

Stock Code: 3596

# Arcadyan Technology Corporation

## 2023 Annual General Shareholders Meeting Meeting Handbook

Date: June 15, 2023

Meeting type: Physical shareholders meeting

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

**Notice to Reader:** For the convenience of readers, this document has been translated into English from the original Chinese version. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

# Contents

	Page
I. Meeting Procedure -----	1
II. Meeting Agenda -----	2
III. Report Items-----	3
IV. Election Items -----	20
V. Ratification and Discussion Items -----	23
VI. Extraordinary Motions-----	51
VII. Appendix	
1. Rules of Procedure for Shareholders Meetings (Before Amendment) -----	52
2. Procedures for Election of Directors -----	57
3. Articles of Incorporation (Before Amendment) -----	59
4. Shareholding of Directors of the Company -----	65
5. Other Matters for Explanation-----	66

# **Meeting Procedure**

# **Arcadyan Technology Corporation**

## **2023 Annual General Shareholders**

### **Meeting Procedure**

- I. Call Meeting to Order
- II. Chairman's Address
- III. Report Items
- IV. Election Items
- V. Ratification and Discussion Items
- VI. Extraordinary Motions
- VII. Meeting Adjourned

# **Meeting Agenda**

# **Arcadyan Technology Corporation**

## **2023 Annual General Shareholders Meeting Agenda**

Time: 9:00 am, June 15, 2023 (Thursday)

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

- I. Chairman's Address
- II. Report Items
  1. Report on the business status of 2022.
  2. Audit Committee's review report of 2022.
  3. Report on the distribution of remuneration to employees and directors of 2022.
  4. Report on the earnings distribution of cash dividends of 2022.
  5. Report on cash distribution from capital surplus.
- III. Election Items
  1. Election of the 9th term of directors
- IV. Ratification and Discussion Items
  1. To ratify the business report and financial statements of 2022.
  2. To ratify the earnings distribution of 2022.
  3. To approve the amendment to the "Articles of Incorporation".
  4. To approve the amendment to the "Rules of Procedure for Shareholders Meetings".
  5. To approve the release of non-competition restrictions for newly elected directors of the Company.
- V. Extraordinary Motions
- VI. Meeting Adjourned

# **Report Items**

## **Item 1**

Proposed by the Board of Directors

Subject: Report on the business status of 2022.

Explanatory Notes: The Business Report of 2022 is attached (please refer to page 4 to page 7).



# Business Report

## I. Business Results of 2022

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

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

### (II) Financial Status and Profitability

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

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

### (III) Progress in Research and Development

1. The developed products are including: 5G FWA CPE, Whole Home Wifi (Wifi Mesh Network) smart home solution, 4G/LTE Small Cell integrated SON (Self Organizing Network) features, Indoor and Outdoor LTE Routers/Gateways, 802.11ax and 802.11ac (Single-band, Dual-band and Tri-band) Wireless Routers, 802.11ax and 802.11ac VDSL Routers, Repeaters used to expand Wifi coverage, Android TV OTT/IP STB support Ultra-high resolution (4K) and HDR (High Dynamic Range Imaging), GPON OLT/ONT and NG-PON2 Fiber products, and DOCSIS 3.1 & 3.0 Cable Modems.
2. Keep integrating and optimizing the new functions into the next generation IAD, such as Zigbee, Z-wave, BLE, DECT ULE and NFC, and introducing AI (Artificial Intelligence) algorithm, Intelligent Diagnostic functions, IEEE1905.1, EasyMesh™ R1/R2 Multi-interfaces Management System, and big data cloud analysis platform optimization.
3. Expedite developing next generation 5G CPE (Customer Premise Equipment), 5G Small Cell, MEC Switch, Smart Home Gateway plus IOT (Internet of Things) applications, 76GHz- 80GHz Automotive Blind Spot Detection (BSD) Active warning radar system and AI/Big Data/Cloud computing integration technology.

## II. 2023 Business Prospects

### (I) Operating Strategy

1. 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.

2. 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.
3. Expansion of the MSO (Multiple System Operator) market share and enhance market positioning, active development of new customers, expansion of Cable Modem production lines, and increase product penetration at the customer end through the provision of added-value services.
4. 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.
5. Cooperate with local technical suppliers in each market segment and country, to penetrate the local telecom markets together.
6. Technical collaborate with the key chipset vendors and front-end suppliers in order to lead new technology trend and penetrate the product markets together.
7. Keep scaling up the capacity of Vietnam manufacturing site, and optimizing the capacity transferring between our China and Vietnam manufacturing sites, in order to appropriately diversify the risk of overseas production sites.
8. 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.
9. Through the operations of Sustainability Committee, the Company sets the sustainability strategy and development goals and continues to interact with all stakeholders to achieve the objectives of sustainability future.

## (II) Expected Sales Overview

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

## (III) Key Production and Marketing Policies

1. In the next stage of product planning, we will continue to develop gateways supporting Smart Home and IOT functions, built-in wireless modules for consuming multimedia products (such as Smart TV and home voice assistant), high-level CPE required by ISP providers such as 5G Terminal Equipment and IAD that support fixed mobile convergence and Small-Cell and MEC switches that support 5G O-RAN architecture, high-end Android TV OTT/IP STB with ultra-high resolution (4K) and high dynamic range imaging (HDR), new-generation cable modem routers, and 76GHz-80GHz Automotive Blind Spot Detection (BSD) Active Warning Radar system. In addition, Smart CPE with adopted AI computing and big data cloud analysis represents another focus of our R&D efforts.
2. Keep expanding the JDM business scale to gain the advantage of a greater economic scale, scaling up the production capacity and introducing automation production process of Vietnam manufacturing site, selecting EMS collaborating partners, appropriately diversifying the risk of overseas production sites, and enhancing the manufacturing flexibility by above-mentioned multiple manufacturing sites.
3. Increase the sales proportion of high-margin and high-price products.

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

#### (I) 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.

#### (II) 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. Though the material shortage has been mitigated last year, the unexpected raising interest rates by the Federal Reserve throughout last year has resulted in the deterioration of the overall global economy where the uncertainty of the economic prospects of governments of various countries, especially European and American countries, has surged, and the global consumer market has once again become less optimistic. It is therefore projected that the Company will face more arduous competition and challenges in all fields of its operations in the future. The Company will continue to enhance its product technologies, strengthen supply chain management and adaptability, build multi-regional manufacturing flexibility, advance cost competitiveness, strengthen the competitive edge in the field of time to market, and actively develop, cultivate, and maintain cooperative relationships based on mutual benefit with telecom customers with the ultimate goal of expanding our market share. The Company will strive to overcome the uncertainty in the market conditions to continue to expand the market share.

#### IV. Conclusion

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

Good Health and Prosperity!

**Chairman of the Board:** Jui-Tsung Chen

**Chief Executive Officer:** Chao-Peng Tseng

**Chief Accounting Officer:** Shih-Wei Huang

## **Item 2**

Proposed by the Board of Directors

Subject: Audit Committee's review report of 2022.

Explanatory Notes:

1. The Financial Statements, business report and earnings distribution proposal for the Year 2022 have been reviewed and examined by the Audit Committee and the review report was issued. The Financial Statements for the year 2022 have been audited by the Independent Auditors and the Independent Auditors' Report was issued, accordingly.
2. The Independent Auditors' Report is attached (please refer to page 9 to page 15).
3. The Audit Committee's review report is attached (please refer to page 16).



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## Independent Auditor's Report

To the Board of Directors of Arcadyan Technology Corporation:

### Opinion

We have audited the consolidated financial statements of Arcadyan Technology Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arcadyan Technology Corporation and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

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

## 1. Inventory valuation

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

### Description of key audit matters:

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

### How the matter was addressed in our audit:

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

### **Other Matter**

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

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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



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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2023



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## Independent Auditor's Report

To the Board of Directors of Arcadyan Technology Corporation

### Opinion

We have audited the financial statements of Arcadyan Technology Corporation (“ the Company” ), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2022 and 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

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

#### 1. Inventory valuation

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

Description of key audit matters:

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

Therefore, the valuation of inventory is one of the key audit matters.

How the matter was addressed in our audit:

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2023

## **Audit Committee's Review Report**

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

To:

The 2023 Annual General Shareholders Meeting of the Company

**Arcadyan Technology Corporation**

**Chairman of Audit Committee:** 

March 14, 2023

### **Item 3**

Proposed by the Board of Directors

Subject: Report on the distribution of remuneration to employees and directors of 2022.

Explanatory Notes:

1. In accordance with Article 27 of the Articles of Incorporation of the Company.
2. The remuneration to employees and directors of 2022 were NT\$327,896,254 and NT\$17,635,331 respectively, which were approved by the Remuneration Committee and the Board of Directors of the Company, should be paid in cash. There were no difference between the amounts and those recognized in financial statements of 2022.

#### **Item 4**

Proposed by the Board of Directors

Subject: Report on the earnings distribution of cash dividends of 2022.

Explanatory Notes:

1. In accordance with the Company Act and Article 27-1 of the Articles of Incorporation of the Company, the Company authorizes the Board of Directors to distribute dividend in the form of cash, after a resolution adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors, and shall report such distribution to the shareholders meeting.
2. The earnings distribution of 2022 to shareholders as dividend totals NT\$1,211,948,766, all of which are in the form of cash, and NT\$5.5 per share is distributed. If there are changes in the number of outstanding shares and result in the cash ratio of shareholders amended in the future, the Chairman was entitled with full authority to handle.
3. The Board of Directors has set a record date of cash dividend on July 19, 2023.

## Item 5

Proposed by the Board of Directors

Subject: Report on cash distribution from capital surplus.

Explanatory Notes:

1. In accordance with the Company Act and Article 27-1 of the Articles of Incorporation of the Company, the Company authorizes the Board of Directors to distribute capital surplus 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 such distribution to the shareholders meeting.
2. In accordance with Article 241 of the Company Act, the Board of Directors adopted by resolution of a cash distribution in the amount of NT\$220,354,321 from capital surplus derived from the amount of the subscription price in excess of par value of ordinary shares issued by the Company. The distribution was NT\$1.0 per share, based on the holdings of shareholders as recorded in the shareholders roster on the record date of the cash distribution. If there are changes in the number of outstanding shares and result in the cash ratio of shareholders amended in the future, the Chairman was entitled with full authority to handle.
3. The Board of Directors has set a record date for cash distribution from capital surplus on July 19, 2023.



# **Election Items**

## Item 1

Proposed by the Board of Directors

Subject: Election of the 9th term of directors.

Explanatory Notes:

1. The directors of the 8<sup>th</sup> term of the Company were elected by the shareholders meeting on June 18, 2020 for a term of office with three years, from June 18, 2020 to June 17, 2023.
2. Nine directors of 9th term (including three independent directors) shall be elected in accordance with the Company's Articles of Incorporation and the resolution of the Board of Directors. The term of office is three years, from June 15, 2023 to June 14, 2026. The original directors shall be dismissed after re-election.
3. The election of directors and independent directors adopts a candidate nomination system and procedure in accordance with the relevant laws and the Company's Articles of Incorporation. The candidates list has been adopted by the resolution of Board of Directors on May 4, 2023. The shareholders shall elect from the nominees listed in the roster of director and independent director candidates as attached. (Please refer to page 21 to page 22). Submit for election.

Election Result:

## Arcadyan Technology Corporation

### List of candidates for Directors and Independent Directors

Category of candidate(s)	Name of the candidate(s)	Academic qualifications	Principal experience	Number of shares held by the representative of the juristic person (shares)	Number of shares held by the representative (shares)
Director	Compal Electronics Inc. Representative: Jui-Tsung Chen	Bachelor's degree of Electrical Engineering, National Cheng Kung University	Compal Electronics Inc./ Vice Chairman, CSO	41,304,504	2,276,000
Director	Compal Electronics Inc. Representative: Chung-Pin Wong	Master's degree of Management Science, National Chiao Tung University	Compal Electronics Inc./ Director, President	41,304,504	429
Director	Compal Electronics Inc. Representative: Sheng-Hua Peng	Master's degree of Electrical Engineering, National Taiwan University	Compal Electronics Inc./ Director, Executive Senior Vice President	41,304,504	0
Director	Compal Electronics Inc. Representative: Chung-Pao Liu	EMBA, National Chiao Tung University	Arcadyan Technology Corporation/ Vice President	41,304,504	36,079
Director	Chao-Peng Tseng	MBA, Oklahoma State University	Arcadyan Technology Corporation/ President	0	162,669
Director	Cheng-Hua Sun	Master's degree of Graduate Institute of National Development, National Taiwan University	Prosecutor of Taiwan Shilin District Prosecutors Office, Judge of Civil Counts and Presiding Judge of Criminal Counts of Taiwan Taipei District Court, Chief Legal Officer of Yuanta Financial Holdings	0	0
Independent Director	Ing-Jen Lee (Note 1)	Ph.D. in Electrical Engineering, National Taiwan University	Litemax Electronics Inc./ Chairman	0	0
Independent Director	Ching-Chang Wen (Note 1)	Ph.D. in Electrical Engineering, University of Pennsylvania	New E Materials Co., Ltd./ Chairman	0	0
Independent Director	Wen-An Yang (Note 2)	Master's degree of Commerce, National Taiwan University	Durbun Digital Solutions, Inc./ Chairman	0	0

Note 1. Mr. Ing-Jen Lee and Mr. Ching-Chang Wen possess extensive industry knowledge and experience and have provided important suggestions and contributions to the Company's operation. Although both have been re-elected as independent directors for over 3 consecutive terms, the Company still relies on their expertise and believes that both can remain independent when making judgments and performing duties. Thus, the Board of Directors proposes to re-elect them as independent directors of the Company.

Note 2. Mr. Wen-An Yang was a CPA of an accounting firm. He possesses extensive knowledge and experience in finance and accounting and has provided important suggestions and contributions to the Company's operation. Although he has been re-elected as an independent director for over 3 consecutive terms, the Company still relies on his expertise and believes that he can remain independent when making judgments and performing duties. Thus, the Board of Directors proposes to re-elect him as independent director of the Company.

# **Ratification and Discussion Items**

## **Item 1**

Proposed by the Board of Directors

Subject: To ratify the business report and financial statements of 2022.

Explanatory Notes:

1. The Company's business report and financial statements of 2022 have been examined by the Audit Committee and adopted a resolution by the Board of Directors (the earnings distribution proposal is listed as Item 2 of the Ratification and Discussion Items).
2. The financial statements (please refer to page 24 to page 31) and the business report (please refer to page 4 to page 7) are attached for ratification.

Resolution:

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

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed In thousand dollars of TWD)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents	\$ 7,579,551	19	7,970,779	24	2100	Short-term borrowings	\$ 4,386,582	11	4,363,580	13
1110	Current financial assets at fair value through profit or loss	187	-	19,713	-	2120	Current financial liabilities at fair value through profit or loss	30,795	-	1,589	-
1170	Notes and accounts receivable, net	10,796,715	27	7,692,296	23	2126	Current financial liabilities for hedging	47,809	-	-	-
1200	Other receivables (including related parties)	276,728	1	98,994	-	2171	Accounts payable (including related parties)	14,180,945	36	9,785,660	29
1310	Inventories, net	14,563,558	37	12,496,419	37	2200	Other payables	4,807,007	12	3,844,588	12
1410	Prepayments	210,685	-	163,493	-	2230	Current tax liabilities	769,119	2	315,279	1
1470	Other current assets	<u>116,328</u>	<u>-</u>	<u>91,238</u>	<u>-</u>	2250	Current provisions	609,995	2	1,018,471	3
		<u>33,543,752</u>	<u>84</u>	<u>28,532,932</u>	<u>84</u>	2280	Current lease liabilities	91,055	-	86,426	-
<b>Non-current assets:</b>						2300	Other current liabilities	918,018	2	734,799	2
1550	Investments accounted for using equity method	305,101	1	324,178	1	2321	Bonds payable, current portion	<u>-</u>	<u>-</u>	<u>326,571</u>	<u>1</u>
1511	Non-current financial assets at fair value through profit or loss	46,379	-	37,475	-			<u>25,841,325</u>	<u>65</u>	<u>20,476,963</u>	<u>61</u>
1517	Non-current financial assets at fair value through other comprehensive income	46,150	-	26,169	-	<b>Non-Current liabilities:</b>					
1600	Property, plant and equipment	4,907,068	13	3,762,513	12	2570	Deferred tax liabilities	26,221	-	168,121	-
1755	Right-of-use assets	492,809	1	586,307	2	2580	Non-current lease liabilities	104,690	-	197,303	1
1780	Intangible assets	93,279	-	115,028	-	2640	Non-current net defined benefit liability	74,423	-	105,902	-
1840	Deferred tax assets	491,391	1	400,494	1	2670	Other non-current liabilities	<u>34,607</u>	<u>-</u>	<u>29,711</u>	<u>-</u>
1900	Other non-current assets	<u>94,598</u>	<u>-</u>	<u>116,017</u>	<u>-</u>			<u>239,941</u>	<u>-</u>	<u>501,037</u>	<u>1</u>
		<u>6,476,775</u>	<u>16</u>	<u>5,368,181</u>	<u>16</u>		<b>Total liabilities</b>	<u>26,081,266</u>	<u>65</u>	<u>20,978,000</u>	<u>62</u>
						<b>Equity attributable to owners of parent :</b>					
						3110	Ordinary share	2,203,543	6	2,164,926	6
						3200	Capital surplus	4,091,729	10	4,032,400	12
						3300	Retained earnings	7,514,181	19	6,738,883	20
						3410	Exchange differences on translation of foreign financial statements	39,384	-	(243,747)	(1)
						3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	(3,350)	-	(23,331)	-
						3450	Gain(loss) on hedging instrument	(38,247)	-	-	-
						3491	Unearned employee benefit	<u>-</u>	<u>-</u>	<u>(13,030)</u>	<u>-</u>
								<u>13,807,240</u>	<u>35</u>	<u>12,656,101</u>	<u>37</u>
						3600	Non-controlling interests	<u>132,021</u>	<u>-</u>	<u>267,012</u>	<u>1</u>
							<b>Total equity</b>	<u>13,939,261</u>	<u>35</u>	<u>12,923,113</u>	<u>38</u>
<b>Total assets</b>		<u>\$ 40,020,527</u>	<u>100</u>	<u>33,901,113</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 40,020,527</u>	<u>100</u>	<u>33,901,113</u>	<u>100</u>

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

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

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



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

Consolidated Statement of Changes in Equity  
For the years ended December 31, 2022 and 2021  
(Expressed in thousand dollars of TWD)

	Equity attributable to owners of parent											Total other equity interest		Non-controlling interests	Total equity
	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			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings										
<b>Balance at January 1, 2021</b>	\$ 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	
<b>Balance at December 31, 2021</b>	2,164,926	4,032,400	1,152,791	196,919	5,389,173	6,738,883	(243,747)	(23,331)	-	(13,030)	(280,108)	12,656,101	267,012	12,923,113	
Net income for the year ended December 31, 2022	-	-	-	-	2,013,156	2,013,156	-	-	-	-	-	2,013,156	(98,103)	1,915,053	
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	23,098	23,098	283,131	19,981	(38,247)	-	264,865	287,963	(3,982)	283,981	
Comprehensive income for the year ended December 31, 2022	-	-	-	-	2,036,254	2,036,254	283,131	19,981	(38,247)	-	264,865	2,301,119	(102,085)	2,199,034	
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	177,876	-	(177,876)	-	-	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	70,159	(70,159)	-	-	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(1,260,956)	(1,260,956)	-	-	-	-	-	(1,260,956)	-	(1,260,956)	
Cash dividends from capital surplus	-	(217,406)	-	-	-	-	-	-	-	-	-	(217,406)	-	(217,406)	
Convertible bonds converted into ordinary shares	38,920	281,014	-	-	-	-	-	-	-	-	-	319,934	-	319,934	
Changes in equity of associates and subsidiaries accounted for using equity method	-	6,052	-	-	-	-	-	-	-	-	-	6,052	-	6,052	
Share-based payment transactions	(303)	(10,331)	-	-	-	-	-	-	-	13,030	13,030	2,396	-	2,396	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(32,906)	(32,906)	
<b>Balance at December 31, 2022</b>	\$ 2,203,543	4,091,729	1,330,667	267,078	5,916,436	7,514,181	39,384	(3,350)	(38,247)	-	(2,213)	13,807,240	132,021	13,939,261	

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

**Consolidated Statement of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in thousand dollars of TWD)**

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

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

Balance Sheets

December 31, 2022 and 2021

(Expressed in thousand dollars of TWD)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents	\$ 6,352,629	17	6,767,854	23	2100	Short-term borrowings	\$ 3,366,765	9	4,143,580	14
1110	Current financial assets at fair value through profit or loss	187	-	17,980	-	2120	Current financial liabilities at fair value through profit or loss	30,795	-	989	-
1170	Notes and accounts receivable, net	5,497,095	16	4,724,297	16	2126	Current financial liabilities for hedging	47,809	-	-	-
1180	Accounts receivable from related parties, net	5,010,025	14	2,328,537	8	2170	Accounts payable	8,104,425	22	5,598,033	19
1200	Other receivables	464,885	1	36,970	-	2180	Accounts payable to related parties	4,464,602	12	2,051,957	7
1210	Other receivables from related parties	1,274,873	3	1,386,023	4	2200	Other payables (including related parties)	4,638,726	13	3,442,911	11
1310	Inventories, net	12,535,342	34	8,584,714	29	2230	Current tax liabilities	660,600	2	243,290	1
1410	Prepayments	79,382	-	27,771	-	2250	Current provisions	608,560	2	483,782	2
1470	Other current assets	5,572	-	41,108	-	2280	Current lease liabilities	15,144	-	4,567	-
		<u>31,219,990</u>	<u>85</u>	<u>23,915,254</u>	<u>80</u>	2300	Other current liabilities	821,529	2	698,203	2
<b>Non-current assets:</b>						2321	Bonds payable, current portion	-	-	326,571	1
1550	Investments accounted for using equity method	2,711,914	8	3,469,645	12			<u>22,758,955</u>	<u>62</u>	<u>16,993,883</u>	<u>57</u>
1511	Non-current financial assets at fair value through profit or loss	46,379	-	37,475	-	<b>Non-Current liabilities:</b>					
1517	Non-current financial assets at fair value through other comprehensive income	46,150	-	26,169	-	2570	Deferred tax liabilities	26,168	-	165,797	1
1600	Property, plant and equipment	2,005,392	6	1,943,162	7	2580	Non-current lease liabilities	4,497	-	4,996	-
1755	Right-of-use assets	19,940	-	49,192	-	2640	Non-current net defined benefit liability	74,423	-	105,902	-
1780	Intangible assets	92,298	-	112,312	-	2670	Other non-current liabilities	32,737	-	27,951	-
1840	Deferred tax assets	486,832	1	308,938	1			<u>137,825</u>	<u>-</u>	<u>304,646</u>	<u>1</u>
1900	Other non-current assets	75,125	-	92,483	-	<b>Total liabilities</b>		<u>22,896,780</u>	<u>62</u>	<u>17,298,529</u>	<u>58</u>
		<u>5,484,030</u>	<u>15</u>	<u>6,039,376</u>	<u>20</u>	<b>Equity:</b>					
		<u>\$ 36,704,020</u>	<u>100</u>	<u>29,954,630</u>	<u>100</u>	3100	Ordinary share	2,203,543	6	2,164,926	7
						3200	Capital surplus	4,091,729	11	4,032,400	14
						3300	Retained earnings	7,514,181	21	6,738,883	22
						3410	Exchange differences on translation of foreign financial statements	39,384	-	(243,747)	(1)
						3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	(3,350)	-	(23,331)	-
						3450	Gain(loss) from hedging instrument	(38,247)	-	-	-
						3490	Unearned employee benefit	-	-	(13,030)	-
						<b>Total equity</b>		<u>13,807,240</u>	<u>38</u>	<u>12,656,101</u>	<u>42</u>
<b>Total assets</b>		<u>\$ 36,704,020</u>	<u>100</u>	<u>29,954,630</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 36,704,020</u>	<u>100</u>	<u>29,954,630</u>	<u>100</u>

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

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in thousand dollars of TWD, except net income per share amounts)

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating Revenues:</b>				
4100	Net sales revenue	\$ 45,800,360	99	35,748,424	99
4800	Other operating revenue	<u>517,342</u>	<u>1</u>	<u>286,205</u>	<u>1</u>
		46,317,702	100	36,034,629	100
5000	<b>Operating costs</b>	<u>40,095,468</u>	<u>87</u>	<u>31,453,035</u>	<u>87</u>
	<b>Gross profit from operating</b>	6,222,234	13	4,581,594	13
5910	Unrealized profit from sales	<u>44,799</u>	<u>-</u>	<u>9,442</u>	<u>-</u>
		<u>6,177,435</u>	<u>13</u>	<u>4,572,152</u>	<u>13</u>
	<b>Operating expenses:</b>				
6100	Selling expenses	908,245	2	512,113	1
6200	Administrative expenses	450,699	1	350,287	1
6300	Research and development expenses	<u>2,260,691</u>	<u>5</u>	<u>1,692,807</u>	<u>5</u>
	<b>Total operating expenses</b>	<u>3,619,635</u>	<u>8</u>	<u>2,555,207</u>	<u>7</u>
	<b>Net operating income</b>	<u>2,557,800</u>	<u>5</u>	<u>2,016,945</u>	<u>6</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income	46,178	-	17,409	-
7230	Foreign exchange (losses) gains, net	464,648	1	(137,476)	-
7225	Gains on disposal of investments	2,568	-	-	-
7375	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(479,429)	(1)	254,856	-
7010	Other income	7,975	-	17,717	-
7510	Interest expense	(95,923)	-	(21,173)	-
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss	<u>(116,880)</u>	<u>-</u>	<u>104,366</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>(170,863)</u>	<u>-</u>	<u>235,699</u>	<u>-</u>
	<b>Income before tax</b>	2,386,937	5	2,252,644	6
7950	Less: Income tax expenses	<u>373,781</u>	<u>1</u>	<u>465,100</u>	<u>1</u>
	<b>Net income</b>	<u>2,013,156</u>	<u>4</u>	<u>1,787,544</u>	<u>5</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	28,873	-	(8,980)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	19,981	-	(4,966)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>5,775</u>	<u>-</u>	<u>(1,796)</u>	<u>-</u>
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>43,079</u>	<u>-</u>	<u>(12,150)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	291,862	1	(84,195)	-
8368	Gains (losses) on hedging instrument	(47,809)	-	2,192	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(8,731)	-	(28)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(9,562)</u>	<u>-</u>	<u>(16,838)</u>	<u>-</u>
	<b>Components of other comprehensive income that may be reclassified to profit or loss</b>	<u>244,884</u>	<u>1</u>	<u>(65,193)</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>287,963</u>	<u>1</u>	<u>(77,343)</u>	<u>-</u>
	<b>Total comprehensive income</b>	<u>\$ 2,301,119</u>	<u>5</u>	<u>1,710,201</u>	<u>5</u>
	<b>Earnings per share</b>				
9750	Basic earnings per share	<u>\$ 9.20</u>		<u>8.60</u>	
9850	Diluted earnings per share	<u>\$ 8.98</u>		<u>8.06</u>	



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

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in thousand dollars of TWD)

	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
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings							
<b>Balance at January 1, 2021</b>	\$ 2,084,095	3,661,594	981,894	95,172	5,029,131	6,106,197	(176,362)	(18,365)	(2,192)	(45,606)	(242,525)	11,609,361
Net income for the year ended December 31, 2021	-	-	-	-	1,787,544	1,787,544	-	-	-	-	-	1,787,544
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(7,184)	(7,184)	(67,385)	(4,966)	2,192	-	(70,159)	(77,343)
Comprehensive income for the year ended December 31, 2021	-	-	-	-	1,780,360	1,780,360	(67,385)	(4,966)	2,192	-	(70,159)	1,710,201
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	170,897	-	(170,897)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	101,747	(101,747)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,146,071)	(1,146,071)	-	-	-	-	-	(1,146,071)
Cash dividends from capital surplus	-	(208,377)	-	-	-	-	-	-	-	-	-	(208,377)
Convertible bonds converted into ordinary shares	81,363	584,253	-	-	-	-	-	-	-	-	-	665,616
Changes in equity of associates and subsidiaries accounted for using equity method	-	(5,602)	-	-	(1,603)	(1,603)	-	-	-	-	-	(7,205)
Share-based payment transactions	(532)	532	-	-	-	-	-	-	-	32,576	32,576	32,576
<b>Balance at December 31, 2021</b>	2,164,926	4,032,400	1,152,791	196,919	5,389,173	6,738,883	(243,747)	(23,331)	-	(13,030)	(280,108)	12,656,101
Net income for the year ended December 31, 2022	-	-	-	-	2,013,156	2,013,156	-	-	-	-	-	2,013,156
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	23,098	23,098	283,131	19,981	(38,247)	-	264,865	287,963
Comprehensive income for the year ended December 31, 2022	-	-	-	-	2,036,254	2,036,254	283,131	19,981	(38,247)	-	264,865	2,301,119
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	177,876	-	(177,876)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	70,159	(70,159)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,260,956)	(1,260,956)	-	-	-	-	-	(1,260,956)
Cash dividends from capital surplus	-	(217,406)	-	-	-	-	-	-	-	-	-	(217,406)
Convertible bonds converted into ordinary shares	38,920	281,014	-	-	-	-	-	-	-	-	-	319,934
Changes in equity of associates and subsidiaries accounted for using equity method	-	6,052	-	-	-	-	-	-	-	-	-	6,052
Share-based payment transactions	(303)	(10,331)	-	-	-	-	-	-	-	13,030	13,030	2,396
<b>Balance at December 31, 2022</b>	\$ 2,203,543	4,091,729	1,330,667	267,078	5,916,436	7,514,181	39,384	(3,350)	(38,247)	-	(2,213)	13,807,240

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

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in thousand dollars of TWD)

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Income before tax	\$ 2,386,937	2,252,644
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	129,291	114,821
Amortization expense	45,286	34,121
Expected credit loss	16,983	82
Interest expense	95,923	21,173
Interest income	(46,178)	(17,409)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(8,904)	5,365
Share-based payments transactions	2,396	32,576
Share of loss (gain) of subsidiaries, associates and joint ventures accounted for using equity method	479,429	(254,856)
Gain on disposal of property, plant and equipment	(240)	(29)
Gain on disposal of investments accounted for using equity method	(2,568)	-
Lease modification benefits	(1,351)	-
Unrealized profit from sales	44,799	9,442
<b>Total adjustments to reconcile profit (loss)</b>	754,866	(54,714)
<b>Changes in operating assets and liabilities:</b>		
Change in financial assets or liabilities mandatorily measured at fair value through profit or loss	47,599	(57,136)
(Increase) decrease in notes and accounts receivable	(789,256)	164,503
Increase in accounts receivable from related parties	(2,681,488)	(930,656)
Increase in other receivable(including related parties)	(340,040)	(883,723)
Increase in inventories	(3,950,628)	(3,637,896)
Increase in prepayments	(51,611)	(4,187)
Decrease in other current assets	35,536	3,162
Increase (decrease) in accounts payable (including related parties)	4,919,037	(926,551)
Increase in other payable and other current liabilities	1,364,233	1,769,318
Decrease in other operating liabilities	(2,606)	(2,197)
<b>Total changes in operating assets and liabilities</b>	(1,449,224)	(4,505,363)
<b>Total adjustments</b>	(694,358)	(4,560,077)
Cash inflow (outflow) generated from operations	1,692,579	(2,307,433)
Interest received	42,110	17,842
Dividends received	5,291	9,103
Interest paid	(78,076)	(6,823)
Income taxes paid	(260,932)	(577,419)
<b>Net cash flows from (used in) operating activities</b>	1,400,972	(2,864,730)
<b>Cash flows from (used in) investing activities:</b>		
Decrease in pledged assets	-	41,090
Acquisition of investments accounted for using equity method	(15,603)	(18,553)
Proceeds from disposal of investments accounted for using equity method	34,354	-
Reduction of capital from investee	518,755	139,950
Acquisition of property, plant and equipment	(113,600)	(568,710)
Proceeds from disposal of property, plant and equipment	766	2,638
Acquisition of intangible assets	(25,272)	(75,005)
Proceeds from disposal of right-of-use assets	40,541	-
Increase in other non-current assets	17,358	(66,830)
<b>Net cash flows from (used in) investing activities</b>	457,299	(545,420)
<b>Cash flows from (used in) financing activities:</b>		
(Decrease) increase in short-term borrowings	(776,815)	3,801,820
Repayments of bonds	(7,400)	-
Cash dividends paid	(1,478,345)	(1,354,449)
Repayment of lease principal	(15,722)	(4,894)
Other financing activities	4,786	27,570
<b>Net cash flows (used in) from financing activities</b>	(2,273,496)	2,470,047
<b>Net decrease in cash and cash equivalents</b>	(415,225)	(940,103)
<b>Cash and cash equivalents at beginning of period</b>	6,767,854	7,707,957
<b>Cash and cash equivalents at end of period</b>	\$ 6,352,629	6,767,854

## Item 2

Proposed by the Board of Directors

Subject: To ratify the earnings distribution of 2022.

Explanatory Notes:

1. The 2022 earnings are planned to be distributed to shareholders after deducting the legal reserve provided in accordance with laws or regulations requested by the authorities from the 2022 after-tax net income.
2. 2022 Earnings distribution proposal (please refer to page 33), which has been examined by the Audit Committee and adopted a resolution by the Board of Directors, is attached for ratification.

Resolution:

**Arcadyan Technology Corporation**  
**2022 Earnings Distribution Proposal**

Unit: NT\$

Item	Amount
Unappropriated retained earnings in the beginning of the period	3,880,182,061
Plus: Net income of 2022	2,013,156,367
Plus: Other comprehensive income of 2022 – remeasurement of defined benefit plans	23,098,400
Plus: Reversal of contra account of equity, special reserve surplus	264,864,969
Less: Legal reserve	(203,625,477)
Retained earnings available for distribution	5,977,676,320
Less: Dividends to shareholders (cash dividend of NT\$5.5 per share)	(1,211,948,766)
Unappropriated retained earnings as of the end of the period	4,765,727,554

Chairman of the Board: Jui-Tsung Chen

Chief Executive Officer: Chao-Peng Tseng

Chief Accounting Officer: Shih-Wei Huang



### **Item 3**

Proposed by the Board of Directors

Subject: To approve the amendment to the "Articles of Incorporation".

Explanatory Notes:

1. To comply with the revision of relevant laws and business needs, it is proposed to amend some articles of the "Articles of Incorporation ".
2. The Comparison Table Before and After Amendment to the “Articles of Incorporation” is attached (please refer to page 35).

Resolution:

**Arcadyan Technology Corporation**  
**Comparison Table Before and After Amendment to**  
**the Articles of Incorporation**

<b>Article</b>	<b>Before Amendment</b>	<b>After Amendment</b>	<b>Basis and Reason for Amendment</b>
Article 11	Shareholders meeting shall be of two kinds: The regular meeting of shareholders, to be held at least once every year, and the special meeting of shareholders, to be held when necessary, both shall be convened in accordance with relevant laws and regulations.	Shareholders meeting shall be of two kinds: The regular meeting of shareholders, to be held at least once every year, and the special meeting of shareholders, to be held when necessary, both shall be convened in accordance with relevant laws and regulations. <u>When the Company convenes a shareholders meeting, it can be held by means of video conferencing or other methods promulgated by the central competent authority.</u> <u>The prerequisites, procedures, and other compliance matters to be complied with for a video conferencing meeting shall be handled in accordance with the relevant regulations of the securities regulatory authority.</u>	In compliance with regulations and business needs
Article 29	The Company's Articles of Incorporation was formulated on April 29, 2003 by consent of all of the promoters. The 1st to the 12th amendment (omitted)	The Company's Articles of Incorporation was formulated on April 29, 2003 by consent of all of the promoters. The 1st to the 12th amendment (omitted). <u>The 13th amendment was made on June 15, 2023.</u>	Adding the date of amendment

**Item 4**

Proposed by the Board of Directors

Subject: To approve the amendment to the "Rules of Procedure for Shareholders Meetings".

Explanatory Notes:

1. To comply with the revision of relevant laws, it is proposed to amend some articles of the "Rules of Procedure for Shareholders Meetings".
2. The Comparison Table Before and After Amendment to the "Rules of Procedure for Shareholders Meetings" is attached (please refer to page 37 to page 46).

Resolution:

**Arcadyan Technology Corporation**  
**Comparison Table Before and After Amendment to**  
**the Rules of Procedure for Shareholders Meetings**

Article	Before Amendment	After Amendment	Basis and Reason for Amendment
Article 2	The rules of procedures for the Company’s shareholders meetings, except as otherwise provided by law, regulations, or the Articles of Incorporation, shall be as provided in these Rules.	The rules of procedures for the Company’s shareholders meetings, except as otherwise provided by law, regulations, or the Articles of Incorporation, shall be as provided in these Rules. <u>Unless otherwise provided in the Regulations Governing the Administration of Shareholder Services of Public Companies, a company that will convene a shareholders meeting with video conferencing shall expressly provide for such meetings in its Articles of Incorporation and obtain a resolution of its Board of Directors. If the Company will convene a virtual-only shareholders meeting, it shall obtain approval by a majority vote of the directors in attendance at a Board of Directors meeting attended by two-thirds or more of the directors.</u>	In accordance with the law requirement
Article 4	The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m.	The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m. <u>The restrictions on the place of the meeting shall not apply when this Company convenes a virtual-only shareholders meeting.</u>	In accordance with the law requirement

Article	Before Amendment	After Amendment	Basis and Reason for Amendment
		<p><u>To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online should be specified. Changes to how the Company convenes its shareholders meeting shall be resolved by the Board of Directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p>	
Article 5	<p>The Company shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders (or the proxy) may hand in a sign-in card in lieu of signing in. Those who hand over the sign-in card to the Company may be deemed to be the shareholders or proxies represented in the sing-in card, and sign-in procedures shall be handled in accordance with the Rules of Procedure for Shareholders Meetings.</p>	<p>The Company shall furnish the attending shareholders, <u>solicitors</u> and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders (or the proxy) may hand in a sign-in card in lieu of signing in. Those who hand over the sign-in card to the Company may be deemed to be the shareholders or proxies represented in the sing-in card, and sign-in procedures shall be handled in accordance with the Rules of Procedure for Shareholders Meetings.</p> <p><u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.</u></p> <p><u>For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as</u></p>	<p>In accordance with the law requirement</p>

Article	Before Amendment	After Amendment	Basis and Reason for Amendment
		<u>attend the shareholders meeting in person. In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u>	
Article 7	<p>The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting which shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>	<p>The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting which shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p> <p><u>Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p>	In accordance with the law requirement

Article	Before Amendment	After Amendment	Basis and Reason for Amendment
Article 8	<p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards <u>handed in</u>. If a shareholder proposes to count the number of attending shareholders and is rejected by the chairman, the proposal that has been put to a vote shall be deemed passed when the number of voters have reached the legal limit.</p> <p>The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that such postponements less than two times, with a combined period of postponement less than one hour, shall be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p>	<p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, <u>and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically</u>. If a shareholder proposes to count the number of attending shareholders and is rejected by the chairman, the proposal that has been put to a vote shall be deemed passed when the number of voters have reached the legal limit.</p> <p>The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that such postponements less than two times, with a combined period of postponement less than one hour, shall be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.</u></p>	In accordance with the law requirement

Article	Before Amendment	After Amendment	Basis and Reason for Amendment
	<p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. <u>In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 5.</u></p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	
Article 10	<p>(The first to fifth paragraphs are omitted)</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	<p>(The first to fifth paragraphs are omitted)</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p> <p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned.</u></p>	In accordance with the law requirement



Article	Before Amendment	After Amendment	Basis and Reason for Amendment
		<p><u>No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.</u></p>	
Article 12	<p>(The first to sixth paragraphs are omitted)  For the resolution method, when the chair puts the proposal before all shareholders present at the meeting and none voices an objection, the proposal shall specified as having "unanimous consent of all shareholders present at the meeting upon inquiry by the chair." However, any objection shall specify the voting method, as well as the number of votes and weighting for the passing the proposal.</p>	<p>(The first to sixth paragraphs are omitted)  For the resolution method, when the chair puts the proposal before all shareholders present at the meeting and none voices an objection, the proposal shall specified as having "unanimous consent of all shareholders present at the meeting upon inquiry by the chair." However, any objection shall specify the voting method, as well as the number of votes and weighting for the passing the proposal.  <u>When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u>  <u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u>  <u>When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in</u></p>	In accordance with the law requirement

Article	Before Amendment	After Amendment	Basis and Reason for Amendment
		<p><u>accordance with Article 5 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online. When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>	
Article 16	(Addition)	<p><u>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</u></p>	In accordance with the law requirement

Article	Before Amendment	After Amendment	Basis and Reason for Amendment
		<p><u>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.</u></p> <p><u>Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a</u></p>	

Article	Before Amendment	After Amendment	Basis and Reason for Amendment
		<p><u>virtual-only shareholders meeting online.</u>  <u>In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u></p>	
Article 17	(Addition)	<p><u>On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u>  <u>During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on</u></p>	In accordance with the law requirement

Article	Before Amendment	After Amendment	Basis and Reason for Amendment
		<u>the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u>	
Article 18	(Addition)	<u>In the event of a virtual shareholders meeting, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u>	In accordance with the law requirement
<del>Article 16</del> Article 19	The Rules and any amendments hereto shall be implemented after adoption by shareholders meetings. These Rules were formulated on April 10, 2006. The 1st amendment was made on June 22, 2012.	The Rules and any amendments hereto shall be implemented after adoption by shareholders meetings. These Rules were formulated on April 10, 2006. The 1st amendment was made on June 22, 2012. <u>The 2nd amendment was made on June 15, 2023.</u>	Amended article number and added amendment date

## **Item 5**

Proposed by the Board of Directors

**Subject:** To approve the release of non-competition restrictions for newly elected directors of the Company.

**Explanatory Notes:**

1. As Company's newly elected directors may invest in or operate a business which is identical of similar to the business scope of the Company, without prejudice to any interest of the Company, it is proposed to approve the release of non-competition restrictions for these directors in accordance with Article 209 of the Company Act.
2. Information of the newly elected directors and independent directors who currently serve in a position of other companies is shown in the table (please refer to page 48 to page 50).

**Resolution:**

## Arcadyan Technology Corporation

### Information of Directors and Independent Directors Candidates Concurrently Holding Positions in Other Companies

The Company		Other companies with concurrent positions	
Position	Name	Position	Company
Director	Jui-Tsung Chen	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 Healthcare Co.,Ltd., ARCE Therapeutics, Inc., Raypal Biomedical Co., Ltd., Compal Ruifang Health Assets Development Corporation, River Regeneration and Rejuvenation Biotechnology Co. Ltd.
		Director	Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., Ascendant Private Equity Investment Ltd., Big Chance International Co., Ltd., Billion Sea Holdings Limited, Bizcom Electronics, Inc., Center Mind International Co., Ltd., Compal Americas (US) Inc. Compal Display Holding (HK) Limited, Compal Electronics (Holding) Ltd., Compal Electronics International Ltd., Compal Electronics N.A. Inc., Compal International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal International Ltd., Compal Rayonnant Holdings Ltd., Compalead Electronics B.V., Compal USA (Indiana), Inc., Compal Wise Electronic (Vietnam) Co., Ltd, Core Profit Holdings Limited, Etrade Management Co., Ltd., Flight Global Holding Inc., Forever Young Technology Inc., Fortune Way Technology Corp., Giant Rank Trading Limited, Goal Reach Enterprises Ltd., High Shine Industrial Corp., Intelligent Universal Enterprise Ltd., Jenpal international Ltd., Just International Ltd., Prisco International Co., Ltd., Prospect Fortune Group Ltd., Sinoprime Global Inc., Smart International Trading Ltd., Wah Yuen Technology Holding Ltd., Webtek Technology Co., Ltd., Compal (Vietnam) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Development & Management (Vietnam) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Networking (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Kinpo Group Management Consultant Company, Compal Digital Technology (Kunshan) Co., Ltd., Compal Broadband Networks, Inc., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd. Compal Electronics (Chengdu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal Electronics

The Company		Other companies with concurrent positions	
Position	Name	Position	Company
			(ChongQing) Co., Ltd., HengHao Technology Co. Ltd., Mactech Co., Ltd., Unicom Global, Inc., Phoenix Innovation Venture Capital Co., Ltd., NCKUEE Alumni Association
		Independent Director	Powertech Technology Inc.
		Chairman	Compal USA (Indiana), Inc., Wah Yuen Technology Holding Ltd., Rayonnant Technology Co., Ltd., HengHao Technology Co. Ltd., Compal Broadband Networks, Inc., HippoScreen Neurotech Corp., Shennona Co., Ltd., Starmems Semiconductor Corp., Unicom Global, Inc., Poindus Systems Corp.
Director	Chung-Pin Wong	Director	Allied Power Holding Corp., Auscom Engineering Inc., Bizcom Electronics, Inc., Compal Connector Manufacture Ltd., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., Primetek Enterprises Limited, Shennona Corporation, Sirqul Inc., Compal Electronics, Inc., Ripal Optotronics Co., Ltd., Mactech Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., UniCore Biomedical Co., Ltd., General Life Biotechnology Co., Ltd., Panpal Technology Corp., Hong Jin Investment Co., Ltd., Kinpo Group Management Consultant Company, Aco Healthcare Co.,Ltd., Infinno Technology Corp., Raypal Biomedical Co., Ltd., Gempal Technology Corp., Hong Ji Capital Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., ARCE Therapeutics, Inc., Kinpo & Compal Group Assets Development Corporation, Compal Ruifang Health Assets Development Corporation
		Supervisor	Hong Ya Technology Corporation
		Executive Director	Compower Global Service Co.,Ltd.
		President	Compal Electronics Inc., Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd.
Director	Sheng-Hua Peng	Chairman	Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Hanheld Communications (Nanjing) Co.,Ltd., Compal Communications (Nanjing) Co., Ltd.
		Director	Bizcom Electronics, Inc., Compal Electronics, Inc., Gempal Technology Corp., Hong Ji Capital Co., Ltd., Ripal Optotronics Co., Ltd., UniCore Biomedical Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics



The Company		Other companies with concurrent positions	
Position	Name	Position	Company
			(Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Palcom International Corporation, Compal Smart Device (Chongqing) Co., Ltd., Hong Jin Investment Co., Ltd.
		President	Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Palcom International Corporation, Hanhelt Communications (Nanjing) Co., Ltd., Compal Smart Device (Chongqing) Co.,Ltd.
		Executive Vice President	Compal Electronics Inc.
		Supervisor	General Life Biotechnology Co., Ltd.
Director	Chung-Pao Liu	Director	Arcadyan Technology (Shanghai) Corp., Tatung Electronics Technology (Suzhou) Incorporation
		President	Compal Networking (Kunshan) Co., Ltd., Arcadyan Technology (Shanghai) Corp., Tatung Electronics Technology (Suzhou) Incorporation
Director	Chao-Peng Tseng	Chairman	Arcadyan Technology (Shanghai) Corp., Zhi-Bao Technology Inc., Arcadyan Technology (Vietnam) Co., Ltd.
		Director	Arcadyan Holding (BVI) Corp., Arcadyan Technology Limited, Arcadyan Technology Corporation Korea, Arcadyan Technology Australia Pty Ltd, Arch Holding (BVI) Corp., Exquisite Electronic Co., Ltd., Quest International Group Co., Ltd., Sinoprime Global Inc. (BVI), Compal Networking (Kunshan) Co., Ltd, Tatung Technology Inc., Tatung Electronics Technology (Suzhou) Incorporation, Tatung Technology of Japan Co., Ltd.
		President	Arcadyan Technology Corporation, Arcadyan Technology (Vietnam) Co., Ltd., Zhi-Bao Technology Inc.
		Managerial personnel	Arcadyan Germany Technology GmbH
Independent Director	Ing-Jen Lee	Chairman	Litemax Electronics Inc.
		Director	Aaeon Technology Inc., Aaeon Technology (Suzhou) Inc., Litemax Technology, Inc., Yen Sun Technology Corp., Eutech Microelectronics Inc.
		Independent Director	AXIS Corporation
Independent Director	Ching-Chang Wen	Director	Bioptik Technology Inc., New E Masterials Co., Ltd.
Independent Director	Wen-An Yang	Chairman	Durbun Digital Solutions, Inc.
		Director	Durbun Accounting Firm
		Director	Lien Chang Electronic Enterprise Co., Ltd.
		Independent Director	E&E Recycling, Inc., Kuen Ling Machinery Refrigerating Corporation

# **Extraordinary Motions**

## **Extraordinary Motions**

# **Appendix**

## Appendix 1

# Arcadyan Technology Corporation Rules of Procedure for Shareholders Meetings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

## Appendix 2

### **Arcadyan Technology Corporation Procedures for Election of Directors**

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

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

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

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

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

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

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

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

## Appendix 3

# Arcadyan Technology Corporation Articles of Incorporation

## Chapter 1 General Provisions

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

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

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

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

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

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

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

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

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

## Chapter 2 Shareholding

Article 7 The authorized capital of the Company is NT\$30,000,000,000, divided into 3,000,000,000 shares, at a par value of NT\$10 per share. The shares may be issued in installments, and the shares which have not been issued would be authorized to Board of Directors to issue in installments.

NT\$400 million is retained from the total amount of registered capital in the preceding paragraph, with a total of 40 million shares for stock warrants, preferred shares with warrants, and corporate bonds with equity warrants, which may be issued in installments by resolution of the Board of Directors meeting.

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

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

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

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

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

### **Chapter 3 Shareholders Meeting**

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

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

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

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

#### **Chapter 4 Directors and the Functional Committee**

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

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

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

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

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

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

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

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

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

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

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

1. Make the business plan.

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

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

Article 23 (Deleted)

#### **Chapter 5 Managerial personnel**

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

#### **Chapter 6 Accounting**

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

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

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

The aforementioned surplus earning distribution proposal, including dividends and bonuses paid in cash, shall be distributed in accordance with the Articles of Incorporation by resolution of the Board of Directors, and reported to the Shareholders Meeting but require no resolution of a Shareholders Meeting.

Article 27 If the Company made a profit in a fiscal year, shall reserve no less than 5% for employee's compensation, and no more than 2% for remuneration of directors from the Company's pre-tax profit prior to the deduction of employee's compensation and directors remuneration. In the event that the Company has accumulated losses, the Company shall reserve an amount to cover the losses. Employees of the Company's subsidiaries meeting certain specific requirements are entitled to receive the employee's compensation. The qualifications and distribution methods shall be prescribed by the Board of Directors.



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

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

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

#### **Chapter 7 Supplementary Provisions**

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

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

## Appendix 4

### Arcadyan Technology Corporation Shareholdings of Directors of the Company

Book-closure date: April 17, 2023

Position	Name	Number of shares	%
Chairman	Compal Electronics Inc. Representative: Jui-Tsung Chen	41,304,504	18.74
Director	Compal Electronics Inc. Representative: Chung-Pin Wong		
Director	Compal Electronics Inc. Representative: Sheng-Hua Peng		
Director	Compal Electronics Inc. Representative: Chung-Pao Liu		
Director	Chao-Peng Tseng	162,669	0.07
Director	Che-Ho Wei	0	0
Independent Director	Ing-Jen Lee	0	0
Independent Director	Ching-Chang Wen	0	0
Independent Director	Wen-An Yang	0	0
Total		41,467,173	18.81

Note 1: According to the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, where the paid-in capital of a company exceeds NT\$2 billion but less than NT \$4 billion with two or more independent directors are elected, the legally required aggregate number of shares held by all directors shall be as follows: not less than 8,814,173 shares (220,354,321 shares \* 5% \* 80%) shall be held by all directors.

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

## **Appendix 5**

### **Other Matters for Explanation:**

Acceptance of proposals submitted by shareholders and receiving nomination of candidate of the director at this Annual General Shareholders Meeting:

1. In accordance with Article 172-1 of the Company Act, a shareholder who holds more than 1% of the total issued shares may propose a motion in writing to the Company at a regular Shareholders Meeting. The number of proposed motions is limited to one and the motion is limited to three hundred words (including the proposal, explanation notes and punctuations); those exceeding the limit shall not be included in the proposal. The proposing shareholder shall attend the regular Shareholders Meeting in person or by proxy and participate in the discussion of the motion.
2. According to the Articles of Incorporation of the Company and Article 192-1 of the Company Act, the candidate nomination system has been adopted by the Company for the director election. Any shareholder holding 1% or more of the total number of outstanding shares issued by the Company may submit to the Company in writing list of director candidates, provided that the total number of director candidates so nominated shall not exceed the quota to be elected.
3. The proposal motion and nomination accepting period of 2023 Annual General Shareholders Meeting is from March 17, 2023 to March 27, 2023, and it was announced on the MOPS according to regulations.
4. During the acceptance period above, the Company has not received any shareholders' nomination or proposed motion.