment clause</td><td>None.</td></tr>
<tr><td colspan="2">Covenants</td><td>None.</td></tr>
<tr><td colspan="2">Credit rating agency, date of rating, rating of corporate bond</td><td>Not applicable.</td></tr>
<tr><td rowspan="2">Other rights of Bondholders</td><td>The amount of converted (exchanged or subscribed) ordinary shares, global depository receipts or other securities as of the publication date of the annual report</td><td>As of May 5, 2022, 9,926 units were converted.</td></tr>
<tr><td>Conversion right</td><td>As per the first domestic unsecured convertible corporate bonds.</td></tr>
<tr><td colspan="2">Dilution effect and other adverse effects on existing Shareholders</td><td>Due to cooperating with the convention of the shareholders’ meeting, the Company suspended the conversion of corporate bonds from April 17 to June 15, 2022. The rest of the corporate bonds were thus unable to be converted and caused no impact to the shareholders' equity.</td></tr>
<tr><td colspan="2">Custodian</td><td>Not applicable.</td></tr>
</table>

(2) Convertible corporate bonds

Type of corporate bonds		First domestic unsecured convertible corporate bonds		
Item / Year		2020	2021	As of May 5, 2022
Market price of convertible bonds	Highest	122.95	162.00	167.00
	Lowest	100.50	110.00	131.00
	Average	112.03	127.44	146.78
Conversion Price		•Conversion price between January 1, 2020 and July 24, 2020 was TWD 93.0; •Conversion price between July 25, 2020 and December 31, 2020 was TWD 87.7.	•Conversion price between January 1, 2021 and April 21, 2021 was TWD 87.7; •Conversion price from April 22, 2021 onward was TWD 82.5.	•Conversion price from April 22, 2021 onward was TWD 82.5.
Issue (Execute) date and conversion price at issuance		Issue date: June 6, 2019, conversion price at issuance was TWD 98.3.		
Conditions for conversion		Issuance of new shares		

(3) Exchangeable corporate bond: None.

(4) Blanket declaration of issued corporate bonds: None.

(5) Corporate bonds with warrants: None.

3. Preferred Shares: None.

4. Global Depository Receipts: None.

5. Employee Stock Option Plan: None.

6. Restricted Employee Shares Plan:

(1) Restricted Employee Shares Plan

April 17, 2022

Types of restricted employee shares	Restricted Employee shares plans for 2018
Effective registration date	July 3, 2018
Issue Date	September 11, 2018
Issued new shares with restricted Employee rights	4,500 thousand shares
Issue price	TWD 0 (issuance of bonus shares)
Percentage of issued new shares with restricted Employee rights to total issued shares	2.04%
Vesting conditions of new shares with restricted Employee rights	1. Vesting Condition A, totaling 3,500 thousand shares: Employees allocated the new shares with restricted Employee rights who are still in service, and have fulfilled the performance requirements of the Company, may obtain the shares according to the following shareholding ratio: In service for two years: 30% In service for three years: 30% In service for four years: 40% 2. Vesting Condition B, totaling 1,000 thousand shares: In pursuant to this regulation, with effect from the declaration date approved by the competent authority, for two full consecutive accounting years (including the year in which the declaration is made), the EPS of the Company is no less than TWD 4.0, and after the Employees allocated the new shares with restricted Employee rights achieving the performance requirement, they are deemed meeting 100% of the vesting conditions after the financial reports of the second accounting year are ratified by the Shareholders' Meeting; if for two consecutive accounting years, the average EPS ranges between TWD 3.0 and TWD 4.0, the vesting ratio is 75%; if for two consecutive accounting years, the average EPS falls below TWD 3.0, the vesting ratio is 0%. The aforementioned EPS is computed by dividing the net profit after tax documented in financial reports ratified by the Shareholders' Meeting with the effective number of outstanding shares declared to the competent authority in accordance with this regulation.
Restriction of new shares with restricted Employee rights	1. Employee may not sell, transfer, gift, pledge, create a right in rem or dispose by other ways, the new shares with restricted Employee rights. 2. After issued, the new shares with restricted Employee rights should be managed by custodian, and before the vesting conditions are fulfilled, under no circumstances or reasons should the shares be requested to be returned or handed over from the custodian. However, the new shares with restricted Employee rights may participate in stock dividend, cash dividend and cash capital increase.
Custody of new shares with restricted Employee rights	Held in trust
Treatment of new shares with restricted Employee rights that have not fulfilled vesting conditions	For allocated shares with restricted Employee rights, when Employees fail to meet the vesting conditions, the Company may redeem and cancel the shares with no consideration.

Types of restricted employee shares	Restricted Employee shares plans for 2018
Number of new shares with restricted Employee rights that have been redeemed or bought back	272 thousand shares
Number of new shares with restricted Employee rights that have been lifted from restriction	2,954 thousand shares
Number of new shares with restricted Employee rights that have not been lifted from restriction	1,274 thousand shares
Percentage of number of new shares with restricted Employee rights that have not been lifted from restriction to total issued shares (%)	0.58%
Impact on Shareholders' Interest	Calculating based on the closing price on issue date, September 11, 2018 of TWD 57.4, the expense amount is TWD 57.4 per share, totaling TWD 258,300 thousand for four years. Calculating based on vesting conditions and the circulated number of shares, the earnings dilution of the expense amount each year is TWD 0.3 per share, and will not impact the shareholders' interest significantly.

(2) Names and Shareholdings of Managers and Top 10 Employees for New Shares with Restricted Employee Rights Held

Unit: thousand shares, thousand of TWD, April 17, 2022

	Position	Name	Number of new shares with restricted Employee rights	Percentage of new shares with restricted Employee rights to total issued shares	Lifted from restriction				Not yet lifted from restriction			
					Number of shares lifted from restriction	Issue price	Issue amount	Percentage of new shares with restricted Employee rights lifted from restriction to total issued shares	Number of shares not yet lifted from restriction	Issue price	Issue amount	Percentage of number of shares not yet lifted from restriction to total issued shares
Manager	President	Tseng Chao-Peng	1,280	0.58%	1,010	0	0	0.46%	270	0	0	0.12%
	Executive Vice President	Lu Fong -Yu										
	Senior Vice President	Chen Chien-Lin(note)										
	Vice President	Liu Chung-Pao										
	Vice President	Hsiung Nien-Che										
	Vice President	Lee Chih-Fang										
	Vice President	Kuo Shin-Lung										
	Vice President	Lin Yen-Ju										
	Chief Accounting Officer and Corporate Governance Officer	Huang Shih-Wei										
Employee	Senior Director	Chuang Kuo-Yu	477	0.22%	342	0	0	0.16%	135	0	0	0.06%
	Senior Director	Wang Yu-Yu										
	Senior RD Technical Director	Chen Yu-Kuo										
	Director	Lee Yi-Shu										
	Associate Director	Wang Po-Kang										
	Director	Hsiao He-Chieh										
	Associate Director	Tsai Wen-Pin										
	Associate Director	Yu Shao-Ming										
	Associate Director	Liu Cheng-Kuo										
	Deputy Director	Wu Tang-Kuang										

Note: The Senior Vice President, Chen Chien-Lin, has retired on March 4, 2022.

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 of 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 of 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 subsidiary-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 subsidiary, Arcadyan do Brasil Ltda, Arcadyan India Private Limited, 61% invested subsidiary, Tatung Technology Inc. and 51% invested subsidiary, AcBel Polytech Inc., Arcadyan Holding's 100% invested subsidiary-Arch Holding (BVI)Corp., Sinoprime Global Inc. and Arcadyan Technology (Shanghai) Corp., Arch Holding's 100% invested subsidiary-Compal Networking (Kunshan) Co., Ltd. Sinoprime Global Inc.'s 100% invested subsidiary-Arcadyan Technology (Vietnam) Co., Ltd. Tatung Technology Inc.'s 100% invested subsidiary-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

1. Main areas of business operations

■Main content of business operations

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

Revenue distribution

Unit: thousand of TWD

Item \ Year	2020		2021	
	Amount	(%) of Total Sales	Amount	(%) of Total Sales
Smart Home Solution	21,969,233	65.07	22,691,012	59.34
Broadband Solution	11,109,606	32.90	12,663,587	33.12
Mobility Solution	112,492	0.33	1,909,456	4.99
Others	573,964	1.70	976,003	2.55
Total	33,765,295	100.00	38,240,058	100.00

2. The products (service) covered and new products development (service) are as follows,

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

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

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

(2) Industry overview

1. Current and future industry prospects

According to the forecast of the Market Intelligence & Consulting Institute (MIC), Institute for Information Industry, the most concerned development focus of the network and communication industry in 2022 announced by MIC is “large bandwidth,” which will influence the five development trends, including “the commercial use of low-earth-orbit satellite,” “the impact of new 5G standards,” “the breakthrough of cell phone image specifications,” “the mobile core network in the cloud” and “OTT companies launching self-owned television.” The industrial trends related to the scope of the Company’s business are “the impact of new 5G standards” and “mobile core network in the cloud.”

As pointed out by MIC, the new 5G standards will drive the upgrade of the overall industry and promote multi-aspect digital transformation. As the industrial trend in 2021 continues, 5G remains to be a hot topic. The point of observation for the network and communication technology in 2022 is the establishment of the new 5G standards, which will influence the promotion of the upgrade of the overall industry and the multi-aspect digital transformation.

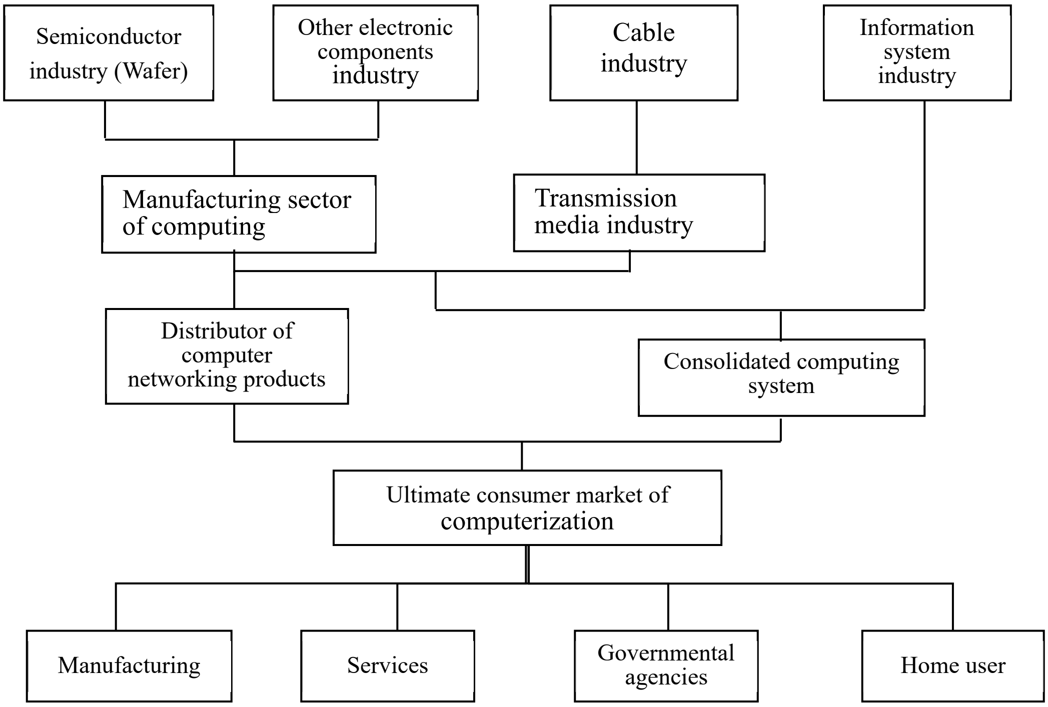
According to MIC, the 3GPP Release-17 (R-17) standard will be developed in June 2022. The goals include the applications in the IIoT, different vertical industries applications, and the continuous evolution and enhancement of large-scale connection to the equipment with low-power consumption, etc. The next key will be R-18, which is expected to be established in March 2023. It will further expand technical scope from vertical industries to personal/ home technologies and cover Tactile Internet, Personal IoT, 5G Smart Home and 5G Smart Grid, etc., not only improving the immersive experience of consumers but also taking in many fields, such as the energy, transportation, manufacturing, media and medicine.

As for the aspect of networking services, MIC indicates that "mobile core network in the cloud" is a trend that is worth the most attention in 2022. Large international telecom operators in Europe and the US, such as AT&T and Dish in the US and Telefonica in Spain, have announced that they're going to move their mobile core network system to the cloud environment of large cloud service providers like AWS and Azure. AWS even took the lead in launching the private network service. However, whether or not the AWS will share the business opportunities of WAN and private network with the telecom operators after entering the telecom service market is something that must be observed in the future; the competition and collaboration of these two industries are going to be a highlight.

In addition, in terms of the Wi-Fi technology, the technological mainstream in 2021 was the application of Wi-Fi 6/ Wi-Fi 6E. The penetration rate of Wi-Fi 6 will continue to grow from the year of 2022, but due to the wafer shortage in the supply chain, the development and promotion of high-end products, especially the next generation of Wi-Fi 6E, will be accelerated. With the demand of remote lifestyle, the demand for high-end network connection equipment in the commercial market has kept rising. Wi-Fi Alliance estimated that with extra network spectrum capacity, Wi-Fi 6E is able to support transmission of high definition content, virtual reality and etc., providing a faster and larger bandwidth capacity and allowing a lower latency in network transmission application. The market sentiment is of the opinion that in the future, industrial environment shall adopt and apply Wi-Fi 6E on equipment analysis, remote maintenance and virtual employee training.

2. Association between upstream, midstream, and downstream industry participants

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



3. Product trends and competition

(1) Wireless LAN equipment

Wi-Fi 6/ 6E technology will be the mainstream of the field of wireless network. It is forecasted that in 2022, Wi-Fi 6 products will still be the main focus of wireless communication while Wi-Fi 6E products will also have a growing market share with their shipment volume.

Wi-Fi 6E equipment supports three frequency bands: 2.4 GHz, 5 GHz and 6 GHz. It thereby provides many advantages, including effectively reducing the congestion of the increasingly saturated 2.4GHz/ 5GHz traffic of Wi-Fi 6. Wi-Fi 6E possesses the technical advantages of Wi-Fi 6, but with a latency lower than that of Wi-Fi 6. It contains an ultra-low latency that can go as low as 3 milliseconds, reducing more than eight times the latency in the dense environment compared to the previous generations of technology.

Furthermore, Wi-Fi 6E can support up to seven 160 MHz bands, therefore capable of satisfying the continuously growing operational demands. As it allows communication through 6GHz band as well, it is not only able to prevent the mutual interference of device signals in an effective manner, but also suitable for the applications of large transmission with short distance and high density, such as repairing the production equipment with augmented reality (AR) and virtual reality (VR), or enjoying the streaming services. Undoubtedly, Wi-Fi 6E is going to be the key development point of Wi-Fi technology in the next generation.

(2) 5G networking equipment

As recently indicated by the Global Mobile Suppliers Association (GSA), since 5G became a market focus in 2020, relevant infrastructure deployment and services have been constantly introduced in 2021. The market research institute, Omdia, estimated that the value of 5G to the end users will become visible in 2022, especially in the field of enterprises. In 2022, the demands of enterprises will stimulate the integrated applications of 5G and the Massive IoT and Critical IoT, including more data transmission based on network endpoint connection such as smart factory light switches and sensors.

According to the statistics by Dell'oro, the global market of the 5G open RAN is estimated to exceed USD 4 billion in 2024. Many governments, telecom operators and equipment manufacturers show their support to the technology; however, there are still challenges when it comes to the reduction of operating costs and the stability of the performance and quality of network services, which means that the application of private network is still required for the long-term development. With the application of corporate private network, the industrial ecological chain of 5G open RAN will become the core of 5G technology development in 2022. The network virtualization technology and the open RAN development are especially going to promote the 5G open source software technology, integrated 5G network services, and the business opportunities of networking hardware equipment.

(3) Research and Development

1. 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 revenue	R&D expenses as a percentage of operating revenue
2021	1,939,487	38,240,058	5.1%
First quarter of 2022	552,502	10,299,679	5.4%

2. New products developed

- ■ Successfully developed DOCSIS 3.1 + Wi-Fi 6 cable products.
- ■ Successfully developed 79GHz Commerciali Vehicle Side Defender Radar.
- ■ Successfully developed the 4G/5G Telematics.
- ■ Successfully developed the mobile edge computing switch.

(4) Long-term and short-term development

1. Short-term development

(1) Research and development strategy

A. Via technological consolidation 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.

(2) 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.

(3) 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.

(4) 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.

2. Long-term development

(1) Research and development strategy

A. Integrating the market demands, providing an complete product range to customers, accumulating experience and consolidating technological capability in internet 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.

(2) 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.

(3) 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.

(4) Operational and financial planning strategy

A. Using financial instruments from both domestic and foreign 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

1. Sales (Service) by Regions in 2021

Area	Percentage
Europe	53.0 %
Americas	25.9 %
Asia (including Taiwan)	20.3 %
Others	0.8 %
Total	100.0 %

2. Market Share

MIC observed the telecommunications network (network communication equipment) and pointed out that in 2021, the industry in Taiwan will account for 16.1% in the world with an industry output of around TWD 840 billion. The sales of the Company (including subsidiaries) are estimated to constitute 4% to

5% of the total sales of network communication manufacturers in Taiwan.

3. Future Supply and Demand Situation and Growth of the Market

Looking at the industrial trend in 2022, MIC anticipated that the output of the network communication industry will reach TWD 890 billion with a growth of 6.4%. The main growth momenta related to the Company includes:

(1) 5G network communication products
(2) Wi-Fi 6/ 6E telecommunication equipment
(3) XGSPON fiber optic broadband products

4. 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 wafer makers as one of the Early Access Partners to take part in wafers 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 wafer makes in development to ensure the leading position of the Company in product technology and functions.

E. Reducing the customers' 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, VDSL products, PON, IPTV and 802.11x solution is 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 consolidation of product technology.

5. Future opportunities, threats, and responsive strategies

(1) 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 one of the Early Access Partners for many international wafer makers and a participant of the wafer 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 internet 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.

(2) 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.

(3) 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.

■Consolidation of R&D technologies: The Company continues its effort in consolidating different technologies to master core technology, cost cutting and expanding market share; from the early stage Wired router with WiFi function, VoIP, 802.11x, VDSL, ISDN, Wide-band DECT, 4G/ 5G, Wi-F, the Company continues to consolidate and develop critical components and parts.

■Mastering the timing of R&D: Accurately analyzing the market trend and future needs to engage in visionary product development.

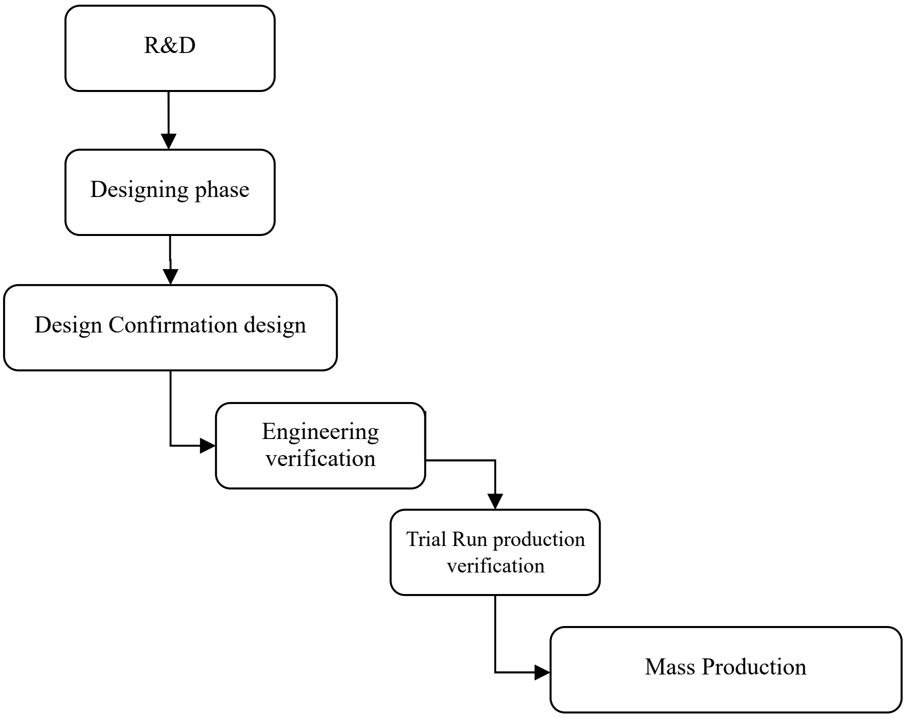
■Creating needs by collaborating with customers: Playing the partner role in development with customers, providing better consultation and services, fostering long term working relationships and not merely playing an OEM role.

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

1. Main product applications

The business of the Company includes providing smart internet terminal facilities that consolidate broadband, multimedia, wireless and internet, providing users with wireless access services. Currently, the Company focuses its developing effort in access facilities at the user-end and router products, combining VoIP, information transmission and IAD of consolidated multimedia application, xDSL, router, 5G Device and wireless network interface card.

2. Production processes of main products



(3) Supply status of main materials

Main raw material	Supplier	Supplier conditions
Wafer	Company A	Good

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

1. Major Suppliers

Unit: thousand of TWD

	2020				2021				As of March 31, 2022			
Item	Name	Amount	As a percentage of net purchases for the year (%)	Relation ship with the issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relation ship with the issuer	Name	Amount	As a percentage to net purchases as of March 31 of the year (%)	Relation ship with the issuer
1	Company A	4,915,960	16.5%	None	Company A	7,064,268	21.1%	None	Company A	2,236,473	26.1%	None
2	Others	24,822,916	83.5%		Others	26,455,751	78.9%		Others	6,343,163	73.9%	
	Net purchases	29,738,876	100.0%		Net purchases	33,520,019	100.0%		Net purchases	8,579,636	100.0%	
Reason for increase or decrease: The major suppliers remain the same, and no further analysis is made.												

2. Major Customers

Unit: thousand of TWD

	2020				2021				As of March 31, 2022			
Item	Name	Amount	As a percentage of net sales for the year (%)	Relation ship with the issuer	Name	Amount	As a percentage of net sales for the year (%)	Relation ship with the issuer	Name	Amount	As a percentage to net sales as of March 31 of the year (%)	Relation ship with the issuer
1	Company d	6,243,695	18.5%	None	Company d	6,011,031	15.7%	None	Company d	1,047,594	10.2%	None
2	Company e	3,830,498	11.3%	None	Company e	5,330,643	13.9%	None	Company e	1,319,906	12.8%	None
3	Others	23,691,102	70.2%		Others	26,898,384	70.4%		Others	7,932,179	77.0%	
	Net sales	33,765,295	100.0%		Net sales	38,240,058	100.0%		Net sales	10,299,679	100.0%	
Reason for increase or decrease: The major customers remain the same, and no further analysis is made.												

(5) Production in the Last Two Years

Unit: thousand devices; thousand of TWD

Year / Volume/Value / Main products	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Smart Home Solution	24,946	20,315	15,444,342	25,605	21,397	17,879,155
Broadband Solution	8,253	6,519	11,237,919	9,422	8,367	12,520,706
Mobility Solution	76	65	150,953	972	937	2,902,439
Total	33,275	26,899	26,833,214	35,999	30,701	33,302,300

(6) Shipments and Sales in the Last Two Years

Unit: thousand devices; thousand of TWD

Year / Volume/Value / Main products	2020				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Smart Home Solution	316	512,807	19,528	21,456,426	467	531,213	21,294	22,159,798
Broadband Solution	8	4,656	5,609	11,104,950	7	1,881	6,824	12,661,706
Mobility Solution	0	0	46	112,492	0	0	643	1,904,476
Others	0	65,813	0	508,151	0	46,385	0	934,599
Total	324	583,276	25,183	33,182,019	474	579,479	28,761	37,660,579

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

Unit: Person; %

Year		2020	2021	As of the publication date of annual report in 2022
Number of Employees	Administration and management	20	20	19
	R&D	720	746	750
	Ordinary	4,458	5,088	4,743
	Total	5,198	5,854	5,512
Average age		28.6	28.3	30.4
Average Seniority		3.0	2.8	2.9
Distribution of academic qualifications	Doctoral degree	0.2%	0.1%	0.2%
	Master degree	8.5%	8.9%	9.4%
	Bachelor degree	20.0%	19.0%	20.2%
	High school	9.6%	20.7%	18.0%
	Below high school	61.7%	51.3%	52.2%

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. For the coming year, the Company does not expect to incur such expenditure.

5. Labor Relations

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

■Employee welfare

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

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

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

massage events.
8. Booking services for various promotions.
9. Organizing year-end party for Employees.
10. Organizing local and overseas tours, providing touring subsidy to encourage Employees' participation and interactions, and promoting family ties.
11. Providing the Company uniform (summer/ polo shirt, winter/ jacket).
12. In response to the policies of the government and the call of the Group, from 2011 onward, the Company gives out generous baby bonus for every childbirth. So far, more than TWD 19,272 thousand of baby bonus has been given out.

■Education and training

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

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

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

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

In 2021, approximately 1,784 people participated in the aforementioned classroom courses, totaling 2,749 training hours.

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

■Retirement system

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

■Employer-Employee communications and the enforcement of worker rights

Employee benefit and welfare have always been important to the Company. Meetings with labors are held regularly to collect

Employee opinion. Continuous communication improves the relationship. Further, the labor 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", 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. Other 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 judgement. Any type of bribery should be prohibited.
3. When the Employee are in office or have resigned, they are not allowed to disclose any confidential business information or IP to any individuals, businesses or companies.

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

■Work environment and Employee safety

At the initial stage of designing the hardware and software of the office environment, the Company set the protection of Employee safety as its top priority, to ensure Employees receive the greatest security at work. The exits of the Company have access control installation; the toilets have emergency buttons; each floor has AED;

the main entrance and exits have 24-hour security guards to ensure the personal safety of the Employees.

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

In addition, COVID-19 remains to be a problem that can't be neglected. To minimize the infectious risk of the Employees, the Company has put in place the following prevention measures:

1. Preparing suitable and sufficient protective gear against the virus infection (such as facial masks, alcohol, thermometers, infrared thermal imaging camera, rapid test kits, etc).
2. Establishing temperature taking and screening measures to strengthen the health management of Employees.
3. Strengthening the hygiene and disinfection of the work place.
4. Strengthening the training on virus infection prevention and self-protection.
5. Conducting pandemic prevention survey, paying attention to the Employees' health, and taking necessary follow-up and management measures.
6. Strengthening drills for split operation and working from home.

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

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

■Responsive strategies and possible expenses: None.

6. Cyber security management

(1) Specify the Company’s cyber security and risk management structure, cyber security policies, specific management programs, and resources invested in cyber security management:

1. Risk management of information security

(1) Information security management system:

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

(2) Information security organizational structure:

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

(3) Cyber security policies:

The Company adopts a principle that is simple, easy to remember and meeting the objective of information security management, establishing a statement of information security policy proclaiming, “Information security is the duty of everyone.” To carry out information security management in an effective manner, a cycle mechanism of Plan-Do-Check-Act (PDCA) of the information security management system has been applied to ensure the implementation.

(4) Managing measures:

To strengthen the information security management, a responsible person for information security was designated in 2021. Each department performs related operations and regularly conducts internal and external audits based on the information security policies, management procedures, operation instructions and regulations to ensure the effectiveness of ISO27001 and ISO27005 certifications. Meanwhile, in March 2020, the Company purchased insurance for information security. The insurance contract for 2022 has been renewed already.

(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 cyber security incidents, possible impacts and any responsive measures taken. If a reasonable estimation cannot be made, the reason why the estimation cannot be made should be disclosed: None.

7. Important contracts

Nature of agreement	Counterparty	Commencement date of contract	Major Contents	Covenants
Sales contract	Company a	Effective from March 1, 2018, and any party may terminate the contract by giving a written note 3 month before.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company b	Effective from March 23, 2006, and any party may terminate the contract by giving a written note 3 month before.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses

Nature of agreement	Counterparty	Commencement date of contract	Major Contents	Covenants
Sales contract	Company c	Effective from February 2007, unless termination notice is issued beforehand, and the contract is renewed for another year automatically.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company d	Effective from March 1, 2004 to March 1, 2017, and stay effective unless a written termination notice is issued 12-month before.	Engaging for designing, R&D, manufacturing of STB products.	Confidentiality clauses
Sales contract	Company e	Effective from February 2015 to December 2017. The contract is renewed for another year automatically unless a written termination notice is issued 6-month before.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company f	Effective from August 31, 2018 to August 30, 2021. If no written termination notice is issued by either party, the contract is automatically renewed for another year.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company g	Effective from March 1, 2016 to February 29, 2017 for one year. The contract is automatically renewed for another year unless a written notice is issued 90-working-day before.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company h	Effective from August, 2021 to July 31, 2026 for five years. If no termination notice is issued by either party three months prior to the expiry date, the contract is automatically renewed for another year.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses

Nature of agreement	Counterparty	Commencement date of contract	Major Contents	Covenants
Sales contract	Company i	Effective from May 16, 2021 to May 15, 2024 for three years. If no termination notice is issued by either party before the expiry date, the contract is automatically renewed for another year. It can be renewed for at most two years.	Engaging for designing, R&D, manufacturing of wireless telecommunication products.	Confidentiality clauses
Sales contract	Company j	Effective from July, 2017 to July, 2020. Both parties shall renew the contract.	Engaging for designing, R&D, manufacturing of STB products.	Confidentiality clauses
Sales contract	Company k	Effective from 2012, unless termination notice is issued beforehand, the contract is renewed for another year automatically.	Engaging for designing, R&D, manufacturing of STB products.	Confidentiality clauses
Patent licensing agreement	Company l	Effective from December 29, 2007, until patent expires.	Authorizing the Company the right to use certain patents of Company l for manufacturing and sales of products.	Confidentiality clauses
Patent licensing agreement	Company m	Effective from June 30, 2015 to December 31, 2020. Upon expiry, the contract is automatically renewed for five more years.	Authorizing the Company the right to use certain patents in HEVC of Company m for manufacturing and sales of STB products.	Confidentiality clauses
Patent licensing agreement	Company n	Effective from 2011, until patent expires.	Authorizing the Company the right to use certain patents of Company n for manufacturing and sales of products.	Confidentiality clauses

VI. Financial Information

1. Five-Year Financial Summary

(1) Consolidated Condensed Balance Sheet –IFRS

Unit: thousand of TWD

Item \ Year		Financial Summary for The Last Five Years (Note1)					
		2017	2018	2019	2020	2021	As of March 31, 2022
Current assets		13,121,132	18,638,678	22,052,835	24,721,922	28,532,932	29,989,432
Property, plant, and equipment		1,779,566	1,913,556	2,312,578	2,518,009	3,762,513	4,095,800
Intangible assets		70,862	61,033	66,878	75,300	115,028	107,942
Other assets		610,288	640,213	1,098,694	1,491,995	1,490,640	1,416,416
Total assets		15,581,848	21,253,480	25,530,985	28,807,226	33,901,113	35,609,590
Current liabilities	Prior to distribution	6,495,495	11,620,412	13,044,806	15,368,928	20,476,963	22,920,341
	After distribution	6,873,734	12,297,855	14,024,676	16,723,376	21,955,325 (Note 2)	-
Non-current liabilities		161,946	159,270	1,145,245	1,476,302	501,037	514,433
Total liabilities	Prior to distribution	6,657,441	11,779,682	14,190,051	16,845,230	20,978,000	23,434,774
	After distribution	7,035,680	12,457,125	15,169,921	18,199,678	22,456,362 (Note 2)	-
Equity attributable to parent company shareholders		8,503,397	9,066,144	10,904,726	11,609,361	12,656,101	11,923,404
Ordinary shares		1,891,190	1,936,190	2,085,350	2,084,095	2,164,926	2,191,686
Capital surplus		2,656,323	2,794,174	3,703,916	3,661,594	4,032,400	4,010,429
Retained earnings	Prior to distribution	4,035,172	4,609,080	5,335,400	6,106,197	6,738,883	5,867,752
	After distribution	3,732,581	4,028,415	4,397,226	4,960,126	5,477,927 (Note 2)	-
Other equity interests		(79,288)	(273,300)	(219,940)	(242,525)	(280,108)	(146,463)
Treasury stock		0	0	0	0	0	0
Non-controlling interests		421,010	407,654	436,208	352,635	267,012	251,412
Total equity	Prior to distribution	8,924,407	9,473,798	11,340,934	11,961,996	12,923,113	12,174,816
	After distribution	8,546,168	8,796,355	10,361,064	10,815,925	11,444,751 (Note 2)	-

Note 1: The financial information for the most recent five years above has been audited by CPAs. Financial information as of March 31, 2022 has been reviewed by CPAs.

Note 2: The amounts are approved by the Board of Directors on March 10, 2022.

Note 3: The 2021 annual financial statements have not been approved by the Shareholders' Meeting.

(2) Parent-Company-Only Condensed Balance Sheet–Enterprise Accounting Standards of R.O.C.

Unit: thousand of TWD

Item \ Year		Financial Summary for The Last Five Years (Note1)				
		2017	2018	2019	2020	2021
Current assets		8,176,155	12,089,903	16,440,772	19,594,854	23,915,254
Property, plant, and equipment		1,482,133	1,459,348	1,455,271	1,471,239	1,943,162
Intangible assets		63,463	55,133	63,761	71,428	112,312
Other assets		2,294,611	2,621,496	3,595,588	3,796,077	3,983,902
Total assets		12,016,362	16,225,880	21,555,392	24,933,598	29,954,630
Current liabilities	Prior to distribution	3,368,436	7,012,331	9,281,884	12,153,990	16,993,883
	After distribution	3,746,675	7,689,774	10,261,754	13,508,438	18,472,245 (Note 2)
Non-current liabilities		144,529	147,405	1,368,782	1,170,247	304,646
Total liabilities	Prior to distribution	3,512,965	7,159,736	10,650,666	13,324,237	17,298,529
	After distribution	3,891,204	7,837,179	11,630,536	14,678,685	18,776,891 (Note 2)
Equity attributable to parent company shareholders		8,503,397	9,066,144	10,904,726	11,609,361	12,656,101
Ordinary shares		1,891,190	1,936,190	2,085,350	2,084,095	2,164,926
Capital surplus		2,656,323	2,794,174	3,703,916	3,661,594	4,032,400
Retained earnings	Prior to distribution	4,035,172	4,609,080	5,335,400	6,106,197	6,738,883
	After distribution	3,732,581	4,028,415	4,397,226	4,960,126	5,477,927 (Note 2)
Other equity interests		(79,288)	(273,300)	(219,940)	(242,525)	(280,108)
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Prior to distribution	8,503,397	9,066,144	10,904,726	11,609,361	12,656,101
	After distribution	8,125,158	8,388,701	9,924,856	10,463,290	11,177,739 (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 March 10, 2022.
Note 3: The 2021 annual financial statements have not been approved at the Shareholders' Meeting.

(3) Consolidated Condensed Statement of Comprehensive Income –IFRS

Unit: thousand of TWD

Year / Item	Financial Summary for The Last Five Years (Note1)					As of March 31, 2022
	2017	2018	2019	2020	2021	
Net sales revenue	20,110,209	26,621,262	32,897,900	33,765,295	38,240,058	10,299,679
Gross profit	2,801,989	3,156,200	4,352,375	5,053,451	5,309,502	1,414,742
Net operating income	918,536	971,443	1,727,512	2,283,477	2,199,087	476,220
Non-operating income and expense	(131,208)	146,581	(24,688)	54,873	73,693	31,391
Net income before tax	787,328	1,118,024	1,702,824	2,338,350	2,272,780	507,611
Net income from continuing operations	650,310	880,183	1,356,986	1,630,605	1,701,800	375,313
Net loss from discounting operations	0	0	0	0	0	0
Net income (loss)	650,310	880,183	1,356,986	1,630,605	1,701,800	375,313
Income (Loss) from Other comprehensive income (loss) (net after tax)	(67,902)	31,652	(53,703)	(97,919)	(77,222)	127,671
Total comprehensive income of the current period	582,408	911,835	1,303,283	1,532,686	1,624,578	502,984
Net income attributes to shareholders of the Parent	607,243	871,519	1,313,498	1,713,942	1,787,544	389,825
Net income attributable to non-controlling interests	43,067	8,664	43,488	(83,337)	(85,744)	(14,512)
Comprehensive income attributed to owners of parent	539,335	902,103	1,260,626	1,612,095	1,710,201	518,584
Comprehensive income attributed to non-controlling interests	43,073	9,732	42,657	(79,409)	(85,623)	(15,600)
Earnings per share (unit: dollar)	3.21	4.61	6.85	8.36	8.60	1.80

Note 1: The financial information for the most recent five years above has been audited by CPAs. Financial information as of March 31, 2022 has been reviewed by CPAs.

Note 2: The 2021 annual financial statements have not been approved by the Shareholders' Meeting.

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

Unit: thousand of TWD

Item \ Year	Financial Summary for The Last Five Years (Note 2)				
	2017	2018	2019	2020	2021
Net sales revenue	14,911,943	21,826,567	27,381,217	30,703,280	36,034,629
Gross profit (Note 1)	2,039,761	2,510,396	3,540,816	4,549,393	4,581,594
Net operating income	716,018	894,010	1,551,570	2,301,809	2,016,945
Non-operating income and expense	(2,571)	149,383	22,680	47,233	235,699
Net income before tax	713,447	1,043,393	1,574,250	2,349,042	2,252,644
Net income from continuing operations	607,243	871,519	1,313,498	1,713,942	1,787,544
Net loss from discounting operations	0	0	0	0	0
Net income (loss)	607,243	871,519	1,313,498	1,713,942	1,787,544
Income (Loss) from Other comprehensive income (loss) (net after tax)	(67,908)	30,584	(52,872)	(101,847)	(77,343)
Total comprehensive income of the current period	539,335	902,103	1,260,626	1,612,095	1,710,201
Earnings per share (unit: dollar)	3.21	4.61	6.85	8.36	8.60

Note 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 2021 annual financial statements have not been approved by the Shareholders' Meeting.

(5) Auditors' Opinions

Year	Accounting Firm	Name of CPA	Audit Opinion
2017	KPMG	Kuo Kuan-Ying, Yen Hsin-Fu	Unqualified opinion.
2018	KPMG	Kuo Kuan-Ying, Yen Hsin-Fu	Unqualified opinion.
2019	KPMG	Kuo Kuan-Ying, Yen Hsin-Fu	Unqualified opinion.
2020	KPMG	Chien Szu-Chuan, Yen Hsin-Fu	Unqualified opinion.
2021	KPMG	Chien Szu-Chuan, Yen Hsin-Fu	Unqualified opinion.

2. Five-Year Financial Analysis

(1) IFRS (Consolidated)

Items	Year	Financial Information for the Most Recent Five Years (Note) 2017	2018	2019	2020	2021	As of March 31, 2022
Financial Structure (%)	Debt to assets ratio	42.73	55.42	55.58	58.48	61.88	65.81
	Long-term capital to PP&E ratio	510.59	503.41	539.92	533.69	356.79	309.81
Solvency (%)	Current ratio	202.00	160.40	169.05	160.86	139.34	130.84
	Quick ratio	141.34	103.36	107.92	107.69	77.52	70.53
	Times interest earned	63.92	39.83	32.16	69.69	99.13	59.81
Operating performance	Accounts receivable turnover (times)	3.72	4.82	5.52	5.19	5.24	4.72
	Average collection days	98	76	66	70	70	77
	Inventory turnover (times)	4.59	4.63	4.02	3.63	3.21	2.72
	Accounts payable turnover (times)	4.30	4.20	3.69	3.09	3.27	3.52
	Average days in sales	79	79	91	101	114	134
	Property, plant and equipment turnover (times)	10.88	14.42	15.57	13.98	12.18	10.49
	Total Assets Turnover (times)	1.31	1.45	1.41	1.24	1.22	1.19
Profitability	Return on total assets (%)	4.29	4.94	5.99	6.14	5.52	1.11
	Return on equity (%)	7.22	9.57	13.04	13.99	13.68	2.99
	Pre-tax income to paid-in capital (%)	41.63	57.74	81.66	112.20	104.98	23.16
	Net profit margin (%)	3.23	3.31	4.12	4.83	4.45	3.64
	Earnings per share (TWD)	3.21	4.61	6.85	8.36	8.60	1.80
Cash Flow	Cash flow ratio (%)	16.56	15.62	19.14	21.81	0	0
	Cash flow adequacy ratio (%)	125.70	83.24	78.64	102.03	51.66	43.50
	Cash reinvestment ratio (%)	3.10	12.34	12.74	16.05	(9.17)	0
Leverage	Operating leverage	1.39	1.39	1.26	1.24	1.28	1.37
	Financial leverage	1.01	1.04	1.03	1.02	1.02	1.03

Ratios with change of 20% or more in the most recent two years:
1. Long-term capital to PP&E: Mainly due to the increase in property, plant and equipment for the current period.
2. Quick ratio: Mainly due to the increase in current liabilities for the current period.
3. Times interest earned: Mainly due to the decrease in interest expenses for the current period.
4. Cash flow ratio: Mainly due to the net cash outflow from operating activities for the current period.
5. Cash flow adequacy ratio: Mainly due to the increase in inventory as compared to the last period.
6. Cash reinvestment ratio: Mainly due to the net cash outflow from operating activities for the current period.

Note: The financial information for the most recent five years above has been audited by CPAs. Financial information as of March 31, 2022 has been reviewed by CPAs.

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

Items / Year		Financial Information for the Most Recent Five Years(Note 1)				
		2017	2018	2019	2020	2021
Financial Structure (%)	Debt to assets ratio	29.23	44.13	49.41	53.44	57.75
	Long-term capital to PP&E ratio	583.48	631.35	843.38	868.63	666.99
Solvency (%)	Current ratio	242.73	172.41	177.13	161.22	140.73
	Quick ratio	185.53	126.49	132.39	120.33	90.05
	Times interest earned	963.82	86.54	195.88	231.34	333.26
Operating performance	Accounts receivable turnover (times)	3.84	4.72	4.24	4.58	5.40
	Average collection days	95	77	86	80	68
	Inventory turnover (times)	6.18	7.59	6.46	5.84	4.65
	Accounts payable turnover (times)	4.82	4.80	3.74	3.38	3.88
	Average days in sales	59	48	57	62	79
	Property, plant and equipment turnover (times)	9.89	14.84	18.79	20.98	21.11
	Total Assets Turnover (times)	1.21	1.55	1.45	1.32	1.31
Profitability	Return on total assets (%)	4.92	6.24	7.02	7.46	6.58
	Return on equity (%)	7.06	9.92	13.15	15.23	14.73
	Pre-tax income to paid-in capital (%)	37.72	53.89	75.49	112.71	104.05
	Net profit margin (%)	4.07	3.99	4.80	5.58	4.96
	Earnings per share (TWD)	3.21	4.61	6.85	8.36	8.60
Cash Flow	Cash flow ratio (%)	34.91	6.90	15.17	38.60	0
	Cash flow adequacy ratio (%)	103.52	76.57	61.96	103.74	58.06
	Cash reinvestment ratio (%)	4.79	1.11	5.78	28.06	(10.18)
Leverage	Operating leverage	1.19	1.16	1.30	0.94	1.08
	Financial leverage	1.00	1.01	1.01	1.01	1.01

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

1. Long-term capital to PP&E ratio: Mainly due to the increase in property, plant and equipment for the current period.
2. Quick ratio: Mainly due to the increase in current liabilities for the current period.
3. Times interest earned: Mainly due to the decrease in interest expenses for the current period
4. Inventory turnover (times): Mainly due to the increase in inventory as compared to the last period.
5. Average days in sales: Mainly due to the decrease in inventory turnover as compared to the last period.
6. Cash flow ratio: Mainly due to the net cash outflow from operating activities for the current period.
7. Cash flow adequacy ratio: Mainly due to the increase in inventory as compared to the last period.
8. Cash reinvestment ratio: Mainly due to the net cash outflow from operating activities for the current period.

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

Note 2: The calculation formulae of the ratios are listed at the end of the table:

■The calculation formulae of the ratios above are as follows:

1. Capital Structure
   (1) Debt ratio = Total liabilities / Total assets
   (2) Long-term fund to PP&E ratio = (Net shareholders equity + Long-term liabilities) / Net property, plant and equipment
2. Liquidity analysis
   (1) Current ratio = Current Assets / Current liability
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability
   (3) Interest coverage = Net income before income tax and interest expense / Interest expense
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable from operation) turnover = Net sales / the average balance of accounts receivable (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 accounts payable (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 - Interest rate)] / Average total assets
   (2) Return on Equity = PAT / Average net equity
   (3) Net income ratio = PAT / Net sales
   (4) Earnings per share = (PAT - Dividend from preferred stock) / Weighted average outstanding shares (Note 4)
5. Cash Flow Analysis
   (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 fixed assets + Long-term investment + Other assets + Working capital) (Note 5)
6. Leverage
   (1) Operating leverage = (Net revenue - Variable cost of goods sold and operating expense) / Operating income (Note 6)
   (2) Financial leverage = Operating income / (Operating income - Interest expenses)

Note 4: 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 5: 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 6: The issuer should distinguish various cost of goods sold and operating expense items as fixed or variable. If estimation or subjective judgement is involved, consistency must be applied.

Note 7: For the Company shares without par value or with par value that is not equivalent to TWD 10 per share, regarding to the calculation of aforementioned paid-in capital, equity attributable to parent company shareholders in balance sheets should be adopted.

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

Audit Committee’s Report

The Company's 2021 financial statements, business report and earnings distribution have been approved by the Audit Committee and resolved by the Board of Directors. The CPAs Chien Szu-Chuan and Yen Hsin-Fu of KPMG Taiwan have audited the 2021 financial statements and issued an audit report accordingly. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To:

The 2022 General Shareholders’ Meeting of the Company

Arcadyan Technology Corporation

Chairman of Audit Committee: Lee Ying-Jen

March 10, 2022

4. Consolidated Financial Statements and Independent Auditors' Report

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Independent Auditors' Report

To the Board of Directors of Arcadyan Technology Corporation:

Opinion

We have audited the consolidated financial statements of Arcadyan Technology Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arcadyan Technology Corporation and its subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards (" IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Inventory valuation

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

Description of key audit matters:

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

How the matter was addressed in our audit:

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

2. Provisions

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

Description of key audit matters:

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

How the matter was addressed in our audit:

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

Other Matter

Arcadyan Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Hsin-Fu Yen.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2022

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, 2021 and 2020

(Expressed In thousand dollars of TWD)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 7,970,779	24	9,079,768	32
1110	Current financial assets at fair value through profit or loss (note (6)(b))	19,713	-	272,743	1
1170	Notes and accounts receivable, net (notes (6)(e) and (u))	7,692,296	23	6,912,464	24
1200	Other receivables (including related parties) (notes (6)(e), (w) and (7))	98,994	-	160,521	1
1310	Inventories, net (note (6)(f))	12,496,419	37	8,026,596	28
1410	Prepayments	163,493	-	145,188	-
1470	Other current assets (note (8))	91,238	-	124,642	-
		28,532,932	84	24,721,922	86
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(g))	324,178	1	338,590	1
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	37,475	-	42,840	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	26,169	-	31,135	-
1600	Property, plant and equipment (note (6)(h))	3,762,513	12	2,518,009	9
1755	Right-of-use assets (notes (6)(i) and (7))	586,307	2	723,424	3
1780	Intangible assets (note (6)(j))	115,028	-	75,300	-
1840	Deferred tax assets (note (6)(q))	400,494	1	306,530	1
1900	Other non-current assets	116,017	-	49,476	-
		5,368,181	16	4,085,304	14
	Total assets	**$ 33,901,113**	**100**	**28,807,226**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note (6)(k))	$ 4,363,580	13	707,795	3
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	1,589	-	54,417	-
2126	Current financial liabilities for hedging (note (6)(d))	-	-	2,192	-
2171	Accounts payable (including related parties) (note (7))	9,785,660	29	10,334,606	36
2200	Other payables (including related parties) (note (7))	3,844,588	12	2,575,057	9
2230	Current tax liabilities	315,279	1	395,660	1
2250	Current provisions (note (6)(o))	1,018,471	3	659,377	2
2280	Current lease liabilities (notes (6)(n) and (7))	86,426	-	83,370	-
2300	Other current liabilities (note (6)(l))	734,799	2	556,454	2
2321	Bonds payable, current portion (note (6)(m))	326,571	1	-	-
		20,476,963	61	15,368,928	53
	Non-Current liabilities:				
2530	Bonds payable (note (6)(m))	-	-	980,219	4
2570	Deferred tax liabilities (note (6)(q))	168,121	-	97,445	-
2580	Non-current lease liabilities (note (6)(n))	197,303	1	297,446	1
2640	Non-current net defined benefit liability (note (6)(p))	105,902	-	99,119	-
2670	Other non-current liabilities	29,711	-	2,073	-
		501,037	1	1,476,302	5
	Total liabilities	20,978,000	62	16,845,230	58
	Equity attributable to owners of parent (notes (6)(m), (r) and (s)):				
3110	Ordinary share	2,164,926	6	2,084,095	8
3200	Capital surplus	4,032,400	12	3,661,594	13
3300	Retained earnings	6,738,883	20	6,106,197	21
3410	Exchange differences on translation of foreign financial statements	(243,747)	(1)	(176,362)	(1)
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	(23,331)	-	(18,365)	-
3450	Gain(loss) on hedging instrument	-	-	(2,192)	-
3491	Unearned employee benefit	(13,030)	-	(45,606)	-
		12,656,101	37	11,609,361	41
3600	**Non-controlling interests**	267,012	1	352,635	1
	Total equity	12,923,113	38	11,961,996	42
	Total liabilities and equity	**$ 33,901,113**	**100**	**28,807,226**	**100**

See accompanying notes to consolidated financial statements.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenues (notes (6)(u) and (7)):**	$ 38,240,058	100	33,765,295	100
5000	**Operating costs (notes (6)(f), (6)(p), (7) and (12))**	32,930,556	86	28,711,844	85
	Gross profit from operating	5,309,502	14	5,053,451	15
	Operating expenses (notes (6)(p), (7) and (12)):				
6100	Selling expenses	674,707	2	508,753	1
6200	Administrative expenses	496,221	1	536,370	2
6300	Research and development expenses	1,939,487	5	1,724,851	5
	Total operating expenses	3,110,415	8	2,769,974	8
	Net operating income	2,199,087	6	2,283,477	7
	Non-operating income and expenses:				
7100	Interest income	66,537	-	45,614	-
7190	Other income	55,986	-	46,590	-
7225	Gains on disposals of investments	-	-	985	-
7230	Foreign exchange gains(losses), net (note (6)(w))	(161,048)	-	(15,509)	-
7235	Gains on financial assets (liabilities) at fair value through profit or loss (notes (6)(b) and (d))	142,880	-	14,052	-
7370	Share of profit of associates and joint ventures accounted for using equity method (note (6)(g))	6,685	-	9,551	-
7510	Interest expense (notes (6)(m) and (n))	(37,347)	-	(46,410)	-
	Total non-operating income and expenses	73,693	-	54,873	-
	Income before tax	2,272,780	6	2,338,350	7
7950	Less: Income tax expenses (note (6)(q))	570,980	2	707,745	2
	Net income	1,701,800	4	1,630,605	5
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(p))	(8,980)	-	(6,214)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note (6)(c))	(4,966)	-	(18,365)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(q))	(1,796)	-	(1,243)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(12,150)	-	(23,336)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(84,315)	-	(96,171)	-
8368	Gains (losses) on hedging instrument (note (6)(d))	2,192	-	2,679	-
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))	(219)	-	82	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(q))	(17,270)	-	(18,827)	-
	Components of other comprehensive income that will be reclassified to profit or loss	(65,072)	-	(74,583)	-
8300	**Other comprehensive income**	(77,222)	-	(97,919)	-
	Total comprehensive income	**$ 1,624,578**	**4**	**1,532,686**	**5**
	Net income, attributable to:				
	Owners of parent	$ 1,787,544	4	1,713,942	5
	Non-controlling interests	(85,744)	-	(83,337)	-
		$ 1,701,800	**4**	**1,630,605**	**5**
	Comprehensive income attributable to:				
	Owners of parent	$ 1,710,201	4	1,612,095	5
	Non-controlling interests	(85,623)	-	(79,409)	-
		$ 1,624,578	**4**	**1,532,686**	**5**
	Earnings per share (note (6)(t))				
9750	Basic earnings per share	**$**	**8.60**		**8.36**
9850	Diluted earnings per share	**$**	**8.06**		**7.77**

See accompanying notes to consolidated financial statements.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the years ended December 31, 2021 and 2020

(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, 2020	$ 2,085,350	3,703,916	850,544	53,684	4,431,172	5,335,400	(95,172)	-	(4,871)	(119,897)	(219,940)	10,904,726	436,208	11,340,934
Net income for the year ended December 31, 2020	-	-	-	-	1,713,942	1,713,942	-	-	-	-	-	1,713,942	(83,337)	1,630,605
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(4,971)	(4,971)	(81,190)	(18,365)	2,679	-	(96,876)	(101,847)	3,928	(97,919)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	1,708,971	1,708,971	(81,190)	(18,365)	2,679	-	(96,876)	1,612,095	(79,409)	1,532,686
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	131,350	-	(131,350)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	41,488	(41,488)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(938,174)	(938,174)	-	-	-	-	-	(938,174)	-	(938,174)
Cash dividends from capital surplus	-	(41,696)	-	-	-	-	-	-	-	-	-	(41,696)	-	(41,696)
Changes in equity of associates and subsidiaries accounted for using equity method	-	(150)	-	-	-	-	-	-	-	-	-	(150)	-	(150)
Disposal of investments accounted for using equity method	-	(985)	-	-	-	-	-	-	-	-	-	(985)	-	(985)
Share-based payment transactions	(1,255)	509	-	-	-	-	-	-	-	74,291	74,291	73,545	-	73,545
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(4,164)	(4,164)
Balance at December 31, 2020	2,084,095	3,661,594	981,894	95,172	5,029,131	6,106,197	(176,362)	(18,365)	(2,192)	(45,606)	(242,525)	11,609,361	352,635	11,961,996
Net income for the year ended December 31, 2021	-	-	-	-	1,787,544	1,787,544	-	-	-	-	-	1,787,544	(85,744)	1,701,800
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(7,184)	(7,184)	(67,385)	(4,966)	2,192	-	(70,159)	(77,343)	121	(77,222)
Comprehensive income for the year ended December 31, 2021	-	-	-	-	1,780,360	1,780,360	(67,385)	(4,966)	2,192	-	(70,159)	1,710,201	(85,623)	1,624,578
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	170,897	-	(170,897)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	101,747	(101,747)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,146,071)	(1,146,071)	-	-	-	-	-	(1,146,071)	-	(1,146,071)
Cash dividends from capital surplus	-	(208,377)	-	-	-	-	-	-	-	-	-	(208,377)	-	(208,377)
Convertible bonds converted into ordinary shares	81,363	584,253	-	-	-	-	-	-	-	-	-	665,616	-	665,616
Changes in equity of associates and subsidiaries accounted for using equity method	-	(5,602)	-	-	(1,603)	(1,603)	-	-	-	-	-	(7,205)	-	(7,205)
Share-based payment transactions	(532)	532	-	-	-	-	-	-	-	32,576	32,576	32,576	-	32,576
Balance at December 31, 2021	**$ 2,164,926**	**4,032,400**	**1,152,791**	**196,919**	**5,389,173**	**6,738,883**	**(243,747)**	**(23,331)**	**-**	**(13,030)**	**(280,108)**	**12,656,101**	**267,012**	**12,923,113**

See accompanying notes to consolidated financial statements.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in thousand dollars of TWD)

		2021	2020
Cash flows from (used in) operating activities:			
Income before tax	$	2,272,780	2,338,350
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		532,016	485,447
Amortization expense		35,806	32,532
Expected credit (gains) losses		1,279	(13,504)
Interest expense		37,347	46,410
Interest income		(66,537)	(45,614)
Net loss on financial assets or liabilities at fair value through profit or loss		5,365	1,422
Share-based payments transactions		32,576	72,575
Share of profit of associates and joint ventures accounted for using equity method		(6,685)	(9,551)
Gains on disposal of property, plant and equipment		(7,804)	(13,320)
Gains on disposal of investments accounted for using equity method		-	(985)
Others		(110)	4,523
Total adjustments to reconcile profit (loss)		563,253	559,935
Changes in operating assets and liabilities:			
Changes in financial assets or liabilities mandatorily measured at fair value through profit or loss		200,202	(208,285)
Increase in notes and accounts receivable (including related parties)		(781,153)	(792,423)
Decrease in other receivables (including related parties)		68,715	47,275
Increase in inventories		(4,469,823)	(214,872)
(Increase) decrease in prepayments		(18,305)	17,317
(Increase) decrease in other current assets		(7,686)	15,768
Increase (decrease) in accounts payable (including related parties)		(548,946)	2,111,744
Increase in other payables (including related parties) and other current liabilities		1,805,149	186,393
Increase (decrease) in other operating liabilities		(2,197)	4,208
Total changes in operating assets and liabilities		(3,754,044)	1,167,125
Total adjustments		(3,190,791)	1,727,060
Cash inflow (outflow) generated from operations		(918,011)	4,065,410
Interest received		59,722	46,402
Dividends received		13,673	19,142
Interest paid		(23,303)	(34,219)
Income taxes paid		(656,345)	(744,527)
Net cash flows from (used in) operating activities		(1,524,264)	3,352,208
Cash flows from (used in) investing activities:			
Acquisition of property, plant and equipment		(1,727,160)	(537,277)
Proceeds from disposal of property, plant and equipment		39,960	17,072
(Increase) decrease in refundable deposits		(26,913)	(5,716)
Acquisition of intangible assets		(75,542)	(40,970)
Acquisition of right-of-use assets		-	(317,807)
Decrease in other non-current assets		18	75
Net cash flows used in investing activities		(1,789,637)	(884,623)
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		3,655,785	188,757
Repayment of lease principal		(88,702)	(180,116)
Cash dividends paid		(1,354,449)	(979,876)
Change in non-controlling interests		-	(3,194)
Other financing activities		27,570	381
Net cash flows from (used in) financing activities		2,240,204	(974,048)
Effect of exchange rate changes on cash and cash equivalents		(35,292)	(21,328)
Net increase (decrease) in cash and cash equivalents		(1,108,989)	1,472,209
Cash and cash equivalents at beginning of period		9,079,768	7,607,559
Cash and cash equivalents at end of period	$	**7,970,779**	**9,079,768**

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, 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Company's interest in associates. The Company is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, digital home multimedia appliances, mobile broadband products and wireless audio and video products. Please refer to note (4) (c) for related information of the Group primary business activities.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 10, 2022.

(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, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(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, 2022, would not have a significant impact on its consolidated financial statements:

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

(Continued)

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on 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, and the effect of the assets ceiling as explained in note (4)(p).

(ii) Functional and presentation currencies

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The consolidated 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) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

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

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

(Continued)

(ii) List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Nature of operation	Percentage ownership December 31, 2021	Percentage ownership December 31, 2020	Description
The Company	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Selling 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 %	- %	Note 1
The Company	ZHI-BAO Technology Inc. ("ZHI-BAO")	Investment activities	100 %	100 %	
〃	Tatung Technology Inc. ("TTI")	Research and development, and selling digital home appliance	61 %	61 %	
〃	AcBel Telecom Inc. ("AcBel Telecom")	Investment activities	51 %	51 %	Note 2
〃	Arcadyan Technology Limited ("Arcadyan UK")	Technical support of wireless networking products	100 %	100 %	
〃	Arcadyan Technology Australia Pty Ltd ("Arcadyan AU")	Selling of wireless networking products	100 %	100 %	
〃	Arcadyan Technology Corporation (Russia), LLC ("Arcadyan RU")	Selling of wireless networking products	100 %	100 %	
Arcadyan Holding	Sinoprime Global Inc. ("Sinoprime")	Investment activities	100 %	100 %	
〃	Arcadyan Technology (Shanghai) Corp. ("SVA")	Research and development, and selling of wireless networking products	100 %	100 %	
〃	Arch Holding (BVI) Corp. ("Arch Holding")	Investment activities	100 %	100 %	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. ("CNC")	Manufacturing of wireless networking products	100 %	100 %	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. ("Arcadyan Vietnam")	Manufacturing of wireless networking products	100 %	100 %	
TTI	Quest International Group Co., Ltd. ("Quest")	Investment activities	100 %	100 %	
TTI	Tatung Technology of Japan Co., Ltd. ("TTJC")	Selling of digital home appliance	100 %	100 %	

(Continued)

Investor	Name of Subsidiary	Nature of operation	Percentage ownership December 31, 2021	Percentage ownership December 31, 2020	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 subsidiary was incorporated on March 25, 2021.

Note 2: The company had been resolved by the Board of Directors to be dissolved and liquidated on October 28, 2021.

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

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

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

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) Cash and cash equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Group' s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

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

(i) Financial assets

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

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.

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

·significant financial difficulty of the borrower or issuer;

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

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

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

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

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

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

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.

(Continued)

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments and hedge accounting

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

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

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

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

1) Cash flow hedges

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

(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.

(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)

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 cost

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings: 50 years

2) Machinery and equipment: 3~10 years

3) Research equipment: 3~6 years

4) Mold equipment: 2~3 years

5) Other equipment: 1~10 years

The main construction of property, plant and equipment are factory buildings and firefighting facilities. All facilities are depreciated by using the useful life depreciation method.

(Continued)

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

(k) Lease

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

(i) As a leasee

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

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

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

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

1) fixed payments, including in substance fixed payments;

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

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

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

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

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

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

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

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

5) there is any lease modifications

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

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

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

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

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

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

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

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

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

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

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

(Continued)

(ii) As a leasor

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

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

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

(l) Intangible assets

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

(Continued)

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

1) Copyright: 10 years

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

3) Computer software: 1~10 years

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

(m) Impairment – non- financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(n) Provisions

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

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

(Continued)

(o) Revenue from contracts with customers

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

(i) Sale of goods

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

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

(ii) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short term employee benefits

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

(q) Share-based payment

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

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

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

(r) Income Taxes

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

(Continued)

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

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

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

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

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

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

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

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

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

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

    1) the same taxable entity; or

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

(Continued)

(s) Business combination

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

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

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

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

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

The Company should recognized all the business combination cost as current expense except for issuance bond or equity instrument.

(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, remuneration to employees not yet approved by the directors, and employee restricted shares.

(u) Operating segments

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

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

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

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

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

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

(a) Inventory valuation

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

(b) Recognition and measurement of provisions

Provision for warranty is estimated when product revenue is recognized. The estimate has been made based on the estimate of provision expenses as a percentage of sales. The Group reviews regularly the basis of the estimate, and if necessary, amends it as appropriate. There could be a significant impact on the provision for warranty for any changes in the basis of the estimate. Please refer to note (6)(o) of the consolidated financial statement for recognition and measurement of provisions.

(Continued)

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash on hand	$	2,194	2,196
Checking accounts and demand deposits		3,292,553	3,302,965
Time deposits		4,676,032	5,774,607
	$	**7,970,779**	**9,079,768**

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 Group.

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

		December 31, 2021	December 31, 2020
Current financial assets mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	$	17,264	-
Foreign exchange swaps contracts		2,449	11,069
Non derivative financial assets:			
Structured deposits		-	261,674
Total	**$**	**19,713**	**272,743**
Non-current financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets:			
Fund unlisted on domestic markets	**$**	**37,475**	**42,840**
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	$	1,589	48,665
Foreign exchange swaps contracts		-	5,752
Total	**$**	**1,589**	**54,417**

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

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

	December 31, 2020		
	Contract amount (in thousands)	**Currency**	**Maturity date**
Derivative financial assets:			
Swap contracts:			
Foreign exchange swaps	USD 37,000	B/S USD / TWD	January 13, 2021~ February 26, 2021
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	EUR 41,000	Sell EUR / USD	January 13, 2021~ April 14, 2021
Foreign exchange forward	USD 800	Buy USD / BRL	August 26, 2021
Swap contracts:			
Foreign exchange swaps	USD 45,500	B/S USD / TWD	March 12, 2021~ April 29, 2021

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

As of December 31, 2021 and 2020, the Group did not provide any aforementioned financial assets as collaterals.

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

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:		
Stock unlisted on domestic markets	$ 26,169	31,135

(i) For the years ended December 31, 2021 and 2020, unrealized losses from above-mentioned equity measured at fair value were $4,966 and $18,365, 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, 2021 and 2020.

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

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

(d) Derivative financial instruments used for hedging

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

	December 31, 2021	December 31, 2020
Cash flow hedge:		
Financial liabilities used for hedging:		
Foreign exchange forward contracts	$ -	2,192

(ii) Cash flow hedge–foreign exchange risk

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

The Group has no balance of cash flow hedging as of December 31, 2021. As of December 31, 2020, the amounts relating to the items designated as hedging instruments were as follows:

	December 31, 2020			
	Contract amount (in thousands)	**Currency**	**Maturity date**	**Average strike price**
Derivative financial liabilities used for hedging				
Forward contracts:				
Foreign exchange forward	EUR 6,000	Sell EUR / USD	April 29, 2021~ June 29, 2021	1.2192

(Continued)

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

For the years ended December 31, 2021 and 2020, the details of adjustments on reclassification from components other comprehensive income were as follows:

	2021	2020
Cash flow hedge		
Profit (loss) in current year	$ 43,006	(12,483)
Less: Net income (loss) of adjustments on reclassification from components of other comprehensive income which belongs to net income	40,814	(15,162)
Net profit recognized in other comprehensive income	**$ 2,192**	**2,679**

(iv) For the years ended December 31, 2021 and 2020, the ineffective portion of cash flow hedge recognized in gain (loss) amounted to $0 and $67, 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, 2021 and 2020, gain or loss of adjustments from reclassification of other equity, deriving from the changes of fair-value for hedge instruments, were recognized under operating revenues in comprehensive income statement.

(e) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable from operating activities	$ 10,305	35,210
Accounts receivable – measured at amortized cost	7,411,501	6,805,430
Accounts receivable – fair value through other comprehensive income	298,642	98,655
	7,720,448	6,939,295
Less: allowance for uncollectible accounts	(28,152)	(26,831)
	$ 7,692,296	**6,912,464**

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; therefore, such accounts 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 as of December 31, 2021 and 2020 were determined as follows:

(Continued)

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

	December 31, 2020			
Credit rating	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**	**Credit impaired**
Level A	$ 2,705,044	0%	-	No
Level B	3,772,573	0.10%	3,814	No
Level C	443,092	1.00%	4,431	No
Level D	-	-	-	-
Level E	18,586	100%	18,586	Yes
Total	**$ 6,939,295**		**26,831**	

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

	December 31, 2021	**December 31, 2020**
Overdue 1~30 days	$ 485,866	402,324
Overdue 31~60 days	133,034	97,957
Overdue 61~90 days	21,897	4,221
Overdue 91~180 days	12,376	97,954
Overdue over 181 days	25,726	122,850
	$ 678,899	**725,306**

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

	2021	**2020**
Balance at January 1	$ 26,831	40,275
Impairment loss recognized (reversed)	1,321	(13,444)
Balance at December 31	**$ 28,152**	**26,831**

As of December 31, 2021 and 2020, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(Continued)

The Group entered into accounts receivable factoring agreements with banks. Based on the agreements, the Group is not responsible for guaranteeing the ability of the accounts receivable of the obligor to make payment when it is affected by credit risk. Thus, this is deemed as a non-recourse accounts receivable factoring. After the transfer of the accounts receivable, the Group can request for the partial advances stipulated in the agreements, while the interest calculated at an agreed rate is paid to the bank for the period during the time of receiving advances and the accounts receivable is collected. The remaining amounts are received when the accounts receivable are paid by the customers.

As of December 31, 2021 and 2020, there were unreceived balances of transferred accounts receivable amounted to $958 and $42,550, respectively, which were recognized under other receivables. The details of the derecognized account receivables were as follows:

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

December 31, 2020							
Purchaser	**Accounts receivable factored (gross)**	**Amount Unpaid**	**Advanced Paid**	**Amount Recognized in other receivables**	**Collateral**	**Amount derecognized**	**Interest rate**
Financial institutions	$ **410,175**	**-**	**367,625**	**42,550**	None	**410,175**	0.64%~0.69%

(f) Inventories

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

	December 31, 2021	December 31, 2020
Raw materials	$ 6,150,112	3,620,329
Work in progress	660,661	467,329
Finished goods	5,685,646	3,938,938
	$ 12,496,419	**8,026,596**

(Continued)

(ii) Inventory cost recognized as operating cost for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Cost of sales and expenses	$ 32,892,633	28,445,306
Provision for inventory valuation and obsolescence loss	37,923	266,538
	$ 32,930,556	**28,711,844**

(iii) As of December 31, 2021 and 2020, 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, 2021	December 31, 2020
Associates	**$ 324,178**	**338,590**

(i) The Group's equity-accounted associates 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, 2021	December 31, 2020
Aggregate carrying amount of the Group's associates that are individually insignificant	**$ 324,178**	**338,590**

Share of associates attributed to the Group were as follows:

	2021	2020
Net income from continuing operations	$ 6,685	9,551
Other comprehensive income (loss)	(219)	82
Total comprehensive income	**$ 6,466**	**9,633**

(ii) As of December 31, 2021 and 2020, the Group did not provide any investment accounted for using equity method as collaterals.

(Continued)

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020 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, 2021	$ 463,262	828,128	2,196,610	587,071	212,438	723,336	28,249	5,039,094
Additions	415,716	497,612	602,969	106,256	23,918	47,571	35,231	1,729,273
Reclassifications	-	194,810	6,068	33,364	(2,366)	(190,048)	(44,194)	(2,366)
Disposals and derecognitions	-	-	(281,698)	(27,753)	(11,493)	(110,943)	-	(431,887)
Effect of movements in exchange rates	-	(8,133)	(39,191)	(1,671)	(316)	(7,781)	(157)	(57,249)
Balance at December 31, 2021	**$ 878,978**	**1,512,417**	**2,484,758**	**697,267**	**222,181**	**462,135**	**19,129**	**6,276,865**
Balance at January 1, 2020	$ 463,262	828,128	2,265,052	500,399	250,837	429,543	41,873	4,779,094
Additions	-	-	172,132	81,755	21,654	337,226	24,730	637,497
Reclassifications	-	-	4,542	16,475	-	2,506	(37,851)	(14,328)
Disposals and derecognitions	-	-	(142,165)	(9,057)	(59,521)	(26,438)	-	(237,181)
Effect of movements in exchange rates	-	-	(102,951)	(2,501)	(532)	(19,501)	(503)	(125,988)
Balance at December 31, 2020	**$ 463,262**	**828,128**	**2,196,610**	**587,071**	**212,438**	**723,336**	**28,249**	**5,039,094**
Depreciation:								
Balance at January 1, 2021	$ -	98,676	1,562,332	383,779	176,630	299,668	-	2,521,085
Depreciation	-	19,204	240,537	62,869	17,738	72,503	-	412,851
Reclassifications	-	-	-	-	-	-	-	-
Disposals and derecognitions	-	-	(276,848)	(26,117)	(11,491)	(85,275)	-	(399,731)
Effect of movements in exchange rates	-	(27)	(17,127)	(629)	(96)	(1,974)	-	(19,853)
Balance at December 31, 2021	**$ -**	**117,853**	**1,508,894**	**419,902**	**182,781**	**284,922**	**-**	**2,514,352**
Balance at January 1, 2020	$ -	81,608	1,567,053	340,118	219,941	257,796	-	2,466,516
Depreciation	-	17,068	204,887	51,376	16,292	74,102	-	363,725
Reclassifications	-	-	-	-	-	15	-	15
Disposals and derecognitions	-	-	(141,432)	(7,051)	(59,492)	(25,454)	-	(233,429)
Effect of movements in exchange rates	-	-	(68,176)	(664)	(111)	(6,791)	-	(75,742)
Balance at December 31, 2020	**$ -**	**98,676**	**1,562,332**	**383,779**	**176,630**	**299,668**	**-**	**2,521,085**
Carrying amounts:								
Balance at December 31, 2021	**$ 878,978**	**1,394,564**	**975,864**	**277,365**	**39,400**	**177,213**	**19,129**	**3,762,513**
Balance at December 31, 2020	**$ 463,262**	**729,452**	**634,278**	**203,292**	**35,808**	**423,668**	**28,249**	**2,518,009**
Balance at January 1, 2020	**$ 463,262**	**746,520**	**697,999**	**160,281**	**30,896**	**171,747**	**41,873**	**2,312,578**

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

(ii) As of December 31, 2021 and 2020, the Group did not provide any property, plant and equipment as collaterals.

(Continued)

(i) Right-of-use assets

The Group leases land, buildings, machinery equipment and vehicles and recognizes as right-of-use assets. The cost and depreciation of the right-of-use assets of the Group for the years ended December 31, 2021 and 2020 were as follow:

	Land	Buildings	Machinery Equipment	Vehicles and Other	Total
Cost or deemed cost:					
Balance at January 1, 2021	$ 306,311	423,832	81,081	10,648	821,872
Additions	-	44,061	-	10,637	54,698
Disposal/write-off	-	(100,353)	-	(4,755)	(105,108)
Effect of movements in exchange rates	(8,604)	(7,431)	-	-	(16,035)
Balance at December 31, 2021	**$ 297,707**	**360,109**	**81,081**	**16,530**	**755,427**
Balance at January 1, 2020	$ -	157,553	81,081	16,264	254,898
Additions	317,808	396,778	-	2,997	717,583
Disposal/write-off	-	(115,902)	-	(8,516)	(124,418)
Effect of movements in exchange rates	(11,497)	(14,597)	-	(97)	(26,191)
Balance at December 31, 2020	**$ 306,311**	**423,832**	**81,081**	**10,648**	**821,872**
Depreciation:					
Balance at January 1, 2021	$ 5,600	60,568	25,675	6,605	98,448
Depreciation	6,608	91,662	16,216	4,679	119,165
Disposal/Write-off	-	(42,135)	-	(4,755)	(46,890)
Effect of movements in exchange rates	(235)	(1,368)	-	-	(1,603)
Balance at December 31, 2021	**$ 11,973**	**108,727**	**41,891**	**6,529**	**169,120**
Balance at January 1, 2020	$ -	89,764	9,459	7,865	107,088
Depreciation	5,810	92,356	16,216	7,340	121,722
Disposal/write-off	-	(115,902)	-	(8,516)	(124,418)
Effect of movements in exchange rates	(210)	(5,650)	-	(84)	(5,944)
Balance at December 31, 2020	**$ 5,600**	**60,568**	**25,675**	**6,605**	**98,448**
Carrying amount:					
Balance on December 31, 2021	**$ 285,734**	**251,382**	**39,190**	**10,001**	**586,307**
Balance at December 31, 2020	**$ 300,711**	**363,264**	**55,406**	**4,043**	**723,424**
Balance at January 1, 2020	**$ -**	**67,789**	**71,622**	**8,399**	**147,810**

The Group obtained the right-of-use for land from non-related parties with VND249,890,400 thousand on March 6, 2020. The duration of right-of-use will be until October 13, 2065, and the relevant amount had been paid.

(Continued)

(j) Intangible Assets

The cost and accumulated amortization of intangible assets of the Group for the years ended December 31, 2021 and 2020 were as follows:

	Goodwill	Authorization fee	Copyright	Computer software and others	Total
Cost:					
Balance at January 1, 2021	$ 6,556	113,605	18,496	178,042	316,699
Additions	-	-	-	75,542	75,542
Reclassifications	-	-	-	-	-
Disposals	-	(11,902)	-	(54,383)	(66,285)
Effect of movement in exchange rates	-	-	-	(87)	(87)
Balance at December 31, 2021	**$ 6,556**	**101,703**	**18,496**	**199,114**	**325,869**
Balance at January 1, 2020	$ 6,556	113,605	18,496	137,215	275,872
Additions	-	-	-	40,849	40,849
Reclassifications	-	-	-	121	121
Disposals	-	-	-	(102)	(102)
Effect of movement in exchange rates	-	-	-	(41)	(41)
Balance at December 31, 2020	**$ 6,556**	**113,605**	**18,496**	**178,042**	**316,699**
Accumulated amortization:					
Balance at January 1, 2021	$ -	102,329	18,496	120,574	241,399
Amortization	-	4,268	-	31,538	35,806
Disposals	-	(11,902)	-	(54,383)	(66,285)
Effects of movement in exchange rate	-	-	-	(79)	(79)
Balance at December 31, 2021	**$ -**	**94,695**	**18,496**	**97,650**	**210,841**
Balance at January 1, 2020	$ -	97,624	18,496	92,874	208,994
Amortization	-	4,705	-	27,827	32,532
Disposals	-	-	-	(102)	(102)
Effects of movement in exchange rate	-	-	-	(25)	(25)
Balance at December 31, 2020	**$ -**	**102,329**	**18,496**	**120,574**	**241,399**
Carrying amounts**:**					
Balance at December 31, 2021	**$ 6,556**	**7,008**	**-**	**101,464**	**115,028**
Balance at January 1, 2020	**$ 6,556**	**15,981**	**-**	**44,341**	**66,878**
Balance at December 31, 2020	**$ 6,556**	**11,276**	**-**	**57,468**	**75,300**

As of December 31, 2021 and 2020, the Group did not provide any intangible assets as collaterals.

(Continued)

(k) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured bank loans	$ **4,363,580**	**707,795**
Unused credit line for short-term borrowings	$ **6,236,932**	**9,028,972**
Annual interest rates	**0.05%~1.17%**	**0.25%~2.22%**

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

(l) Other current liabilities

	December 31, 2021	December 31, 2020
Temporary receipts–non-recurring engineering revenue and collection on behalf of others	$ 465,910	476,161
Others	268,889	80,293
	$ **734,799**	**556,454**

(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, 2021	December 31, 2020
Total convertible bonds issued	$ 1,000,000	1,000,000
Unamortized discounts on bonds payable	(1,433)	(18,527)
Unamortized issuance cost on bonds payable	(496)	(1,254)
Accumulated converted amount	(671,500)	-
Balance of bonds payable as of the reporting date	$ **326,571**	**980,219**
Conversion options included in equity components (recognized as capital surplus-stock options)	$ **15,987**	**48,667**

	2021	2020
Interest expenses	$ **11,968**	**13,727**

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;
- 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 of $98.3 (TWD) per share upon issuance had been adjusted to TWD93 per share after paying 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 paying cash dividend on ordinary shares in 2020 and 2021, respectively.

(iii) As the maturity date of the convertible bonds is on June 6, 2022, therefore, the convertible bonds are reclassified under current liabilities as of June 30, 2021.

(iv) As of December 31, 2021, the convertible bonds with a par value of $671,500 were converted into ordinary shares of the Company with $81,363, and the capital surplus were recognized with $616,933 (including the stock options reclassified as Additional paid-in capital of $32,680 and the unamortized discounts on bonds payable of $5,884).

(n) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 86,426	83,370
Non-current	$ 197,303	297,446

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

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest expense on lease liabilities	$ 12,165	8,319
Expenses relating to short-term leases	$ 43,992	31,773

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

	2021	2020
Total cash outflow for leases	$ 144,859	220,208

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

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

(ii) Other leases

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

(o) Provisions

	Warranties
Balance at January 1, 2021	$ 659,377
Provisions made	452,843
Provisions used	(93,749)
Balance at December 31, 2021	$ 1,018,471
Balance at January 1, 2020	$ 602,319
Provisions made	153,936
Provisions used	(96,878)
Balance at December 31, 2020	$ 659,377

(Continued)

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

(p) Employee benefits

(i) Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 236,742	229,760
Fair value of plan assets	(130,840)	(130,641)
Net defined benefit liability	**$ 105,902**	**99,119**

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

1) Composition of plan assets

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

The Company' s Bank of Taiwan labor pension reserve account balance amounted to \$130,840 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Balance at January 1	$ 229,760	216,618
Current service costs and interest	2,702	3,293
Remeasurement of net defined benefit liability	10,461	9,849
Pension payments	(6,181)	-
Balance at December 31	**$ 236,742**	**229,760**

(Continued)

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Fair value of plan assets at January 1	$ 130,641	121,707
Contributions paid by the employer	4,081	4,079
Expected return on plan assets	818	1,220
Remeasurement of net defined benefit assets	1,481	3,635
Pension payments	(6,181)	-
Fair value of plan assets at December 31	**$ 130,840**	**130,641**
Actual return on plan assets	**$ 2,299**	**4,855**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Service costs	$ 1,278	1,144
Net interest of net liabilities for defined benefit obligations	1,424	2,149
Expected return on plan assets	(818)	(1,220)
	$ 1,884	**2,073**
Operating costs	$ 290	163
Selling expenses	224	175
Administrative expenses	306	413
Research and development expenses	1,064	1,322
	$ 1,884	**2,073**

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company’s actuarial gains and losses recognized in other comprehensive income, before tax, for the years ended December 31, 2021 and 2020, were as follows:

	2021	2020
Cumulative amount at January 1	$ 71,803	65,589
Recognized	8,980	6,214
Cumulative amount at December 31	**$ 80,783**	**71,803**

(Continued)

6) Actuarial assumptions

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

i) Present value of defined benefit obligations

	December 31, 2021	December 31, 2020
Discount rate	0.625 %	0.625 %
Future salary increasing rate	3.000 %	3.000 %

ii) Defined benefit plan cost

	2021	2020
Discount rate	0.625 %	1.000 %
Future salary increasing rate	3.000 %	3.000 %

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date was $4,055.

The weighted-average duration of the defined benefit obligation is 13.42 years.

7) Sensitivity analysis

If the actuarial assumptions as of December 31, 2021 and 2020 had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate	(5,709)	5,925
Future salary increasing rate	5,670	(5,495)
December 31, 2020		
Discount rate	(6,020)	6,261
Future salary increasing rate	5,991	(5,807)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

8) The payments of pension to the qualified employees made by the Company amounting to $6,181 and $0 for the years ended December 31, 2021 and 2020, respectively.

(Continued)

(ii) Defined contribution plans

The Company and all subsidiaries in domestic allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount 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 \$50,300 and \$47,608 for the years ended December 31, 2021 and 2020, 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 \$59,866 and \$38,100 for the years ended December 31, 2021 and 2020, respectively.

(q) Income taxes

(i) Income tax expense (benefit)

The amount of income tax (benefit) for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Current tax expense			
Recognized during the period	$	621,024	650,299
Additional tax on undistributed earnings		14,627	10,114
Adjustment for prior periods		(60,449)	(59,387)
		575,202	601,026
Deferred tax expense			
Recognition and reversal of temporary differences		(4,222)	106,719
Income tax expense	**$**	**570,980**	**707,745**

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Exchange differences on translation of foreign financial statements	$	(17,270)	(18,827)
Gains (losses) on remeasurement of defined benefit plans		(1,796)	(1,243)
	$	**(19,066)**	**(20,070)**

Reconciliation of income tax (benefit) and profit before tax for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Income before income tax	$ 2,272,780	2,338,350
Income tax using the Company's domestic tax rate	495,773	461,517
Effect of tax rates in foreign jurisdiction	24,820	17,230
Tax-exempt net profit and loss from investment	8,965	19,086
Changes in unrecognized temporary differences	174,936	233,209
Over provision in prior periods	(57,217)	(59,387)
Additional tax on undistributed earnings	14,627	10,114
Tax credit of investment	(70,000)	-
Others	(20,924)	25,976
	$ 570,980	**707,745**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities: None.

2) Unrecognized deferred tax assets:

Details of unrecognized deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Tax effect of deductible temporary differences	$ 377,915	233,630
Tax effect of loss carryforward	63,472	32,821
	$ 441,387	**266,451**

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.

(Continued)

As of December 31, 2021, 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	$ 18,527
2020 (filed)	2030	90,550
2021 (filed)	2026	124,353
2021 (estimated)	2031	48,208
		$ 281,638

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	Investment income recognized under the equity method (overseas)	Exchange difference on translation of foreign financial statements	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2021	$ 97,387	58	-	97,445
Recognized in profit or loss	70,730	-	4	70,734
Recognized in other comprehensive income	-	(58)	-	(58)
Balance at December 31, 2021	**$ 168,117**	**-**	**4**	**168,121**
Balance at January 1, 2020	$ 68,630	58	18	68,706
Recognized in profit or loss	28,757	-	(18)	28,739
Balance at December 31, 2020	**$ 97,387**	**58**	**-**	**97,445**

	Defined benefit plans	Exchange difference on translation of foreign financial statements	Loss on inventory valuation	Unrealized exchange gains and losses, net	Unrealized gross profit	Loss carryforward	Others	Total
Deferred Tax Assets:								
Balance at January 1, 2021	$ 14,357	41,876	48,287	48,186	9,526	-	144,298	306,530
Recognized in profit or loss	-	-	(14,538)	1,452	1,888	-	86,154	74,956
Recognized in other comprehensive income	1,796	17,212	-	-	-	-	-	19,008
Balance at December 31, 2021	**$ 16,153**	**59,088**	**33,749**	**49,638**	**11,414**	**-**	**230,452**	**400,494**
Balance at January 1, 2020	$ 13,114	23,049	72,600	62,838	68,146	1,527	123,166	364,440
Recognized in profit or loss	-	-	(24,313)	(14,652)	(58,620)	(1,527)	21,132	(77,980)
Recognized in other comprehensive income	1,243	18,827	-	-	-	-	-	20,070
Balance at December 31, 2020	**$ 14,357**	**41,876**	**48,287**	**48,186**	**9,526**	**-**	**144,298**	**306,530**

(Continued)

(iii) The ROC tax authorities have examined the income tax expenses of Acbel Telecom and ZHI-BAO through 2020, the Company and TTI through 2019, except for 2018 of TTI. The relevant approved differences have been reflected as an adjustment in the determining year.

(r) Capital and other equities

For the years ended December 31, 2021 and 2020, the authorized ordinary stocks were both $3,000,000, of which 216,493 thousand shares and 208,409 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

(i) Ordinary shares

Reconciliation of shares outstanding for 2021 and 2020 were as follows:

	Ordinary shares	
(in thousands of shares)	**2021**	**2020**
Balance on January 1	208,409	208,535
Cancellation of employee restricted shares	(53)	(126)
Convertible bonds converted into ordinary shares	8,137	-
Balance on December 31	**216,493**	**208,409**

In 2018, the Company issued its employee restricted shares amounting to $45,000, wherein the amount of $532 and $1,255, respectively, had been cancelled due to failure in meeting the vested requirements for the years ended December 31, 2021 and 2020. As of the reporting date, the registration procedures had been completed.

For the year ended December 31, 2021, by the request of bonds holders, the convertible bonds issued by the Company were converted into ordinary shares of $81,363 with 8,137 thousand new shares issued at par value. As of the reporting date, the registration procedures had already been completed, except for the amount of $64,011.

(ii) Capital surplus

	December 31, 2021	December 31, 2020
Additional paid-in capital-premium	$ 3,943,016	3,488,459
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	-	5,602
Issuance of convertible bonds	15,987	48,667
Issuance of employee restricted shares	69,699	115,168
	$ 4,032,400	**3,661,594**

(Continued)

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

The capital surplus resulted from the conversion of unsecured convertible bonds converted into ordinary shares from January 1 to December 31, 2021 was $616,933 (including the stock options reclassified as Additional paid in capital of $32,680 and the unamortized discounts on bonds payable of $5,884).

The Company’s Board of Directors meeting held on March 17, 2021 and 2020, approved to distribute the cash dividend of $208,377 ($0.99977022 per share) and $41,696 ($0.2 per share) through capital surplus. The related information can be accessed through the Market Observation Post System website.

The Company’s Board of Directors meeting held on March 10, 2022, approved to distribute the cash dividend of $217,406 ($1.0 per share) through capital surplus. The related information can be accessed through the Market Observation Post System website after the meeting.

(iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings due should first be used to offset the prior years' deficits, if any, before paying any income taxes. Due of the remaining balance, 10% is to be appropriated as legal reserve. The legal reserve can be exempted if it equals to the paid-in capital, besides, special reserves are supposed to be set aside or reversed in accordance with the relevant regulations or as required by the authorities. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan approved by the Board of Directors.

The retained earnings distributed to stockholders by cash should be approved by the Board of Directors which is authorized by the Company’s article of incorporation. The Company authorized the Board of Directors with two-thirds or more of attendance, and over half of those to approve issuing all or part of cash dividends, capital surplus or legal reverse by cash, and reporting to the stockholders’ 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 retained earnings shall be distributed to stockholders which 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

In accordance with the Company Act, 10 percent of net income after tax should be set aside as legal reserve, until it is equal to paid-in capital. When a company incurs no loss, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve in excess of 25 percent of the paid-in capital.

2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve in 2019 earnings distribution; while in 2020 earnings distribution, a portion of current period earnings, plus other items recognized as undistributed current period earnings, and undistributed prior period earnings shall be reclassfied as a special earnings reserve. The amount to be reclassified should be equal to the total net current-period reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(iv) Earnings distributed

Earnings distribution for 2020 and 2019 was approved by the Board of Directors meeting held on March 17, 2021 and 2020, respectively. The relevant dividend distribution to shareholders were as follows:

	2020		2019	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Cash dividends distributed to ordinary shareholders	5.49873625	$ 1,146,071	4.50	938,174

The earnings distribution for year 2021 approved by the Board of Directors meeting held on March 10, 2022 was as follows:

	2021	
	Amount per share (dollars)	**Total amount**
Cash dividends distributed to ordinary shareholders from unappropriated earnings	$ 5.80	1,260,956

The related information of the earnings distribution for the year ended December 31, 2021, can be accessed through the Market Observation Post System website after the meeting.

(s) Share-based payment

(i) The Company – Employee restricted share

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

3,500 thousand shares of the aforementioned restricted shares are issued without consideration. 30%, 30% and 40% of the 3,500 thousand restricted shares are vested when the employees continue to provide service for at least 2 year, 3 years and 4 years, respectively, from the registration and the effective date, and at the same time, meet the performance requirement. In addition, when earnings per share in two consecutive and complete fiscal years from the registration and effective date are no less than $4 (TWD), 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 $3 (TWD) to $4 (TWD), 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 $3 (TWD), 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 is as follows:

Unit: in thousands of shares

	2021	2020
Outstanding unit at January 1	2,306	4,416
Canceled during the period	(53)	(126)
Vested during the period	(970)	(1,984)
Outstanding unit at December 31	**1,283**	**2,306**

As of December 31, 2021 and 2020, the unearned employee benefit were $13,030 and $45,606, respectively.

The compensation cost related to the employee restricted share were $32,576 and 73,545 for the years ended December 31, 2021 and 2020, respectively.

(ii) TTI－employee stock options

The information about share-based payment of TTI in 2021 and 2020 was as follows:

	Employee stock options
Grant date	2015.10.29
Granted shares (in thousands)	1,000
Contract period	7 years
Granted recipients	Employees of TTI
Vested condition	Please refer to the issuance terms of the stock options.

The issuance terms of the stock options are as follows:

1) Exercise price: $13.5 (TWD) per share.

2) Exercisable duration: The employees who received stock options that exceed two years and meet the performance requirements can exercise a specific percentage in each period as below. The exercisable duration of the options is seven years. No transfer is allowed except for inheritance.

Exercisable percentage	Period and performance requirements to exercise options
40 %	The share purchase right is effectively vested after the satisfaction of 2 conditions: (1) Years of service must exceed 2 years after the issuance of the right. (2) Upon vesting, the average earnings per share of TTI for the past 2 years must exceed $ 3 (TWD). If the criteria for the said earnings per share are not fulfilled, then the measurement period will be extended to 3 years; under this extension, the average of the earnings per share of any 2 years within the 3 year period must exceed $ 3 (TWD).
30 %	The share purchase right is effectively vested after the satisfaction of 2 conditions: (1) Years of service must exceed 3 years after the issuance of the right. (2) Upon vesting, the performance requirements need to be met, otherwise, the earnings per share of TTI for the following year must exceed $ 3 (TWD). If the criteria for the said earnings per share are not fulfilled, then the measurement period will be extended to another 1 year; the earnings per share must exceed $ 3(TWD) during the extension period.
30 %	The share purchase right is effectively vested after the satisfaction of 2 conditions: (1) Years of service must exceed 4 years after the issuance of the right. (2) Upon vesting, the performance requirements need to be met, otherwise, the earnings per share of TTI for the following year must exceed TWD 3. If the criteria for the said earnings per share are not fulfilled, then the measurement period will be extended to another 1 year; the earnings per share must exceed $ 3 (TWD) during the extension period.
	The total measurement periods mentioned above may not exceed 6 years.

The earnings per share mentioned above are based on the financial statements that had been audited and certified by a certified public accountant.

3) Exercise method: TTI would issue new shares as the options are exercised.

4) Exercise procedure: In accordance with TTI's issuance and exercise rules, once the new shares are issued, TTI should apply registration procedures to the authorities accompanying with documents.

(Continued)

The information on total options issued were as follow:

	2020	
	Weighted-average exercise price (NT dollars)	**(thousands) Shares**
Balance at January 1, outstanding shares	13.5	300
Canceled during the period	13.5	(300)
Balance at December 31, exercisable units	-	-

The exercise price range of TTI's outstanding employee stock options and weighted-average remaining contractual life of the outstanding options are as follows:

	December 31, 2020
Range of exercise price	13.5
Weighted average of remaining contractual period	-

For the year ended December 31, 2020, all of the TTI’s employee stock options were expired due to the failure in meeting the vested requirements.

The compensation cost was reversed related to the share-based payment amounted to $970 for the year ended December 31, 2020.

(t) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share for 2021 and 2020 were as follows:

1) Net income attributable to ordinary shareholders of the Company

	2021	**2020**
Net income attributable to ordinary shareholders of the Company	$ 1,787,544	1,713,942

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

	2021	**2020**
Weighted-average number of ordinary shares at December 31	207,793	204,955
Basic earnings per share (dollars)	$ 8.60	8.36

(ii) Diluted earnings per share

The calculation of diluted earnings per share for 2021 and 2020 was as follows:

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

		2021	2020
Net income attributable to ordinary shareholders of the Company(basic) (diluted)	$	1,799,512	1,727,669

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

		2021	2020
Weighted-average number of outstanding ordinary shares (basic)		207,793	204,955
Effect of remuneration to employees		2,970	3,327
Effect of employee restricted shares unvested		1,784	2,626
Convertible bonds payable		10,721	11,403
Weighted-average number of ordinary shares (diluted)		223,268	222,311
Diluted earnings per share (dollars)	$	8.06	7.77

(u) Revenue from contracts with customers

(i) Details of revenue

	2021		
	Networking Product Segment	Digital Set Top Box Product Segment	Total
Primary geographical markets:			
Europe	$ 18,450,609	1,818,425	20,269,034
America	9,721,001	174,138	9,895,139
Asia and others	7,966,304	109,581	8,075,885
	$ 36,137,914	2,102,144	38,240,058

(Continued)

	2021		
	Networking Product Segment	**Digital Set Top Box Product Segment**	**Total**
Major products:			
Smart Home Solution	$ 20,785,643	1,905,369	22,691,012
Broadband Solution	12,663,587	-	12,663,587
Mobility Solution	1,909,456	-	1,909,456
Others	779,228	196,775	976,003
	$ 36,137,914	**2,102,144**	**38,240,058**

	2020		
	Networking Product Segment	**Digital Set Top Box Product Segment**	**Total**
Primary geographical markets:			
Europe	$ 14,670,306	1,370,215	16,040,521
America	8,576,924	1,605	8,578,529
Asia and others	9,002,553	143,692	9,146,245
	$ 32,249,783	**1,515,512**	**33,765,295**
Major products:			
Smart home products	$ 20,501,287	1,467,946	21,969,233
Broadband fixed network products	11,109,606	-	11,109,606
Mobile communication products	112,492	-	112,492
Others	526,398	47,566	573,964
	$ 32,249,783	**1,515,512**	**33,765,295**

(ii) Contract balances

	December 31, 2021	**December 31, 2020**	**January 1, 2020**
Notes and accounts receivable	$ 7,720,448	6,939,295	6,146,872
Less: allowance for uncollectible accounts	(28,152)	(26,831)	(40,275)
Total	**$ 7,692,296**	**6,912,464**	**6,106,597**

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

(Continued)

(v) 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, include the employees serve in the subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2021 and 2020, the Company accrued employee remuneration of \$309,470 and \$262,880, and directors' remuneration of \$16,806 and \$16,876, respectively. The estimated amounts mentioned above are based on the net income before tax without the remuneration to employees and directors of each respective ending period, multiplied by the percentage of remuneration to employees and directors as specified under the Company's articles of incorporation. The estimations were recorded under operating expenses during 2021 and 2020.

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

There is no differences between the amounts approved in the Board of Directors' meeting and those recognized in the consolidated financial statement for the year ended December 31, 2020, the related information can be accessed through the Market Observation Post System website.

(w) Financial instruments

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

The Group's customers are mainly from the high-tech industry; therefore, the Group does not concentrate on a specific customer and the sales regions are widely spread, thus, there should be no concern on the significant concentrations of accounts receivable credit risk. In addition, in order to mitigate accounts receivable credit risk, the Group constantly assesses the financial status of its customers, wherein it does not require its customers to provide any collateral.

(Continued)

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

The loss allowance provision as of December 31, 2021 and 2020 was determined as follows:

	Other receivables
Balance at January 1, 2021	$ 45
Impairment loss reversed	(42)
Balance at December 31, 2021	**$ 3**
Balance at January 1, 2020	$ 105
Impairment loss reversed	(60)
Balance at December 31, 2020	**$ 45**

(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, 2021					
Non-derivative financial liabilities					
Unsecured bank loans	$ 4,363,580	(4,363,580)	(4,363,580)	-	-
Accounts payable (including related parties)	9,785,660	(9,785,660)	(9,785,660)	-	-
Other payables (including related parties)	3,844,588	(3,844,588)	(3,844,588)	-	-
Bonds payable	326,571	(328,500)	(328,500)	-	-
Lease liability－current and non-current	283,729	(302,673)	(96,175)	(91,218)	(115,280)
Deposits received	29,711	(29,711)	(29,711)	-	-
Derivative financial liabilities					

(Continued)

	Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
Other foreign exchange forward contracts:	1,589				
Outflow		(358,895)	(358,895)	-	-
Inflow		357,183	357,183	-	-
	$ 18,635,428	**(18,656,424)**	**(18,449,926)**	**(91,218)**	**(115,280)**
December 31, 2020					
Non-derivative financial liabilities					
Unsecured bank loans	$ 707,795	(707,795)	(707,795)	-	-
Accounts payable (including related parties)	10,334,606	(10,334,606)	(10,334,606)	-	-
Other payables	2,575,057	(2,575,057)	(2,575,057)	-	-
Bonds payable	980,219	(1,000,000)	-	(1,000,000)	-
Lease liability－current and non-current	380,816	(410,354)	(94,996)	(88,947)	(226,411)
Deposits received	2,073	(2,073)	(2,073)	-	-
Derivative financial liabilities					
Other foreign exchange forward contracts:	48,665				
Outflow		(1,456,830)	(1,456,830)	-	-
Inflow		1,411,916	1,411,916	-	-
Foreign exchange swaps:	5,752				
Outflow		(1,295,840)	(1,295,840)	-	-
Inflow		1,285,715	1,285,715	-	-
Foreign exchange forward contracts used for hedging :	2,192				
Outflow		(209,640)	(209,640)	-	-
Inflow		208,331	208,331	-	-
	$ 15,037,175	**(15,086,233)**	**(13,770,875)**	**(1,088,947)**	**(226,411)**

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

(Continued)

(iii) Market risk

1) Exposure to foreign currency risk

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

Unit: thousands of foreign currency

	December 31, 2021			December 31, 2020		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 484,260	USD/TWD =27.68	13,404,317	341,464	USD/TWD =28.48	9,724,895
EUR	52,311	EUR/TWD =31.32	1,638,381	60,407	EUR/TWD =34.94	2,110,621
Financial liabilities						
USD	600,011	USD/TWD =27.68	16,608,304	448,686	USD/TWD =28.48	12,778,577
EUR	27,365	EUR/TWD =31.32	857,072	3,781	EUR/TWD =34.94	132,108

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, notes and accounts payable and other payables (including related parties) that are denominated in foreign currency. The analysis assumes that all other variables remain constant. A strengthening (weakening) 5% of each foreign currency against the functional currency on December 31, 2021 and 2020 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods:

	December 31, 2021	**December 31, 2020**
USD (against the TWD)		
Strengthening 5%	$ (160,199)	(152,684)
Weakening 5%	160,199	152,684
EUR (against the TWD)		
Strengthening 5%	39,065	98,926
Weakening 5%	(39,065)	(98,926)

3) Exchange gains and losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange (loss) gain (including realized and unrealized portions) amounted to $(161,048) and $(15,509), respectively.

(iv) Interest rate analysis

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

	Carrying amount	
	December 31, 2021	**December 31, 2020**
Fixed rate financial instrument:		
Financial assets	$ 4,676,032	5,744,607
Financial liabilities	(4,690,151)	(1,688,014)
	$ (14,119)	**4,056,593**
Variable rate financial instrument:		
Financial assets	**$ 3,291,890**	**3,302,884**

The following sensitivity analysis is based on the risk exposure to interest rate for the derivative and 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 is expressed as the interest rate increase or decrease by 0.25% when reporting to management internally, 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%, the net income before tax would have increased or decreased by $8,230 and $8,257 for the years ended December 31, 2021 and 2020, respectively, which would be mainly resulted from the bank savings with variable interest rates.

(v) Fair value

1) The kinds of financial instruments and fair value

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

(Continued)

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

(Continued)

	December 31, 2020				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss－current and non-current					
Derivative financial assets	$ 11,069	-	11,069	-	11,069
Non derivative financial assets mandatorily measured at fair value through profit or loss	304,514	-	261,674	42,840	304,514
Subtotal	315,583				
Financial assets measured at fair value through other comprehensive income					
Stocks unlisted on domestic markets	31,135	-	-	31,135	31,135
Accounts receivable	98,655	-	98,655	-	98,655
Subtotal	129,790				
Financial assets measured at amortized cost:					
Cash and cash equivalents	9,079,768	-	-	-	-
Notes and accounts receivable, net	6,813,809	-	-	-	-
Other receivables	160,521	-	-	-	-
Refundable deposits	85,955	-	-	-	-
Subtotal	16,140,053				
Total	$ 16,585,426				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 54,417	-	54,417	-	54,417
Financial liabilities for hedging	2,192	-	2,192	-	2,192
Financial liabilities measured at amortized cost					
Short-term borrowings	707,795	-	-	-	-
Accounts payable (including related parties)	10,334,606	-	-	-	-
Other payables (including related parties)	2,575,057	-	-	-	-
Bonds payable	980,219	-	-	-	-
Lease liabilities–current and non-current	380,816	-	-	-	-
Deposits received	2,073	-	-	-	-
Subtotal	14,980,566				
Total	$ 15,037,175				

(Continued)

2) 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) Valuation technique for financial instruments measured at fair value

a) Non-derivative financial instruments

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

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

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

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward 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 for the years ended December 31, 2021 and 2020.

(Continued)

5) Reconciliation of Level 3 fair values

	Fair value through profit of loss	Fair value through other comprehensive income
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	**Unquoted equity instruments**
Balance at January 1, 2021	$ 42,840	31,135
Total gains and losses recognized		
In profit or loss	(5,365)	-
In other comprehensive income	-	(4,966)
Balance at December 31, 2021	**$ 37,475**	**26,169**
Balance at January 1, 2020	$ 44,262	49,500
Total gains and losses recognized		
In profit or loss	(1,422)	-
In other comprehensive income	-	(18,365)
Balance at December 31, 2020	**$ 42,840**	**31,135**

For the years ended December 31, 2021 and 2020, 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:

	2021	**2020**
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"	**$ (5,365)**	**(1,422)**
In other comprehensive income, and presented in "unrealized gains and losses from investments in equity instruments measured at fair value through other comprehensive income"	**$ (4,966)**	**(18,365)**

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 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 – equity investments".

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income–equity investment without an active market	Comparable market approach	· Price-Book ratio multiples (1.58~5.31, and 1.45~5.33 on December 31, 2021 and 2020, respectively)	· The higher the multiple is , the higher the fair value will be.
		· Lack-of-Marketability discount rate (30% on December 31, 2021 and 2020)	· The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through profit or loss–investments in private equity fund	Net asset value method	· Net asset value	· Inapplicable

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

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

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

(Continued)

	Input	Move up or down	Other comprehensive income Favorable	Unfavorable
December 31, 2020				
Financial assets measured at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 1,572	1,599
	Lack-of-Marketability discount rate	5%	$ 660	689

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

8) Offsetting financial assets and financial liabilities

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

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

Unit: In thousand dollars of TWD and USD

December 31, 2021

Financial assets that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a) (b)	Amounts not off set in the balance sheet (d) Financial instruments (Note)	Cash collateral received	Net amount (e)=(c) (d)
Other current assets	$ 8,300,236	8,300,236	-	-	-	-
	(USD 299,864)	(USD 299,864)				

December 31, 2021

Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a) (b)	Amounts not off set in the balance sheet (d) Financial instruments (Note)	Cash collateral received	Net amount (e)=(c) (d)
Short-term borrowings	$ 8,300,236	8,300,236	-	-	-	-
	(USD 299,864)	(USD 299,864)				

(Continued)

	December 31, 2020					
	Financial assets that are offset which have an exercisable master netting arrangement or similar agreement					
				Amounts not off set in the balance sheet (d)		
	Gross amounts of recognized financial assets (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a) (b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c) (d)
Other current assets	$ 2,540,169	2,540,169	-	-	-	-
	(USD 89,191)	(USD 89,191)				

	December 31, 2020					
	Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement					
				Amounts not off set in the balance sheet (d)		
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a) (b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c) (d)
Short-term borrowings	$ 2,540,169	2,540,169	-	-	-	-
	(USD 89,191)	(USD 89,191)				

(x) Financial risk management

(i) Briefings

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

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

Audit Committee 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.

(Continued)

(iii) Credit risk

Credit risk is the risk on the financial loss to the Group if a customer or a counterparty fails to meet its contractual obligations. It rises 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 Company only can make transactions by either advanced payments or obtain consent by authorized supervisors.

The Group's customers are mainly from the communications industry. And in order to monitor 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 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 the bank form an important source of liquidity for the Group. As of December 31, 2021 and 2020, for the information of the unused credit lines of short-term loans, please see note (6)(k).

(Continued)

(v) Market risk

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

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

1) Currency risk

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

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

The Group determines the existence of an economic relationship between the hedging instrument and hedged item 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 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 fix 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.

(y) 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 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 Company's debt-to-equity ratio at the end of the reporting date is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 20,978,000	16,845,230
Total equity	12,923,113	11,961,996
Debt-to-equity ratio	162 %	141 %

As of December 31, 2021 and 2020, there were no changes in the Group's approach to capital management.

(z) 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, 2021 and 2020 were as follows:

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

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

			Non-cash changes	
	January 1, 2021	Cash flows	Other	December 31, 2021
Short-term borrowings	$ 707,795	3,655,785	-	4,363,580
Lease liabilities	380,816	(88,702)	(8,385)	283,729
Bonds payable	980,219	-	(653,648)	326,571
Deposits received	2,073	27,570	68	29,711
Total liabilities from financing activities	$ 2,070,903	3,594,653	(661,965)	5,003,591

			Non-cash changes	
	January 1, 2020	Cash flows	Other	December 31, 2020
Short-term borrowings	$ 519,038	188,757	-	707,795
Lease liabilities	156,807	(180,116)	404,125	380,816
Bonds payable	966,492	-	13,727	980,219
Deposits received	1,782	381	(90)	2,073
Total liabilities from financing activities	$ 1,644,119	9,022	417,762	2,070,903

(Continued)

(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 35 percent of all outstanding shares of the Company, and has issued the consolidated financial statements available for public use.

(b) Name and relationship with related parties

The followings are entities that have had transactions with related parties 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.	An associate of parent company.
LIZ Electronics (Nantong) Co., Ltd.	〃
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:

	2021	2020
Parent Company	$ 23,523	3,526
Other related parties	114,402	114,547
	$ 137,925	**118,073**

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were 60~120 days, which were not significantly different from the payment terms given by other vendors.

(ii) Other expenditures

Parent company and other related parties provided technical support, professional services and other services for the Group, and the related expenses for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Other related parties	**$ 17,832**	**20,674**

(Continued)

(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. For the years ended December 31, 2021 and 2020, the Group recognized the interest expenses of $258 and $589, respectively. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to $1,200 and $5,894, respectively.

The Group leased machinery 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 paid in 2020. The balance of right-of-use assets amounted to $39,190 and $55,406 as of December 31, 2021 and 2020, respectively.

In April 2020, the Group leases factories and buildings from other related parties－CVC, with a three months lease contract. The Group has selected not to recognize the right-of-use assets and lease liabilities. The rental expense for the year ended December 31, 2020 was $2,588, respectively, all of which had been paid.

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Related party categories	December 31, 2021	December 31, 2020
Accounts payable	Parent Company	$ 14,034	1,823
Accounts payable	Other related parties	39,091	26,644
		$ 53,125	28,467
Other payables	Other related parties	$ -	2,814

(v) Property transactions

The disposals of equipment to related parties were as follows:

	2021		2020	
Related party categories	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Other related parties	$ 19,689	(4,825)	-	-

(vi) 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, 2021	December 31, 2020
Other receivables	Other related parties	$ 19,689	-

(Continued)

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	$ 101,577	111,038
Post-employment benefits	1,248	1,251
Share-based payments	5,770	19,034
	$ 108,595	**131,323**

Please refer to note (6)(s) for further explanations related to share-based payment transactions.

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Assets	Subject	December 31, 2021	December 31, 2020
Other current assets	Bail for court mandatory execution	**$ -**	**41,090**

(9) Commitments and contingencies:

In July 2020, the Group decided to engage a non-related party to build a factory. As of December 31, 2021, the Group's signed commitments for construction is amounting to $70,962, which has yet due to be paid.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

By function / By item	2021 Cost of sales	2021 Operating expenses	2021 Total	2020 Cost of sales	2020 Operating expenses	2020 Total
Employee benefits						
Salary	834,014	1,733,022	2,567,036	770,915	1,603,595	2,374,510
Labor and health insurance	32,288	123,544	155,832	24,273	108,695	132,968
Pension	52,452	59,598	112,050	35,176	52,605	87,781
Others	658,534	58,929	717,463	449,080	63,958	513,038
Depreciation	389,270	142,746	532,016	354,515	130,932	485,447
Amortization	5,006	30,800	35,806	2,301	30,231	32,532

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

The following is 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, 2021:

(i) Loans to other parties:

Unit: In thousand dollars of TWD and 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)	Note
													Item	Value			
0	The Company	Arcadyan do Brasil Ltda	Other receivables	Yes	57,020 (USD2,000)	35,984 (USD1,300)	35,984 (USD1,300)	1%	2	-	Operating demand	-	-	-	2,531,220	5,062,440	The transactions had been eliminated in the consolidated financial statements.
0	〃	Arcadyan do Brasil Ltda	〃	Yes	55,620 (USD2,000)	55,360 (USD2,000)	-	1%	2	-	Operating demand	-	-	-	2,531,220	5,062,440	〃
0	〃	Arcadyan Technology Limited	〃	Yes	285,100 (USD10,000)	-	-	1%	1	4,349,995 (USD157,153)	-	-	-	-	2,531,220	5,062,440	〃
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	285,100 (USD10,000)	276,800 (USD10,000)	-	1%	1	4,345,760 (USD157,000)	-	-	-	-	2,531,220	5,062,440	〃
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	255,510 (USD9,000)	-	-	1%	1	5,375,096 (USD194,187)	-	-	-	-	2,531,220	5,062,440	〃
0	〃	Arcadyan Technology Corporation (Russia), LLC	〃	Yes	57,020 (USD2,000)	-	-	1%	1	165,990 (USD5,997)	-	-	-	-	132,792 (USD4,797)	5,062,440	〃
0	〃	Arcadyan Technology Corporation (Russia), LLC	〃	Yes	27,800 (USD1,000)	27,800 (USD1,000)	6,705 (USD18,000)	1%	1	377,472 (USD13,637)	-	-	-	-	301,977 (USD10,909)	5,062,440	
1	Arcadyan Holding	CNC	〃	Yes	484,670 (USD17,000)	-	-	1%	2	-	Operating demand	-	-	-	2,416,212	2,416,212	
1	Arcadyan Holding	CNC	〃	Yes	470,560 (USD17,000)	470,560 (USD17,000)	470,560 (USD17,000)	1%	2	-	Operating demand	-	-	-	2,416,212	2,416,212	〃
2	SVA	CNC	〃	Yes	153,440 (CNY35,000)	-	-	3.85%	2	-	Operating demand	-	-	-	28,344	28,344	

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

Note 2: According to the policy of the Company on Lending Funds to Other Parties, the amount of loans to others shall not exceed 40% of the net worth of the Company. To borrowers having business relationship with the Company, the total amount of loans to the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expected amount for the current year, which shall not exceed 20% of the net worth of the Company. Also, the amount shall be combined with the Company' s endorsements/guarantees for the borrower upon calculation. When a short-term financing facility is deemed necessary, only the investees of the Company are allowed to borrow. The total amount of loans to the borrower shall not exceed 80% of the its net worth, nor shall it exceed 20% of the net worth of the Company, and it shall be combined with the Company's endorsements/guarantees for the borrower upon calculation.

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

Note 4: According to the policy of SVA on Loaning Funds to Others, the amount of loans to others shall not exceed 40% of the net worth of SVA. To borrowers having business relationship with SVA, 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 SVA. Also, the amount shall be combined with SVA's endorsements/ guarantees for the borrower upon calculation. When a short-term financial facility is deemed necessary, only the investees of SVA are allowed to borrow. The total amount of loans to the borrower shall not exceed 80% of its net worth , nor shall it exceed 20% of the net worth of SVA, and it shall be combined with the SVA's endorsements/ guarantees for the borrower upon calculation.

Note 5: The amounts in New Taiwan Dollars were translated at the exchange rate of $27.68(USD), $4.344(CNY) and $0.3725(RUB) based on the year-end date.

(Continued)

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars of TWD/USD

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Arcadyan Technology Australia Pty Ltd	100% owned subsidiary by the Company	1,687,480	209,700 (USD7,500)	207,600 (USD7,500)	-	-	1.64 %	5,062,440	Y	N	N

Note 1: The total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 40% of the Company' s net worth. Endorsements/ guarantees the Company and the Group are permitted to make for a single company shall not exceed one third of the amount mentioned above.

(iii) Securities held as of December 31, 2021 (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 company	Account title	Ending balance				Highest balance during the year		Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	Shares	Percentage of ownership (%)	
The Company	Geo Things Inc.	-	Financial assets at fair value through profit or loss–non-current	200	-	7.14 %	-	200	7.14 %	
〃	AirHop Communication, Inc.	-	〃	1,152	-	4.60 %	-	1,152	4.60 %	
〃	Adant Technologies Inc.	-	〃	349	-	4.93 %	-	349	4.93 %	
〃	IOT Eye, Inc.	-	〃	60	-	13.75 %	-	60	13.75 %	
〃	TIEF Fund, L.P.	-	〃	-	37,475	7.49 %	37,475	-	7.49 %	
〃	Chimei Motor Electronic Co Ltd.	-	Financial assets at fair value through other comprehensive income–non-current	1,650	26,169	7.17 %	26,169	1,650	7.17 %	
〃	Golden Smart home Technology Corp.	-	〃	1,229	-	6.14 %	-	1,229	6.14 %	

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

(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
CNC	KRC Bank Gold Binary Structured Deposit	Current financial assets at fair value through profit or loss	KRC Bank	-	-	-	-	390,513	-	393,959	390,513	3,446	-	-	-	-
〃	Agricultural Bank of China "HuiLiFeng" Customization RMB structured deposit	〃	Agricultural Bank of China	-	-	130,799	-	260,342	-	393,905	390,513	3,392	-	(628) (note 1)	-	-

Note1: Others include evaluation of profit and loss and exchange gains or losses etc.

(Continued)

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

(In thousand dollars of TWD)

Name of company	Name of property	Transaction date (Note 1)	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relation-ship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
The Company	Land located at Guangfu Rd., Hsinchu City	March 17, 2021	415,480	Fully paid	Natural person	Non-related party	Not applicable	Not applicable	Not applicable	Not applicable	Bargaining in terms of appraisal	Operational use	None

Note 1: In respobnse to the demand of the business operation, the Group authorized the chairman to purchase land within $500,000 by a resolution of the Board of Directors on March 17, 2021. In addition, the Group has signed the land purchase agreement with non-related parties on April 7, 2021.

(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	Related party	Nature of relationship	Transaction details: Purchase/ Sale	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)	(1,226,052)	(3)%	Net 150 days from delivery	-	-	266,118	4 %	Note 3
〃	Arcadyan USA	〃	(Sales)	(7,323,420)	(20)%	Net 120 days from delivery	-	-	2,020,989	29 %	Note 3
〃	Arcadyan AU	〃	(Sales)	(505,287)	(1)%	Net 60 days from the end of the month of delivery	-	-	23,439	- %	Note 3
〃	CNC	〃	Purchases	12,985,802	26 %	Net 120 days from delivery	According to cost plus pricing	-	(2,028,930)	(27)%	Note 1、3
〃	Arcadyan Vietnam	〃	Purchases	1,091,354	2 %	Net 180 days from the end of the month of delivery	〃	-	Note 2	- %	Note 1、3
CNC	The Company	Parent company	(Sales)	(12,985,802)	(100)%	Net 120 days from delivery	-	-	2,028,930	- %	Note 1、3
Arcadyan Vietnam	The Company	Parent company	(Sales)	(1,091,354)	(100)%	Net 180 days from the end of the months of delivery	-	-	Note 2	- %	Note 1、3
Arcadyan Germany	The Company	Parent company	Purchases	1,226,052	100 %	Net 150 days from delivery	〃	-	(266,118)	(100)%	Note 3
Arcadyan USA	〃	〃	Purchases	7,323,420	100 %	Net 120 days from delivery	-	-	(2,020,989)	(100)%	Note 3
Arcadyan AU	〃	〃	Purchases	505,287	100 %	Net 60 days from the end of the month of delivery	-	-	(23,439)	(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, 2021, the other receivables were amounted to $1,276,111 thousand.
Note 3: The transactions had been eliminated in the consolidated financial statements.

(Continued)

(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 Germamy	Subsidiary	266,118	4.82	-		94,823	-
〃	Arcadyan USA	〃	2,020,989	4.79	-		1,360,434	-
〃	Arcadyan Vietnam	〃	1,276,111 (note 2)	Note 2	-		-	-
CNC	The Company	Parent company	2,028,930 (note 1)	4.78	-		1,854,440	-

Note 1: The ending balance was accounts receivable derived from processing raw materials.
Note 2: The ending balance was other receivables derived from purchasing raw materials on behalf of related parties.
Note 3: Balance as of March 1, 2022.

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

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Arcadyan Germany	1	Sales Revenue	1,226,052	There is no significant difference of price between general customers'. The credit period is net 150 days from delivery.	3.21 %
〃	〃	〃	1	Accounts Receivable	266,118	〃	0.78 %
〃	〃	Arcadyan USA	1	Sales Revenue	7,323,420	There is no significant difference of price between general customers'. The credit period is net 120 days from delivery.	19.15 %
〃	〃	〃	1	Accounts Receivable	2,020,989	〃	5.96 %
〃	〃	Arcadyan AU	1	Sales Revenue	505,287	There is no significant difference of price between general customers'. The credit period is net 60 days from the end of the month of delivery.	1.32 %
〃	〃	Arcadyan Vietnam	1	Other Receivable	1,276,111	The credit period is net 180 days from the date of invoice and depended on funding demand.	3.76 %

(Continued)

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
1	CNC	The Company	2	Processing Revenue	12,985,802	The price is based on the operating cost-plus. The credit period is net 120 days from the end of the month of delivery and depended on funding demand.	33.96 %
〃	〃	〃	2	Accounts Receivable	2,028,930	〃	5.98 %
2	Arcadyan Vietnam	The Company	2	Processing Revenue	1,091,354	The credit period is net 180 days from the date of invoice and depended on funding demand.	2.85 %

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.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2021 (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		Balance as of December 31, 2021			The highest holdings in the period		Net Income (Losses) of the Investee	Investment Income (losses)	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value	Shares	Percentage of Ownership)			
The Company	Arcadyan Holding	British Virgin Islands	Investment activities	2,219,782	2,359,732	64,780	100%	2,323,746	64,780	100 %	335,159	289,888	Note 2、4
The Company	Arcadyan USA	USA	Selling of wireless networking products	23,055	23,055	1	100%	162,359	1	100 %	83,123	83,123	〃
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	76,914	0.5	100 %	8,474	8,474	〃
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	11,899	20	100 %	(436)	(436)	〃
The Company and ZHI-BAO	Arcadyan Brasil	Brazil	Selling of wireless networking products	81,593	81,593	968	100%	(14,827)	968	100 %	(148)	(148)	〃
The Company	ZHI-BAO	Taipei City	Investment activities	48,000	48,000	34,980	100%	415,117	34,980	100 %	6,825	6,825	〃
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	371,174	25,028	61 %	(219,951)	(134,266)	〃
The Company	AcBel Telecom	Taipei City	Investment activities	23,000	23,000	4,494	51%	32,638	4,494	51 %	(121)	(62)	〃
The Company	Arcadyan UK	England	Technical support of wireless networking products	1,988	1,988	50	100%	4,206	50	100 %	793	793	〃
The Company	Arcadyan AU	Australia	Selling of wireless networking products	1,161	1,161	50	100%	41,705	50	100 %	3,213	3,213	〃
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	2,492	-	100%	5,856	-	100 %	(1,361)	(1,361)	〃
The Company	CBN	Hsinchu County	Manufacturing and selling of broadband network products	11,925	11,925	533	1%	12,642	533	1 %	32,744	261	Note 3
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	13,507	-	3,500	100%	11,389	3,500	100 %	(1,448)	(1,448)	Note 2、4、5

(Continued)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			The highest holdings in the period		Net Income (Losses) of the Investee	Investment Income (losses)	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value	Shares	Percentage of Ownership)			
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	804,104 (USD29,050)	527,304 (USD19,050)	29,050	100%	854,011 (USD30,853)	29,050	100 %	138,028 (USD4,928	Investment gain(losses) recognized by Arcadyan Holding	Note 2、4
〃	Arch Holding	British Virgin Islands	Investment activities	304,784 (USD11,011)	304,784 (USD11,011)	35	100%	1,045,972 (USD37,788)	35	100 %	186,372 (USD6,655)	〃	〃
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	802,720 (USD29,000)	525,920 (USD19,000)	-	100%	849,942 (USD30,706)	-	100 %	138,028 (USD4,928)	Investment gain (losses) recognized by Sinoprime	〃
TTI	Quest	Samoa	Investment activities	33,216 (USD1,200)	33,216 (USD1,200)	1,200	100%	(64,119)	1,200	100 %	(96,963)	Investment gain (losses) recognized by TTI	〃
TTI	TTJC	Japan	Selling digital home appliance	9,626	9,626	0.7	100%	3,945	0.7	100 %	(1,325)	〃	〃
Quest	Exquisite	Samoa	Investment activities	32,386 (USD1,170)	32,386 (USD1,170)	1,170	100%	(76,480) (USD(2,763))	1,170	100 %	(96,967) (USD(3,462))	Investment gain(losses) recognized by Quest	〃
ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	36,272	36,272	13,140	19.19%	311,536	13,140	19.66 %	32,744	Investment gain(losses) recognized by ZHI-BAO	Note 3

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of $US28.009/EUR$33.159 based on the yearly average exchange rate for net income(losses) of the investees, others were translated at the exchange rate of US$27.68/EUR$31.32 based on the year-end date.
Note 2: The Group has owner control.
Note 3: The Group has significant influence.
Note 4: The transactions had been eliminated in the consolidated financial statements.
Note 5: The subsidiary was incorporated on March 25, 2021.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousand dollars of TWD and USD)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow (Note 6)							
SVA	Research and sale of wireless networking products	224,208 (USD8,100)	Note 1	(Note 4) 509,866 (USD18,420)	-	138,400 (USD5,000)	371,466 (USD13,420)	6,442 (USD230)	100%	6,442 (USD230)	28,344 (USD1,024)	-	Note 3
CNC	Manufacturing of wireless networking products	344,616 (USD12,450)	〃	(Note 5) 304,784 (USD11,011)	-	-	304,784 (USD11,011)	186,372 (USD6,654)	100%	186,372 (USD6,654)	1,045,972 (USD37,788)	-	〃
TCH	Manufacturing of household electronics products	92,728 (USD3,350)	Notes 1 and 7	31,832 (USD1,150)	-	-	31,832 (USD1,150)	(96,967) (USD(3,462))	100%	(96,967) (USD(3,462))	(76,950) (USD(2,780))	-	〃

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 $US28.009 based on the yearly average exchange rate for net income(losses) of the investees, others were translated at the exchange rate of US$27.68 based on the year-end date.
Note 3: The amounts are according to the financial statements which have been audited and certified 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: SVA decreased its capital amounting to US$15,000 thousand to offset its accumulated losses in March 2009. On April 7, 2021, the capital had been returned to the shareholders amounting to US$5,000.
Note 7: The Company's subsidiary, TTI, obtained control over TCH for US$1,150 thousands on February 28, 2013 (base date of stock transferring).

(Continued)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
708,082 (USD25,581)	708,082 (USD25,581)	7,593,661

Note : The amounts in TWD were translated at the exchange rate of $27.68 on December 31, 2021.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for year ended December 31, 2021, 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	Percentage
Compal Electronics Inc.	41,304,504	19.08 %
Capital Investment In Custody For New Labor Pension Fund (2021 I)	11,182,298	5.16 %

(14) Segment information:

(a) General information

The Group's reportable segments are the networking product segment and the digital set-top box product segment. The networking product segment is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, digital home multimedia devices and mobile broadband products. The digital set-top box product segment is primarily engaged in the research, development, and sale of set-top boxes and related products and services. The above segments are managed independently, thus they are regarded as single operating segments.

(b) Reportable segments and operating segment information

Accounting policies for the operating segments are corresponded to those stated in note 4.

The operating segment information was as follows:

	For the year ended December 31, 2021			
	Networking Product Segment	**Digital Set Top Box Product Segment**	**Adjustment & Elimination**	**Total**
Revenue				
Revenue from external customers	$ 36,137,914	2,102,144	-	38,240,058
Revenue from segments	53,618	-	(53,618)	-
Interest revenue	66,346	191	-	66,537
Total revenue	**$ 36,257,878**	**2,102,335**	**(53,618)**	**38,306,595**
Interest expense	31,575	5,772	-	37,347
Depreciation and amortization	492,933	74,889	-	567,822
Share of associates accounted for using equity method	6,685	-	-	6,685
Reportable segment profit	**$ 2,492,731**	**(219,951)**	**-**	**2,272,780**

	For the year ended December 31, 2020			
	Networking Product Segment	**Digital Set Top Box Product Segment**	**Adjustment & Elimination**	**Total**
Revenue				
Revenue from external customers	$ 32,249,783	1,515,512	-	33,765,295
Revenue from segments	61,886	-	(61,886)	-
Interest revenue	44,504	1,110	-	45,614
Total revenue	**$ 32,356,173**	**1,516,622**	**(61,886)**	**33,810,909**
Interest expense	40,214	6,196	-	46,410
Depreciation and amortization	443,846	74,133	-	517,979
Share of associates accounted for using equity method	9,551	-	-	9,551
Gain on disposals of investments	985	-	-	985
Reportable segment profit	**$ 2,540,985**	**(202,635)**	**-**	**2,338,350**

(Continued)

(c) Products information

Please refer to note (6)(u) for information of revenue from external customers.

(d) Geographic information

Stated below are the geographic information on the Group's sales presented by location of customers and non-current assets presented by location.

(i) Revenue from external customers: Please refer to note (6)(u).

(ii) Non-current assets:

Country	2021	2020
Taiwan	$ 2,290,898	1,818,644
Mainland China	842,677	722,705
Vietnam	1,445,314	823,929
Others	976	931
	$ 4,579,865	**3,366,209**

Non current assets include plant, property, and equipment, intangible assets, right of use assets and other assets, excluding deferred tax assets and financial assets.

(e) Major customers information

	2021	2020
Customer:		
K Company from Networking products segments	$ 6,011,031	6,243,695
J Company from Networking products segments	5,330,643	3,830,498
	$ 11,341,674	**10,074,193**

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, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Inventory valuation

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

Description of key audit matters:

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

How the matter was addressed in our audit:

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

2. Provisions

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

Description of key audit matters:

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

How the matter was addressed in our audit:

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Hsin-Fu Yen.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2022

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, 2021 and 2020

(Expressed in thousand dollars of TWD)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 6,767,854	23	7,707,957	31
1110	Current financial assets at fair value through profit or loss (note (6)(b))	17,980	-	6,034	-
1170	Notes and accounts receivable, net (notes (6)(e) and (u))	4,724,297	16	4,888,924	20
1180	Accounts receivable from related parties, net (note (7))	2,328,537	8	1,397,881	6
1200	Other receivables	36,970	-	71,155	-
1210	Other receivables from related parties (note (7))	1,386,023	4	467,141	2
1310	Inventories, net (note (6)(f))	8,584,714	29	4,946,818	20
1410	Prepayments	27,771	-	23,584	-
1470	Other current assets (note (8))	41,108	-	85,360	-
		23,915,254	80	19,594,854	79
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(g))	3,469,645	12	3,447,526	14
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	37,475	-	42,840	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	26,169	-	31,135	-
1600	Property, plant and equipment (note (6)(h))	1,943,162	7	1,471,239	6
1755	Right-of-use assets (note (6)(i))	49,192	-	59,450	-
1780	Intangible assets (note (6)(j))	112,312	-	71,428	-
1840	Deferred income tax assets (note (6)(q))	308,938	1	189,473	1
1900	Other non-current assets	92,483	-	25,653	-
		6,039,376	20	5,338,744	21
	Total assets	**$ 29,954,630**	**100**	**24,933,598**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note (6)(k))	$ 4,143,580	14	341,760	1
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	989	-	46,179	-
2126	Current financial liabilities for hedging (note (6)(d))	-	-	2,192	-
2170	Accounts payable	5,598,033	19	5,161,935	21
2180	Accounts payable to related parties (note (7))	2,051,957	7	3,414,606	14
2200	Other payables (including related parties)(note (7))	3,442,911	11	2,099,040	9
2230	Current tax liabilities	243,290	1	331,198	1
2250	Current provisions (note (6)(o))	483,782	2	235,477	1
2280	Current lease liabilities (note (6)(n))	4,567	-	2,670	-
2300	Other current liabilities (note (6)(l))	698,203	2	518,933	2
2321	Bonds payable, current portion (note (6)(m))	326,571	1	-	-
		16,993,883	57	12,153,990	49
	Non-Current liabilities:				
2530	Bonds payable (note(6)(m))	-	-	980,219	4
2570	Deferred income tax liabilities (note(6)(q))	165,797	1	89,378	-
2580	Non-current lease liabilities (note (6)(n))	4,996	-	1,150	-
2640	Non-current net defined benefit liability (note (6)(p))	105,902	-	99,119	-
2670	Other non-current liabilities	27,951	-	381	-
		304,646	1	1,170,247	4
	Total liabilities	17,298,529	58	13,324,237	53
	Equity (notes (6)(m), (r) and (s)):				
3100	Ordinary share	2,164,926	7	2,084,095	8
3200	Capital surplus	4,032,400	14	3,661,594	15
3300	Retained earnings	6,738,883	22	6,106,197	25
3410	Exchange differences on translation of foreign financial statements	(243,747)	(1)	(176,362)	(1)
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income(note (6)(w))	(23,331)	-	(18,365)	-
3450	Gain(loss) from hedging instrument	-	-	(2,192)	-
3490	Unearned employee benefit	(13,030)	-	(45,606)	-
	Total equity	12,656,101	42	11,609,361	47
	Total liabilities and equity	**$ 29,954,630**	**100**	**24,933,598**	**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, 2021 and 2020

(Expressed in thousand dollars of TWD, except net income per share amounts)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating Revenues (notes (6)(u) and (7)):**				
4100	Net sales revenue	$ 35,748,424	99	30,530,274	100
4800	Other operating revenue	286,205	1	173,006	-
		36,034,629	100	30,703,280	100
5000	**Operating costs (notes (6)(f), (6)(p), (7) and (12))**	31,453,035	87	26,446,989	86
	Gross profit from operating	4,581,594	13	4,256,291	14
5910	Unrealized profit from sales	9,442	-	(293,102)	(1)
		4,572,152	13	4,549,393	15
	Operating expenses (notes (6)(p), (7) and (12)):				
6100	Selling expenses	512,113	1	387,244	1
6200	Administrative expenses	350,287	1	409,131	1
6300	Research and development expenses	1,692,807	5	1,451,209	5
	Total operating expenses	2,555,207	7	2,247,584	7
	Net operating income	2,016,945	6	2,301,809	8
	Non-operating income and expenses:				
7100	Interest income	17,409	-	26,774	-
7230	Foreign exchange (losses) gains, net	(137,476)	-	3,558	-
7225	Gains on disposals of investments	-	-	985	-
7375	Share of profit of associates and joint ventures accounted for using equity method (note (6)(g))	254,856	-	51,929	-
7010	Other income	17,717	-	4,434	-
7510	Interest expense (note (6)(m))	(21,173)	-	(23,805)	-
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss (notes (6)(b) and (6)(d))	104,366	-	(16,642)	-
	Total non-operating income and expenses	235,699	-	47,233	-
	Income before tax	2,252,644	6	2,349,042	8
7950	Less: Income tax expenses (note (6)(q))	465,100	1	635,100	2
	Net income	1,787,544	5	1,713,942	6
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(p))	(8,980)	-	(6,214)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(4,966)	-	(18,365)	-
8349	Less:Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(q))	(1,796)	-	(1,243)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(12,150)	-	(23,336)	-
8360	**Components of other comprehensive income (loss) that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(84,195)	-	(102,511)	(1)
8368	Gains (losses) on hedging instrument (note (6)(d))	2,192	-	2,679	-
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	(28)	-	82	-
8399	Less:Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(q))	(16,838)	-	(21,239)	-
	Components of other comprehensive income that may be reclassified to profit or loss	(65,193)	-	(78,511)	(1)
8300	**Other comprehensive income**	(77,343)	-	(101,847)	(1)
	Total comprehensive income	**$ 1,710,201**	**5**	**1,612,095**	**5**
	Earnings per share (note (6)(t))				
9750	Basic earnings per share	**$**	**8.60**		**8.36**
9850	Diluted earnings per share	**$**	**8.06**		**7.77**

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, 2021 and 2020

(Expressed in thousand dollars of TWD)

	Ordinary shares	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Retained earnings: Total retained earnings	Total other equity interest: Exchange differences on translation of foreign financial statements	Total other equity interest: Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest: Gains (losses) on hedging instruments	Total other equity interest: Unearned employee benefit	Total other equity interest: Total other equity interest	Total equity
Balance at January 1, 2020	$ 2,085,350	3,703,916	850,544	53,684	4,431,172	5,335,400	(95,172)	-	(4,871)	(119,897)	(219,940)	10,904,726
Net income for the year ended December 31, 2020	-	-	-	-	1,713,942	1,713,942	-	-	-	-	-	1,713,942
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(4,971)	(4,971)	(81,190)	(18,365)	2,679	-	(96,876)	(101,847)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	1,708,971	1,708,971	(81,190)	(18,365)	2,679	-	(96,876)	1,612,095
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	131,350	-	(131,350)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	41,488	(41,488)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(938,174)	(938,174)	-	-	-	-	-	(938,174)
Cash dividends from capital surplus	-	(41,696)	-	-	-	-	-	-	-	-	-	(41,696)
Changes in equity of associates and subsidiaries accounted for using equity method	-	(150)	-	-	-	-	-	-	-	-	-	(150)
Disposal of investments accounted for using equity method	-	(985)	-	-	-	-	-	-	-	-	-	(985)
Share-based payment transactions	(1,255)	509	-	-	-	-	-	-	-	74,291	74,291	73,545
Balance at December 31, 2020	2,084,095	3,661,594	981,894	95,172	5,029,131	6,106,197	(176,362)	(18,365)	(2,192)	(45,606)	(242,525)	11,609,361
Net income for the year ended December 31, 2021	-	-	-	-	1,787,544	1,787,544	-	-	-	-	-	1,787,544
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(7,184)	(7,184)	(67,385)	(4,966)	2,192	-	(70,159)	(77,343)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	1,780,360	1,780,360	(67,385)	(4,966)	2,192	-	(70,159)	1,710,201
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	170,897	-	(170,897)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	101,747	(101,747)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,146,071)	(1,146,071)	-	-	-	-	-	(1,146,071)
Cash dividends from capital surplus	-	(208,377)	-	-	-	-	-	-	-	-	-	(208,377)
Convertible bonds converted into ordinary shares	81,363	584,253	-	-	-	-	-	-	-	-	-	665,616
Changes in equity of associates and subsidiaries accounted for using equity method	-	(5,602)	-	-	(1,603)	(1,603)	-	-	-	-	-	(7,205)
Share-based payment transactions	(532)	532	-	-	-	-	-	-	-	32,576	32,576	32,576
Balance at December 31, 2021	**$ 2,164,926**	**4,032,400**	**1,152,791**	**196,919**	**5,389,173**	**6,738,883**	**(243,747)**	**(23,331)**	**-**	**(13,030)**	**(280,108)**	**12,656,101**

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, 2021 and 2020

(Expressed in thousand dollars of TWD)

		2021	2020
Cash flows from (used in) operating activities:			
Income before tax	$	2,252,644	2,349,042
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		114,821	104,351
Amortization expense		34,121	29,261
Expected credit loss		82	2,177
Interest expense		21,173	23,805
Interest income		(17,409)	(26,774)
Net loss on financial assets or liabilities at fair value through profit or loss		5,365	1,422
Share-based payments		32,576	73,545
Share of profit of associates and joint ventures accounted for using equity method		(254,856)	(51,929)
(Gain) loss on disposal of property, plant and equipment		(29)	45
Gain on disposal of investments		-	(985)
Unrealized profit (loss) from sales		9,442	(293,102)
Total adjustments to reconcile loss		(54,714)	(138,184)
Changes in operating assets and liabilities:			
Net loss (gain) on financial assets or liabilities mandatorily measured at fair value through profit or loss		(57,136)	47,131
Decrease (increase) in notes and accounts receivable		164,503	(1,535,743)
(Increase) decrease in accounts receivable from related parties		(930,656)	2,367,901
(Increase) decrease in other receivable(including related parties)		(883,723)	58,686
Increase in inventories		(3,637,896)	(840,522)
(Increase) decrease in prepayments		(4,187)	22,179
Decrease in other current assets		3,162	4,384
(Decrease) increase in accounts payable		(926,551)	1,491,160
Increase in other payable and other current liabilities		1,769,318	1,422,752
Decrease in other operating liabilities		(2,197)	(2,006)
Total changes in operating assets and liabilities		(4,505,363)	3,035,922
Total adjustments		(4,560,077)	2,897,738
Cash inflow (outflow) generated from operations		(2,307,433)	5,246,780
Interest received		17,842	26,770
Dividends received		9,103	7,742
Interest paid		(6,823)	(10,257)
Income taxes paid		(577,419)	(579,621)
Net cash flows (used in) from operating activities		(2,864,730)	4,691,414
Cash flows from (used in) investing activities:			
Decrease in pledged assets		41,090	-
Acquisition of investments accounted for using equity method		(18,553)	(298,192)
Reduction of capital from investee		139,950	-
Acquisition of property, plant and equipment		(568,710)	(108,225)
Proceeds from disposal of property, plant and equipment		2,638	73
Acquisition of intangible assets		(75,005)	(36,515)
Increase in other non-current assets		(66,830)	(5,787)
Net cash flows used in investing activities		(545,420)	(448,646)
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		3,801,820	71,580
Cash dividends paid		(1,354,449)	(979,876)
Repayment of lease principal		(4,894)	(87,872)
Other financing activities		27,570	381
Net cash flows from (used in) financing activities		2,470,047	(995,787)
Net (decrease) increase in cash and cash equivalents		(940,103)	3,246,981
Cash and cash equivalents at beginning of period		7,707,957	4,460,976
Cash and cash equivalents at end of period	**$**	**6,767,854**	**7,707,957**

See accompanying notes to 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 Company is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, digital home multimedia appliances, mobile broadband products and wireless audio and video products.

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

These financial statements were authorized for issuance by the Board of Directors on March 10, 2022.

(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, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(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, 2022, would not have a significant impact on its financial statements:

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies:

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

ARCADYAN TECHNOLOGY CORPORATION

Notes to 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 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.

(Continued)

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

(e) Cash and cash equivalents

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

(Continued)

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

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

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

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

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

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

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;

(Continued)

- 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.

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.

6) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Company will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and

– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group will first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Company will apply applied the policies on accounting for modifications to the additional changes.

(Continued)

(iii) Derivative financial instruments and hedge accounting

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

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

The Company designates certain hedging instruments (which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk) as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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

1) Cash flow hedges

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

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

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.

(Continued)

(g) Inventories

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

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

(h) Investment in associates

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

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

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

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

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

(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.

(Continued)

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings: 50 years

2) Machinery and equipment: 3~6 years

3) Research equipment: 3~6 years

4) Modeling equipment: 2~3 years

5) Other equipment: 1~10 years

The main construction of property, plant and equipment are factory buildings and firefighting facilities. All facilities are depreciated by using the useful life depreciation method.

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.

(Continued)

(k) Lease

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

(i) As a leasee

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

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

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

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

1) fixed payments, including in substance fixed payments;

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

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

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

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

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

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

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

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

5) there is any lease modifications

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

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

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

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

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

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

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

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

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

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

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

(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.

(m) Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

(ii) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

(Continued)

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

(iii) Short term employee benefits

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

(q) Share-based payment

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

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

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

(r) Income Taxes

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

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

(Continued)

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

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

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

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

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

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

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

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

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

1) the same taxable entity; or

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

(s) Business combination

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

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

(Continued)

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

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

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

The Company should recongnized all the business combination cost as current expense except for issuance bond or equity instrument.

(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, remuneration to employees not yet approved by the directors, and employee restricted shares.

(u) Operating segments

Please refer to the Company' s consolidated financial statements for the years ended December 31,2021 and 2020, for further details.

(Continued)

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

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

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

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

Information about assumptions and estimation uncertainties made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

(a) Inventory valuation

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

(b) Recognition and measurement of provisions

Provision for warranty is estimated when product revenue is recognized. The estimate has been made based on the historical experience of provision expenses as a percentage of sales. The Company reviews regularly the basis of the estimate, and if necessary, amends it as appropriate. There could be a significant impact on the provision for warranty for any changes in the basis of the estimate. Please refer to note (6)(o) of the financial statement for recognition and measurement of provisions.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 1,276	1,416
Checking accounts and demand deposits	2,766,578	2,706,541
Time deposits	4,000,000	5,000,000
	$ 6,767,854	**7,707,957**

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.

(Continued)

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

	December 31, 2021	December 31, 2020
Current financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	$ 15,531	-
Foreign exchange swaps contracts	2,449	6,034
	$ 17,980	**6,034**
Non-current financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets:		
Fund unlisted on domestic markets	**$ 37,475**	**42,840**
Held-for-trading financial liabilities:		
Derivative instrument not used for hedging:		
Foreign exchange forward contracts	$ 989	43,896
Foreign exchange swaps contracts	-	2,283
Total	**$ 989**	**46,179**

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

	December 31, 2021		
	Contract amount (in thousands)	**Currency**	**Maturity date**
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	EUR 15,000	Sell EUR / USD	January 14, 2022~ March 14, 2022
Swap contracts:			
Foreign exchange swaps	USD 20,000	B/S USD / TWD	February 14, 2022~ March 14, 2022
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	USD 5,000	Buy USD / CNH	January 26, 2022
Foreign exchange forward	EUR 2,000	Sell EUR / USD	February 25, 2022

(Continued)

	December 31, 2020		
	Contract amount (in thousands)	**Currency**	**Maturity date**
Derivative financial assets:			
Swap contracts:			
Foriegn exchange swaps	USD 20,000	B/S USD / TWD	January 28, 2021~ February 26, 2021
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	EUR 37,000	Sell EUR / USD	January14, 2021~ April 14, 2021
Foreign exchange forward	USD 800	Buy USD / BRL	August 26, 2021
Swap contracts:			
Foreign exchange swaps	USD 30,000	B/S USD / TWD	March 12, 2021~ April 29, 2021

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

As of December 31, 2021 and 2020, the Company did not provide any aforementioned financial assets as collaterals.

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

	December 31, 2021	December 31, 2020
Eqity investments at fair value through other comprehensive income:		
Stocks unlisted on domestic markets	$ 26,169	31,135

(i) For the years ended December 31, 2021 and 2020, unrealized losses from above mentioned equity measured at fair value were $4,966 and $18,365, 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, 2021 and 2020.

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

(iv) The Company did not provide any aforementioned financial assets as collaterals for its loans.

(Continued)

(d) Derivative financial instruments used for hedging

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

	December 31, 2021	December 31, 2020
Cash flow hedge:		
Financial liabilities used for hedging:		
Foreign exchange forward contracts	$ -	2,192

(ii) Cash flow hedge－foreign exchanbe risk

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

The Company has no balance of cash flow hedging as of December 31, 2021. As of December 31, 2020, the amounts relating to the items designated as hedging instruments were as follows:

	December 31, 2020			
	Contract amount (in thousands)	Currency	Maturity date	Average strike price
Derivative financial liabilities used for hedging				
Forward contracts:				
Foreign exchange forward	EUR 6,000	Sell EUR / USD	April 29, 2021~ June 29, 2021	1.2192

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

For the years ended December 31, 2021 and 2020, the details of adjustments on reclassification from other comprehensive income were as follows:

	2021	2020
Cash flow hedge		
Profit (loss) in current year	$ 43,006	(1,736)
Less: Net income (loss) of adjustments on reclassification from components of other comprehensive income which belongs to net income (loss)	40,814	(4,415)
Net profit recognized in other comprehensive income	$ 2,192	2,679

(iv) For the years ended December 31, 2021 and 2020, the ineffective portion of cash flow hedge recognized in loss amounted to $0 and $(1,080), 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, 2021 and 2020, gain or loss of adjustments from reclassification of other equity, deriving from the changes of fair-value for hedge instruments, were recognized under operating revenues in income statement.

(Continued)

(e) Notes and accounts receivable

		December 31, 2021	December 31, 2020
Notes receivable from operating activities	$	-	17,574
Accounts receivable – measured at amortized cost		4,749,254	4,896,183
		4,749,254	4,913,757
Less: allowance for uncollectible accounts		(24,957)	(24,833)
	$	**4,724,297**	**4,888,924**

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 were determined as follows:

	December 31, 2021				
Credit rating		**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**	**Credit impaired**
Level A	$	1,703,746	0%	-	No
Level B		2,600,509	0.1%	2,640	No
Level C		426,952	1%	4,270	No
Level D		-	-	-	-
Level E		18,047	100%	18,047	Yes
Total	$	**4,749,254**		**24,957**	

	December 31, 2020				
Credit rating		**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**	**Credit impaired**
Level A	$	2,085,616	0%	-	No
Level B		2,430,280	0.1%	2,472	No
Level C		379,293	1%	3,793	No
Level D		-	-	-	-
Level E		18,568	100%	18,568	Yes
Total	$	**4,913,757**		**24,833**	

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

		December 31, 2021	December 31, 2020
Overdue 1~30 days	$	453,599	364,043
Overdue 31~60 days		125,620	55,096
Overdue 61~90 days		20,095	-
Overdue 91~180 days		12,376	26
Overdue over 181 days		25,726	18,568
	$	**637,416**	**437,733**

The movement in the allowance for notes and accounts receivable were as follows:

		2021	2020
Balance at January 1	$	24,833	22,596
Impairment losses recognized		124	2,237
Balance at December 31	$	**24,957**	**24,833**

As of December 31, 2021 and 2020, the Company did not provide any aforementioned notes and accounts receivable as collaterals for its loans.

(f) Inventories

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

		December 31, 2021	December 31, 2020
Raw materials	$	3,694,269	1,669,801
Finished goods		4,890,445	3,277,017
	$	**8,584,714**	**4,946,818**

(ii) Inventory cost recognized as operating cost for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Cost of sales and expense	$	31,361,581	26,205,769
Provision for inventory valuation and obsolescence loss		91,454	241,220
	$	**31,453,035**	**26,446,989**

(iii) As of December 31, 2021 and 2020, the Company did not provide any inventories as collaterals for its loans.

(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 accouned for using the equity method at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	$ 3,442,176	3,418,130
Associates	12,642	13,204
	3,454,818	3,431,334
Add: Recorded as deduction of other receivable from related parties	14,827	16,192
	$ 3,469,645	**3,447,526**

(i) Subsidiaries

Please refer to the 2021 consolidated financial statements for the year ended December 31, 2021.

(ii) Associates

The Company's financial information for investment accounted for using equity method that are individually insignificant was as follows:

	December 31, 2021	December 31, 2020
The carrying amount of the Company's interests in all individually insignificant associates' equity	**$ 12,642**	**13,204**

The Company's share of the net income (loss) of associates was as follows:

	2021	2020
Attributable to the Company:		
Net income from continuing operations	$ 261	372
Other comprehensive income (loss)	(9)	4
Total comprehensive income	**$ 252**	**376**

(iii) As of December 31, 2021 and 2020, the Company did not provide any investment accounted for using equity method as collaterals for its loans.

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020 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, 2021	$	463,262	828,128	197,419	463,086	90,952	242,224	25,804	2,310,875
Additions		415,716	-	1,494	102,337	10,776	19,314	21,187	570,824
Reclassifications		-	-	-	33,021	(2,366)	4,762	(37,783)	(2,366)
Disposals and derecognitions		-	-	(23,456)	(13,453)	(9,008)	(13,224)	-	(59,141)
Balance at December 31,2021	**$**	**878,978**	**828,128**	**175,457**	**584,991**	**90,354**	**253,076**	**9,208**	**2,820,192**
Balance at January 1, 2020	$	463,262	828,128	212,768	403,086	142,454	237,912	15,665	2,303,275
Additions		-	-	-	60,763	8,019	13,489	19,048	101,319
Reclassifications		-	-	-	3,960	-	1,320	(8,909)	(3,629)
Disposals and derecognitions		-	-	(15,349)	(4,723)	(59,521)	(10,497)	-	(90,090)
Balance at December 31, 2020	**$**	**463,262**	**828,128**	**197,419**	**463,086**	**90,952**	**242,224**	**25,804**	**2,310,875**
Depreciation and impairment loss:									
Balance at January 1, 2021	$	-	98,675	197,153	316,299	83,310	144,199	-	839,636
Depreciation		-	16,897	202	46,691	3,550	26,586	-	93,926
Disposals and derecognitions		-	-	(23,447)	(11,891)	(9,006)	(12,188)	-	(56,532)
Balance at December 31, 2021	**$**	**-**	**115,572**	**173,908**	**351,099**	**77,854**	**158,597**	**-**	**877,030**
Balance at January 1, 2020	$	-	81,607	212,216	284,653	139,363	130,165	-	848,004
Depreciation		-	17,068	278	36,288	3,439	24,531	-	81,604
Disposals and derecognitions		-	-	(15,341)	(4,642)	(59,492)	(10,497)	-	(89,972)
Balance at December 31, 2020	**$**	**-**	**98,675**	**197,153**	**316,299**	**83,310**	**144,199**	**-**	**839,636**
Carrying amounts:									
Balance at December 31, 2021	**$**	**878,978**	**712,556**	**1,549**	**233,892**	**12,500**	**94,479**	**9,208**	**1,943,162**
Balance at January 1, 2020	**$**	**463,262**	**746,521**	**552**	**118,433**	**3,091**	**107,747**	**15,665**	**1,455,271**
Balance at December 31, 2020	**$**	**463,262**	**729,453**	**266**	**146,787**	**7,642**	**98,025**	**25,804**	**1,471,239**

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

(ii) As of December 31, 2021 and 2020, the Company did not provide any Company's property, plant and equipment as collaterals.

(Continued)

(i) Right-of-use assets

The cost and depreciation of the right-of-use of the Company for the years ended December 31, 2021 and 2020 were as follow:

		Machinery	Vehicles and Other	Total
Cost:				
Balance at January 1, 2021	$	81,081	10,648	91,729
Additions		-	10,637	10,637
Disposals		-	(4,755)	(4,755)
Balance at December 31, 2021	$	**81,081**	**16,530**	**97,611**
Balance at January 1, 2020		81,081	14,547	95,628
Disposals		-	(6,896)	(6,896)
Balance at December 31, 2020		**81,081**	**10,648**	**91,729**
Depreciation:				
Balance at January 1, 2021	$	25,675	6,604	32,279
Depreciation		16,216	4,679	20,895
Disposals		-	(4,755)	(4,755)
Balance at December 31, 2021	$	**41,891**	**6,528**	**48,419**
Balance atJanuary 1, 2020		9,459	6,969	16,428
Depreciation		16,216	6,531	22,747
Disposal		-	(6,896)	(6,896)
Balance at December 31, 2020	$	**25,675**	**6,604**	**32,279**
Carrying amount:				
Balance at December 31, 2021	$	**39,190**	**10,002**	**49,192**
Balance at January 1, 2020	$	**71,622**	**7,578**	**79,200**
Balance at December 31, 2020	$	**55,406**	**4,044**	**59,450**

(j) Intangible Assets

Changes in cost and accumulated amortization of intangible assets for the years ended December 31, 2021 and 2020, were as follows:

		Goodwill	Authorization fee	Computer software and others	Total
Cost:					
Balance at January 1, 2021	$	6,556	51,016	123,633	181,205
Additions		-	-	75,005	75,005
Disposals		-	(11,902)	(54,115)	(66,017)
Balance at December 31, 2021	$	**6,556**	**39,114**	**144,523**	**190,193**

(Continued)

		Goodwill	Authorization fee	Computer software and others	Total
Balance at January 1, 2020	$	6,556	51,016	86,807	144,379
Additions		-	-	36,515	36,515
Reclassifications		-	-	413	413
Disposals		-	-	(102)	(102)
Balance at December 31, 2020	$	**6,556**	**51,016**	**123,633**	**181,205**
Accumulated amortization:					
Balance at January 1, 2021	$	-	39,742	70,035	109,777
Amortization		-	4,268	29,853	34,121
Disposals		-	(11,902)	(54,115)	(66,017)
Balance at December 31, 2021	$	**-**	**32,108**	**45,773**	**77,881**
Balance at January 1, 2020	$	-	35,037	45,581	80,618
Amortization		-	4,705	24,556	29,261
Disposals		-	-	(102)	(102)
Balance at December 31, 2020	$	**-**	**39,742**	**70,035**	**109,777**
Carrying amounts:					
Balance at December 31, 2021	$	**6,556**	**7,006**	**98,750**	**112,312**
Balance at January 1, 2020	$	**6,556**	**15,979**	**41,226**	**63,761**
Balance at December 31, 2020	$	**6,556**	**11,274**	**53,598**	**71,428**

(i) Amortization expenses

The amortization of intangible assets is included in the statements of comprehensive income:

		2021	2020
Operating costs	$	**4,916**	**2,239**
Operating expenses	$	**29,205**	**27,022**

(ii) As of December 31, 2021 and 2020, the Company did not provide any intangible assets as collaterals.

(k) Short-term borrowings

The short-tem borrowings were summarized a follows:

		December 31, 2021	December 31, 2020
Unsecured bank loans	$	**4,143,580**	**341,760**
Unused credit line for short-term borrowings	$	**1,541,037**	**5,174,111**
Annual interest rates		**0.05%~0.87%**	**0.25%~2.20%**

For the information on the Company's interest risk, foreign currency risk and liquidity risk, please see note (6)(w).

(Continued)

(l) Other current liabiliteis

The other current liabilities were summarized a follows:

	December 31, 2021	December 31, 2020
Temporary receipts－non-recurring engineering revenue and collection on behalf of others	$ 464,630	450,793
Others	233,573	68,140
	$ 698,203	**518,933**

(m) Unsecured convertible bonds payable

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

	December 31, 2021	December 31, 2020
Total convertible bonds issued	$ 1,000,000	1,000,000
Unamortized discounted bonds payable	(1,433)	(18,527)
Unamortized issuance cost on bonds payable	(496)	(1,254)
Accumulated converted amount	(671,500)	-
Balance of bonds payable as of the reporting date	**$ 326,571**	**980,219**
Conversion options included in equity components (recognized as capital surplus - stock options)	**$ 15,987**	**48,667**

	2021	2020
Interest expenses	**$ 11,968**	**13,727**

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 of $98.3 (TWD) per share upon issuance had been adjusted to $93 (TWD) per share after paying 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 paying cash dividend on ordinary shares in 2020 and 2021, respectively.

(iii) As the maturity date of the convertible bonds is on June 6, 2022, therefore, the convertible bonds are reclassified under current liabilities as of June 30, 2021.

(iv) As of December 31 , 2021, the convertible bonds with a par value of $671,500 were converted into ordinary shares of the Company with $81,363, and the capital surplus were recognized with $616,933 (including the stock options reclassified as Additional paid in capital of $32,680 and the unamortized discounts on bonds payable of $5,884).

(n) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 4,567	2,670
Non-current	$ 4,996	1,150

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

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	$ 99	82
Expenses relating to short-term leases	$ 11,651	10,709

(Continued)

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

	2021	2020
Total cash outflow for leases	$ **16,644**	**98,663**

(i) Machinery and vehicles lease

The Company leases machinery and vehicles with lease terms of 3 to 5 years.

(ii) Other leases

The Company leases office with contract terms of 1 years. 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, 2021	$ 235,477
Provisions made	329,221
Provisions used	(80,916)
Balance at December 31, 2021	$ **483,782**
Balance at January 1, 2020	$ 182,737
Provisions made	120,185
Provisions used	(67,445)
Balance at December 31, 2020	$ **235,477**

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

(p) Employee benefits

(i) Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 236,742	229,760
Fair value of plan assets	(130,840)	(130,641)
Net defined benefit liability	$ **105,902**	**99,119**

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

(Continued)

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to $130,840 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Balance at January 1	$ 229,760	216,618
Current service costs and interest	2,702	3,293
Remeasurement of net defined benefit liability	10,461	9,849
Pension payments	(6,181)	-
Balance at December 31	**$ 236,742**	**229,760**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Fair value of plan assets at January 1	$ 130,641	121,707
Contributions paid by the employer	4,081	4,079
Expected return on plan assets	818	1,220
Remeasurement of net defined benefit assets	1,481	3,635
Pension payments	(6,181)	-
Fair value of plan assets at December 31	**$ 130,840**	**130,641**
Actual return on plan assets	**$ 2,299**	**4,855**

(Continued)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Service cost	$ 1,278	1,144
Net interest of net liabilities for defined benefit obligations	1,424	2,149
Expected return on plan assets	(818)	(1,220)
	$ 1,884	**2,073**
Operating costs	$ 290	163
Selling expenses	224	175
Administrative expenses	306	413
Research and development expenses	1,064	1,322
	$ 1,884	**2,073**

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's actuarial gains and losses recognized in other comprehensive income, before tax for the years ended December 31, 2021 and 2020, were as follows:

	2021	2020
Cumulative amount at January 1	$ 71,803	65,589
Recognized	8,980	6,214
Cumulative amount at December 31	**$ 80,783**	**71,803**

6) Actuarial assumptions

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

i) Present value of defined benefit obligations

	December 31, 2021	December 31, 2020
Discount rate	0.625 %	0.625 %
Future salary increasing rate	3.000 %	3.000 %

(Continued)

ii) Defined benefit plan cost

	2021	2020
Discount rate	0.625 %	1.000 %
Future salary increasing rate	3.000 %	3.000 %

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date was $4,055.

The weighted-average duration of the defined benefit obligation is 13.42 years.

7) Sensitivity analysis

If the actuarial assumptions as of December 31, 2021 and 2020 had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate	(5,709)	5,925
Future salary increasing rate	5,670	(5,495)
December 31, 2020		
Discount rate	(6,020)	6,261
Future salary increasing rate	5,991	(5,807)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

8) The payments of pension to the qualified employees made by the Company amounting to $6,181 and $0 for the years ended December 31, 2021 and 2020 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 a fixed amount 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 $43,381 and $38,803 for the years ended December 31, 2021 and 2020, respectively. Payment was allocated to the Bureau of Labor Insurance.

(Continued)

(q) Income taxes

(i) Income tax expense

1) The amount of income tax (benefit) for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Current tax expense			
Recognized during the period	$	527,467	565,266
Additional tax on undistributed earnings		14,622	10,114
Adjustment for prior periods		(52,577)	(52,654)
		489,512	522,726
Deferred tax expense			
Origination and reversal of temporary differences		(24,412)	112,374
Income tax expense	**$**	**465,100**	**635,100**

2) The amount of income tax recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Exchange differences on translation of foreign financial statements	$	(16,838)	(21,239)
Defined benefit plan actuarial gains (losses)		(1,796)	(1,243)
	$	**(18,634)**	**(22,482)**

3) Reconciliation of income tax expense and profit before tax for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Income excluding income tax	$	2,252,644	2,349,042
Income tax using the Company’s domestic tax rate		450,529	469,808
Tax-exempt net profit and loss from investment		25,448	23,276
Changes in unrecognized temporary differences		87,637	175,551
Over provision in prior periods		(52,577)	(52,654)
Additional tax on undistributed earnings		14,622	10,114
Tax credit of investment		(70,000)	-
Others		9,441	9,005
	$	**465,100**	**635,100**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities: None.

(Continued)

2) Unrecognized deferred tax assets:

Details of unrecognized under deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Tax effect of deductible temporary differences	$ 296,430	208,793

The management considered that the temporary differences would probably not be reversed in the foreseeable future. Therefore, such temporary differences were not recognized under deferred tax assets.

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	Investment income recognized under the equity method (overseas)
Deferred Tax Liabilities:	
Balance at January 1,2021	$ 89,378
Recognized in profit or loss	76,419
Balance at December 31, 2021	$ 165,797
Balance at January 1,2020	$ 55,716
Recognized in profit or loss	33,662
Balance at December 31, 2020	$ 89,378

	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 1,2021	$ 14,357	44,300	25,078	40,748	9,526	55,464	189,473
Recognized in profit or loss	-	-	8,638	5,063	1,888	85,242	100,831
Recognized in other comprehensive income	1,796	16,838	-	-	-	-	18,634
Balance at December 31, 2021	$ 16,153	61,138	33,716	45,811	11,414	140,706	308,938
Balance at January 1,2020	$ 13,114	23,061	49,391	55,401	68,146	36,590	245,703
Recognized in profit or loss	-	-	(24,313)	(14,653)	(58,620)	18,874	(78,712)
Recognized in other comprehensive income	1,243	21,239	-	-	-	-	22,482
Balance at December 31, 2020	$ 14,357	44,300	25,078	40,748	9,526	55,464	189,473

(iii) The ROC tax authorities have examined the income tax expenses of the Company through 2019.

(Continued)

(r) Capital and other equities

For the years ended December 31, 2021 and 2020, the authorized ordinary stocks were both $3,000,000 of which 216,493 thousand shares and 208,409 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

(i) Ordinary shares

Reconciliation of shares outstanding for 2021 and 2020 were as follows:

	Ordinary shares	
(in thousands of shares)	**2021**	**2020**
Balance on January 1	208,409	208,535
Cancellation of employee restricted shares	(53)	(126)
Convertible bonds converted into ordinary shares	8,137	-
Balance on December 31	**216,493**	**208,409**

In 2018, the Company issued its employee restricted shares amounting to 45,000, wherein the amount of $532 and $1,255, respectively, had been cancelled due to failure in meeting the for vested requirements for the years ended December 31, 2021 and 2020. As of the reporting date, the registration procedure had been completed.

For the year ended December 31, 2021, by the request of bonds holders, the convertible bonds issued by the Company were converted into ordinary shares of $81,363 with 8,137 thousand new shares issued at par value. As of the reporting date, the registration procedures had already been completed, except for the amount of $64,011.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2021	**December 31, 2020**
Additional paid-in capital	$ 3,943,016	3,488,459
Difference between consideration and carry amount arising from acqusition or disposal of subsidiaries	3,698	3,698
Changes in equity of associates and joint ventures and subsidiaries accounted for using equity method	-	5,602
Issuance of convertible bonds	15,987	48,667
Issuance of employee restricted shares	69,699	115,168
	$ 4,032,400	**3,661,594**

(Continued)

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

The capital surplus resulted from the conversion of unsecured convertible bonds converted into ordinary shares from January 1 to December 31, 2021 was $616,933 (including the stock options reclassified as Additional paid in capital of $32,680 and the unamortized discounts on bonds payable of $5,884).

The Company’s Board of Directors meeting held on March 17, 2021 and 2020, approved to distribute the cash dividend of $208,377 ($0.99977022 per share) and $41,696 ($0.2 per share) through capital surplus, respectively. The related information can be accessed through the Market Observation Post System website.

The Company’s Board of Directors meeting held on March 10, 2022, approved to distribute the cash dividend of $217,406 ($1.0 per share) through capital surplus. The related information can be accessed through the Market Observation Post System website after the meeting.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve. The legal reserve can be exempted if it equals to the paid-in capital, besides, special reserves are supposed to be set aside or reversed in accordance with the relevant regulations or as required by the government. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan approved by the Board of Directors.

The retained earnings distributed to stockholders by cash should be approved by the Board of Directors which is authorized by the Company’s article of incorporation. The Company authorized the Board of Directors with two thirds or more of attendance, and over half of those to approve issuing all or part of cash dividends, capital surplus or legal reverse by cash, and reporting to the stockholders’meeting.

According to the Company’s stable dividend policy, the type of dividends should be determined after considering the business environment, operating performance, financial structure, etc. If retained earnings shall be distributed to stockholders which shall not be lower than 30% of the net income and the cash dividends to stockholders shall not be lower than 10% of total cash and stock dividends.

(Continued)

1) Legal reverse

In accordance with the Company Act as amended, 10 percent of net income after tax should be set aside as legal reserve, until it is equal to paid-in capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve in excess of 25 percent of the paid-in capital.

2) Special reverse

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve in 2019 earnings distribution; while in 2020 earnings distribution, a portion of current period earnings, plus other items recognized as undistributed current period earnings, and undistributed prior period earnings shall be reclassfied as a special earnings reserve. The amount to be reclassified should be equal to the total net current-period reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(iv) Earnings distributed

Earnings distribution for 2020 and 2019 was approved by the shareholders during their annual meeting held on March 17, 2021 and 2020, respectively. The relevant dividend distribution to shareholders were as follows:

	2020		2019	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Cash dividends distributed to ordinary shareholders	5.49873625	$ 1,146,071	4.50	938,174

The earnings distribution for 2021 approved by the Board of Directors meeting held on March 10, 2022 was as follows:

	2021	
	Amount per share	**Total amount**
Cash dividends distributed to ordinary shareholders from unappropriated earnings	$ 5.8	1,260,956

The related information of the earnings distribution for the year 2021, can be accessed through the Market Observation Post System website after the meeting.

(Continued)

(s) Share-based payment

(i) Employee restricted share

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

3,500 thousand shares of the aforementioned restricted shares are issued without consideration. 30%, 30% and 40% of the 3,500 thousand restricted shares are vested when the employees continue to provide service for at least 2 year, 3 years and 4 years, respectively, from the registration and the effective date, and at the same time, meet the performance requirement. In addition, when earnings per share in two consecutive and complete fiscal years from the registration and effective date are no less than $4 (TWD), 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 $3 (TWD) to $4 (TWD), 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 $3 (TWD), 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 is as follows:

Unit: in thousands of shares

	2021	2020
Outstanding unit at January 1	2,306	4,416
Canceled during the period	(53)	(126)
Vested during the period	(970)	(1,984)
Outstanding unit at December 31	**1,283**	**2,306**

(Continued)

As of December 31, 2021 and 2020, the unearned employee benefit were $13,030 and $45,606, respectivley.

The compensation cost was related to the employee restricted share were $32,576 and $73,545 for the years ended December 31, 2021 and 2020, respectively.

(t) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year 2021 and 2020 were as follows:

(i) Basic earnings per share

1) Net income attributable to ordinary shareholders of the Company

	2021	2020
Net income attributable to ordinary shareholders of the Company	$ **1,787,544**	**1,713,942**

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

	2021	2020
Weighted-average number of ordinary shares at December 31	**207,793**	**204,955**
Basic earnings per share (dollars)	$ **8.60**	**8.36**

(ii) Diluted earnings per share

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

	2021	2020
Net income attributable to ordinary shareholders of the Company(basic) (diluted)	$ **1,799,512**	**1,727,669**

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

	2021	2020
Weighted-average number of outstanding ordinary shares (basic)	207,793	204,955
Effect of remuneration to employees	2,970	3,327
Effect of employee restricted shares unvested	1,784	2,626
Convertible bonds payable	10,721	11,403
Weighted-average number of ordinary shares (diluted)	**223,268**	**222,311**
Diluted earnings per share (dollars)	$ **8.06**	**7.77**

(Continued)

(u) Revenue from contracts with customers

(i) Details of revenue

		2021 Networking Product Segment	2020 Networking Product Segmen
Primary geographical markets			
Europe	$	18,392,522	14,647,212
America		9,708,319	7,180,981
Asia and others		7,933,788	8,875,087
	$	**36,034,629**	**30,703,280**
Major products:			
Smart Home Solution	$	20,733,920	19,124,640
Broadband Solution		12,610,535	11,009,179
Mobility Solution		1,915,641	106,218
Materials and others		774,533	463,243
	$	**36,034,629**	**30,703,280**

(ii) Contract balances

		December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable	$	7,077,791	6,311,638	7,143,796
Less: allowance for uncollectible accounts		(24,957)	(24,833)	(22,596)
Total	$	**7,052,834**	**6,286,805**	**7,121,200**

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

(v) Remuneration to employees and directors

Based on the Company's articles of incorporation, if there is any profit without the remuneration of employees and directors in a fiscal year, it shall be distributed to employees as remuneration in an amount of not less than five percent (5%) and to directors as remuneration in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset its accumulated losses. Employees who are entitled to receive the above mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

(Continued)

For the years ended December 31, 2021 and 2020, the Company accrued employee remuneration of \$309,470 and \$262,880, and directors' remuneration of \$16,806 and \$16,876, respectively. The estimated amounts mentioned above are based on the net income before tax without the remuneration to employees and directors of each respective ending period, multiplied by the percentage of remuneration to employees and directors as specified under the Company's articles of incorporation. The estimations were recorded under operating expenses during 2021 and 2020.

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

There is no differences between the amounts approved in the Board of Directors' meeting and those recognized in the financial statement for the year ended December 31, 2020, the related information can be accessed through the Market Observation Post System website.

(w) Financial instruments

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

The Company's customers are mainly from the high-tech industry; therefore, the Company does not concentrate on a specific customer and the sales regions are widely spread, thus, there should be no concern on the significant concentrations of accounts receivable credit risk. In addition, in order to mitigate accounts receivable credit risk, the Company constantly assesses the financial status of its customers, wherein it does not require its customers to provide any collateral.

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 and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(f). In addition, the counterparties of the time deposits held by the Company are the financial institutions with investment grade credit ratings. Therefore, the credit risk is considered to be low.

(Continued)

The loss allowance provision as of December 31, 2021 and 2020 was determined as follows:

		Other receivables
Balance at January 1, 2021	$	45
Impairment loss reversed		(42)
Balance at December 31, 2021	**$**	**3**
Balance at January 1, 2020	$	105
Impairment loss reversed		(60)
Balance at December 31, 2020	**$**	**45**

(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, 2021					
Non-derivative financial liabilities					
Unsecured bank loans	$ 4,143,580	(4,143,580)	(4,143,580)	-	-
Accounts payable (including related parties)	7,649,990	(7,649,990)	(7,649,990)	-	-
Other payables (including related parties)	3,442,911	(3,442,911)	(3,442,911)	-	-
Bonds Payable	326,571	(328,500)	(328,500)	-	-
Lease liability－current and non-current	9,563	(9,700)	(4,656)	(3,616)	(1,428)
Deposits received	27,951	(27,951)	(27,951)	-	-
Derivative financial liabilities					
Other foreign exchange forward contracts:	989				
Outflow		(202,293)	(202,293)	-	-
Inflow		200,996	200,996	-	-
	$ 15,601,555	**(15,603,929)**	**(15,598,885)**	**(3,616)**	**(1,428)**

(Continued)

		Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
December 31, 2020						
Non-derivative financial liabilities						
Unsecured bank loans	$	341,760	(341,760)	(341,760)	-	-
Accounts payable (including related parties)		8,576,541	(8,576,541)	(8,576,541)	-	-
Other payables		2,099,040	(2,099,040)	(2,099,040)	-	-
Bonds Payable		980,219	(1,000,000)	-	(1,000,000)	-
Lease liability－current and non-current		3,820	(3,856)	(2,699)	(1,099)	(58)
Deposits received		381	(381)	(381)	-	-
Derivative financial liabilities						
Other foreign exchange forward contracts:		43,896				
Outflow			(1,317,070)	(1,317,070)	-	-
Inflow			1,276,738	1,276,738	-	-
Currency swap contracts:		2,283				
Outflow			(854,400)	(854,400)	-	-
Inflow			847,900	847,900	-	-
Foreign exchange forward contracts used for hedging:		2,192				
Outflow			(209,640)	(209,640)	-	-
Inflow			208,331	208,331	-	-
	$	12,050,132	(12,069,719)	(11,068,562)	(1,001,099)	(58)

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

Unit: thousand of foreign currency

		December 31, 2021			December 31, 2020		
		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets							
Monetary items							
USD	$	471,166	USD/TWD =27.68	13,041,875	333,601	USD/TWD =28.48	9,500,956
EUR		41,615	EUR/TWD =31.32	1,303,382	49,659	EUR/TWD =34.94	1,735,085

(Continued)

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial liabilities						
USD	588,514	USD/TWD =27.68	16,290,068	431,168	USD/TWD =28.48	12,279,665

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables (including related parties), loans and borrowings, accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. The analysis assumes that all other variables remain constant. A strengthening (weakening) 5% of each foreign currency against the functional currency on December 31, 2021 and 2020 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods:

	December 31, 2021	December 31, 2020
USD (against the TWD)		
Strengthening 5%	$ (162,410)	(138,935)
Weakening 5%	162,410	138,935
EUR (against the TWD)		
Strengthening 5%	$ 65,169	86,754
Weakening 5%	(65,169)	(86,754)

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 yeara ended December 31, 2021 and 2020, the foreign exchange (loss) gain (including realized and unrealized portions) amounted to $(137,476) and $3,558, 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, 2021	December 31, 2020
Fixed rate financial instrument:		
Financial assets	$ 4,000,000	5,000,000
Financial liabilities	(4,470,151)	(1,321,979)
	$ (470,151)	**3,678,021**
Variable rate financial instrument:		
Financial assets	**$ 2,765,945**	**2,706,460**

(Continued)

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%, the net income before tax would have increased or decreased by $6,915 and $6,766 for the years ended December 31, 2021 and 2020, respectively, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

(v) Fair value information

1) The kinds of financial instruments and fair value

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging is 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, except as described in the following paragraphs, 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 :

	December 31, 2021				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 17,980	-	17,980	-	17,980
Non-derivative financial assets mandatorily measured at fair value through profit or loss	37,475	-	-	37,475	37,475
Subtotal	55,455				
Financial assets measured at fair value through other comprehensive income					
Stocks unlisted on domestic markets	26,169	-	-	26,169	26,169
Financial assets measured at amortized cost					
Cash and cash equivalents	6,767,854	-	-	-	-
Notes and accounts receivable, net (including related parties)	7,052,834	-	-	-	-
Other receivables (including related parties)	1,422,993	-	-	-	-
Deposits received	92,483	-	-	-	-
Subtotal	15,336,164				
Total	**$ 15,417,788**				

(Continued)

	December 31, 2021				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 989	-	989	-	989
Financial liabilities measured at amortized cost					
Short-term borrowings	4,143,580	-	-	-	-
Accounts payable (including related parties)	7,649,990	-	-	-	-
Other payables	3,442,911	-	-	-	-
Bonds payable	326,571	-	-	-	-
Lease liabilities–current and non-current	9,563	-	-	-	-
Deposits received	27,951	-	-	-	-
Subtotal	15,600,566				
Total	**$ 15,601,555**				

	December 31, 2020				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 6,034	-	6,034	-	6,034
Non-derivative financial assets mandatorily measured at fair value through profit or loss	42,840	-	-	42,840	42,840
Subtotal	48,874				
Financial assets at fair value through other comprehensive income					
Stocks unlisted on demestic markets	31,135	-	-	31,135	31,135
Financial assets measured at amortized cost					
Cash and cash equivalents	7,707,957	-	-	-	-
Notes and accounts receivable, net (including related parties)	6,286,805	-	-	-	-
Other receivables (including related parties)	538,296	-	-	-	-
Deposits received	66,743	-	-	-	-
Subtotal	14,599,801				
Total	**$ 14,679,810**				

(Continued)

	December 31, 2020				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 46,179	-	46,179	-	46,179
Financial liabilities for hedging	2,192	-	2,192	-	2,192
Financial liabilities measured at amortized cost					
Short-term borrowings	341,760	-	-	-	-
Accounts payable (including related parties)	8,576,541	-	-	-	-
Other payables	2,099,040	-	-	-	-
Bonds payable	980,219	-	-	-	-
Lease liabilities－curent and non-current	3,820	-	-	-	-
Deposits received	381	-	-	-	-
Subtotal	12,001,761				
Total	$ **12,050,132**				

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and financial liabilities measured at amortized cost

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

3) 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.

(Continued)

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

b) Derivative financial instruments

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

4) Transfers between Level 1 and Level 2

There were no transfers from level 2 to level 1 in 2021 and 2020.

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
Opening balance, January 1, 2021	$ 42,840	31,135
Total gains and losses recognized		
In profit or loss	(5,365)	-
In other comprehensive income	-	(4,966)
Ending balance, December 31, 2021	**$ 37,475**	**26,169**
Opening balance, January 1, 2020	44,262	49,500
Total gains and losses recognized		
In profit or loss	(1,422)	-
In other comprehensive income	-	(18,365)
Ending balance, December 31, 2020	**$ 42,840**	**31,135**

(Continued)

For the years ended December 31, 2021 and 2020, 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:

	2021	2020
Total gains and losses recognized:		
In profit or loss, and including "Gains and losses from financial assets(liabilities) at fair value through profit or loss"	$ (5,365)	(1,422)
In other comprehensive income, and presented in "unrealized gains and losses from investment in equity instruments measured at fair value through other comprehensive income"	$ (4,966)	(18,365)

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investment without an active market	Comparable market approach	·Price-Book ratio multiples (1.58~5.31, and 1.45~5.33 on December 31, 2021 and 2020, respectively)	·The higher the multiple is , the higher the fair value will be.
		·Lack-of-Marketability discount rate (30% on December 31, 2021 and 2020)	·The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

(Continued)

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	Input	Move up or down	Other comprehensive income	
			Favorable	Unfavorable
December 31, 2021				
Financial assets measured at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 1,356	1,327
	Lack-of-Marketability discount rae	5%	$ 573	573
December 31, 2020				
Financial assets measured at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 1,572	1,599
	Lack-of-Marketability discount rae	5%	$ 660	689

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

(x) Financial risk management

(i) Briefings

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

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

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

(iii) Credit risk

Credit risk is the risk on the financial loss to the Company if a customer or a counterparty fails to meet its contractual obligations. It rises 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 superisors.

The Company's customers are mainly from the communications industry. And in order to monitor 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.

(Continued)

(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 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, 2021 and 2020, for the information of the unused credit lines of short-term, please see note (6)(k).

(v) Market risk

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

In order to manage market risk, there are some financial liabilities incurred by the Company from its buying and selling of derivatives. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Company seeks to apply hedge accounting in order to manage volatility in profit or loss.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Company, primarily USD and EUR.

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

The Company determines the existence of an economic relationship between the hedging instrument and hedged item 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 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 fix and variable interest rates to maintain its interest rate risk. The Company adopts contracts of interest swap to aviod variability of cash flows attributed to fluctuation of interest rate.

(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 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 is as follows:

	December 31, 2021	**December 31, 2020**
Total liabilities	$ 17,298,529	13,324,237
Total equity	12,656,101	11,609,361
Debt-to-equity ratio	137 %	115 %

As of December 31, 2021, there were no changes in the Company's approach to 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, 2021 and 2020were as follows:

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

(ii) Issuance of convertible bonds, please see notes (6)(m).

(Continued)

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes Other	December 31, 2021
Short-term borrowings	$ 341,760	3,801,820	-	4,143,580
Lease liabilities	3,820	(4,894)	10,637	9,563
Bonds payable	980,219	-	(653,648)	326,571
Deposits received	381	27,570	-	27,951
Total liabilities from financing activities	$ 1,326,180	3,824,496	(643,011)	4,507,665

	January 1, 2020	Cash flows	Non-cash changes Other	December 31, 2020
Short-term borrowings	$ 270,180	71,580	-	341,760
Lease liabilities	88,695	(87,872)	2,997	3,820
Bonds payable	966,492	-	13,727	980,219
Deposits received	-	381	-	381
Total liabilities from financing activities	$ 1,325,367	(15,911)	16,724	1,326,180

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Compal Electronics Inc. is both the parent company of the consolidated entity and the ultimate controlling party of the Company. It owns 35 percent of all shares outstanding of the Company, and it has issued 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 3)	〃

(Continued)

Name of related party	Relationship with the Company
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)	〃
Arcadyan Technology (Shanghai) Corp. (SVA)	〃
Arch Holding (BVI) Corp. (Arch Holding)	〃
Compal Networking (Kunshan) Co., Ltd. (CNC)	〃
Arcadyan Technology (Vietnam) Co. Ltd (Arcadyan Vietnam)	〃
Tatung Technology of Japan Co., Ltd. (TTJC)	〃
Quest International Group Co., Ltd. (Quest)	〃
Exquisite Electronic Co., Ltd. (Exquisite)	〃
Tatung Home Appliance (Wujiang) Co., Ltd. (TCH)	〃
Leading Images Ltd. (Leading Images) (Note 1)	〃
Astoria Networks GmbH (Astoria GmbH) (Note 2)	〃
Kinpo Group Management Service Company	The chairman of the entity's ultimate parent company is the same as that of the Company.
Compal Electronics (Vietnam) Co., Ltd.	The entity's ultimate parent company is the same
LIZ Electronics (Nantong) Co., Ltd.	An associate of parent company
AcBel Polytech Inc. (AcBel)	〃

Note 1: In December 2020, the liquidation procedures had been completed.
Note 2: In October 2020, the liquidation procedures had been completed.
Note 3: The company has been dissolved and liquidated on October 28, 2021.

(Continued)

(c) Significant related party transactions

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

		2021	2020
Subsidiaries:			
Arcadyan USA	$	7,323,420	5,413,289
Other subsidiaries		1,789,578	2,272,824
	$	**9,112,998**	**7,686,113**

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:

		2021	2020
Parent company	$	15,123	3,526
Other related parties		15,645	16,938
	$	**30,768**	**20,464**

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from 60 to 120 days, which were no different from the payment terms given by other vendors.

(iii) Processing cost

		2021	2020
Subsidiaries：			
CNC	$	12,985,802	11,026,936
Arcadyan Vietnam		1,091,354	1,065,328
	$	**14,077,156**	**12,092,264**

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 provided technical support, professional services and other services for the Company, and the related expenses for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Subsidiaries	$ 161,563	118,629
Other related parties	1,082	999
	$ 162,645	**119,628**

(v) Lease

The Company lease machinery from other related parties－CVC with a contract term of 5 years in June 2019. The lease payment will be collected by the parent company and had been paid in 2020. The balance of right-of-use assets amounted to $39,190 and $55,406 as of December 31, 2021 and 2020, respectively.

(vi) Loans to related parties

The loans to related parties (including interest receivable) were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries:		
Arcadyan Brazil	$ 36,148	37,128
Arcadyan RU	6,713	6,934
Less: Credit balance of investments accounted for using equity method transferred to dectuction of other receivable from related parties	(14,827)	(16,192)
	$ 28,034	**27,870**

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 $172 and $113 interest receivables for the years ended December 31, 2021 and 2020, which are recognized in other receivables, and no need to record a bad debt expense after the assessment.

(Continued)

(vii) Receivables from related parties

The other receivables arising from the transactions with relared parties mentioned above were as follows:

Account	Related party categories	December 31, 2021	December 31, 2020
Accounts receivable	Subsidiaries:		
	Arcadyan USA	$ 2,020,989	1,039,758
	Arcadyan Germany	266,118	242,935
	Other subsidiaries	41,430	115,188
		$ 2,328,537	**1,397,881**
Other receivables	Subsidiaries:		
	Arcadyan Vietnam	$ 1,276,111	303,959
	Arcadyan USA	77,749	129,953
	Other subsidiaries	4,129	5,359
		$ 1,357,989	**439,271**

(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, 2021	December 31, 2020
Accounts payable	Parent company	$ 13,937	1,823
Accounts payable	Subsidiaries:		
	CNC	2,028,930	3,407,485
	Other related parties	9,090	5,298
		$ 2,051,957	**3,414,606**
Other payable	Subsidiaries	**$ 25,205**	**19,862**

(d) Transactions with key management personnel compensation

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	$ 98,521	107,231
Post-employment benefits	1,078	1,062
Share-based payments	5,771	19,034
	$ 105,370	**127,327**

Please refer to note (6)(s) for further explanations related to share-based payment transactions.

(Continued)

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Assets	Subject	December 31, 2021	December 31, 2020
Other current assets	Bail for court mandatory execution	$ -	41,090

(9) Commitments and contingencies: None

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function / By item	2021			2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	122,762	1,435,846	1,558,608	49,417	1,331,903	1,381,320
Labor and health insurance	7,256	90,163	97,419	2,417	78,408	80,825
Pension	4,036	41,229	45,265	1,533	39,343	40,876
Remuneration of directors	-	16,771	16,771	-	16,874	16,874
Others	3,509	40,740	44,249	1,178	37,641	38,819
Depreciation	22,490	92,331	114,821	22,518	81,833	104,351
Amortization	4,916	29,205	34,121	2,239	27,022	29,261

The following are the additional information on the numbers of the Company's employees and their benefits:

	2021	2020
Number of employees	796	702
Number of directors who were not employees	7	7
The average employee benefit	$ 2,212	2,218
The average salaries and wages	$ 1,975	1,988
Average salary expense adjustment	(0.65)%	3.54 %
Remuneration of supervisors	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) is as follows:

The remuneration distribution for each director depends on degree of participation and contribution to the Company, which is reviewed by the Salary and Remuneration Committee and is approved by the Board of Directors.

(Continued)

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 following is 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, 2021:

(i) Loans to other parties:

Unit: In thousand dollars of TWD and 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, 4 and 5)	Note
0	The Company	Arcadyan do Brasil Ltda	Other receivables	Yes	57,020 (USD2,000)	35,984 (USD1,300)	35,984 (USD1,300)	1%	2	-	Operating demand	-	-	-	2,531,220	5,062,440	
0	〃	Arcadyan do Brasil Ltda	〃	Yes	55,620 (USD2,000)	55,360 (USD2,000)	-	1%	2	-	-	-	-	-	2,531,220	5,062,440	
0	〃	Arcadyan Technology Limited	〃	Yes	285,100 (USD10,000)	-	-	1%	1	4,349,995 (USD157,153)	-	-	-	-	2,531,220	5,062,440	
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	285,100 (USD10,000)	276,800 (USD10,000)	-	1%	1	4,345,760 (USD157,000)	-	-	-	-	2,531,220	5,062,440	
0	〃	Arcadyan Technology (Vietnam) Co. Ltd.	〃	Yes	255,510 (USD9,000)	-	-	1%	1	5,375,096 (USD194,187)	-	-	-	-	2,531,220	5,062,440	
0	〃	Arcadyan Technology Corporation (Russia), LLC	〃	Yes	57,020 (USD2,000)	-	-	1%	1	165,990 (USD5,997)	-	-	-	-	132,792 (USD4,797)	5,062,440	
0	〃	Arcadyan Technology Corporation (Russia), LLC	〃	Yes	27,800 (USD1,000)	27,800 (USD1,000)	6,705 (RUB18,000)	1%	1	377,472 (USD13,637)	-	-	-	-	301,977 (USD10,909)	5,062,440	
1	Arcadyan Holding	CNC	〃	Yes	484,670 (USD17,000)	-	-	1%	2	-	Operating demand	-	-	-	2,416,212	2,416,212	
1	Arcadyan Holding	CNC	〃	Yes	470,560 (USD17,000)	470,560 (USD17,000)	470,560 (USD17,000)	1%	2	-	Operating demand	-	-	-	2,416,212	2,416,212	
2	SVA	CNC	〃	Yes	153,440 (CNY35,000)	-	-	3.85%	2	-	Operating demand	-	-	-	28,344	28,344	

(Continued)

Note 1: Number 1 represents the business relationship with the Company; number 2 represents the short-term financing facility, if necessary.
Note 2: According to the policy of the Company on Lending Funds to Other Parties, the amount of loans to others shall not exceed 40% of the net worth of the Company. To borrowers having business relationship with the Company, the total amount of loans to the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expected amount for the current year, which shall not exceed 20% of the net worth of the Company. Also, the amount shall be combined with the Company's endorsements/guarantees for the borrower upon calculation. When a short-term financing facility is deemed necessary, only the investees of the Company are allowed to borrow. The total amount of loans to the borrower shall not exceed 80% of the its net worth, nor shall it exceed 20% of the net worth of the Company, and it shall be combined with the the Company's endorsements/guarantees for the borrower upon calculation.
Note 3: According to the policy of Arcadyan Holding on Loaning Funds to Others, the amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility with Arcadyan Holding is deemed necessary, only the investees of Arcadyan Holding are allowed to borrow. The total amount for lending the borrower shall not exceed its net worth , and it shall be combined with the Company's endorsements/guarantees for the borrower upon calculation.
Note 4: According to the policy of SVA on Loaning Funds to Others, the amount of loans to others shall not exceed 40% of the net worth of SVA. To borrowers having business relationship with SVA, 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 SVA. Also, the amount shall be combined with SVA's endorsements/ guarantees for the borrower upon calculation. When a short term financial facility is deemed necessary, only the investees of SVA are allowed to borrow. The total amount of loans to the borrower shall not exceed 80% of its net worth , nor shall it exceed 20% of the net worth of SVA, and it shall be combined with the SVA's endorsements/ guarantees for the borrower upon calculation.
Note 5: The amounts in New Taiwan Dollars were translated at the exchange rate of 27.68(USD), $4.344 (CNY) and $0.3725 (RUB) based on the year-end date.

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars of TWD/USD

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary (note 2)	Subsidiary endorsements / guarantees to third parties on behalf of parent company (note 2)	Endorsements/ guarantees to third parties on behalf of companies in Mainland China (note 2)
		Name	Relationship with the Company										
0	The Company	Arcadyan Technology Australia Pty Ltd.	100% Owned subsidiary	1,687,480	209,700 (USD7,500)	207,600 (USD7,500)	-	-	1.64 %	5,062,440	Y	N	N

Note 1: According to the policy of the Company for Endorsements and Guarantee, the total amount shall not exceed 40% of the net worth of the latest financial statements audited or reviewed by Certified Public Accountants, and the amount for a single company shall not exceed 1/3 of the total amount.
Note 2: Fill in "Y" if applicable, or "N" if not applicable.

(iii) Securities held as of December 31, 2021 (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 company	Account title	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Geo Things Inc.	-	Financial assets at fair value through profit or loss-noncurrent	200	-	7.14 %	-	
〃	AirHop Communication, Inc.	-	〃	1,152	-	4.60 %	-	
〃	Adant Technologies Inc.	-	〃	349	-	4.93 %	-	
〃	IOT Eye, Inc.	-	〃	60	-	13.75 %	-	
〃	TIEF Fund, L.P.	-	〃	-	37,475	7.49 %	37,475	
〃	Chimei Motor Electronic Co Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,650	26,169	7.17 %	26,169	
〃	Golden Smart home Technology Corp.	-	〃	1,229	-	6.14 %	-	

(Continued)

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

(In thousand dollars TWD)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales						Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	Shares	Amount
CNC	KRC Bank Gold Binary Structured Deposit	Current financial assets at fair value through profit or loss	KRC Bank	-	-	-	-	390,513	-	393,959	390,513	3,446	-	-	-	-
〃	Agricultural Bank of China "HuiLiFeng" Customization RMB structured deposit	〃	Agricultural Bank of China	-	-	130,799	-	260,342	-	393,905	390,513	3,392	-	(628) (note 1)	-	-

Note: Others include evaluation of profit and loss and exchange gains or losses etc.

(v) Acquisition of individual real estate with amount exceeding the lower of TWD$300 million or 20% of the capital stock:

(In thousand dollars of TWD)

Name of company	Name of property	Transaction date (Note 1)	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relation-ship with the Company	Date of transfer	Amount			
The Company	Land located at Guangfu Rd., Hsinchu City	March 17, 2021	415,480	Fully paid	Natural person	Non-related party	Not applicable	Not applicable	Not applicable	Not applicable	Bargaining in terms of appraisal	Operational use	None

Note 1: In respobnse to the demand of the business operation, the Group authorized the chairman to purchase land within $500,000 by a resolution of the Board of Directors on March 17, 2021. In addition, the Group has signed the land purchase agreement with non-related parties on April 7, 2021.

(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	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Arcadyan Germany	Subsidiary	(Sales)	(1,226,052)	(3)%	Net 150 days from delivery	-	-	266,118	4 %	
〃	Arcadyan USA	〃	(Sales)	(7,323,420)	(20)%	Net 120 days from delivery	-	-	2,020,989	29 %	
〃	Arcadyan AU	〃	(Sales)	(505,287)	(1)%	Net 60 days from the end of the month of delivery	-	-	23,439	- %	

(Continued)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	CNC	〃	Purchases	12,985,802	26 %	Net 120 days from delivery	According to cost plus pricing	-	(2,028,930)	(27)%	Note 1
〃	Arcadyan Vietnam	〃	Purchases	1,091,354	2 %	Net 180 days from the end of the month of delivery	〃	-	Note 2	- %	Note 1
CNC	The Company	Parent company	(Sales)	(12,985,802)	(100)%	Net 120 days from delivery	〃	-	2,028,930	- %	Note 1
Arcadyan Vietnam	The Company	Parent company	(Sales)	(1,091,354)	(100)%	Net 180 days from the end of the months of delivery	-	-	Note 2	- %	Note 1
Arcadyan Germany	The Company	Parent company	Purchases	1,226,052	100 %	Net 150 days from delivery	-	-	(266,118)	(100)%	
Arcadyan USA	〃	〃	Purchases	7,323,420	100 %	Net 120 days from delivery	-	-	(2,020,989)	(100)%	
Arcadyan AU	〃	〃	Purchases	505,287	100 %	Net 60 days from the end of the month of delivery	-	-	(23,439)	(100)%	

Note 1: The ending balance derived from the transactions on processing and sales of raw material.
Note 2: As of December 31, 2021, the other receivables were of amounted to 1,276,111 thousand.

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

Unit: In thousands 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 Germamy	Subsidiary	266,118	4.82	-		94,823	-
〃	Arcadyan USA	〃	2,020,989	4.79	-		1,360,434	-
〃	Arcadyan Vietnam	〃	1,276,111 (Note 2)	(Note 2)	-		-	-
CNC	The Company	Parent company	2,028,930 (note 1)	4.78	-		1,854,440	-

Note 1: The ending balance was accounts receivable derived from processing raw material.

Note 2: The ending balance was other receivable derived from purchasing on behalf of related parties.

Note 3: Balance as of March 1, 2022.

(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, 2021 (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, 2021	Original investment amount December 31, 2020	Balance as of December 31, 2021 Shares (thousands)	Balance as of December 31, 2021 Percentage of ownership	Balance as of December 31, 2021 Carrying value	Net Income (Losses) of the Investee	Investment Income (losses)	Note
The Company	Arcadyan Holding	British Virgin Islands	Investment activities	2,219,782	2,359,732	64,780	100%	2,323,746	335,159	289,888	Subsidiary
The Company	Arcadyan USA	USA	Selling of wireless networking products	23,055	23,055	1	100%	162,359	83,123	83,123	〃
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	76,914	8,474	8,474	〃
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	11,899	(436)	(436)	〃
The Company and ZHI-BAO	Arcadyan Brasil	Brasil	Selling of wireless networking products	81,593	81,593	968	100%	(14,827)	(148)	(148)	〃
The Company	ZHI-PAL	Taipei City	Investment activities	48,000	48,000	34,980	100%	415,117	6,825	6,825	〃
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	371,174	(219,951)	(134,266)	〃
The Company	AcBel Telecom	Taipei City	Investment activities	23,000	23,000	4,494	51%	32,638	(121)	(62)	〃
The Company	Arcadyan UK	England	Technical support of wireless networking products	1,988	1,988	50	100%	4,206	793	793	〃
The Company	Arcadyan AU	Austrilia	Selling of wireless networking products	1,161	1,161	50	100%	41,705	3,213	3,213	〃
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	2,492	-	100%	5,856	(1,361)	(1,361)	〃
The Company	CBN	Hsinchu County	Manufacturing and selling of broadband network products	11,925	11,925	533	1%	12,642	32,744	261	Investments accounted for using equity method
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	13,507	-	3,500	100%	11,389	(1,448)	(1,448)	Subsidiary
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	804,104 (USD29,050)	527,304 (USD19,050)	29,050	100%	854,011 (USD30,853)	138,028 (USD4,928)	Investment gain (losses) recognized by Arcadyan Holding	Sub-Subsidiary
〃	Arch Holding	British Virgin Islands	Investment activities	304,784 (USD11,011)	304,784 (USD11,011)	35	100%	1,045,972 (USD37,788)	186,372 (USD6,655)	〃	〃
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	802,720 (USD29,000)	525,920 (USD19,000)	-	100%	849,942 (USD30,706)	138,028 (USD4,928)	Investment gain(losses) recognized by Sinoprime	〃
TTI	Quest	Samoa	Investment activities	33,216 (USD1,200)	33,216 (USD1,200)	1,200	100%	(64,119)	(96,963)	Investment gain(losses) recognized by TTI	〃
TTI	TTJC	Japan	Selling digital home appliance	9,626	9,626	0.7	100%	3,945	(1,325)	〃	〃
Quest	Exquisite	Samoa	Investment activities	32,386 (USD1,170)	32,386 (USD1,170)	1,170	100%	(76,480) (USD(2,763))	(96,967) (USD(3,462))	Investment gain(losses) recognized by Quest	〃
ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	36,272	36,272	13,140	19.19%	311,536	32,744	Investment gain (losses) recognized by ZHI-BAO	Investments accounted for using equity method by subsidiary

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of $US28.009 / EUR$33.159 based on the yearly average exchange rate for net income(losses) of the investees, others were translated at the exchange rate of US$27.68/EUR$31.32 based on the year-end date.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands of TWD/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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period	Note
					Outflow	Inflow (note 6)							
SVA	Research and sale of wireless networking products	224,208 (USD8,100)	note 1	(Note 4) 509,866 (USD18,420)	-	138,400 (USD5,000)	371,466 (USD13,420)	6,442 (USD230)	100%	6,442 (USD230)	28,344 (USD1,024)	-	Note 3
CNC	Manufacturing of wireless networking products	344,616 (USD12,450)	〃	(Note 5) 304,784 (USD11,011)	-	-	304,784 (USD11,011)	186,372 (USD6,654)	100%	186,372 (USD6,654)	1,045,972 (USD37,788)	-	〃
TCH	Manufacturing of household electronics products	92,728 (USD3,350)	notes 1 and 7	31,832 (USD1,150)	-	-	31,832 (USD1,150)	(96,967) (US(3,462))	100%	(96,967) (USD(3,462))	(76,950) (USD(2,780))	-	〃

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 $US28.009 based on the yearly average exchange rate for net income(losses) of the investees, others were translated at the exchange rate of US$27.68 based on the year-end date.
Note 3: The amounts are according to the financial statements which have been audited and certified by parent company's independent external CPA.
Note 4: The Company paid US$18,420 thousands and acquired 100% shares of SVA Arcadyan 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: SVA decreased its capital amounting to US$15,000 thousands to offset its accumulated losses in March 2009. On April 7, 2021, the capital had been returned to the shareholders amounting to US$5,000.
Note 7: The Company's subsidiary, TTI, obtained control over TCH for US$1,150 thousands on February 28, 2013 (base date of stock transferring).

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
708,082 (USD25,581)	708,082 (USD25,581)	7,593,661

Note : The amounts in TWD were translated at the exchange rate of $27.68 on December 31, 2021.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2021, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(Continued)

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Compal Electronics Inc.	41,304,504	19.08 %
Capital Investment In Custody For New Labor Pension Fund (2021 I)	11,182,298	5.16 %

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2021.

6. For the most recent year until the publication date of the annual report, Financial Position Impacted by Insolvency Incidents Encountered by the Company and Affiliates Should be Detailed: None.

VII. Review of Financial Position, Financial Performance and Risk Issues

1. Financial Position

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

Unit: thousand of TWD

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	28,532,932	24,721,922	3,811,010	15.42
Investments accounted for using equity method	324,178	338,950	(14,772)	(4.36)
Property, plant, and equipment	3,762,513	2,518,009	1,244,504	49.42
Other assets	1,281,490	1,228,345	53,145	4.33
Total Assets	33,901,113	28,807,226	5,093,887	17.68
Current liabilities	20,476,963	15,368,928	5,108,035	33.24
Non-current liabilities	501,037	1,476,302	(975,265)	(66.06)
Total Liabilities	20,978,000	16,845,230	4,132,770	24.53
Ordinary shares	2,164,926	2,084,095	80,831	3.88
Capital surplus	4,032,400	3,661,594	370,806	10.13
Retained earnings	6,738,883	6,106,197	632,686	10.36
Other equity interests	(280,108)	(242,525)	(37,583)	15.50
Non-controlling interests	267,012	352,635	(85,623)	(24.28)
Total Equity	12,923,113	11,961,996	961,117	8.03

(2) Main reasons and impact of material variations

(Analysis of variations exceeding 20% and amounting exceeding TWD 10 million)

1. Property, plant and equipment: Mainly due to the land purchase, construction of plants, and purchase of machinery equipment for the operating development of the current period.
2. Current liabilities: Mainly due to the increase in short-term borrowings and the reclassification of long-term corporate bonds payable to one-year maturity corporate bonds payable for the current period.
3. Non-current liabilities: Mainly due to the reclassification of long-term corporate bonds payable to current liabilities.
4. Total liabilities: Mainly due to the increase in short-term borrowings

for the current period as compared to the last period.

5. Non-controlling interest: Mainly due to the increase in losses of the subsidiary for the current period.

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

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

2. Financial Performance:

(1) Operating profit and after-tax profit for the last two years (consolidated)

Unit: thousand of TWD

Item \ Year	2021	2020	Amount increase (decrease)	Fluctuation percentage (%)
	Total	Total		
Operating revenues	38,240,058	33,765,295	4,474,763	13.25
Operating costs	32,930,556	28,711,844	4,218,712	14.69
Gross profit	5,309,502	5,053,451	256,051	5.07
Operating expenses	3,110,415	2,769,974	340,441	12.29
Net operating income	2,199,087	2,283,477	(84,390)	(3.70)
Non-operating income and expenses	73,693	54,873	18,820	34.30
Net income before tax	2,272,780	2,338,350	(65,570)	(2.80)
Income tax expense	570,980	707,745	(136,765)	(19.32)
Net income	1,701,800	1,630,605	71,195	4.37
Other comprehensive income of the current period (after tax)	(77,222)	(97,919)	20,697	(21.14)
Total comprehensive income of the current period	1,624,578	1,532,686	91,892	6.00
Net income attributes to owners of the Parent	1,787,544	1,713,942	73,602	4.29
Net income attributable to non-controlling interests	(85,744)	(83,337)	(2,407)	2.89
Comprehensive income attributed to owners of parent	1,710,201	1,612,095	98,106	6.09
Comprehensive income attributed to non-controlling interests	(85,623)	(79,409)	(6,214)	7.83

(2) Main reasons of material variations

(Analysis of variations exceeding 20% and amounting exceeding TWD 10 million)

1. Non-operating income and expense: Mainly due to the increase in interest income.
2. Other comprehensive income of the current period (after tax): Mainly due to the decrease in losses from exchange differences on the translation of financial statements of foreign operating organizations.

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

Due to the pandemic of COVID-19, the global demand for remote work and cloud applications is rapidly increasing. Networking devices will continue to keep growing under the continuous construction of broadband infrastructure in various regions. The Company expects the shipment of network products will grow by 10% to 15% in 2022 as compared to the preceding year.

(4) Potential impact on the Company's finances and sales in the future and response plan

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

3. Cash Flow Analysis (Consolidated)

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

Unit: thousand of TWD

Cash and Cash Equivalents, Beginning of Year	Net cash flow from operating activities	Other net cash inflow	Foreign exchange adjustments	Cash Surplus	Financing of cash deficit	
					Investment Plans	Financing Plans
9,079,768	(1,524,264)	450,567	(35,292)	7,970,779	None	None

- Net cash outflow from operating activities amounted to TWD 1,524,264 thousand: Mainly due to the increase in inventory for the current period.
- Net cash outflow from investment amounted to TWD 1,789,637 thousand: Mainly due to the increase in acquiring property, plant, and equipment.
- Net cash inflow from financing activities amounted to TWD 2,240,204 thousand: Mainly due to the increase in short-term borrowings for the current period.

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

(3) Cash Flow Analysis for the Coming Year:

Unit: thousand of TWD

Cash and Cash Equivalents, Beginning of Year	Estimated net cash flow from operating activities for the year	Other estimated net cash outflow	Estimated Cash Surplus	Estimated financing of cash deficit	
				Investment Plans	Financing Plans
7,970,779	1,300,000	(2,300,000)	6,970,779	None	None

- Estimated net cash inflow from operating activities for the year of TWD 1,300,000 thousand: Mainly the projection of cash inflow generated from operating activities.
- Estimated net cash flow from financing activities for the year of TWD 1,000,000 thousand: Mainly due to increase in capital expenditure for 2022.
- Estimated net cash outflow from financing activities for the year of TWD 1,300,000 thousand: Mainly due to the disbursement of cash dividend for 2021 and the increase in short-term borrowings.

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

(1) Major capital expenditures and sources of capital:

Unit: thousand of TWD

Item	Actual or expected source of capital	Actual or expected completion date	Capital required	Actual or expected capital use		
				2020	2021	2022
Plant and equipment acquired	Proprietary funds	2022	731,524	183,474	477,088	70,962
Land purchase	Proprietary funds	2021	415,480	-	415,480	-

(2) Expected Benefits

To cater to business growth, the Company has expanded the production capacity of the production base in Vietnam and increased the investment in automated equipment to enhance the production efficiency; due to the expansion of headcounts and continually investment of R&D resources, the Company has purchased land to construct new office building.

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 investment strategy of the Company 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 broadband wireless networking industry to accumulate the core resources and strengthen core competency of the Company.

(2) Causes of profit or loss incurred on investments in the most recent year, and any plans for improvement:

Recently, the Company's effort in actively adjusting product strategy and acquiring new customers is emerging. Even though part of the production capacity has not reached economy of scale, the overall recognition of investment income recognized under equity method for 2021 amounted to TWD 6,685 thousand. In the future, the Company shall continue to strive to acquire new business to increase the usage of production capacity and strengthen investment management, regularly examine the return on investment.

(3) Investment plans for the coming year

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

6.Risk Management

(1) For the Most Recent Year up to the Publication Date of this 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: thousand of TWD

Item	2021	First quarter of 2022
Net interest income and expense	29,190	1,248
Net foreign exchange gains or losses (incl. financial assets and liabilities at fair value through profit or loss)	(18,168)	24,090
Net operating revenue	38,240,058	10,299,679
Net operating income	2,199,087	476,220
Net interest income and expense to net sales revenue	0.08%	0.01%
Net interest income and expense to net operating income	1.33%	0.26%
Net foreign exchange gains or losses to net sales revenue	(0.05)%	0.23%
Net foreign exchange gains or losses to net operating income	(0.83)%	5.06%

1. Impact of interest rates fluctuations and response measores

The net interest income of the Company for 2021 amounted to TWD 29,190 thousand or 0.08% of net sales revenue or 1.33% of net operating income. The net interest income in the first quarter of 2022 amounted to TWD 1,248 thousand or 0.01% of net sales revenue or 0.26% of net operating income. The Company maintains good relationships with the banks to acquire competitive interest rates and keeps proper lending ratios. Therefore, the fluctuation in interest rates does not have large impact on the Company.

2. Impact of foreign exchange rates fluctuations and response measures

The sales and purchase of the Company are mainly in USD. Meanwhile, part of the sales are denominatd in EUR and there are also some CNY assets. The foreign currency assets are greater than liabilities. The net foreign exchange losses (including valuation of financial instruments) for 2021 amounted to TWD 18,168 thousand or (0.05)% of net sales revenue or (0.83)% of net operating income; the net foreign exchange gains (including valuation of financial instruments) in the first quarter of 2022 amounted to TWD 24,090 thousand or 0.23% of net sales revenue or 5.06% of net operating income. The foreign exchange losses for 2021 were mainly due to the depreciation of USD and EUR against TWD.

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

A. The Company has certain receivables and payables to be denominated in the same foreign currency, therefore natural hedge is received. Furthermore, the net foreign currency position is monitored and managed by dedicated financial personnel to reduce the risk of exposure.

B. To maintain close relationship with the banks and grasp the change in foreign exchange market and microeconomics that can serve as the reference for the relevant personnel to get the favorable price in time.

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.

3. 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 this Annual Report, Policies, Main Causes of Gain or Loss, and Future Response Measures with Respect to Highrisks, Highly-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

1. The Company focuses on its main business and does not make high-risk, highly-leveraged investments, all investments are executed after assessment prudently.
2. The Company only offers financing to its related parties, mainly providing short-term financing for their operating needs. These transactions are executed in accordance with “Procedures for Loaning Funds to Other Parties”.
3. The Company is engaged in endorsement and guarantee activities only between subsidiaries and the parent company. The arrangements are covered by “Procedures for Endorsements and Guarantees.”
4. The book value of derivatives financial instruments held as of December 31, 2021 and March 31, 2022 are as follows:

Item	December 31, 2021 Book value	March 31, 2022 Book value
Current financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments not used for hedging:	19,713	17,863
Held-for-trading financial liabilities:	1,589	51,185

The main reason to use financial derivatives instruments (including forward exchange contracts and swap trading) is for hedging purposes, mainly to mitigate the risks arisen from fluctuation of foreign exchange rates and interest rates to net position of foreign currency assets and liabilities, and not for speculation purposes. In addition to following the regulations stipulated by the competent authorities and GAAP, the Shareholders’ Meeting also adopted a resolution to the establishment of “Procedures for Acquisition or Disposal of Assets” to govern the transactions concerning derivative financial instruments.

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

In recent years, the Company is moving toward developing highly integrated, high value-added products. The relevant R&D projects and their progresses proceed as planned. In the future, the Company shall continue to invest in R&D for new products, developing niche market products, retaining talents, capital and technology and striving for the leading position in R&D capability. The Company estimates the R&D expenditure in 2022 will amount to TWD 2,500,000 thousand.

(4) For the most recent year up to the publication date of the annual report, effects of and response to changes in local and foreign policies and regulations relating to corporate finance and sales:

The Company conforms to the corporate governance regulations, Company Act and Securities and Exchange Act imposed by the competent authorities. Further, the Management of the Company closely monitors the changes of both domestic and foreign important policies and regulations, hiring legal consultants for advisory services, and undertaking countermeasures in a timely manner.

(5) For the most recent year up to the publication date of the annual report, effects of and response to changes in technology (including cyber security risks) and the industry relating to corporate finance and busines:

The Company has established an R&D center to conduct the necessary research to cater for the future needs of the relevant products, such as material research, simulation of design structures and etc., as well as a professional patent team to manage the valuable IP of the Company. Meanwhile, the knowledge process team is solely responsible for institutionalizing processes and information management. For the information security risk control, the Company has devised and implemented the information security management system and set up information security policy documents to specify the regulations regarding information security of the Company. In addition, information security risk assessments and internal/external information security cycle audits are carried out annually on a regular basis to ensure the effectiveness and legal compliance of the management system. Thus, the Company is able to respond quickly and properly to technological and industrial changes.

(6) For the most recent year up to the publication date of the annual report, the impact of changes in corporate image on corporate risk management, and the Company's response measures:

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

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

(8) For the most recent year up to the publication date of the annual report, expected benefits from, risks relating to, and response to factory expansion plans:

To cater to the growth of operating scale, the appropriate diversification of production bases to overseas locations can also increase production capabilities and take up more orders. The Phase-I new plant in Vietnam has been established and put into operation since the third quarter of 2021. It is estimated that the construction of Phase-II plant in Vietnam will begin in the third quarter of 2022, which will be beneficial to the growth of sales revenue and profitability, as well as expanding the market share. The operational and financial feasibility of expansion and construction of factory are all assessed by the technical teams before execution, so as to mitigate the potential risks and prepare for the relevant countermeasures.

(9) For the most recent year up to the publication date of the annual report, risks relating to and response to excessive concentration of purchasing sources and excessive customer concentration:

1. 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 wafers) are placed with several international brands. The Company has fostered a good relationship with its procuring counterparts and thus has no risk from lack of diversification.
2. Sales: The main sales products of the Company are broadband wireless networking products. For the latest fiscal year, the top 10 major customers are all well-known telecom operators or major information and telecommunication brands. As such, there is no risk from lack of diversification.

(10) For the most recent year up to the publication date of the annual report, effects of, risks relating to, and response to large share transfers or changes in shareholdings by Directors or Shareholders with shareholdings of over 10%: None.

(11) For the most recent year up to the publication date of the annual report, effects of, risks relating to, and response to the changes in management: None

(12) For the most recent year up to the publication date of the annual report, for litigation or non-litigation cases involving the Company, Directors, CEO, actual persons in-charge or major Shareholders with a stake of 10% or more that have been concluded or are still pending, and have material impact on the Shareholders' interest or security prices, disclosure should be made regarding the content of the disputes, the sum of penalty or claim, the commencement date of the suits, the parties involved and the status as of the publication date of the annual report:

In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against Compal Electronics concerning its former employees who joined Compal Electronics. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. 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.

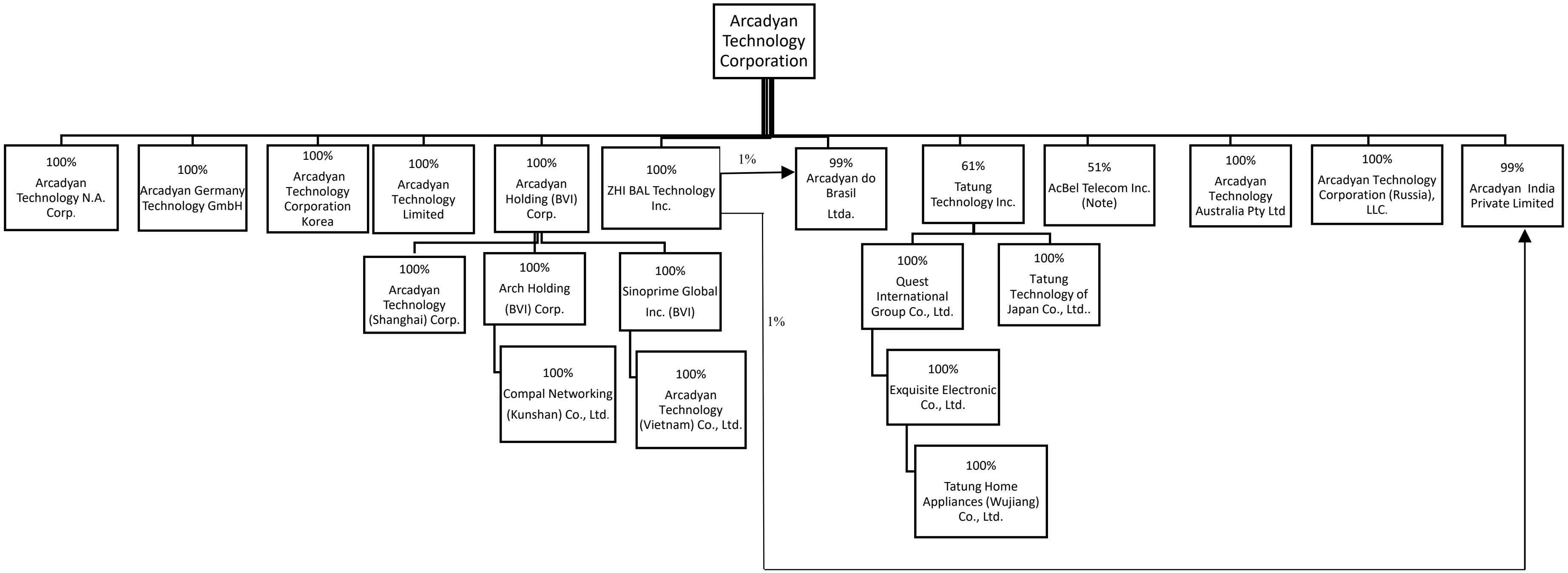
VIII. Special Disclosure

1. Summary of Affiliated Companies

(1) Consolidated business reports with affiliated enterprises

1. Organizational chart of affiliates

December 31, 2021



Note: The Company had been resolved to be dissolved and liquidated on October 28, 2021.

2. Basic Information of Affiliated Companies

December 31, 2021 Unit: thousand dollars

Company Name	Date of Establishment	Address	Paid-up capital	Main business activities or products
Arcadyan Technology N.A. Corp.	July 30, 2003	5450 Thornwood Dr, Unit J Floor 2 San Jose CA 95123-1222, USA	USD 669	Sales of wireless networking products
Arcadyan Germany Technology GmbH	April 11, 2007	Koelner Strasse 10b D-65760 Eschborn, Germany	EUR 25	Sales and Technical support for wireless networking products
Arcadyan Technology Corporation Korea	October 16, 2014	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.	April 24, 2015	Travessa Francisca Rios n° 48, Centro, Pouso Alegre, Minas Gerais	BRL 9,682	Sales of wireless networking products
Arcadyan Technology Limited	August 16, 2016	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	March 28, 2017	37 Midlothian Street Malvern East VIC 3145	AUD 50	Sales of wireless networking products
Arcadyan Technology Corporation (Russia), LLC.	June 2, 2020	17/2, Skakovaya street, floor 7, room 2, Moscow, Russia, 125040	RUB 20,000	Sales of wireless networking products
Arcadyan Holding (BVI) Corp.	March 7, 2007	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 64,780	General investments
Sinoprime Global Inc.(BVI)	December 29, 2004	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.	March 26, 2019	Lot D4-5-6, Thang Long Vinh Phuc Industrial Zone, Thien Ke Commune, Binh Xuyen District, Vinh Phuc Province, Vietnam	USD 29,000	Production and sales of wireless networking products
Arcadyan Technology (Shanghai) Corp.	April 17, 2002	Room 1308, Buliding 20., No.487 Tianlin Rd., Xuhui District, Shanghai, China	USD 8,100	Research and sales of wireless networking products

Company Name	Date of Establishment	Address	Paid-up capital	Main business activities or products
Arch Holding (BVI) Corp.	May 24, 2007	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.	June 26, 2006	No. 520 Nanbang Road, Economic & Technological Development Zone, Kunshan, Jiangsu, China	USD 12,450	Production and sales of wireless networking products
Zhi Bao Technology Inc	August 10, 2009	8F., No. 8, Sec. 2, Guangfu Rd., Hsinchu City	TWD 349,800	General investments
Tatung Technology Inc.	January 21, 2008	10F, No. 288, Section 6, Civic Boulevard, Xinyi District, Taipei City	TWD 410,000	Development and sale of digital home electronics
Tatung Technology of Japan Co., Ltd.	November 22, 2017	1 Chome-2-18, Mita, Minato-ku, Tokyo-to, Japan	JPY 35,000	Sales of digital home electronics
Quest International Group Co., Ltd.	December 11, 2012	Unit 25, 2nd Floor,Nia Mall, Saleufi Street, Apia, Samoa	USD 1,200	General investments
Exquisite Electronic Co., Ltd.	February 3, 2012	Unit 25, 2nd Floor,Nia Mall, Saleufi Street, Apia, Samoa	USD 1,170	General investments
Tatung Home Appliances (Wujiang) Co., Ltd.	February 13, 2001	No. 508 Youming Road, Songling Town, Wujiang District, Suzhou, Jiangsu, China	USD3,350	Production and sales of digital home electronics
AcBel Telecom Inc. (Note)	November 29, 2004	5F, No. 58, Lane 188, Ruiguang Road, Neihu District, Taipei City	TWD87,990	General investments
Arcadyan India Private Limited	March 25, 2021	Fifth Floor, Unit-F516, The Sapphire, Sector 49, Gurgaon,Gurgaon, Haryana, 122018	INR 35,000	Sales of Wireless Networking Products

Note: The Company had been resolved to be dissolved and liquidated on October 28, 2021.

3. The businesses of affiliated companies and the association of these businesses

December 31, 2021

Industry	Name of Affiliated Enterprises	Business Relations with Other Affiliated Enterprises
Holding Company	Arcadyan Holding (BVI) Corp.	Investsd in Sinoprime Global Inc.(BVI), Arch Holding (BVI) Corp., Arcadyan Technology (Shanghai) Corp.
	Arch Holding (BVI) Corp.	Invested in Compal Networking (Kunshan) Co., Ltd.
	Zhi Bao Technology Inc.	Invested in Arcadyan do Brasil Ltda., Arcadyan India Private Limited
	Quest International Group Co., Ltd.	Invested in Exquisite Electronic Co., Ltd.
	Exquisite Electronic Co., Ltd.	Invested in Tatung Home Appliances (Wujiang) Co., Ltd.
	AcBel Telecom Inc. (Note)	-
	Sinoprime Global Inc.(BVI)	Invested in Arcadyan Technology (Vietnam) Co., Ltd.
Wholesaling of Electronics	Arcadyan Technology N.A. Corp.	Sales of Wireless Networking Products
	Arcadyan Technology Corporation Korea	Sales of Wireless Networking Products
	Arcadyan do Brasil Ltda.	Sales of Wireless Networking Products
	Arcadyan Technology Australia Pty Ltd	Sales of Wireless Networking Products
	Arcadyan Technology Corporation (Russia), LLC.	Sales of Wireless Networking Products
	Arcadyan India Private Limited	Sales of Wireless Networking Products
	Tatung Technology Inc.	Research and Sales of digital home electronics
	Tatung Technology of Japan Co., Ltd.	Sales of digital home electronics
	Arcadyan Germany Technology GmbH	Sales and Technical support for wireless networking products
Manufacturing of electronics	Compal Networking (Kunshan) Co., Ltd.	Production and sales of wireless networking products
	Arcadyan Technology (Vietnam) Co., Ltd.	Production and sales of wireless networking products
	Tatung Home Appliances (Wujiang) Co., Ltd.	Production and sales of digital home electronics
Technical Service	Arcadyan Technology (Shanghai) Corp.	Research and sales of wireless networking products
	Arcadyan Technology Limited	Technical support of wireless networking products

Note: The Company had been resolved to be dissolved and liquidated on October 28, 2021.

4. Directors, Supervisors and Management Team of Affiliated Companies

December 31, 2021 Unit: share; %

Company Name	Position	Name or Representative	Shares Held	
			Number of Shares	Percentage of Shareholding
Arcadyan Technology N.A. Corp.	Director	Arcadyan Technology Corporation. (Representative: Lin Yen-Ju)	1,000	100%
	President	Lin Yen-Ju	0	0%
Arcadyan Germany Technology GmbH	Manager	Arcadyan Technology Corporation. (Representative: Tseng Chao-Peng)	500	100%
Arcadyan Technology Corporation Korea	Director	Arcadyan Technology Corporation. (Representative: Tseng Chao-Peng)	20,000	100%
Arcadyan do Brasil Ltda.	Manager	Hsiun Nien-Cheg	964,510	99%
Arcadyan Technology Limited	Director	Arcadyan Technology Corporation. (Representative: Tseng Chao-Peng)	50,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Lin Keng-Tien)	50,000	100%
Arcadyan Technology Australia Pty Ltd	Director	Arcadyan Technology Corporation. (Representative: Tseng Chao-Peng)	50,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Lu Fong-Yu)	50,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Linda, Chu)	50,000	100%
Arcadyan Technology Corporation (Russia), LLC	Manager	Isakova Nadezhda Pavlovna	0	100%
Arcadyan Holding (BVI) Corp.	Director	Arcadyan Technology Corporation. (Representative: Chen Jui-Tsung)	64,780,148	100%
	Director	Arcadyan Technology Corporation. (Representative: Tseng Chao-Peng)	64,780,148	100%
Sinoprime Global Inc.(BVI)	Director	Arcadyan Holding (BVI) Corp. (Representative: Chen Jui-Tsung)	29,050,000	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Tseng Chao-Peng)	29,050,000	100%
Arcadyan Technology (Vietnam) Co., Ltd.	Chairman & President	Sinoprime Global Inc.(BVI) (Representative: Tseng Chao-Peng)	0	100%
Arch Holding (BVI) Corp.	Director	Arcadyan Holding (BVI) Corp. (Representative: Chen Jui-Tsung)	34,900	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Tseng Chao-Peng)	34,900	100%

Company Name	Position	Name or Representative	Shares Held	
			Number of Shares	Percentage of Shareholding
Arcadyan Technology (Shanghai) Corp.	Chairman	Arcadyan Holding (BVI) Corp. (Representative: Tseng Chao-Peng)	0	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Lu Ching-Hsiung)	0	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Lu Fong-Yu)	0	100%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Liu Chung-Pao)	0	100%
	Director	Arcadyan Holding (BVI) Corp. Representative: Chen Chien-Lin)	0	100%
	Supervisor	Arcadyan Holding (BVI) Corp. (Representative: Huang Shih-Wei)	0	100%
	President	Liu Chung -Pao	0	0%
Compal Networking (Kunshan) Co., Ltd.	Chairman	Arch Holding (BVI) Corp. (Representative: Lu Fong-Yu)	0	100%
	Director	Arch Holding (BVI) Corp. (Representative: Chen Jui-Tsung)	0	100%
	Director	Arch Holding (BVI) Corp. (Representative: Tseng Chao-Peng)	0	100%
	Supervisor	Arch Holding (BVI) Corp. (Representative: Lu Ching-Hsiung)	0	100%
	President	Liu Chung -Pao	0	0%
Zhi Bao Technology Inc.	Chairman	Arcadyan Technology Corporation. (Representative: Tseng Chao-Peng)	34,980,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Wang Cheng-Chiang)	34,980,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Lu Ching-Hsiung)	34,980,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Lu Fong-Yu)	34,980,000	100%
	Supervisor	Arcadyan Technology Corporation. (Representative: Huang Shih-Wei)	34,980,000	100%
	President	Tseng Chao-Peng	0	0%
Tatung Technology Inc.	Chairman	Arcadyan Technology Corporation. (Representative: Lu Fong-Yu)	25,027,910	61%
	Director	Arcadyan Technology Corporation. (Representative: Tseng Chao-Peng)	25,027,910	61%
	Director	Arcadyan Technology Corporation. (Representative: Chen Chien-Lin) (Note 1)	25,027,910	61%
	Director	Arcadyan Technology Corporation. (Representative: Hsiung Nien-Che)	25,027,910	61%
	Director	Arcadyan Technology Corporation. (Representative: Lee Chih-Fang)	25,027,910	61%

Company Name	Position	Name or Representative	Shares Held	
			Number of Shares	Percentage of Shareholding
	Director	Shang Chi Investment Co., Ltd. (Representative: Lin Chia-Tien)	1,027,056	3%
	Director	Chunghwa Investment Holding Company (Representative: Chien Chih-Cheng)	4,570,830	11%
	Supervisor	Chiang Ya-Ling	0	0%
	Supervisor	Chi Sheng Investment Co., Ltd. (Representative: Lin Chang-Chuan)	2,727,272	7%
	Supervisor	Huang Chih-Cheng	0	0%
	President	Huang Kuei-Che (Note 2)	0	0%
Tatung Technology of Japan Co., Ltd.	Chairman	Tatung Technology Inc. (Representative: Lu Fong-Yu)	700	100%
	Director	Tatung Technology Inc. (Representative: Tseng Chao-Peng)	700	100%
Quest International Group Co., Ltd.	Director	Tatung Technology Inc. (Representative: Tseng Chao-Peng)	1,200,000	100%
	Director	Tatung Technology Inc. (Representative: Lu Fong-Yu)	1,200,000	100%
Exquisite Electronic Co., Ltd.	Director	Quest International Group Co., Ltd. (Representative: Tseng Chao-Peng)	1,170,000	100%
	Director	Quest International Group Co., Ltd. (Representative: Lu Fong-Yu)	1,170,000	100%
Tatung Home Appliances (Wujiang) Co., Ltd.	Chairman	Exquisite Electronic Co., Ltd. (Representative: Lu Fong-Yu)	0	100%
	Director	Exquisite Electronic Co., Ltd. (Representative: Tseng Chao-Peng)	0	100%
	Director	Exquisite Electronic Co., Ltd. (Representative: Liu Chung -Pao)	0	100%
	Supervisor	Exquisite Electronic Co., Ltd. (Representative: Huang Shih-Wei)	0	100%
	President	Liu Chung -Pao	0	0%
AcBel Telecom Inc.	Chairman	Arcadyan Technology Corporation. (Representative: Tseng Chao-Peng)	4,494,111	51%
	Director	Arcadyan Technology Corporation. (Representative: Lu Fong-Yu)	4,494,111	51%
	Director	AcBel Polytech Inc. (Representative: Hsu Chieh-Li)	4,292,216	49%
	Supervisor	Huang Shih-Wei	0	0%
	President	Lu Fong-Yu	0	0%

Company Name	Position	Name or Representative	Shares Held	
			Number of Shares	Percentage of Shareholding
Arcadyan India Private Limited	Director	Arcadyan Technology Corporation. (Representative: Hsiung Nien-Che)	3,500,000	100%
	Director	Arcadyan Technology Corporation. (Representative: Lee Yi-Shu)	3,500,000	100%
	Director	Arcadyan Technology Corporation. (Representative: RAJ KUMAR BHOLA)	3,500,000	100%

Note 1: On February 25, 2022, Ms. Chen Chien-Lin resigned as Director while Mr. Huang Shih-Wei became a newly-appointed Director.

Note 2: On February 16, 2022, Mr. Huang Kuei-Che resigned as President; the new President is Mr. Huang Shih-Wei.

5. Operational Highlights of Affiliated Companies for 2021

Unit: thousand of TWD

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net loss/profit for the period (after tax)	EPS (in TWD) (After tax)
Arcadyan Technology N.A. Corp.	23,055	2,820,564	2,603,252	217,312	7,463,825	123,522	83,123	83,122.49
Arcadyan Germany Technology GmbH	1,125	393,682	316,768	76,914	1,297,117	11,442	8,474	16,948.30
Arcadyan Technology Corporation Korea	2,879	146,284	134,385	11,899	1,078,031	(1,535)	(436)	(21.80)
Arcadyan do Brasil Ltda.	81,593	25,748	40,247	(14,499)	0	(1,560)	(148)	(0.15)
Arcadyan Technology Limited	1,988	4,388	182	4,206	20,795	990	793	15.85
Arcadyan Technology Australia Pty Ltd	1,161	75,829	30,277	45,552	497,424	3,689	3,213	64.26
Arcadyan Technology Corporation (Russia), LLC	2,492	22,199	16,318	5,881	62,277	(1,547)	(1,361)	-
Arcadyan Holding (BVI) Corp.	2,359,732	2,416,212	0	2,416,212	0	0	335,159	5.17
Sinoprime Global Inc.(BVI)	804,104	854,011	0	854,011	0	0	138,028	4.75
Arcadyan Technology (Vietnam) Co., Ltd.	802,720	7,653,782	6,803,840	849,942	7,796,479	166,187	138,028	-
Arch Holding (BVI) Corp.	292,024	1,045,972	0	1,045,972	0	0	186,372	5,340.48
Arcadyan Technology (Shanghai) Corp.	362,608	45,081	16,737	28,344	110,683	5,662	6,442	-
Compal Networking (Kunshan) Co., Ltd.	344,616	8,764,180	7,718,208	1,045,972	22,320,748	120,110	186,372	-
Zhi Bao Technology Inc.	349,800	415,230	113	415,117	0	(107)	6,825	0.20
Tatung Technology Inc.	410,000	1,783,859	1,178,684	605,175	2,102,124	(96,038)	(219,951)	(5.36)

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net loss/profit for the period (after tax)	EPS (in TWD) (After tax)
Quest International Group Co., Ltd.	33,216	(75,719)	0	(75,719)	0	0	(96,963)	(80.80)
Exquisite Electronic Co., Ltd.	32,386	(76,480)	0	(76,480)	0	0	(96,967)	(82.87)
Tatung Home Appliances (Wujiang) Co., Ltd.	116,845	266,252	343,202	(76,950)	139,318	(99,734)	(96,967)	-
Tatung Technology of Japan Co., Ltd.	9,626	3,957	12	3,945	0	(1,325)	(1,325)	(1,892.86)
AcBel Telecom Inc.	87,990	64,097	200	63,897	0	(405)	(121)	(0.01)
Arcadyan India Private Limited	13,507	11,844	320	11,524	0	(1,448)	(1,448)	(0.41)

Note 1: The Company had been resolved to be dissolved and liquidated on October 28, 2021.
Note 2: The amount in TWD were translated at the exchange rate on December 31, 2021.

(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, 2021 (from January 1 to December 31, 2021) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Arcadyan Technology Corporation and its subsidiaries do not prepare a separate set of combined financial statements.

Company name: Arcadyan Technology Corporation

Person In-Charge: Chen Jui-Tsung

March 10, 2022

(3) Affiliation reports

1. Controlling Company

December 31, 2021

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	
		Shares Held	Percentage of Shareholding	Shares Pledged	Position	Name
Compal Electronics Inc. (Compal Electronics hereafter) (Note)	Parent company of the Company	41,304,504	19.08%	-	Director	Chen Jui-Tsung, Wong Chung-Pin, Peng Sheng-Hua, Liu Chng-Pao

Note: The total shareholding of the Company held by Compal Electronics and its subsidiaries amounted to 35%, and thus a de facto control.

2. Transaction with Controlling Company

(1) Purchase or sale transactions with Controlling Company

The purchase transactions made by the Company with the Controlling Company amounted to TWD 15,123 thousand, and the purchasing prices are on par with other customers. As of December 31, 2021, the outstanding amount totaled TWD 13,937 thousand, and was recognized as account payables.

(2) Property transactions with Controlling Company: None.

(3) Financing transactions with Controlling Company: None.

(4) Leasing transactions with Controlling Company: None.

(5) Other material transaction(s): None.

3. 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