ARBOR

2022 Annual Report

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I. Spokesperson and deputy spokesperson of the Company:
Name: Feng-Ling, Kuo.
Title: Director of the Finance department
Tel: (02) 8226-9396
E-mail: investor@arbor.com
Name: Clark Lien
Title: General Manager
Tel: (02) 8226-9396
E-mail: investor@arbor.com

II. Contact Information of Headquarters, Branches and Plants Headquarters
Headquarters
Address: 10F., No.700, Zhongzheng Rd., Zhonghe Dist., New Taipei City.
Tel:(02) 8226-9396
Plant:
Address: 7F., No. 119, Jiankang Rd., Zhonghe Dist., New Taipei City
Tel:(02) 2225-9716

III. Stock Transfer Agency
Name: Stock Affairs Department of Grand Fortune Securities Co., Ltd.
Address: 6F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City
Website: http://www.gfortune.com.tw
Tel:(02)2383-6888

IV. CPA for the Latest Annual Financial Statements
CPA Firm: PricewaterhouseCoopers (PwC) Taiwan
Name: Hsiu-Ling, Lee, Sunny Huang
Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
Website: http://www.pwc.tw
Tel:(02)2729-6666

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None

VI. Company Website: http://www.arbor-technology.com/tw/Home

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I、 Letter to Shareholders

As global covid 19 curbs have been gradually lifted from 2022 to 2023, world economy is at its turning point where post pandemic recovery will be key focus for every company and nation.

Building Connected Industry, Making Industry Connected, Arbor’s main business and operational focus in 2023 will be "Industrial Control Digitization" and "Telecommunication Industrialization” and will continue to invest in the development of new products, technology maturation and improvement, financial optimization and business improvement to enhance the overall operating performance.

In addition, Arbor will continue to enhance its competency under the guidance and supervision of our shareholders and directors, innovate and produce better products and achieve brighter operational results to meet the expectations of our shareholders.

The results of operations for FY 2022 and business outlook for 2023 are reported as follows：

I、Operating results for FY 2022：

(1) Implementation results of business plan for 2022：

Arbor's revenue and gross profit for FY 2022 was NT$1,801,055 and NT$541,629 thousand respectively; Operating income was NT$129,944 thousand, net income before tax was NT$177,351 thousand, and net income after tax was NT$128,542 thousand with EPS NT$1.51.

(2) Status of Research and Development：

ARBOR invested NT$89,812 thousand in R&D in FY 2022, representing an increase of 6.47% over FY 2021 and accounting for 4.99% of operating revenue. The major R&D results in FY2022 are as follows：

1. BOX integrates with Intel Tiger Lake-UP3 COM Express Type 6 Compact Module, which is used to replace the old Intel Kaby Lake-U module used by customers for BOX digital playback system.
2. Use Intel Comet Lake-S platform design with 5 network ports Mini-ITX motherboard, customer applications for small data center network security.
3. Intel 12th Alder Lake S processor with MXM NVIDIA 100W GPU to meet the demand for real-time computing and long-term stable delivery of automotive and medical embedded systems.
4. Machine Vision AI embedded system uses Intel 12th Alder Lake S processor, and is highly integrated with high-speed DIO/Lighting Control especially for industrial cameras.
5. Intel 10h Alder Lake S processors support 5xPCIe/PCI multi-slot expansion cards to meet customers' demands for multi-IO/150W GPU expansion.
6. Participated in the development of intelligent traffic signal controllers for a domestic new town. Engage in the next-generation controller project for Taiwan

Railways/BTC/Metro, utilizing the Intel 13th Core controller for a comprehensive upgrade plan. Obtain certifications for railway-specific standards EN-50155/EN-45545.

(3) Status of marketing and promotion：

Despite the severe shortage of chips in 2022, the Company managed to find ways to get orders shipped smoothly. The Company also launched its Falconry Program in 2022 and received orders for rail transportation, container ship monitoring & measurement, retail labeling machines, and semiconductor light-weight server applications. As a result, 2022 revenue increased by 19.3% as compared to 2021.

II、2023 Business Outlook：

1. Continue to create the value of industrial communication, communication industry innovation, and build the IoT ecosystem as the mission, so that industrial computers have the ability to connect (IPC with connectivity), and through the integration of network, communication, software, optoelectronics, and cloud data applications, so that the original industrial computer applications biased towards factory automation can be extended to various aspects of intelligent life, forming a true intelligent industry.
2. Provide customers with better and more stable quality and one-stop service solutions through intelligent optimization of the production environment, training of personnel, upgrading of testing equipment and adjustment of organizational structure.
3. Implement inventory and expense control programs continuously in order to reduce unproductive costs and achieve profitability goals.
4. ARBOR participates in Embedded World in Europe and Japan IT Week in Asia in 2023 to create a global layout.
5. The production plan for 2023 will entrust some products to Ennoconn (Suzhou) Technology Co., Ltd. in order to reduce production cost.

In order to meet the market trend of small amount and diversification of products, ARBOR has put more effort to develop new technologies and launch new products with an open mind to face different technology integration to ensure the continuous development and growth of the company.

We are grateful to all shareholders for sparing your time to attend the shareholders' meeting today and highly appreciate your support and encouragement for Arbor's continuing growth in future.

ARBOR Technology Corp

Chairman： Eric Lee

II、 Company Profile

1、 Date of Incorporation: October 19, 1993

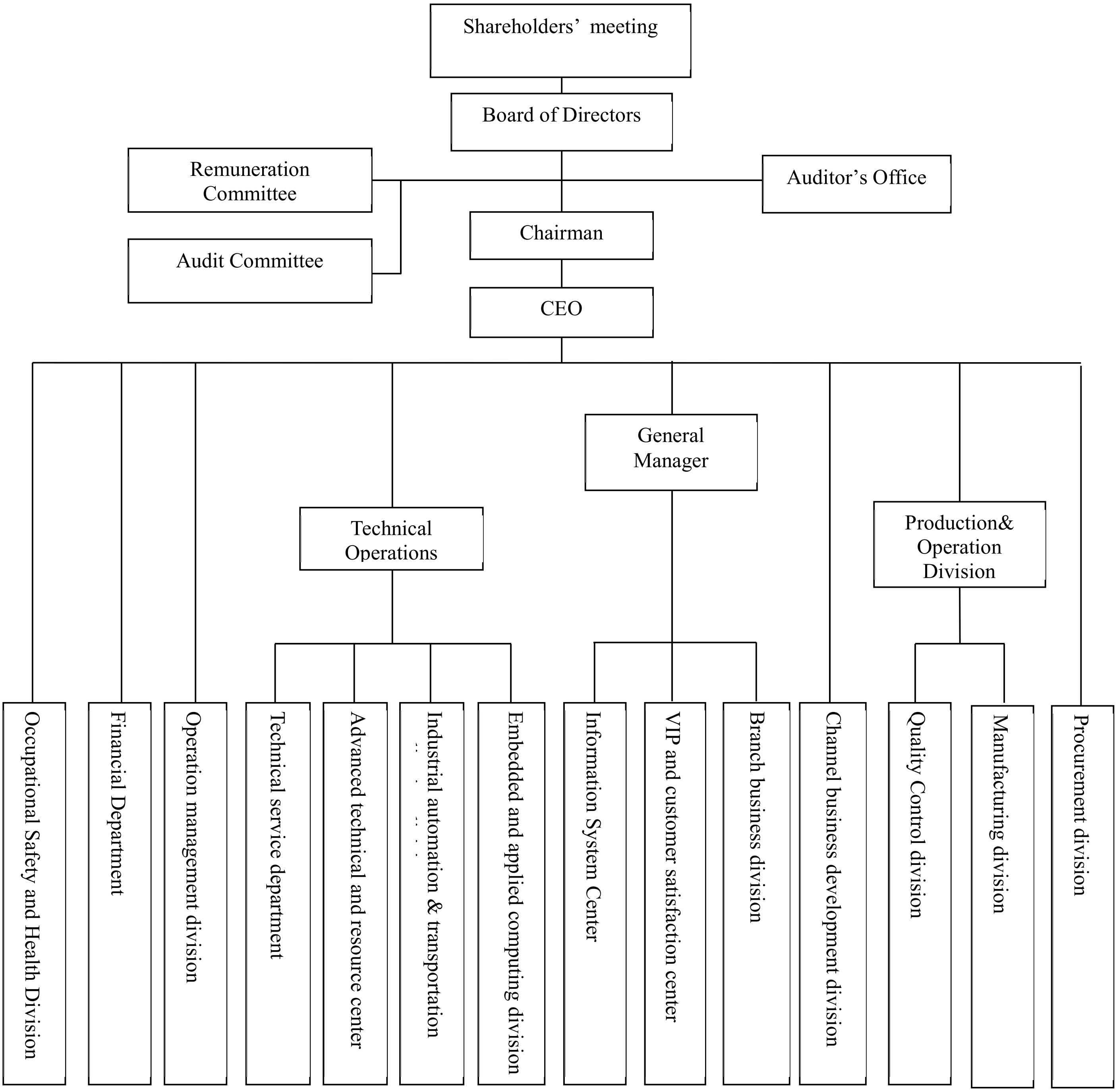
2、 Company History:

Year	Important Events
1993	● ARBOR Technology was founded by Eric Lee, located in Taipei, Taiwan as its headquarters.
1996	● Military portable workstation was launched ● Established first ARBOR China branch office in Shenzhen
2001	● Established ARBOR Solution Inc. in Silicon Valley, CA, USA ● Established network appliance product line & panel PC product line
2002	● Awarded by the Taiwan Symbol of Excellence ● ETX product line was established
2003	● Launched world first Intel Pentium M ETX module ● ARBOR France office was established
2004	● Established Embedded Computing Dept. ● Established Hwa-Pei office in China ● Launched its First Box PC and Mobile DVR
2005	● Built-up mobile computing R&D center
2006	● Launched ARBOR first military rugged tablet PC
2007	● Founded manufacturing center in Shenzhen
2008	● ARBOR Australia office and ARBOR Shenzhen office were established
2009	● Tablet POS was awarded by Taiwan Excellence ● Established Medical production line
2020	● M1923 wins Taiwan Excellence Award 2019 ● ARBOR partners up with National Cheng Kung University for smart med wristband ● ARBOR Showcases Digital Signage Innovations at ISE 2017
2021	● Factory Relocated to Zhonghe, JiangKang Rd smart factory with new MES, APS system implemented. ● ARBOR build next-generation anti-pandemic technology - ● Unibody temperature and face mask screening solution

Year	Important Events
	Taiwan Railway Project ● Taiwan Water Corporation Smart Water Meter Reader Project Completed and Finalized ● ARBOR Technology Factory (Shenzhen) upgrade SMT Equipment, Production Improve 40%
2022	The second private placement of NT$160,000,000 in cash was conducted by Ennoconn International Investment Co., Ltd., and the total amount of private placement was NT$296,000,000, and the paid-in capital was increased to NT$904,218,000.

III、Corporate Governance Report

1. Organization
   (1) Organization structure



Business operation of a variety of departments:

Departments	Contents of duties
Auditor Office	1. Responsible for the establishment of the Company's internal control system and auditing system, evaluating the soundness, reasonableness and effectiveness of the Company's various management systems. 2. Inspect the implementation of the Company's internal control system and provide analysis, recommendations and tracking of improvement issues.
Chairman	1. Drafting of long-term management and development strategies of the Company. 2. Preparation of external investment, merger and acquisition plans and review of contracts. 3. Board of Directors' and shareholders' meetings. To be in charge of the Company's approval authority and continuous supervision and improvement of internal control operations.
CEO	1. To ensure the profitability of the business and to maintain the operation and sustainability of the business. 2. To draft the Company's business plan and business objectives, quality policy and target setting. 3. To coordinate all departments and projects, to coordinate the management of the Company and overseas subsidiaries. 4. To approve major business decisions of the Company.
General Manager	1. To promote the Company's business plan and business objectives. 2. To supervise the review of departmental plans and implementation results. 3. Coordinate the allocation of resources among different departments of the Company.
Branch business division	1. Customer credit collection, order processing, receivables collection, market development and sales, production and sales coordination. 2. Global market intelligence collection, analysis and planning. 3. Responsible for the preparation of product marketing and promotion plans and business marketing support. 4. Product project evaluation, confirmation and management. 5. Responsible for receiving and handling customer complaints and responding to and assisting with product application problems. 6. Customer satisfaction survey and feedback. 7. Manage the business planning and maintenance of corporate website.
VIP and Customer Satisfaction Center	1. Responsible for quality abnormality tracking and improvement countermeasures confirmation. 2. Handle customer complaints, customer appeal case information integration and ensure the proposed solutions. 3. Execute customer satisfaction survey and statistics. 4. Provide after-sales service for VIP customers. 5. Handle customer visits and reception. 6. Overseas service station related contact matters.

Departments	Contents of duties
	7. Provide customer-related technical support and other services. 8. Perform PCB Layout design operations.
Information System Center	Manage the operation and planning of the information system of each department and assist in the development of software applications required by each department in order to improve the use of company resources.
Channel business development division	1. Plan and implement new business operation strategies for new overseas markets. 2. Plan new product strategy blueprint for new business, research and execute operation plan. 3. Analysis and evaluation of brand management, alliance with other industries, and project cooperation (including other industries). 4. Develop new technologies, new products or new business opportunities.
Technical Operations	To manage the Company's research and development products and quality certification and other related matters.
Embedded and Applied Computing Division	To manage the R&D, planning, market development and technical support of the Company's embedded and application computer products.
Industrial Automation & Transportation Applications Division	Responsible for research, development and sales support (including ODM and OEM) of products related to industrial automation and transportation applications, including digital signage, transportation, industrial control and automation, and smart grid related industries.
Advanced Technology and Resource Center	Responsible for research and development of new skills, products and services required for new applications, markets and industries.
Technical Service Department	To manage the technical support and technical document management of the Company's product development.
Production & Operation Division	Responsible for the production and continuous quality improvement of the Company, we have a manufacturing department and a quality control department.
Manufacturing Division	1. Processing and manufacturing of various products in accordance with the production plan. 2. Production equipment, plant facilities maintenance, maintenance and management. 3. Improvement of manufacturing technology and process capability. 4. Simplification, automation and productivity improvement of production process. 5. Maintenance and management of safety, health and environmental protection facilities. 6. Confirmation and coordination of process quality and execution of internal quality audits.

Departments	Contents of duties
Quality Control Division	Responsible for the overall quality continuous improvement management of the Company, such as new products, outsourcing plants, supplier management, early detection of potential abnormalities and effective improvement in a timely manner.
Procurement Division	1. Production and sales coordination and liaison matters. 2. Receiving and distribution management, storage and delivery of raw materials and finished products. 3. Quality management and counseling of suppliers/associated factories.
Operation Management Division	1. Responsible for the operation and planning of the information system of each department and assist in the development of software applications required by each department in order to improve the use of company resources. 2. To take charge of human resources affairs, office administration, general affairs, procurement management and legal affairs. 3. To manage the management planning and execution of various projects.
Financial Department	1. To manage the establishment and operation of the financial accounting system, financial statements and budget preparation and review planning. 2. Cash planning. 3. The preparation and deployment of funds and the management of foreign exchange operations. 4. Management of shareholders' equity business.
Occupational Safety and Health Division	1. To draft, plan, supervise and promote labor safety and health management issues. 2. To consider, coordinate, and recommend matters related to safety and health policies. 3. To guide the relevant departments and personnel to implement the safety and health policy. 4. To plan and promote safety and health education and training.

2. Information on directors, general managers, vice presidents, assistant managers, heads of departments and branch offices

(1) Director Information

1. Name, experience, shareholding and nature of directors

Title	Nationality	Name	Gender/Age	Election date	Term (years)	First time election date	Shareholding when elected		Current shareholding		Spouse & Minor current shareholding		Shareholding by nominees		Education/ Experience	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation	
Chairman	Republic of China	Eric Lee	Male/51-60years old	2021.07.05	3	1995.01.25	4,036,232	5.52	4,075,173	4.27	1,788,176	1.87	0	0.00	Master of Department of Electrical Engineering, University of Memphis, USA Supervisor of R&D of ITRI	President and CEO of ARBOR Technology Co., Ltd. Director of Hong Kong Amobile International (Shares) Co., Ltd. and General Manager of Taiwan Branch President of Arbor Solution President of GUIDING TECHNOLOGY LTD President of Flourish Technology Co., Ltd President of Arbor France S.A.S President of Arbor Korea Co.,Ltd President of HONGKONG AMOBILE INTELLIGENT CORP. LIMITED TAIWAN BRANCH Director of ARBOR UK	VP	Annie Lin	Spouse	
Director	Republic of China	Clark Lien	Male//Under 50	2021.07.05	3	2007.03.01	1,190,833	1.63	1,122,322	1.18	135	0.00	0	0.00	Leeds University Business School MBA Taiwan Mobile Direct Sales SunTen Pharmaceutical Special Assistant	General Manager of Arbor Technology Corp., President and GM of Arbor Technology (Shenzhen) Co., Arbor China Technology Co., and Arbor Beijing Technology Co.,	-	-	-	

Title	Nationality	Name	Gender/Age	Election date	Term (years)	First time election date	Shareholding when elected		Current shareholding		Spouse & Minor current shareholding		Shareholding by nominees		Education/ Experience	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation	
Director	Republic of China	ENNOCONN INTERNATIONAL INVESTMENT CO., LTD.	-	2022.06.27	3	2022.06.27	16,000,000	21.86	16,000,000	16.76	0	0.00	0	0.00	-	-	-	-	-	
	Republic of China	Legal Representative: Neng-Chi Tsai	Male/51-60years old	2022.06.27	3	2022.06.27	0	0.00	0	0.00	0	0.00	0	0.00	MBA of University on the West Coast of America President of American Industrial Systems Inc.	President of Ennoconn, Chairman of American Industrial Systems Inc., Chairman of Vecow Co., Ltd., Director of AIS Cayman Technology Group, Director of Ennoconn International Investment Co ., Ltd., Director of Caswell Inc., Director of POSLAB Technology Corp., Director of Markettech International Corp., and Director of ARBOR Technology Corp.				
Director	Republic of China	Wistron Corporation	-	2021.07.05	3	2015.05.06	4,633,879	6.33	4,678,586	4.90	0	0.00	0	0.00	-	-	-	-	-	
	Republic of China	Legal Representative: Robert Lin	Male/51-60years old	2021.07.05			0	0.00	0	0.00	0	0.00	0	0.00	Master of Computer Science & Information Engineering National Taiwan University, Executive Program of National	President of Client Products Business Group and Global Supply Chain Management; Current directorships of: ARBOR Technology Corp. International Standards Laboratory Corp. (Chairman) Wistron InfoComm (Zhongshan) Corp. Cowin Worldwide Corp. Wistron InfoComm (Chongqing)	-	-	-	

Title	Nationality	Name	Gender/Age	Election date	Term (years)	First time election date	Shareholding when elected		Current shareholding		Spouse & Minor current shareholding		Shareholding by nominees		Education/ Experience	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation	
															Chengchi University Business Administration /Wistron Corporation President of Client Products Business Group and Global Supply Chain Management	Co., Ltd. Wistron Investment (Sichuan) Co., Ltd. Wistron InfoComm (Chengdu) Co., Ltd. Formosa Prosonic Industries Berhad Wistron InfoComm (Vietnam) Co., Ltd. Wistron InfoComm Computer (Chengdu)Co.,Ltd. Information Inc.				
Independent Director	Republic of China	Ming De, Wang	Male/61-70years old	2021.07.05	3	2021.07.05	0	0.00	0	0.00	0	0.00	0	0.00	Ph.D., Massachusetts Institute of Technology, Civil Engineering, USA / Chairman of Taoyuan International Airport Corporation Ltd., Vice Mayor of Taoyuan City Government, General Manager, Century Development Corporation	Chairman of Taiwanese Institute of Built Environment Lifecycle Management Independent Director of Unicocell Biomed Co., Ltd.	-	-	-	

Title	Nationality	Name	Gender/Age	Election date	Term (years)	First time election date	Shareholding when elected		Current shareholding		Spouse & Minor current shareholding		Shareholding by nominees		Education/ Experience	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation	
Independent Director	Republic of China	Chuang-Chien Chiu	Male/51-60 years old	2021.07.05	3	2008.02.22	0	0.00	0	0.00	0	0.00	0	0.00	Ph.D., Michigan State University Dean, College of Information and Electrical Engineering, Feng Chia University Dean, Office of Academic Affairs, Feng Chia University Vice President	Current serving as Dean, International School of Technology and Management, Feng Chia University, Chair Professor, Department of Automatic Control Engineering, Feng Chia University, Independent director of Arbor Technology Corp. and Director of Giga Solution Tech. Co., Ltd.	-	-	-	
Independent Director	Republic of China	Ya-Chun Lin	Female/Under 50 years old	2021.07.05	3	2021.07.05	0	0.00	0	0.00	0	0.00	0	0.00	Master of Laws, Fu Jen Catholic University/ Admitted Solicitor of the Court of Taiwan since 1998	Lead lawyer, Meridian Attorneys-at-Law. New Taipei City Government Labor Dispute Arbitration Commissioner	-	-	-	

Note 1: Enter the time when you first became a director or supervisor of the Company, if there is any interruption - no such situation.
Note 2: For experience related to current position, if you have worked for a certified public accounting firm or a related company during the previous reporting period, please specify the title and responsibilities of your position - no such situation.
Note 3: If the chairman of the Board of Directors and the president or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity, and measures (such as increasing the number of independent directors and having a majority of directors who are not also employees or managers, etc.) should be disclosed - no such situation.

2. Major shareholders of corporate shareholders (shareholding of the top 10 and their shareholding ratio)

As of 2023/4/17

Name of Shareholders	Major Shareholders	%
Wistron Corporation	Yuanta Taiwan Dividend Plus ETF	4.68
	Labor Pension Fund	2.47
	Acer Incorporated	1.89
	J.P. Morgan Securities PLC	1.63
	Fubon Taiwan high dividend 30 ETF	1.62
	Taipei Fubon Bank Trust Account (employee share ownership trust)	1.49
	BNP Paribas Arbitrage S.N.C.	1.49
	Lin Hsien-Ming	1.47
	Taipei Fubon Bank Trust Account (employee restricted stock awards)	1.38
	Fubon Life Insurance Co., Ltd.	1.38

Major shareholder of the Company's major corporate shareholders

As of 2023/4/8

Name of Shareholders	Major Shareholders	%
Acer Incorporated	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF Fund under the custody of Taishin Bank;	7.64
	Hung Rouan Investment Corp.	2.42
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.31
	iShares ESG Aware MSCI EM ETF	1.26
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.23
	Stan Shih	1.15
	Labor Pension Fund (The New Fund)	0.97
	Acer GDR	0.93
	J.P. MORGAN SECURITIES PLC	0.88
	Norges Bank	0.86

Major shareholders of corporate shareholders (shareholding of the top 10 and their shareholding ratio)

As of 2023/4/1

Name of Shareholders	Major Shareholders	%
ENNOCONN INTERNATIONAL INVESTMENT CO., LTD	ENNOCONN CORPORATION	100

Major shareholder of the Company's major corporate shareholders

As of 2023/4/1

Name of Shareholders	Major Shareholders	%
ENNOCONN CORPORATION	Bon Shin International Investment Co., Ltd.	30.51
	Fubon Life Insurance Co., Ltd.	5.57
	Dedicated investment account of Google Inc. kept by Citibank Taiwan on an entrusted basis	4.49
	TransGlobe Life Insurance Inc.	3.07
	Hyield Venture Capital Co., Ltd.	1.90
	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. managed by HSBC (Taiwan) Commercial Bank Co., Ltd. on a trust basis- third-party SBL trading and investment account on a proprietary platform for securities traders	1.07
	Fu-Chuan Chu	0.94
	Mizuho Securities managed by Standard Chartered on a trust basis	0.89
	SinoPac Securities	0.88
	Taishinlife stock investment account authorized by Taishin Securities Investment Trust	0.83

3. Disclosure of professional qualifications of directors and independence of independent directors:

As of 2023/4/29

Criteria / Name	Have more than five years of work experience (Please refer to page 19~21 for the academic history of the board members) and the following professional qualifications			Independence situation (Note 3)	Number of independent directors of other companies concurrently.
	Lecturer or higher in business, law, finance, accounting, or related departments required for corporate business at a public or private university	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations and have obtained certificates required for the Company's business	Business, legal, financial, accounting or corporate experience required for business		
(Chairman)Eric Lee			V	(1) Not a spouse, relative within the second degree of kinship, of any other directors. (2) Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0
(Director) ENNOCONN INTERNATIONAL INVESTMENT CO., LTD. Legal Representative: Neng-Chi Tsai			V		0
(Director) ENNOCONN INTERNATIONAL INVESTMENT CO., LTD. Legal Representative: Neng-Chi Tsai			V		0
(Director) Clark Lien			V		0
(Independent director) Ming De Wang			V	Ref. to Note 1	1
(Independent director) Chuang-Chien Chiu		V			0
(Independent director) Ya-Chun, Lin	V				0

Note 1: The independent directors of the Company meet the independence conditions during the term before being directors and during the office terms:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: **not** a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(7) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: **not** a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that,

provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

(11) Not been a person of any conditions defined in Article 30 of the Company Law.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

4. Board Diversity and Independence：

(1) Diversity of the Board:

1. The Company has specified the following excerpts from Article 20 of the Corporate Governance Code regarding the diversity policy of directors. The membership of the Board of Directors shall consider diversity and formulate an appropriate diversity policy with respect to its operation, business model and development needs, which shall include but not be limited to the following two major standards：

(1) Basic qualifications and values: gender, age, nationality and culture, etc.

(2) Professional knowledge and skills: Professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.。

2. Specific management goals

The Board of Directors of the Company shall direct corporate strategy, supervise management, and be accountable to the Company and its shareholders in order to implement corporate governance and enhance the functions of the Board of Directors, the management goals are defined as follows.：

Specific management goals	Achievement Status Term：2021.07.05~2024.07.04
(1) The Board of Directors has more than one (inclusive) female director.	Achieved (a total of 1 female director is elected).
(2) The actual attendance rate of the annual board meeting of all directors was more than 85% on average.	Achieved in fiscal year 2022 (97.6%).
(3) The professional background of the board members should cover at least one professional field such as business management, industry knowledge, accounting, etc. At least one of the independent directors should have accounting or financial expertise.	One independent Director with financial expertise and operation management skills to be elected.
(4) Completion of the performance evaluation of the Board of Directors (including functional committees) by the end of the first quarter of the following year	2022 Annual Performance Evaluation Report 2023.03.27 Board of Directors Meeting.

3.Implementation status

(1) The term of office of the current Board of Directors is from 2021.07.05 to 2024.07.04, with 7 directors (including 3 independent directors), of which 29% are employees, 43% are independent directors, and 14% are female directors; 2 independent directors have a term of office of less than 3 years (first elected on 2021.07.05), 1 independent director has a term of office of 13-14 years (first elected on 2008.02.22). Two director are aged 61 to 70, four are aged 51 to 60 and one is aged under 51.

(2) According to the list of directors of the Company, Eric Lee, Robert Lin (Wistron Corporation),Neng-Chi Tsai (Ennoconn) and Clark Lien have long experiences in leadership, operational judgment, management, decision making, crisis management, industry knowledge and international market perspective. The independent directors have professional backgrounds in industry, finance, technology, management and law, among which Ming-De Wang specializes in management, finance and corporate governance. The independent directors, Chuang-Chien Chiu, have industry knowledge and international market perspective. The independent director, Ya-Chun Lin, is legal expert. The members of the Board of Directors have diverse and complementary expertise and possess not only the knowledge, skills and qualities required to perform their duties in a diversified manner, but also have extensive experience in management and operational judgment to lead the Company and its shareholders to maximize shareholders' equity.

(3) Implementation of diversity of board members (elected on July 05, 2021)：

Summary of education, experience of Board members Office term：2021.07.05~2024.07.04																	
Title	Name	Gender	Arbor Employee	Age			Education	※Experience / ◎Current	Board diversity policy								
				< 50	51-60	61-70			Operational Judgement	Accounting &Finance analysis	Management administration	Crisis management	Industry Knowledge	Global market observation	Leadership	Decision making	Legal expert
Chairman	Eric Lee	Male	Yes			V	Master of Department of Electrical Engineering , University of Memphis, USA	※Supervisor of R&D of ITRI ◎President and CEO of ARBOR Technology Co., Ltd. Director of Hong Kong Amobile International (Shares) Co., Ltd. and General Manager of Taiwan Branch President of Arbor Solution President of GUIDING TECHNOLOGY LTD President of Flourish Technology Co., Ltd President of Arbor France S.A.S President of Arbor Korea Co.,Ltd President of HONGKONG AMOBILE INTELLIGENT CORP. LIMITED TAIWAN BRANCH Director of ARBOR UK	V		V	V	V	V	V	V	
Director	Wistron Corporation: Legal representative: Robert Lin	Male	No		V		Master of Computer Science & Information Engineering National Taiwan University National Chengchi University Business Administration Executive Program	※President of Wistron Client Products Business Group and Global Supply Chain Management/ ◎Current directorships of: ARBOR Technology Corp. International Standards Laboratory Corp. Chairman) Wistron InfoComm (Zhongshan) Corp. Cowin Worldwide Corp. Wistron InfoComm (Chongqing) Co., Ltd. Wistron Investment (Sichuan) Co., Ltd. Wistron InfoComm (Chengdu) Co., Ltd. Formosa Prosonic Industries Berhad Wistron InfoComm (Vietnam) Co., Ltd. Wistron InfoComm Computer	V		V	V	V	V	V	V	

Summary of education, experience of Board members Office term：2021.07.05~2024.07.04																	
Title	Name	Gender	Arbor Employee	Age			Education	※Experience / ◎Current	Board diversity policy								
				< 50	51-60	61-70			Operational Judgement	Accounting&Finance analysis	Management administration	Crisis management	Industry Knowledge	Global market observation	Leadership	Decision making	Legal expert
								(Chengdu)Co., Ltd. Information Inc.									
Director	Ennoconn International Investment Co., LTD. Legal Representative: Neng-Chi Tsai (Director)	Male	No		V		MBA of University on the West Coast of America	※President of American Industrial Systems Inc./ President of Ennoconn, Chairman of American Industrial Systems Inc., ◎Chairman of Vecow Co., Ltd., Director of AIS Cayman Technology Group, Director of Ennoconn International Investment Co ., Ltd., Director of Caswell Inc., Director of POSLAB Technology Corp., Director of Markettech International Corp., and Director of ARBOR Technology Corp.	V		V	V	V	V	V	V	
Director	Clark Lien	Male	Yes		V		*Leeds University Business School MBA	※Taiwan Mobile Direct Sales SunTen Pharmaceutical Special Assistant ◎General Manager of Arbor Technology Corp., President and GM of Arbor Technology (Shenzhen) Co., Arbor China Technology Co.,and Arbor Beijing Technology Co.,	V		V	V	V	V	V	V	
Independent director	Ming-De Wang	Male	No			V	*Ph.D., Massachusetts Institute of Technology, Civil Engineering, USA *M.S., Institute of Civil Engineering, Rensselaer Polytechnic Institute, New York, U.S.A.	※Chairman of Taoyuan International Airport Corporation Ltd. ※Vice Mayor of Taoyuan City Government ※General Manager, Century Development Corporation ※Independent Director, Advanced Lithium Electrochemistry (Cayman) Co., Ltd. ◎Chairman of Taiwanese Institute of Built Environment Lifecycle Management ◎Independent Director, Unicocell Biomed Co., Ltd.	V	V	V	V	V	V	V	V	

Summary of education, experience of Board members Office term：2021.07.05~2024.07.04

Title	Name	Gender	Arbor Employee	Age			Education	※Experience / ◎Current	Board diversity policy								
				< 50	51-60	61-70			Operational Judgement	Accounting&Finance analysis	Management administration	Crisis management	Industry Knowledge	Global market observation	Leadership	Decision making	Legal expert
							*M.S., Institute of Civil Engineering, National Taiwan University										
Independent director	Chuang-Chien Chiu	Male	No		V		Ph.D., Michigan State University	※Dean of College of Information and Electrical Engineering, Dean of Feng Chia University , Office of Academic Affairs, Feng Chia University ◎ Dean, International School of Technology and Management, Feng Chia University, Chair Professor, Department of Automatic Control Engineering, Feng Chia University, Independent director of Arbor Technology Corp. and Director of Giga Solution Tech. Co., Ltd.	V				V	V	V	V	
Independent director	Ya-Chun Lin	Female	No	V			Master of Laws, Fu Jen Catholic University	※Admitted Solicitor of the Court of Taiwan since 1998 ◎Lead lawyer, Meridian Attorneys-at-Law, New Taipei City Government Labor Dispute Arbitration Commissioner	V			V		V			V

(2) Independence of the Board of Directors

1. The Company elects the members of the Board of Directors in accordance with the provisions of the Company Act and the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies. The nomination and selection of the Board members is based on the provisions of the Company's Articles of Incorporation, and a candidate nomination system is used. In addition to evaluating the academic qualifications of each candidate, the views of interested parties are taken into consideration to ensure the diversity and independence of the Board members.

2. None of the current directors or independent directors are related to each other by consanguinity or affinity within the second degree.

(3)Directors and Key Management Personnel Successor Plan

1. Successor planning and operation of the Board members

Regarding the successor planning of the Board of Directors, there are currently a number of senior managers in the Group who have the necessary management and professional abilities to serve as directors. At the same time, the Company will also seek external professional talents to prepare for the successor planning of directors. The plan is as follows:

(1) The structure of the Board of Directors of the Company shall be determined by the scale of the Company's business development and the shareholdings of its major shareholders, considering the operational needs of the Company; the candidates shall be nominated in accordance with the Company's Articles of Incorporation, and the candidates shall consider the diversity of the composition of the Board of Directors in accordance with the diversity policy of directors as stipulated in Article 20 of the Corporate Governance Practices.

(2) The following standard is used to establish a database of director candidates for the ongoing director successor plan：

(A) Integrity, responsibility, innovation and decision-making ability, in line with the Company's core values, with professional background (e.g. legal, accounting, industrial, financial, marketing or technology) and professional skills (e.g. operational judgment, accounting and financial analysis, operational management, crisis management, industry knowledge, international market perspective, leadership, decision-making) that contribute to the Company's operations and management.

(B) Industry experience related to the business of the Company.

(C) It is expected that the addition of this member will provide the Company with an effective, diverse Board of Directors that meets the needs of the Company.

(D) The Company shall determine the selection process of candidates for directorship in accordance with the qualifications and relevant regulations to ensure the effective identification and selection of suitable candidates for new directorship when vacancies arise or when additional directorships are planned.

(3) To arrange for the further education of the directors, we will consider the scope of each director's professional ability, and select courses covering finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, or courses related to internal control system and financial reporting responsibilities, etc., in addition to corporate governance topics, and arrange at least six to twelve hours of further education courses per person per year to ensure that the members of the Board of Directors have a considerable degree of industrial knowledge and acquire new knowledge. To ensure that the board members have a good level of industry knowledge and acquire new knowledge.

(4) In accordance with the "Rules for Performance Evaluation of Board of Directors", the Board of Directors is evaluated on an annual basis to confirm the effectiveness of the Board of Directors' operations and to assess the performance of the Directors for future selection and compensation of the Directors through relevant measurement items, including control of corporate goals and tasks, awareness of responsibilities, operational participation, internal relationship management and communication, professional functions and training, internal control and specific opinions. The Board of Directors' performance will be used as a reference for the future selection of directors and the determination of their individual remuneration.

2. Successor planning and operation of key management personnel.

The Company's senior executives are the key management level and has gradually implemented successor planning for key management level, including cross-disciplinary training for senior executives and implementation of the duty agent system, where each management level has a duty agent. In addition to professional training, we also develop judgment, management skills, and problem-solving abilities to improve the quality of management decisions and to prepare high quality manpower for the long-term development of the Company. The planning is as follows:

(1) Employees of the Company at the Associate level (and above) are responsible for the management of the organization, and each management level has an agent. In addition to having the necessary professional skills and experience, the values and management philosophy of key management personnel must be consistent with the Company's corporate theory of business.

(2) In order to cultivate key management and their agents, the training mechanism includes not only professional competency and corporate governance-related courses, but also practical training through attendance at board meetings, participation in regular internal management meetings, and on-the-job training on project management. In addition, we arrange for practical sharing and exchange of management issues among executives every year and provide an online course learning platform that includes leadership, management, technology, innovation, and industry trends for independent learning by management colleagues. We also require employees at the supervisory level and above to take at least four online training courses per month.

(3) In order to continuously enhance the leadership and management functions of high potential talents, in addition to enhancing the six management functions through management on-the-job training, we also design leadership development checklists and use institutionalized tools such as internal and external training, rotations, attending important meetings, and leading major cross-departmental projects to accumulate experience and refine the mind. In addition, we promote personal development plans for key talent pools, and through functional tasks and challenges, we integrate company and departmental mission objectives to strengthen the strengths of current positions and improve readiness for positions.

(4) Except for the aforementioned selection criteria for directors, the Company has also trained several senior managers to join the Board of Directors to familiarize them with the operation of the Board of Directors, and to enhance their management skills by expanding their participation in various operating units of the Group or through job rotation and expatriate assignments. In addition, in response to the Group's organizational development and growth momentum, the Company has recruited outstanding senior managers and currently has more than 10 senior managers who are responsible for related businesses within the organization. Besides one-on-one experience sharing, we also hold strategic consensus meetings every year to set the future direction of the Company's goals and strategic planning, and senior executives share the latest management thinking and leadership experience, so that the legacy candidates can better understand the Company's organizational culture and management and leadership practices, and strengthen the future management team with a plan and goal.

(5) The Company is actively cultivating key management personnel and their agents, among which 4 colleagues were promoted to associate level or above in FY 2023.

(2) Information on General Managers, Vice Presidents, Senior Managers and Heads of Departments and Branches

April 29, 2023

Title	Name	Nationality	Gender	Election date	Shareholding		Spouse and Minor shareholdings		Shareholding by nominees		Education/ Experience	Concurrent positions at other Companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relations	
General Manager	Clark Lien	ROC	Male	2007.03.01	1,122,322	1.18	135	–	–	–	Leeds University Business School MBA/ Taiwan Mobile Direct Sales SunTen Pharmaceutical Special Assistant	General Manager of Arbor Technology Corp., President and GM of Arbor Technology (Shenzhen) Co., Arbor China Technology Co.,and Arbor Beijing Technology Co.,	–	–	–	
Operation Management Vice President	Annie Lin	ROC	Female	1995.01.25	1,788,176	1.87	4,075,173	4.27	–	–	Master of North Alabama, USA Manager of Reliability Center of Sampo Corporation Executive Assistant to G.M of Escort Instruments Corp. ExecutiveAssistant to President of Perstico Associated Corp.	Head of Hongteng Investment (Shares) Co., Ltd.	Chairman	Eric Lee	Spouse	

Title	Name	Nationality	Gender	Election date	Shareholding		Spouse and Minor shareholdings		Shareholding by nominees		Education/ Experience	Concurrent positions at other Companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relations	
Advanced Technology and Resource Center Vice President	Luo-Long, Wu	ROC	Male	2022.05.13	-	-		-	-	-	Master of Department of Management Science of National Yang Ming Chiao Tung University. -Leader of TechnicalCenter of DFI Inc. -Leader of RD department of Nexcom. -Manager of RD department of Arima Photovoltaic & Optical Corp.		-	-	-	Note 2
Finance& Accounting Associate General Manager	Feng-Lin,Kuo	ROC	Female	2002.01.04	1,052,052	1.10	–	–	–	–	Department of Accouting Feng Chia University/ PricewaterCoopers Senior	Arbor Technology (Shenzhen) Co. Director, Arbor Beijing Technology Director Satem Technology Co., Ltd. Director Acloud Intelligence Services Corp. Ltd. Director Mobilink Intelligent(shanghai) Ltd. Director	–	–	–	

Title	Name	Nationality	Gender	Election date	Shareholding		Spouse and Minor shareholdings		Shareholding by nominees		Education/ Experience	Concurrent positions at other Companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relations	
Information Technology Associate General Manager	Adonis Lin	ROC	Male	2008.04.09	289,685	0.30	–	–	–	–	Department of Plant Pathology and Entomology, National Taiwan University/ Synnex Information Section Manager	-	–	–	–	

Note 1: If the chairman of the Board of Directors and the president or equivalent (top manager) of the Company are the same person, spouses or first-degree relatives of each other, the reasons, rationality, necessity and measures (such as increasing the number of independent directors and having a majority of directors who are not also employees or managers, etc.) should be disclosed - no such situation.
Note 2: Resigned on 2023.5.5

(3) Remuneration for directors, supervisors, general manager and deputy general manager：

1. The remuneration of directors, general manager and deputy general manager paid the last year.

(1) Remuneration of directors and independent directors.

Unit: NT$ thousands

Title	Name	Remuneration(Note 1)								Ratio of Total Remuneration(A+B+C+D) to Net Incom(%)		Remuneration(Note 1)								Ratio of total Compensation (A+B+C+D+E+F+G) to Net Income(%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or parent Company
		Severance Pay(B)		Severance Pay(B)		Severance Pay(B)		Severance Pay(B)				Salary, Bonus and Allowances (E)		Severance Pay(F)		Employee Compensation(G) (Note 1)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Eric Lee	0	0	0	0	700	700	84	84	0.59%	0.59%	9,074	9,392	105	105	1,350	0	1,350	0	8.55%	8.79%	4,550
Director	Clark Lien																					
Director	Ennoconn Investments.																					
Director	Wistron Corp.																					
Director	Feng-Ling, Kuo (note3)																					
Independent Director	Chuang-Chien Chiu	600	600	0	0	300	300	117	117	0.77%	0.77%	0	0	0	0	0	0	0	0	0.77%	0.77%	0
Independent Director	Ming-De Wang																					

Independent Director	Ya-Chun Lin																					

1. Please describe the policy, system, standards and structure of independent directors ’remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: According to the Company’s “Articles of Incorporation” and “ Director and Functional Committees Compensation and Payment Principles”, except basic funds, the independent directors’ compensation will be added according to the positions held by them in the functional committees, regardless of profit or loss.
2. Except for the compensation listed in the above table, the compensation that directors received by offering services (such as serving as a consultant of parent company, all companies included in the financial statements and all invested companies instead of an employee) for companies in the financial statements is: NT$100,000
3. 2022.06.27 Resigned

Range of compensation paid to the Company’s directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 teams (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Under NT$1,000,000	Eric Lee, Wistron Corp., Ennoconn Investments, Chuang-Chien Chiu, Clark Lien, Feng-Ling Kuo, Ming-De Wang and Ya-Chun Lin.	Eric Lee, Wistron Corp., Ennoconn Investments, Chuang-Chien Chiu, Clark Lien, Feng-Ling Kuo, Ming-De Wang and Ya-Chun Lin.	Wistron Corp., Ennoconn Investments, Chuang-Chien Chiu, Ming-De Wang and Ya-Chun Lin.	Wistron Corp., Ennoconn Investments, Chuang-Chien Chiu, Ming-De Wang and Ya-Chun Lin.
NT$1,000,000 ~ NT$2,000,000	–	–	Feng-Ling Kuo	Feng-Ling Kuo
NT$2,000,000 ~ NT$3,500,000	–	–	–	–
NT$3,500,000 ~ NT$5,000,000	–	–	Clark Lien	Clark Lien
NT$5,000,000 ~ NT$10,000,000	–	–	Eric Lee	Eric Lee
NT$10,000,000 ~ NT$15,000,000	–	–	–	–
NT$15,000,000 ~ NT$30,000,000	–	–	–	–
NT$30,000,000 ~ NT$50,000,000	–	–	–	–
NT$50,000,000 ~ NT$100,000,000	–	–	–	–
Over NT$100,000,000	–	–	–	–
Total	7	7	7	7

(2) Remuneration for supervisors- Not applicable.

(3) Remuneration for General Manager and Deputy General Manager

Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary(A)</th><th colspan="2">Severance Pay and pensions (B)</th><th colspan="2">Bonus and special allowances(C)</th><th colspan="4">Employee compensation(D) (note)</th><th colspan="2">Total compensation (A+B+C+D)and its ratio to net income (%)</th><th rowspan="3">Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>CEO</td><td>Eric Lee</td><td rowspan="4">9,103</td><td rowspan="4">9,103</td><td rowspan="4">259</td><td rowspan="4">259</td><td rowspan="4">3,161</td><td rowspan="4">3,161</td><td rowspan="4">1,400</td><td rowspan="4">0</td><td rowspan="4">1,400</td><td rowspan="4">0</td><td rowspan="4">10.52%</td><td rowspan="4">10.52%</td><td rowspan="4">4,550</td></tr>
<tr><td>General Manager</td><td>Clark Lien</td></tr>
<tr><td>VP</td><td>Annie Lin</td></tr>
<tr><td>Advanced Technology and Resource Center Leader</td><td>Wu, Lo-Lung</td></tr>
</table>

Table of remuneration range

Range of compensation	Names of General Manager and Deputy general manager	
	The Company	All companies included in the financial statements
Under NT$1,000,000	-	-
NT$1,000,000 ~ NT$2,000,000	Luo-Long, Wu	Luo-Long, Wu
NT$2,000,000 ~ NT$3,500,000	Annie Lin	Annie Lin
NT$3,500,000 ~ NT$5,000,000	Clark Lien	Clark Lien
NT$5,000,000 ~ NT$10,000,000	Eric Lee	Eric Lee
NT$10,000,000 ~ NT$15,000,000		
NT$15,000,000 ~ NT$30,000,000		
NT$30,000,000 ~ NT$50,000,000		
NT$50,000,000 ~ NT$100,000,000		
Over NT$100,000,000		
Total		

(4) Circumstances of distribution: No such situation.

2. Compare and describe the total amount of remuneration paid to the Company's directors, supervisors, general manager and vice president as a percentage of net profit after tax for the last two years for the Company and all consolidated companies, respectively, and describe the policy, criteria and composition of remuneration payments, the process of setting remuneration and the correlation with operating performance.

(1) Analysis of total remuneration paid to directors, supervisors, president and vice president of the Company as a percentage of net profit after tax for the last two years

Unit：NTD Thousands ；%

Year / Item	Ratio of total remuneration paid to directors, supervisors, president and vice presidents to net income (%)		Variance
	FY 2022	FY2021	
Director also acting as General Manager and Deputy General Manager	12.98	58.40	-77.77
Supervisor	0	0.59	-100.00
Total	12.98	58.99	-77.99

Note: Remuneration to directors, supervisors, general manager and vice president as a percentage of net income decreased in 2022 compared to 2021. This is mainly due to the increase in net profit after tax in 2022 compared to 2021.

(2) The Company's policy, criteria and composition of remuneration payments, the

procedure for setting remuneration, and the relationship with operating performance and future risks：

In accordance with Article 19 of the Company's Articles of Incorporation, the remuneration of the Company's directors and managers shall be set at no more than 5% of the Company's profit for the year. The remuneration of the Company's directors and managers shall be determined in accordance with the "Regulations Governing the Organization of the Remuneration Committee" and shall be submitted to the shareholders' meeting after the Board of Directors has considered the amount of remuneration, the method of payment and the Company's future risks in accordance with the results of the evaluation of the performance of the Company's directors and managers, which are regularly evaluated by the Remuneration Committee, based on the performance evaluation standards for the current year, with reference to the usual standards in the industry, and taking into account the relevance and rationality of the Company's operating performance and future risks.

3. Corporate Governance Operation

(1) Operation of the Board of Directors

The attendance of directors at the 2022 annual meeting of the Board of Directors (6) (A) is as follows ：

Title Name	Title Name	Frequency of actual attendance (B)	Frequency of proxy attendance	Actual attendance ratio (%)【B/A】	Remarks
Chairman	Eric Lee	6	0	100%	
Director	Wistron Corporation legal Rep.: Robert Lin	6	0	100%	
Director	Ennoconn International Investment Co., Ltd. Legal Rep. Neng-Chi Tsai	3	0	100%	
Director	Clark Lien	6	0	100%	
Director	Feng-Ling Kuo	3	0	100%	
Independent Director	Chuang-Chien Chiu	6	0	100%	
Independent Director	Ming De, Wang	5	1	83.3%	
Independent Director	Ya-Chun Lin	6	0	100%	

Other matters to be recorded：

1. The Board of Directors shall specify the date and time of the Board meeting, the content of the proposal, the opinions of all independent directors and the Company's handling of the opinions of the independent directors if any of the following situations apply to the operation of the Board meeting：

   (1) Matters listed in Article 14-3 of the Securities and Exchange Act.：The Company has established an audit committee in accordance with Article 14-5 of the Securities and Exchange Act, so it is not applicable. For the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the Important Resolutions of the Board of Directors on pages 72-77.

(2) Except for the preceding matters, other matters resolved by the Board of Directors with the objection or reservation of the independent directors and recorded or stated in writing: No such situations in fiscal year 2022.

2. In the implementation of the recusal of a director from an interest proposal, the name of the director, the content of the proposal, the reasons for the recusal and the participation in the voting shall be stated：No such situation in fiscal year 2022.

3. The Company's (approved by the Board of Directors on March 28, 2023) self-evaluation by the Board of Directors and Functional Committee in fiscal year 2022:：

<table>
<tr><th>Evaluation frequency</th><th>Evaluation Period</th><th>Evaluation scope</th><th>Evaluation method</th><th>Evaluation and Results</th></tr>
<tr><td>Once a year</td><td rowspan="4">Evaluation of the performance from January 1, 2022 to December 31, 2022</td><td>Board of Directors</td><td>Internal self - evaluation of the Board of Directors</td><td>Self-evaluation result: Excellent.
<table>
<tr><th>Content(Full score 5)</th><th>Item (No.)</th><th>Average score</th></tr>
<tr><td>Level of participation in company operations</td><td>12</td><td>4.75</td></tr>
<tr><td>The decision quality of the Board of Directors</td><td>12</td><td>4.67</td></tr>
<tr><td>Composition and Structure of the Board of Directors</td><td>7</td><td>4.86</td></tr>
<tr><td>Election and Continuing Education of Directors</td><td>7</td><td>4.71</td></tr>
<tr><td>Internal Control Evaluation Items</td><td>7</td><td>5</td></tr>
<tr><td>Total Evaluation Items</td><td>45</td><td>4.80</td></tr>
</table></td></tr>
<tr><td>Once a year</td><td>Individual Board Members</td><td>Self - Evaluation of Directors</td><td>Self-evaluation result: Excellent; total average score 4.95 (full score 5)
The total number of evaluation items is 22.
Including: mastery of corporate goals and missions, directors' awareness of responsibilities, participation in company operations, internal relations and communication, directors' professionalism and continuing education, internal control, etc.</td></tr>
<tr><td>Once a year</td><td>Functional Committees - Audit Committee</td><td>Internal self - evaluation of the Board of Directors</td><td>Self-evaluation result: Excellent; total average score 4.95 (full score 5)
The total number of evaluation items is 22.
Including: mastery of corporate goals and missions, directors' awareness of responsibilities, participation in company operations, internal relations and communication, directors' professionalism and continuing education, internal control, etc.</td></tr>
<tr><td>Once a year</td><td>Functional Committees - Remuneration Committee</td><td>Internal self - evaluation of the Board of Directors</td><td>Self-evaluation result: Excellent; total average score 4.9 (full score 5)
The total number of evaluation items is 19.
Including: mastery of corporate goals and missions, directors' awareness of responsibilities, participation in company operations, internal relations and communication, directors' professionalism and continuing education etc.</td></tr>
</table>

4. Evaluation of the objectives and performance of the current and most recent year in strengthening the functions of the Board of Directors：

(1) The Company established an audit committee on July 04, 2021, replacing Supervisors.

(2) The Company has taken out directors' and supervisors' liability insurance, which are described as follows：

Insurance Period	Insurance amount	Insurance Coverage	Insurance Rates(%)	Report Date of the Board of Directors
2021.06.18~2022.06.18	USD 3 million	1. Directors' and Managers' Liability 2. Liability for corporate indemnification 3. Liability for corporate indemnification 4. Securities Claims 5. Liability for Employment Practices 6. Defense expenses for pollution	0.06	2021.07.19
2022.06.18~2023.06.18	USD 3 million		0.06	2022.08.12

(3) The number of hours of study for each director in FY2022 is in accordance with the "Implementation Points for Directors and Supervisors of Listed Companies" and their study status is published in the "Market Observation Post System - Summary of Directors' and Supervisors' Attendance at Board Meetings and Study Status".

(4) The Board of Directors revised the "Board of Directors' Performance Evaluation Regulations" on February 01, 2021 to implement corporate governance and enhance the efficiency of the Board of Directors' operations; the results of the 2022 evaluation were disclosed to the Board of Directors on March 28, 2023, and the performance evaluation was disclosed on the Company's website (https://www.arbor-technology.com/tw/Investor/Corporate_Governance#grade).

(2) Status of operation of the Audit Committee: The Company established an Audit Committee on July 04, 2021.

Audit Committee for fiscal year 2022 (5 meetings) (A) The attendance of directors was as follows ：

Title	Name	Qualification /Experience	No. of actual attendance (B)	No. of times not attended or proxy attendance	Rate of actual attendance (％)【B/A】	Remark
Independent director	Chuang-Chien Chiu	Please refer to pages 19-21(Disclosure of qualification and independence of Independent Directors)	4	1	80	2021.7.5 new
Independent director	Ming-De Wang		5	0	100	2021.7.5 new
Independent director	Ya-Chun, Lin		5	0	100	2021.7.5 new

Other matters to be recorded：

1. If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Audit Committee meeting, the content of the proposal, the objections, reservations or significant proposals of the independent directors, the results of the Audit Committee resolution and the Company's handling of the Audit Committee's opinion：

(1) Please refer to pages72-77 for the matters listed in Article 14-5 of the Securities and Exchange Act.

(2) Except for the preceding matters, other matters not approved by the Audit Committee and approved by two-thirds or more of all directors: No such situation in FY2022.

2. In the case of recusal of a director from the implementation of an interest motion, the name of the director, the content of the motion, the reason for the recusal and the participation in

voting should be stated: No such situation existed in FY2022.

3. Communication status between the independent directors and the head of internal audit and the accountant：

(1) The independent directors and the accountant shall meet at least once a year to report to the independent directors on the Company's financial condition, the financial and overall operations of the Company's domestic and overseas subsidiaries, and the status of internal control audits, and to communicate with the independent directors on whether the financial reports and the accountant's audit reports or amendments to laws and regulations have any impact on the accounts; a meeting may be convened at any time in the event of significant events.

(2) The internal audit submits the completed "Audit Report" to the independent directors and supervisors by e-mail every month, and if there is any question or instruction, it will be asked or informed to the audit supervisor by e-mail or telephone; In addition, the head of internal audit and the independent directors shall hold a communication meeting at least once a year to explain the status of the Company's internal audit and the operation of internal control, and shall keep the independent directors and supervisors informed of any significant irregularities.

Communication Date Communication Method	Communication with CPA	Communication with internal audit manager	Independent Director's Recommendation	Implementation Results
2022/3/24 Pre-Meeting	Description of the key audit issues for fiscal year 2021, the way the accountant performs audits under the impact of the COVID-19 outbreak	(1) Self-evaluation of the effectiveness of the internal control system for the fiscal year 2021. (2) Internal audit business report from 2021/11 ~ 2022/2.	No comment	Not applicable

(3) The Company's implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons.

Evaluation Items	Status of implementation (Note 1)			Differences from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary Description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established a " Corporate Governance Practice Principles" based on the " Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies for Listed Companies", which is disclosed on the Company's website for downloading and reference.	No difference
II. The Company's equity structure and shareholder equity (1) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes, litigations, and implemented them according to the procedures?	V		The Company convenes shareholders' meetings in accordance with the provisions of the Company Act and related laws and regulations, and establishes the "Rules of Procedures for Shareholders' Meetings", and implements matters that should be resolved at shareholders' meetings in accordance with the Rules of Procedures. In addition, the Company has a spokesperson system in which a spokesperson or a proxy spokesperson is responsible for external communication with investors and employs a professional stock agency (the Stock Agency Department of Grand Fortune Securities Co., Ltd.) to handle shareholders' proposals, doubts and disputes, etc. If legal issues or litigation are involved, the legal staff or lawyers are appointed to assist in handling such matters.	No difference
(2) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately control the major shareholders?	V		The Company keeps track of the shareholdings of directors, supervisors, managers, and major shareholders holding more than 10% of the shares based on the shareholder register provided by the stock exchange agent, and reports monthly the changes in their shareholdings and the creation or dissolution of their shares in accordance with the provisions of Article 25 of the Securities and Exchange Act.	No difference
(3) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	V		The Company has established the "Regulations on Inter-company Transactions with Group Companies" to regulate inter-affiliate transactions, property transactions, endorsements and guarantees, and loans of funds. In addition, the Company has established controls in its internal control system, such as "management of related party transactions" and "supervision and management of subsidiaries", and has included "supervision and management of subsidiaries" as an annual audit item in accordance with the law to implement risk control and firewall mechanisms for subsidiaries. The Company also includes "supervision and management of subsidiaries" in its annual audit program, and implements risk control and firewall system for subsidiaries.	No difference

Evaluation Items	Status of implementation (Note 1)			Differences from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary Description	
(4) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	V		Except for asking directors, supervisors and managers to sign a confidentiality pledge, the Company has also established a "Management Practice to Prevent Insider Trading", which is posted on the Company's website. This policy regulates all employees, managers and directors of the Company, as well as anyone who has knowledge of the Company's information due to professional or control relationships, to prohibit any conduct that may involve insider trading in order to protect investors and safeguard the Company's interests. The Company has also established the "Internal Procedures for Handling Significant Information" to ensure the consistency and correctness of information released by the Company to the public.	No difference
III. Composition and responsibilities of the Board of Directors (1) Has the Board of Directors formulated a diversity policy, specific management objectives and implemented them?	V		For specific management objectives and implementation status, please refer to pages 33-34 (Diversity and Independence of the Board of Directors).	No difference
(2) In addition to the Remuneration Committee and the Audit Committee Established in accordance with the law, has the Company voluntarily set up other functional committees?		V	In addition to the remuneration committee, the Company established an audit committee in 2021, the members of which will be appointed by resolution of the Board of Directors. Other functional committees will be established in the future as necessary.	No difference
(3) Whether the Company has formulated board performance evaluation measures and methods, conducts performance evaluations annually and regularly, and reports the results of performance evaluations to the Board of Directors, and uses them as a reference for individual directors' remuneration and a nomination for reappointment?	V		1. The Company has established the "Board of Directors Performance Evaluation Method" to evaluate the performance of the Board of Directors and functional committees in the first quarter of each year for the previous year, and the evaluation results will be reported to the Board of Directors and disclosed on the Company's website; the results will be used as a reference for individual directors' remuneration and nomination for reappointment. The results will be used as a reference for individual directors' remuneration and nomination for reappointment. 2. Please refer to pages 33-34 (Operation of the Board of Directors) for the results of the evaluation of the performance of the Board of Directors and functional committees for the FY 2022.	No difference
(4). Does the Company regularly evaluate the independence of the attesting CPA?	V		1. The Audit Committee performs the evaluation of the independence of the attesting CPA and evaluation results for FY2022 was approved in 2022/3/24 by the Audit Committee and the Board of Directors. The evaluation for FY2023 is expected to be resolved in May 2023. The evaluation standards and results are described in Note 1 and can be found on the Company's website. 2. Evaluation Procedures and criteria.	No difference

Evaluation Items	Status of implementation (Note 1)			Differences from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary Description	
			Except for the "Statement of Independence" and AQI information (to be added in 2023) required to be provided by the CPA, the CPA will also be evaluated in accordance with the standards of the Company's "Procedures for Evaluating the Independence of Accountants" and the 13 AQI indicators, as detailed in Appendix 1 of the Governance Practice.	
IV. Do TWSE/TPEx listed companies have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board meeting and shareholders' meeting related matters in accordance with the law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholders' meetings, etc.)?	V		1. The Board of Directors of the Company has resolved on March 28, 2023 to designate Associate Ms. Kuo Feng-ling as the Head of Corporate Governance. Ms. Kuo has at least three years of experience in financial and stock management in public companies and meets the qualifications set forth in Article 23 of the Board of Directors' Establishment. 2. The main responsibilities of the corporate governance staff include (1) registering and registering changes in the Company. (2) Conducting Board of Directors and shareholders' meeting related matters in accordance with the law and assisting the Company to comply with the relevant laws and regulations of the Board of Directors and shareholders' meeting. (3) To prepare minutes of the Board of Directors' and shareholders' meetings. (4) To provide directors and supervisors with information necessary for the execution of their business and the latest regulatory developments related to the operation of the Company, and to assist directors and supervisors in complying with laws and regulations. (5) Matters related to investor relations. (6) Other matters in accordance with the articles of incorporation or contract.	No difference
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		The Company has set up a "Stakeholder Area" on its website and provided contact information to respond to the concerns of stakeholders. The concerns of stakeholders and the results of communication are compiled and reported to the Board of Directors on a regular basis each year. The Company reported "Communication with Stakeholders for the Year 2022" in the Board of Directors' Meeting on March 28, 2023, please refer to pages 43~47 (Note 2).	No difference
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholders' meetings?	V		The Company has appointed a professional stock affairs agency, Grand Fortune Securities Co., Limited, to handle the affairs of the shareholders' meeting.	No difference
VII. Information Disclosure (1). Has the Company set up a website to disclose finance and business matters and corporate governance information?	V		The Company has set up a website to disclose financial and non-financial operating information such as the Company's profile, basic information, financial statements, and corporate governance in accordance with the relevant laws and regulations. Web site: (http//: www.arbor.com.tw)	No difference

Evaluation Items	Status of implementation (Note 1)			Differences from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary Description	
(2) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings call on its website, etc.)?	V		The Company has set up a website in English and Chinese to provide relevant information for stakeholders' reference, and has designated a person responsible for collecting and disclosing information about the Company. At the same time, the Company has established a spokesperson system and has followed it. The presentation of the corporate presentation is also disclosed on the Company's website for the reference of stakeholders to achieve the purpose of adequate information disclosure.	No difference
(3) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year? The financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?		V	In accordance with the Securities and Exchange Act, the Company will hold an audit committee and a Board of Directors' meeting within three months after the end of the year and within 45 days after the end of the quarter to approve and announce the annual financial report and the first, second and third quarter financial reports, respectively; and to announce the operation of each month by the 10th of each month.	Notice of compliance period
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, Implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	V		1. Employee rights and benefits, employee care. The Company recruits and employs employees without differences based on gender, race, nationality, etc. In addition to attaching importance to the protection of employees' rights and interests, the Company holds regular labor-management meetings to form a good communication channel, and establishes an "Employee Welfare Committee" to provide emergency relief funds, gifts for three holidays, birthday gifts, and wedding and funeral gifts, and conducts regular health checks for employees to maintain their balanced physical and mental development. 2. Investor Relations, Rights of Stakeholders. The Company provides spokesperson contact information on the Company's website and sets up a "Stakeholder Zone" to provide contact information. The Company also discloses information on the Market Observation Post System in accordance with the law and communicates with investors and stakeholders through the shareholders' meeting and spokesperson system to respect and protect their legitimate rights and interests through smooth communication channels. 3. Supplier relations and customer policy implementation.	No difference

Evaluation Items	Status of implementation (Note 1)			Differences from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary Description	
			The Company has established clear agreements between suppliers and customers to regulate their rights and obligations. The Company has internal procedures to ensure that the delivery time, quality and price of suppliers meet the Company's requirements; the Company's website also has a customer service function to provide customers with product and technical services. 4. The Company has taken out liability insurance for all directors, please refer to page 35 of the "Operation of the Board of Directors" in this annual report. 5. The number of hours of study for each director in fiscal year 2022 is in accordance with the "Implementation Guidelines for Directors and Supervisors of Listed Companies", and their study status is published in the "Market Observation Post System - Summary of Directors' and Supervisors' Attendance at Board Meetings and Study Status". 6. The implementation of risk management policies and risk measurement standards are summarized as follows, please refer to "Corporate Governance - Risk Management" on the Company's website for more details. (1) The "Risk Management Policy" approved by the Board of Directors includes the issue of climate change; the organizational structure of risk management includes the Board of Directors, the Risk Management Committee and the Audit Office. (2) Risk Management Scope, Measurement Standards and Implementation (a) For the risk management scope of the Company, please refer to the "Risk Analysis and Evaluation" on pages 330-334 of this annual report. (b) Risk measurement criteria and implementation The Company identifies material issues by weighing the "level of stakeholder concern" * "level of impact of risk management areas on corporate operations" and records the materiality matrix, management strategies and policies, and implementation results in the annual "Corporate Social Responsibility Report" and the implementation status of material issues in 2021 in the "2021 ARBOR Corporate Social Responsibility Report". The report will be published in the "2021 Arbor CSR Report" and reported to the Board of Directors on September 5, 2022.	

Evaluation Items	Status of implementation (Note 1)			Differences from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary Description	
IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the last year, and propose priorities and measures for those not yet improved: (Not included in the evaluated company need not be filled in) (1) For the items that did not receive a score in the Company's ninth annual corporate governance evaluation for FY 2021 held in 2022, the improvement situation is described as follows： (a) At the Company's regular shareholders' meeting held on June 27, 2022, 4 directors (including 2 independent directors and the convener of the Audit Committee) were present, accounting for 57% of the total number of directors; the attendance list was disclosed in the minutes of the meeting. (b) The number of directors who are employees of the Company, its parent, subsidiary or sister company is reduced from 43% to 29%, which is less than one-third of the number of directors. (c) (c) The Company has formulated succession plans for board members and key management personnel and disclosed their operations on the Company's website and in the annual report. (2) The Company will make a more detailed disclosure within the Company's website or annual report, anticipating for more efficient operation management in corporate governance and ensure thorough information disclosure to the stakeholders.				

The operation of corporate governance and the differences between it and the Code of Corporate Governance Practice for TWSE/GTSM-Listed Companies and the reasons thereof (note1) :

- Criteria and results of the evaluation of the independence and suitability of CPAs for fiscal year 2022：

Item	**Independence Evaluation Items**		**Compliance with Independence**	
			Hsiu-Ling, Lee	**Sunny Huang**
1	Influenced by self-interest	The CPA, his or her spouse, minor children and the Company or the Company's directors have no lending of funds and guarantees.	Yes	Yes
2		The CPA, his or her spouse, minor children and the Company have no direct or material indirect financial interest in the Company.	Yes	Yes
3		The CPA, his or her spouse and minor children have no close business relationship of investment or other nature with the Company.	Yes	Yes
4		Not employed to perform regular work for the Company and receive a regular salary;	Yes	Yes

		no potential employment relationship with the Company.		
5	Influenced by self-evaluation	The non-audit services were provided to the Company and did not have an impact on the audit of the Company's financial information for the purpose of review or audit work	Yes	Yes
6		(Including members of the audit service team) are not currently or within the last two years holding positions as directors, supervisors, managers, or those who have significant influence on the audit cases of the Company.	Yes	Yes
7	Influenced by the defenses	No shares or other securities issued by the Company have been advertised or brokered.	Yes	Yes
8		The Company has not acted as an advocate for the Company or coordinated conflicts with other third parties on behalf of the Company.	Yes	Yes
9	Influenced by familiarity	CPA's spouse, lineal descendants, lineal relatives by consanguinity or consanguinity within the second degree of consanguinity, and co-practicing accountants who have retired within one year do not hold positions as directors, supervisors, managers, or positions that have direct and significant influence on the audit work of the Company.	Yes	Yes
10	Other influences	We have not provided audit services to the Company for seven consecutive years.	Yes	Yes
11		Whether or not a written " independent statement" issued by an appointed accountant has been obtained.	Yes	Yes

The Company's implementation of corporate governance and the differences from the Corporate Governance Practice Principles for TWSE/TPEx Listed Companies and their reasons (note 2).

- The Company's Communication with Stakeholders, Topics of Concern and the Report of the Board of Directors for Fiscal Year 2022：

Stakeholder	Issues of concern	Contact	Communication and Feedback Channels	Communication Frequency	Communication Status in FY 2022 Report of the Board of Directors：2023.03.28
Shareholders Investment Institution	Business Strategy and Policy Corporate Governance Operating Performance Dividend Policy	Finance Department Ms. Kuo Email: investor@arbor.com.tw	Shareholders' Meeting	Annually	Once a year
			Financial Statements	Quarterly	Four times a year
			Annual Report	Annually	Once a year
			Official Website Disclosure	Updated from time to time	Announcement of relevant information
			Corporate Presentation	Occasionally	Convened on 2022/11/14.
			Press Conference / Press Release	Occasionally	Announcement of company's industrial information through press release
			Public Information	Updated from time	Announcement of related

Stakeholder	Issues of concern	Contact	Communication and Feedback Channels	Communication Frequency	Communication Status in FY 2022 Report of the Board of Directors：2023.03.28
			Observatory	to time	information
			Respond to investors' questions by phone and email	Occasionally	Response by spokesperson
Government and Securities Authorities	Legal Compliance Supervision and Audit	Finance Department Ms. Kuo Email: investor@arbor.com.tw	Documents correspondence	Occasional	Reply within the required date and tabulate the receipt of correspondence.
			Market Observation Post System	Occasional	Regular reporting in accordance with the law
			To cooperate with the law to increase publicity	Real-time	In accordance with the amendment of the law, the applicable unit of the law will conduct timely promotion, and the legal affairs unit will compile the compliance manual in the fourth quarter annually for the entire company to follow for reference.
Non-Profit Organization	Environmental Protection Disadvantaged Support Artistic Sponsorship	Human Resources Department Ms. Chen Email: Cindy@arbor.com.tw	ESG report	Annually	The ESG Report was published on the Company's website in June 2022 and uploaded on MOPS.
Customer	Product Quality and Delivery Product Compliance Customer Satisfaction	Company Website Online Customer Service	Customer Audits	Occasional	To track the lack of cases and continue to improve.
			Customer Satisfaction Survey	Annually	Collect customer feedback surveys and conduct statistical analysis.
			Corporate Website	At any time	Online customer service is provided according to the type of problem (sales, technical service, repair, etc.).
			Restricted materials and related regulatory requirements provided	According to customer requirements	We propose specifications for customers, incorporate them into management, and execute them in

Stakeholder	Issues of concern	Contact	Communication and Feedback Channels	Communication Frequency	Communication Status in FY 2022 Report of the Board of Directors：2023.03.28
			by customers		accordance with regulations.
Supplier Outsourcing Vendors	Raw Material Quality and Delivery Raw Material Compliance	Procurement Department Mr. Huang Email: jason@arbor.com.tw	Regular evaluation	Twice a year	Implementation of regular supplier evaluation according to the plan
			Audit visits to factories	Occasional	Execute supplier sampling according to the plan
			Raw material quality inspection	Incoming per shipment	Execute sampling and quality inspection in accordance with inspection standards as the basis for acceptance.
Employee	Salary & Benefits On-the-job Training and Development Workplace Environment	Human Resources Department Ms. Chen Email: Cindy@arbor.com.tw	Labor and Employment Conference	Quarterly	Employees from each unit are composed so that their opinions can be heard and responded as well.
			Employee Welfare Committee	At least quarterly	The welfare committee elected by each unit will jointly discuss and execute the planning of welfare activities and budget consideration.
			Employee Annual Training	Multiple times per year	At the end of the year, each unit will submit its initial training plan, and the human resources department will coordinate and track the implementation status according to the annual education and training plan, the implementation rate of education and training is 82.3% in FY 2022.
			Counseling for new employees	Quarterly	The Human Resources Department will introduce the Company's organization and environment on the day of check-in, so that employees can understand the Company more quickly. In addition to arranging online courses, new employee training will be arranged within 3 months of joining the Company to understand the new

Stakeholder	Issues of concern	Contact	Communication and Feedback Channels	Communication Frequency	Communication Status in FY 2022 Report of the Board of Directors：2023.03.28
					employees' starting situation in order to provide assistance on time.
			Performance Communication	Semi-annually	Performance appraisal was conducted in the middle of the year and at the end of the year in FY 2022, and the supervisor and the staff conducted performance appraisal interviews so that both the supervisor and the staff could understand the performance achievement status and the improvement direction.
			Employee Health Care	Annually	The Company arranges annual health checkups for all employees so that they can keep track of their health status; the 2022 checkups were completed in December and regular on-site consultations with doctors and nurses were arranged.
			Occupational Safety	At any time	To establish "Occupational Safety and Health Department" directly under the Chairman of the Board of Directors, with dedicated personnel responsible for promoting the maintenance and management mode of occupational safety and health; and to obtain IS045001 occupational safety hygiene management (valid until 2025.11.29) and ISO14001 environmental management system(valid until 2025.11.27).
Directors	Business Strategy and Policy	Finance Department Ms. Kuo Email: investor@arbor.com.tw	Board of Directors	At least quarterly	The attendance status of the Board of Directors is reported on the Market Observation Post System

Stakeholder	Issues of concern	Contact	Communication and Feedback Channels	Communication Frequency	Communication Status in FY 2022 Report of the Board of Directors：2023.03.28
					immediately after the meeting, and the attendance status of the Board of Directors is announced in the annual report and the Company's website.

(4) Organization, duties and operations of the Remuneration Committee：

1. Organization: There are three members of the Remuneration Committee of the Company, of which all are independent directors appointed by the Board and shall convene at least two meetings annually.

Remuneration Committee member profiles

Title \ Criteria \ Name		Professional qualifications and experience	Independence status (Note)	Number of other public companies in which the member also serves as a member of their remuneration committee
Convenor / Independent director	Ming-De Wang	Please refer to pages 19~21	Please refer to page 15.	1
Independent director	Ya-Chun Lin			None
Independent director	Chuang-Chien Chiu			None

2. Responsibilities of the Remuneration Committee:

The members of the Remuneration Committee shall exercise good administrator's care in faithfully performing the following duties and submitting their recommendations to the Board of Directors for discussion：

(1) To establish and regularly review policies, systems, standards and structures for performance evaluation and remuneration of directors, supervisors and managers.

(2) To regularly evaluate and determine the remuneration of directors, supervisors and managers.

3. Information on the operations of the Remuneration Committee：

(1)There are three members of the Remuneration Committee of the Company.

(2)The office terms of the current Remuneration Committee：July, 05, 2021 to July 4, 2024.

(3)Total number of meetings in the last year is 2 times【A】，The qualifications and attendance of the members are as follows：

Title	Name	No. of actual attendance (B)	No. of times not attended or proxy attendance	Rate of actual attendance（%）【B/A】	Remark
Convenor	Ming-De Wang	2	2	100	2021.07.05 New
Member	Ya-Chun Lin	2	2	100	2021.07.05 New
Member	Chuang-Chien Chiu	2	2	100	2021.07.05 New

Other matters to be recorded:

1. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the board, and its handling of the committee's opinions (if the remuneration approved by the board is better than the recommendation proposed by the committee, the difference and reasons should be stated): No such situation.
2. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of the members' opinions should be stated: No such situation.
3. For the results of the Remuneration Committee's deliberations and resolutions for the year 2022, please refer to pages 72-77.

(5) Implementation of the promotion of sustainable development and the differences and reasons for the code of practice for sustainable development of TWSE/TPEx Listed Companies

Evaluation Item	Implementation Status (Note1))			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to handle senior management, and the Board of Directors supervises the situation?	V		(1) The Company's "Sustainable Development Practice" The Company's Board of Directors approved the change of the "Code of Corporate Social Responsibility Practice" to the "Code of Sustainable Development Practice" on March 24, 2022, and the "Corporate Social Responsibility Committee" established by the Board of Directors on November 14, 2017 to the "Sustainable Development Committee". (2) The "Committee" is chaired by the Chairman of the Board of Directors and is divided into three task groups: "Corporate Governance", "Corporate Philanthropy", and "Environmental Safety and Health", each headed by a head of the Finance Department, Human Resources Department, and Manufacturing Department. The task force is responsible for formulating strategies and guidelines, planning and implementing them, and holding meetings from time to time to track the effectiveness of implementation. (3) The "Sustainable Development Implementation Committee" held three meetings in FY 2022, and the motions included (1) identifying the sustainable issues that need to be paid attention to in FY 2022 and formulating strategies to address them; (2) the greenhouse gas inventory and verification schedule planned by the Company in accordance with the "Sustainable Development Roadmap for Listed Companies"; and (3) the tracking of implementation in FY 2021. (4) The Sustainability Committee reports to the Board of Directors at least twice a year on the results of sustainability implementation and future management policies and procedures. The Sustainability Committee will report by the first quarter of each year on the sustainability issues that require attention in the current year, as well as the corresponding strategies, and receive recommendations from the Board of Directors; It also reports on the previous year's performance by the third quarter of each year, so that the Board of	No difference

<table>
<tr><td rowspan="2">Evaluation Item</td><td colspan="3">Implementation Status (Note1))</td><td rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Abstract Illustration</td></tr>
<tr><td></td><td></td><td></td><td>Directors can review the progress of the strategy and urge the management team to make adjustments if necessary.
The "Annual Risk Management Policy and Procedures Report 2022" was submitted to the Board of Directors on March 24, 2022, and the "CSR Performance Report 2021" was submitted to the Board of Directors on July 19, 2021.</td><td></td></tr>
<tr><td>II. Does the Company conduct risk evaluation of environmental, social and corporate governance issues related to its operations and establish relevant risk management policies or strategies in accordance with the Materiality Principle?</td><td></td><td></td><td>(1) The risk evaluation boundary of the Company covers the subsidiaries listed in the annual report, and after considering the international trend of sustainable development, the policy direction of the competent authorities, and the important issues of domestic and foreign industries, the "level of concern of stakeholders "* "the degree of impact of risk management areas on corporate operations" are weighed, and significant issues are identified, and the "Risk Management Policy and Procedures for FY2022" is submitted to the Board of Directors on March 24, 2022. The "Risk Management Policy and Procedures for FY2022" will be submitted to the Board of Directors on March 24, 2022. 。
(2) The "Risk Management Policy and Procedures for FY 2022" are as follows：
(1) Major issues: Economic aspects
<table>
<tr><td>Risk Evaluation Items</td><td>Risk Management Policy</td></tr>
<tr><td>Financial Performance</td><td>1. Interest rates: Keep track of interest rate changes and adjust the use of funds in a timely manner.
2. Exchange rate: Generate natural hedge effect by foreign currency-denominated import and export payments; make timely exchange rate swaps with reference to market information and future trends; monitor changes in the foreign exchange market for timely adjustment of exchange rate fluctuations by relevant executives, and serve as a</td></tr>
</table></td><td>No difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note1))</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td>basis for product price adjustments by the Company's business units; and engage in relevant foreign exchange hedge operations in accordance with the "Procedures for Acquisition or Disposal of Assets" when necessary, depending on the level of foreign currency. Depending on the level of the foreign currency position, the Company may engage in foreign exchange hedging operations in accordance with the "acquisition or disposal procedures" when necessary.
3. We do not make highly leveraged investments and have established separate systems for handling financial operations such as "Procedures for Lending Funds to Others", "Procedures for Endorsement and Guarantee" and "Procedures for Handling the Acquisition or Disposal of Assets".</td></tr>
<tr><td>Sales and Supply of Raw Materials</td><td>1. Split the sales target to avoid the risk of sales concentration.
2. Implement supplier management, select suppliers with good quality and reputation, and maintain a stable relationship to ensure a stable and adequate supply of raw materials. In addition to the ISO 9001 certification, suppliers with ISO 14001 environmental and OHSAS 18001 safety and health system certification will be given priority in the selection of suppliers. We invite suppliers to commit to fulfill their corporate social responsibility and promote positive development of the community and environment.</td></tr>
<tr><td>R&D Innovation</td><td>1. Satisfy customers' demands: The Company always pays attention to the changes of the industry and technology development, and grasps</td></tr>
</table></td><td></td></tr>
</table>

<table>
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<tr><td></td><td></td><td></td><td>

	the industry dynamics and market information, and often collects information about the industry-related technology and trend changes by professional staff for the management's decision-making reference, so as to adjust the Company's operation strategy and draw up countermeasures. 2. Formulate an intellectual property management plan linked to operational targets: Create product value, protect the Company's products from infringement risks, and strengthen the Company's competitive advantage. 3. Research and development of new technologies: Focus on industrial automation, smart medical, rail transportation, machine vision and smart retail, and other five areas of continuous investment in research and development.

(2) Major Issues: Corporate Governance

Risk Evaluation Items	Risk Management Policy
Cyber Security	The Cyber Security Policy is established and reviewed regularly, and the implementation status of the previous year is reported to the Board of Directors in the first quarter of each year.
Code of Ethics and Business Conduct	1. Establish a "Code of Ethical Conduct for Directors and Managers" and a "Code of Ethical Conduct for Employees" to prevent dishonest behavior that could harm the Company's interests.

</td><td></td></tr>
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<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>

	2. Provide a channel to denounce any illegal or improper conduct.
Legal compliance	The legal department will update the compliance manual every year and request each unit to comply with the law comprehensively to protect the rights and interests of each stakeholder.

(3) Major Issues: Environment.

Risk Evaluation Items	Risk Management Policy
Climate Change (Including greenhouse gas emission management)	Incorporate the risk of climate change into the overall risk management system and propose effective strategies to reduce the impact of climate change by addressing the possible impact of climate change.
Reduce environmental impact	Use materials that comply with RoHS recast and REACH, and comply with EU WEEE (Waste Electrical and Electronic Equipment Directive) and PPWD (Packaging and Packaging Waste Directive) management requirements to reduce the environmental impact of our products.

(4) Major issues: Social aspects

Risk Evaluation Items	Risk Management Policy
Talent Cultivation	Set up education and training programs and encourage employees to obtain licenses or professional certifications to strengthen their

</td><td></td></tr>
</table>

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<tr><td>Yes</td><td>No</td><td>Abstract Illustration</td></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td>professional abilities in their jobs, so that they can grow together with the Company.</td></tr>
<tr><td>Employee Benefits</td><td>Planning a good working environment and welfare, implementing performance appraisal and promotion system to attract talents to stay for a long time.</td></tr>
<tr><td>Occupational Health and Safety</td><td>Provide health care and safe workplace environment that is better than the law (ISO 14001:2015 certification, valid from 2019.12.10 to 2022.12.02), (ISO 45001:2018 certification, valid from 2019.12.10 ~ 2022.12.10)), so that employees can devote themselves to their work.</td></tr>
<tr><td>Public Welfare Feedback</td><td>The Company not only participates in social welfare through direct project sponsorship and public donations, but also establishes public welfare leave to encourage employees to actually participate and respond.</td></tr>
</table></td><td></td></tr>
<tr><td>III. Environmental issues
(1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</td><td>V</td><td></td><td>The Company has established a dedicated "Occupational Safety and Health Department" under the Chairman of the Board of Directors and passed the international Occupational Safety and Health Management System ISO 45001 2018 Certification (2019-2022); and passed the international Environmental Management System ISO 14001 2015 Certification (2019-2022) in 2013 to establish an environmental management and maintenance model.</td><td>No difference</td></tr>
<tr><td>(2) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?</td><td>V</td><td></td><td>The raw materials used by our company are in compliance with the EU ROHS regulations, and we are committed to process reduction and resource recycling; we have established "Waste Control Procedures" for waste storage, transportation and disposal; in addition, we have strengthened employee awareness to achieve waste reduction.
1. The Company has been actively working to improve the utilization of resources through the environmental and energy-saving design of products, and has integrated internal product research and development</td><td>No difference</td></tr>
</table>

Evaluation Item	Implementation Status (Note1))			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			from a comprehensive viewpoint, and has strengthened the design of products to save energy, resources, easy recycling, and careful selection of low-polluting products to reduce environmental pollution through production.	
(3) Does the Company assess the potential risks and possibilities of climate changes to the Company now and in the future, and take measures to respond to climate related issues?	V		1. The Company's potential risks due to climate change are mainly at the environmental and operational levels: compliance with government regulations, supply chain disruptions, and rising energy prices may cause direct impacts on the Company's operations and production and increase losses; on the other hand, changes made to mitigate and adapt to climate change also bring opportunities for the Company, such as the development of new products with green energy technologies (e.g., Taiwan Water's smart water meter project, which uses (e.g., Taiwan Water's smart water meter project, which uses AI machine vision and discrete processing of the water consumption data it collects to promptly read water irregularities and achieve immediate warning and emergency repair work). 2. Please refer to pages 61-62 (Note 1) of this annual report for the Company's risk identification and response measures for climate change and the current year's implementation.	No difference
(4) Does the Company record the greenhouse gas emissions, water consumption and total weight of waste produced in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?	V		1. The Company has established a "policy on energy saving and carbon reduction, greenhouse gas reduction, water use reduction and other waste management", please refer to "Corporate Social Responsibility" on the Company's website. 2. Greenhouse gas emissions (1) The Board of Directors of the Company approved the greenhouse gas inventory and verification schedule for the parent company and consolidated subsidiaries on May 13, 2022 and March 28, 2023, respectively, and in accordance with the schedule, the	No difference

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>Company and consolidated subsidiaries will complete the verification program in 2023 and 2024, respectively.
(2) The Company's GHG emission statistics for FY 2021 and FY 2022 are for Scope 2 (Energy Indirect Emissions), covering the Chung Cheng Road Head Office and the Jiankang Plant, please refer to page 61 of this annual report (Note 1) for emission statistics.
3. ARBOR has been paying attention to the issue of water resources, energy saving and environmental protection for years. The water consumption statistics of ARBOR only covers the head office and the Jiankang plant in Zhongzheng Road, which are shared by Far Eastern Century Plaza and Hualong Times Square respectively according to the ratio of our share of the building's square footage. The water consumption amount cannot be used as a yearly comparison of the Company's water usage because the water allocation is based on the total amount of all users in the building.
4. ARBOR's long-term management policy is to effectively reuse and properly handle resources and considers industrial waste reduction and sustainable resource utilization as the main treatment methods. We expect to achieve a 3% reduction in waste each year.
(1) The total amount of business waste removed in FY 2022 was 4.24 tons, which mainly consisted of waste optoelectronic components, off-cuts and defective products, scrap iron and scrap aluminum.
(2) Due to the relocation of the plant from the Lide plant to the Jiankang plant in FY 2021, all waste was removed from the plant in one go before the relocation. Therefore, the weight of waste in FY 2022 is 4,240 (kg) less than that in FY 2021, which is 3,037 (kg) less, or 41.73% less.
<table><tr><th>Year</th><th>Hazardous waste</th><th>Non-hazardous waste</th><th>Gross Weight</th></tr><tr><td>2021</td><td>4,780(kg)</td><td>2,497(kg)</td><td>7,277(kg)</td></tr></table></td><td></td></tr>
</table>

Evaluation Item	Implementation Status (Note1)) Yes	No	Abstract Illustration	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			2022 | 3,688(kg) | 552(kg) | 4,240(kg)	
IV. Social Issues (1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		The Company has established a human rights policy in accordance with relevant laws and regulations and international human rights treaties, which is applicable to all ARBOR employees. Please refer to "Corporate Social Responsibility" on the Company's website.	No difference
(2) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the results of operating performance in employee compensation?	V		1. The Company complies with the Labor Standards Law and related laws and regulations, and has established the "Employee Welfare Management Regulations", "Employee Health Protection Management Regulations", "On-the-job Training Management Regulations", and "Retirement Management Regulations" to provide employee benefits that are superior to those provided by the law, including employee share options, marriage and childbirth subsidies, and bonuses for the three festivals, as well as "public welfare leave" to encourage employees to participate in public welfare activities. Employee benefits and their implementation are disclosed on pages 123-126 of the annual report, and can be found on the Company's website under "Corporate Social Responsibility". 2. Article 19 of the Company's Articles of Incorporation stipulates that if the Company makes a profit in the year (profit means profit before taxation before the distribution of employees' remuneration and remuneration to directors and supervisors), it shall set aside 1% of the profit. The Company has also established the "Promotion and Salary Adjustment Management Regulations", "Performance Appraisal Management Regulations", "Reward and Punishment Management Regulations", etc. to integrate the Company's overall operation objectives with the individual employees' work objectives, and to	No difference

Evaluation Item	Implementation Status (Note1))			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			evaluate employees' performance, learning and growth, leadership and management, reward and punishment records on a semi-annual basis. The results are effectively linked to employee bonuses, salary adjustments, and promotions. 3. Regarding workplace diversity and equality, the Company continues to build a gender-friendly workplace, with equal training and salary adjustments regardless of gender, and discloses the implementation status in the annual sustainability report.	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		1. The Company has established the "Occupational Safety and Health Code of Practice" in accordance with the Occupational Safety and Health Management Regulations, and set up a dedicated "Occupational Safety and Health Office" to promote it, and passed the certification of ISO 45001 2015 Certificate (2021-2022) of the Occupational Safety and Health Management System to provide a safe and healthy working environment for employees. In the year of 2022, there was one occupational injury case in which a factory employee fell from a ladder during the relocation of the factory in January 2022. 2. Implementation. The Company regularly holds two fire drills each year, conducts annual carbon dioxide concentration monitoring and illumination measurement in the workplace and production line, inspects and reports on firefighting equipment in the office and production line before December each year, and holds quarterly prize quizzes on health and environmental protection-related issues. We also hold regular employee health checks (held in December 2022) and analysis of health check records.	No difference
(4) Does the Company have an effective career capacity development training program established for the employees?	V		The Company's education and training include new employee training, professional training, management skills training, etc. Each year, the Company conducts internal and external education and training according to the annual training schedule. and external trainers. In addition, an online learning platform has been established to provide a more rapid and convenient learning environment for our employees.	No difference

Evaluation Item	Implementation Status (Note1))			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			749 people have completed education and training in 2022, total training hours is 294, planned execution rate is 86%.	
(5) Does the Company comply with relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer protection policies and complaint procedures?	V		The Company complies with relevant laws and regulations and international standards in the marketing and labeling of its products and services, and complies with confidentiality agreements and personal data protection laws with respect to customer privacy; in addition to the "Customer Satisfaction Management Procedures" and "Customer Satisfaction Management Procedures", the Company also provides online customer service and e-mail contact windows and methods on its website, and has a stakeholder area to protect consumer rights and provide a channel for complaints.	No difference
(6) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	V		1. The Company considers the environmental and social impact of suppliers as one of the evaluation criteria for the selection of suppliers, and has established the "Supplier Management Procedures" and disclosed the supplier management policies on the Company's website and CSR reports to enable suppliers to understand and comply with the Company's responsibilities for product safety and social and environmental issues, including the requirement for suppliers to comply with labor rights, health and safety, and environmental protection. 2. The internal regulations "Supplier Management Procedures" stipulate the criteria for supplier evaluation and the principle of periodic evaluation. In addition, the supplier procurement contract specifies that the seller shall guarantee that the products sold to the buyer comply with environmental standards (such as the EU ROHS Directive) and the countermeasures if the seller does not comply with the above standards; Besides, important suppliers are also required to sign the "Supplier Corporate Social Responsibility Pledge". ➢ Supplier evaluation and periodic evaluation includes the requirement for suppliers to comply with labor rights (the new vendor evaluation will include announcements of penalties for	No difference

Evaluation Item	Implementation Status (Note1))			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			violations of the Labor Standards Act, the Gender Equality Act, and the Labor Pension Act), health and safety (suppliers that have obtained ISO 14001:2015 certification will be given priority), and environmental protection (when new materials are introduced, suppliers will be required to provide documentation that the materials comply with RoHS and REACH). REACH compliance) and other issues. ➢ If the supplier fails to meet the criteria of regular evaluation, ARBOR will provide counseling to the relevant units. If the supplier still violates ARBOR's policy, ARBOR will activate the elimination mechanism and give priority to eliminating the supplier to avoid dealing with the corporate social responsibility.	
V. Does the Company prepare its nonfinancial reports such as Corporate Social Responsibility Report in accordance to the internationally used reporting standards or guidelines? Have such reports been assured, verified or certified by a third party?		V	The 2021 ARBOR CSR Report, which is based on the GRI Standards version, has not been validated by a third party; it is available on the Company's website and will be uploaded to the Market Observation Post System on July 01, 2022.	Self-prepared in accordance with GRI Standards
V. If the Company has its own code of sustainable development in accordance with the "Code of Sustainable Practices for TWSE/TPEx Listed Companies", please describe the differences between its operation and the code: No differences				
VI. Other important information to help understand the implementation of sustainable development：None.				
VII. If the Company's product or CSR report has passed the verification standard of the relevant verification agency, it should be stated： ARBOR's 2021 CSR Report, which is based on the GRI Standards version, has not been verified by a third party except for disclosure on the Company's website and uploading to the Market Observation Post System on July 01, 2022.				

Implementation of the promotion of sustainable development and the differences and reasons for the code of practice for sustainable development of TWSE/TPEx Listed Companies (Note 1)

Risk identification and response measures for climate change and implementation in the current year：

<table>
<tr><th>Risk identification</th><th>Response measures</th><th>Implementation situation in 2022</th></tr>
<tr><td>Regulations
➢ Taiwan "Greenhouse Gas Reduction and Management Act"</td><td>1. The Company not only conducts annual monitoring of carbon dioxide concentration in the production line environment, but also establishes the "Energy Saving and Carbon Reduction, Greenhouse Gas Reduction, Water Reduction and Other Waste Management Policy", defines the targets and measures and achievements to achieve the targets, and discloses them simultaneously on the Market Observation Post System and the Company's website.
2. The Company's energy saving target is "0.2% reduction in annual average electricity consumption".</td><td>(1) The Company's CO2 emissions for fiscal years 2022 and 2021 are as follows:
<table>
<tr><th>Year</th><th>Electricity consumption</th><th>Total CO2 emissions (kg)</th><th>Rate of reduction</th></tr>
<tr><td>2021</td><td>596,570
Electricity Carbon Emission Factor
0.502</td><td>299,285</td><td rowspan="2">27.57%↓</td></tr>
<tr><td>2022</td><td>426,168
Electricity Carbon Emission Factor
0.502</td><td>216,920</td></tr>
</table>
Source: Electricity consumption Taiwan Power Company monthly bill; Total CO2 emissions (kg)_National Electricity Emission Coefficient of 0.502 and 0.509 kg CO2e/kWh for 2022 and 2021, respectively, announced by Bureau of Energy, Ministry of Economic Affairs
(2) The Company will reduce electricity consumption and carbon dioxide emissions by 27.57% in FY 2022 compared to FY 2021 due to the effectiveness of energy saving equipment.</td></tr>
<tr><td>Supply chain disruption</td><td>Strengthen supply chain risk control and seek to maintain long-term and stable cooperative relationship with suppliers to make the production and sales process smoother.</td><td>To select suppliers with social responsibility, all new suppliers of important raw materials in 2021 will sign the " Commitment of Supplier Corporate Social Responsibility"; in addition, the evaluation of suppliers in 2022 will also include the item of "Business Management Environment Evaluation" to conduct a survey on the sustainability risk evaluation of suppliers.</td></tr>
</table>

Energy price rising	Our company is not a high energy-consuming industry, and our main energy consumption is mainly in air conditioning and lighting. However, we still strive to improve energy efficiency in our operations and implement energy-saving and carbon-reduction measures.	(1) Use T5 energy-saving lamps for lighting, keep the air-conditioning temperature above 26 degrees, and turn off the lights during lunch break and after work, and establish an inspection mechanism. (2) Implement paperless measures to reduce the use of paper and toner in order to reduce electricity usage and CO_2 emissions. ➢ Use of Electronic Document Exchange ➢ Use of electronic signature system

(6) Implementation of ethical management and measures taken by the Company

Evaluation Item	Implementation Status(Note1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I、Establishment of ethical corporate management policies and programs (1) Does the Company formulate an honest management policy approved by the Board of Directors, and express the policy and practice of honest management in its regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?	V		1. The Company's " Integrity Management Procedures" were approved and implemented by the Board of Directors' Meeting on October 11, 2011, and the last revision date was February 1, 2021. 2. The Company engages in business activities based on the principles of fairness, honesty, trustworthiness, and transparency, and in order to implement the policy of integrity management and actively prevent dishonest acts, the Company has established the "Operating Procedures for Integrity Management", "Code of Ethical Conduct for Directors, Supervisors and Managers", and "Code of Ethical Conduct for Employees", which are disclosed on the Market Observation Post System and the Company's website. The above documents are applicable to directors, supervisors, managers, employees and persons with substantial control, and the Human Resources Division is designated as the unit responsible for supervising the implementation and reporting to the Board of	No difference

Evaluation Item	Implementation Status(Note1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Directors on a regular basis; the status of integrity management implementation for fiscal year 2022 has been reported to the Board of Directors on March 28, 2023.	
(2)) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope that are at a higher risk of being involved in unethical conduct, and establish prevention programs which at least include preventive measures against the conducts listed in article 7, paragraph 2 of Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		1. The evaluation of the risk of dishonest behavior, together with the internal control self-evaluation, is initiated periodically in the first quarter of each year. The supervisor of each unit evaluates the occurrence of business activities with higher risk of dishonest behavior in the business area, reviews the appropriateness and effectiveness of the preventive measures, and then revises the measures and plans to prevent dishonest behavior accordingly. 2. The scope of the Company's prevention program specified in the "Integrity Management Procedures" includes the prohibition of bribery and accepting bribes, illegal political contributions; improper charitable donations or sponsorships; offering or accepting unreasonable gifts, hospitality or other improper benefits; infringement of trade secrets, trademarks, patents, copyrights and other intellectual property rights; engaging in unfair competition; and products and services that directly or indirectly harm the rights, health and safety of consumers or other stakeholders in the research, development, procurement, manufacture, provision or sale of products and services. The Company shall not be liable for any direct or indirect harm to the rights, health and safety of consumers or other interested parties in the development, procurement, manufacture, provision or sale of products and services. 3. The Company's " Integrity Management Procedures" stipulate that	No difference

Evaluation Item	Implementation Status(Note1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			all employees shall not offer or accept, directly or indirectly, any unreasonable gifts, hospitality or other improper benefits for business activities with a higher risk of dishonest behavior, in order to prevent employees from sacrificing the Company's rights and interests for their personal interests. We will also strengthen preventive measures through the establishment of internal rules, regulations and practices, education and training, and daily promotion.	
(3) Does the Company clearly specify operational procedures, guidelines, and well-defined disciplinary and appeal systems for handling violations in the prevention programs against unethical conducts, implement such programs rigorously, and regularly review and correct the programs?	V		1. The Company's " Integrity Management Procedure" defines the pattern of benefit and dishonest behavior, specifies the guidelines for offering or receiving benefits and benefit avoidance, establishes a reward and grievance system, and procedures for handling dishonest behavior; when dishonest behavior occurs among the Company's personnel, the dedicated unit shall report the dishonest behavior, its handling and subsequent review and improvement measures to the Board of Directors. There was no dishonest behavior of the Company's personnel in fiscal year 2022. 2. The Company's " Integrity Management Procedures" have been reviewed and revised in accordance with the current status of implementation since the resolution of the Board of Directors' Meeting on October 11, 2011, and the sixth edition of the revision was approved by the Board of Directors' Meeting on February 1, 2021.	No difference
II、Implementation of integrity management (1) Does the Company evaluate business partners'	V		1. The Company discloses its integrity management policy in its internal rules and regulations and on its website, and announces it	No difference

Evaluation Item	Implementation Status(Note1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
ethical records and include ethics-related clauses in business contracts?			at external events, such as product launches and corporate presentations, so that its suppliers, customers and other business-related organizations and personnel can clearly understand ARBOR's integrity management concepts and standards. 2. The Company's " Integrity Management Procedures" stipulate that before entering into business relationships with others, the Company shall evaluate the legitimacy of agents, suppliers, customers or other business partners and whether there is a history of dishonest behavior. 3. The Company will sign a contract with the counter-party with integrity clauses as necessary after the evaluation to ensure that the business is conducted in a fair and transparent manner and that it will not ask, offer or accept bribes.	
(2) Does the Company have a dedicated unit under the Board of Directors to promote corporate integrity, and report regularly (at least once a year) to the Board of Directors on its integrity management policies and plans to prevent dishonest practices and monitor their implementation?	V		1. The Company has designated the Human Resources Department as the part-time responsible unit for promoting the Company's integrity management, and reports annually to the Board of Directors on the implementation of the previous year to assist the Board of Directors in evaluating the effective operation of the integrity management measures established by the Company, The report on the implementation of the integrity management for fiscal year 2022was completed to the Board of Directors on March 28, 2023. 2. Implementation of the Company's integrity management policy was carried out as follows in 2022： (1)Legal compliance promotion and education training Except for the disclosure of the Company rules and regulations	No difference

Evaluation Item	Implementation Status(Note1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			related to integrity management issues on the Company's website, internal and external education and training are held to promote compliance, as described in Item 2(5) of the evaluation. (2) Establishment of monitoring mechanism The Company has established relevant regulations for the prevention of conflict of interest (please refer to Item 2(5) of the evaluation), an effective accounting system and internal control system, and the internal audit unit performs each audit operation according to the annual audit plan. No fraud was found in fiscal year 2022 (see Item 2(4) of the evaluation). (3) Establishment of reporting mechanism The Company has established a specific whistleblowing and reward system and a convenient and confidential whistleblowing channel (please refer to Item 3 of the evaluation). There were no internal or external whistleblowing cases in 2022.	
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		1. The Company has established the " Integrity Management Procedures" and the "Code of Ethical Conduct for Directors, Supervisors and Managers" to regulate the obligations of directors, supervisors, managers and employees to the Company, their business activities, monetary transactions, conflict of interest avoidance and confidential information management. 2. The Company provides an internal whistleblowing channel for employees to complain and respond and establishes an external contact on the Company's website to provide a channel for external personnel to comment on the Company.	No difference
(4) Has the Company established an effective accounting system and internal control system for	V		1. The Company has established an accounting system and an	No difference

Evaluation Item	Implementation Status(Note1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
the implementation of integrity management, and has the internal audit unit prepared an audit plan based on the evaluation results of the risk of dishonest acts, and checked the compliance of the dishonesty prevention plan accordingly, or appointed a CPA to perform the audit?			internal control system to ensure the effectiveness of the financial reporting procedures and internal controls. 2. The Audit Office prepares an annual audit plan based on the risk evaluation results, performs regular audits, and reports the results to the Board of Directors. In addition, each unit of the Company ensures the effectiveness of the system design and implementation through the annual self-evaluation of the internal control self-evaluation. 3. According to the "Statement of Internal Control System for 2022" issued by the Company's auditing office and the "Letter of Internal Control System for 2022" issued by the accountant, the design and implementation of internal control for 2022 are effective.	
（5）Does the Company regularly hold internal and external educational trainings on operational integrity?	V		1. The Company has posted the " Integrity Management Procedures", "Code of Ethical Conduct for Directors, Supervisors and Managers" and "Code of Ethical Conduct for Employees" on the Company's website in order to communicate the Group's policy on integrity management. 2. The Company shall make it mandatory for all ARBOR employees to complete the "Prevention of Insider Trading and Integrity Management Promotion" online training (at least 60 minutes per person) and pass the test every year in FY 2021 3. The Company completed the "Prevention of Insider Trading and Integrity Management Promotion" course in fiscal year 2022, and 168 employees were trained and passed the test.	No difference
III、Operation of the Corporate Whistleblowing System （1）Does the Company have a specific whistleblowing	V		1. The Company has specified the rules for reporting dishonest behavior in the " Integrity Management Procedures" and disclosed	No difference

Evaluation Item	Implementation Status(Note1)			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
and reward/punishment system, and has it established a convenient reporting channel and assigned appropriate staff to receive reports against the target?			them on the Market Observation Post System and the Company's website. 2. A whistleblower may submit an application in writing via the "whistleblower mailbox" or by "email" (email address inform @Arbor.com.tw) to the "Human Evaluation Committee", which will make a resolution after investigation by the "Human Evaluation Committee". 3. The Company encourages internal and external personnel to whistleblowing dishonest behavior or misconduct, and if the report of dishonest behavior or misconduct is substantiated, a bonus of 1% of whistleblowing amount will be awarded, with the maximum amount of the bonus not exceeding NT$50,000.	
(2) Has the Company established standard operating procedures for investigating the complaints received, take corresponding measures after investigation, and ensuring such complaints are handled in a confidential manner?	V		1. The Company's " Integrity Management Procedures" specify the requirements, acceptance and examination procedures for whistleblowing, and stipulate that records of the acceptance, investigation process and results of whistleblowing cases shall be kept and preserved, and that information provided by the whistleblower's personal information shall be kept confidential by the Company in accordance with the Personal Information Law. If the investigation reveals any material irregularities or if the Group is in danger of suffering significant losses, a report shall be made immediately and the independent directors shall be notified in writing. 2. The Company received 1 report in FY 2022.	No difference

Evaluation Item	Implementation Status(Note1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
（3）Does the Company adopt measures to prevent the whistleblower from improper treatment as a result of the whistleblowing?	V		The Company's whistle-blowing process has a confidential mechanism that prohibits reprisals against bona fide whistle-blowers.	No difference
IV、Strengthening Information Disclosure （1） Does the Company disclose its integrity management principles and implementation progress on its website and the Market Observation Post System?	V		The Company discloses information about its corporate culture and business policies through the "Integrity Management Procedures" announced on the Company's website and the Market Observation Post System, and also discloses information about the implementation process on the Company's website, annual reports, and CSR reports.	No difference
V、If the Company has established the Integrity Management Principles in accordance with the " Integrity Management Principles for TWSE/TPEx Listed Companies", please describe the current practices and any deviation from the principles:：No major differences.				
VI、Additional important information that may assist in understanding the integrity management operations of the Company: (e.g., the Company has reviewed and amended its own integrity management practices): The Company engages in business activities based on the principles of fairness, honesty, trustworthiness, and transparency. In order to implement the integrity management policy and actively prevent dishonest practices, the Company has established the "Integrity Management Procedures" to specifically regulate the matters to which the Company's personnel should pay attention when conducting business.				

(7) Please refer to the Company’s website or the Market Observation Post System(MOPS). for corporate governance related guidelines.

(8) Other significant corporate governance operation facts to be disclosed: None.

(9) Execution status of internal control system:

1. Statement of Internal Control

Arbor Technology Corporation

Statement of Internal Control

Date: March 28, 2023

Based on the findings of a self-assessment, Arbor Technology Corporation (Arbor) states the following with regard to its internal control system during the year 2022:

1. Arbor's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Arbor takes immediate remedial actions in response to any identified deficiencies.

3. Arbor evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.

4. Arbor has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

5. Based on the findings of such evaluation, Arbor believes that, as of December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

6. This Statement is an integral part of Arbor's annual report for the year 2022 and Prospectus, and is publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This statement was approved by the Board of Directors in their meeting held on March 28, 2023, with none of the seven attending directors expressing dissenting opinions. All attending directors have affirmed the contents of this Statement.

Arbor Technology Corporation

Chairman : Eric Lee

General Manager: Clark Lien

2. Disclosure of the CPA audit report if CPA was engaged to conduct special audit of the Internal control system: None

(10) In the most recent year and as of the publication date of the annual report, the Company and its internal personnel have been punished by law, the Company has punished internal personnel for violating the regulations of the internal control system, and the major deficiencies and improvements: None.

(11) Significant resolutions of the shareholders' meeting and the Board of Directors in the most recent year and as of the date of publication of the annual report：

1. Important resolutions of the Board of Directors：

Board of Directors								Remuneration Committee			Audit Committee			
Date of Meeting	Resolution			Matching with Stock Exchange Act No.14-5	Resolution Result	Independent Director's Opinion	Company Handling	Term Date	Resolution Result	Company Handling	Term Date	Resolution Result	Independent Director's Opinion	Company Handling
	Report	Resolved	Contents											
2022.02.24		V	(1) Approved the issuance of private placement of common stock in 2021.	V	Agreed	None	Not applicable				The1st session 3rd February 24, 2022	Agreed	None	Propose Board of Directors
2022.03.24		V	(1) Approved the renewal of financing contracts or new business with banks.		Agreed	None	Not applicable							
		V	(2) Approved the evaluation proposal of the independence and suitability and remuneration of the appointed CPA.	V							The fourth of 1st session March 3, 2022	Agreed	None	Propose Board of Directors
		V	(3) Approved the earnings distribution plan for fiscal year 2021.											
		V	(4) Approved the cash dividend proposal on earnings distribution for fiscal year 2021.											
		V	(5) Approved the Business Report and Financial Statements for fiscal year 2021.	V										
		V	(6) Approved the proposed endorsement of the guarantee project for the investee company-Guiding for business purposes.	V										
		V	(7) Approved whether the accounts receivable as of the end of February 2022, which exceeded three months of normal credit and were significant in amount, was a disguised loan of funds.	V										
		V	(8) Approved the " Evaluation of the Effectiveness of Internal Control System" and the "Statement	V										

			of Internal Control System" for the year 2021.											
		V	(9) Approved the amendment to the Company's "Procedures for the Acquisition or Disposal of Assets".	V										
		V	(10) Approved the amendment to the "Rules of Procedure of the Shareholders' Meeting" of the Company.											
		V	(11) Approved the amendment to the Company's "Articles of Incorporation".											
		V	(12) Approved the amendment to the Company's "Code of Corporate Social Responsibility Practice".											
		V	(13) Approved the distribution of the Company's employees and directors' remuneration for fiscal year 2021.					2nd of the 5th session February 24, 2022	Agreed	Propose Board of Directors				
		V	(14) Approved the appointment and removal of the Company's manager.											
		V	(15) Approved the by-election of one seat of the 15th Board of Directors.											
		V	(16) Approved the proposal to convene the Company's annual shareholders' meeting in 2022. ◦											
	V		(1) Approval of consolidated financial statements for first quarter of fiscal year 2022	V	Report Case	None	Not applicable				5th of the 1st session May 13, 2022	Agreed	None	Propose Board of Directors
		V	(2) Approved the proposal to continue endorsement and guarantee to the investee company Hongkong AMOBILE Intelligent Corp.	V							5gh of the 1st session May 13, 2022	Agreed	None	Propose Board of Directors
2022..05.13		V	(3) Approved the proposal to release the new directors and their representatives from the restriction of competing behaviors.	q	Agreed	None	Not applicable							
		V	(4) Approved the Company’s greenhouse gas physical check and verification schedule in accordance with the “Sustainable Development Roadmap for TWSE/TPEx Listed Companies"											

		V	(5) Approved the nomination of director candidates.											
		V	(6) Approved the appointment, removal and remuneration of the Company's manager					3rd of the 5th session August 13, 2022	Agreed	Propose Board of Directors				
2022..08.12	V		(1) Approval of consolidated financial statements for second quarter of fiscal year 2022	V	Report Case	None	Not applicable				6th of the 1st session August 12, 2022	Agreed	None	Propose Board of Directors
		V	(2) Approved the third domestic unsecured conversion of the Company's bonds into common stock on the basis of the issuance of new shares.	V	Agreed	None	Not applicable							
		V	(3) Approved to underwrite U.S. dollar-denominated interest-rate structured instruments to financial institutions.	V										
		V	(4) Approved the promotion and salary adjustment of the Company's managers.											
2022..09.05		V	(1) Approved the one-year extension of the maturity of the convertible bonds issued by the Company for its investment in AMobile Intelligent Corp.		Agreed	None	Not applicable							
2022.11.11	V		(1) Approval of consolidated financial statements for the third quarter of fiscal year 2022.	V	Report Case	None	Not applicable				7th of the 1st session November 11, 2022	Agreed	None	Propose Board of Directors
		V	(2) Approved the third domestic unsecured conversion of the Company's bonds into common stock on the basis of the issuance of new shares.	V	Agreed	None	Not applicable							
		V	(3) Approved the internal audit plan for 2023.											
		V	(4) Abandoned the subscription of cash capital increase of AMobile Intelligent Corp.											
		V	(5) Approved the amendment of "Internal Procedures for Handling Significant Information".											
		V	(6) Approved the renewal of bank financing and the new financing.											
2023.01.16		V	(1) The payment of the year-end bonus to the Company's managers for FY 2022.		Agreed	None	Not applicable	4th of the 5th session	Agreed	Propose Board of Directors				
		V	(2) Approved the ninth buyback of the Company's	V	Agreed	None	Not				8th of the1st	Agreed	None	Not

			shares to employees.				applicable	August 13, 2022			session January 16, 2023			applicable
2023.03.28		V	(1) Passed a new financing case to the bank.		Agreed	None	Not applicable							
		V	(2) Approved the employee and director remuneration distribution plan for FY 2022.					5th of the 5th session March 28, 2023	Agreed	Propose Board of Directors				
		V	(3) Approved the amendment to the "Performance Appraisal Management Regulations" of the Company.											
		V	(4) Approved the distribution of earnings for FY 2022.								9th of the 1st session March 28, 2023	Report Case	None	Propose Board of Directors
		V	(5) Approved the distribution of cash dividends from the FY 2022 earnings.											
		V	(6) Approved the report of operations and financial statements for FY 2022.	V										
		V	(7) Approved the proposed endorsement and guarantee of Guiding, a subsidiary of the Company, for business purposes.	V										
		V	(8) Approved the proposed endorsement of AMobile HK for business purposes.	V										
		V	(9) Approved the "Assessment of the Effectiveness of the Internal Control System" and the "Statement of Internal Control System" for FY 2022.	V										
		V	(10) Approved the amendment to the Company's "Procedures for the Acquisition or Disposal of Assets".	V										
		V	(11) Approved the amendment to the Company's "Procedures for Lending Funds to Others".	V										
		V	(12) Approved the Company's proposal to issue new shares by private placement of cash for the purpose of introducing strategic investors.	V										
		V	(13) Approved the amendment to the "Rules of Procedures of the Board of Directors" of the Company.											
		V	(14) Approved the amendment of the Company's "Corporate Governance Code".											
		V	(15) Approved the amendment of the Company's "Corporate Governance Code".											
		V	(16) Approved the amendments to the "Regulations Governing Intercompany Transactions with Group Companies" of the Company.											

		V	(17) Approved the appointment of the head of corporate governance of the Company.											
		V	(18) Approved the planning of the greenhouse gas inventory and verification schedule of the Company's subsidiaries in accordance with the "Pathway to Sustainable Development of Listed Companies".											
		V	(19) Approved the election of additional independent directors.											
		V	(20) Approved the election of additional independent directors.											

2. Significant resolutions of the shareholders' meeting held on June 27, 2022 and the status of implementation

Significant Resolutions	Status of Implementation
1. Business Report and Financial Statements for fiscal year 2021	Resolution was passed
2. Distribution of earnings for fiscal year 2021	1. After the resolution of the chairman of the Board of Directors on September 22, 2022, the base date for cash dividends for fiscal year 2021 was set as October 01, 2022. 2. Cash dividends of NT$8,909,160 were paid on November 01, 2022.
3. Amendment to the "Articles of Incorporation	Resolution was passed
4. Amendment to the "Procedures for the Acquisition or Disposal of Assets	Resolution was passed
5. Amendment to the "Rules of Procedure of the Shareholders' Meeting	Resolution was passed
6. By-election of directors	New Director: Ennoconn International Investment Co., Ltd. Representative: Tsai, Neng-Chi
7. Release of new directors and their representatives from the prohibition of competition	Resolution was passed

(12) In the most recent year and as of the publication date of the annual report, the directors or supervisors had different opinions on important resolutions passed by the Board of Directors, and there are records or written statements of the main contents: None.

(13) Summary of the resignation and dismissal of the Chairman, President, Head of Accounting, Head of Finance, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development of the Company in the most recent year and as of the publication date of the annual report:

Title	Name	Effective date	Status	Reasons for dismissal or resignation
Leader of Advanced Technology and Resource Center	Luo-Long, Wu	2023/5/5	Resignation	Personal career planning

4. Accountant's fee information：

1. CPA fee information

CPA firm	Name of CPA		Audit Period	Remark
PricewaterhouseCoopers (PwC) Taiwan	Hsiu-Ling, Lee	Sunny Huang	2022/1/~2022/12/31	None

Currency: NTD/Thousands

Range of CPA fee \ Item		Audit fee	Non-Audit fee	Total
1	Under 2M		518	518
2	2M-4M	3,060		3,060
3	4M-6M			
4	6M-8M			
6	8M-10M			
7	Above 10M			

2. The proportion of non-audit fees paid to the CPA, the CPA's firm and its affiliates is at least one-fourth of the audit fees：

Name of CPA firm	Name of CPA	Audit Fee	Non Audit Fee					Audit period	Remark
			System design	Company registration	Human Resource	Others	Subtotal		
PricewaterhouseCoopers (PwC) Taiwan	Hsiu-Ling, Lee Sunny Huang	3,060	0	0	0	518	518	2022/1/1-2022/12/31	Others: Tax Audit and reimbursements

3. Replacement of accounting firm and decrease in audit fees paid in the year of replacement compared to the audit fees paid in the year before the replacement: None.
4. Audit public expense decreased by more than 10% compared to the previous year: None.

5. Replacement of accountant information：

(1) About Former Accountants

1. The date and reason for the replacement of the accountant, stating whether the accountant terminated the appointment or ceased to accept the appointment on its own initiative or the issuer terminated the appointment or ceased to continue the appointment on its own initiative: None.
2. The opinion and reason for the former accountant having issued an audit report other than an unqualified opinion within the last two years: None.
3. Whether there is any different opinion between the Company and the former accountant on the following matters：

i. Accounting principles or practices: None.

ii. Disclosure of financial reports: None.

iii. Scope or procedures of audit: None.

4. If there are any of the following matters, they should also be disclosed：

(1) The Company was notified by the former accountant that it lacked a sufficient system of internal control to be relied on for financial statements: None.

(2) The former accountant has informed the Company that the Company's statements cannot be relied upon or that the Company does not wish to have any association with the Company's financial statements: None.

(3) The former accountant has informed the Company that the scope of the audit must be expanded or that the information indicates that the expansion of the scope of the audit may impair the credibility of previously issued or to be issued financial statements, but the former accountant has not expanded the scope of the audit due to a change of accountant or other reasons: None.

(4) The former accountant notified the Company that the credibility of the financial statements issued or to be issued may be impaired based on the information collected, but the former accountant did not address the issue due to a change in accountant or other reasons: None.

(2) About the successor accountant：

1. Name of successor accounting firm, name of accountant and date of appointment: None.

2. If the Company has consulted with the successor accountant prior to the formal appointment of the successor accountant regarding the accounting treatment of specific transactions or applicable accounting principles and opinions on the financial statements that may be issued by the successor accountant, the Company shall disclose the subject matter of the consultation and the results thereof: None.

3. The Company shall consult and obtain a written opinion from the successor

accountant on any matters on which it disagrees with the predecessor accountant: None.

(3) The Company shall send a letter to the former accountant regarding the matters specified in Article 10, Paragraph 5, Item 3, Item 1 and Item 2, Item 3 of the Guidelines Governing the Preparation of Annual Reports by Public Companies, and shall notify the former accountant to reply within 10 days if there is any disagreement. The Company shall disclose the former accountant's reply letter: None.

6. The Company's chairman, general manager, or manager in charge of financial or accounting affairs has worked for the firm of the CPA or its affiliated companies within the last year: None.

7. Share transfer and pledge of shareholdings of directors, supervisors, managers and shareholders holding more than 10% of the shares in the latest year and as of the date of publication of the annual report：

(1) Changes in Shareholding：

Title	Name	FY2022		YTD 04/29	
		Holding +/-	Pledged holding +/-	Holding +/-	Pledged holding +/-
Chairman	Eric Lee	0	480,000	0	0
Director	Clark Lien	0	0	(80,000)	0
Director	Wistron Corporation Legal representative: Robert Lin	0	0	0	0
Director	Ennoconn International Investment Ltd. (On Board date:2022/03/10)	0	0	0	0
Vice President	Annie Lin	0	0	0	(827,000)
Associate general manager	Adonis Lin	0	0	66,000	0
Independent Director	Chuang-Chien Chiu	0	0	0	0
Independent Director	Ming-De Wang	0	0	0	0
Independent Director	Ya-Chun, Lin	0	0	0	0
CFO	Feng-Ling, Kuo	(60,000)	0	(11,000)	0
Advanced Technology and Resource Center Vice President	Luo-Long, Wu (On Board date:2022/05/13; Resigned on 2023/5/5.)	0	0	0	0

(2) Transfer of equity information: None for the current period

(3) Equity pledge information：

Name	Reason for change in Pledge holding	Change date	Transaction party	shared	Shareholding%	Pledge holding %
Eric Lee	Pledged holding	2022/01/11	Mega Bank	480,000	0.5	0.5
Annie Lin	Redemption	2023/04/07	Yuanta Stock Exchange	700,000	0.73	
Annie Lin	Redemption	2023/04/07	Yuanta Stock Exchange	127,000	0.13	

8. Information on the top ten shareholders who are related to each other or are related to each other as spouses, relatives within two degrees, etc.：

Name	Current shareholding		Spouse/minors' shareholding		Shareholding by nominee arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ennoconn International Investments.	16,000,000	16.76%	-	0.00%	-	0.00%	-	-	-
Ennoconn International Investments legal representative :Chao Jung, Lo	-	0.00%	-	0.00%	-	0.00%	-	-	-
Wistron Corporation	4,678,586	4.90%	-	0.00%	-	0.00%	Wise Cap Limited Company	Parent-of Wise company	-
Wistron Legal Rep.:Robert Lin	-	0.00%	-	0.00%	-	0.00%	-	-	-
Eric Lee	4,075,173	4.27%	1,788,176	1.87%	-	0.00%	Annie Lin	Spouse	-
Hong-Teng Investments	4,029,011	4.22%	-	0.00%	-	0.00%	-	-	-
Hong Teng Investment Legal Rep:Annie Lin	1,788,176	1.87%	-	0.00%	-	0.00%	Eric Lee	Spouse	-
Zheng-Wui, Luo	3,324,000	3.48%	-	0.00%	-	0.00%	-	-	-
Mu Lin, Lee	2,941,000	3.08%	-	0.00%	-	0.00%	-	-	-
Hsiu Mei, Hsu	2,572,000	2.69%	-	0.00%	-	0.00%	-	-	-
Wise Cap Limited Company	2,005,107	2.10%	-	0.00%	-	0.00%	Wistron Corporation	Subsidiary of Wistron	-
Wise Cap Limited Company Legal Rep.: Fu-Chien Lin	-	0.00%	-	0.00%	-	0.00%	-	-	-
Annie Lin	1,788,176	1.87%	-	0.00%	-	0.00%	Eric Lee	Spouse	-
Hua Lee	1,396,367	1.46%	-	0.00%	-	0.00%	Eric Lee	Sibling	-

9. The number of shares held by the Company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the Company in the same investee business, and the consolidated shareholding ratio shall be calculated.：

April 29, 2022 Units: Thousands of shares ；%

Affiliate companies	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/ Manager		Total ownership	
	Shares	%	Shares	%	Shares	%
ARBOR SOLUTION, INC.	9,000	100.00	-	-	9,000	100.00
GUIDING TECHNOLOGY CO., LTD.	500	100.00	-	-	500	100.00
ALLIED INFO INVESTMENT LTD.	850	100.00	-	-	850	100.00
Arbor Beijing Technology Co.	-	-	-	100.00	-	100.00
Excellent Top International Development Limited(H.K) Holding	40,562	100.00	-	-	40,562	100.00
ARBOR Technology (Shenzhen) Co., Ltd	-	-	-	100.00	-	100.00
ARBOR FRANCE S.A.S	-	100.00	-	-	-	100.00
FLOURISH TECHNOLOGY CO., LTD.	35,195	100.00	-	-	35,195	100.00
Arbor China Technology Co.	-	-	-	100.00	-	100.00
ARBOR KOREA CO.,LTD.	101	100.00	-	-	101	100.00
Acloud Intelligence Services Corp. Ltd.	4,025	67.08	-	-	4,025	67.08
HONGKONG AMOBILE INTELLIGENT CORP. LIMITED TAIWAN	3,849	39.31	-	-	3,849	39.31
BEST VINTAGE GLOBAL LTD.	-	100.00	-	-	-	100.00
PERFECT STREAM LTD.	-	-	-	100.00	-	100.00
ARBOR TECHNOLOGY UK LTD.	-	-	-	100.00	-	100.00

IV、 Funding Status

1. Capital & Shares

(1) Sources of capital

April 29, 2023 (book closure date); units: shares

Year/Month	Par Value(NT$)	Authorized Capital		Authorized Capital		Remark		
		Shares	Amount (NT Thousands)	Shares	Amount (NT Thousands)	Sources of Capital	Capital increased by assets other than cash	Others
1993.09	10	500	5,000	500	5,000	Issuance of shares	-	
1994.01	10	1,325	13,250	1,325	13,250	New issuance of shares	-	
1994.11	10	2,475	24,750	2,475	24,750	New issuance of shares	-	
1998.11	10	6,712	67,125	5,327	53,625	New issuance of shares	-	
2001.03	10	8,742	87,423	8,742	87,423	New issuance of shares	-	
2001.12	10	14,742	147,423	10,638	106,381	New issuance of shares	-	
2002.02	11.5	14,742	147,423	13,038	130,381	New issuance of shares	-	
2002.04	21	27,500	275,000	16,238	162,381	New issuance of shares	-	
2002.08	10	27,500	275,000	18,874	188,738	New issuance of shares	-	
2006.06	16	27,500	275,000	24,674	246,738	New issuance of shares and issuance of employee stock option	-	
2006.08	10	30,000	300,000	27,683	276,830	New issuance of shares	-	
2007.10	10	38,000	380,000	31,057	310,569	New issuance of shares	-	
2008.10	10	38,000	380,000	34,840	348,396	New issuance of shares	-	
2009.10	10	38,000	380,000	35,667	356,666	New issuance of shares	-	
2010.10	10	48,000	480,000	36,992	369,922	New issuance of shares	-	
2011.07	10	48,000	480,000	38,091	380,909	New issuance of shares	-	
2012.06	10	48,000	480,000	39,257	392,569	issuance of employee stock option	-	
2012.08	10	48,000	480,000	40,394	403,940	New issuance of shares	-	

Year/Month	Par Value(NT$)	Authorized Capital		Authorized Capital		Remark		
		Shares	Amount (NT Thousands)	Shares	Amount (NT Thousands)	Sources of Capital	Capital increased by assets other than cash	Others
2013.05	10	48,000	480,000	45,780	457,800	New issuance of shares	-	
2014.09	10	55,000	550,000	48,067	480,673	New issuance of shares	-	
2014.12	10	55,000	550,000	50,067	500,673	New issuance of shares	-	
2015.04	10	65,000	650,000	56,145	561,445	New issuance of shares; Convertible bonds	-	
2016.10	10	65,000	650,000	57,782	577,806	New issuance of shares	-	
2017.10	10	65,000	650,000	62,781	627,807	New issuance of shares	-	
2018.10	10	65,000	650,000	63,548	635,475	New issuance of shares; Decrease in Treasury stock	-	
2018.12	10	65,000	650,000	62,998	629,985	Decrease in Treasury stock	-	
2019.10	10	100,000	1,000,000	64,227	642,275	New issuance of shares	-	
2020.10	10	100,000	1,000,000	65,537	655,370	Convertible Bonds; Decrease in Treasury stock	-	
2020.11	10	100,000	1,000,000	66,790	667,906	New issuance of shares	-	
2021.01	10	100,000	1,000,000	69,646	696,459	Plan for Exchange of Share (Bond) Certificates	-	
2021.04	10	100,000	1,000,000	71,588	715,884	Convertible Bonds;	-	
2021.09	10	150,000	1,500,000	73,230	732,305	Convertible Bonds	-	
2021.12	10	150,000	1,500,000	74,422	744,218	New issuance of shares；Convertible Bonds	-	
2022.04	10	150,000	1,500,000	90,422	904,218	New issuance of shares	-	
2022.09	10	150,000	1,500,000	93,509	935,092	Convertible Bonds	-	

Year/Month	Par Value(NT$)	Authorized Capital		Authorized Capital		Remark		
		Shares	Amount (NT Thousands)	Shares	Amount (NT Thousands)	Sources of Capital	Capital increased by assets other than cash	Others
2022.11	10	150,000	1,500,000	95,439	954,394	Convertible Bonds	-	

(2) Shareholding structure

April 29, 2023 (book closure date); units: shares

Category / Number	Government Institution	Financial Institution	Other Institution	Foreign institutions and other legal entities	Individuals	Total
No. of persons	0	2	49	26	17,252	17,329
No. of holding shares	0	322,009	29,811,569	2,626,823	62,678,957	95,439,358
Shareholding%	0.00%	0.34%	31.24%	2.75%	65.67%	100.00%

(3) Share Distribution

Par Value NT$10 April 29, 2023 (book closure date); Unit: person/ shares

Range of Shareholding	Number of Shareholders	Number of holding shares	Shareholding%
1-999	11,717	1,086,391	1.14%
1,000-5,000	4,515	8,500,769	8.91%
5,001-10,000	506	3,825,565	4.01%
10,001-15,000	163	2,025,181	2.12%
15,001-20,000	106	1,913,330	2.01%
20,001-30,000	105	2,676,407	2.80%
30,001-40,000	39	1,381,340	1.45%
40,001-50,000	28	1,288,250	1.35%
50,001-100,000	62	4,388,746	4.60%
100,001-200,000	37	5,392,623	5.65%
200,001-400,000	22	6,408,359	6.72%
400,001-600,000	9	4,205,540	4.40%
600,001-800,000	2	1,490,599	1.56%
800,001-1,000,000	3	2,723,032	2.85%
Above 1,000,001	15	48,133,226	50.43%
Total	17,329	95,439,358	100.00%

(4) List of Major Shareholders：

April 29, 2023 (book closure date); units: shares

Shares / Name of Major shareholders	Holding shares	Holding %
Ennoconn International Investment Co., Ltd.	16,000,000	16.77%
Wistron Corporation	4,678,586	4.90%
Eric Lee	4,075,173	4.27%
Hong Teng Investment Ltd. Company	4,029,011	4.22%
Cheng Wei, Luo	3,324,000	3.48%
Mu Lin, Lee	2,941,000	3.08%

Hsiu Mei, Hsu	2,572,000	2.70%
Wise Cap Limited Company	2,005,107	2.10%
Annie Lin	1,788,176	1.87%
Hua, Lee	1,396,367	1.46%

(5) Market price, book value, earnings, dividends per share and related information in the past two years

Item \ Year			2021	2022	Year To date 2023/4/30(Note 2)
Market price per share	Highest		32.95	31.45	56.80
	Lowest		21.30	21.35	28.05
	Average		26.29	27.25	42.44
Net worth per share	Before distribution		20.66	21.85	Not applicable (Note 3)
	After distribution		16.91	21.06	
Earnings per share	Weighted average number of Shares		72,606	87,823	
	Earnings per share	0.30	0.30	1.51	
		Not yet distributed	0.30	Not yet distributed	
Dividend per share	Cash dividends	Not yet distributed	0.10	0.80	
		Not yet distributed	0.10	Not yet distributed	
	Bonus shares	Not yet distributed	0	0	
		Not yet distributed	0	0	
	Cumulative unpaid dividends		-	-	
Return on investment analysis	P/E Ratio		87.63	18.05	
	P/D Ratio		262.90	34.06	
	Cash Dividend Yield		0.38%	2.94%	

Note 1: Distribution ratified by Shareholder's Meetings; 2022 distributions are not ratified by Shareholder's Meeting yet.

Note 2: The book value and earnings per share should be presented as of the most recent quarterly period audited by the accountants as of the date of publication of the annual report; the rest of the columns should be presented as of the current year as of the date of publication of the annual report.

Note 3: The formula for calculating this table is as follows：

(1) Price-to-earnings ratio = average closing price per share of the current year / earnings per share.

(2) Principal-to-profit ratio = average closing price per share of the current year / cash dividends per share.

(3) Cash dividend yield = Cash dividend per share / Average closing price per share of the current year.

(6) Company's Dividend Policy and Implementation Status：

1. Dividend Policy：

The Company's dividend policy is a "residual dividend policy". Depending on the Company's current and future investment environment, capital requirements, domestic and foreign competition, and capital budget, the Board of Directors shall prepare a proposal for distribution each year in accordance with the law and submit it to the shareholders' meeting for resolution, considering the interests of shareholders, the balance of dividends and the Company's long-term financial planning. The percentage of cash dividends to be distributed each year shall not be less than 10% of the total amount of cash and stock dividends to be distributed in the current year.

If there is any surplus in the Company's annual financial statements, the Company shall first pay tax to cover the accumulated deficit and then set aside 10% as legal reserve; except when the accumulated legal reserve has reached the Company's total capital, the Company may set aside or reverse the special reserve depending on operational needs or laws and regulations, and if there is any surplus, it shall be included in the accumulated undistributed earnings. In accordance with the Company's Articles of Incorporation (no less than 5%) and with reference to the Company's dividend payments in the past three years (12.34% ~ 17.49%) and the Company's business outlook, the Board of Directors shall prepare a proposal for the distribution of dividends and bonuses to shareholders and submit it to the shareholders for resolution. However, if the total amount of distributed earnings does not reach NT$1 per share, the above ratio is not restricted.

Dividend distribution in the current year：

The dividend distribution proposal for fiscal year 2021 has been approved by the Board of Directors on March 28, 2023: shareholders' bonus - cash dividends of $75,609,000, with an allotment of NT$0.8 per share.

(7) The effect of the free stock allotment proposed in the current year's plan on the Company's operating performance and earnings per share: Not applicable.

(8) Remuneration of employees and remuneration of directors and supervisor：

1. The percentage or scope of remuneration for employees and remuneration for directors and supervisors as described under the Articles of Incorporation:
   The Company shall set aside 2% to 10% of its annual profit as compensation to employees and up to 5% as compensation to directors and supervisors if the Company makes a profit (Profit is defined as pre-tax income before employee compensation and remuneration to directors and supervisors). However, the Company shall reserve the amount of compensation in advance if the Company has accumulated losses.

2. The basis for estimating the amount of compensation to employees, directors and supervisors, the basis for calculating the number of shares to be allotted, and the accounting treatment if the actual amount of allotment is different from the estimated amount.：

   The remuneration of employees for the current period is estimated based on the net income after tax for the current period, after considering the legal reserve, at least 2% of which is recognized as operating expenses for the current period, and if the actual amount of allotment resolved by the shareholders' meeting is different from the estimated amount, it is recorded as profit or loss in the next period.

3. The Board of Directors resolved to distribute the amount of remuneration to employees and remuneration to directors and supervisors as follows：

   (1) The resolutions of the Board of Directors of the Company on March 28, 2023 are as follows：

   Employee's remuneration: NT$4,000,000

   Director's remuneration: NT$1,000,000

There is no difference between the amount of remuneration to employees and directors and supervisors resolved by the Board of Directors and the estimated amount of expenses recognized in fiscal year.

(2) Amount of employee stock allotment and ratio of total net income after tax and total employee remuneration for the period: Not applicable.

4. The actual allotment of employees' remuneration, directors' and supervisors' remuneration (including the number of shares allotted, the amount and share price) in 2021, and the difference between the allotment and the recognition of employees' remuneration, directors' and supervisors' remuneration, as well as the amount of the difference, the reasons for the difference and the treatment of the difference：

The Board of Directors resolved to distribute employees' remuneration and directors' and supervisors' remuneration totaling NT$1,000,000 and are not different from the amounts recognized as remuneration to employees and directors and supervisors.

(9) Repurchase of the Company's shares：

1. Repurchase of shares of the Company (completed)

April 29, 2023

Buyback Term	8th (term)	9th (term)
Objectives of Buyback	Transferred to employees	Transferred to employees
Buyback Period	2021/5/17~2021/7/16	2021/11/16~2022/1/14
Buyback range price	NT$ 20.00~30.00	NT$ 20.00~30.00
Type and number of shares bought back	Common stock: 928,000 shares	Common stock: 616,000 shares
Amount of shares bought back	NT$23,091,000	NT$13,423,000
Buyback volume as a percentage of scheduled buyback volume (%)	92.80%	61.60%
Number of shares cancelled and transferred	Common stock: 928,000 shares	Common stock: 616,000 shares
Cumulative number of shares held by the Company	928,000 shares	1,544,000 shares
Ratio of the cumulative number of shares held by the Company to the total number of shares in issue (%)	1.27%	2.07%

2. Still in progress: None

2. Issuance of corporate bonds：None

3. Issuance of preferred stocks: None

4. Issuance of Overseas Depository Receipts: None.

5. Issuance of employee stock subscription certificates.

(1) As of the publication date of the annual report, the Company had outstanding employee stock subscription certificates and the effect on shareholders' equity:

As of 2023/6/5

Type of Employee Stock Option Certificate	First (period) employee stock option certificate (Note 4)
Effective date of filing and total number of units	January 7, 2021
Date of issuance (processing) (Note 3)	November 26, 2022
Number of Units Issued	1,350
Number of units still available for issuance	0
Ratio of the number of shares issued to the total number of shares issued	1.41%
Duration of subscription	November 26, 2021~November 25, 2026
Performance method(Note 2)	NA
Restriction period and rate (%)	0% at the end of 2 years 100% at the end of 3 years
Number of executed shares	0
Amount of executed subscriptions	0
Number of unexecuted stock options	1,350,000 shares
Subscription price per share for unexecuted stock options	20.7
The ratio of the number of outstanding warrants to the total number of issued shares (%)	1.41%
Effect on shareholders' equity	The number of outstanding warrants represents only 1.41% of the total number of shares in issue and the dilution effect is limited.

Note 1: Corporate bonds include public and private bonds in process. Public bonds in process refer to those that have been approved by the Board of Directors; bonds in process refer to those that have been approved by the Board of Directors.

Note 2: For overseas corporate bonds, please fill in

Note 3: For example, restrictions on cash dividends, foreign investments or requirements to maintain a certain ratio of assets.

Note 4: Private placements should be marked in a prominent manner.

Note 5: For convertible bonds, exchange bonds, omnibus reporting bonds or bonds with stock options, the information on convertible bonds, exchange bonds, omnibus reporting bonds and bonds with stock options should be disclosed according to the nature of the table.

(2) The names of managers who acquired employee stock subscription certificates and the top ten employees who acquired stock subscription certificates and the situations of acquisition and subscription:

As of 2023/6/5

	Title (Note 1)	Name	Number of shares acquired (in thousands)	Ratio of the number of stock options acquired to the total number of shares issued (Note 3)	**Executed**				**Not executed**			
					Number of shares (in thousands)	Subscription price (NT$) (Note 4)	Amount of stock subscription (in thousands)	Ratio of the number of shares subscribed to the total number of shares issued (Note 3)	Number of shares (in thousands)	Subscription price (NT$) (Note 5)	Amount of stock subscription (in thousands)	Ratio of the number of shares subscribed to the total number of shares issued (Note 3)
Managers	CEO	Eric Lee	565	0.59%	0	0	0	0%	565	20.7	11,696	0.59%
	General Manager	Clark Lien										
	Vice President	Karl Cheng										
	Vice President	Annie Lin										
	Senior Special Assistant	Jason Huang										
	Vice President	Ivan Huang										
	Associate	Feng-Ling, Kuo										

	Associate	Vincent Yang										
	Associate	Seantmia Lin										
	Associate	Ted, Tu										
	Associate	Patrick Lee										
	Associate	Adonis Lin										
	Associate	Jesse Lai										
Staff (Note 2)	Senior Project Manager	Lin, Hsien-Yen (Resigned)	285	0.30%	0	0	0	0%	285	20.7	5,900	0.30%
	Special Assistant	Stanley Lee										
	Senior Manager	Cindy Chen										
	Senior Manager	Ching-Ming, Cheng (Resigned)										
	Senior Manager	Han-Tsung, Chen										
	Manager	Ming-Chih, Chou.										
	Manager	Chien-Hsin, Tsai (Resigned)										
	Manager	Yu-Chen Huang										
	Manager	Orange Hsu.										
	Associate	Wang, Hsiao-Yuan										

Note 1: Including managers and employees (those who have left or died should be noted), individual names and titles should be disclosed, but the acquisition and subscriptions should be disclosed in aggregate.

Note 2: The top ten employees who have acquired stock options refer to the employees other than the manager.

Note 3: The total number of shares issued refers to the number of shares listed in the change of registration data of the Ministry of Economic Affairs.

Note 4: The price of the executed employee stock options shall be disclosed at the time of execution.
Note 5: For unexecuted employee stock options, the stock option price should be disclosed after the adjustment according to the issuance method.

(3) Information on private placement of employee stock options in the past three years:
None

6. Restrictions on the application of new shares of employees' rights: None.
7. Merger or acquisition of shares of other companies to issue new shares: None.
8. Implementation of capital utilization plan: None.

V、 Overview of Business Operations

I. Content of business

(1)Business scope

1. The main contents of the business：

CC01080	Electronic Parts and Components Manufacturing
CC01110	Computers and Computing Peripheral Equipment Manufacturing
CC01990	Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
CE01010	Precision Instruments Manufacturing
CF01011	Medical Devices Manufacturing
E605010	Computer Equipment Installation
EZ05010	Instrument and Meters Installation Engineering
F108031	Wholesale of Medical Devices
F113010	Wholesale of Machinery
F113050	Wholesale of Computers and Clerical Machinery Equipment
F113070	Wholesale of Telecommunication Apparatus
F113990	Wholesale of Other Machinery and Tools
F118010	Wholesale of Computer Software
F119010	Wholesale of Electronic Materials
F208031	Retail Sale of Medical Apparatus
F213030	Retail Sale of Computers and Clerical Machinery Equipment
F213060	Retail Sale of Telecommunication Apparatus
F213990	Retail Sale of Other Machinery and Tools
F218010	Retail Sale of Computer Software
F219010	Retail Sale of Electronic Materials
F401010	International Trade
I301010	Information Software Services
I301020	Data Processing Services
ZZ99999	All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue Distribution

Unit: NT$ Thousands; %

Fiscal Year	2022		2021	
Item	Value	% of total sales	Value	% of total sales
Main Board	560,073	31.10%	397,540	26.34%
System	1,038,472	57.66%	925,640	61.32%
Others	202,510	11.24%	186,232	12.34%
Total	1,801,055	100.00%	1,509,412	100.00%

3. Current Products and Services

A. Industrial Computer Products

B. Network Security Products

C. Automotive Electronic Mobile Surveillance Products

D. Medical Electronic Products
E. HMI Tablet
F. Fanless Industrial Control System
G. Gaming System
H. Customized products and related application software
I. Wide temperature product line
J. Modular Computer
K. Tablet PC
L. In-vehicle computer products
M. Factory Automation Products
N. Rail transportation, power plant automation, intelligent power grid, etc.
O. Industrial safety, thermal imaging applications
P. Smart City IoT

4. New Products and Services to be Developed by the Company

A. Traffic monitoring controller

B. Multi-interface gateways for power industry applications

C. High-end motherboards for video acquisition and communication systems

D. Portable tablet PC for warehousing and logistics management applications

E. Medical LCD panel PC for surgery, diagnosis and drug dispensing applications

F. Rail Transportation IOT

G. Total body temperature and mask monitoring solution for epidemic prevention technology

H. Industrial Safety & Thermal Imaging Applications

(2) Overview of the Industry

1. Current status and development of the industry

Our company is a manufacturer of Industrial Personal Computer (IPC), which is defined as a variety of customized computer equipment used in different industries, and therefore has a small number of diverse and powerful functions. In terms of applications, IPC was first used in the control, monitoring and testing of instruments and machines in the manufacturing process of factories, and was narrowly limited to industrial automation board systems, mainly used for automation equipment. Broadly speaking, any computer other than personal computer (PC) can be classified as IPC industry, such as POS (Point of Sale), ATM, security monitoring system, car computer, medical electronics, gaming machine, digital signage, industrial controller, rail traffic monitoring system, security system, and so on. Rail traffic monitoring systems, epidemic detection devices, industrial safety thermometers, etc., can be included in the IPC industry.

Industrial Computer Application Fields

Industrial Tablet PC 	Ruggedized Computers 	Handheld computer/scanner 	Automation Control 	Digital Signage 	Medical Electronics 
Intelligent Transportation 	Gaming 	ATM 	Special Printers 	Lottery Machine 	
Internet of Things (IoT) 	In-vehicle computers 	Smart Grid 	Smart Home 		POS/KIOSK 

Source of Information: IBTSIC

Industrial computers are different from general consumer and commercial PCs in that they must operate normally in harsh environments and focus on product stability and require longer product life cycles than PCs. The product life cycle requirements are also longer. In addition, industrial computers are not produced in large quantities like personal computers because the user groups are locked in special fields. Therefore, compared to personal computers, industrial computers are a diverse and highly customized industry, and customers are mostly technically competent equipment users or system integrators with some degree of special requirements for product specifications, design and services. Therefore, industrial computer manufacturers not only need to have the technical ability, but also must have a sufficient degree of understanding of the customer's industry in order to meet the requirements of different industry customers to change the design, and the service orientation is obvious.

Table 1: Application differences between industrial computers and general computers

Item	Industrial Computers	General Computers
Market Scale	Customized products are the main products, production and market scale is smaller	Standardized products are the main products , production and market scale is larger
Price Sensitivity	Low price sensitivity	High price sensitivity
Purpose of Use /	According to the purpose and	More fixed purpose and

Quality of Service	environment of use, there are different requirements (application orientation), so it is necessary to communicate with customers individually.	stable environment, after-sales service of standardized products
Environment / Application Field	Can be operated in harsh working environment (long working hours, dangerous climate, outside the city, vibration, waterproof), special market	Mostly used in stable working environment (short working hours, indoor, room temperature) home/office
Product Life Cycle	Slow product innovation, long product life cycle (at least 3-5 years)	New products are introduced faster, short product life cycle (about 2-3 seasons)
Procurement / Design	Quality/stability/durability/flexibility are the priority factors for purchasing, and more customization.	High performance/price ratio, multiple standardization
Delivery/Supply	Small quantity and multiple samples, high repurchase rate	Less sample, more quantity, general consumer brand loyalty is not high except for a few brands

Industrial computers were mostly used for control, monitoring, testing, and production equipment in the automation process of factories in early years. However, industrial computers have been rapidly expanding their applications to the general life level with the change of industrial ecology and technological evolution in recent years, coupled with the high integration of information and communication technologies such as optoelectronics, network, and software design, such as POS, Kiosk, ATM, Digital Signage, MRT ticket reading system, gaming machines, lottery machines, car computers, medical electronics, and other devices. In addition, with the rise of the Internet of Things, cloud computing and smart living concepts, intelligent transportation, smart grid, smart housing and other related applications are also gradually emerging, and industrial computer industry applications can be found everywhere in the living environment, mainly divided into the following five categories：

A. Industrial PC (IPC)：

The main hardware and software architecture of industrial computers is the same as that of desktop computers. Wintel (Windows + Intel) was the main system platform in the past, but with the popularity of the Linux open system, which can be freely modified, there is an increasing trend of using Linux system. However, industrial computers are designed differently from personal computers in that they can be placed in more demanding external environments, such as high (low) temperature, high pressure, waterproof, and vibration resistant, to provide a stable system platform for long term operation in factories.

B. Industrial Work Station(IWS)：

The higher the level of automation required by the industry, the larger the range of equipment work, the more industrial computers need to be connected to form a group operation, and industrial workstations to manage and monitor the operation of each industrial computer.

C. Single Board Computer ：

The motherboard integrates computing functions into a single add-on card. The backplane accommodates additional add-on cards to expand functionality with automatic detection, control, and processing, and the backplane size and expansion slots can be designed to meet customer requirements. The backplane size and expansion slots are designed to meet customer requirements. The main applications of single board computers are industrial control, computer telephony integration (CTI), wireless machines, robots, and medical monitoring systems.

D. Embedded PC：

Embedded computer boards are similar to PC motherboards, but they are smaller in size and can be designed to be double-sided and can be developed with different functions and forms to meet customer needs. This is a niche product with a wide range of products, lower shipment volume, and higher unit price and gross profit than the motherboard.

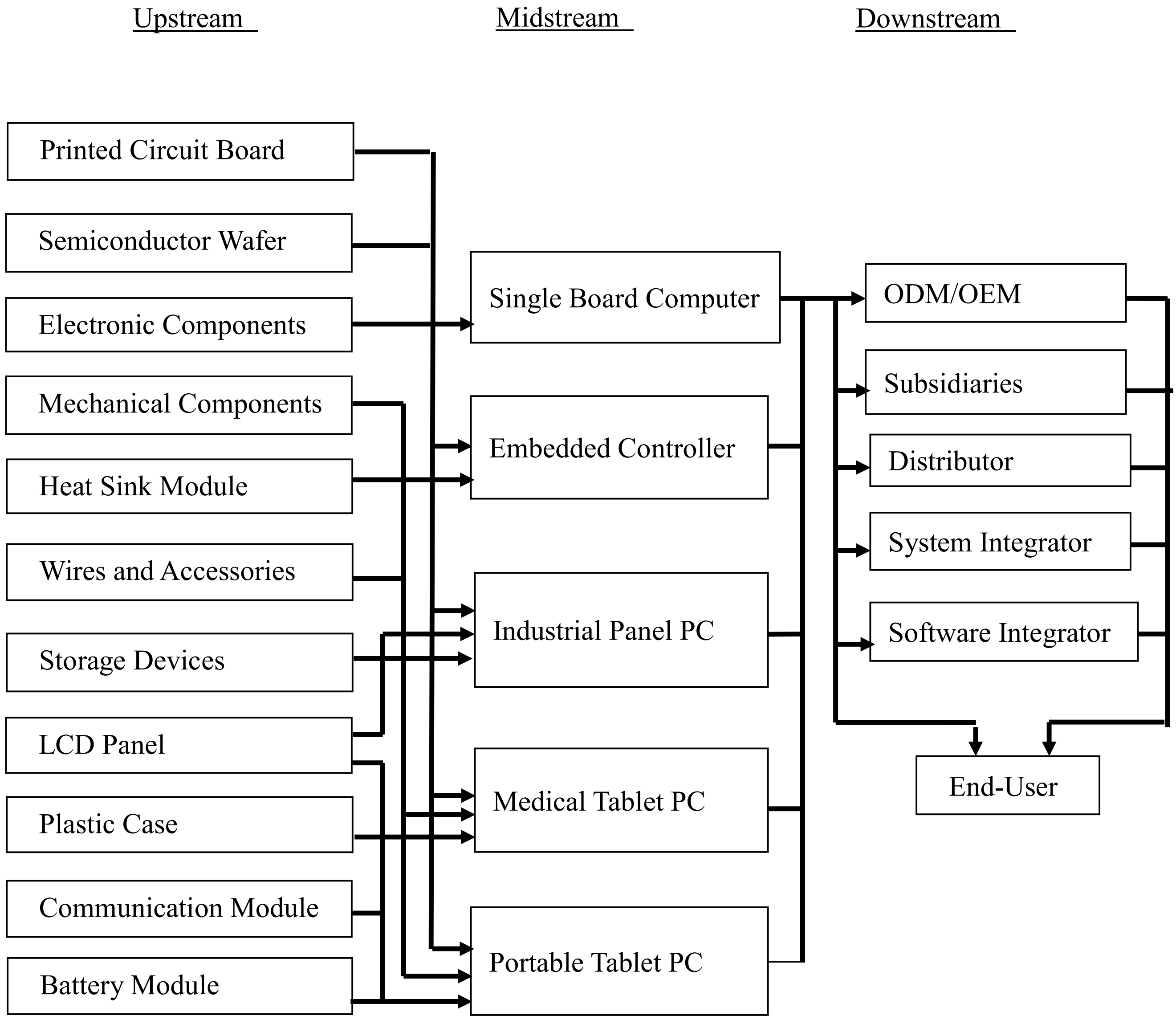
E. Panel PC：

It is a slim LCD computer with a touch screen, waterproof function, and long-lasting power supply, and has a wide range of applications. It can be used not only in industrial applications, but also in commercial purposes, such as Kiosk for station and amusement spot tour, building intercom, intelligent building monitoring system, or as an information interface for product promotion or product introduction in large shopping malls. With the modular design, we can quickly change the appearance and functions of the products according to the customers' needs, and the contents of the software are designed according to the customers' needs.

2. Linkages between upstream, midstream and downstream of the industry

Our products include single board computer, embedded controller, industrial tablet PC, medical tablet PC and portable tablet PC. It is mainly focused on computers, and its upstream includes printed circuit boards, semiconductor chips, electronic components, mechanical components, thermal modules, cables and accessories, storage devices, LCD panels, plastic housings, communication modules, battery modules, and other suppliers and outsourcing partners. The midstream is the products manufactured by the Company, while the downstream varies depending on the marketing model, as industrial computer manufacturers mainly sell to end users through distributors, system Integrators and software developers. The industrial computer industry is not a standardized industry, with a high degree of functional integration and a wide range of product applications, and customers are potentially located in various industries. Therefore, most of the industrial computers are sold to end users worldwide through distributors, system integrators and software developers with engineering backgrounds.

The upstream, midstream, and downstream linkages of the industry are illustrated below：



3. Various development trends and competition of products

A. Industry-specific boom cycle

The Company is an industrial computer manufacturer, and the end-users of industrial computers are corporate users. Although the market demand is still affected by the regional economic downturn, it is less likely to be affected by ups and downs, and when the economy recovers, corporate investment in capital expenditure increases, so the demand for industrial computers also rises. The overall application of industrial computer products is different from the past industrial automation-oriented, and the applications are moving towards a variety of industries and life applications. Generally speaking, the proportion of the first and second half of the sales is about 40:60.

B. Product Substitutability

Industrial computer products utilize the abundant hardware and software resources of personal computers, and then evolve with different motherboards, chipsets, housings, connection slots, and operating systems to meet specific operational needs. Therefore, industrial computers are distinctly different from general personal computers in that they are customized products with emphasis on product stability and a longer product life cycle, creating an irreplaceable industry value and stable growth. In contrast, most commercial PCs are mass-produced and designed for office environments, and are used in industrial and life automation applications, which cannot meet the special needs of standardized product appearance, harsher working environments, and large differences in product functionality. Therefore, the threat of replacement is limited.

C. Industry Future Development

Industrial computers emerged from the Slot Computer architecture in the early days, emphasizing good scalability, easy maintenance (MTTR), high compatibility, and long product life cycle. After years of industrial development, the slot computer has become the mainstream of industrial control industry and network server manufacturers, among which the application of computerized computer integrated system (CTI) and digital video recording and playback system (DVR) The characteristics of slot computers can be best demonstrated. With the introduction of low-power/high-efficiency CPUs (e.g. AMD GX3 & Intel CPUs), fanless systems are gradually being developed, with the advantages of fanless systems in terms of size, volume and vibration resistance. The embedded computer developed by our company emphasizes the features of low power consumption/high integration/no fan/strong vibration resistance, and the combination of video and voice functions makes the embedded computer more deeply applied in various industries, including POS, ATM, gaming machine, KIOSK, medical, car, digital information signage, KIOSK, industrial automation, building, and other industries. KIOSK, industrial automation, building monitoring, and HMI tablet PC are the most popular applications.

As mentioned above, our company has always been highly interactive with the trend of industrial application market, and we are able to grasp the core technology design for the related technology development and application, such as our project development mode to meet the needs of customers, and our RISC architecture products have become mature, and we believe that our company will be highly competitive in the industry in the future.

D. Competitive situation

Currently, the leading industrial computer manufacturers in Taiwan are Advantech, Ennoconn and ADLINK. Other industrial computer manufacturers include IEI Integration, Portwell, NEXCOM, Lanner, Flytech, Axiomtek, AAEON and Avalu, etc. Each manufacturer has different business results according to their technology, business philosophy and product features. In terms of product orientation, except for single-board computers, which are workstation computers, and data acquisition computers for life support equipment, all of them are sold with self-developed finished products, unlike other companies that only develop one kind of application products (with different sizes) or only undertake the embedded board design of medical computers for ODM customers, therefore, the actual competitors of our medical tablet PC are mostly foreign companies. Therefore, most of our competitors for medical tablet PC are foreign companies. Therefore, the Company's actual competitors for medical tablet PC are mostly foreign companies. Therefore, the Company is more mature than other companies in the industry in terms of technology, demand specifications for new vertical applications and industry trends.

Our main source of technology is our long history of recruiting R&D talents and gaining experience in various fields to develop products across different industries, and to accumulate experience and try to make technological breakthroughs through practical work. On the other hand, we have maintained a long-standing relationship with Intel, a major supplier, and are a strategic partner in the Intel Embedded Alliance, through which we have early access to the technical specifications and design manuals for CPUs and Chipsets of various generations. In addition, we have also joined PICMG, SFF-SIG, PCISIG, PC104, and other related organizations to continuously obtain the standard specifications for various industrial computer products. Except for joining the above standards, we also join various other unions such as Taiwan Electrical and Electronic Industry Association and Electrical Technicians Association to increase our connection with the electronic industry.

Our company mainly researched and developed embedded single board computers in the early days, when Kontron, a major foreign industrial computer manufacturer, started to launch the ETX standard CPU module specification. We were the first company in Taiwan to launch such products. After several years of research and development, we have not only developed new CPU module-based single board computers, but also developed many major product lines such as embedded controllers, portable rugged tablet PCs, and medical tablet PCs. The following is a description of our product competitiveness: ：

a. Leading in R&D technology: We are a leading industrial computer manufacturer with a complete range of wide temperature products, and our wide temperature technology spans dozens of products such as embedded single board computers and embedded controllers. In addition, we have the R&D capability of mobile computing devices, especially the technology that supports dual battery hot-swappable, which is not only unique in the industrial computer industry, but also ahead of some commercial notebook or tablet PC manufacturers.

b. Complete product structure: We have a complete product structure for all major product lines, including industrial automation, transportation automation, in-vehicle information systems, medical and health care, multimedia information terminals, military computers and other industries, providing customers with more diversified choices.

c. Fast and flexible service: According to the diversification of various industry specifications, our strong R&D team can reuse existing product resources to modify BIOS or specifications and form new models in the first time to meet customers' urgent needs.

d. Advanced market advantage: We are the first to introduce mobile computing technology and have developed tablet PCs for various industrial applications, such as portable medical computers, in-vehicle LCD computers, mobile cash registers, and mobile warehouse management computers. Therefore, we are more mature than our competitors in terms of technology, demand specifications and industry trends for these new vertical applications. Competitors need at least two years to prepare for the development of such products, thus creating a competitive barrier.

(3) Technology and R&D Overview

1. Technical level of the business operated

Currently, the mainstream technology development of industrial computer, among which Intel x86 series is the core of our product development strategy, our company has its corresponding product development and marketing, especially in the development of System on module, is beyond the performance of the world's leading brands, this high-density CPU module fully meet the IPC industry's diverse and small amount of market demand, for customers, can For our customers, we are able to quickly complete our customers' products and achieve a highly competitive performance in terms of time to market; for our company, the mass production of COM express, ETX and Q7 CPU modules is the core value of Modular Computer - fast and diverse. At this stage, the Company has invested more R&D manpower in the field of embedded computer applications, and has spared no effort in the research of the harsh environment of wide temperature and in-vehicle, hoping to become the leader in the field of embedded applications in the future.

Our RISC BASED R&D team provides a one-stop innovative R&D and production technology capability from hardware design, embedded development to end product mass production. Our key R&D personnel have more than 10 years of experience in ARM embedded design and development, and are familiar with porting, optimizing, long-term maintenance and updating of various Linux operating systems, providing customers with another innovative product development technology with low power consumption and high performance.

2. Research Development Status

Through the development of the electronic industry for many years, new hardware and software technologies have been introduced one after another. With the continuous introduction of low-power/high CP-performance CPUs and the rapid development of network communications, the traditional industrial automation control industry has tilted toward a decentralized processing architecture, gradually evolving into the trend of using embedded controllers and industrial tablet PCs. Moreover, since the customer's requirements for product stability are becoming more and more stringent, there are more and more demands for fanless and wide operating voltage products. The Company has been developing wide temperature technology in recent years, and now we are able to provide nearly 30 -40~+85°C wide temperature products to our single board computer customers, and most of the general single board computer products can also support -20~+70°C specification. On the other hand, due to the rising trend of labor salary and commodity price, most of the customers have reduced their investment in human resources and have reduced the practice of purchasing single board computer and designing their own chassis to form the system, and have evolved into the mode of purchasing the whole machine. In view of this, our company also provides customers with complete solutions, such as rugged embedded controllers for outdoor traffic control, atmospheric physical detection, power and energy management, in-vehicle computers, self-driving cars, and other harsh environments, with features such as fanless, wide operating temperature, and high vibration immunity.

On the other hand, as new technologies such as mobile communication and mobile computing become more and more widespread, the traditional industrial computer industry is constantly evolving and many new applications have been created, such as mobile POS for outdoor business establishments, mobile LCD computers for automatic navigation, automatic driving and communication for vehicle carriers, portable LCD computers for warehouse access and management, etc. We have been researching and developing related technologies since 2007, and now we have launched several portable tablet PCs with high integration (wireless network, Bluetooth, mobile communication, barcode machine, RFID, chip card and magnetic stripe reader...) and high battery life. The rugged design and high battery life of these products are the most important factors in the development of portable tablets. This type of product is a niche product due to its high technology threshold.

The Company has also set the direction for future product development, with the Intel x86 series as the core of the Company's product development strategy, the Company has its corresponding products developed and launched, such as Intel 8th, 10th and 11th generation i7/ i5/ i3 and Xeon servers and Atom-class CPUs. Atom-class CPUs. We will also invest more R&D manpower in the field of embedded computer applications in order to become a leader in embedded applications in the future, based on wide temperature technology for The Company will also invest more R&D efforts in embedded computer applications in order to become a leader in embedded applications in the future, with embedded controllers based on wide temperature technology for industrial automation, transportation, power industry, etc.; portable and rugged tablet PC products based on mobile computing technology for in-vehicle computers, smart inspection (power and oil & gas, etc.), warehouse management, retail industry, medical and health care, etc. The future direction of its planning is：

A. Short-term development direction：

(A) Introduce and nurture outstanding R&D talents to form a solid R&D team and maintain our technological advantage to launch niche products quickly.

(B) We actively utilize our existing R&D strengths to grasp the trends of CPUs, chipsets and market changes, and launch competitive new products ahead of the market.

(C) Industrial PC single board products continue to introduce higher-end CoreTM processor series and new generation AtomTM series products with low power consumption to develop COM (Computer On Module) series products and wide temperature, low power, small size and high integration embedded products. The Company is also developing COM (Computer On Module) series products and embedded products with wide temperature, low power, small size and high integration.

(D) Industrial computer system products focus on the development of HMI, Rugged Tablet PC, Embedded Controller, Expert Medical Station, Nursing PC, Bedside Infotainment Terminal, In-Vehicle Computer and other series of products.

(E) Develop RISC Based system modules for industrial electrical system products, such as HMI, Rugged Tablet, Rugged handheld, Embedded BOX PC, In-Vehicle Computer, Kiosk Retail POS and other series products.

B. Medium and long-term development direction：

(A) We are actively cultivating R&D talents in system integration, application software, and BIOS to lay the foundation for the expansion of industrial computer system product lines.

(B) Strategic alliances with industry key technology vendors for technology collaboration to enhance R&D capabilities.

(C) Create a market-oriented and responsive R&D team.

(D) Provide long-term maintenance and updates for industrial development systems such as Linux and Android operating systems.

3. Research and development staff and their qualifications

Unit: Person

Education \ Year	2022		2021	
	No.Of Persons	% of total Employees	No.Of Persons	% of total Employees
PhD	0	0	0	0
Master degree	12	13.48%	12	13.95%
College degree	75	84.27%	72	83.72%
Senior High school(inclusive) or below	2	2.25%	2	2.33%
Total (Note1)	89	100.00%	86	100.00%

Note 1: No significant difference between 2022 and 2021

4. Research and development(R&D) expenses for each year within the past five years

Unit: NT$ Thousands

Item	2018	2019	2020	2021	2022
R&D expenses	112,835	114,099	97,252	84,353	89,812
Net revenue	1,430,772	1,595,829	1,510,316	1,509,412	1,801,055
% of net revenue	7.89	7.15	6.44	5.59	4.99

5. Technology and products successfully developed in FY 2022

Year	Item
FY 2022	1. Customer design specifications change, continue to develop Intel Q370 motherboards for ODM customers, support Intel 8th/9th generation Core processors, designed for medical equipment. 2. Customer design specifications change, continue to develop new 2nd generation 15" tablet PC for ODM customers for POS system, processor platform using Intel Apollo Lake/Whiskey Lake and Rockchip RK3399 3. 3.5" board designed with Intel Elkhart Lake platform, used to replace the AMD motherboard used by VIP customers for retail electronic scales. 4. BOX integrates with Intel Tiger Lake-UP3 COM Express Type 6 Compact Module, which is used to replace the existing Intel Kaby Lake-U module

Year	Item
	used by customers for BOX digital playback system. 5. Using Intel Comet Lake-S platform design with 5 network ports Mini-ITX motherboard, customer applications for small data center network security. 6. Highway ETC gate explosion-proof AI camera in the core to do the upgrade program, C1D2/ATEX explosion-proof standard products embedded system development, using the latest platform of INTEL EHL. 7. Intel 12th Alder Lake S processor and support MXM NVIDIA 100W GPU to meet the demand for real-time computing and long-term stable supply for in-vehicle and medical embedded systems. 8. Intel EHL embedded HMI from 10.1"~15" with built-in gold capacitor UPS is more suitable for customers' explosion-proof applications. 9. Machine Vision AI embedded system, using Intel 12th Alder Lake S processor, and especially for industrial cameras with high integration of high-speed DIO/Lighting Control. 10. 2nd Taipei MRT NVR controller, integrated M12 POE, isolated DIO. 11. Intel 10h Alder Lake S processor, and supports 5xPCIe/PCI multi-slot expansion cards to meet customers' needs for multi-IO/150W GPU expansion. 12. Intel 10h Alder Lake S processors, and supports 5xPCIe/PCI multi-slot expansion cards, supporting up to 350W GPU graphics applications.

6. The Company's future R&D plans and estimated R&D expenses

R&D expenses are forecasted to stand around 5% of revenue in fiscal year 2023. All R&D programs are focused on providing new technology applications, meeting customer needs in the market, and improving customer satisfaction. We also expect to increase our competitiveness and scale of operations by developing new products and technologies.

The major R&D highlights of the Company for FY 2022 as of the publication date of the annual report are as follows：

Plan Name	Plan Description
SCP-41/43-MK2	AI controllers are required to meet the high-performance requirements of POE/GPU under the trend of real-time

Plan Name	Plan Description
	computing, resulting in high power consumption, so we plan to launch a 120W gold capacitor UPS to support the corresponding
FPC-9100-V1-MRT	Arbor's 3rd generation of railway PISC/NVR controller, integrating the previous two generations of practical vehicle integration experience in NorthJet and Taiwan Railway, the goal is to integrate PISC/NVR specifications into an all-in-one machine, to be the future of the railway controller paradigm shift
FPC-810x	Intel 13th Raptor Lake S processor, the whole machine wide temperature operation without fans streamlined IO design to support standard PCIe * 16 / PCI / PCIe graphics card / IO capture card
C1D2/ATEX Explosion-proof controller	The fourth generation of ODM ATEX/C1D2 explosion-proof controller development, following the experience of the previous three generations to do the new processor platform / IO specification deepening
FPC-5211-P6/M4/2M4	Intel 12th Alder Lake S AI fanless car and rail controller with up to Nvidia RTX-A2000 MXM GPU, and multiple camera ports - POE/USB/10G/5G, E-Mark/EN-50155 certified
ASLAN-W10xx Series	ASLAN Next Generation Heart Exchange Upgrade Program Execution, Full-Size Upgrade to Intel Tiger Lake Platform
MB-91Q3 Q6700 Mainboard	Development of Intel Q670/H610 motherboard, supporting Intel 12th generation Core processors, designed for machine vision devices
PMB-RK356 System-on-Module	Development of a new generation of Rockchip RK3566 System-on-Module to replace the old Rockchip PX30 System-on-Module for ODM customers
EmCORE-i93M2 3.5" Board	Intel Alder Lake-P platform design 3.5" single board, support Intel 12th generation Core processors, to replace the old EmCORE-i89M2, support Intel 6th generation Core processors 3.5" single board
EmETXe-i93U0 COM Express	Adopt Intel Alder Lake-P platform to design COM Express

Plan Name	Plan Description
Compact Type 6 Module	Compact Type 6 Module, which is used to upgrade the old COM Express Compact Type 6 module of IEC-39xx series of digital plug-and-play BOXes.
EmNANO-i93N0 COM Express Mini Type 10 Module	Adopted Intel Alder Lake-N platform to design COM Express Mini Type 10 Module, which is used to replace the old COM Express Mini Type 10 module used by VIP customers for bus digital playout system.
EmQ-i93N1 Qseven Module	Qseven Module designed with Intel Alder Lake-N platform to replace VIP customers' legacy Qseven modules for industrial automation applications

(4) Long and short-term business development plans

1. Marketing Strategy

A. We are committed to the fixed market with the three elements of service, technology, and brand, and to establish good customer interaction with the three directions of efficient service, quality service, technical service and continue to assist existing customers to expand their market share and gross profit.

B. Strengthen technology leadership to maintain good customer interaction, and continue brand promotion and image building, so that the upstream, midstream and downstream industries can designate branded products and bring benefits to customers by the nature of technology.

C. We will develop various product lines under our own brand name "ARBOR" in the future. Regarding market expansion, the Company operates in China, the United States and France through its investment subsidiaries, and in Australia through strategic alliances and cooperation with local distributors in the rest of the world. In the rest of the world, we work with local distributors to enhance customer satisfaction and loyalty, strengthen brand awareness and expand market share with solid technology and a solid and honest management philosophy, in order to achieve steady growth.

D. With "industrialization of communication and industrialization of communication" as the main axle, we are developing four vertical markets: smart medical, car networking, smart retail and factory intelligence, and actively deploying solutions that meet the demands of specific industries.

E. Combining digital marketing and big data applications, we use offensive marketing, budgeting for Google Ads, PPC, Remarketing and SEO, supplemented by our own communities such as FB and Linkedin and online media, to continue to develop new customers in the US, Europe and Asia Pacific, and to promote the global corporate recognition of the ARBOR brand.

2. Short-term business development plan.

A. Develop OEM/ODM business opportunities with well-known manufacturers by aggressively utilizing our R&D strengths to establish a customized professional R&D image.

B. Expand the product line of industrial computer boards and interface cards and promote industrial computer system products with market potential and high added value to meet the demands of customers in different industries with diversified product lines.

C. Strengthen our FAE and RMA capabilities to provide attentive after-sales service.

D. Participate aggressively in industrial computer exhibitions in various potential countries around the world to increase reputation and develop new customers.

E. Establish a database of potential customers and actively publish new products and related technical information through internet marketing.

F. Strengthen the collection of information from upstream and downstream industries to quickly respond to market demands and create niche products.

G. Establish a dedicated business team (channel & project development) for product lines to focus on product sales resources and sales development.

H. Increase R&D strength and provide customers with more perfect solutions and services through strategic alliance of consulting system or industry-academia.

I. Implement the positioning of each subsidiary and integrate resources to strengthen the function of each subsidiary to serve customers nearby and provide real-time feedback on local market demand.

3. Long-term business development plan

A. Establish long-term partnership with key component suppliers and excellent outsourcing companies to create a win-win strategy.

B. Form strategic alliances with well-known customers to support cooperative products with professional technology and create prosperity together.

C. Deeply develop the Greater China and Asian markets, and meanwhile expand the markets in Europe and the United States.

D. With the increase of system integration capability, the main axis of the original sales of industrial computer single board products will gradually change to the strategy of industrial computer single board products and system products together, and deepen the vertical industry.

E. Planning and evaluating the establishment of overseas offices and establishing a global distributor system for each regional market to facilitate deeper penetration into the local market.

F. Increase the sales of ODM/OEM or customized products to a reasonable proportion of 40%~50%.

G. Transform overseas subsidiaries into technical support service centers to support customer development and rapid service in the vicinity.

II. Market and Production Overview

(1) Market Analysis

1. Main product sales regions

Unit: NT$Thousands

Year		2022		2021	
Regions		Value	%	Value	%
Domestic sales		83,836	4.65%	168,832	11.19%
Overseas	Asia	767,656	42.62%	573,571	38.00%
	America	441,349	24.51%	368,794	24.43%
	Europe	508,214	28.22%	398,215	26.38%
Total		1,801,055	100.00%	1,509,412	100.00%

2. Market share and future supply and demand situation and growth

We are an industrial computer manufacturer and continue to operate our brand awareness in Europe, America, Asia Pacific and China, and continue to expand our distribution channels and establish a global sales system.

According to TrendForce research, Taiwan's industrial computer (IPC) market in the first half of 2020 was delayed due to shipping and supply chain disorder, resulting in a total consolidated revenue of NT$105.4 billion, down 4.7%. With the epidemic under control, Taiwan's IPC market in the first half of 2021 benefited from the expanding demand for 5G construction in China and increased investment in public construction such as railways and highways in Europe and the U.S. to strengthen the economic recovery, resulting in an overall revenue of NT$115.1 billion, up 9.2% annually.

According to the rapid development of emerging IT technologies such as cloud computing, artificial intelligence, Internet of Things, edge computing and blockchain, and new applications, which drive business model evolution and industry transformation and value addition, the demand for IT industry related products will be favorable. Industrial applications, medical and transportation are the most promising markets, and these are the vertical markets that ARBOR has been working on, so it is estimated that the Group's annual revenue growth rate will continue to grow.

3. Competitive niche

Our main competitive niche products are industrial computers, medical computers, and rugged tablet PCs, etc. The characteristics of the industrial computer industry are high durability, high quality stability, diverse and small quantities, and long-life cycles. In order to accurately grasp the development trend of PC-based computer industry, our company not only develops market-oriented products, but also chooses to research and develop products with high technological threshold and high added value in order to maintain our technological advantage, create profits, maintain long-term competitiveness, and establish the rock of sustainable management. The key factors are as follows：

A. Strong research and development team to ensure rapid response for market demand

Technology is the key to survival and profitability of our company, and we have put a lot of emphasis on R&D (integration of hardware, software, firmware engineers and advanced equipment) and invested a lot of manpower and funds. At the end of December 2021, the R&D staff accounted for 22.6% of the Company's total workforce, in order to combine innovation, speed and technology to create marketable, forward-looking and futuristic products, and to help customers provide the best solutions. We have developed a series of low-power, highly integrated embedded products, and led the industry in launching high-end medical computers and rugged tablet PC products. Our excellent R&D team is the best guarantee to deliver new products quickly and in line with the market trend.

B. Management Team

Our main management team has more than 20 years of experience in industrial computer-related fields and has an engineering background, so they are familiar with the market, products and customers. Therefore, we are able to make quick and correct decision and development direction in product and market strategy. 。

C. Good employee centripetal force, strong ambition, and high team consensus

The main management team of our company had a high level of consensus at the beginning of the Company's establishment that employee centripetal force and ambition are the main driving force of the Company's growth, therefore, we actively open up employee shareholding to allow employees to share the fruits of management in order to cohesion and ambition of employees. Since its establishment, the Company has maintained a high level of employee motivation and ambition, and therefore, the Company has been able to achieve good growth in recent years.

D. Image Recognition and Affirmation

Our products have been adopted by many well-known international manufacturers and have built up an image of professional excellence in industrial computer and medical computer design and manufacturing. Since our product strategy in the early stage of establishment, we focus on high end and low function, small size and high integration products in the middle of difficult design, and often launch market-leading products ahead of the industry, we have quickly gained the recognition and affirmation of many well-known international manufacturers, which is beneficial to our growth and long-term competitiveness.

E. Marketing channels

Our company has a global integrated marketing channel and multinational subsidiaries to keep close to the market pulse and demand, respond to customer needs immediately and provide perfect and fast after-sales technical service.

4. Favorable and unfavorable factors of development prospect and countermeasures

A. Favorable factors for future development

i. Information industry structure is complete and resources are abundantly available

The advantages of both vertical integration and vertical division of labor in the information industry have already taken shape. In addition, domestic manufacturers have made great progress in the development of key components, and this complete information industry structure and increasingly complete production and sales system are sufficient to fully support the development of the industrial computer industry, creating an excellent environment for industry development.

ii. Industrial computers have a wide range of applications and Business opportunities are unlimited

The application of industrial computers covers automation, Internet of Things, smart grid, rail transportation, communication, military, medical and other fields. The scope of application is very wide and will bring unlimited business opportunities to the industry.

iii. Industrial computer industry characteristics create profitability

The product range is diverse and small, and it is not possible to adopt the mass production method of economy of scale, so it is possible to maintain a rather high price. In addition, industrial computer manufacturers must tailor their products to meet the specific needs of their customers, as they may be used in harsh environments such as low and high temperatures, vibration, and humidity. Therefore, the most important factors for customers are product reliability and stability, and finally, the price of the product is considered. Therefore, the average gross margin of industrial computer manufacturers can enjoy a high profit level of more than 20%, and the life cycle of industrial computers can generally last for 3-5 years. Compared with personal computers, which will be updated in 6-9 months due to the change of CPU generations, industrial computer products are more stable and not easily eliminated by the market. Since industrial computers are often customized according to customers' needs, once they are verified by customers, the chances of subsequent cooperation are very high, so the loyalty of customers in this industry is very high.

iv. Technology advantage and product leadership base

Technology advantage is the only way for our company to survive and make profits. Since our company was established, we have put a lot of emphasis on R&D (integration of hardware, software, firmware engineers and advanced equipment) and invested a lot of manpower and money, especially for medical and rugged tablet PCs, and actively innovated. We have accumulated many years of experience and technology in the fields of wide temperature, fanless cooling and mobile computing, and are able to provide new products and services that meet the market trend faster than our competitors when facing the future demand.

v. Independent R&D capability

In the high-tech industry, our company has many years of experience in industrial computer research and development, and has independent and independent research and development capabilities, which is also a guarantee of creating a brand in the market, establishing a reputation and profitability. We have accumulated abundant resources in product applications and our main source of technology, in addition to a long history of recruiting R&D talents and gaining experience from various sources, has enabled us to develop products across different industry sectors, and to accumulate experience and try out technological breakthroughs from actual practice. Through this relationship, we have been able to obtain early access to the technical specifications and design manuals for CPUs and Chipsets of various generations.

vi. Insist on producing and selling high quality products and services to accumulate market trust

The most important basis for the survival and development of an enterprise is to provide high quality products, and the quality requirements of industrial computers are even more stringent, therefore, our company always takes the improvement of product quality as the first priority, and passed the ISO-9001 quality certification in FY88 and the ISO-13485 medical specification certification in FY2010, which are helpful for the promotion of products and winning the trust of customers.

vii. Use of management information systems to improve operational performance

The internal management of ARBOR is moving towards institutionalization and computerization. The use of the management information system will improve the quality of decision making, increase operational performance and benefit ARBOR's future development.

viii. Develop customers aggressively and have strong future development

We have established ARBOR SOLUTION INC., ARBOR FRANCE S.A.S., ARBOR TECHNOLOGY UK LTD. and ARBOR KOREA CO., LTD. in order to further develop the market in the United States, Europe and Korea. In order to seize the business opportunities in Mainland China market, in addition to the original North China region, the Company established ARBOR SOLUTION INC., ARBOR FRANCE S.A.S, ARBOR TECHNOLOGY UK LTD. and ARBOR KOREA CO. In order to capture the market opportunities in Mainland China, we acquired a subsidiary in South China, Sibosi

Technology (Shenzhen) Co. Ltd. to capture the growing industrial computer market in China. The Company has built up a marketing network with its investee companies and distributors in different parts of the world to fully understand the market demand, which is expected to lay a good foundation for future business growth.

B. Negative factors and countermeasures

i. Key components are not easy to control.

Countermeasures：

·Maintain long-term cooperation and establish good relationship with original suppliers.

·The sources of purchase are appropriately diversified to reduce risk.

·Estimate the supply and demand from the receipt of orders and the history of the usage and control the inventory at any time.

ii. The sales quotation is mainly in US dollars and there is a potential risk of exchange rate changes.

Countermeasures：

·Prepare product price lists to include evaluation of exchange rate movements.

·Collect information on exchange rate changes and keep an eye on the trend.

·Use of bank foreign exchange to hedge exchange risk.

(2) Important usage and manufacturing process of main products

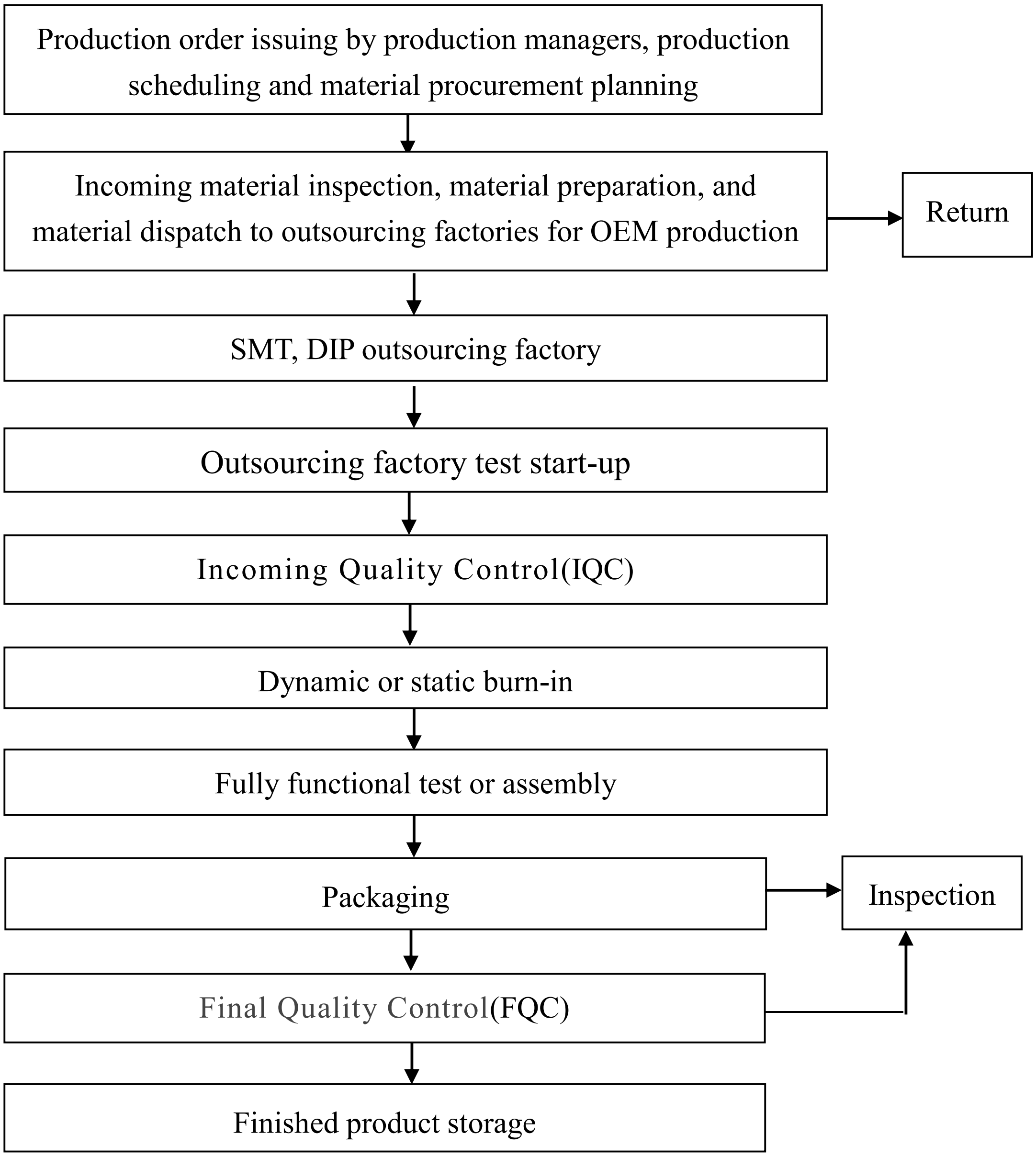
1. Important usage for main products

Main Products	Important Usage
Single Board Computer	PICMG single-board computers are mainly designed to expand by combining various computing functions on a single motherboard with expandable ISA BUS, PCI BUS, Express Bus, and other add-on cards, or by combining various combinations of back planes. The applications are as follows: Computer Telephony Integration (CTI), Digital Video Recording (DVR), Surveillance, Automatic Teller Machine (ATM), and other applications.

Main Products	Important Usage
Embedded Computer	The concept of embedded is to achieve system integration and application through module or complete functional system board design or through module carrier board with multiple functional add-on design or complete functional system board. The applications are as follows: single and fixed function embedded applications, emphasizing on various working environments. For example: POS, Vending Marchine, Control Box, Medical Equipment, Military, Gaming, Lottery, Electronic Signage, Telematics, Smart Grid, Rail Transit, Internet of Things, and Information Services.
LCD Flat Panel Computer	The main concept is to combine the computer host, LCD screen, and peripheral interface into one All-In-One PC, but the industrial LCD panel PC will have higher peripheral integration than the general commercial computer, such as swipe card machine, barcode machine, etc., plus the thin and light appearance design, suitable for application in building navigation system, access control system, KIOSK, electronic signage, medical imaging auxiliary computer It is suitable for applications such as building navigation system, access control system, KIOSK, electronic signage, medical imaging assistant computer, retail terminal computer POS, factory automation system, and various human-machine interface systems (e.g. CNC, monitoring).
Wide Temperature Products	The main concept is to design products for harsh environments, featuring a wider operating temperature tolerance. The operating temperature design specification of general products is usually 0~60°C, while the operating temperature specification of wide temperature products reaches -20~+70°C or even -40~+85°C, which is often required for certain special environment applications, such as: automotive computers, railroad traffic control, military aerospace applications, meteorological detection, etc.
Medical Computer	Most of them are derived from the concept of LCD panel PC, mainly two types of thin and light LCD panel PC and portable panel PC, with low noise, dustproof and waterproof, antibacterial, easy to clean and other features. One of them is the slim LCD tablet PC which is suitable for patient

Main Products	Important Usage
	infotainment system, medical workstation, medical imaging assistance system, etc., while the portable tablet PC is suitable for medical assistant tablet PC, medical data acquisition terminal PC, bedside infotainment PC, etc.
In-vehicle computer	Embedded PC and portable tablet PC are the main derivatives of embedded PC and portable tablet PC, and the product demands various functions or features such as wireless connectivity, rugged design, support for car power and GPS positioning. One of them is the embedded In-vehicle PC with integrated applications such as bus electronic signage, mobile DVR, and electronic navigation; while the portable In-vehicle Tablet PC can be applied to fleet task dispatch, navigation, wireless communication, and other practical applications, and can be applied to field dispatch operations such as pipeline inspection and maintenance that require the computer to be carried out of the vehicle because of the battery.

2. Manufacturing process of main products



(3) Status of supply of main raw materials

Material Name	Suppliers
Central CPU	Yosun, Sertek,Synnex,A rrow, RichPower,WT
Chipsets	Yosun, Sertek,FAE, Synnex, Arrow, MediaTek, WPG Holdings, RichPower, Macnia,WT
Printed Circuit Boards	EW, Kintech, Hannstar, Song-Shang.
Memory	Innodisk, Transcend, Adata, Apacer, Phison , Jager
Panel Type	Acmepoint, Sanshin, 3AScreen, EDT, GMI, Bunion
Mechanical Components	Han Chang, Punchtek, Janyu, Ching-Hsin, Chitai, Chen Yi, EnRack, Good Mold

The main suppliers are well-known and well-received in the industry, and they maintain stable and good cooperative relationships with the Company, and the supply of raw materials is stable and sufficient. 。

(4) The names of customers who have accounted for more than 10% of the total purchase (sales) in any of the two most recent years and the reasons for the changes in the amount, proportion and increase/decrease of purchase (sales)

1. A list of customers who have accounted for more than 10% of the total amount of imports in either of the last two years：

Unit: NT$ Thousands; %

	2021				2022				Year to Date up to latest quarter			
Item	Name	Value	Percentage of annual net purchases (%)	Relationship	Name	Value	Percentage of annual net purchases (%)	Relationship	Name	Value	Percentage of annual net purchases (%)	Relationship
1	Amobile	156,021	15.51	Affiliate	Amobile	290,320	21.71	Affiliate	Sertek	38,054	16.21	None
2	Sertek	57,264	5.69	None	Sertek	136,872	10.24	None	Amobile	32,003	13.63	Affiliate
3	Others	792,890	78.80	-	Others	909,797	68.05	-	Others	164,667	70.16	None
	Net purchases	1,006,175	100.00		Net purchases	1,336,989	100.00		Net purchases	234,724	100.00	

Analysis of the change:

The amount and proportion of purchases from Hongkong Amobile Intelligent Corp. do not change much, mainly due to the stable order quantity of customer's product sales projects in each year; in addition, the purchase ratio of a single supplier does not exceed 30%, so there is no risk of concentration or unstable source of supply.

2. List of customers who have accounted for more than 10% of the total purchases in either of the last two years: No such situation.

3. Production value in the past two years

Unit：NTD 1,000；Set

Year / Production value / Major product	2022			2021		
	Capacity (Note 1)	Quantity	Value	Capacity (Note 1)	Quantity	Value
Main Boards	—	169,775	125,060	—	130,023	432,678
Systems	—	60,328	530,361	—	31,625	466,553
Total	—	230,103	655,421	—	161,648	899,231

Note 1: The Company's production method was mainly outsourced in the last two years.

(5) Sales volume value in the last two years

Unit：NTD 1,000；Set

Year / Sales Value / Major products	2022				2021			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Main Boards	1,112	5,294	107,382	554,779	1,348	4,277	101,582	393,263
Systems	3,480	42,815	66,316	995,657	12,273	148,650	55,790	776,990
Others(Note)	45,964	35,727	811,125	166,783	130,083	15,905	402,716	170,327
Total	50,556	83,836	984,823	1,717,219	143,704	168,832	560,088	1,340,580

Note: Other includes CPU, HDD and other products, sales of raw materials, commodities and development and design revenue.

III. Affiliated Staff Information

Statistical breakdown of the number of employees by job nature, total average age, average length of service and education distribution for the last two years and as of the date of publication of the annual report.：

Unit: Person；%

<table>
<tr><th colspan="2">Fiscal Year</th><th>2021</th><th>2022</th><th>Year to date as of 4/30/2023</th></tr>
<tr><td rowspan="5">No. Of Employees</td><td>Administrative personnel</td><td>49</td><td>51</td><td>48</td></tr>
<tr><td>Sales and marketing personnel</td><td>56</td><td>50</td><td>49</td></tr>
<tr><td>R&D personnel</td><td>86</td><td>89</td><td>88</td></tr>
<tr><td>Direct/indirect production personnel</td><td>190</td><td>177</td><td>176</td></tr>
<tr><td>Total (Note 1)</td><td>381</td><td>367</td><td>361</td></tr>
<tr><td colspan="2">Average age</td><td>40.06</td><td>40.89</td><td>41.25</td></tr>
<tr><td colspan="2">Average years of service</td><td>6.46</td><td>6.32</td><td>6.62</td></tr>
<tr><td rowspan="4">Education Distribution Ratio</td><td>Ph.D.</td><td>0%</td><td>0%</td><td>0%</td></tr>
<tr><td>Master</td><td>8.14%</td><td>8.99%</td><td>8.86%</td></tr>
<tr><td>University (College)</td><td>58.01%</td><td>58.58%</td><td>59.56%</td></tr>
<tr><td>High School</td><td>33.86%</td><td>32.43%</td><td>31.58%</td></tr>
</table>

IV. Information on Environmental Expenditures

We are engaged in the research, development, manufacture and sale of industrial computer products and interface cards without the risk of environmental pollution.

(1) In accordance with the provisions of the law, shall apply for a pollution facility installation permit or pollution discharge permit or shall pay pollution prevention and control fees or shall establish a special environmental protection unit personnel: Not applicable.

(2) Investment in major equipment for the prevention and control of environmental pollution and its use and possible benefits: No such situation.

(3) The history of environmental pollution improvement in the most recent year and as of the date of the annual report, and the history of pollution disputes: No such situation.

(4) The total amount of losses and penalties incurred due to environmental pollution in the most recent year and up to the date of publication of the annual report, with a description of future countermeasures and possible expenses: No such situation.

(5) The impact of the current pollution situation and its improvement on the Company's earnings, competitive position and capital expenditures, and the estimated significant environmental capital expenditures in the next two years: No such situation.

V. Labor Relations

(1) The Company's employee welfare measures, retirement system and their implementation, as well as the agreements between employers and employees and measures to protect employees' rights and interests：

1. Employee welfare measures：

The Company has been paying great attention to the welfare policy of its employees. We have set up a special unit (Human Resources Department) in our organization system to plan a series of welfare measures in order to stabilize employees' lives, protect their rights and interests, enhance their sense of identification with the Company, and further promote labor harmony. Our company believes that only when employees' welfare is valued and their lives are free of worries can they devote themselves to their work, give full play to their strengths, create higher quality products, and contribute to the overall corporate progress and prosperity.

A. Welfare measures directly handled by the Company：

(A)、Year-end bonuses and employee dividends.

(B)、Labor insurance.

(C)、National health insurance.

(D)、Group insurance.

(E)、Travel safety insurance.

(F)、New system of labor pension.

(G)、Dragon Boat Festival and Mid-Autumn Festival gift boxes

(H)、Year-end dinner party.

(I)、Departmental dinner.

(J)、Training courses, various kinds of training from time to time, etc.

(K)、Festival activities, meals.

B. Welfare measures handled by the Company's Employee Welfare Committee (Welfare Committee)：

The main sources of welfare benefits are 0.5% of the Company's monthly operating income, 40% of the Company's sales, and 0.2% of employees' salaries, etc. The main welfare measures are as follows：

(A)、Domestic travel.

(B)、Overseas travel.

(C)、Magazine subscription subsidy.

(D)、Community activities.

(E)、Wedding, funeral, celebration, maternity and hospitalization subsidies.

(F)、Annual health checkup.

(G)、Birthday cash gift.

(H)、Planning activities according to the meeting of the Welfare Committee.

2. Advanced education, training：

In order to improve the quality and skills of our employees, we are committed to human resources training and implement general and professional training from time to time. We also actively encourage our employees to participate in various training courses, including internal and external training courses, in the hope that through solid education and training, we can establish a good corporate culture, cultivate employee skills and improve technical standards, so that our employees can grow together with the Company.

A. Training of new recruit

Formulate training courses for new recruits so that they can understand the rules and regulations of the Company and the general situation.

B. Professional Vocational Training

According to the professional functions of each department, we formulate internal training courses, or send employees to attend the courses of various training institutions to enhance personal professional knowledge and skills, including professional technical training, business training, etc.

C. Management Training

(A). Regarding the supervisors at each level, we arrange various management skills training for their characteristics to build a common vision and management consensus of the team.

(B). Managers participate in corporate governance-related studies and training.

D. Liberal Training

Fire safety training and labor safety education training are planned annually to maintain the safety of the labors themselves.

E. Financial information transparency related personnel to obtain relevant licenses, education and training

(A). The financial supervisor of the Company participated in the continuing education program for accounting supervisors organized by the Securities and Futures Institute and obtained the relevant certificates.

(B). The audit supervisors and auditors of the Company participated in the continuing education courses for auditors organized by the Securities and Futures Institute and obtained the relevant certificates.

F. Advanced education and training are as follows：

Unit: NT$1, 000

Items	Number of classes	Total number of people	Total Hours	Total Cost
Newcomer Training	44	91	591.5	0
Professional Training	48	849	1706	88.09
Management Training	4	4	12.5	0
General Knowledge Training	2	30	90	0
Total	98	974	2400	88.09

3. Employee conduct or code of ethic

Regarding the employee's conduct and code of ethics, the Company has established many relevant rules and regulations, which are posted on the Company's intranet bulletin area for all employees to consult at any time, as a standard for employee conduct, and the relevant rules and regulations are summarized as follows：

A. Work rules:

In order to clearly stipulate the rights and obligations of both employees and employers, the Company has formulated "Work Rules" with reference to the relevant laws and regulations. The main regulations include: appointment, attendance, service, leave, salary, benefits, evaluation, rewards and punishments, dismissal and retirement, etc.。

B. Recruitment and appointment management system

Our company will follow the "Recruitment and Employment Management Regulations" when the employees arrive at work to handle the payroll operation, and to ensure the Company's commercial property, we also need to sign a confidentiality undertaking to ensure the safety of the Company's assets.

C. Management method of Approval Authority

The Company has a division of functions and responsibilities at each level, and there are duty agents at each level. The Company has established the "Management of Approval Authority" and a list of duty agents for each department to follow in order to ensure the normal operation of the Company's business.

D. Staff appraisal management method

In order to make the daily work performance and performance evaluation of all employees comply with the principle of fairness, impartiality and openness, so as to achieve the purpose of distinguishing rewards and punishments for employees and to improve the overall work efficiency and management performance, the Company has established the "Employee Evaluation Management Regulations" for compliance.

E. Employee reward and punishment management method

In order to standardize the rewards and punishments for our staff, we have specified in the "Management Regulations for Rewards and Punishments" that rewards are divided into commendation, minor merit, major merit and exceptional promotion; and punishments are divided into admonishment, minor fault, major fault and dismissal, with additional deduction of performance and discretionary deduction of year-end bonus according to the rewards and punishments.

F. Prevention of sexual harassment in the workplace and disciplinary methods

In order to provide a work and service environment free from sexual harassment for employees and job seekers, the Company takes appropriate preventive, corrective, disciplinary and handling measures, and establishes rules and employee grievance channels to regulate employees' behavior and speech in the workplace.

4. Protection measures for work environment and employee safety

In order to prevent occupational disasters and protect the safety and health of workers, the Company has established an occupational safety and health management committee and occupational safety and health management personnel in accordance with Article 23 of the Occupational Safety and Health Law, and has established a safety and health code of practice in accordance with Article 34 of the Occupational Safety and Health Law, which stipulates safety management matters for employees to follow.

5. Retirement system and implementation：

The Company complies with the relevant retirement laws and regulations, and there are currently "Old Labor Pension System" and "New Labor Pension System" for employees, and eligible employees can apply to the Human Resources Department. The explanation is as follows：

(1) Pension：

(a) **Old Labor Pension System**

Regulations: Labor Standards Act

Applicable candidates: Employees who arrived at work before June 30, 2005 can choose the old system or the new system by themselves.

The percentage of contribution：The Company has a retirement plan that provides for a monthly contribution of 2% of the employee's total payroll.

The reserve is deposited into the Bank of Taiwan's Labor Retirement Reserve Account.

Status of contribution：Accrued Labor Retirement Reserve NT$2,783,000

(b) **New Labor Pension System**

Regulations: Labor Pension Act

Applicable candidates: Employees who started working after July 1, 2005; or employees who started working before July 1, 2005 and chose the new system.

The percentage of contribution：The Company contributes 6% of the employee's monthly wages to the employee's personal pension account. Employees may also contribute 0% to 6% of their monthly wages to their individual pension accounts at their own discretion, and the Company will deduct the amount of their contributions from their wages on a monthly basis.

Status of contribution：The Company made a contribution of NT$7,439,000 in fiscal year 2022.

(2) Retirement requirements：Employees whose years of service or age meet the requirements for retirement under the Labor Standards Act may submit an application.

(3) Retirement Procedures：Application shall be made in accordance with the Company's "Separation Management Regulations". In the case of self-application for retirement, the application shall be submitted "six months" in advance and approved by the supervisor in charge; in the case of compulsory retirement, the application shall be submitted by the unit in charge and approved by the general manager and then notified for retirement.

6. Agreements between labor and management and various measures to protect employees' rights and benefits：

Our company adheres to the concept of "one employer, one employee", emphasizes rational and humanized management, establishes smooth communication channels, and complies with all government laws and regulations. All employees' employment, termination, retirement and various welfare measures are handled in accordance with the relevant laws and regulations, so as to maintain a good relationship between employers and employees, create productivity and share profits together, and establish a stable and harmonious labor-management relationship.

(2) The losses suffered from labor disputes in the most recent year and as of the date of the annual report, and disclose the estimated amount of current and potential future losses and measures to address them, and if it is not possible to make a reasonable estimate,

state the fact that it is not possible to make a reasonable estimate：

The Company has harmonious labor relations and considers its employees as the most valuable assets of the Company and spares no effort to maintain harmonious labor relations. There were no labor disputes in the latest year and up to the date of publication of the annual report.

VI. ICT security management

1. Information Security Policy (Report on 2022/3/24 Board Meeting)
   (1) Purpose

   In order to strengthen information security management and ensure the confidentiality, integrity and availability of the information assets to which they belong, so as to provide an information environment in which the Company's business can continue to operate and to meet the requirements of relevant government regulations and internal and external stakeholders, so that they can be protected from any intentional or accidental threats, both internal and external, and to achieve information security.

   (2) Applicable Candidates

   All of our employees, vendors and visitors who have business dealings with us shall comply with this policy.

   (3) Information Security Goals
   (A) Ensure the confidentiality of the Company's important information and implement data access control, which shall not be exceeded until the information is approved by authorized personnel. 。
   (B) Respect intellectual property rights and protect customer and company information.
   (C) Ensure that all information security incidents or suspected security weaknesses are reported upwards in accordance with the appropriate notification mechanism and are properly investigated and handled.
2. Information Security Risk Management Framework
   (1) The information security authority of the Company is the Information Center. The Information Center has an information supervisor and several professional information personnel who are responsible for formulating internal information security policies, planning and implementing information security operations, and promoting and implementing information security policies.
   (2) The Company's Audit Office is the supervisory unit for information security monitoring and is responsible for supervising the implementation of internal

information security. If deficiencies are found in the audit, the inspected unit is immediately requested to propose relevant improvement plans and specific actions, and the effectiveness of the improvements is regularly tracked to reduce internal information security risks, and an overview of the implementation of the Company's information security governance is reported to the Board of Directors annually in accordance with the audit plan.

(3) Organizational operation mode - PDCA (Plan-Do-Check-Act) cycle management to ensure the achievement of reliability targets and continuous improvement.

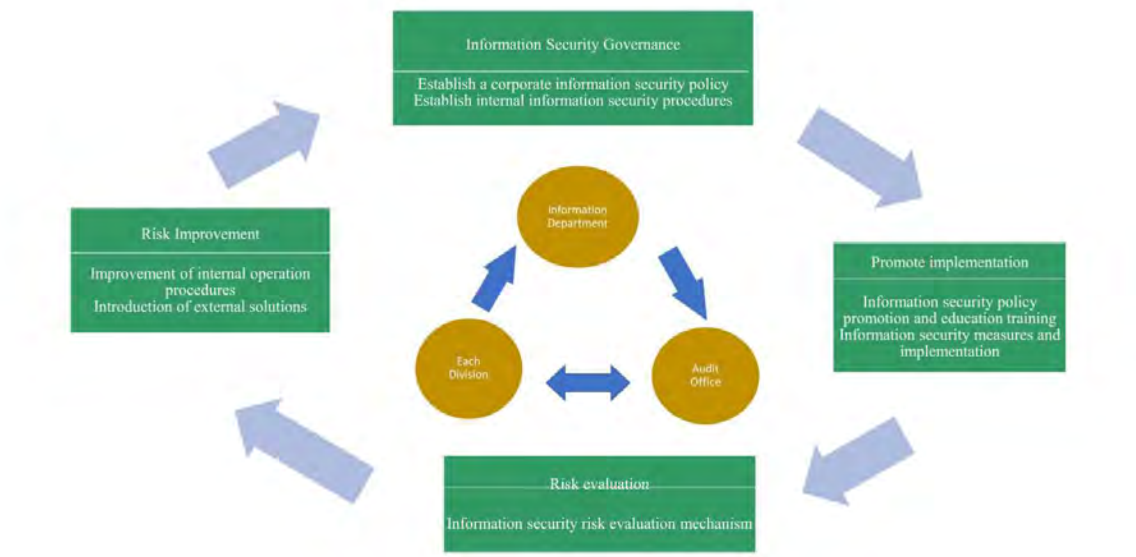
(4) ICT Security Input Resources

(A) Fortinet Network Security Next Generation Firewall System.

(B) Chunghwa Digital Proactive Spam Blocking System.

(C) Trend Micro anti-virus system to prevent virus/malware, spyware/possible information security threats.

(D) Establishing a secure VPN channel between head office and overseas branches.



3. Specific management solution

(1) Management Direction

(A) Regulation of system: Establish the Company's information security management system and regulate personnel's operation behavior.

(B) Technology application: To build information security management equipment and implement information security management measures.

(C) It is expected that the Company-wide information security education training will be conducted in Q3 every year starting from FY 2022 to enhance employees' awareness of information security.

(D) Information security website: Provide the latest information security-related information on the Company's website for all employees to know and raise their awareness of information security.

(2) The specific information security management measures, include the following：

Type	Description	Related Operations
Authority Management	Management measures for personnel accounts, authority management and system operation behavior	・Personnel account privilege management and audit ・Regular inventory of personnel account privileges
Access Control	Control measures for personnel access to internal and external systems and data transmission channels	・Internal/external access control measures ・Operation behavior track record
External Threats	Potential internal vulnerabilities, poisoning channels, and protective measures	・Host/computer weakness detection and update measures ・Virus Protection and Malware Detection
System Availability	Disposal measures in case of system availability and service interruption	・System/network availability monitoring and notification mechanism ・Service interruption contingency measures ・Information backup measures, local/offsite backup mechanism ・Regular disaster recovery drills

4. Performance Report for Fiscal Year 2022 (Report on 2023/3/28 Board Meeting)

Annual information security audit achievement rate for fiscal year 2022 was 100%, and no significant information security incidents occurred throughout the year.

5. Analysis of Information Security Risk Audit Results and Response Measures for Fiscal Year 2022：

Audit Highlights	Audit Results and Risk Evaluation	Response measures
Has a security control mechanism for computer network systems been established to ensure the security of data transmitted over the network?	We have established a security control mechanism, set up a firewall, and updated the anti-virus software from time to time. We have signed a contract for the firewall and anti-virus software in fiscal year 2022, and they are routinely managed by information personnel.	Not applicable

Has unauthorized access to the system been prevented?	The ERP and human resources application systems are controlled by authority and authorized by the system administrator in accordance with the authority application form approved by the responsible supervisor. There was no abnormality in fiscal 2022.	Not applicable
Have employees properly used legal software, e-mail usage security, and other information usage security concepts?	1. Besides formulating and announcing relevant information management regulations, new employees must sign the "Software Usage and Information Network Security Regulations". 2. The Information Center is responsible for managing the number of licensed software sets acquired by the Company, controlling the maximum number of users in the order of login, and conducting random checks on the installation of software on personal computers from time to time. There is no abnormality in the software installation management performed by the Information Center in fiscal year 2022.	Not applicable
When system maintenance is performed remotely by external personnel, is it properly authorized and recorded, with restricted access rights, so that the system manager can keep track of the system maintenance	When the system is maintained remotely by external personnel, the system manager generates a set of account numbers and passwords using the "Remote Control Software" and provides the supplier with remote login. This method is a one-time use, when the "remote control software" is closed, the account and password will be invalid, in	Not applicable

status?	line with the principle of no repeated use; and the supplier must report to the person in charge of the system for the system maintenance processing status, and there is no abnormality in fiscal year 2022 after inspection.	

VII. Important contracts

Nature	Counterparty	Contract Start and Ending Dates	Main content	Restricted Clause
Patent Licensing	American Megatrends International, LLC	March 15, 2023 ~ March 14, 2024	AMI BIOS SOURCE CODE (Technology License)	None
Distributor Agreement	ARBOR Italia	January 13, 2023~ January 12, 2024	Distributor	None
Dealer contract	Code	January 01, 2023~ December 31, 2023	Distributor	None
Long-term loans	Taiwan Cooperative Bank	February 5, 2021~ February 5, 2041	Purchase of Office, 8th floor, No. 700, Zhongzheng Road, Zhonghe District	None
Long-term loans	Taiwan Cooperative Bank	September 16, 2019 ~ September 16, 2024	Repayment of convertible bonds	None
Long-term loans	Taiwan Cooperative Bank	May 14, 2020 ~ May 14, 2040	Purchase of Plant 7F, No. 119, Jiankang Road, Zhonghe District	None

Note: The above information is the significant contracts that are still in effect as of the publication date of the annual report and expired in the most recent year.

VI、Financial Overview

1. Consolidated balance sheet and income statement for recent five fiscal years

(1) Concise Balance Sheet

Unit: NT$1,000

Item \ Fiscal Year		Financial Information for Most Recent Five Years					
		2018	2019	2020	2021	2022	Financial Data as of March 31, 2023
Current assets		1,661,221	1,622,638	1,796,951	1,932,981	2,439,177	2,487,541
Financial assets at fair value through other comprehensive income or loss - non-current		7,585	5,895	6,082	7,675	11,268	11,268
Financial assets at fair value through profit or loss		—	72,062	72,062	—	—	—
Investments accounted for using equity method		448,059	458,067	447,118	452,043	457,505	460,929
Property, plant and equipment		152,056	148,297	142,939	556,851	565,027	562,732
Right-of-use Asset		—	73,588	24,638	13,163	32,276	39,595
Intangible Assets		57,247	55,575	49,218	37,638	36,599	34,607
Other assets		115,800	125,041	506,960	188,793	140,927	141,630
Total Assets		2,441,968	2,561,163	3,045,968	3,189,144	3,682,779	3,738,302
Current liabilities	Before distribution	918,210	1,012,492	958,576	964,346	1,094,594	1,110,663
	After distribution (Note 1)	924,355	1,018,760	964,844	971,369	Not yet distributed	Not yet distributed
Non-current Liabilities		205,007	214,259	601,525	676,966	496,448	482,823
Total Liabilities	Before distribution	1,123,217	1,226,751	1,560,101	1,641,312	1,591,042	1,593,486

	After distribution (Note 1)	1,129,362	1,233,019	1,566,369	1,648,335	Not yet distributed	Not yet distributed
Equity Attributable to Shareholders of the Parent		1,303,070	1,322,110	1,475,251	1,537,781	2,085,532	2,138,304
Ordinary shares		629,986	642,275	696,460	744,218	954,394	954,394
Bond Conversion Entitlement Certificate		—	—	15,074	—	—	—
Capital surplus		482,426	482,426	576,151	610,280	805,341	807,328
Retained earnings	Before distribution	268,499	294,376	284,315	292,131	417,489	452,991
	After distribution (Note 1)	262,354	288,231	278,047	285,108	Not yet distributed	Not yet distributed
Other Equity		(41,938)	(61,064)	(65,284)	(76,029)	(55,177)	(53,318)
Treasury Stock		(35,903)	(35,903)	(31,465)	(32,819)	(36,515)	(23,091)
Non-controlling Interests		15,681	12,302	10,616	10,051	6,205	6,512
Total shareholders' equity	Before distribution	1,318,751	1,334,412	1,485,867	1,547,832	2,091,737	2,144,816
	After distribution (Note 1)	1,312,606	1,328,267	1,479,599	1,540,809	Not yet distributed	Not yet distributed

Note 1: After the above distribution, the appropriation of the fiscal year 2021 earnings is subject to the approval of the shareholders at the annual general meeting of fiscal year 2022.

Note 2: The above consolidated financial statements were prepared in accordance with International Financial Reporting Standards, International Accounting Standards, and Interpretations and Interpretations approved by the FSC. The financial information for the first quarter of fiscal year 2022 was audited by the accountants.

(2) Concise Statement of Comprehensive Income

Unit: NT$1,000

Item \ Fiscal Year	Financial Information for Recent Five Years					
	2018	2019	2020	2021	2022	Financial Data as of March 31, 2023
Operating Revenue	1,430,772	1,595,829	1,510,316	1,509,412	1,801,055	384,322
Gross profit	455,098	494,712	424,376	412,051	541,629	144,192
Operating income (loss)	(5,424)	66,046	36,044	31,640	129,944	43,262
Non-operating income and expenses	28,250	(26,998)	(17,161)	(6,292)	47,407	(1,530)
Net income before tax	22,826	39,048	18,883	25,348	177,351	41,732
Net income	23,652	41,475	8,436	21,492	128,542	35,809
Other comprehensive income, net of tax	(2,898)	(19,669)	(4,066)	(10,940)	22,731	1,859
Total comprehensive income	20,754	21,806	4,370	10,552	151,273	37,668
Net income attributable to stockholders of the parent	25,577	44,433	10,143	22,057	132,388	35,502
Net income attributable to non-controlling interests	(1,925)	(2,958)	(1,707)	(565)	(3,846)	307
Total comprehensive income attributable to stockholders of the parent	22,679	25,185	6,056	11,117	155,119	37,361
Total comprehensive	(1,925)	(3,379)	(1,686)	(565)	(3,846)	307

income attributable to non-controlling interests						
Earnings per share (NT$)	0.40	0.70	0.15	0.30	1.51	0.38

Note 1: The above consolidated financial statements were prepared in accordance with International Financial Reporting Standards, International Accounting Standards, Interpretations and Explanations approved by the FSC. The financial information for the first quarter of 2022 was audited by the accountants.

(3) Parent Company only balance sheet and income statement information—Individual Financial Statements

1. Parent Company only balance sheet for most recent five fiscal years

Unit: NT$1,000

Fiscal year / Item		Financial Information for Most Recent Five Years				
		2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)
Current assets		1,218,185	1,183,280	1,214,966	1,397,817	1,826,289
Financial assets at fair value through other comprehensive income or loss - non-current		7,585	5,895	6,082	7,675	11,268
Financial assets at fair value through profit or		-	72,062	72,062	-	-
Non-current financial assets at cost		797,480	870,805	969,542	977,667	993,715
Investments accounted for using equity method		142,317	140,378	136,706	541,936	550,653
Property, plant and equipment		-	47,379	11,081	4,339	1,358
Right-of-use Asset		53,885	51,777	413,534	69,176	74,341
Intangible Assets		23,108	22,960	20,575	12,047	10,226
Other assets		77,735	58,692	78,494	100,924	50,029
Total Assets		2,320,295	2,453,228	2,923,042	3,111,581	3,517,879
Current Liabilities	Before Distribution	804,874	924,186	847,522	897,449	958,511
	After Distribution (Note 2)	811,019	930,454	853,790	904,472	Not yet distributed
Long-term liabilities		198,882	164,099	590,261	670,948	471,806
Other liabilities		13,469	42,833	10,008	5,403	2,030
Total liabilities	Before Distribution	804,874	1,131,118	1,447,791	1,573,800	1,432,347

	After Distribution (Note 2)	1,023,370	1,137,386	1,454,059	1,580,823	Not yet distributed
Ordinary shares		629,986	642,275	696,460	744,218	954,394
Bond Conversion Entitlement Certificate		-	-	15,074	-	-
Capital surplus		482,426	482,426	576,151	610,280	805,341
Retained earnings	Before Distribution	268,499	294,376	284,315	292,131	417,489
	After Distribution (Note 2)	262,354	288,108	278,047	285,108	Not yet distributed
Other Equity		(41,938)	(61,064)	(65,284)	(76,029)	(55,177)
Treasury Stock		(35,903)	(35,903)	(31,465)	(32,819)	(36,515)
Total shareholders' equity	Before Distribution	1,303,070	1,322,110	1,475,251	1,537,781	2,085,532
	After Distribution (Note 2)	1,296,925	1,315,842	1,468,983	1,530,758	Not yet distributed

Note 1: The above individual financial statements have been audited by a CPA.

Note 2: The above post-appropriation figures are based on the appropriations resolved at the shareholders' meeting held in the following year.

2、Parent Company only Income statement for the recent five fiscal years.

Unit: NT$1,000

Fiscal Year / Item	Financial Information for Most Recent Five Years				
	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)
Operating Revenue	937,108	1,041,816	1,012,774	1,059,735	1,257,706
Gross profit	217,549	241,569	231,396	212,366	288,996
Operating income (loss)	(19,087)	8,034	17,670	9,362	80,790

Non-operating income and expenses	46,532	32,063	(7,299)	11,105	90,778
Net income before tax	27,445	40,097	10,371	20,467	171,568
Net income	25,577	44,433	10,143	22,057	132,388
Other comprehensive income, net of tax	(2,898)	(19,248)	(4,087)	(10,940)	22,731
Total comprehensive income	22,679	25,185	6,056	11,117	155,119
Earnings per share (NT$)	0.40	0.70	0.15	0.30	1.51

Note 1: The above Parent Company only financial statements have been audited by CPA.

(4) Name and audit opinion of the accountant for the most recent five fiscal years

(1) Names of CPAs and their audit opinions for the last five fiscal years：

Year	Name of CPA	Auditor’ s Opinion	Accounting Firm
2018	Hsiu-Ling, Lee, Zhao-Ming, Wang.	Unqualified opinion	PricewaterhouseCoopers Taiwan
2019	Hsiu-Ling, Lee, Zhao-Ming, Wang.	Unqualified opinion	PricewaterhouseCoopers Taiwan
2020	Zhao-Ming, Wang, Hsiu-Ling, Lee	Unqualified opinion	PricewaterhouseCoopers Taiwan
2021	Hsiu-Ling, Lee, Zhao-Ming, Wang.	Unqualified opinion	PricewaterhouseCoopers Taiwan
2022	Hsiu-Ling, Lee, Sunny Huang	Unqualified opinion	PricewaterhouseCoopers Taiwan

(2) If there is a change of accountant in the last five fiscal years, a description of the reasons for the change should be provided by the Company, the former accountant and the subsequent accountant：

Due to the internal duty adjustment of the CPA firm, the certified public accountants, Li, Hsiu-Ling and Wang, Chao-Ming of fiscal year 2021 are replaced by Li, Hsiu-Ling and Sunny Huang in fiscal year 2022.

2. Financial analysis for recent five fiscal years

(1) Consolidated Financial Analysis - International Financial Reporting Standards

1. Financial Analysis

Item(Note 9) \ Fiscal Year		Financial information for most recent 5 years(Note 1)					Year to Date as of 3/31/2023
		2018	2019	2020	2021	2022	
Capital structure %	Debt ratio	46.00	47.90	51.22	51.47	43.20	42.63
	Long-term fund to property, plant, and equipment ratio	1,002.10	1,044.30	1,460.34	399.53	458.06	466.35
Ability to payoff debt (%)	Current ratio	180.92	160.26	187.46	200.44	222.84	223.97
	Quick ratio	111.10	105.47	121.24	125.67	148.41	151.03
	Interest protection	254.41	334.64	193.79	249.26	1088.63	798.09
Ability to operate	A/R turnover (times)	3.33	3.54	3.12	2.64	2.92	2.91
	A/R turnover days	110	103	117	138.47	125.21	125.45
	Inventory turnover (times)	1.60	1.85	1.87	1.69	1.74	1.23
	Account payable turnover (times)	4.90	6.58	6.99	7.13	7.29	4.60
	Days sales outstanding	228	197	195	216	210	297
	Fixed assets turnover (times)	9.69	10.63	10.37	4.31	3.21	2.73
	Total assets turnover (times	0.56	0.64	0.54	0.48	0.52	0.41
Earning ability	Return on assets (%)	1.38	2.19	0.87	1.13	4.16	4.38
	Return on equity (%)	1.76	3.13	0.60	1.42	7.06	6.76
	PBT to pay-in capital	3.62	6.08	2.70	3.41	18.58	4.37
	Net income ratio (%)	1.65	2.06	0.56	1.42	7.14	9.32
	EPS（NTD）	0.40	0.70	0.16	0.30	1.51	0.38
Cash flow(%)	Cash flow ratio	0.87	11.15	(2.36)	(22.62)	21.67	7.02
	Cash flow adequacy ratio	(61.63)	(39.71)	1.72	(37.24)	24.85	55.28

	Cash reinvestment ratio	(0.26)	6.57	(1.34)	(9.90)	8.56	2.87
Leverage	Operating leverage	(71.66)	6.54	10.17	11.22	3.73	2.96
	Financial leverage	0.27	1.34	2.26	2.16	1.16	1.16

Note 1: The calculation formula of the analyzed items is listed on page 145.

2. Analysis of the reasons for the 20% increase or decrease in financial ratios for the last two fiscal years

Item	Fiscal Year	2022	2021	Change(%)	Note: Change>20%
Financial Structure (%)	Debt to asset ratio	43.20	51.47	(16.07)	—
	Long term capital to property, plant and equipment ratio	458.06	399.53	14.65	—
Solvency (%)	Current ratio(%)	222.84	200.44	11.18	—
	Quick ratio(%)	148.41	125.67	18.10	—
	Interest coverage ratio	1088.63	249.26	336.74	Note 1
Operating capacity	Receivable turnover rate (times)	2.92	2.64	10.78	—
	Average cash recovery day	125.21	138.47	(9.58)	—
	Inventory turnover rate (times)	1.74	1.69	2.96	—
	Payable turnover rate (times)	7.29	6.54	11.47	—
	Average Days of Sales	210	215.98	(2.88)	—
	Property, plant and equipment turnover rate (times)	3.21	4.31	(25.50)	Note 2
	Total asset turnover rate (times)	0.52	0.48	9.20	—
Profitability	Return on assets (%)	4.16	1.13	268.14	Note 3
	Return on equity (%)	7.06	1.42	397.18	Note 3
	Pre-tax net profit to paid-in capital ratio (%)(Note 7)	18.58	3.41	444.87	Note 3
	Net profit rate %)	7.14	1.42	402.82	Note 3
	Earnings per share (NT$)	1.51	0.30	403.33	Note 3
Cash flow	Cash flow ratio (%)	Cash flow ratio (%)	(22.62)	(195.80)	Note 4
	Cash flow adequacy ratio (%)	24.85	(37.24)	(166.73)	Note 4
	Cash reinvestment ratio (%)	8.56	(9.90)	(186.46)	Note 4
Leverage	Operating leverage	3.73	11.22	(66.76)	Note 5
	Financial leverage	1.16	2.16	(46.30)	Note 5

Analysis:

Note 1: The increase in interest coverage and profitability was mainly due to the increase in the Company's overall revenue and the increase in operating income as a result of the benefits of the Company's implementation of various cost reduction policies.

Note 2: The decrease in property and equipment turnover in 2022 compared to 2021 is mainly due to the addition of more machinery and equipment and depreciation in 2021, resulting in slower growth in revenue in 2022 than the increase in depreciation, and the relative decrease in profitability to the efficiency of property and equipment utilization.

Note 3: As far as profitability is concerned, the overall profitability in 2022 has grown significantly, resulting in the expected benefits from the overall assets invested.

Note 4: As far as cash flow is concerned, although there is still a stockpiling situation, there is a significant growth in profitability and more net cash inflow from operating activities in FY 2022. Therefore, the cash flow ratio, net cash flow equivalency ratio and cash reinvestment ratio all increased in the current year.

Note 5: The decrease in operating leverage and the increase in financial leverage are mainly due to the increase in operating income in FY 2022.

Parent Company only- Financial Analysis - International Financial Reporting Standards

1. Financial analysis

Item / Fiscal Year		Most recent 5-Year Financial Information (Note1)					Year to Date as of 3/31/2023
		2018	2019	2020	2021	2022	
Capital structure %	Debt ratio	43.84	46.11	49.53	50.58	40.72	Not Applicable
	Long-term fund to property, plant, and equipment ratio	1,064.82	1,089.23	1,518.24	408.56	464.79	
Ability to payoff debt (%)	Current ratio	151.35	128.03	143.36	155.75	190.53	
	Quick ratio	97.90	79.66	94.08	90.83	120.47	
	Interest protection	291.24	353.91	153.05	223.73	1087.95	
Ability to operate	A/R turnover (times)	3.52	3.83	3.62	3.01	3.47	
	A/R turnover days	104	95	101	121.26	105.19	
	Inventory turnover (times)	2.13	2.24	2.22	2.52	2.71	
	Account payable turnover (times)	8.09	7.56	7.57	8.33	9.22	
	Days sales outstanding	171	163	164	145	135	
	Fixed assets turnover (times)	6.81	7.37	7.31	3.12	2.30	
	Total assets turnover (times	0.39	0.44	0.38	0.35	0.38	
Earning ability	Return on assets (%)	1.56	2.39	0.96	1.17	4.41	
	Return on equity (%)	1.95	3.39	0.73	1.46	7.31	
	PBT to pay-in capital	4.36	6.24	1.46	2.75	17.98	
	Net income ratio (%)	2.73	4.26	1.00	2.08	10.53	
	EPS（NTD）	0.40	0.70	0.16	0.30	1.51	
Cash flow(%)	Cash flow ratio	(6.07)	13.54	7.62	(23.18)	13.90	
	Cash flow adequacy ratio	(47.79)	(25.75)	26.47	(6.69)	16.73	
	Cash reinvestment ratio	(3.95)	7.60	2.78	(9.62)	4.77	
Leverage	Operating leverage	(10.00)	26.85	11.34	20.07	3.20	
	Financial leverage	0.57	(1.04)	(9.40)	(1.30)	1.27	

Note1：The calculation formula of the analyzed items is listed on page 145.

2. Analysis of the reasons for the 20% increase or decrease in financial ratios for the last two fiscal years

Item (Note 9) \ Year		2022	2021	Change(%)	Note: change>20%
Financial structure (%)	Debt to asset ratio	40.72	50.58	(19.49)	—
	Long term capital to property, plant and equipment ratio	464.79	408.56	13.76	—
Solvency (%)	Current ratio	190.53	155.75	22.33	Note 1
	Quick ratio	120.47	90.83	32.63	Note 1
	Interest coverage ratio	1,087.95	223.73	386.28	Note 1
Operating capacity	Receivable turnover rate (times)	3.47	3.01	15.28	—
	Average cash recovery day	105.19	121.26	(13.25)	—
	Inventory turnover rate (times)	2.71	2.52	7.54	—
	Payable turnover rate (times)	9.22	8.33	10.68	—
	Average Days of Sales	134.69	144.84	(7.01)	—
	Property, plant and equipment turnover rate (times)	2.30	3.12	(26.21)	Note 2
	Property, plant and equipment turnover rate (times)	0.38	0.35	8.41	—
Profitability	Return on assets (%)	4.41	1.17	276.92	Note 3
	Return on equity (%)	7.31	1.46	400.68	Note 3
	Pre-tax net profit to paid-in capital ratio (%)	17.98	2.75	553.82	Note 3
	Net profit rate (%)	10.53	2.08	406.25	Note 3
	Earnings per share (NT$)	1.51	0.30	403.33	Note 3
Cash flow	Cash flow ratio (%)	13.90	(23.18)	159.97	Note 4
	Cash flow adequacy ratio (%)	16.73	(6.69)	350.07	Note 4
	Cash reinvestment ratio (%)	4.77	(9.62)	149.58	Note 4
Leverage	Operating leverage	3.20	20.07	(84.06)	Note 5
	Financial leverage	1.27	(1.30)	197.69	Note 5

Analysis:

Note 1：Solvency optimization is sufficient to cover 100% of current liabilities and interest coverage and increase in profitability was mainly due to the increase in the Company's overall revenue. The increase in operating income was due to the increase in overall revenue and the benefits of the Company's cost reduction policy.

Note 2: The decrease in property and equipment turnover in 2022 compared to 2021 is mainly due to the addition of more machinery and equipment and depreciation in 2021, resulting in slower growth in revenue in 2022 than the increase in depreciation, and the relative decrease in profitability to the efficiency of property and equipment utilization.

Note 3: As far as profitability is concerned, the overall profitability in 2022 has grown significantly, resulting in the expected benefits from the overall assets invested.

Note 4: As far as cash flow is concerned, although there is still a stockpiling situation, there is a significant growth in profitability and more net cash inflow from operating activities in FY 2022. Therefore, the cash flow ratio, net cash flow equivalency ratio and cash reinvestment ratio all increased in the current year.

Note 5: The decrease in operating leverage and the increase in financial leverage were mainly due to the impact of operating income not fully covering current interest expense in FY 2021.

Note 6: The calculation formula for the analyzed items is as follows：

Financial Ratio：

A.Capital structure

a. Debt Ratio = Total Liabilities / Total Asset

b.) Long-term capital as a proportion of PP&E = (Total equities + Non-current liabilities)/ Net value of PP&E.

B. Liquidity analysis

a. Current Ratio = Current Assets / Current Liabilities.

b. Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

c. Interest protection= Earnings before Interest and Taxes / Interest Expenses.

C. Operation performance

Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).

b. Days Sales Outstanding = 365 / Average Collection Turnover.

c. Inventory Turnover Rate = Cost of Sales / Average Inventory

d. Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations)

e. Average Inventory Turnover Days = 365 / Average Inventory Turnover.

f. Property, Plant, and Equipment Turnover Rate = Net Sales / Average Net Property, Plant, and Equipment.

g. Total Asset Turnover = Net Sales / Average Total Assets.

D. Profitability

a. Return on Total Assets = (Net Income + Interest Expenses*(1 - Effective Tax Rate))/Average Total Assets

b. Return on Equity = Net Income / Average Shareholders' Equity

c. Net Margin = Net Income / Net Sales

d. Earnings Per Share = (Net Income Attributable to Shareholders of the Parent Company - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding.

E. Cash flow

a. Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.

b. Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

c. Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

F.Leverage:

a. Operating leverage = (Net operating revenue - Variable operating cost and expense) / Operating income

b. Financial Leverage = Operating profit/(Operating profit - Interest expenditures).

3. Audit Report of the Audit Committee in most recent fiscal year

Audit Committee's Review Report

The Audit Committee has reviewed and agreed to the financial statements of 2022, being audited by PricewaterhouseCoopers (PwC) Taiwan, resolved by the Board Meeting, and issued the review report.

The abovementioned financial statements, business reports, and earnings distribution statements for 2022 have been reviewed by the Audit Committee, and it is found that there is no discrepancy. The report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your verification.

To Arbor Technology Corporation 2023 Annual Shareholders' Meeting
Convener of the Audit Committee: Ming-De, Wang March 28, 2023

4. Financial statements for the most recent fiscal year

Arbor Technology Corporation
Declaration

The entities of the Company that are required to be included in the combined financial statements for the year of 2022 (from January 1, 2021 to December 31, 2022) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements of associates is included in the consolidated financial statements. Consequently, we do not prepare a separate set of consolidated financial statements of associates.

Hereby certify

Name of company: Arbor Technology Corporation
Legal Representative: Eric Lee
Date: 2023/3/28

ARBOR Technology Co., Ltd.

Declaration of Consolidated Financial Statements of Affiliated Enterprise

The entities of the Company that are required to be included in the combined financial statements for the year of 2022 (from January 1, 2022 to December 31, 2022) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements. Consequently, we do not prepare a separate set of consolidated financial statements of affiliates.

Hereby certify

Company Name: Arbor Technology Co., Ltd.

Chairman: Lee Min

March 28, 2023

Independent Auditors' Report

The Board of Directors and Shareholders
ARBOR Technology Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the accompanying consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 Audititng 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 the Group in accordance with The Norm of Professional Ethics for Certified Public Accountants 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 for 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 for the year ended December 31, 2022. 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.

Key audit matter for the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Adequacy of export revenue recognition

Description

For information on accounting policy on sales revenue, please refer to Note 4(33) of consolidated financial statements.

The Group is engaged in the manufacturing and selling of industrial computers and electronic medical devices as well as the trade of other electronic components. Sales revenue is mainly from export which is across the world. Terms of sales may be different with different customers; therefore, points in time when risks and rewards of goods are transferred and when the sales revenue is recognized. Since the confirmation of point in time when export revenue should be recognized usually involves in manual confirmation of sales and related documents, which is prone to the inadequacy of point in time to recognize revenue near the end of reporting period. Therefore, we consider the point in time to recognize revenue one of the most important audit matters for the current year.

Audit procedures adopted to address the matter

In response to the abovementioned key audit matter, the following procedures were performed:

1. Understood and tested the internal control adopted to address the point in time to recognize export revenue, including obtaining forms related to the internal control of export revenue and sampling in order to confirm the validity of control by checking the data consistency.
2. Performed cutoff tests against the export sales within a certain period before and after the balance sheet date, checked the information of contracts or original order as well as the relevant documents of revenue recognition, and determined the appropriate point in time to recognize based on the transaction documents in order to ensure that revenue was recorded in the appropriate period.

Valuation of allowance to reduce inventory to market

Description

For information on accounting policy on inventories, please refer to Note 4(14) of consolidated financial statements. For information on significant accounting estimates and assumptions, please refer to Note 5 of consolidated financial statements. For information on allowance to reduce inventory to market, please refer to Note 6(5) of consolidated financial statements.

The products of the Group are industrial computers. Due to highly competitive market, there are higher risks of inventory valuation loss and obsolescence. The Group measures inventories at the lower of cost and net realizable value. The net realizable value of inventories with age over certain period and inventories individually identified as obsolete is determined based on the past experience of the degree of disposal of excess inventories.

Since the net realizable value used by the Group and some subsidiaries in obsolete inventory valuation often involves subjective judgement and uncertainty; considering inventories and the allowance to reduce inventory to market are both material to the parent company only financial statements, we considered the valuation of inventory one of the most important audit matters for the current year.

Audit procedures adopted to address the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness and consistency of policies and procedures on recognizing allowance to reduce inventory to market based on our understanding of the characteristics of the Group's industry.
2. Understood the Group's warehousing control procedures, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the classification of inventory and internal control over obsolete inventory.
3. Verified the accuracy of inventory aging report used to identify individual obsolete inventory, including ensuring that changes in inventories fell into appropriate age intervals, and obtain supporting documents that management used to evaluate obsolete products in order to ensure that the Group has reasonably recognized the allowance to reduce inventory to market.
4. Checked the adequacy of basis of estimation of net realizable value of each inventory, including testing the accuracy of selling and purchasing prices of products and reassessing to determine the reasonableness of allowance to reduce inventory to market.

Assessment of loss allowance for accounts receivable

Description

For information on accounting policy on accounts and notes receivable, please refer to Note 4(10) of the consolidated financial statements. For information on significant accounting estimates and assumptions, please refer to Note 5 of the consolidated financial statements. For information on details of loss allowance for accounts and notes receivable, please refer to Note 6(4)of the consolidated financial statements.

The Group manages the collection procedures and bears the related credit risk. Management assesses periodically the credit quality and accounts collection of customers in order to adjust the credit policy adequately. In addition, the impairment loss on accounts receivable is evaluated in accordance with IFRS 9 "Financial Instruments" by adopting the simplified approach to evaluate expected credit loss. Management establishes the expected rate of loss based on multiple factors that may affect the ability of an individual customer to pay, such as overdue period, financial position and economic position both on the balance sheet date and in the past as well as the forward-looking information.

As the ratio of loss allowance recognition is subject to management's judgement, and the amount of accounts receivable are material, we consider the loss allowance for accounts receivable a key audit matter.

Audit procedures adopted to address the matter

In response to the abovementioned key audit matter, the following procedures were performed:

1. To understand the quality of the Group's credit and assess the reasonableness of policies and procedures to recognized the impairment loss on its accounts and notes receivable.
2. Assessed the reasonableness of the ratio of loss allowance recognition by referring to the historical loss rate and considering the forward-looking information, obtained and reviewed the materials provided by management.
3. Tested the change in age of accounts receivable, and examined the accuracy of classification of age by reviewing the relevant documents of overdue dates of accounts receivable.
4. Understood the reasons of overdue accounts of which amount were individually assessed material, reviewed their subsequent collection, and discussed the loss allowance recognized with management.

Other Matters – Parent Company Only Financial Statements

We have also audited the parent company only financial statements of ARBOR Technology Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 maintain professional skepticism throughout the audit. We also:

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

group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 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.

Independent Accountants

Lee, Hsiu-Ling

Huang, Chin-Lien

PricewaterhouseCoopers, Taiwan

March 28, 2023

ARBOR Technology Corporation and its Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: Thousands of New Taiwan Dollars

	Assets	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI(I)	$ 487,302	13	$ 344,147	11
1110	Financial assets measured at fair value through profit and loss - current	VI(II)&VII	104,846	3	95,571	3
1136	Financial assets measured at amortized cost - current	VI(I)(III),VIII	245,025	7	47,661	1
1150	Notes receivable, net	VI(IV)	2,718	-	38,466	1
1160	Notes receivable - related parties	VI(IV),VII	13,557	-	7,880	-
1170	Accounts receivable, net	VI(IV)	414,674	11	412,478	13
1180	Accounts receivable - related parties	VI(IV),VII	110,439	3	177,127	6
1210	Other receivables – related parties	VII	162,481	4	6,327	-
130X	Inventories	VI(V)	693,144	19	623,897	20
1470	Other current assets	VI(VI),VII	204,991	6	179,427	6
11XX	**Total current assets**		2,439,177	66	1,932,981	61
	Noncurrent assets					
1517	Financial assets at fair value through other comprehensive income	VI(VII)	11,268	-	7,675	-
1550	Investments accounted for using equity method	VI(VIII)	457,505	13	452,043	14
1600	Property, plant and equipment	VI(VIII),IX	565,027	15	556,851	18
1755	Right-of-use asset	VI(X)	32,276	1	13,163	-
1760	Investment property, net	VI(XII),VIII	74,341	2	69,176	2
1780	Intangible assets	VI(XIII)	36,599	1	37,638	1
1840	Deferred tax assets	VI(XXXI)	20,282	1	49,489	2
1900	Other non-current assets	VI(XIX),VIII	46,304	1	70,128	2
15XX	**Total non-current assets**		1,243,602	34	1,256,163	39
1XXX	**Total Assets**		$ 3,682,779	100	$ 3,189,144	100

(Continued)

ARBOR Technology Corporation and its Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: Thousands of New Taiwan Dollars

Code	Liabilities and equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term loans	VI(XIV),VIII	$ 559,082	15	$ 500,106	16
2110	Short-term notes and bills payable	VI(XV),VIII	72,000	2	114,000	4
2120	Financial liabilities measured at fair value through profit and loss - current	VI(II)	1,709	-	802	-
2130	Current contract liabilities	VI(XXIV),VII	17,323	1	13,165	-
2150	Notes payable		231	-	2,355	-
2170	Accounts payable		197,181	5	127,539	4
2180	Accounts payable - related parties	VII	32,040	1	7,434	-
2200	Other payables	VI(XVI)	95,989	3	65,059	2
2220	Other payables- related parties	VII	5,763	-	58	-
2230	Current income tax liabilities		8,847	-	-	-
2280	Lease liabilities - current	VI(X)	9,740	-	11,452	-
2320	Long-term liabilities, current portion	VI(XVIII),VIII	93,672	3	120,292	4
2399	Other current liabilities		1,017	-	2,084	-
21XX	**Total Current Liabilities**		1,094,594	30	964,346	30
	Non-current liabilities					
2530	Bonds payable	VI(XVII)	-	-	105,584	3
2540	Long-term loans	VI(XVIII),VIII	471,806	13	565,364	18
2570	Deferred income tax liabilities	VI(XXXI)	1,177	-	291	-
2580	Lease liabilities - noncurrent	VI(X)	22,805	-	1,764	-
2600	Other non-current liabilities	VI(XIX)	660	-	3,963	-
25XX	**Total Non-Current Liabilities**		496,448	13	676,966	21
2XXX	**Total Liabilities**		1,591,042	43	1,641,312	51
	Equity					
	Equity attributable to owners of parent					
	Share capital:	VI(XXI)				
3110	Common Stock		954,394	26	744,218	23
	Capital surplus:	VI(XVII)(XXII)				
3200	Capital surplus		805,341	22	610,280	19
	Retained earnings:	VI(XXIII)				
3310	Legal reserve		84,049	2	81,863	3
3320	Special reserve		76,030	2	65,285	2
3350	Unappropriated earnings		257,410	7	144,983	4
	Other equity:					
3400	Other equity		(55,177)	(1)	(76,029)	(2)
3500	Treasury stock	VI(XXI)	(36,515)	(1)	(32,819)	(1)
31XX	**Total Equity Attributable to Owners of Parent**		2,085,532	57	1,537,781	48
36XX	**Non-controlling equity**		6,205	-	10,051	1
3XXX	**Total Equity**		2,091,737	57	1,547,832	49
	Significant contingent liabilities and	IX				
	unrecognized contract commitments	XI				
3X2X	**Total Liabilities and Equity**		$ 3,682,779	100	$ 3,189,144	100

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as a whole.

Chairman: Lee, Min　　Manager: Lien, Chi-Ruei　　Chief Accountant: Kuo, Feng-Ling

ARBOR Technology Corporation and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31. 2022 and 2021

Unit: Thousands of New Taiwan Dollars
(Except Earnings per Share Stated in New Taiwan Dollars)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
4000	Net sales revenue	VI(XXIV),VII	$ 1,801,055	100	$ 1,509,412	100
5000	Operating costs	VI(V)(XIII)(XXIX)(XXX),VII	(1,259,426)	(70)	(1,097,361)	(73)
5900	Gross profit		541,629	30	412,051	27
5910	Unrealized profit from sales	VI(VIII)	(2,902)	-	(270)	-
5920	Realized profit on from sales	VI(VIII)	270	-	-	-
5950	Gross profit, net		538,997	30	411,781	27
	Operating expenses	VI(XIII)(XXIX)(XXX)				
6100	Selling expenses		(197,244)	(11)	(192,237)	(13)
6200	General and administrative expenses		(90,589)	(5)	(93,277)	(6)
6300	Research and development expenses		(89,812)	(5)	(84,353)	(5)
6450	Expected credit impairment loss	XII(II)	(31,408)	(2)	(10,274)	(1)
6000	Total operating expenses		(409,053)	(23)	(380,141)	(25)
6900	Operating gain		129,944	7	31,640	2
	Non-operating income and expenses					
7100	Interest income	VI(XXV)	2,531	-	689	-
7010	Other income	VI(XXVI),VII	9,336	1	9,274	1
7020	Other gains and losses, net	VI(XXVII),VII	43,292	2	(4,615)	-
7050	Finance costs	VI(XXVIII)	(17,939)	(1)	(16,982)	(1)
7060	Share of profits of associates and joint ventures accounted for using equity method, net	VI(VIII)	10,187	1	5,342	-
7000	Total non-operating revenue and expenses		47,407	3	(6,292)	-
7900	**Net income before tax**		177,351	10	25,348	2
7950	Income tax expense	VI(XXXI)	(48,809)	(3)	(3,856)	-
8200	**Net income for the year**		$ 128,542	7	$ 21,492	2
	Other comprehensive income					
	Items that will not be reclassified subsequently to profit or loss:					

(Continued)

ARBOR Technology Corporation and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31. 2022 and 2021

Unit: Thousands of New Taiwan Dollars
(Except Earnings per Share Stated in New Taiwan Dollars)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
8311	Remeasurement of defined benefit obligation	VI(XIX)	$ 1,807	-	$ 178	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	VI(VII)	2,830	-	1,593	-
8320	Share of other comprehensive gain of associates that will not be reclassified subsequently to profit or loss		72	-	(373)	-
8310	Items that will not be reclassified subsequently to profit or loss		4,709	-	1,398	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		18,022	1	(12,338)	(1)
8360	Total of components of other comprehensive income that will be reclassified subsequently to profit or loss		18,022	1	(12,338)	(1)
8300	**Other comprehensive income (loss) of the period**		$ 22,731	1	($ 10,940)	(1)
8500	**Total comprehensive income for the period**		$ 151,273	8	$ 10,552	1
	Net income attributable to:					
8610	Owners of the parent		$ 132,388	7	$ 22,057	2
8620	Non-controlling interest		(3,846)	-	(565)	-
			$ 128,542	7	$ 21,492	2
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 155,119	8	$ 11,117	1
8720	Non-controlling interest		(3,846)	-	(565)	-
			$ 151,273	8	$ 10,552	1
	Earnings per share	VI(XXXII)				
9750	Basic earnings per share		$ 1.51		$ 0.30	
9850	Diluted earnings per share		$ 1.50		$ 0.30	

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as a whole.

Chairman: Lee, Min   Manager: Lien, Chi-Ruei   Chief Accountant: Kuo, Feng-Ling

ARBOR Technology Corporation and its Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: Thousands of New Taiwan Dollars

	Notes	Equity Attributable to Owners of the Parent: Capital Stock: Common Shares	Capital Stock: Certificate of Entitlement to New Shares form Convertible Bond	Capital Surplus: Excess of Par	Capital Surplus: Treasury Stock Transactions	Capital Surplus: Difference Between Acquisition or Disposal Price of Subsidiaries and Carrying Amount	Capital Surplus: Stock Options	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Undistributed Earnings	Other Equity: Financial Statements Translation Differences of Foreign Operations	Other Equity: Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury Stock	Total	Noncontrolling Interest	Total Equity
Year ended December 31, 2021																
Balance at January 1, 2021		$ 696,460	$ 15,074	$ 558,236	$ 737	$ 3,570	$ 13,608	$ 80,989	$ 61,064	$ 142,262	($ 56,817)	($ 8,467)	($ 31,465)	$ 1,475,251	$ 10,616	$ 1,485,867
Net income for the year		-	-	-	-	-	-	-	-	22,057	-	-	-	22,057	(565)	21,492
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	-	178	(12,338)	1,220	-	(10,940)	-	(10,940)
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	22,235	(12,338)	1,220	-	11,117	(565)	10,552
Distribution of 2020 earnings	VI(XXIII)															
Legal reserve		-	-	-	-	-	-	874	-	(874)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	-	4,221	(4,221)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	(7,023)	-	-	-	(7,023)	-	(7,023)
Stock dividends	VI(XXI)	7,023	-	-	-	-	-	-	-	(7,023)	-	-	-	-	-	-
Conversion of convertible corporate bonds	VI(XVII)	-	25,661	34,933	-	-	(4,755)	-	-	-	-	-	-	55,839	-	55,839
Conversion of bond conversion entitlement	VI(XXI)	40,735	(40,735)	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock buyback	VI(XXI)	-	-	-	-	-	-	-	-	-	-	-	(32,819)	(32,819)	-	(32,819)
Share-based payment transaction	VI(XX)(XXI)	-	-	-	3,724	-	227	-	-	-	-	-	31,465	35,416	-	35,416
Changes in equity of associates accounted for using equity method		-	-	-	-	-	-	-	-	(373)	-	373	-	-	-	-
Balance at December 31, 2021		$ 744,218	$ -	$ 593,169	$ 4,461	$ 3,570	$ 9,080	$ 81,863	$ 65,285	$ 144,983	($ 69,155)	($ 6,874)	($ 32,819)	$ 1,537,781	$ 10,051	$ 1,547,832
Year ended December 31, 2022																
Balance at January 1, 2022		$ 744,218	$ -	$ 593,169	$ 4,461	$ 3,570	$ 9,080	$ 81,863	$ 65,285	$ 144,983	($ 69,155)	($ 6,874)	($ 32,819)	$ 1,537,781	$ 10,051	$ 1,547,832
Net income for the year		-	-	-	-	-	-	-	-	132,388	-	-	-	132,388	(3,846)	128,542
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	-	1,807	18,022	2,902	-	22,731	-	22,731
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	134,195	18,022	2,902	-	155,119	(3,846)	151,273
Distribution of 2021 earnings	VI(XXIII)															
Legal reserve		-	-	-	-	-	-	2,186	-	(2,186)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	-	10,745	(10,745)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	(8,909)	-	-	-	(8,909)	-	(8,909)
Capital increased in cash	VI(XXI)	160,000	-	136,000	-	-	-	-	-	-	-	-	-	296,000	-	296,000
Conversion of convertible corporate bonds	VI(XVII)	-	50,176	65,636	-	-	(8,853)	-	-	-	-	-	-	106,959	-	106,959
Conversion of bond conversion entitlement	VI(XXI)	50,176	(50,176)	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock buyback	VI(XXI)	-	-	-	-	-	-	-	-	-	-	-	(3,696)	(3,696)	-	(3,696)
Share-based payment transaction	VI(XX)	-	-	-	-	-	2,298	-	-	-	-	-	-	2,298	-	2,298
Changes in equity of associates accounted for using equity method		-	-	-	-	(20)	-	-	-	72	-	(72)	-	(20)	-	(20)
Balance at December 31, 2022		$ 954,394	$ -	$ 794,805	$ 4,461	$ 3,550	$ 2,525	$ 84,049	$ 76,030	$ 257,410	($ 51,133)	($ 4,044)	($ 36,515)	$ 2,085,532	$ 6,205	$ 2,091,737

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as a whole.

Chairman: Lee, Min　　Manager: Lien, Chi-Ruei　　Chief Accountant: Kuo, Feng-Ling

ARBOR TECHNOLOGY Co., Ltd
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		$ 177,351	$ 25,348
Adjustments:			
Adjustments to reconcile profit (loss)			
Unrealized sales profits	VI(VIII)	2,902	270
Realized gains from sales	VI(VIII)	(270)	-
Net loss (profit) from financial assets and liabilities at fair value through loss (profit)	VI(II)(XXVII)	(11,556)	(393)
Expected credit impairment loss	VI(XXIX)	31,408	10,274
Depreciation expense- Property, plant and equipment and Investment property	VI(IX)(XII)(XXIX)	18,602	15,551
Depreciation expense- Right-of-use asset	VI(X)(XXIX)	16,441	26,139
Amortization expense	VI(XIII)(XXIX)	9,610	10,701
Loss (gain) on disposal of investment	VI(XXVII)	(177)	(169)
Interest income	VI(XXV)	(2,531)	(689)
Dividend income	VI(XXVI)	(700)	(431)
Interest expense	VI(XXVIII)	17,939	16,982
Loss (gain) on disposal of property, plant and equipment	VI(XXVII)	3,455	3,833
Share-based payment compensation	VI(XX)(XXX)	2,298	3,951
Share of loss (profit) of associates accounted for using equity method	VI(VIII)	(10,187)	(5,342)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial instruments at fair value through profit or loss		3,311	(6,623)
Notes receivable		10,052	(15,633)
Notes receivable - related parties		(5,677)	2
Accounts receivable		16,807	(90,121)
Accounts receivable - related parties		(66,502)	(65,999)
Other receivables-related parties		(1,421)	6,791
Inventories		(33,406)	(73,683)
Other current assets		(13,375)	(41,302)
Other noncurrent assets		2,474	(1,008)
Changes in operating liabilities			
Current contract liabilities		3,458	2,534
Notes payable		(2,124)	749
Accounts payable		63,246	(24,079)
Accounts payable - related parties		3,763	14,030
Other payables		23,828	(7,710)
Other payables - related parties		5,705	(872)
Other current liabilities		(1,066)	957
Other noncurrent liabilities		(1,778)	(298)
Cash (outflow) inflow generated from operations		261,880	(196,240)
Interest received		2,531	689
Dividends received		700	431
Interest paid		(16,263)	(14,218)
Income tax paid		(11,686)	(8,844)
Income tax refunded		33	-
Net cash flows (used in) from operating activities		237,195	(218,182)

（Continued）

ARBOR TECHNOLOGY Co., Ltd
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

	Note	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Financial assets at fair value through other comprehensive income	XII(III)	($ 4,500)	$ -
Proceeds from sale of Financial assets at fair value through other comprehensive income	XII(III)	3,737	-
Purchase of financial assets at amortized cost		(197,016)	-
Proceeds from sale of financial assets at amortized cost		-	28,471
Acquisition of property, plant and equipment	VI(IX)	(4,011)	(16,804)
Acquisition of investment property	VI(XII)	-	(62,838)
Acquisition of intangible assets	VI(XIII)	(1,919)	(86)
Increase in equipment prepayment		(9,554)	(33,378)
(Increase) decrease in refundable deposits		(3,060)	2,944
Net cash flows used in investing activities		(216,323)	(81,691)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	VI(XXXIV)	58,976	136,761
Decrease in short-term notes and bills payable	VI(XXXIV)	(42,000)	(6,000)
Proceeds from long-term debt	VI(XXXIV)	-	252,000
Repayments of long-term debt	VI(XXXIV)	(120,178)	(190,075)
Repayment of lease principal	VI(XXXIV)	(17,657)	(26,230)
Increase (decrease) in guarantee deposits received	VI(XXXIV)	226	(1,421)
Cash dividends paid	VI(XXIII)	(8,909)	(7,023)
Payments to acquire treasury shares	VI(XXI)	(3,696)	(32,819)
Increase capital in cash	VI(XXI)	296,000	-
Exercise of employee share options	VI(XXI)	-	31,465
Net cash inflow from financing activities		162,762	156,658
Effect of foreign exchange translations		(40,479)	(1,795)
Net increase (decrease) in cash and cash equivalents		143,155	(145,010)
Cash and cash equivalents at beginning of year		344,147	489,157
Cash and cash equivalents at end of year		$ 487,302	$ 344,147

The accompanying notes are an integral part of the consolidated financial statements. Please refer to them as a whole.

Chairman: Lee, Min Manager: Lien, Chi-Ruei Chief Accountant: Kuo, Feng-Ling

ARBOR Technology Corporation
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars
(Unless Stated Otherwise)

I. Company History

The original name of ARBOR Technology Corporation (hereinafter referred to as "the Company") was ARBOR Technology Company, which was established in September 1993 and went through the reincorporation on January 27, 1995. The Company and its subsidiaries are engaged in the R&D, assembly, combination, processing, manufacturing, and trading of industrial motherboards, computer products, peripheral devices, and electronic parts. The Company's shares were approved for listing on the Mainboard of Taipei Exchange (TPEx) on May 7, 2013.

II. Approval date and procedures of the consolidated financial statements

The accompanying consolidated financial statements were approved by the Board of Directors on March 28, 2023.

III. Application of new and revised standards and interpretations

(I) The effect of adopting new and revised IFRSs endorsed and issued into effect by the Financial Supervisory Commission (hereafter the FSC)

The following table summarizes the new, revised or amended standards and interpretations of IFRSs endorsed and issued into effect by the FSC as of the year 2022:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

The Group assessed that there is no significant effect of the standards and interpretations above on the Group's financial position and financial performance.

(II) The effect of not adopting new and revised IFRSs endorsed by the FSC

The following table summarizes the new, revised or amended standards and interpretations of IFRSs endorsed and issued into effect by the FSC as of the year 2023:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023

Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023

The Group assessed that there is no significant effect of the standards and interpretations above on the Group's financial position and financial performance.

(III) The effect of IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

The following table summarizes the new, revised or amended standards and interpretations of IFRSs issued by the IASB but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 "Lease liabilities in sale and leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contractual Terms"	January 1, 2024

The Group assessed that there is no significant effect of the standards and interpretations above on the Group's financial position and financial performance.

IV. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the accompanying parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(II) Basis of preparation

1. Except for the following items, the accompanying consolidated financial statements have been prepared under the historical cost convention:

(1) Financial assets and financial liabilities (including derivative instruments)

at fair value through profit or loss.

(2) Financial assets and financial liabilities at fair value through other comprehensive income.

(3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(III) Basis for consolidation

1. Principles of preparation of consolidated financial statements

(1) All subsidiaries are included in the Group's consolidated financial statements. A subsidiary is referred to the entity controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Intragroup transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(3) Each component of profit or loss and other comprehensive income is attributed to the owners of the parent and to the noncontrolling interests. Total comprehensive income is attributed to the owners of the parent and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

(4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with noncontrolling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the investment in associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets

or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

			Proportion of Ownership (%)		
Investor	Subsidiary name	Business nature	December 31, 2022	December 31, 2021	Note
ARBOR Technology Co., Ltd.	Arbor Solution,Inc. (Arbor Solution)	Trading of industrial computers and peripherals	100.00	100.00	
"	Guiding Technology Ltd. (Guiding)	Trading of industrial computers and peripherals	100.00	100.00	
"	Allied Info Investments Ltd. (Allied Info)	Holding company	100.00	100.00	
"	Excellent Top International Development Ltd. (Excellent Top)	Holding company	100.00	100.00	
"	Arbor France S.A.S. (Arbor France)	Trading of industrial computers and peripherals	100.00	100.00	
"	Flourish Technology Co., Ltd. (Flourish)	Holding company and trading of industrial computers	100.00	100.00	NOTE
"	Arbor Korea Co.,Ltd. (Arbor Korea)	Trading of industrial computers and peripherals	100.00	100.00	
"	Best Vintage Global LTD. (Best Vintage)	Holding company	100.00	100.00	
"	Acloud Intelligence Services Corp. Ltd. (Acloud)	Trading of industrial computers and peripherals	67.08	67.08	
Allied Info	Arbor Beijing Technology Co., Ltd. (Arbor Beijing)	Trading of industrial computers and peripherals	90.91	90.91	
Excellent Top	Arbor Technology (Shenzhen)co., Ltd.(Arbor Shenzhen)	Manufacture and trading of industrial computers	100.00	100.00	
Flourish	Arbor China Technology Co.,Ltd.(Arbor China)	Trading of industrial computers and peripherals	100.00	100.00	NOTE
Arbor China Technology Co.,Ltd.(Arbor China)	Arbor Beijing Technology Co., Ltd. (Arbor Beijing)	Trading of industrial computers and peripherals	9.09	9.09	
Best Vintage	Perfect Stream LTD. (Perfect Stream)	Holding company	100.00	100.00	
Perfect Stream	Arbor Technology UK LTD. (Arbor UK)	Trading of industrial computers and peripherals	100.00	100.00	

Note: The Group acquired additional shares of ArborChina for USD 3,000,000 (NTD 92,035) via Flourish in November 2020 and completed reincorporation on March 22, 2021.

3. Subsidiaries not included in the consolidated financial statements: None
4. Adjustments for subsidiaries with different accounting periods: None
5. Significant restrictions: As of December 31, 2022, cash and bank deposit of $52,841 was in China and restricted by the local foreign exchange controls. Such foreign exchange controls restrict the export of funds out of China (except by means of normal dividend distribution).
6. Subsidiaries with noncontrolling interests that are material to the Group:
As of December 31, 2022 and 2021, the noncontrolling interests amounted to $6,205 and $10,051, respectively. There are no subsidiaries with noncontrolling interests that are material to the Group.

(IV) Foreign currency translation

Items included in the financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

1. Foreign currency transactions and balances
(1) Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions or measurement. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
(2) Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot exchange rates prevailing at the balance sheet date. Exchange differences arising upon adjustment at the balance sheet date are recognized in profit or loss.
(3) Non-monetary assets and liabilities denominated in foreign currencies measured at fair value through profit or loss are retranslated at the spot exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies measured at fair value through other comprehensive income are retranslated at the spot exchange rates prevailing at the balance sheet date; their exchange differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
(4) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses.'

2. Translation of foreign operations
(1) The operating results and financial positions of all entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

B. Incomes and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

C. All resulting exchange differences are recognised in other comprehensive income.

(2) Goodwill and fair value adjustments resulting from the acquisition of foreign entities are deemed as the assets and liabilities of those foreign entities and translated at the ending exchange rate.

(V) Classification of current and noncurrent assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2) Assets held mainly for trading purposes;

(3) Assets that are expected to be realized within twelve months from the balance sheet date;

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

All the other assets that do not meet the criteria above are classified as noncurrent assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be settled within twelve months from the balance sheet date;

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All the other liabilities that do not meet the criteria above are classified as noncurrent liabilities.

(VI) Cash and cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial assets at fair value through profit or loss

1. Financial assets at fair value through profit or loss (FVTPL) are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. All regular way purchases or sales of financial assets at FVTPL are recognized and derecognized on a trade date basis.
3. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
4. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

1. Financial assets at fair value through other comprehensive income (FVTOCI) are equity securities for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
2. All regular way purchases or sales of financial assets at FVTOCI are recognized and derecognized on a trade date basis.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
   The changes in fair value of equity investments are recognized in other comprehensive income. The accumulated gains or losses previously recognized in other comprehensive income should not be reclassified to profit or loss following the derecognition and be reclassified to retained earnings. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(IX) Financial assets at amortized cost

1. Financial assets that meet the following two conditions are subsequently measured at amortized cost:
   (1) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
   (2) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. All regular way purchases or sales of financial assets at amortized cost are recognized and derecognized on a trade date basis.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest revenue is subsequently recognized by using

the effective interest method to amortize during the outstanding period less any impairment loss. Gains or losses are recognized in profit or loss following the derecognition.

4. The time deposits held by the Group that do not meet the criteria of cash equivalents are measured at the amount of investment due to the short holding period and immaterial effect of discounting.

(X) Accounts and notes receivable

1. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XI) Impairment of financial assets

For financial assets at amortized cost and financial guarantee contracts, after taking into consideration all reasonable and verifiable information (including forward-looking), the Group measures the impairment provision for 12-month expected credit losses if there has not been a significant increase in credit risk since initial recognition at each balance sheet date. The Group measures the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has significantly increased since initial recognition. For accounts receivable or contract assets that do not contain a significant financing component, the Group measures the impairment provision for lifetime ECLs.

(XII) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XIII) Leasing arrangements (lessor) – Lease payments receivable/Operating lease

Lease income from operating leases less any lease incentive to lessors is recognized in profit or loss on a straight-line basis over the terms of the relevant leases.

(XIV) Inventories

The Group adopts the perpetual inventory system. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related manufacturing overheads (allocated based on normal operating capacity), excluding borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value rule. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(XV) Investments accounted for using equity method – associates

1. Associates are all entities over which the Group has significant influence but not control. Generally speaking, it refers to the fact that an investor

holds, directly or indirectly, 20 percent or more of the voting shares of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

2. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognize further losses, unless it has incurred statutory or constructive obligations, or made payments on behalf of the associate.
3. When changes in an associate's equity do not arise from either profit or loss, or other comprehensive income of the associate, and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition results in a decrease in the Group's ownership percentage of the associate, in addition to the adjustment above, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
6. Upon loss of control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at fair value as the amount for the initial recognition of the fair value of financial asset or the cost of investment in associates and joint ventures. Any difference between fair value and carrying amount is recognized in profit or loss. All the amount previously recognized in other comprehensive income in relation to the subsidiary is reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. That is, when the Group loses control of the subsidiary, the profit or loss is reclassified from equity to profit or loss.
7. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any

difference between fair value and carrying amount is recognized in profit or loss.

8. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of by the Group. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(XVI) Property, plant and equipment

1. Property, plant and equipment are initially recognized at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
3. Property, plant, and equipment are subsequently measured under cost model. Except land is not depreciated, other property, plant and equipment are depreciated using the straight-line method. If each part of an item of property, plant, and equipment is significant, the part should be depreciated separately.
4. The residual values, useful lives and depreciation methods of the assets are reviewed, and adjusted if appropriate, at each end of the financial period. If expectations for residual values and useful lives of the assets differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The useful lives of property, plant and equipment are as follows:

Buildings	10-50 years
Machinery and equipment	5 years
Office equipment	3-5 years
Other equipment	3-5 years

(XVII) Leasing arrangements (lessee) – right-of-use assets/lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities are recognized at the net present value of the remaining

lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. The right-of-use asset is stated at cost at the commencement date. The cost is comprised of the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
4. For the lease modification that decreases the scope of the lease, the lessee should decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease. The difference between the carrying amount of the right-of-use asset and the amount of the remeasurement of the lease liability should be recognized in profit or loss.

(XVIII) Investment properties

Investment properties are initially recognized at cost, and subsequently measured under cost model. Except land, investment properties are depreciated using the straight-line method with 20 to 50 years of estimated useful lives.

(XIX) Intangible assets

1. Computer software

Computer software is initially recognized at cost and amortized using the straight-line method with 3 to 5 years of estimated useful lives.

2. Goodwill

Goodwill arose from business combinations under the acquisition method.

3. Patents

Patents that are acquired separately are recognized at cost. Patents are assets with finite useful lives, and are amortized using the straight-line method with 5 years of estimated useful lives.

4. Customer relationships

Customer relationships are amortized using the straight-line method with 7 years of estimated useful lives.

(XX) Impairment of non-financial assets

1. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the

higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed, except for goodwill. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

2. The recoverable amounts of goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use, should be assessed on a regular basis. When the recoverable amount of an asset is less than its carrying amount, an impairment loss should be recognized. An impairment loss recognized for goodwill is not reversed in subsequent years.
3. Goodwill is allocated to cash-generating units for impairment testing purposes. Such allocation is based on the cash-generating units or groups of cash-generating units which are identified by operating segments, and which are expected to benefit from the business combination that can generate goodwill.

(XXI) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are initially recognized at fair value less transaction costs, and subsequently stated at amortized cost; any difference between the proceeds less transaction costs, and the redemption value, is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXII) Notes and accounts payable

1. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXIII) Financial liabilities at fair value through profit or loss

1. Financial liabilities at fair value through profit or loss are those financial liabilities that are incurred principally for the purpose of repurchasing them in the near term, and that are held for trading other than the derivative instruments that are designated hedging instrument under hedge accounting.
2. Financial liabilities are initially measured at fair value, with related transaction costs recognized in profit or loss. Financial liabilities are subsequently measured at fair value, and the gain or loss are recognized in profit or loss.

(XXIV) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(XXV) Bonds payable

The convertible bonds payable are issued by the Company with embedded conversion rights (i.e., the bond holders have rights to elect to convert bonds into a fixed number of common shares of the Company at a fixed price.), put options, and call options. At initial issuance, the Company should classify the issue price into financial assets, financial liabilities, or equities in accordance with the contractual arrangement as follows:

1. The host contract, embedded put option, and call option, are initially recognized at fair value. The difference in the redemption price is recognized as the discount on bonds payable. Interest amortization is subsequently recognized in profit or loss, as an adjustment to “financial cost,” using the effective interest method in the outstanding period.
2. The embedded conversion rights that meet the definition of equity are initially recognized as “capital surplus – conversion rights” at the amount of issue price minus net bonds payable, without subsequent measurement.
3. Transaction costs that are directly attributable to the issuance are allocated to the liability and equity components of the instrument in proportion to the initial carrying amount.
4. When conversion rights are exercised, bonds payable are first accounted for in accordance with its subsequent measurement. The issue cost of converted common shares are the determined by the carrying amount of the aforementioned bonds payable plus the carrying amount of “capital surplus – conversion rights.”

(XXVI) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVII) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The Group has initially recognized it at fair value and subsequently measured it at the high of the amount of the loss allowance determined by the expected credit loss and the cumulative amount of income recognized.

(XXVIII) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in that period when the employees render service.
2. Pensions

(1) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined benefit plan

A. Net obligation under a defined benefit plan is calculated as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods, and is recognized as a liability in the balance sheet the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by referring to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. When there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

B. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are presented in retained earnings.

3. Compensation of employees and remuneration of directors

Compensation of employees and remuneration of directors are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the estimated amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. As for the compensation of employees distributed by stocks, the base used to determine number of shares is the closing price of the day prior to the date of the board of directors resolution.

(XXIX) Employee share-based payment

For equity-settled share-based payment transactions, the Group should measure the employee services received at the fair value of equity instruments granted at the grant date. Compensation costs are recognized during the vesting period and are made adjustment to equity. The fair value of the equity instruments reflects the effects of vesting market conditions and non-vesting conditions. Previously recognized compensation costs are adjusted based on the number of awards that are expected to satisfy the service condition and non-market vesting condition so that the amount is ultimately recognized based on the vesting number on vesting date.

(XXX) Taxation

1. The income tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings based on the actual earnings distribution.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill, or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Temporary differences arising on investments in subsidiaries and associates is not recognized if the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities, and they are levied by the same taxation authority on either the same taxable entity or different taxable entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXXI) Share capital

1. Ordinary share is classified as equity. Incremental costs that are directly attributable to the issuance of new stocks or stock options are presented in equity net of income tax as a contra account to the price.
2. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental cost net of income tax, is recognized as a contra account to equity. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction cost and the related income tax effects, is adjusted to equity.

(XXXII) Dividends distribution

Dividends are recognized in the Company's financial statements in the period in which they are approved by shareholders' meeting of the Company. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(XXXIII) Revenue recognition

1. The Group manufactures and sells industrial motherboards, computer products, peripheral devices, electronic parts, and related products. Sales revenue is recognized when control of the products has been transferred to the customer, being when the products are delivered to the customer, and there are unfulfilled performance obligations that could affect the customer's acceptance of the products. Delivery of goods occurs only when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. A receivable is recognized when the goods are delivered to the customer because this is the point of time when the consideration is unconditional to the Group with only the passage of time required before the payment is due.
3. Financing component

   Based on the Group's contracts with customers, the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service is never more than one year; therefore, the transaction price is not adjusted to reflect the time value of money.

(XXXIV) Government grants

A government grant is not recognized at fair value until there is reasonable assurance that the Group will comply with the conditions attaching to it, and that the grant will be received. Government grants should be recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants related to property, plant, and equipment are recognized as a contra account to that asset. The grant is recognized over the useful life of the asset by the decrease in depreciation expense.

(XXXV) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision-maker of the Group is identified as the board of directors.

V. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events on balance sheet dates. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is as follows:

(I) Critical judgements in applying the Company's accounting policies

None.

(II) Critical accounting estimates and assumptions

1. Impairment assessment of accounts receivable

In the process of assessing impairment of accounts receivable, the Group uses the expected credit loss in accordance with IFRS 9 "Financial Instruments". Management assesses the expected credit loss on impairment of accounts receivable based on assumptions about the individual customer's overdue period, financial position, operating condition, and historical experience as well as the forward-looking information.

As of December 31, 2022, the carrying amount of accounts and notes receivable was $541,388.

2. Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet dates using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet dates, and writes down the cost of inventories to the net realizable value. Such a valuation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

As of December 31, 2022, the carrying amount of inventories was $693,144.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working fund	$ 675	$ 744
Checking accounts and demand deposits	356,109	343,403
Time deposits	130,518	-
Total	$ 487,302	$ 344,147

1. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. As of December 31, 2022 and 2021, the amounts of restricted cash and cash equivalents due to borrowings were $233,898and $47,661, respectively, and were classified as “financial assets at amortized cost.” Please refer to Notes VI (III) and VIII for more information.
3. As of December 31, 2022 and 2021, the amounts of time deposits held by the Group for more than 3 months were $11,127 and $0, respectively, and were classified as “financial assets at amortized cost” based on the liquidity. Please refer to Note VI (III) for more information.

(II) Financial assets at fair value through profit or loss－current

Item	December 31, 2022	December 31, 2021
Current item:		
Financial assets mandatorily measured at fair value		
Beneficiary certificate	$ 35,278	$ 21,028
Convertible bonds－redemption right	-	54
Convertible bonds	70,012	72,062
Valuation adjustment	(444)	2,427
	$ 104,846	$ 95,571
Financial liabilities mandatorily measured at fair value		
Non-hedging derivatives－FX swap	$ 1,709	$ 802

1. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	2022	2021
Financial assets and liabilities mandatorily measured at fair value		
Beneficiary certificate	($ 1,551)	($ 298)
Convertible bonds	260	2,985
Non-hedging derivatives －FX swap	13,407	(2,418)

－FX forward	(560)	124
Total	$ 11,556	$ 393

2. The information on the Group's transactions and contracts of derivative liabilities which are ineligible for hedge accounting:

Derivative liabilities	December 31, 2022 Contract amount (Notional value)		Contract period
FX swap	USD	850 thousand	2022.09.08-2023.03.13
FX swap	USD	1,000 thousand	2022.09.28-2023.03.30
FX swap	USD	1,000 thousand	2022.09.29-2023.03.29

Derivative liabilities	December 31, 2021 Contract amount (Notional value)		Contract period
FX swap	USD	850 thousand	2021.07.20-2022.07.20
FX swap	USD	850 thousand	2021.09.08-2022.09.08
FX swap	USD	1,000 thousand	2021.09.28-2022.09.28
FX swap	USD	1,000 thousand	2021.09.28-2022.09.29
FX swap	USD	850 thousand	2021.10.13-2022.07.14

The Group entered into FX swap contracts for purchasing raw materials (buying USD and selling NTD) in order to hedge the exchange rate risk of selling prices, yet ineligible for hedge accounting.

3. The Group did not pledge financial assets at fair value through profit or loss to others as collateral.
4. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note XXII (II).

(III) Financial assets at amortized cost－current

Item	December 31, 2022	December 31, 2021
Current items		
Repurchase agreement of commercial papers	$ 87,523	$ 27,738
Restricted bank deposits	146,375	19,923
Time deposits	11,127	-
Total	$ 245,025	$ 47,661

1. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	2022	2021
Interest revenue	$ 1,453	$ 125

2. As of December 31, 2022 and 2021, without taking into account any collateral

held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represented the financial assets at amortised cost held by the Group were $245,025 and $47,661, respectively.

3. For information on the Group's financial assets at amortized cost pledged to others as collateral, please refer to Note VIII.
4. For information on the credit risk of financial assets at amortized cost, please refer to Note XII (II). The Group invests in the certificates of deposit issued by financial institutions with high credit quality, so it expects that the probability of counterparty default is remote.

(IV) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 41,834	$ 48,739
Less: Allowance for impairment loss	(39,116)	(10,273)
	$ 2,718	$ 38,466
Notes receivable－related parties	$ 13,557	$ 7,880
Accounts receivable	$ 420,473	$ 415,577
Less: Allowance for impairment loss	(5,799)	(3,099)
	$ 414,674	$ 412,478
Accounts receivable－related parties	$ 110,439	$ 177,127

1. The following is the notes and accounts receivable (including related parties) aging report:

	December 31, 2022		December 31, 2021	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Current	$ 16,275	$ 441,341	$ 42,962	$ 312,005
Within 30 days	-	37,903	13,657	99,552
31-90 days	-	34,025	-	68,149
91-180 days	-	11,193	-	88,394
Over 180 days	39,116	6,450	-	24,604
	$ 55,391	$ 530,912	$ 56,619	$ 592,704

The aging analysis above is based on overdue days.

2. As of December 31, 2022 and 2021, accounts and notes receivable were all from contracts with customers. As of January 1, 2021, the balances of notes and accounts receivable from contracts with customers were $31,954 and $460,878, respectively.
3. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancement, the maximum exposures to credit risk in respect of the amount that best represented the Group's notes receivable (including related parties) were $16,275 and $46,346, respectively. As of

December 31, 2022 and 2021, the maximum exposures to credit risk in respect of the amount that best represented the Group's accounts receivable (including related parties) were $525,113 and $589,605, respectively.

4. The Group does not hold any collaterals.
5. For information related to credit risk of accounts and notes receivable, please refer to Note XII (II).

(V) Inventories

	December 31, 2022		
	Cost	Allowance to reduce inventory to market	Carrying amount
Raw materials	$ 368,131	($ 31,605)	$ 336,526
Work-in-process	188,366	(8,959)	179,407
Finished goods	175,786	(11,185)	164,601
Merchandise	38,558	(25,948)	12,610
Total	$ 770,841	($ 77,697)	$ 693,144

	December 31, 2021		
	Cost	Allowance to reduce inventory to market	Carrying amount
Raw materials	$ 343,115	($ 27,244)	$ 315,871
Work-in-process	132,940	(5,237)	127,703
Finished goods	163,753	(2,527)	161,226
Merchandise	37,935	(18,838)	19,097
Total	$ 677,743	($ 53,846)	$ 623,897

Expense and loss incurred on inventories for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Cost of goods sold	($ 1,200,041)	($ 1,056,176)
Unallocated labor and manufacturing overhead	(31,559)	(35,927)
Gain (loss) on inventory valuation	(23,742)	1,720
Loss from obsolescence	(4,497)	(6,809)
Effect of exchange rates	413	(169)
	($ 1,259,426)	($ 1,097,361)

For the year ended December 31, 2021, the increase in net realizable value and disposal of slow-moving inventories resulted in gain from price recovery of inventory.

(VI) Other current assets

	December 31, 2022	December 31, 2021
Prepayment for purchases	$ 107,598	$ 89,157
Prepaid expense	75,632	71,753
Overpaid sales tax	13,939	8,003

Income tax refund receivable	4,540	4,431
Other receivables	3,282	6,083
	$ 204,991	$ 179,427

(VII) Financial assets at fair value through other comprehensive income (FVTOCI) − noncurrent

Item	December 31, 2022	December 31, 2021
Equity instrument		
Non-listed stocks	$ 15,312	$ 14,549
Valuation adjustment	(4,044)	(6,874)
	$ 11,268	$ 7,675

1. The Group chose to classify the strategic investment in non-listed stocks as financial assets at FVTOCI. As of December 31, 2022 and 2021, fair value of those investments was $11,268 and $7,675, respectively.
2. The Group disposed of all stocks of Top Cloud Technology Inc. in September 2022, with a total of 373,750 shares and price of $3,737. The Company derecognized the cost of investment (i.e., carrying amount) of $3,737, without gain on disposal.
3. Items recognized in profit or loss and other comprehensive income in relation to financial assets at FVTOCI were as follows:

	2022	2021
Equity instruments at FVTOCI		
Changes in fair value recognized in other comprehensive income	$ 2,830	$ 1,593
Dividend revenue recognized in profit or loss		
Still held by the Company at the end of reporting period	$ 700	$ 431

4. For information on fair value related to financial assets at FVTOCI, please refer to Note XXII (III).

(VIII) Investments accounted for using equity method

1. Changes in investments accounted for using equity method (including those classified as liabilities) are as follows:

	2022	2021
January 1	$ 452,043	$ 447,118
Share of investment income	10,187	5,342
Unrealized sales gross profits	(2,902)	(270)
Realized sales gross profits	270	-
Changes in other equity	(2,093)	(147)
December 31	$ 457,505	$ 452,043

2. The details of investments accounted for using equity method are as follows:

Associates	December 31, 2022	December 31, 2021

AMobile Intelligent Corp. Ltd (AMobile HK)	$ 457,505	$ 452,043
SmartTaxi Corporation (SmartTaxi)	-	-
IBOSS Co., Ltd. (IBOSS)	-	-
TMM Solution, Inc. (TMM Solution)	-	-
Total	$ 457,505	$ 452,043

3. The equity of IBOSS was negative due to its continuous losses. On December 31, 2019, the Group recognized investment loss to write down the corresponding carrying amount of investment to $0 in accordance with the accounting policy on investment in associates accounted for using equity method. On September 1, 2021, IBOSS completed nullification registration.
4. The Group assessed that there was an indication of impairment on investment in SmartTaxi due to its continuous losses. On December 31, 2019, the Group recognized investment loss to write down the corresponding carrying amount of investment to $0 in accordance with the accounting policy on investment in associates accounted for using equity method. On August 12, 2021, SmartTaxi completed nullification registration.
5. Subsidiary－Arbor Solution invested US$ 110,000 in TMM Solution and acquired 37.48% of ownership on October 2017. The equity of TMM Solution was negative due to its continuous losses on December 31,2022. The Group recognized investment loss to write down the corresponding carrying amount of investment to $0 in accordance with the accounting policy on investment in associates accounted for using equity method.
6. The basic information of the associate that is material to the Group is as follows:

Company name	Principle place of business	Shareholding ratio		Method of measurement
		December 31, 2022	December 31, 2021	
AMobile HK	Taiwan	39.31%	45.29%	Equity method

7. The summarized financial information of the associate that is material to the Group is as follows:

Balance Sheet

	AMobile HK	
	December 31, 2022	December 31, 2022
Current assets	$ 1,344,156	$ 1,145,990
Noncurrent assets	47,433	53,038
Current liabilities	(750,494)	(633,147)
Noncurrent liabilities	(94,470)	(109,301)
Total net assets	$ 546,625	$ 456,580
Share in associate's net assets (Note)	$ 214,878	$ 206,785

Note: The difference with the carrying amount is mainly from the difference between the original investment cost minus fair value of identifiable net assets and the adjustment to unrealized sales gross profit.

Statement of comprehensive income

	AMobile HK	
	2022	2022
Revenue	$ 666,022	$ 407,584
Net income	$ 23,882	$ 11,795
Total comprehensive income (loss)	$ 24,041	$ 10,969

8. The Group holds 39.31% of shares of AMobile HK and is the single biggest shareholder. Because the other three shareholders (unrelated parties) hold a total of 39.31% of shares of AMobile HK; and based on the investment agreement, significant policies should not be only executed without written agreements of both AMobile HK and investors; in addition, since the Group and other two listed corporate shareholders are responsible for significant relevant activities, such as sales, development of products, and technical support, respectively, under the framework of three-party joint venture, no single party of the three can decide significant operating activities alone to establish the business model and product value of AMobile HK, which means that the value-added activities are under mutual management and support by the three listed companies; therefore, it is judged that the Group has only significant influence but not control over AMobile HK since it is shown that the Group does not take the lead on relevant activities.

(IX) Property, plant, and equipment

	2022					
	Land	Buildings	Machinery and equipment	Office equipment	Other	Total
January 1						
Cost	$ 401,081	$ 141,906	$ 38,931	$ 14,451	$ 59,575	$ 655,944
Accumulated depreciation	-	(26,847)	(24,637)	(10,326)	(37,283)	(99,093)
	$ 401,081	$ 115,059	$ 14,294	$ 4,125	$ 22,292	$ 556,851
January 1	$ 401,081	$ 115,059	$ 14,294	$ 4,125	$ 22,292	$ 556,851
Additions	-	-	1,914	1,909	188	4,011
Disposals－Cost	-	-	(99)	(1,474)	(17,420)	(18,993)
Disposals－Accumulated depreciation	-	-	99	1,280	14,159	15,538
Reclassifications (Note)	(3,950)	28,303	368	-	428	25,149
Depreciation expense	-	(6,549)	(2,901)	(1,292)	(7,056)	(17,798)
Net exchange differences	-	-	212	26	31	269
December 31	$ 397,131	$ 136,813	$ 13,887	$ 4,574	$ 12,622	$ 565,027
December 31						
Cost	$ 397,131	$ 168,110	$ 41,700	$ 15,145	$ 42,872	$ 664,958
Accumulated depreciation	-	(31,297)	(27,813)	(10,571)	(30,250)	(99,931)
	$ 397,131	$ 136,813	$ 13,887	$ 4,574	$ 12,622	$ 565,027

	2021					
	Land	Buildings	Machinery and equipment	Office equipment	Other	Total
January 1						
Cost	$ 68,201	$ 58,797	$ 41,716	$ 13,258	$ 66,075	$ 248,047
Accumulated depreciation	-	(21,186)	(36,746)	(9,981)	(37,195)	(105,108)
	$ 68,201	$ 37,611	$ 4,970	$ 3,277	$ 28,880	$ 142,939
January 1	$ 68,201	$ 37,611	$ 4,970	$ 3,277	$ 28,880	$ 142,939
Additions	-	150	11,267	1,549	3,838	16,804
Disposals－Cost	-	-	(13,768)	(550)	(12,202)	(26,520)
Disposals－Accumulated depreciation	-	-	13,744	531	8,412	22,687
Reclassifications (Note)	332,880	79,666	-	454	1,910	414,910
Depreciation expense	-	(2,368)	(1,898)	(1,102)	(8,533)	(13,901)
Net exchange differences	-	-	(21)	(34)	(13)	(68)
December 31	$ 401,081	$ 115,059	$ 14,294	$ 4,125	$ 22,292	$ 556,851
December 31						
Cost	$ 401,081	$ 141,906	$ 38,931	$ 14,451	$ 59,575	$ 655,944
Accumulated depreciation	-	(26,847)	(24,637)	(10,326)	(37,283)	(99,093)
	$ 401,081	$ 115,059	$ 14,294	$ 4,125	$ 22,292	$ 556,851

Note: The amounts were reclassified from prepayment on properties and investment properties to property, plant, and equipment. Please refer to Notes VI (XII) and VI (XXXIII) for related information.

1. There were no interests that should be capitalized for the years ended December 31, 2022 and 2021, respectively.
2. For information on the property, plant and equipment that were pledged to others as collateral, please refer to Note VIII.

(X) Leasing arrangements－lessee

1. The Group leases various assets including buildings, company cars, and multifunction devices. Lease contracts are typically made for periods between 2019 to 2026. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
2. The carrying amount of right-of-use assets and the depreciation charge were as follows:

	2022			
	Buildings	Shipping equipment	Office equipment	Total
January 1				
Cost	$ 41,072	$ 3,855	$ 2,938	$ 47,865
Accumulated depreciation	(31,873)	(1,972)	(857)	(34,702)

	Buildings	Shipping equipment	Office equipment	Total
	$ 9,199	$ 1,883	$ 2,081	$ 13,163
January 1	$ 9,199	$ 1,883	$ 2,081	$ 13,163
Additions—New leases	35,176	-	236	35,412
Derecognition—Cost	(28,377)	-	-	(28,377)
Derecognition—Accumulated depreciation	28,377	-	-	28,377
Depreciation expense	(13,715)	(1,122)	(1,604)	(16,441)
Net exchange difference	123	19	-	142
December 31	$ 30,783	$ 780	$ 713	$ 32,276
December 31				
Cost	$ 48,061	$ 3,933	$ 3,174	$ 55,168
Accumulated depreciation	(17,278)	(3,153)	(2,461)	(22,892)
	$ 30,783	$ 780	$ 713	$ 32,276

	2021			
	Buildings	Shipping equipment	Office equipment	Total
January 1				
Cost	$ 41,010	$ 4,369	$ -	$ 45,379
Accumulated depreciation	(19,644)	(1,097)	-	(20,741)
	$ 21,366	$ 3,272	$ -	$ 24,638
January 1	$ 21,366	$ 3,272	$ -	$ 24,638
Additions—New leases	12,117	-	2,938	15,055
Derecognition—Cost	(11,233)	(285)	-	(11,518)
Derecognition—Accumulated depreciation	11,233	285	-	11,518
Depreciation expense	(24,040)	(1,242)	(857)	(26,139)
Net exchange difference	(244)	(147)	-	(391)
December 31	$ 9,199	$ 1,883	$ 2,081	$ 13,163
December 31				
Cost	$ 41,072	$ 3,855	$ 2,938	$ 47,865
Accumulated depreciation	(31,873)	(1,972)	(857)	(34,702)
	$ 9,199	$ 1,883	$ 2,081	$ 13,163

3. The information on lease liabilities relating to lease contracts is as follows:

	December 31, 2022	December 31, 2021
Total lease liabilities	$ 32,545	$ 13,216

	2022	2021
Less: Current portion (Presented as "Lease liabilities－Current")	(9,740)	(11,452)
	$ 22,805	$ 1,764

4. The information on profit and loss relating to lease contracts is as follows:

	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 580	$ 539
Expense on short-term lease contracts	5,571	7,111
Expense on leases for assets of low value	82	125
Revenue from sublease of right-of-use assets	-	261

Please refer to Note VII for information on the sublease of right-of-use assets.

5. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were $23,890 and $34,005, respectively.

(XI) Leasing arrangements－lessor

1. The Company leases assets including land and buildings. Lease contracts are typically made for periods between 2018 to 2025. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In order to secure the rental assets, the lease agreements usually require lessors not to pledge the lease assets as collaterals or require lessors to provide guaranteed residual value.
2. For the years ended December 31, 2022 and 2021, the Company recognized rent income (including revenue from sublease of right-of-use assets) of $3,523 and $5,655 based on the operating lease contracts, respectively, in which there were no changes to the lease payments.
3. The analysis of the due dates of lease payments of operating lease contracts is as follows:

	December 31, 2022	December 31, 2021
Less than 1 year	$ 971	$ 1,139
Over 1 year but less than 5 years	3,886	3,886
Total	$ 4,857	$ 5,025

(XII) Investment properties

	2022		
	Land	Buildings	Total
January 1			
Cost	$ 47,439	$ 22,400	$ 69,839
Accumulated depreciation	-	(663)	(663)
	$ 47,439	$ 21,737	$ 69,176
January 1	$ 47,439	$ 21,737	$ 69,176
Reclassification (Note 1)	3,950	2,019	5,969
Depreciation expense	-	(804)	(804)
December 31	$ 51,389	$ 22,952	$ 74,341
December 31			
Cost	$ 51,389	$ 26,517	$ 77,906
Accumulated depreciation	-	(3,565)	(3,565)
	$ 51,389	$ 22,952	$ 74,341

	2021					
	Land		Buildings		Total	
January 1						
Cost	$	332,880	$	82,958	$	415,838
Accumulated depreciation		-	(	2,304)	(	2,304)
	$	332,880	$	80,654	$	413,534
January 1	$	332,880	$	80,654	$	413,534
Additions (Note 2)		42,683		20,155		62,838
Reclassification (Notes 1 and 2)	(	328,124)	(	77,422)	(	405,546)
Depreciation expense		-	(	1,650)	(	1,650)
December 31	$	47,439	$	21,737	$	69,176
December 31						
Cost	$	47,439	$	22,400	$	69,839
Accumulated depreciation		-	(	663)	(	663)
	$	47,439	$	21,737	$	69,176

Note 1: The amounts were reclassified from prepayment on properties and refurbishments to investment properties; from property, plant, and equipment to investment properties; and vice versa. Please refer to Note VI (XXXIII) for related information.

Note 2: For the purpose of sustainable operation, the Group entered into a contract of purchase of office on December 18, 2020. The closing process has been completed and the price has been paid in full, including total closing costs of $69,838 in February 2021.

1. Rent revenue and direct operating expenses of investment properties are summarized as follows:

	2022		2021	
Rent revenue from investment properties	$	2,552	$	4,611
Direct operating expenses incurred by the investment properties that generate current rent revenue	$	921	$	2,080

2. As of December 31, 2022 and 2021, the fair value of investment properties held by the Group was $98,393 and $79,591, respectively. The aforementioned fair value was estimated based on the market prices of similar properties in the neighborhood of related properties, which is the level 2 fair value measurement.
3. For information on the investment properties pledged as collaterals, please refer to Note VIII.
4. For the purpose of sustainable operation and stable capacity, on February 27, 2020, the board of directors resolved to purchase plants, and later the

Group entered into a purchase contract on March 5, 2020. The closing process has been completed and the price has been paid in full, including total closing costs of $415,838 in May 2020. It was originally presented under investment properties and later transferred for self-use in June 2021, presented under property, plant, and equipment.

(XIII) Intangible assets

	2022				
	Computer software	Goodwill	Patent	Customer relationships	Total
January 1					
Cost	$ 23,838	$ 23,877	$ 9,762	$ 14,178	$ 71,655
Accumulated amortization	(14,577)	-	(6,976)	(12,464)	(34,017)
	$ 9,261	$ 23,877	$ 2,786	$ 1,714	$ 37,638
January 1	$ 9,261	$ 23,877	$ 2,786	$ 1,714	$ 37,638
Additions－Separate acquisition	1,919	-	-	-	1,919
Reclassification (Note)	4,049	-	-	-	4,049
Amortization expense	(5,812)	-	(1,953)	(1,845)	(9,610)
Net exchange difference	-	2,472	-	131	2,603
December 31	$ 9,417	$ 26,349	$ 833	$ -	$ 36,599
December 31					
Cost	$ 29,806	$ 26,349	$ 9,762	$ 14,178	$ 80,095
Accumulated amortization	(20,389)	-	(8,929)	(14,178)	(43,496)
	$ 9,417	$ 26,349	$ 833	$ -	$ 36,599

	2021				
	Computer software	Goodwill	Patent	Customer relationships	Total
January 1					
Cost	$ 69,118	$ 24,764	$ 9,762	$ 14,178	$ 117,822
Accumulated amortization	(52,928)	-	(5,024)	(10,652)	(68,604)
	$ 16,190	$ 24,764	$ 4,738	$ 3,526	$ 49,218
January 1	$ 16,190	$ 24,764	$ 4,738	$ 3,526	$ 49,218
Additions－Separate acquisition	86	-	-	-	86
Amortization expense	(7,015)	-	(1,952)	(1,734)	(10,701)
Net exchange difference	-	(887)	-	(78)	(965)
December 31	$ 9,261	$ 23,877	$ 2,786	$ 1,714	$ 37,638

December 31					
Cost	$ 23,838	$ 23,877	$ 9,762	$ 14,178	$ 71,655
Accumulated amortization	(14,577)	-	(6,976)	(12,464)	(34,017)
	$ 9,261	$ 23,877	$ 2,786	$ 1,714	$ 37,638

Note: It was reclassified from prepayment on equipment. Please refer to Note VI (XXXIII) for related information.

The details of amortization of intangible assets are as follows:

	2022	2021
Operating costs	$ 875	$ 533
Selling expenses	3,635	3,652
General and administrative expenses	2,708	3,007
Research and development expenses	2,392	3,509
	$ 9,610	$ 10,701

(XIV) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank loans			
Credit loans	$ 320,000	1.58%~1.98%	Notes guarantee issued
Secured loans	179,000	1.36%~1.96%	Land and buildings
Purchase order financing	60,082	1.50%~1.92%	None
	$ 559,082		

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank loans			
Credit loans	$ 330,000	1.15%~1.30%	Notes guarantee issued
Secured loans	111,000	1.24%~1.30%	Land and buildings
Purchase order financing	59,106	1.15%~1.35%	None
	$ 500,106		

(XV) Short-term notes and bills payable

	December 31, 2022	Interest rate range	Collateral
Commercial paper payable	$ 72,000	1.89%	Notes guarantee issued and Repurchase agreement of commercial papers
Less: Unamortized discount	-		
	$ 72,000		

	December 31, 2021	Interest rate range	Collateral
Commercial paper payable	$ 114,000	1.05%~1.33%	Repurchase agreement of commercial papers
Less: Unamortized discount	-		

$	114,000

(XVI) Other payables

	December 31, 2022	December 31, 2021
Salary payable	$ 43,563	$ 34,328
Insurance premiums payable	8,537	8,452
Employee compensation payable	4,500	1,000
Compensation due to directors and supervisors	1,000	500
Other expenses payable	38,389	20,779
	$ 95,989	$ 65,059

(XVII) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable－Third issue	$ -	$ 108,108
Less: Discount on bonds payable	-	(2,524)
Subtotal	-	105,584
Less: Current portions	-	-
	$ -	$ 105,584

1. The offering and issuance of the Company's third unsecured domestic convertible bonds were approved by the competent authority in December 2019. The offering was completed in January 2020. The principal covenants are as follows:
   (1) Total face value: NT$ 300,000
   (2) Outstanding period: 3 years, from January 20, 2020 to January 20, 2023
   (3) Coupon rate: 0%
   (4) Conversion period: Bondholders of this convertible corporate bond may request to convert their bonds into common shares of the company, starting from the day following three months after the issuance date until the maturity date, unless there is a suspension period required by regulations or laws. The conversion of bonds into common shares will result in the same rights and obligations as the originally issued common shares.
   (5) Conversion price and adjustment: The conversion price is determined by the model stated in the conversion rule. If the anti-dilution provisions are subsequently applicable, the Company will adjust the conversion price in accordance with the model stated in the conversion rule. Subsequently on the base date set in the rule, conversion price will be redetermined based on the model stated in the conversion rule. If the redetermined conversion price is higher than the current conversion price, adjustment will not be applicable.
   (6) Redemption rule:
      A. Redemption on the maturity date: The Company will redeem all the outstanding bonds on the maturity date in cash.
      B. Early redemption: After the third month of the issuance date to 40 days before maturity, if the closing price of the Company's common share exceeds 30% of the current conversion price for 30

consecutive business days, or if the convertible bonds' outstanding balance is lower than 10% of the total issuance amount, the Company is entitled to redeem the bonds in cash at par value from the bondholder on the fifth business day after the redemption date, plus accrued interest at the annual rate of 0.5% from the issuance date to the redemption date.

C. In accordance with the conversion rule, all redeemed (including redeemed via TPEx), repaid, and converted bonds will be retired with extinction of all attached rights and obligations and will not be reissued anymore.

(7) For the years ended December 31, 2022 and 2021, the balances of capital surplus－stock option related to exercised conversion rights were $8,853 and $4,755, respectively. As of December 31, 2022 and 2021, the face value of bonds with conversion right exercised was $300,000 and $193,500, respectively. Based on the current conversion price per share upon conversion, 13,634 thousand and 8,617 thousand shares of common shares have been converted, respectively. The amounts of capital surplus arising from the conversion were $182,751 and $117,115, respectively.

2. When the Company issued the third unsecured domestic convertible bonds, since the economic characteristics and risks of the call option, a non-equity item, are not closely related to the economic characteristics and risks of the host contract, the call option is accounted for and presented as a "financial asset at FVTPL" at net carrying amount separately in accordance with IFRS 9 "Financial instruments." The effective interest rate of the host contract is 2.27% after separation.

3. When the Company issues convertible bonds, the Company separates the conversion right, which is an equity component, from all the other liability components in accordance with IAS 32 and presents it as "capital surplus－stock option." As of December 31, 2022 and 2021, the amounts of capital surplus－stock option were $0 and $8,853, respectively.

4. When the convertible bonds' outstanding balance is lower than 10% of the total issuance amount, the Company is entitled to redeem the bonds in cash at par value from the bondholder in accordance with the Article 18 of The Third Unsecured Domestic Convertible Bonds Issuance and Conversion Rule. The over-the-counter trading of the aforementioned convertible bonds were terminated on September 21, 2022 because all the conversion rights were exercised before the redemption base date, September 20, 2022.

(XVIII) Long-term borrowings

Types of borrowings	December 31, 2022	Interest rate range	Collateral
Bank credit loan	$ 93,103	1.71%-1.95%	Restricted bank deposits
Bank mortgage loan	472,375	1.61%-1.80%	Land and buildings
Subtotal	565,478		
Less: Current portion	(93,672)		
	$ 471,806		

Types of borrowings	December 31, 2021	Interest rate range	Collateral
Bank credit loan	$ 142,541	0.68%-1.29%	Restricted bank deposits
Bank mortgage loan	543,115	1.08%-1.58%	Land and buildings
Subtotal	685,656		
Less: Current portion	(120,292)		
	$ 565,364		

(XIX) Pensions

1.(1) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, for those employees qualified for retirement conditions, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. From November 2021, the Company started to increase the monthly contribution equal to from 2% to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the retirement fund supervisory committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(2) The amounts recognized in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 2,581)	($ 4,625)
Fair value of plan assets	2,638	1,097
Net defined benefit asset (liability) (Stated as "other noncurrent assets" and "other noncurrent liabilities," respectively	$ 57	($ 3,528)

(3) Movements in net defined benefit obligations are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	($ 4,625)	$ 1,097	($ 3,528)
Interest expense (income)	(33)	14	(19)
	(4,658)	1,111	(3,547)
Remeasurements:			
Return on plan assets (Excluding amounts included in interest revenue or expense)	-	61	61
Effects of change in financial assumptions	187	-	187
Experience adjustments	1,559	-	1,559
	1,746	61	1,807
Pension fund contribution	-	1,797	1,797
Paid pension	331	(331)	-
Balance at December 31	($ 2,581)	$ 2,638	$ 57

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	($ 4,774)	$ 768	($ 4,006)
Interest expense (income)	(18)	3	(15)
	(4,792)	771	(4,021)
Remeasurements:			
Return on plan assets (Excluding amounts included in interest revenue or expense)	-	11	11
Effects of change in demographic assumptions	(21)	-	(21)
Effects of change in financial assumptions	162	-	162
Experience adjustments	26	-	26
	167	11	178
Pension fund contribution	-	315	315
Balance at December 31	($ 4,625)	$ 1,097	($ 3,528)

(4) The Bank of Taiwan was commissioned to manages the fund of the Company's defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.) under the supervision of the Labor Retirement Fund Supervisory Committee. With regard to the utilization of the fund, its minimum return in the annual distributions on the financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the return is less than aforementioned rates, government shall compensate for the deficit after being authorized by the authority. The Company has no right to participate in managing and operating that fund; hence, the Company is unable to disclose the classification of fair value of plan assets in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions were summarized as follows:

	2022	2021
Discount rate	1.35%	0.70%
Future salary increase rate	2.00%	2.00%

Assumptions regarding future mortality are estimated based on the 6^{th} Taiwan Standard Ordinary Experience Mortality Table for the years of 2022 and 2021.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 67)	$ 70	$ 69	($ 67)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 131)	$ 136	$ 134	($ 130)

The sensitivity analysis above was arrived at based on one single changing assumption while the other conditions remain constant. In practice, multiple assumptions may change at the same time. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions of analyzing sensitivity are the same with the previous period.

(6) Expected contributions to the defined benefit pension plan of the Company for the year 2023 are $1,744.

(7) As of December 31, 2022, the weighted average duration of the retirement plan was 10 years. The analysis of due fund payment is as follows:

Period	Benefits payment
2023	$ 13
2024	122
2025	33
2026	138
2027	104
After 2028	2,581
	$ 2,991

(8) For the years 2022 and 2021, the Company recognized pension costs (gains) of $19 and $15, respectively, in accordance with the aforementioned plan.

(9) Actuarial gains and losses that were recognized in other comprehensive income are as follows:

	2022	2021
Currently recognized	$ 1,807	$ 178
Accumulated amount	$ 1,111	($ 696)

2.(1) The Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute a monthly amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits are paid either monthly or in lump sum based on the principal and accumulated returns in the employees' individual pension accounts upon termination of employment.

(2) The Company's foreign subsidiaries have a defined contribution pension plan.

(3) The Company's subsidiaries in the People's Republic of China (PRC) make monthly pension contributions in accordance with the pension regulations in the PRC based on certain percentage of employees' monthly salaries and wages. The contribution rates are 14-15% in accordance with local regulations. Every employee's pension fund is administered by the government. Other than the monthly contributions, the Group has no further obligations.

(4) The pension costs under the aforementioned defined pension plan of the Group for the years 2022 and 2021 were $14,666 and $13,980, respectively.

(XX) Share-based payment

1. For the years 2022 and 2021, the agreements of share-based payment of the Group were as follows:

Types of agreements	Grant date	Amount granted	Vesting condition
Employee stock option plan	2021.11.26	675 thousand shares	2-year services
(Same as above)	2021.11.26	675 thousand shares	3-year services
Transferring treasury stocks to employees	2021.04.27	1,359 thousand shares	Vesting immediately

The stocks that were repurchased by the Group and that were then transferred to employees are restricted from transferring within the first year that employees receive the stocks.

All the share-based payment arrangements above are settled by equity.

2. The details on the share-based payment arrangements above are as follows:

	2022		2021	
	Number of options	Weighted average exercise price (NT$)	Number of options	Weighted average exercise price (NT$)
Outstanding stock options, January 1	1,350	$ 21.55	-	$ -
Options granted	-	-	2,709	22.35
Options exercised	-	-	(1,359)	23.15
Outstanding stock options, December 31	1,350	21.55	1,350	21.55
Exercisable stock options, December 31	-	-	-	-

3. As of December 31, 2022, the weighted average remaining contractual life of outstanding stock options was 3.92 years.

4. The Company estimated the fair value of stock options of the share-based payment transactions on the grant date with binomial tree pricing model and Black-Scholes option pricing model. Related information is as follows:

Types of arrangements	Grant date	Stock price	Exercise price	Expected fluctuation	Expected remaining life	Risk-free interest rate	Fair value per unit (NT$)
Employee stock option plan	2021.11.26	$21.55	$21.55	35.31%	3.5 years	0.4003%	$ 5.69

(Same as above)	2021.11.26	21.55	21.55	34.70%	4 years	0.4151%	5.98
Transferring treasury stocks to employees	2021.04.27	25.89	23.15	26.14%	0.003 years	0.4000%	2.74

5. For the years ended December 31, 2022 and 2021, expenses from share-based payment transactions were $2,298 and $3,951, respectively.

(XXI) Capital stock

1. As of December 31, 2022, the authorized capital of the Company was $1,500,000. The pai-in capital was $954,394 consisting of 95,439 thousand shares with a par value of $10 per share. All proceeds from shares issued have been collected.
2. A reconciliation of common shares of the Company is as follows:

(Unit: Thousand Shares)

	2022	2021
January 1	74,422	69,646
Capitalized retained earnings	-	702
Conversion of convertible bonds	5,017	4,074
Seasoned equity offering－Private placement	16,000	-
December 31	95,439	74,422

3. Treasury stocks

(1) Reasons for repurchase and number of repurchased shares:

		December 31, 2022	
Company that holds shares	Reasons for repurchase	Number of shares	Carrying amount
The Company	For transferring to employees	1,544 thousand	$ 36,515

		December 31, 2021	
Company that holds shares	Reasons for repurchase	Number of shares	Carrying amount
The Company	For transferring to employees	1,397 thousand	$ 32,819

(2) Movements in value of the Company’s treasury stocks are as follows:

	2022	2021
January 1	($ 32,819)	($ 31,465)
Treasury stocks repurchased	(3,696)	(32,819)
Treasury stocks transferred－Employee stock options exercised	-	31,465
December 31	($ 36,515)	($ 32,819)

(3) Based on the Securities and Exchange Act, the number of shares bought back may not exceed 10% of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital stock plus realized capital reserve.

(4) Based on the Securities and Exchange Act, treasury stocks held by the Company shall not be pledged. Before transfer, the shareholder’s rights

shall not be enjoyed, either.

(5) Based on the Securities and Exchange Act, the shares bought back for transferring shares to its employees shall be transferred within five years from the date of buyback. The shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration shall be processed to cancel the shares. As for those shares bought back for maintaining the Company's credit and shareholders' rights and interests, amendment registration shall be effected within six months from the date of buyback to cancel the shares.

(6) On April 27, 2021, the Company transferred 1,359 thousand shares to employees at NT$19.85-$27.57 with total transfer price amounted to $31,465, and recognized compensation cost of $3,724. The record date of employee stock option was April 27, 2021.

(7) The board of directors of the Company resolved to repurchase treasury stocks for transferring to employees of the Company on May 4, 2021. It was scheduled to repurchase 1,000 thousand shares. As of July 16, 2021, the end of the buyback period, the actual buyback was 928 thousand shares with total amount of $23,091 (including discounts and allowances).

(8) The board of directors of the Company resolved to repurchase treasury stocks for transferring to employees of the Company on November 15, 2021. It was scheduled to repurchase 1,000 thousand shares. As of December 31, 2021, the actual buyback was 469 thousand shares with total amount of $9,728 (including discounts and allowances). In January 2022 there was another buyback of 147 thousand shares with total amount of $3,696. As of January 14, 2022, the end of the buyback period, the actual buyback was 616 thousand shares with total amount of $13,424.

4. On July 5, 2021, the shareholders' meeting of the Company resolved to issue 702 thousand new shares as stock dividends by undistributed retained earnings amounted to $7,023 after filing application with the regulator. The record date of issuance was November 2, 2021, and the amendment registration was completed on December 17, 2021.

5. In order to align with the future development and introduce strategic investors, the Company planned a seasoned equity offering through a private placement pursuant to the shareholder resolutions on July 5, 2021. The number of shares shall not exceed 16,000 thousand shares with par value of $10 per share through the private placement. The Company arranged specific places to purchase 16,000 thousand shares at $18.5 per share in the private placement. The capital increase was amounted to $296,000. The record date of capital increase was March 11, 2022, and the amendment registration was completed on April 25, 2022. Those common shares issued in the private placement were subject to transfer restriction of counterparty and quantity in accordance with relevant laws. A public offering shall not be conducted until three years after the grant date.

(XXII) Capital surplus

According to the Company Act, where a company incurs no loss, it may distribute the income derived from the issuance of new shares at a premium, and the income from endowments received by the company, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Based on the relevant regulations of Securities and Exchange Act, where a company intends to capitalize the aforementioned capital surplus, the total amount per year shall not exceed 10% of paid-in capital. A company shall not use the capital surplus to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XXIII) Retained earnings

1. Under the Company's Articles of Incorporation, the current annual earnings, if any, shall first be used to pay all taxes and offset losses in prior years, and then 10% of the remaining amount shall be set aside as legal reserve. The remaining balance shall be whether retained or distributed in accordance with shareholder resolutions.
2. The Company adopts "residual dividend policy" for its dividend policies,

authorizing the proposal of earning distribution resolved by the board of directors within the scope of distributable earnings from 0% to 100% and submitted to the shareholders' meeting, after taking various factors into consideration, such as the current and future investment environment, needs of funds, domestic and foreign competition, and capital budget as well as balancing the benefits of shareholders, dividends, and long-term financial plans. The ratio of annual cash dividends shall not be less than 10% of the total of current cash and stock dividends.

3. The legal reserve shall not be used except for making good the deficit of the company and being distributed by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash, for the portion in excess of 25% of the paid-in capital.

4.(1) When distributing distributable earnings, the Company shall set aside special reserve for the debit balance under other equity in the balance sheets according to regulations. If any of the debit balance under other equity is reversed, the special reserve in the amount equal to the reversal may be reversed for earnings distribution.

(2) Upon the first-time adoption of IFRS, the Company reverses the special reserve that was set aside in accordance with the FSC Regulation No. 1010012865 in proportion to the relevant assets when Company subsequently uses, disposes of, or reclassifies them on April 6, 2012.

5. The earnings distribution proposals of 2021 and 2020 have been resolved by the shareholders' meetings held on June 27, 2022 and July 5, 2021, respectively, are as follows:

	2021		2020	
	Amount	Dividends per share ($)	Amount	Dividends per share ($)
Legal reserve	$ 2,186	$ -	$ 874	$ -
Special reserve (Note)	10,745	-	4,221	-
Cash dividends	8,909	0.10	7,023	0.10
Stock dividends	-	-	7,023	0.10
Total	$ 21,840		$ 19,141	

Note: It included the special reserve amounted to $13,683 that was additionally set aside in prior years and that was resolved to reverse in accordance with the shareholder resolutions in June 2020.

6. The earnings distribution proposal of 2022 that was resolved by the board of directors on March 28, 2023 is as follows:

	2022	
	Amount	Dividends per share ($)
Legal reserve	$ 13,427	$ -

Reversal of special reserve	(20,852)	-
Cash dividends	75,609	0.80
Total	$ 68,184	

(XXIV) Operating revenue

	2022	2021
Revenue from contracts with customers		
Sales revenue	$ 1,801,055	$ 1,509,412

1. Classification of revenue from contracts with customers
   The revenue of the Group is from providing goods that are transferred at a certain point in time and can be classified geographically as follows:

	Asia					
2022	Taiwan	Mainland China	Korea	Americas	Europe	Total
Segment revenue	$ 1,259,792	$ 847,354	$ 83,966	$ 443,399	$ 228,277	$ 2,862,788
Internal segment revenue	(505,909)	(547,478)	(971)	(5,166)	(2,209)	(1,061,733)
Revenue from contracts with external customers	$ 753,883	$ 299,876	$ 82,995	$ 438,233	$ 226,068	$ 1,801,055

	Asia					
2021	Taiwan	Mainland China	Korea	Americas	Europe	Total
Segment revenue	$ 1,108,427	$ 686,650	$ 74,545	$ 373,044	$ 234,981	$ 2,477,647
Internal segment revenue	(542,714)	(413,506)	-	(10,772)	(1,243)	(968,235)
Revenue from contracts with external customers	$ 565,713	$ 273,144	$ 74,545	$ 362,272	$ 233,738	$ 1,509,412

2. Contract liabilities:
   The Group recognized revenue from contract liabilities as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities－unearned sales revenue	$ 17,323	$ 13,165	$ 14,332

   Revenue arising from contract liabilities at the beginning of the period recognized in the current period:

	2022	2021
Unearned sales revenue	$ 12,758	$ 9,416

(XXV) Interest revenue

	2022	2021
Interest from bank deposit	$ 1,064	$ 533
Interest from financial assets at amortized cost	1,453	125
Other interest revenue	14	31
	$ 2,531	$ 689

(XXVI) Other revenue

	2022	2021
Rent revenue	$ 3,523	$ 5,394
Dividends revenue	700	431
Other revenue	5,113	3,449
	$ 9,336	$ 9,274

(XXVII) Other gains and losses

	2022	2021
Loss on disposal of property, plant, and equipment	($ 3,455)	($ 3,833)
Gain on disposal of investment	177	169
Gain on sublease of right-of-use assets	-	261
Net exchange gain (loss)	35,014	(1,605)
Net gain on financial assets or liabilities at fair value through profit or loss	11,556	393
	$ 43,292	($ 4,615)

(XXVIII) Financial costs

	2022	2021
Interest expense:		
Bank loans	$ 14,808	$ 13,125
Convertible bonds	1,430	2,764
Short-term notes and bills payable	1,117	548
Lease liabilities	580	539
Other	4	6
	$ 17,939	$ 16,982

(XXIX) Additional information on nature of expenses

	2022	2021
Changes in finished goods and work-in-process inventories	$ 671,728	$ 663,789
Materials and supplies used	449,941	292,328
Employee benefits expense	345,443	323,302
Shipping expense	18,972	19,793
Depreciation expense of property, plant, and equipment; and investment properties	18,602	15,551
Depreciation expense of right-of-use assets	16,441	26,139
Research and development materials expense	13,775	25,904
Amortization expense	9,610	10,701
Service charge	11,032	11,937

Rent of operating leases	5,744	6,177
Expected credit impairment losses	31,408	10,274
Other expenses (Note)	75,783	71,607
Operating costs and expenses	$ 1,668,479	$ 1,477,502

Note: The Group received government grants amounted to $16,600, of which $14,170 were recognized as a contra account against research expense. The other portion of government grant amounted to $2,430 was related to property, plant, and equipment; therefore, they were recognized as a contra account against the cost of property, plant, and equipment.

(XXX) Employee benefit expense

	2022	2021
Payroll expense	$ 291,045	$ 273,119
Employee stock options	2,298	3,951
Labor and health insurance expenses	22,971	22,248
Pension expense	14,685	13,995
Remuneration of directors	1,801	1,234
Other personnel expenses	12,643	8,755
	$ 345,443	$ 323,302

1. The Company's Articles of Incorporation provide that, after making up for the accumulative losses, the remainder of profits shall be set aside for compensation of employees at a rate from 2% to 10%, and for remuneration of directors at a rate of no more than 5%.
2. The Company estimated that the amounts of compensation of employees were $4,000 and $500; and that the amounts of remuneration of directors were $1,000 and $500, for the years 2022 and 2021, respectively. The aforementioned amounts were recognized as payroll expense.

   For the year 2022, compensation of employees and remuneration of directors were accrued at rates of 2.27% and 0.57%, respectively, based on the profitability of the current year. The accrued amounts were consistent with those resolved by the board of directors.

   The amounts of compensation of employees and remuneration of directors resolved by the board of directors for the year 2021, were consistent with those recognized in the financial report for the year ended December 31, 2021. As of December 31, 2022, there were still $500 to be distributed.

   The related information on compensation of employees and remuneration of directors resolved by the board of directors and the shareholders' meeting is at "Market Observation Post System."

(XXXI) Taxation

1. Components of income tax expense (benefit):

	2022	2021
Current income tax:		
Current tax on profits for the year	$ 18,057	$ 8,581
Underestimation of income tax in	602	159

respect of prior years		
Total current tax	18,659	8,740
Deferred tax:		
Origination and reversal of temporary differences	30,150	(4,884)
Total deferred tax	30,150	(4,884)
Income tax expense	$ 48,809	$ 3,856

2. The relationship between income tax expense and accounting profit

	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 35,470	$ 5,070
Tax exempt income based on tax laws	(176)	(34)
Expenses that should be adjusted based on tax laws	3,295	458
Unrecognized deferred tax assets arising from temporary differences	2,136	-
Unrecognized deferred tax liabilities arising from temporary differences	(186)	5,242
Using unrecognized deductible temporary differences of prior years	(151)	(321)
Evaluation changes in the realizability of deferred tax assets	5,179	(3,544)
Underestimation of income tax in respect of prior periods	602	159
Effects of intragroup differences of tax rates on income tax	2,640	(3,174)
Income tax expense	$ 48,809	$ 3,856

3. The amounts of deferred tax assets or liabilities arising from temporary differences and tax loss:

	2022			
	January 1	Recognized in profit or loss	Effects of exchange rates	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for doubtful accounts	$ 1,190	$ 2,582	($ 5)	$ 3,767
Allowance to reduce inventory to market	7,663	2,764	-	10,427
Unrealized exchange losses	1,636	(1,636)	-	-
Intragroup unrealized sales gross profits	3,713	(978)	-	2,735
Payment in lieu of untaken annual leave	660	(70)	-	590

Loss carryforward	33,999	(31,593)	85	2,491
Other	628	(356)	-	272
Subtotal	49,489	(29,287)	80	20,282
- Deferred tax liabilities:				
Unrealized exchange gains	-	(1,177)	-	(1,177)
Business combination	(291)	314	(23)	-
Subtotal	(291)	(863)	(23)	(1,177)
Total	$ 49,198	($ 30,150)	$ 57	$ 19,105

	2021			
	January 1	Recognized in profit or loss	Effects of exchange rates	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for doubtful accounts	$ 1,189	$ 1	$ -	$ 1,190
Allowance to reduce inventory to market	8,347	(684)	-	7,663
Unrealized exchange losses	2,275	(639)	-	1,636
Unrealized warranty expense	900	(900)	-	-
Intragroup unrealized sales gross profits	3,479	234	-	3,713
Payment in lieu of untaken annual leave	1,157	(497)	-	660
Loss carryforward	26,877	7,134	(12)	33,999
Other	688	(60)	-	628
Subtotal	44,912	4,589	(12)	49,489
－Deferred tax liabilities:				
Business combination	(600)	295	14	(291)
Subtotal	(600)	295	14	(291)
Total	$ 44,312	$ 4,884	$ 2	$ 49,198

4. The expiration dates of unused tax losses and the related amounts of unrecognized deferred tax assets of the Group are as follows:

December 31, 2022				
Year of occurrence	Filed/assessed amounts	Undeducted amounts	Amounts of unrecognized deferred tax assets	Year of expiration
2020	$ 1,762	$ 1,762	$ -	Note 3
2021	1,927	1,927	-	Note 3
2022	6,206	6,206	-	Note 3

December 31, 2021				
Year of occurrence	Filed/assessed amounts	Undeducted amounts	Amounts of unrecognized deferred tax assets	Year of expiration
2017	$ 48,724	$ 48,724	$ -	Note 1 ,2, 3
2018	67,298	67,298	-	Note 1
2019	13,522	13,522	-	Note 1
2020	11,640	11,640	-	Note 1, Note 3
2021	28,559	28,559	-	Note 1, Note 3

Note 1: In accordance with the profit-seeking enterprise income tax regulations of the Republic of China, the loss carryforward of the Company is valid for 10 years.

Note 2: Under the Corporate Income Tax Law of the People's Republic of China, the loss carryforward of Arbor Shenzhen, a subsidiary of the Group, is valid for 5 years.

Note 3: Under the Corporate Income Tax Law of the People's Republic of China, the loss carryforward of Xinyabao, a subsidiary of the Group, is valid for 5 years.

5. Deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 8,544	$ -

6. The Company's profit-seeking enterprise income tax returns through 2020 have been assessed and approved by the tax authority.

(XXXII) Earnings per share

	2022		
	After-tax amounts	Weighted-average outstanding shares (thousand)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 132,388	87,823	$ 1.51
Diluted earnings per share			
Effect of diluted potential ordinary shares			
Compensation of employees	-	152	
Profit attributable to ordinary shareholders plus the effect of potential ordinary shares	$ 132,388	87,975	$ 1.50

	2021		
	After-tax amounts	Retrospectively adjusted weighted-average outstanding shares (thousand)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 22,057	72,606	$ 0.30
Diluted earnings per share			
Effect of diluted potential ordinary shares			
Compensation of employees	-	28	
Profit attributable to ordinary shareholders plus the effect of potential ordinary shares	$ 22,057	72,634	$ 0.30

The above retrospectively adjusted weighted-average outstanding shares have been adjusted in proportion to capitalized earnings for the year 2021.

(XXXIII) Supplementary information of cash flows

1. Investing activities without affecting cash flows:

	2022	2021
Reclassification of prepayments for business facilities to intangible assets	$ 4,049	$ -
Reclassification of prepayments for refurbishment to property, plant, and equipment	$ 30,690	$ -
Reclassification of prepayments for business facilities to property, plant, and equipment	$ 428	$ 2,364
Reclassification of prepayments for properties to investment properties	$ -	$ 7,000
Reclassification of property, plant, and equipment to investment properties	$ 5,969	$ -
Reclassification of investment properties to property, plant, and equipment	$ -	$ 412,546

2. Financing activities without affecting cash flows:

	2022	2021
Stock dividends	$ -	$ 7,023

(XXXIV) Changes in the liabilities arising from financing activities

	2022						
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including the current portion)	Bonds payable (including the current portion)	Lease liabilities (including the current portion)	Guarantee deposits received	Total liabilities from financing activities
January 1	$ 500,106	$ 114,000	$ 685,656	$ 105,584	$ 13,216	$ 434	$ 1,418,996
Changes in cash flows from financing activities	58,976	(42,000)	(120,178)	-	(17,657)	226	(120,633)
Effect of changes in exchange rates	-	-	-	-	1,574	-	1,574
Other non-cash changes	-	-	-	(105,584)	35,412	-	(70,172)
December 31	$ 559,082	$ 72,000	$ 565,478	$ -	$ 32,545	$ 660	$ 1,229,765

	2021						
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including the current portion)	Bonds payable (including the current portion)	Lease liabilities (including the current portion)	Guarantee deposits received	Total liabilities from financing activities
January 1	$ 363,345	$ 120,000	$ 623,731	$ 158,688	$ 24,946	$ 1,855	$ 1,292,565
Changes in cash flows from financing activities	136,761	(6,000)	61,925	-	(26,230)	(1,421)	165,035
Effect of changes in exchange rates	-	-	-	-	(555)	-	(555)
Other non-cash changes	-	-	-	(53,104)	15,055	-	(38,049)
December 31	$ 500,106	$ 114,000	$685,656	$ 105,584	$ 13,216	$ 434	$ 1,418,996

VII. Related party transactions

(I) Name and relationship of related party

Relationship	Relationship with the Group
AMobile Intelligent Corp. Ltd. (AMobile HK)	Associate
Mobilink Intelligent (Shanghai) Ltd.	Associate
Amobile (HK) Limited(Amobile)	Associate
AMobile Solutions (Xiamen) CO., LTD.	Associate
Ennoconn International Investment Co., Ltd. (EI)	Other related party
Ennoconn Technology Co., Ltd. (Ennoconn)	Other related party
Ennoconn (Suzhou) Technology Co., Ltd)	Other related party
Victor Plus HoldingsLtd.	Other related party

Relationship	Relationship with the Group
Satem Technology Co., Ltd. (Satem)	Other related party
Lee Min	Key management personnel
Lien, Chi-Ruei	Key management personnel

(II) Significant transactions with related parties

1. Operating revenue

	2022	2021
Sales of goods:		
- Subsidiaries	$ 137,324	$ 120,706
- Other related parties	8,564	-
	$ 145,888	$ 120,706

(1) Prices of goods sold to the aforementioned related parties were determined based on the economic environment and market competition of each sales territory, respectively. The payment terms of related parties are slightly longer than those of normal customers, with an average of 2 to 4 months.

(2) The Group eliminates the portion of net sales and purchases of which the risk and ownership are not transferred yet in accordance with the (87) Tai Tsai Cheng (Six) No. 00747 Regulation issued on March 18, 1998 by the Securities and Future Bureau. For the years 2022 and 2021, the eliminated sales revenue and accounts receivable are as follows:

	2022		2021	
	Eliminated Sales revenue	Accounts receivable	Eliminated Sales revenue	Accounts receivable
Other related parties	$ 2,128	$ 2,128	$ -	$ -

2. Purchases

	2022	2021
Purchase of goods:		
- Affiliates		
AMobile HK	$ 290,320	$ 156,021
Other	46,957	44,355
- Other related parties	10,363	790
	$ 347,640	$ 201,166

In addition to purchases of goods and materials, the Group also purchased molds, shipping service, repair service, and processing service from the aforementioned related parties. For the years 2022 and 2021, the purchase expenses were $1,596 and $2,235, respectively. The purchasing prices from the related parties were determined after referring to the actual price. The payment terms are the same as those of normal suppliers, which are both net 30.

3. Accounts receivable due from related parties

	December 31, 2022	December 31, 2021
Notes receivable		
- Affiliates		
AMobile (Xiamen)	$ 13,557	$ 7,880
Accounts receivable		
- Affiliates		
AMobile (Xiamen)	$ 105,958	$ 162,024
Other	4,305	15,103
- Other related parties	176	-
	$ 110,439	$ 177,127
Other receivables		
- Affiliates		
AMobile (Xiamen)	$ 144,235	$ -
AMobile HK	5,233	6,326
Other	12,765	1
- Other related parties	248	-
	$ 162,481	$ 6,327

Other receivables mainly consist of prices of materials purchased on behalf of others and supportive HR services revenue receivable.

4. Prepayments (recognized as “other current assets”)

	December 31, 2022	December 31, 2021
－Affiliates		
AMobile HK	$ 95,580	$ 75,250
－Other related parties	2,928	-
	$ 98,508	$ 75,250

They mainly consist of prepayments for goods and warranty expense.

5. Accounts payable due to related parties

	December 31, 2022	December 31, 2021
Accounts payable:		
- Affiliates	$ 31,914	$ 7,434
- Other related parties	126	-
	$ 32,040	$ 7,434

Other payables:		
- Affiliates	$ 5,071	$ 58
- Other related parties	692	-
	$ 5,763	$ 58

(1) Accounts payable were mainly from purchasing transactions and were due two months after the purchasing date. Such accounts payable did not bear interest.
(2) Other payables were mainly accrued for molds expense. Such accounts payable did not bear interest.

6. Contract liabilities

	December 31, 2022	December 31, 2021
Affiliates	$ -	$ 500

They mainly consist of unearned revenue from goods.

7. Other revenues

	2022	2021
Affiliates	$ 3,028	$ 2,138
Other related parties	118	-
	$ 3,146	$ 2,138

Other revenues are revenue from materials purchasing agent services, interest revenue, and revenue from supportive HR services.

8. Lease transactions－lessor

(1) The Group leases buildings as the right-of-use assets to AMobile HK. The lease contract period is from January 1, 2019 and does not end until both parties agree to terminate. Lease contracts were individually negotiated and consisted of various terms and conditions. Leased assets cannot be pledged as collaterals; in addition, the rights of leased assets cannot be transferred to others in the form of business transfer or business combination, either.

(2) Gain on subleasing right-of-use assets

	2022	2021
AMobile HK	$ -	$ 261

(3) Rent revenue

	2022	2021
AMobile HK	$ 971	$ -

9. Property transactions

As of December 31, 2022 and 2021, the amounts of convertible bonds of AMobile HK held by the Group were $71,904 and $75,047, respectively, which are classified as financial assets at FVTPL.

10. Details of providing endorsement and guarantee

	December 31, 2022	December 31, 2021
AMobile HK	$ 156,420	$ 150,360

11. The key management is the joint guarantor of some long-term and short-term loans of the Group.

(III) Information on key management personnel compensation

	2022	2021
Salaries and other short-term employee benefits	$ 32,909	$ 28,336
Post-retirement benefits	294	248
Total	$ 33,203	$ 28,584

VIII. Pledged assets

The assets pledged as collaterals are as follows:

	Carrying amount		
Assets	December 31, 2022	December 31, 2021	Object
Restricted bank deposits (Classified as "financial assets at amortized cost")	$ 146,375	$ 19,923	Long-term and short-term borrowings
Repurchase agreement of commercial papers (Classified as "financial assets at amortized cost")	87,523	27,738	Short-term notes and bills payable
Refundable deposit (Classified as "other noncurrent assets cost")	32,579	29,112	Lease and project deposits
Property, plant, and equipment	498,465	508,004	Long-term and short-term borrowings
Investment properties	74,341	69,176	Long-term borrowings
	$ 839,283	$ 653,953	

IX. Significant contingent liabilities and unrecognized commitments

(I) Contingencies

None.

(II) Commitments

Please refer to Notes VI (X) and VII.

X. Losses due to major disasters

None.

XI. Significant subsequent events

1. Please refer to Note VI (XXIII) for the information on earnings distribution for the year 2022.
2. The Company repurchased 616,000 shares of treasury stocks based on the board of directors resolutions on January 16, 2022, and set February 28, 2023 as the reference date of employee stock options. All the treasury stocks have been transferred to employees on March 16, 2023, at the actual average repurchasing price.

XII. Other

(I) Capital risk management

The Group plans its demand for funds, research and development expense, and dividends expenditure based on the characteristics of current operating industry and future development as well as changes in external environment in order to ensure that each entity of the Group can maintain optimal capital structure to maximize shareholders value by optimizing the balances of liabilities and equity under the going concern assumption.

(II) Financial instruments

1. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at FVTPL－current		
Financial assets mandatorily measured at FVTPL	$ 104,846	$ 95,571
Financial assets at FVTOCI－noncurrent		
Designated investments in equity investments	11,268	7,675
Financial assets/loans and receivables at amortized costs		
Cash and cash equivalents	487,302	344,147
Financial assets at amortized cost	245,025	47,661
Notes receivable (including due from related parties)	16,275	46,346
Accounts receivable (including due from related parties)	525,113	589,605
Other receivables (including due from related parties)	165,763	12,410
Refundable deposit	32,579	29,112
	$ 1,588,171	$ 1,172,527

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at FVTPL－current		
Financial liabilities mandatorily measured at FVTPL	$ 1,709	$ 802
Financial liabilities at amortized costs		
Short-term borrowings	559,082	500,106
Short-term notes and bills payable	72,000	114,000
Notes payable	231	2,355
Accounts payable (including due to related parties)	229,221	134,973
Other payables (including due to related parties)	101,752	65,117
Bonds payable (including current portion)	-	105,584
Long-term borrowings (including current portion)	565,478	685,656
Guarantee deposit received	660	434
	$ 1,530,133	$ 1,609,027
Lease liabilities (including current portion)	$ 32,545	$ 13,216

2. Risk management policies
   (1) The Group's operation is affected by various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.
   (2) Risk management is implemented by the finance department of the Group based on the policies authorized by the board of directors. The finance department of the Company identifies, assesses, and avoids financial risks by closely cooperating with each operating unit in the Group. The board of directors has set written principles for overall risk management and provided written policies on specific scope and issues, e.g., exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative instruments, and investment of the residual liquidity.
3. Nature and extent of significant financial risks
   (1) Market risk
   Exchange rate risk
   A. The Group operates across international borders; therefore, the Group is exposed to exchange rate risk arising from transactions denominated in different currencies, mainly USD, EUR, and RMB, other than the Company's and each subsidiary's functional currencies. Relevant exchange rate risk is from future business transactions as well as recognized assets and liabilities.
   B. The Group avoids exchange rate risk via forward transactions which are, however, not eligible for hedging accounting. Forward transactions are recognized as financial assets or liabilities at fair value through profit or loss, and please refer to Note VI (II) for

more information.

C. The Group's operations are involved in different currencies other than the functional currencies. (The functional currency of the Company and some subsidiaries is NTD, while other functional currencies of other subsidiaries include USD, EUR, GBP, RMB, and KRW.). Therefore, the Group is exposed to the fluctuation of exchange rates. The information on assets and liabilities denominated in foreign currencies with significant exposure to the fluctuation of exchange rates is as follows:

	December 31, 2022					
				Sensitivity analysis		
	Foreign currencies (in thousands)	Exchange rate	Carrying amount (in thousands of NT$)	Changes	Profit or loss affected	Other comprehensive income affected
(Foreign currencies to functional currency)						
Financial assets						
Monetary items						
USD to NTD	$ 21,889	30.71	$ 672,211	1%	$ 6,722	$ -
USD to RMB	2,887	6.9574	88,660	1%	887	-
EUR to NTD	2,109	32.72	69,006	1%	690	-
GBP to NTD	730	37.09	27,076	1%	271	-
Non-monetary items						
USD to NTD	14,898	30.71	457,505	1%	-	4,575
Financial liabilities						
Monetary items						
USD to NTD	$ 3,218	30.71	$ 98,825	1%	$ 988	$ -
USD to RMB	8,481	6.9574	260,452	1%	2,605	-
USD to KRW	1,729	1,249.8982	53,098	1%	531	-

	December 31, 2021					
				Sensitivity analysis		
(Foreign currencies to functional currency)	Foreign currencies (in thousands)	Exchange rate	Carrying amount (in thousands of NT$)	Changes	Profit or loss affected	Other comprehensive income affected
Financial assets						
Monetary items						
USD to NTD	$ 16,747	27.68	$ 463,557	1%	$ 4,636	$ -
USD to RMB	5,052	6.3739	139,839	1%	1,398	-
EUR to NTD	2,695	31.32	84,407	1%	844	-
USD to GBP	557	1.3475	15,418	1%	154	-
Non-monetary items						
USD to NTD	16,331	27.68	452,043	1%	-	4,520
Financial liabilities						
Monetary items						
USD to NTD	$ 1,622	27.68	$ 44,897	1%	$ 449	$ -
USD to RMB	16,144	6.3739	446,866	1%	4,469	-
USD to EUR	677	0.8838	18,739	1%	187	-
USD to KRW	1,396	1,166.4560	38,641	1%	386	-

D. For the years ended December 31, 2022 and 2021, the total recognized amounts of exchange gains (losses) (including both realized and unrealized) arising from monetary items with significant effects of fluctuation of exchange rates were $35,014 and ($1,605), respectively.

Price risk

A. The Group’s financial instruments with exposure to price risk are all financial assets at FVTPL. The Group diversifies the portfolio based on the limit set by the Group in order to manage price risk arising from investment in financial instruments.

B. The Group mainly invests in equity instruments issued by domestic companies, open-end funds, and convertible bonds. The price of such financial instruments will be affected by the uncertainties of future value of underlying assets. If the price of such financial instruments increases or decreases by 1%, ceteris paribus, net loss after tax will increase or decrease by $1,048 and $956 arising from gains or losses on financial instruments at FVTPL for the years 2022 and 2021, respectively.

Cash flows and fair value interest rate risks

A. The Group’s interest risk is from loans issued with a floating interest rate, which expose the Group to cash flows interest rate risks. The Group's policy is to maintain at least 35% of loans with fixed rates. For the years 2022 and 2021, the loans issued by the Group with floating interest rates were mainly denominated in NTD.

B. The Group's loans are measured at amortized cost and revalued based on contractual covenants; therefore, the Group is exposed to risks of changes in future market interest rates.

C. When the borrowing rates increase or decrease by 0.1%, ceteris paribus, net loss after tax will decrease and increase by $900 and $949 for the years ended December 31, 2022 and 2021, respectively. It is mainly the floating borrowing rates that result in the changes in interest expenses accordingly.

(2) Credit risk

A. The Group's credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group is exposed to credit risks mainly from notes receivable, accounts receivable, and other receivables that the counterparty is unable to pay off by the payment term, and the contractual cash flows from financial assets at amortized cost and investment in debt instruments at FVTPL.

B. The Group establishes the risk management from the corporate perspective. As for banks and financial institutions, only those with an independent credit rating of at least "A" can be accepted as counterparties. Based on the internal credit policies, the Group shall manage and conduct credit risk analysis before determining payment and delivery terms with every new customer. Internal risk control evaluates customers' credit quality by considering the financial position, past experiences, and other factors. Individual risk limit is set by the board of directors based on internal or external ratings, and the use of credit line is also monitored on a regular basis.

C. The Group adopts the presumptions in the scope of IFRS 9. When contractual payments are over 90 days past due, a default is deemed to have occurred.

D. The Group adopts the following presumptions in the scope of IFRS 9, on which the Company determines based whether the credit risk of the financial instruments has significantly increased since initial recognition:

(A) The credit risk on financial assets is deemed to increase significantly since initial recognition when contractual payments are over 30 days past due.

(B) The credit risk on financial assets is deemed low if an investment grade is assigned by any external credit agency on the balance sheet date.

E. Indicators adopted by the Group to determine if an investment in debt instruments is credit-impaired are as follows:

(A) The issuer is in significant financial distress, or there is a higher possibility of bankruptcy proceedings or other financial reorganization;

(B) The active market of such financial assets becomes unavailable due to the issuer in financial distress;

(C) The issuer delays or defaults on the payments of interest or principal;

(D) There is an unfavorable change in national or regional economic situation that causes the issuer to default.

F. The Group adopts the simplified approach to estimate expected credit losses based on the loss rate approach, by grouping accounts receivable based on the characteristics of types of customers.

G. The Group writes off the financial assets which cannot be reasonably expected to be recovered after initiating recourse procedures. However, the Group will continue to execute the recourse procedures to secure the claims. As of December 31, 2022 and 2021, claims still under recourse procedures amounted to $0 and $2,341 have been written off by the Group, respectively.

H. The Group adjusts the loss rates which were established to estimate the loss allowance for notes and accounts receivable (excluding due from related parties) based on historical and current information within a specific period of time by adopting the forward-looking consideration in the economic forecast reports issued by Taiwan Institute of Economic Research (TIER). The information on the loss rate approach for the years 2022 and 2021 is as follows:

	Individual	Group A	Group C	Total
December 31, 2022				
Expected loss rate	100%	0.06%	0.06%	
Total carrying amount	$ 42,680	$ 384,169	$ 35,458	$ 462,307
Loss allowance	$ 42,680	$ 2,235	$ -	$ 44,915
	Individual	Group A	Group C	Total
December 31, 2021				
Expected loss rate	15%-100%	0.015%-1.364%	0.015%	
Total carrying amount	$ 49,949	$ 347,670	$ 66,697	$ 464,316
Loss allowance	$ 12,423	$ 949	$ -	$ 13,372

Group A: Customers without any record of more than 90 days overdue payments

Group C: Customer under special projects

I. Statements of changes in loss allowance for accounts receivable estimated by the simplified approach adopted by the Group are as follows:

	2022		
	Accounts receivable	Notes receivable	Total
Balance, January 1	$ 3,099	$ 10,273	$ 13,372
Loss allowance recognized	2,662	28,746	31,408
Effect of exchange rate	38	97	135
Balance, December 31	$ 5,799	$ 39,116	$ 44,915

	2021		
	Accounts receivable	Notes receivable	Total
Balance, January 1	$ 3,113	$ -	$ 3,113
Loss allowance recognized	-	10,274	10,274
Effect of exchange rate	(14)	(1)	(15)
Balance, December 31	$ 3,099	$ 10,273	$ 13,372

J. As of December 31, 2022 and 2021, the balances of notes receivable-related parties were $13,557 and $7,880, respectively; the balances of accounts receivable-related parties were $110,439 and $177,127, respectively; the balances of other receivables-related parties were $162,481 and $6,327, respectively. Impairment was assessed on an individual basis, and it was assessed that there was no material impairment for financial statements.

(3) Liquidity risk

A. The cash flow forecast is performed by each operating entity and aggregated by the financial department of the Group. The financial department monitors the forecast of working capital requirement and ensures that there is enough capital to support the operating requirements.

B. Surplus cash over the balance required for working capital management held by the operating entities is transferred back to the financial department of the Group. The financial department of the Group invests surplus cash in interest-bearing demand deposits and time deposits. The chosen instruments should be with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

C. Unused credit lines of the Company are as follows:

	December 31, 2022	December 31, 2021
Due within 1 year	$ 443,918	$ 269,894
Due over 1 year	-	-
	$ 443,918	$ 269,894

D. The following table is an analysis of non-derivative financial liabilities of the Group grouped by maturities and based on the remaining period from balance sheet date to maturities. The contractual cash flows disclosed below are not discounted.

December 31, 2022	Within 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 559,082	$ -	$ -	$ -
Short-term notes and bills payable	72,000	-	-	-
Notes payable	231	-	-	-
Accounts payable (including due to related parties)	229,221	-	-	-
Other payables (including due to related parties)	101,752	-	-	-
Lease liabilities (including current portion) (Note)	10,479	8,880	14,975	-
Long-term borrowings (including current portion) (Note)	101,029	73,261	130,590	294,892
Derivative financial liabilities:				
Interest swap (net settlement)	1,709	-	-	-
	$ 1,075,503	$ 82,141	$ 145,565	$ 294,892

December 31, 2021	Within 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 500,106	$ -	$ -	$ -
Short-term notes and bills payable	114,000	-	-	-
Notes payable	2,355	-	-	-
Accounts payable (including due to related parties)	134,973	-	-	-
Other payables (including due to related parties)	65,117	-	-	-
Convertible bonds (Note)	-	108,108	-	-
Lease liabilities (including	11,596	1,692	80	-

current portion) (Note)				
Long-term borrowings (including current portion) (Note)	128,247	102,028	159,202	346,985
Derivative financial liabilities:				
Interest swap (net settlement)	802	-	-	-
	$ 957,196	$ 211,828	$ 159,282	$ 346,985

Notes: The amounts included future interest payments.

(III) Fair value information

1. The definitions of each level of valuation techniques used to measure fair value of financial instruments are as follows:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that entities can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of beneficiary certificates in which the Group invests is included in Level 1.

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of most derivative instruments and convertible bonds in which the Group invests is included in Level 2.

   Level 3: Unobservable inputs for the asset or liability. The fair value of equity instruments without active markets in which the Group invests is included in Level 3.

2. Please refer to Note VI (XII) for the information on the fair value of investment properties measured at cost.

3. The carrying amounts of financial instruments that are not measured at fair value, including cash and cash equivalents, financial assets at amortized cost, notes receivable (including due from related parties), accounts receivable (including due from related parties), other receivables (including due from related parties), refundable deposits, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including due to related parties), other payables (including due to related parties), bonds payable, long-term borrowings, and guaranteed deposits received, are the reasonable approximations of the fair value.

4. The related information on financial and non-financial instruments measured at fair value which were grouped on the basis of the nature, characteristics, risks, and fair value measurement of the assets and liabilities, is as follows:

   (1) The Group has grouped the assets and liabilities on the basis of the nature as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at FVTPL				
Beneficiary certificates	$ 32,942	$ -	$ -	$ 32,942
Convertible bonds	-	71,904	-	71,904
Financial assets at FVTOCI				
Equity securities	-	-	11,268	11,268
	$ 32,942	$ 71,904	$ 11,268	$ 116,114
Liabilities				
Recurring fair value measurements				
Financial liabilities at FVTPL				
Interest swap contracts	$ -	$ 1,709	$ -	$ 1,709

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at FVTPL				
Beneficiary certificates	$ 20,470	$ -	$ -	$ 20,470
Derivative instruments	-	54	-	54
Convertible bonds	-	75,047	-	75,047
Financial assets at FVTOCI				
Equity securities	-	-	7,675	7,675
	$ 20,470	$ 75,101	$ 7,675	$ 103,246
Liabilities				
Recurring fair value measurements				
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 802	$ -	$ 802

(2) The methods and assumptions the Group used to measure fair value are as follows:

A. As for the open-end funds to which the Group adopted quoted market prices as the fair value inputs, the quoted market price is the net worth of funds.

B. Except for financial instruments with active markets above, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value at which the valuation techniques are adopted to arrive can be referred to the current fair value of other financial instruments with similar terms and characteristics in substance as well as discounted cash flow method; or it can be calculated by other valuation techniques, including applying models with market information inputs available at the parent company only balance sheet date. (e.g., Reference

Yield Curve by Taipei Exchange and Taiwan Secondary Commercial Paper Benchmark by Reuters.)

C. When assessing unstandardized and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts, and options, the Group adopts the valuation techniques that are widely used by market participants. The inputs used in the valuation model of these financial instruments are normally observable in the market.

D. The valuation of derivative financial instruments is based on the valuation models which are widely accepted by market participants, such as discounted cash flow approach and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (e.g., Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

E. The output of valuation model is an estimated value and the valuation technique may not be able to reflect all relevant factors of the financial instruments held by the Group. Therefore, the estimated value derived using valuation model will be adjusted appropriately based on additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes that valuation adjustment is both appropriate and necessary in order to present fairly the fair value of financial instruments at the parent company only balance sheet. The price information and inputs used during valuation are carefully assessed and adjusted based on current market situation.

5. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

6. For the years ended December 31, 2022 and 2021, there was no transfer from or to Level 3.

7. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022 Non-derivative equity instrument	2021 Non-derivative equity instrument
January 1	$ 7,675	$ 6,082
Gains or losses recognized in other comprehensive income		
Recorded as unrealized gains or losses on valuation of investments in equity instruments measured at FVTOCI	2,830	1,593
Purchase for the period	4,500	-
Disposal for the period	(3,737)	-
December 31	$ 11,268	$ 7,675

8. The following is the quantitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation models used in the Level 3 fair value measurement:

	December 31, 2022 Fair value	Valuation technique	Significant unobservable inputs	Relationships of inputs to fair value
Non-derivative equity instrument:				

Unlisted stocks	$	11,268	Guideline public company method	Price to earnings ratio multiple, enterprise value to operating income ratio multiple, discount for lack of marketability	The higher the multiples, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value

	December 31, 2021				
	Fair value		Valuation technique	Significant unobservable inputs	Relationships of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$	7,675	Guideline public company method	Price to earnings ratio multiple, enterprise value to operating income ratio multiple, discount for lack of marketability	The higher the multiples, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value

9. The Group has carefully assessed the valuation models and parameters used to measure fair value. However, use of different valuation models or parameters may have different results. The following is the effect on other comprehensive income from financial assets categorized within Level 3 if the parameters used to valuation models have changed:

			December 31, 2022	
			Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Price to earnings ratio multiple, enterprise value to operating income ratio multiple, discount for lack of marketability	±1%	$ 153	($ 153)

			December 31, 2021	
			Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Price to earnings ratio multiple, enterprise value to operating income ratio multiple, discount for lack of marketability	±1%	$ 77	($ 77)

XIII. Supplementary disclosures

(I) Significant transactions information

1. Loans to others: See Table 1 attached.
2. Provision of endorsements and guarantees to others: See Table 2 attached.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): See Table 3 attached.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital or more: None.
5. Acquisition of real estate reaching NT$300 million or 20% of the Company's paid-in capital or more: None.
6. Disposal of real estate reaching NT$300 million or 20% of the Company's paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: See Table 4 attached.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: See Table 5 attached.
9. Trading in derivative instruments: See Notes VI (II) and XII (III).
10. Business relationships among the parent company and subsidiaries, and significant intragroup transactions: See Table 6 attached.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): See Table 7 attached.

(III) Information on investees in Mainland China

1. Basic information: See Table 8 attached.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(IV) Major shareholders information

Major shareholders information: Please refer to table 9.

XIV. Segment Information

(I) General information

Management of the Group has identified reportable segments based on the reporting information used by the board of directors when making decisions.

The board of directors of the Group operates businesses from the geographic perspective. Geographically, the Group is currently focusing on the business operation in Taiwan, Mainland China, Korea, Americas, and Europe.

The composition, basis of dividing segments, and the basis of measuring segment information of the Group do not significantly change in the current period.

(II) Measurement of segment information

1. Accounting policies of each operating segment are the same as the summary of significant accounting policies of Note IV.
2. The Group measures segments by segment revenue and income before tax as the basis for performance assessment. The effect of inter-segment transactions has been eliminated.

(III) Segment information

The reportable segment information provided to the chief operating decision maker is as follows:

	Asia						
2022	Taiwan	Mainland China	Korea	Americas	Europe	Adjustments and eliminations	Total
External revenue	$ 753,883	$ 299,876	$ 82,995	$ 438,233	$ 226,068	$ -	$ 1,801,055
Internal segment revenue	505,909	547,478	971	5,166	2,209	(1,061,733)	-
Segment revenue	$ 1,259,792	$ 847,354	$ 83,966	$ 443,399	$ 228,277	($ 1,061,733)	$ 1,801,055
Interest revenue	$ 2,862	$ 747	$ 9	$ -	$ 137	($ 1,224)	$ 2,531
Depreciation, depletion, and amortization	$ 26,717	$ 10,842	$ 205	$ 3,550	$ 3,339	$ -	$ 44,653
Income tax expense (benefit)	($ 39,180)	($ 902)	$ -	($ 5,085)	($ 3,642)	$ -	($ 48,809)
Segment income (loss)	$ 159,882	($ 30,755)	($ 1,135)	$ 7,730	$ 24,223	$ 17,406	$ 177,351

	Asia						
2021	Taiwan	Mainland China	Korea	Americas	Europe	Adjustments and eliminations	Total
External revenue	$ 565,713	$ 273,144	$ 74,545	$ 362,272	$ 233,738	$ -	$ 1,509,412
Internal segment revenue	542,714	413,506	-	10,772	1,243	(968,235)	-
Segment revenue	$ 1,108,427	$ 686,650	$ 74,545	$ 373,044	$ 234,981	($ 968,235)	$ 1,509,412
Interest revenue	$ 659	$ 486	$ 9	$ -	$ -	($ 465)	$ 689
Depreciation, depletion, and amortization	$ 34,150	$ 10,187	$ 255	$ 4,816	$ 2,983	$ -	$ 52,391
Income tax expense (benefit)	$ 1,590	$ 2,237	($ 471)	($ 5,483)	($ 1,729)	$ -	($ 3,856)
Segment income (loss)	$ 18,749	$ 3,070	($ 1,088)	$ 8,411	$ 15,140	($ 18,934)	$ 25,348

(IV) Information on reconciliation of segment income (loss)

Since the operating decision maker of the Group evaluates performance of each segment and decide how to allocate resources based on segment revenues and segment income before tax, there is no need to reconcile to segment income (loss).

(V) Financial information on products

Details of revenue by products of the Group for the years 2022 and 2021 are as follows:

	2022	2021
PCBs	$ 560,073	$ 397,540
Systems	1,038,472	925,640
Other	202,510	186,232
Total	$ 1,801,055	$ 1,509,412

(VI) Geographic financial information

Geographic information of the Group for the years 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 753,883	$ 671,846	$ 565,713	$ 685,119
Mainland China	299,876	33,224	273,144	34,489
Korea	82,995	1,527	74,545	1,678
Americas	438,233	21,012	362,272	2,366
Europe	226,068	26,881	233,738	23,304
Total	$ 1,801,055	$ 754,490	$ 1,509,412	$ 746,956

(VII) Information on major customers

There were no customers from which the net sales revenue amounted to over 10% of total sales revenue in the income statement for the years 2022 and 2021.

ARBOR Technology Co., Ltd. and Subsidiaries

Lending funds to others

For the Years Ended December 31, 2022

Table1

Expressed in thousands of NTD

(Except as otherwise indicated)

NO. (Note 1)	Creditor	Borrower	Financial statement account	Related Party (Y/N)	Maximum outstanding balance for period (Note 3,5)	Ending Balance	Actual amount used	Interest rate	Nature of financing (Note 2)	Amount of Transaction	Reason for short-term financing	Allowance for bad debts recognized	Collateral Name	Collateral Value	Limit on Loans Granted to a Single Entity (Note 4)	Total Loan Limit (Note 4)	Note
0	ARBOR Technology Co., Ltd. (Arbor)	Flourish Technology Co.,Ltd.	Other receivables – related parties	Y	$ 20,060	$ -	$ -	2%	2	$ -	Working capital	$ -	-	$ -	$ 208,553	$ 834,213	Note 4(3)
0	ARBOR Technology Co., Ltd.	Arbor Koera Co., Ltd.	Other receivables – related parties	Y	32,633	22,654	22,654	2%	1	35,207	None	-	-	-	35,207	834,213	Note 4(1)(2)
1	Guiding Technology Ltd.	Shenzhen Xinyabao Technology Co., Ltd.	Other receivables – related parties	Y	20,547	19,584	19,584	2%	2	-	Working capital	-	-	-	208,553	834,213	Note 4(3)
2	Flourish Technology Co.,Ltd.	Shenzhen Xinyabao Technology Co., Ltd.	Other receivables – related parties	Y	17,209	-	-	2%	2	-	Working capital	-	-	-	208,553	834,213	Note 4(3)
3	Arbor Technology (Shenzhen)co., Ltd.	Shenzhen Xinyabao Technology Co., Ltd.	Other receivables – related parties	Y	31,346	30,856	30,856	2%	1	68,622	None	-	-	-	68,622	834,213	Note 4(1)(2)

Note 1 : The Company and its subsidiaries are coded as follows:

(1) Fill in 0 for issuer.

(2) The investee company is coded in sequence starting from Arabic number 1 by company

Note 2 : The nature of the loans are as follows:

(1) Fill in 1 for business transactions.

(2) Fill in 2 for short-term financing.

Note 3 : Where short-term financing is needed, the reasons for and conditions of extending loans shall be enumerated.Such as Repayment Loans, Equipment acquired, Working capitals…etc.

Note 4 : Limit on Loans Granted to a Single Entity:

(1)Inter-company loans of funds between overseas companies in which Arbor holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to Arbor by any overseas company in which Arbor holds, directly or indirectly, 100% of the voting shares. Arbor prescribed the single entity and totals' limits on loans of funds must less than or equal to 40% of Arbor's net value in the lastest audited or reviewed financial statements.

(2)Each entity does business transactions with Arbor, its individual limits on loans of funds is less than or equal to both business transaction amounts. The business transaction is maxium amounts between purchasing or sales under 12 months in recent year or incoming year.

(3)If each entity has short-term financing needs, the single limits on loan is less than or equal to 10% of Arbor's net value in the lastest audited or reviewed financial statements.

Note 5 : Maximum outstanding balance for period has approved by Director Board meeting and the the conversion rate is adopted by the month-end exchang rate.

Note 6 : The Interest rate is adopted the average banking loan interest rate to Arbor.

ARBOR Technology Co., Ltd. and Subsidiaries

Endorsements/Guarantees for Others

For the Years Ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

NO. (Note1)	Endorser/ Guarantor	Endorsee/Guarantee Company Name	Endorsee/Guarantee Relationship(Note 2)	Endorsement limit for a single enterprise	Maximum endorsement balance for period	Ending balance of endorsement	Actual amount used	Amount of endorsements secured by the property	The ratio of accumulated endorsement amount to the net worth of the latest financial	Maximum amount of endorsement	Endorsement/ guarantee of parent company to subsidiary	Endorsement/ guarantee of a subsidiary to the parent company	Endorsement/ guarantee for mainland China	Note
0	ARBOR Technology Co., Ltd.	AMobile Intelligent Corp. Ltd. and its branch (AMobile HK)	1	$ 157,470	$ 159,440	$ 156,420	$ 155,814	$ -	7.50	$ 1,042,766	N	N	N	3,4,5,6
0	ARBOR Technology Co., Ltd.	Guiding Technology Ltd.	2	625,660	73,139	69,712	13,117	-	3.34	1,042,766	Y	N	N	3

Note 1 : The Company and its subsidiaries are coded as follows:

(1) Fill in 0 for issuer.

(2) The investee company is coded in sequence starting from Arabic number 1 by company

Note 2 : The relationship between the endorsement and the endorsed object is as follows:

(1) A company with which it does business.

(2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.

Note 3 : The ratio of accumulated endorsement ending balance to the net worth of the consoildated financial statements.

Note 4 : The limited amount for endorsement and guarantee status :

(1) The total endorsement and guarantee to a single company shall not exceed 30% of the Company's net worth in recent financial statements.

(2) The total external endorsement and guarantee shall not exceed 50% of the Company's net worth in recent financial statements.

(3) Due to business transaction to need the endorsement, the endorsement / guarantee for single entity is less than the latest one year’s total amount among the Endorsee / Guarantee and Arbor and subsidiaries.

Note 5 : The endorsement balance to AMobile HK are NT156,420, and the exchange rate is US$1 to NT$30.71.

This endorsement balance are shared between AMobile Intelligent Corp. Ltd. and its branch.

Note 6 : The limits of endorsement / guarantee to AMobile HK is approved by Director Board meeting which agreed the total business transactions between both in latest year.

Due to exchange rate period gap that Maximum endorsement balance for period is more than Endorsement limit for a single enterprise.

ARBOR Technology Co., Ltd. and Subsidiaries

Marketable Securities Held (Excluding Subsidiaries, associates and Joint venture)

For the Years Ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Holding Company Name	Type and Name of Marketable Securities (Note1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2022 Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
ARBOR Technology Co., Ltd.	Beneficiary certificates-NNL US Credit Bond Fund	–	Financial assets measured at fair value through profit and loss -	466	$ 4, 251	–	$ 4, 251	
〃	Beneficiary certificates-KGI Global Multi-Asset	–	〃	81, 347	3, 917	–	3, 917	
〃	Beneficiary certificates-First Eagle Amundi	–	〃	74, 627	2, 760	–	2, 760	
〃	Beneficiary certificates-TCB Global Core	–	〃	85, 000	3, 588	–	3, 588	
〃	Beneficiary certificates-SKBank Structured	–	〃	600, 000	18, 426	–	18, 426	
〃	Ordinary shares-Satem Technology Co., Ltd.	Arbor is one of the director board members	Financial assets at fair value through other comprehensive income-	421, 918	5, 840	8. 79%	5, 840	
〃	Ordinary shares-Arbor Australia Pty Ltd.	–	〃	–	–	19. 00%	–	3
〃	Ordinary shares-JRSYS INTERNATIONAL CORP.	–	〃	100, 000	1, 121	1. 67%	1, 121	
〃	Ordinary shares-DOUNG DING TECHNOLOGY	–	〃	450, 000	4, 307	19. 57%	4, 307	
〃	Convertible Corporate Bond-AMobile Intelligent Corp. Ltd.	–	Financial assets measured at fair value through profit and loss -	23, 000	71, 904	–	71, 904	

Note 1 : Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities within the scope of IFRS 9 “Financial Instruments”.
Note 2 : If the securitie issuer isn't related-company, it needn't to fill in.
Note 3 : Due to the company is net loss of its equity, it has accounted for accumulated impairment loss $3,092.

ARBOR Technology Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the Years Ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared with third party transactions		Note and trade receivables/payables		Notes
Purchaser/Seller	Related Party	Relationship	Purchases/Sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	payment terms	Balance	Percentage of total note and trade receivables(payables)	（Note 2）
Arbor Technology Corp.	Arbor Solution Inc.	Subsidiary	Sales	$ 307,318	24.43%	120 days monthly	-	approx.3-6 months	$ 90,486	28.15%	
Arbor Technology Corp.	AMobile Intelligent Corp. Ltd.	Associate	Purchases	268,923	23.53%	120 days monthly	-	approx.3-6 months	(12,918)	9.18%	
Arbor Technology Corp.	Arbor Technology (Shenzhen)co.,	Subsidiary	Purchases	310,568	27.18%	180 days monthly	-	approx.3-6 months	-	-	Note 4
Arbor Technology (Shenzhen)co.,	Guiding Technology Ltd.	Subsidiary	Purchases	231,960	39.95%	180 days monthly	-	approx.3-6 months	(11,824)	4.52%	
Arbor Technology (Shenzhen)co.,	Arbor Technology Corp.	Subsidiary	Sales	310,568	45.84%	180 days monthly	-	approx.3-6 months	-	-	Note 4
Guiding Technology Ltd.	Arbor Technology (Shenzhen)co.,	Subsidiary	Sales	231,960	92.55%	180 days monthly	-	approx.3-6 months	11,824	57.69%	
Arbor Solution Inc.	Arbor Technology Corp.	Subsidiary	Purchases	307,318	92.66%	120 days monthly	-	approx.3-6 months	(90,486)	77.49%	

Note 1：Please specify the reason within the "unit price" and "credit term" columns if the transaction payment terms different for related party transactions.

Note 2：Please specify the reason for payments/receipts in advance.

Note 3：Paid in Capital refers to Parent Company's paid in capital. When outstanding shares have no par value or being not equivalent to NTD 10, calculation for transactions exceeding 20% of share capital will be calculated based on 10% of Parent Company's equity capital.

Note 4：Transaction model is being Arbor Technology(Parent Company) making prepayments to Arbor Technology (Shenzhen)co., Ltd for production; Arbor Technology Shenzen will then re-sell the products to Arbor Technology

ARBOR Technology Co., Ltd. and Subsidiaries

Receivables from related parties with amount exceeding the lower of NT$100 million or 20% of share capital

For the Years Ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Company Name	Related party	Relationship	Balance due from related parties (Note1)	Turnover rate	Overdue receivables from related parties		Collection subsequent to the balance sheet date	Allowance for doubtful accounts	Note
					Amount	Action taken			
Arbor Technology Corp.	Arbor Technology (Shenzhen)co., Ltd.	Sub-subsidiary	$ 143,413	-	$ 39,578	Collecting	$ 24,641	-	Note 3
Arbor Technology (Shenzhen)co., Ltd.	AMobile Solutions (Xiamen) CO., LTD.	Affiliate	263,750	-	38,628	Collecting	26,462	-	Note 4

Note 1: Please disclose related parties transactions according to transaction type such as related party receivables, notes receivable, other receivables, etc.
Note 2: Paid in Capital refers to Parent Company's paid in capital. When outstanding shares have no par value or being not equivalent to NTD 10, calculation for transactions exceeding 20% of share capital will be calculated based on 10% of
Note 3: Other receivables derived from middleman procurements.
Note 4: It included notes receivable and accounts receivable derived from sales, also other receivables from middleman procurement.

ARBOR Technology Co., Ltd. and Subsidiaries

Business relationships and significant inter-company transactions

For the Years Ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Company name	Related Party	Relationship (note 2)	Transaction: Financial statement account	Transaction: Amount	Transaction: Credit term	Transaction: Percentage of consolidated sales revenue and total assets (Note 3)
0	Arbor Technology Corp.	Arbor Solution Inc.	1	Sales	$ 307,318	Note4	17%
		"	1	Accounts Receivables	90,486	"	2%
		"	1	Other receivables	10,393	"	0%
		Arbor France Co.,Ltd.	1	Sales	91,048	"	5%
		ARBOR KOREA CO., LTD.	1	Sales	25,314	"	1%
		"	1	Accounts Receivables	30,477	"	1%
		"	1	Other receivables	22,843	Note7	1%
		Arbor Technology UK LTD.	1	Sales	73,738	Note4	4%
		"	1	Accounts Receivables	27,091	"	1%
		Arbor Technology (Shenzhen) Co., Ltd.	1	Other income-middleman procurement	13,885	Note9	1%
		"	1	Other receivables	143,413	"	4%
		"	1	Advance payments	227,285	Note8	6%
1	Guiding Technology Ltd.	Arbor Technology Corp.	2	Sales	17,582	Note4	1%
		Arbor Technology (Shenzhen) Co., Ltd.	3	Sales	231,960	"	13%
		"	3	Accounts Receivables	11,824	Note4 & Note6	0%
		"	3	Advance payments	20,098	Note8	1%
		Arbor China Technology Co.,Ltd.	3	Other receivables	20,495	Note7	1%
2	Arbor Technology (Shenzhen) Co., Ltd.	Guiding Technology Ltd.	3	Sales	18,435	Note4	1%
		Arbor China Technology Co.,Ltd.	3	Sales	76,181	"	4%
		"	3	Accounts Receivables	45,998	"	1%
		"	3	Other receivables	38,391	Note7	1%
		Arbor Technology Corp.	2	Sales	309,611	Note4	17%

Note 1: Business relationship between Parent Company and subsidiaries should be mentioned as following:
(1) 0 for Parent Company.
(2) Consequent numbers after number 1 according to each subsidiary.

Note 2: Relationship of the counterparties should be specified as following:
1.Transactions are between the parent company and its subsidiary.
2.Transactions are between the subsidiary and the parent company.
3.Transactions are between subsidiaries.

Note 3： Percentage of consolidated sales revenue and total assets : The ratio is calculated by using the transaction amount divided by either the

Note 4： Transaction prices and credit terms for Related parties are dependant on individual economical environment and market, payment term is slightly longer than normal customers being 4 months as the average collection period.

Note 5： If the transaction amount less than NTD10M of consolidated assets or total revenue doesn't disclose.

Note 6： Net amount is disclosed for accounts payable/accounts receivable between Guiding Technology Ltd. and Arbor Technology (Shenzhen)co., Ltd.

Note 7： Intercompany loan and interest payable derived.

Note 8： Payments or collections in advance.

Note 9： Other receivables for services rendered as the middleman.

ARBOR Technology Co., Ltd. and Subsidiaries

Names, Locations, and Related Information of Investees over which the Company Exercises Significant Influence (Excluding Information on Investment in Mainland China)

For the Years Ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2022	Original Investment Amount December 31, 2021	As of December 31, 2022 Shares/Units	As of December 31, 2022 %	As of December 31, 2022 Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
ARBOR Technology Co., Ltd.	Arbor Solution, Inc.	USA	Trading of industrial computers and	$ 27,580	$ 27,580	9,000,000	100.00	$ 86,313	$ 2,644	$ 2,644	Subsidiary
"	Guiding Technology Ltd.	British Virgin Islands	Trading	15,234	15,234	500,000	100.00	9,558	307	307	"
"	Allied Info Investments Ltd.	Samoa	Investing	27,281	27,281	850,000	100.00	(192)	6	6	"
"	Excellent Top International Development Ltd.	Hong Kong	Investing	163,956	163,956	40,562,150	100.00	215,182	2,624	2,624	"
"	Arbor France S.A.S	France	Trading of industrial computers and	24,194	24,194	-	100.00	37,776	13,376	13,376	"
"	Flourish Technology Co.,Ltd.	Hong Kong	Trading and investing	139,856	139,856	35,195,000	100.00	69,878	(34,287)	(34,287)	"
"	Arbor Korea Co.,Ltd.	South Korea	Trading of industrial computers and	14,929	14,929	101,480	100.00	28,203	(1,135)	(1,135)	"
"	Acloud Intelligence Services Corp. Ltd.	Taiwan	Trading of industrial computers and	40,250	40,250	4,025,000	67.08	12,644	(11,687)	(7,839)	"
"	Best Vintage Global LTD.	Samoa	Investing	74,637	74,637	-	100.00	76,656	7,205	7,205	"
"	AMobile Intelligent Corp. Ltd.	Hong Kong	Trading of industrial computers, peripherals and investing	120,230	120,230	3,849,206	39.31	457,505	23,882	10,187	Associate
"	IBOSS CO., LTD.	Taiwan	Electronic Information Supply and Processing	24,000	24,000	2,400,000	27.59	-	-	-	"
"	SMARTTAXI CORPORATION	Taiwan	Taxi calling software system	20,000	20,000	2,000,000	25.00	-	-	-	"
Acloud Intelligence Services Corp. Ltd.	IBOSS CO., LTD.	Taiwan	Electronic Information Supply and Processing	8,000	8,000	800,000	9.20	-	-	-	"
Best Vintage Global LTD.	Perfect Stream LTD.	Samoa	Investing	74,637	74,637	-	100.00	76,656	7,205	7,205	Subsidiary
Perfect Stream LTD.	Arbor Technology UK LTD.	UK	Trading of industrial computers and	74,637	74,637	-	100.00	76,656	7,205	7,205	"
Arbor Solution, Inc.	TMM Solution, Inc.	USA	Trading for medical computers	3,358	3,358	500	37.48	-	-	-	Associate

ARBOR Technology Co., Ltd. and Subsidiaries

Information on investments in Mainland China

For the Years Ended December 31, 2022

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note1)	Accumulated Outward Remittance for Investment from Taiwan as of January	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of	Net Income (Losses) of the Investee Company	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of	Note
Arbor Beijing Technology Co., Ltd.	Trading of industrial computers and peripherals	$ 30,009	2	$ 27,281	$ -	$ -	$ 27,281	$ 7	100	$ 7	($ 211)	$ -	Note 4、Note 2(2)C
Arbor Technology (Shenzhen)Co., Ltd.	Trading of industrial computers and peripherals	158,686	2	164,737	-	-	164,737	2,624	100	2,624	214,245	-	Note 5、Note 2(2)C
Arbor China Technology Co.,Ltd.	Trading of industrial computers and peripherals	139,856	2	139,815	-	-	139,815	(34,211)	100	(34,211)	71,150	-	Note 6、Note 2(2)C

Company name	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Limit on the Amount of Investment in Mainland China	The disposed mainland companies as of December 31, 2022 which accumulated investment amount from Taiwan.	The disposed mainland companies as of December 31, 2022 which accumulated Inward Remittance of Earnings to Taiwan.
ARBOR Technology Co.,	$ 331,833	$ 347,722	$ 1,255,042	$ -	$ -

Note 1 : The method of investments were as follows:

(1) Direct investment in mainland companies.

(2)Investments in mainland China companies were through a company invested and established in a third region.

(3)Others.

Note 2 : Recognization the share of profits of subsidiaries and associates accounted for using equity method :

(1)If the investee company is start-up and preparing, please note the states which don't have investment gain (loss).

(2)The financial statement type to recognize share of associates and joint ventures accounted for equity method

A.The financial statements of the investee company were reviewed by the international accounting firms which cooperated with R.O.C. accounting firms.

B.The financial statements of the investee company were reviewed by the Group's auditor.

C. Others.

Note 3 : This statement expressed in thousands of NTD.

Note 4 : It is through via Allied Info Investments Ltd.

Note 5 : It is through via Excellent Top International Development Ltd.

Note 6 : It is through via Flourish Technology Co.,Ltd.

ARBOR Technology Co., Ltd. and Subsidiaries

Major shareholders information

For the Years Ended December 31, 2022

Table 9

Expressed in shares
(Except as otherwise indicated)

Name of major shareholders	Shares	
	Number of shares hold	Ownership (%)
Ennoconn International Investment Co., Ltd.	16,000,000	16.76%

5. Parent Company only Financial Statements

Independent Auditors' Report

The Board of Directors and Shareholders
ARBOR Technology Corporation

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and 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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountants 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 for 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 parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows

Adequacy of export revenue recognition

Description

For information on accounting policy on sales revenue, please refer to Note 4(32) of parent company only financial statements.

The Company is engaged in the manufacturing and selling of industrial computers and electronic medical devices as well as the trade of other electronic components. Sales revenue is mainly from export which is across the world. Terms of sales may be different with different customers; therefore, points in time when risks and rewards of goods are transferred and when the sales revenue is recognized. Since the confirmation of point in time when export revenue should be recognized usually involves in manual confirmation of sales and related documents, which is prone to the inadequacy of point in time to recognize revenue near the end of reporting period. Therefore, we consider the point in time to recognize revenue one of the most important audit matters for the current year.

Audit procedures adopted to address the matter

In response to the abovementioned key audit matter, the following procedures were performed:

1. Understood and tested the internal control adopted to address the point in time to recognize export revenue, including obtaining forms related to the internal control of export revenue and sampling in order to confirm the validity of control by checking the data consistency.
2. Performed cutoff tests against the export sales within a certain period before and after the balance sheet date, checked the information of contracts or original order as well as the relevant documents of revenue recognition, and determined the appropriate point in time to recognize based on the transaction documents in order to ensure that revenue was recorded in the appropriate period.

Valuation of allowance to reduce inventory to market

Description

For information on accounting policy on inventories, please refer to Note 4(13) of parent company only financial statements. For information on significant accounting estimates and assumptions, please refer to Note 5 of parent company only financial statements. For information on allowance to reduce inventory to market, please refer to Note 6(5) of parent company only financial statements.

The products of the Company are industrial computers. Due to highly competitive market, there are higher risks of inventory valuation loss and obsolescence. The Company measures inventories at the lower of cost and net realizable value. The net realizable value of inventories with age over certain period and inventories individually identified as obsolete is determined based on the past experience of the degree of disposal of excess inventories. The aforementioned matter may also exist in its directly or indirectly wholly-owned subsidiaries, such as Arbor Solution, Inc., Arbor Technology (Shenzhen) Co., Ltd., and Shenzhen Xinyabao Technology Co., Ltd at the same time.

Since the net realizable value used by the Company and some subsidiaries in obsolete inventory valuation often involves subjective judgement and uncertainty; considering inventories and the allowance to reduce inventory to market are both material to the parent company only financial statements, we considered the valuation of inventory one of the most important audit matters for the current year.

Audit procedures adopted to address the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness and consistency of policies and procedures on recognizing allowance to reduce inventory to market based on our understanding of the characteristics of the Company's industry.
2. Understood the Company's warehousing control procedures, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the classification of inventory and internal control over obsolete inventory.
3. Verified the accuracy of inventory aging report used to identify individual obsolete inventory, including ensuring that changes in inventories fell into appropriate age intervals, and obtain supporting documents that management used to evaluate obsolete products in order to ensure that the Company has reasonably recognized the allowance to reduce inventory to market.
4. Checked the adequacy of basis of estimation of net realizable value of each inventory, including testing the accuracy of selling and purchasing prices of products and reassessing to determine the reasonableness of allowance to reduce inventory to market.

Assessment of loss allowance for accounts receivable

Description

For information on accounting policy on accounts and notes receivable, please refer to Note 4(9) of parent company only financial statements. For information on significant accounting estimates and assumptions, please refer to Note 5 of parent company only financial statements. For information on details of loss allowance of accounts and notes receivable, please refer to Note 6(4) of parent company only financial statements.

The Company manages the collection procedures and bears the related credit risk. Management assesses periodically the credit quality and accounts collection of customers in order to adjust the credit policy adequately. In addition, the impairment loss on accounts receivable is evaluated in accordance with IFRS 9 “Financial Instruments” by adopting the simplified approach to evaluate expected credit loss. Management establishes the expected rate of loss based on multiple factors that may affect the ability of an individual customer to pay, such as overdue period, financial position and economic position both on the balance sheet date and in the past as well as the forward-looking information. The aforementioned matter may also exist in its directly or indirectly wholly-owned subsidiaries, such as Arbor Solution, Inc., Arbor Technology (Shenzhen) Co., Ltd., and Shenzhen Xinyabao Technology Co., Ltd at the same time.

As the ratio of loss allowance recognition is subject to judgement of management of the Company and some subsidiaries, and the amount of accounts receivable are material, we consider the loss allowance for accounts receivable a key audit matter.

Audit procedures adopted to address the matter

We performed the following audit procedures on the above key audit matter:

1. To understand the quality of the Company’s credit and assess the reasonableness of policies and procedures to recognized the impairment loss on its accounts and notes receivable.
2. Assessed the reasonableness of the ratio of loss allowance recognition by referring to the historical loss rate and considering the forward-looking information, obtained and reviewed the materials provided by management.
3. Tested the change in age of accounts receivable, and examined the accuracy of classification of age by reviewing the relevant documents of overdue dates of accounts receivable.
4. Understood the reasons of overdue accounts of which amount were individually assessed material, reviewed their subsequent collection, and discussed the loss allowance recognized with management.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 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.

Independent Accountants

Lee, Hsiu-Ling

Huang, Chin-Lien

PricewaterhouseCoopers, Taiwan

March 28, 2023

ARBOR TECHNOLOGY Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI(I)	$ 290,732	8	$ 184,336	6
1110	Financial assets measured at fair value through profit and loss - current	VI(II)	104,846	3	95,571	3
1136	Financial assets measured at amortized cost - current	VI(I)(III),VIII	233,652	7	47,424	1
1150	Notes receivable, net	VI(IV)	45	-	771	-
1170	Accounts receivable, net	VI(IV)	149,691	4	177,063	6
1180	Accounts receivable - related parties	VI(IV),VII	169,585	5	225,296	7
1210	Other receivables – related parties	VII	191,967	5	79,924	3
1220	Current tax assets		-	-	202	-
130X	Inventories	VI(V)	347,072	10	280,221	9
1470	Other current assets	VI(VI),VII	338,699	10	307,009	10
11XX	**Total current assets**		1,826,289	52	1,397,817	45
	Noncurrent assets					
1517	Financial assets at fair value through other comprehensive income	VI(VII)	11,268	-	7,675	-
1550	Investments accounted for using equity method	VI(VIII)	993,715	28	977,667	32
1600	Property, plant and equipment	VI(IX),VIII	550,653	16	541,936	17
1755	Right-of-use asset	VI(X)	1,358	-	4,339	-
1760	Investment property, net	VI(XII),VIII	74,341	2	69,176	2
1780	Intangible assets	VI(XIII)	10,226	-	12,047	-
1840	Deferred tax assets	VI(XXXI)	15,660	1	44,647	2
1900	Other non-current assets	VI(XIX),VIII	34,369	1	56,277	2
15XX	**Total non-current assets**		1,691,590	48	1,713,764	55
1XXX	**Total Assets**		$ 3,517,879	100	$ 3,111,581	100

(Continued)

ARBOR TECHNOLOGY Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term loans	VI(XIV),VIII	$ 559,082	16	$ 500,106	2100
2110	Short-term notes and bills payable	VI(XV),VIII	72,000	2	114,000	2110
2120	Financial liabilities measured at fair value through profit and loss - current	VI(II)	1,709	-	802	2120
2130	Current contract liabilities	VI(XXIV),VII	10,121	-	6,821	2130
2150	Notes payable		231	-	2,355	2150
2170	Accounts payable		118,167	3	65,031	2170
2180	Accounts payable - related parties	VII	22,261	1	39,870	2180
2200	Other payables	VI(XVI)	64,647	2	43,235	2200
2220	Other payables- related parties	VII	5,763	-	857	2220
2230	Current income tax liabilities		8,847	-	-	2230
2280	Lease liabilities - current	VI(X)	1,354	-	3,093	2280
2320	Long-term liabilities, current portion	VI(XVIII),VIII	93,672	3	120,292	2320
2399	Other current liabilities		657	-	987	2399
21XX	**Total Current Liabilities**		958,511	27	897,449	21XX
	Non-current liabilities					
2530	Bonds payable	VI(XVII)	-	-	105,584	2530
2540	Long-term loans	VI(XVIII),VIII	471,806	14	565,364	2540
2570	Deferred income tax liabilities	VI(XXXI)	1,177	-	-	2570
2580	Lease liabilities - noncurrent	VI(X)	-	-	1,246	2580
2600	Other non-current liabilities	VI(VIII)(XIX)	853	-	4,157	2600
25XX	**Total Non-Current Liabilities**		473,836	14	676,351	25XX
2XXX	**Total Liabilities**		1,432,347	41	1,573,800	2XX X
	Equity					
	Share capital:	VI(XXI)				
3110	Common Stock		954,394	27	744,218	3110
	Capital surplus:	VI(XXII)				
3200	Capital surplus		805,341	23	610,280	3200
	Retained earnings:	VI(XXIII)				
3310	Legal reserve		84,049	2	81,863	3310
3320	Special reserve		76,030	2	65,285	3320
3350	Unappropriated earnings		257,410	7	144,983	3350
	Other equity:					
3400	Other equity		(55,177)	(1)	(76,029)	(3400)
3500	Treasury stock	VI(XXI)	(36,515)	(1)	(32,819)	(3500)
3XXX	**Total Equity**		2,085,532	59	1,537,781	3XX X
	Significant contingent liabilities and unrecognized contract commitments	IX XI				
3X2X	**Total Liabilities and Equity**		$ 3,517,879	100	$ 3,111,581	3X2X

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as a whole.

Chairman: Lee, Min Manager: Lien, Chi-Ruei Chief Accountant: Kuo, Feng-Ling

ARBOR Technology Corporation
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31. 2022 and 2021

Unit: Thousands of New Taiwan Dollars
(Except Earnings per Share Stated in New Taiwan Dollars)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
4000	Net sales revenue	VI(XXIV),VII	$ 1,257,706	100	$ 1,059,735	100
5000	Operating costs	VI(V)(XIII)(XXIX)(XXX),VII	(973,599)	(77)	(846,198)	(80)
5900	Gross profit		284,107	23	213,537	20
5910	Unrealized profit from sales	VI(VIII)	(13,676)	(1)	(18,565)	(2)
5920	Realized profit on from sales	VI(VIII)	18,565	1	17,394	2
5950	Gross profit, net		288,996	23	212,366	20
	Operating expenses	VI(XIII)(XXIX)(XXX),VII				
6100	Selling expenses		(71,965)	(6)	(67,977)	(6)
6200	General and administrative expenses		(57,939)	(5)	(60,005)	(6)
6300	Research and development expenses		(76,838)	(6)	(75,022)	(7)
6450	Expected credit impairment loss	XII(II)	(1,464)	-	-	-
6000	Total operating expenses		(208,206)	(17)	(203,004)	(19)
6900	Operating gain		80,790	6	9,362	1
	Non-operating income and expenses					
7100	Interest income	VI(XXV).VII	2,858	-	658	-
7010	Other income	VI(XXVI),VII	32,223	3	14,644	1
7020	Other gains and losses, net	VI(XXVII),VII	79,975	6	(12,713)	(1)
7050	Finance costs	VI(XXVIII)	(17,366)	(1)	(16,541)	(1)
7070	Share of profits of subsidiaries, associates and joint ventures accounted for using equity method, net	VI(VIII)	(6,912)	(1)	25,057	2
7000	Total non-operating revenue and expenses		90,778	7	11,105	1
7900	**Net income before tax**		171,568	13	20,467	2
7950	Income tax (expense) benefit	VI(XXXI)	(39,180)	(3)	1,590	-
8200	**Net income for the year**		$ 132,388	10	$ 22,057	2
	Other comprehensive income					
	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit obligation	VI(XIX)	$ 1,807	-	$ 178	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	VI(VII)	2,830	-	1,593	-
8330	Share of other comprehensive gain of subsidiaries and associates		72	-	(373)	-
8310	Total of components of other comprehensive income that will not be reclassified subsequently to profit or loss		4,709	-	1,398	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements	VI(VIII)	18,022	2	(12,338)	(1)
8360	Total of components of other comprehensive income that will be reclassified subsequently to profit or loss		18,022	2	(12,338)	(1)
8300	**Other comprehensive income (loss) of the period**		$ 22,731	2	($ 10,940)	(1)
8500	**Total comprehensive income for the period**		$ 155,119	12	$ 11,117	1
	Earnings per share	VI(XXXII)				
9750	Basic earnings per share		$	1.51	$	0.30
9850	Diluted earnings per share		$	1.50	$	0.30

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as a whole.

Chairman: Lee, Min　　Manager: Lien, Chi-Ruei　　Chief Accountant: Kuo, Feng-Ling

ARBOR Technology Corporation
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31. 2022 and 2021

Unit: Thousands of New Taiwan Dollars

	Notes	Capital Stock: Common Shares	Capital Stock: Certificate of Entitlement to New Shares form Convertible Bond	Capital Surplus: Premium on Capital Stock	Capital Surplus: Treasury Stock Transactions	Capital Surplus: Difference Between Acquisition or Disposal Price of Subsidiaries and Carrying Amount	Capital Surplus: Stock Options	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Undistributed Earnings	Other Equity: Financial Statements Translation Differences of Foreign Operations	Other Equity: Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury Stock	Total
Year ended December 31, 2021														
Balance at January 1, 2021		$ 696,460	$ 15,074	$ 558,236	$ 737	$ 3,570	$ 13,608	$ 80,989	$ 61,064	$ 142,262	($ 56,817)	($ 8,467)	($ 31,465)	$ 1,475,251
Net income for the year		-	-	-	-	-	-	-	-	22,057	-	-	-	22,057
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	-	178	(12,338)	1,220	-	(10,940)
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	22,235	(12,338)	1,220	-	11,117
Distribution of 2020 earnings	VI(XXIII)													
Legal reserve		-	-	-	-	-	-	874	-	(874)	-	-	-	-
Special reserve		-	-	-	-	-	-	-	4,221	(4,221)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	(7,023)	-	-	-	(7,023)
Stock dividends		7,023	-	-	-	-	-	-	-	(7,023)	-	-	-	-
Conversion of convertible corporate bonds	VI(XVII)	-	25,661	34,933	-	-	(4,755)	-	-	-	-	-	-	55,839
Conversion of bond conversion entitlement	VI(XXI)	40,735	(40,735)	-	-	-	-	-	-	-	-	-	-	-
Treasury stock buyback	VI(XXI)	-	-	-	-	-	-	-	-	-	-	-	(32,819)	(32,819)
Share-based payment transaction	VI(XX)(XXI)	-	-	-	3,724	-	227	-	-	-	-	-	31,465	35,416
Changes in equity of associates accounted for using equity method	VI(VIII)	-	-	-	-	-	-	-	-	(373)	-	373	-	-
Balance at December 31, 2021		$ 744,218	$ -	$ 593,169	$ 4,461	$ 3,570	$ 9,080	$ 81,863	$ 65,285	$ 144,983	($ 69,155)	($ 6,874)	($ 32,819)	$ 1,537,781
Year ended December 31, 2022														
Balance at January 1, 2022		$ 744,218	$ -	$ 593,169	$ 4,461	$ 3,570	$ 9,080	$ 81,863	$ 65,285	$ 144,983	($ 69,155)	($ 6,874)	($ 32,819)	$ 1,537,781
Net income for the year		-	-	-	-	-	-	-	-	132,388	-	-	-	132,388
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	-	1,807	18,022	2,902	-	22,731
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	134,195	18,022	2,902	-	155,119
Distribution of 2021 earnings	VI(XXIII)													
Legal reserve		-	-	-	-	-	-	2,186	-	(2,186)	-	-	-	-
Special reserve		-	-	-	-	-	-	-	10,745	(10,745)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	(8,909)	-	-	-	(8,909)
Capital increased in cash	VI(XXI)	160,000	-	136,000	-	-	-	-	-	-	-	-	-	296,000
Conversion of convertible corporate bonds	VI(XVII)	-	50,176	65,636	-	-	(8,853)	-	-	-	-	-	-	106,959
Conversion of bond conversion entitlement	VI(XXI)	50,176	(50,176)	-	-	-	-	-	-	-	-	-	-	-
Treasury stock buyback	VI(XXI)	-	-	-	-	-	-	-	-	-	-	-	(3,696)	(3,696)
Share-based payment transaction	VI(XX)	-	-	-	-	-	2,298	-	-	-	-	-	-	2,298
Changes in equity of associates accounted for using equity method	VI(VIII)	-	-	-	-	(20)	-	-	-	72	-	(72)	-	(20)
Balance at December 31, 2022		$ 954,394	$ -	$ 794,805	$ 4,461	$ 3,550	$ 2,525	$ 84,049	$ 76,030	$ 257,410	($ 51,133)	($ 4,044)	($ 36,515)	$ 2,085,532

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as a whole.

Chairman: Lee, Min

Manager: Lien, Chi-Ruei

Chief Accountant: Kuo, Feng-Ling

ARBOR TECHNOLOGY Co., Ltd
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		$ 171,568	$ 20,467
Adjustments:			
Adjustments to reconcile profit (loss)			
Unrealized sales profits	VI(VIII)	13,676	18,565
Realized gains from sales	VI(VIII)	(18,565)	(17,394)
Net loss (profit) from financial assets and liabilities at fair value through loss (profit)	VI(II)(XXVII)	(11,556)	(393)
Expected credit impairment loss	VI(XXIX)	1,464	-
Depreciation expense	VI(IX)(X)(XII)(XXIX)	18,953	25,183
Amortization expense	VI(XIII)(XXIX)	7,740	8,614
Share-based payment compensation	VI(XX)(XXX)	2,298	3,951
Dividend income	VI(XXIV)	(700)	(431)
Interest income	VI(XXV)	(2,858)	(658)
Loss (gain) on disposal of property, plant and equipment	VI(XXVII)	3,441	3,824
Loss (gain) on disposal of investment	VI(XXVII)	(177)	(169)
Interest expense	VI(XXVIII)	17,366	16,541
Share of loss (profit) of associates accounted for using equity method	VI(VIII)	6,912	(25,057)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial instruments at fair value through profit or loss		3,311	(6,623)
Notes receivable		726	(467)
Notes receivable - related parties		-	2
Accounts receivable		25,908	(63,384)
Accounts receivable - related parties		55,711	(40,502)
Other receivables-related parties		(111,966)	27,716
Inventories		(66,851)	31,752
Other current assets		(31,690)	(195,311)
Changes in operating liabilities			
Current contract liabilities		3,300	(3,856)
Notes payable		(2,124)	749
Accounts payable		53,136	(21,364)
Accounts payable - related parties		(17,609)	32,504
Other payables		21,165	(9,970)
Other payables - related parties		4,906	67
Other current liabilities		(330)	321
Other noncurrent liabilities		(1,777)	(298)
Cash (outflow) inflow generated from operations		145,378	(195,621)
Interest received		2,781	910
Dividends received		700	431
Interest paid		(15,690)	(13,526)
Income tax paid		-	(238)
Income tax refunded		33	-
Net cash flows (used in) from operating activities		133,202	(208,044)

(Continued)

ARBOR TECHNOLOGY Co., Ltd
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

	Note	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at amortized cost		($ 186,228)	($ 29,431)
Proceeds from sale of financial assets at amortized cost		-	57,901
Acquisition of Financial assets at fair value through other comprehensive income	XII(III)	(4,500)	-
Proceeds from sale of Financial assets at fair value through other comprehensive income	XII(III)	3,737	-
Acquisition of property, plant and equipment	VI(IX)	(1,941)	(6,104)
Acquisition of investment property	VI(XII)	-	(62,838)
Acquisition of intangible assets	VI(XIII)	(1,870)	(86)
Increase in equipment prepayment		(9,763)	(33,322)
(Increase) decrease in refundable deposits		(3,439)	3,277
Net cash flows used in investing activities		(204,004)	(70,603)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	VI(XXXIV)	58,976	136,761
Decrease in short-term notes and bills payable	VI(XXXIV)	(42,000)	(6,000)
Proceeds from long-term debt	VI(XXXIV)	-	252,000
Repayments of long-term debt	VI(XXXIV)	(120,178)	(190,075)
Repayment of lease principal	VI(XXXIV)	(3,221)	(11,555)
Increase (decrease) in guarantee deposits received	VI(XXXIV)	226	(1,421)
Cash dividends paid	VI(XXIII)	(8,909)	(7,023)
Payments to acquire treasury shares	VI(XXI)	(3,696)	(32,819)
Increase capital in cash	VI(XXI)	296,000	-
Exercise of employee share options	VI(XXI)	-	31,465
Net cash inflow from financing activities		177,198	171,333
Net (decrease) increase in cash and cash equivalents		106,396	(107,314)
Cash and cash equivalents at beginning of year		184,336	291,650
Cash and cash equivalents at end of year		$ 290,732	$ 184,336

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them as a whole.

Chairman: Lee, Min   Manager: Lien, Chi-Ruei   Chief Accountant: Kuo, Feng-Ling

ARBOR Technology Corporation
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars
(Unless Stated Otherwise)

I. Company History

The original name of ARBOR Technology Corporation (hereinafter referred to as "the Company") was ARBOR Technology Company, which was established in September 1993 and went through the reincorporation on January 27, 1995. The Company is engaged in the R&D, assembly, combination, processing, manufacturing, and trading of industrial motherboards, computer products, peripheral devices, and electronic parts. The Company's shares were approved for listing on the Mainboard of Taipei Exchange (TPEx) on May 7, 2013.

II. Approval date and procedures of the parent company only financial statements

The accompanying parent company only financial statements were approved by the Board of Directors on March 28, 2023.

III. Application of new and revised standards and interpretations

(I) The effect of adopting new and revised IFRSs endorsed and issued into effect by the Financial Supervisory Commission (hereafter the FSC)

The following table summarizes the new, revised or amended standards and interpretations of IFRSs endorsed and issued into effect by the FSC as of the year 2022:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

The Company assessed that there is no significant effect of the standards and interpretations above on the Company's financial position and financial performance.

(II) The effect of not adopting new and revised IFRSs endorsed by the FSC

The following table summarizes the new, revised or amended standards and interpretations of IFRSs endorsed and issued into effect by the FSC as of the year 2023:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023

The Company assessed that there is no significant effect of the standards and interpretations above on the Company's financial position and financial performance.

(III) The effect of IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

The following table summarizes the new, revised or amended standards and interpretations of IFRSs issued by the IASB but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 "Lease liabilities in sale and leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contractual Terms"	January 1, 2024

The Company assessed that there is no significant effect of the standards and interpretations above on the Company's financial position and financial performance.

IV. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the accompanying parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Statement of compliance

The accompanying parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1.Except for the following items, the accompanying parent company only financial statements have been prepared under the historical cost convention:

(1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(2) Financial assets and financial liabilities at fair value through other comprehensive income.

(3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in

Note 5.

(III) Foreign currency translation

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

1. Foreign currency transactions and balances
   (1) Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions or measurement. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
   (2) Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot exchange rates prevailing at the balance sheet date. Exchange differences arising upon adjustment at the balance sheet date are recognized in profit or loss.
   (3) Non-monetary assets and liabilities denominated in foreign currencies measured at fair value through profit or loss are retranslated at the spot exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies measured at fair value through other comprehensive income are retranslated at the spot exchange rates prevailing at the balance sheet date; their exchange differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
   (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses.'
2. Translation of foreign operations
   (1) The operating results and financial positions of all entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
      A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
      B. Incomes and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
      C. All resulting exchange differences are recognised in other comprehensive income.
   (2) Goodwill and fair value adjustments resulting from the acquisition of foreign entities are deemed as the assets and liabilities of those foreign entities and translated at the ending exchange rate.

(IV) Classification of current and noncurrent assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:
   (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
   (2) Assets held mainly for trading purposes;
   (3) Assets that are expected to be realized within twelve months from the balance sheet date;
   (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

   All the other assets that do not meet the criteria above are classified as noncurrent assets.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be settled within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;
(3) Liabilities that are to be settled within twelve months from the balance sheet date;
(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All the other liabilities that do not meet the criteria above are classified as noncurrent liabilities.

(V) Cash and cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VI) Financial assets at fair value through profit or loss

1. Financial assets at fair value through profit or loss (FVTPL) are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. All regular way purchases or sales of financial assets at FVTPL are recognized and derecognized on a trade date basis.
3. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
4. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

1. Financial assets at fair value through other comprehensive income (FVTOCI) are equity securities for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
2. All regular way purchases or sales of financial assets at FVTOCI are recognized and derecognized on a trade date basis.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
   The changes in fair value of equity investments are recognized in other comprehensive income. The accumulated gains or losses previously recognized in other comprehensive income should not be reclassified to profit or loss following the derecognition and be reclassified to retained earnings. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(VIII) Financial assets at amortized cost

1. Financial assets that meet the following two conditions are subsequently measured at amortized cost:
   (1) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
   (2) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. All regular way purchases or sales of financial assets at amortized cost are recognized and derecognized on a trade date basis.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest revenue is subsequently recognized by using the effective interest

method to amortize during the outstanding period less any impairment loss. Gains or losses are recognized in profit or loss following the derecognition.

4. The time deposits held by the Company that do not meet the criteria of cash equivalents are measured at the amount of investment due to the short holding period and immaterial effect of discounting.

(IX) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(X) Impairment of financial assets

For financial assets at amortized cost and financial guarantee contracts, after taking into consideration all reasonable and verifiable information (including forward-looking), the Company measures the impairment provision for 12-month expected credit losses if there has not been a significant increase in credit risk since initial recognition at each balance sheet date. The Company measures the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has significantly increased since initial recognition. For accounts receivable or contract assets that do not contain a significant financing component, the Company measures the impairment provision for lifetime ECLs.

(XI) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XII) Leasing arrangements (lessor)－Lease payments receivable/Operating lease

Lease income from operating leases less any lease incentive to lessors is recognized in profit or loss on a straight-line basis over the terms of the relevant leases.

(XIII) Inventories

The Company adopts the perpetual inventory system. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related manufacturing overheads (allocated based on normal operating capacity), excluding borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value rule. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(XIV) Investments accounted for using equity method/subsidiaries and associates

1. A subsidiary is referred to the entity controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized gains and losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
4. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with noncontrolling interest), transactions shall be considered as equity

transactions, i.e., transactions between owners in their capacity as owners. Difference between adjustment of noncontrolling interest and fair value of consideration paid or received is directly recognized in equity.

5. Upon loss of control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at fair value as the amount for the initial recognition of the fair value of financial asset or the cost of investment in associates and joint ventures. Any difference between fair value and carrying amount is recognized in profit or loss. All the amount previously recognized in other comprehensive income in relation to the subsidiary is reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. That is, when the Company loses control of the subsidiary, the profit or loss is reclassified from equity to profit or loss.
6. Associates are all entities over which the Company has significant influence but not control. Generally speaking, it refers to the fact that an investor holds, directly or indirectly, 20 percent or more of the voting shares of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
7. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred statutory or constructive obligations, or made payments on behalf of the associate.
8. When changes in an associate's equity do not arise from either profit or loss, or other comprehensive income of the associate, and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
9. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
10. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition results in a decrease in the Company's ownership percentage of the associate, in addition to the adjustment above, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
11. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(XV) Property, plant and equipment

1. Property, plant and equipment are initially recognized at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
3. Property, plant, and equipment are subsequently measured using cost model. Except land is not depreciated, other property, plant and equipment are depreciated using the straight-line method. If each part of an item of property, plant, and equipment is significant, the part should be depreciated separately.
4. The residual values, useful lives and depreciation methods of the assets are reviewed, and adjusted if appropriate, at each end of the financial period. If expectations for residual values and useful lives of the assets differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The useful lives of property, plant and equipment are as follows:

Buildings	10-50 years
Machinery and equipment	5 years
Office equipment	3-5 years
Other equipment	3-5 years

(XVI) Leasing arrangements (lessee) – right – of - use assets/lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities are recognized at the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
3. The right-of-use asset is stated at cost at the commencement date. The cost is comprised of the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
4. For the lease modification that decreases the scope of the lease, the lessee should decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease. The difference between the carrying amount of the right-of-use asset and the amount of the remeasurement of the lease liability should be recognized in profit or loss.

(XVII) Investment properties

Investment properties are initially recognized at cost, and subsequently measured under cost model. Except land, investment properties are depreciated using the straight-line method with 20 to 50 years of estimated useful lives.

(XVIII) Intangible assets

Computer software

Computer software is initially recognized at cost and amortized using the straight-line method with 3 to 5 years of estimated useful lives.

(XIX) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XX) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are initially recognized at fair value less transaction costs, and subsequently stated at amortized cost; any difference between the proceeds less transaction costs, and the redemption value, is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXI) Notes and accounts payable

1. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXII) Financial liabilities at fair value through profit or loss

1. Financial liabilities at fair value through profit or loss are those financial liabilities that are incurred principally for the purpose of repurchasing them in the near term, and that are held for trading other than the derivative instruments that are designated hedging instrument under hedge accounting.
2. Financial liabilities are initially measured at fair value, with related transaction costs recognized in profit or loss. Financial liabilities are subsequently measured at fair value, and the gain or loss are recognized in profit or loss.

(XXIII) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(XXIV) Bonds payable

The convertible bonds payable are issued by the Company with embedded conversion rights (i.e., the bond holders have rights to elect to convert bonds into a fixed number of common shares of the Company at a fixed price.), put options, and call options. At initial issuance, the Company should classify the issue price into financial assets, financial liabilities, or equities in accordance with the contractual arrangement as follows:

1. The host contract, embedded put option, and call option, are initially recognized at fair value. The difference in the redemption price is recognized as the discount on bonds payable. Interest amortization is subsequently recognized in profit or loss, as an adjustment to "financial cost," using the effective interest method in the outstanding period.
2. The embedded conversion rights that meet the definition of equity are initially recognized as "capital surplus－conversion rights" at the amount of issue price minus net bonds

payable, without subsequent measurement.

3. Transaction costs that are directly attributable to the issuance are allocated to the liability and equity components of the instrument in proportion to the initial carrying amount.
4. When conversion rights are exercised, bonds payable are first accounted for in accordance with its subsequent measurement. The issue cost of converted common shares are the determined by the carrying amount of the aforementioned bonds payable plus the carrying amount of "capital surplus－conversion rights."

(XXV) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVI) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The Group has initially recognized it at fair value and subsequently measured it at the high of the amount of the loss allowance determined by the expected credit loss and the cumulative amount of income recognized.

(XXVII) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in that period when the employees render service.

2.Pensions

   (1) Defined contribution plan

   For defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

   (2) Defined benefit plan

   A. Net obligation under a defined benefit plan is calculated as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods, and is recognized as a liability in the balance sheet the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by referring to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. When there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

   B. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are presented in retained earnings.

3. Compensation of employees and remuneration of directors

Compensation of employees and remuneration of directors are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the estimated amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. As for the compensation of employees distributed by stocks, the base used to determine number of shares is the closing price of the day prior to the date of the board of directors resolution.

(XXVIII) Employee share-based payment

For equity-settled share-based payment transactions, the Company should measure the employee services received at the fair value of equity instruments granted at the grant date. Compensation costs are recognized during the vesting period and are made adjustment to equity. The fair value of the equity instruments reflects the effects of vesting market conditions and non-vesting conditions. Previously recognized compensation costs are adjusted based on the number of awards that are expected to satisfy the service condition and non-market vesting condition so that the amount is ultimately recognized based on the vesting number on vesting date.

(XXIX) Taxation

1. The income tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings based on the actual earnings distribution.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill, or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Temporary differences arising on investments in subsidiaries and associates is not recognized if the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities, and they are levied by the same taxation authority on either the same taxable entity or different taxable entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXX) Share capital

1. Ordinary share is classified as equity. Incremental costs that are directly attributable to the issuance of new stocks or stock options are presented in equity net of income tax as a contra account to the price.
2. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental cost net of income tax, is recognized as a contra account to equity. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction cost and the related income tax effects, is adjusted to equity.

(XXXI) Dividends distribution

Dividends are recognized in the Company's financial statements in the period in which they are approved by shareholders' meeting of the Company. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(XXXII) Revenue recognition

1. The Company manufactures and sells industrial motherboards, computer products, peripheral devices, electronic parts, and related products. Sales revenue is recognized when control of the products has been transferred to the customer, being when the products are delivered to the customer, and there are unfulfilled performance obligations that could affect the customer's acceptance of the products. Delivery of goods occurs only when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
2. A receivable is recognized when the goods are delivered to the customer because this is the point of time when the consideration is unconditional to the Company with only the passage of time required before the payment is due.
3. Financing component

   Based on the Company's contracts with customers, the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service is never more than one year; therefore, the transaction price is not adjusted to reflect the time value of money.

(XXXIII) Government grants

A government grant is not recognized at fair value until there is reasonable assurance that the Company will comply with the conditions attaching to it, and that the grant will be received. Government grants should be recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants related to property, plant, and equipment are recognized as a contra account to that asset. The grant is recognized over the useful life of the asset by the decrease in depreciation expense.

V. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events on balance sheet dates. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is as follows:

(I) Critical judgements in applying the Company's accounting policies

None.

(II) Critical accounting estimates and assumptions

1. Impairment assessment of accounts receivable

In the process of assessing impairment of accounts receivable, the Company uses the expected credit loss in accordance with IFRS 9 "Financial Instruments". Management assesses the expected credit loss on impairment of accounts receivable based on assumptions about the individual customer's overdue period, financial position, operating condition, and historical experience as well as the forward-looking information.

As of December 31, 2022, the carrying amount of accounts and notes receivable was $319,321.

2. Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company and some subsidiaries (investment accounted for using the equity method) must determine the net realizable value of inventories on balance sheet dates using judgements and estimates. Due to the rapid technology innovation, the Company and some subsidiaries (investment accounted for using the equity method) evaluate the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet dates, and writes down the cost of inventories to the net realizable value. Such a valuation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

As of December 31, 2022, the carrying amount of inventories was $347,072.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2022		December 31, 2021	
Cash on hand and working fund	$	466	$	501
Checking accounts and demand deposits		159,748		183,835
Time deposits		130,518		-
Total	$	290,732	$	184,336

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. As of December 31, 2022 and 2021, the amounts of restricted cash and cash equivalents due to borrowings were $233,652 and $47,424, respectively, and were classified as "financial assets at amortized cost." Please refer to Notes VI (III) and VIII for more information.

(II) Financial assets at fair value through profit or loss－current

Item	December 31, 2022		December 31, 2021	
Current item:				
Financial assets mandatorily measured at fair value				
Beneficiary certificate	$	35,278	$	21,028
Convertible bonds－redemption		-		54

right		
Convertible bonds	70,012	72,062
Valuation adjustment	(444)	2,427
	$ 104,846	$ 95,571
Financial liabilities mandatorily measured at fair value		
Non-hedging derivatives－FX swap	$ 1,709	$ 802

1. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	2022	2021
Financial assets and liabilities mandatorily measured at fair value		
Beneficiary certificate	($ 1,551)	($ 298)
Convertible bonds－AMobile	260	-
Non-hedging derivatives		
－FX swap	13,407	(2,418)
－FX forward	(560)	124
－Convertible bonds	-	2,985
Total	$ 11,556	$ 393

2. The information on the Company's transactions and contracts of derivative liabilities which are ineligible for hedge accounting:

	December 31, 2022	
Derivative liabilities	Contract amount (Notional value)	Contract period
FX swap	USD 850 thousand	2022.09.08-2023.03.13
FX swap	USD 1,000 thousand	2022.09.28-2023.03.30
FX swap	USD 1,000 thousand	2022.09.29-2023.03.29

	December 31, 2021	
Derivative liabilities	Contract amount (Notional value)	Contract period
FX swap	USD 850 thousand	2021.07.20-2022.07.20
FX swap	USD 850 thousand	2021.09.08-2022.09.08
FX swap	USD 1,000 thousand	2021.09.28-2022.09.28
FX swap	USD 1,000 thousand	2021.09.28-2022.09.29
FX swap	USD 850 thousand	2021.10.13-2022.07.14

The Company entered into FX swap contracts for purchasing raw materials (buying USD and selling NTD) in order to hedge the exchange rate risk of selling prices, yet ineligible for hedge accounting.

3. The Company did not pledge financial assets at fair value through profit or loss to others as collateral.
4. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note XXII (II).

(III) Financial assets at amortized cost－current

Item	December 31, 2022	December 31, 2021
Current items		
Repurchase agreement of commercial papers	$ 87,523	$ 27,738
Restricted bank deposits	146,129	19,686
Total	$ 233,652	$ 47,424

1. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	2022	2021
Interest revenue	$ 1,387	$ 125

2. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represented the financial assets at amortised cost held by the Group were $233,652 and $47,424, respectively.

3. For information on the Company's financial assets at amortized cost pledged to others as collateral, please refer to Note VIII.

4. For information on the credit risk of financial assets at amortized cost, please refer to Note XII (II). The Company invests in the certificates of deposit issued by financial institutions with high credit quality, so it expects that the probability of counterparty default is remote.

(IV) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 45	$ 771
Accounts receivable	$ 151,827	$ 177,735
Less: Allowance for impairment loss	(2,136)	(672)
	$ 149,691	$ 177,063
Accounts receivable－related	$ 169,585	$ 225,296

parties

1.The following is the notes and accounts receivable (including related parties) aging report:

	December 31, 2022		December 31, 2021	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Current	$ 45	$ 275,752	$ 771	$ 229,953
Within 30 days	-	13,107	-	64,204
31-90 days	-	856	-	7,551
91-180 days	-	19,327	-	79,436
Over 180 days	-	12,370	-	21,887
	$ 45	$ 321,412	$ 771	$ 403,031

The aging analysis above is based on overdue days.

2. As of December 31, 2022 and 2021, accounts and notes receivable were all from contracts with customers. As of January 1, 2021, the balances of notes and accounts receivable from contracts with customers were $306 and $298,473, respectively.

3. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancement, the maximum exposures to credit risk in respect of the amount that best represented the Company's notes receivable (including related parties) were $45 and $771, respectively. As of December 31, 2022 and 2021, the maximum exposures to credit risk in respect of the amount that best represented the Company's accounts receivable (including related parties) were $319,276 and $402,359, respectively.

4. The Company does not hold any collaterals.

5. For information related to credit risk of accounts and notes receivable, please refer to Note XII (II)

(V) Inventories

	December 31, 2022		
	Cost	Allowance to reduce inventory to market	Carrying amount
Raw materials	$ 165,268	($ 15,280)	$ 149,988
Work-in-process	121,490	(6,561)	114,929
Finished goods	74,864	(4,899)	69,965
Merchandise	37,586	(25,396)	12,190
Total	$ 399,208	($ 52,136)	$ 347,072

	December 31, 2021		
	Cost	Allowance to reduce inventory to market	Carrying amount
Raw materials	$ 120,998	($ 15,864)	$ 105,134
Work-in-process	89,951	(2,630)	87,321
Finished goods	70,579	(1,706)	68,873
Merchandise	37,011	(18,118)	18,893
Total	$ 318,539	($ 38,318)	$ 280,221

Expense and loss incurred on inventories for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Cost of goods sold	($ 923,725)	($ 806,879)
Unamortized labor and manufacturing overhead	(31,559)	(35,927)
Gain (loss) on inventory valuation	(13,818)	3,417
Loss from obsolescence	(4,497)	(6,809)
	($ 973,599)	($ 846,198)

For the year ended December 31, 2021, the increase in net realizable value and disposal of slow-moving inventories resulted in gain from price recovery of inventory.

(VI) Other current assets

	December 31, 2022	December 31, 2021
Prepayment for purchases	$ 313,879	$ 297,301
Prepaid expense	10,657	5,112
Overpaid sales tax	9,463	357
Income tax refund receivable	4,540	4,229
Other receivables	160	10
	$ 338,699	$ 307,009

(VII) Financial assets at fair value through other comprehensive income (FVTOCI)－noncurrent

Item	December 31, 2022	December 31, 2021
Equity instrument		
Non-listed stocks	$ 15,312	$ 14,549
Valuation adjustment	(4,044)	(6,874)
	$ 11,268	$ 7,675

1. The Company chose to classify the strategic investment in non-listed stocks as financial assets at FVTOCI. As of December 31, 2022 and 2021, fair value of those investments was $11,268 and $7,675, respectively.
2. The Company disposed of all stocks of Top Cloud Technology Inc. in September 2022, with a total of 373,750 shares and price of $3,737. The Company derecognized the cost of investment (i.e., carrying amount) of $3,737, without gain on disposal.

3. Items recognized in profit or loss and other comprehensive income in relation to financial assets at FVTOCI were as follows:

	2022	2021
Equity instruments at FVTOCI		
Changes in fair value recognized in other comprehensive income	$ 2,830	$ 1,593
Dividend revenue recognized in profit or loss		
Still held by the Company at the end of reporting period	$ 700	$ 431

4. For information on fair value related to financial assets at FVTOCI, please refer to Note XII (III).

(VIII) Investments accounted for using equity method

1. Changes in investments accounted for using equity method (including those classified as liabilities) are as follows:

	2022	2021
January 1	$ 977,472	$ 966,297
Share of investment income (loss)	(6,912)	25,057
Changes in capital surplus	(20)	-
Changes in retained earnings	72	(373)
Changes in other equity	18,022	(12,338)
Changes in unrealized sales gross profits	4,889	(1,171)
December 31	$ 993,523	$ 977,472

2. The details of investments accounted for using equity method are as follows:

	December 31, 2022	December 31, 2021
Classified as assets:		
Subsidiaries		
Arbor Solution,Inc. (Arbor Solution)	$ 86,313	$ 68,921
Guiding Technology Ltd. (Guiding)	9,558	8,330
Excellent Top International Development Limited (Excellent Top)	215,182	209,054
Arbor France S.A.S (Arbor France)	37,776	22,801
Flourish Technology Co., Ltd.(Flourish)	69,878	101,848
Arbor Korea Co.,Ltd. (Arbor Korea)	28,203	26,593
Acloud Intelligence Services Corp. Ltd. (Acloud)	12,644	20,483
Best Vintage Global LTD. (Best Vintage)	76,656	67,594

	December 31, 2022	December 31, 2021
Associates		
AMobile Intelligent Corp. Ltd (AMobile HK)	457,505	452,043
SmartTaxi Corporation (SmartTaxi)	-	-
IBOSS Co., Ltd. (IBOSS)	-	-
	$ 993,715	$ 977,667

	December 31, 2022	December 31, 2021
Classified as liabilities:		
Subsidiaries		
Ailled Info Investments Ltd. (Ailled Info)	$ 192	$ 195

3. Share of income (loss) from subsidiaries accounted for using equity method:

Investees	2022	2021
Subsidiaries		
Arbor Solution	$ 2,644	$ 2,927
Guiding	307	782
Ailled Info	6	3,024
Excellent Top	2,624	15,833
Arbor France	13,376	11,513
Flourish	(34,287)	(13,551)
Arbor Korea	(1,135)	(1,559)
Acloud	(7,839)	(1,153)
Best Vintage	7,205	1,899
Associates		
AMobile HK	10,187	5,342
IBOSS	-	-
SmartTaxi	-	-
	($ 6,912)	$ 25,057

4. For information on subsidiaries of the Company, please refer to the Note IV (III) of consolidated financial statements for the year ended December 31, 2022.
5. The equity of IBOSS was negative due to its continuous losses. On December 31, 2019, the Company recognized investment loss to write down the corresponding carrying amount of investment to $0 in accordance with the accounting policy on investment in associates accounted for using equity method. On September 1, 2021, IBOSS completed nullification registration.
6. The Company assessed that there was an indication of impairment on investment in

SmartTaxi due to its continuous losses. On December 31, 2019, the Company recognized investment loss to write down the corresponding carrying amount of investment to $0 in accordance with the accounting policy on investment in associates accounted for using equity method. On August 12, 2021, SmartTaxi completed nullification registration.

7. On December 2020, Flourish paid US$ 3,000,000 (NT$ 92,035) for new shares issued by Shenzhen Xinyabao Technology Co., and the amendment registration was completed on March 22, 2021
8. In December 2022, AMobile HK raised capital by issuing new shares for US$ 2,300,000. The Company did not purchase in proportion to its ownership; therefore, the ownership ration decreased from 45.29% to 39.31%.
9. The basic information of the associate that is material to the Company is as follows:

Company name	Principle place of business	Shareholding ratio		Method of measurement
		December 31, 2022	December 31, 2021	
AMobile HK	Taiwan	39.31%	45.29%	Equity method

10. The summarized financial information of the associate that is material to the Company is as follows:

Balance Sheet

	AMobile HK			
	December 31, 2022		December 31, 2021	
Current assets	$	1,344,156	$	1,145,990
Noncurrent assets		47,433		53,038
Current liabilities	(	750,494)	(	633,147)
Noncurrent liabilities	(	94,470)	(	109,301)
Total net assets	$	546,625	$	456,580
Share in associate's net assets (Note)	$	214,878	$	206,785

Note: The difference with the carrying amount is mainly from the difference between the original investment cost minus fair value of identifiable net assets and the adjustment to unrealized sales gross profit.

Statement of comprehensive income

	AMobile HK			
	2022		2021	
Revenue	$	666,022	$	407,584
Net income	$	23,882	$	11,795
Total comprehensive income	$	24,041	$	10,969

11. The Company holds 39.31% of shares of AMobile HK and is the single biggest shareholder. Because the other three shareholders (unrelated parties) hold a total of 39.31% of shares of AMobile HK; and based on the investment agreement, significant policies should not be only executed without written agreements of both AMobile HK and investors; in addition,

since the Company and other two listed corporate shareholders are responsible for significant relevant activities, such as sales, development of products, and technical support, respectively, under the framework of three-party joint venture, no single party of the three can decide significant operating activities alone to establish the business model and product value of AMobile HK, which means that the value-added activities are under mutual management and support by the three listed companies; therefore, it is judged that the Company has only significant influence but not control over AMobile HK since it is shown that the Company does not take the lead on relevant activities.

(IX) Property, plant, and equipment

	2022					
	Land	Buildings	Machinery and equipment	Office equipment	Other	Total
January 1						
Cost	$ 401,081	$ 141,906	$ 2,766	$ 5,616	$ 57,303	$ 608,672
Accumulated depreciation	-	(26,847)	(1,198)	(2,905)	(35,786)	(66,736)
	$ 401,081	$ 115,059	$ 1,568	$ 2,711	$ 21,517	$ 541,936
January 1	$ 401,081	$ 115,059	$ 1,568	$ 2,711	$ 21,517	$ 541,936
Additions	-	-	-	1,753	188	1,941
Disposals－Cost	-	-	-	(1,389)	(17,394)	(18,783)
Disposals－Accumulated depreciation	-	-	-	1,206	14,136	15,342
Reclassifications (Note)	(3,950)	28,303	368	-	428	25,149
Depreciation expense	-	(6,549)	(466)	(1,052)	(6,865)	(14,932)
December 31	$ 397,131	$ 136,813	$ 1,470	$ 3,229	$ 12,010	$ 550,653
December 31						
Cost	$ 397,131	$ 168,110	$ 3,134	$ 5,980	$ 40,525	$ 614,880
Accumulated depreciation	-	(31,297)	(1,664)	(2,751)	(28,515)	(64,227)
	$ 397,131	$ 136,813	$ 1,470	$ 3,229	$ 12,010	$ 550,653

	2021					
	Land	Buildings	Machinery and equipment	Office equipment	Other	Total
January 1						
Cost	$ 68,201	$ 58,797	$ 2,166	$ 3,916	$ 63,738	$ 196,818
Accumulated depreciation	-	(21,186)	(817)	(2,244)	(35,865)	(60,112)
	$ 68,201	$ 37,611	$ 1,349	$ 1,672	$ 27,873	$ 136,706
January 1	$ 68,201	$ 37,611	$ 1,349	$ 1,672	$ 27,873	$ 136,706
Additions	-	150	700	1,416	3,838	6,104
Disposals－Cost	-	-	(100)	(170)	(12,183)	(12,453)
Disposals－Accumulated depreciation	-	-	84	152	8,393	8,629
Reclassifications (Note)	332,880	79,666	-	454	1,910	414,910
Depreciation expense	-	(2,368)	(465)	(813)	(8,314)	(11,960)
December 31	$ 401,081	$ 115,059	$ 1,568	$ 2,711	$ 21,517	$ 541,936
December 31						
Cost	$ 401,081	$ 141,906	$ 2,766	$ 5,616	$ 57,303	$ 608,672
Accumulated depreciation	-	(26,847)	(1,198)	(2,905)	(35,786)	(66,736)
	$ 401,081	$ 115,059	$ 1,568	$ 2,711	$ 21,517	$ 541,936

Note: The amounts were reclassified from prepayment on properties and investment properties to property, plant, and equipment. Please refer to Notes VI (XII) and VI (XXXIII) for related information.

1. There were no interests that should be capitalized for the years ended December 31, 2022 and 2021, respectively.
2. For information on the property, plant and equipment that were pledged to others as collateral, please refer to Note VIII.

(X) Leasing arrangements－lessee

1. The Company leases various assets including buildings, company cars, and multifunction devices. Lease contracts are typically made for periods between 2020 to 2023. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

2. The carrying amount of right-of-use assets and the depreciation charge were as follows:

	2022			
	Buildings	Shipping equipment	Office equipment	Total
January 1				
Cost	$ 1,893	$ 2,001	$ 2,938	$ 6,832
Accumulated depreciation	(552)	(1,084)	(857)	(2,493)
	$ 1,341	$ 917	$ 2,081	$ 4,339
January 1	$ 1,341	$ 917	$ 2,081	$ 4,339
Additions－New leases	-	-	236	236
Depreciation expense	(946)	(667)	(1,604)	(3,217)
December 31	$ 395	$ 250	$ 713	$ 1,358
December 31				
Cost	$ 1,893	$ 2,001	$ 3,174	$ 7,068
Accumulated depreciation	(1,498)	(1,751)	(2,461)	(5,710)
	$ 395	$ 250	$ 713	$ 1,358

	2021			
	Buildings	Shipping equipment	Office equipment	Total
January 1				
Cost	$ 9,497	$ 2,001	$ -	$ 11,498
Accumulated depreciation	-	(417)	-	(417)
	$ 9,497	$ 1,584	$ -	$ 11,081
January 1	$ 9,497	$ 1,584	$ -	$ 11,081
Additions－New leases	1,893	-	2,938	4,831

Derecognition－Cost	(9,497)	-	-	(9,497)
Derecognition－Accumulated depreciation	9,497	-	-	9,497
Depreciation expense	(10,049)	(667)	(857)	(11,573)
December 31	$ 1,341	$ 917	$ 2,081	$ 4,339
December 31				
Cost	$ 1,893	$ 2,001	$ 2,938	$ 6,832
Accumulated depreciation	(552)	(1,084)	(857)	(2,493)
	$ 1,341	$ 917	$ 2,081	$ 4,339

3. The information on lease liabilities relating to lease contracts is as follows:

	December 31, 2022	December 31, 2021
Total lease liabilities	$ 1,354	$ 4,339
Less: Current portion (Presented as "Lease liabilities－Current")	(1,354)	(3,093)
	$ -	$ 1,246

4. The information on profit and loss relating to lease contracts is as follows:

	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 43	$ 97
Expense on short-term lease contracts	110	68
Expense on leases for assets of low value	82	125
Revenue from sublease of right-of-use assets	-	261

Please refer to Note VII for information on the sublease of right-of-use assets.

5. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $3,452 and $11,845, respectively.

(XI) Leasing arrangements－lessor

1. The Company leases assets including land and buildings. Lease contracts are typically made for periods between 2018 to 2025. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In order to secure the rental assets, the lease agreements usually require lessors not to pledge the lease assets as collaterals or require lessors to provide guaranteed residual value.
2. For the years ended December 31, 2022 and 2021, the Company recognized rent income (including revenue from sublease of right-of-use assets) of $3,559 and $5,691 based on the operating lease contracts, respectively, in which there were no changes to the lease payments.
3. The analysis of the due dates of lease payments of operating lease contracts is as follows:

	December 31, 2022	December 31, 2021
Less than 1 year	$ 1,007	$ 1,175
Over 1 year but less than 5 years	4,030	4,030
Total	$ 5,037	$ 5,205

(XII) Investment properties

	2022		
	Land	Buildings	Total
January 1			
Cost	$ 47,439	$ 22,400	$ 69,839
Accumulated depreciation	-	(663)	(663)
	$ 47,439	$ 21,737	$ 69,176
January 1	$ 47,439	$ 21,737	$ 69,176
Reclassification (Note 1)	3,950	2,019	5,969
Depreciation expense	-	(804)	(804)
December 31	$ 51,389	$ 22,952	$ 74,341
December 31			
Cost	$ 51,389	$ 26,517	$ 77,906
Accumulated depreciation	-	(3,565)	(3,565)
	$ 51,389	$ 22,952	$ 74,341

	2021		
	Land	Buildings	Total
January 1			
Cost	$ 332,880	$ 82,958	$ 415,838
Accumulated depreciation	-	(2,304)	(2,304)
	$ 332,880	$ 80,654	$ 413,534

January 1	$ 332,880	$ 80,654	$ 413,534
Additions (Note 2)	42,683	20,155	62,838
Reclassification (Notes 1 and 2)	(328,124)	(77,422)	(405,546)
Depreciation expense	-	(1,650)	(1,650)
December 31	$ 47,439	$ 21,737	$ 69,176
December 31			
Cost	$ 47,439	$ 22,400	$ 69,839
Accumulated depreciation	-	(663)	(663)
	$ 47,439	$ 21,737	$ 69,176

Note 1: The amounts were reclassified from prepayment on properties and refurbishments to investment properties; from property, plant, and equipment to investment properties; and vice versa. Please refer to Note VI (XXXIII) for related information.

Note 2: For the purpose of sustainable operation, the Company entered into a contract of purchase of office on December 18, 2020. The closing process has been completed and the price has been paid in full, including total closing costs of $69,838 in February 2021.

1. Rent revenue and direct operating expenses of investment properties are summarized as follows:

	2022	2021
Rent revenue from investment properties	$ 2,552	$ 4,611
Direct operating expenses incurred by the investment properties that generate current rent revenue	$ 921	$ 2,080

2. As of December 31, 2022 and 2021, the fair value of investment properties held by the Company was $98,393 and $79,591, respectively. The aforementioned fair value was estimated based on the market prices of similar properties in the neighborhood of related properties, which is the level 2 fair value measurement.
3. For information on the investment properties pledged as collaterals, please refer to Note VIII.
4. For the purpose of sustainable operation and stable capacity, on February 27, 2020, the board of directors resolved to purchase plants, and later the Company entered into a purchase contract on March 5, 2020. The closing process has been completed and the price has been paid in full, including total closing costs of $415,838 in May 2020. It was originally presented under investment properties and later transferred for self-use in June 2021, presented under property, plant, and equipment.

(XIII) Intangible assets

	2022		
	Computer software	Patent	Total
January 1			
Cost	$ 23,838	$ 9,762	$ 33,600
Accumulated amortization	(14,577)	(6,976)	(21,553)
	$ 9,261	$ 2,786	$ 12,047
January 1	$ 9,261	$ 2,786	$ 12,047
Additions	1,870	-	1,870
Reclassification	4,049	-	4,049
Amortization expense	(5,787)	(1,953)	(7,740)
December 31	$ 9,393	$ 833	$ 10,226
December 31			
Cost	$ 22,578	$ 9,762	$ 32,340
Accumulated amortization	(13,185)	(8,929)	(22,114)
	$ 9,393	$ 833	$ 10,226

	2021		
	Computer software	Patent	Total
January 1			
Cost	$ 63,115	$ 9,762	$ 72,877
Accumulated amortization	(47,278)	(5,024)	(52,302)
	$ 15,837	$ 4,738	$ 20,575
January 1	$ 15,837	$ 4,738	$ 20,575
Additions	86	-	86
Amortization expense	(6,662)	(1,952)	(8,614)
December 31	$ 9,261	$ 2,786	$ 12,047
December 31			
Cost	$ 23,838	$ 9,762	$ 33,600
Accumulated amortization	(14,577)	(6,976)	(21,553)
	$ 9,261	$ 2,786	$ 12,047

The details of amortization of intangible assets are as follows:

	2022	2021
Operating costs	$ 875	$ 533
Selling expenses	1,765	1,914
General and administrative expenses	2,708	2,658
Research and development expenses	2,392	3,509
	$ 7,740	$ 8,614

(XIV) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank loans			
Credit loans	$ 320,000	1.58%-1.98%	Notes guarantee issued
Secured loans	179,000	1.36%-1.96%	Land and buildings
Purchase order financing	60,082	1.50%-1.92%	None
	$ 559,082		

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank loans			
Credit loans	$ 330,000	1.15%-1.30%	Notes guarantee issued
Secured loans	111,000	1.24%-1.30%	Land and buildings
Purchase order financing	59,106	1.15%-1.35%	None
	$ 500,106		

(XV) Short-term notes and bills payable

	December 31, 2022	Interest rate range	Collateral
Commercial paper payable	$ 72,000	1.89%	Notes guarantee issued and Repurchase agreement of commercial papers
Less: Unamortized discount	-		
	$ 72,000		

	December 31, 2021	Interest rate range	Collateral
Commercial paper payable	$ 114,000	1.05%-1.33%	Notes guarantee issued and Repurchase agreement of commercial papers
Less: Unamortized discount	-		
	$ 114,000		

(XVI) Other payables

	December 31, 2022	December 31, 2021
Salary payable	$ 33,078	$ 24,790
Employee compensation payable	4,500	1,000

Compensation due to directors and supervisors	1,000	500
Other expenses payable	26,069	16,945
	$ 64,647	$ 43,235

(XVII) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable－Third issue	$ -	$ 108,108
Less: Discount on bonds payable	-	(2,524)
	$ -	$ 105,584

1. The offering and issuance of the Company's third unsecured domestic convertible bonds were approved by the competent authority in December 2019. The offering was completed in January 2020. The principal covenants are as follows:
   (1) Total face value: NT$ 300,000
   (2) Outstanding period: 3 years, from January 20, 2020 to January 20, 2023
   (3) Coupon rate: 0%
   (4) Conversion period: The bondholder is entitled to require the stock transfer agent of the Company to convert the bonds into ordinary shares after the third month of the issuance to the maturity date unless book closure is required by the covenants or regulations. The converted common shares shall rank pari passu with the issued and outstanding common shares.
   (5) Conversion price and adjustment: The conversion price is determined by the model stated in the conversion rule. If the anti-dilution provisions are subsequently applicable, the Company will adjust the conversion price in accordance with the model stated in the conversion rule. Subsequently on the base date set in the rule, conversion price will be redetermined based on the model stated in the conversion rule. If the redetermined conversion price is higher than the current conversion price, adjustment will not be applicable.
   (6) Redemption rule:
      A. Redemption on the maturity date: The Company will redeem all the outstanding bonds on the maturity date in cash.
      B. Early redemption: After the third month of the issuance date to 40 days before maturity, if the closing price of the Company's common share exceeds 30% of the current conversion price for 30 consecutive business days, or if the convertible bonds' outstanding balance is lower than 10% of the total issuance amount, the Company is entitled to redeem the bonds in cash at par value from the bondholder on the fifth business day after the redemption date, plus accrued interest at the annual rate of 0.5% from the issuance date to the redemption date.
      C. In accordance with the conversion rule, all redeemed (including redeemed via TPEx), repaid, and converted bonds will be retired with extinction of all attached rights and obligations and will not be reissued anymore.
   (7) For the years ended December 31, 2022 and 2021, the balances of capital surplus－stock option related to exercised conversion rights were $8,853 and $4,755, respectively. As of December 31, 2022 and 2021, the face value of bonds with conversion right exercised was $300,000 and $193,500, respectively. Based on the

current conversion price per share upon conversion, 13,635 thousand and 8,617 thousand shares of common shares have been converted, respectively. The amounts of capital surplus arising from the conversion were $182,751 and $117,115, respectively.

2. When the Company issued the third unsecured domestic convertible bonds, since the economic characteristics and risks of the call option, a non-equity item, are not closely related to the economic characteristics and risks of the host contract, the call option is accounted for and presented as a "financial asset at FVTPL" at net carrying amount separately in accordance with IFRS 9 "Financial instruments." The effective interest rate of the host contract is 2.27% after separation.
3. When the Company issues convertible bonds, the Company separates the conversion right, which is an equity component, from all the other liability components in accordance with IAS 32 and presents it as "capital surplus－stock option." As of December 31, 2022 and 2021, the amounts of capital surplus－stock option were $0 and $8,853, respectively.
4. When the convertible bonds' outstanding balance is lower than 10% of the total issuance amount, the Company is entitled to redeem the bonds in cash at par value from the bondholder in accordance with the Article 18 of The Third Unsecured Domestic Convertible Bonds Issuance and Conversion Rule. The over-the-counter trading of the aforementioned convertible bonds was terminated on September 21, 2022 because all the conversion rights were exercised before the redemption base date, September 20, 2022.

(XVIII) Long-term borrowings

Types of borrowings	December 31, 2022	Interest rate range	Collateral
Bank credit loan	$ 93,103	1.71%-1.95%	Restricted bank deposits
Bank mortgage loan	472,375	1.61%-1.80%	Land and buildings
Subtotal	565,478		
Less: Current portion	(93,672)		
	$ 471,806		

Types of borrowings	December 31, 2021	Interest rate range	Collateral
Bank credit loan	$ 142,541	0.68%-1.29%	Restricted bank deposits
Bank mortgage loan	543,115	1.08%-1.58%	Land and buildings
Subtotal	685,656		
Less: Current portion	(120,292)		
	$ 565,364		

(XIX) Pensions

1.(1) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, for those employees qualified for retirement conditions, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. From November 2021, the Company started to increase the monthly contribution equal to from 2% to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the retirement fund supervisory committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(2) The amounts recognized in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 2,581)	($ 4,625)
Fair value of plan assets	2,638	1,097
Net defined benefit asset (liability) (Stated as "other noncurrent assets" and "other noncurrent liabilities," respectively	$ 57	($ 3,528)

(3) Movements in present value of net defined benefit obligations are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	($ 4,625)	$ 1,097	($ 3,528)
Interest expense (income)	(33)	14	(19)
	(4,658)	1,111	(3,547)
Remeasurements:			
Return on plan assets (Excluding amounts included in interest revenue or expense)	-	61	61
Effects of change in financial assumptions	187	-	187
Experience adjustments	1,559	-	1,559
	1,746	61	1,807
Pension fund contribution	-	1,797	1,797
Paid pension	331	(331)	-
Balance at December 31	($ 2,581)	$ 2,638	$ 57

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	($ 4,774)	$ 768	($ 4,006)
Interest expense (income)	(18)	3	(15)
	(4,792)	771	(4,021)

Remeasurements:			
Return on plan assets (Excluding amounts included in interest revenue or expense)	-	11	11
Effects of change in demographic assumptions	(21)	-	(21)
Effects of change in financial assumptions	162	-	162
Experience adjustments	26	-	26
	167	11	178
Pension fund contribution	-	315	315
Balance at December 31	($ 4,625)	$ 1,097	($ 3,528)

(4) The Bank of Taiwan was commissioned to manages the fund of the Company's defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.) under the supervision of the Labor Retirement Fund Supervisory Committee. With regard to the utilization of the fund, its minimum return in the annual distributions on the financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the return is less than aforementioned rates, government shall compensate for the deficit after being authorized by the authority. The Company has no right to participate in managing and operating that fund; hence, the Company is unable to disclose the classification of fair value of plan assets in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions were summarized as follows:

	2022	2021
Discount rate	1.35%	0.70%
Future salary increase rate	2.00%	2.00%

Assumptions regarding future mortality are estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years of 2022 and 2021.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 67)	$ 70	$ 69	($ 67)

December 31, 2021 Effect on present value of defined benefit obligation	($ 131)	$ 136	$ 134	($ 130)

The sensitivity analysis above was arrived at based on one single changing assumption while the other conditions remain constant. In practice, multiple assumptions may change at the same time. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions of analyzing sensitivity are the same with the previous period.

(6) Expected contributions to the defined benefit pension plan of the Company for the year 2023 are $1,744.

(7) As of December 31, 2022, the weighted average duration of the retirement plan was 10 years. The analysis of due fund payment is as follows:

Period	Benefits payment
2023	$ 13
2024	122
2025	33
2026	138
2027	104
After 2028	2,581
	$ 2,991

(8) For the years 2022 and 2021, the Company recognized pension costs of $19 and $15, respectively, in accordance with the aforementioned plan.

(9) Actuarial gains and losses that were recognized in other comprehensive income are as follows:

	2022	2021
Currently recognized	$ 1,807	$ 178
Accumulated amount	$ 1,111	($ 696)

2.(1) From July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes a monthly amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits are paid either monthly or in lump sum based on the principal and accumulated returns in the employees' individual pension accounts upon termination of employment.

(2) The pension costs under the aforementioned defined contribution pension plan of the Company for the years 2022 and 2021 were $7,821 and $7,412, respectively.

(XX) Share-based payment

1. For the years 2022 and 2021, the share-based payment arrangements of the Company were as follows:

Types of arrangements	Grant date	Amount granted	Vesting condition
Employee stock option plan	2021.11.26	675 thousand shares	2-year services
(Same as above)	2021.11.26	675 thousand shares	3-year services
Transferring treasury stocks to employees	2021.04.27	1,359 thousand shares	Vesting immediately

The stocks that were repurchased by the Company and that were then transferred to employees are restricted from transferring within the first year that employees receive the stocks.
All the share-based payment arrangements above are settled by equity.

2. The details on the share-based payment arrangements above are as follows:

	2022		2021	
	Number of options	Weighted average exercise price (NT$)	Number of options	Weighted average exercise price (NT$)
Outstanding stock options, January 1	1,350	$ 21.55	-	$ -
Options granted	-	-	2,709	22.35
Options exercised	-	-	(1,359)	23.15
Outstanding stock options, December 31	1,350	21.55	1,350	21.55
Exercisable stock options, December 31	-	-	-	-

3. As of December 31, 2022, the weighted average remaining contractual life of outstanding stock options was 3.92 years.
4. The Company estimated the fair value of stock options of the share-based payment transactions on the grant date with binomial tree pricing model and Black-Scholes option pricing model. Related information is as follows:

Types of arrangements	Grant date	Stock price	Exercise price	Expected fluctuation	Expected remaining life	Risk-free interest rate	Fair value per unit
Employee stock option plan	2021.11.26	$21.55	$21.55	35.31%	3.5 years	0.4003%	$ 5.69
(Same as above)	2021.11.26	21.55	$21.55	34.70%	4 years	0.4151%	5.98
Transferring treasury stocks to employees	2021.04.27	25.89	$23.15	26.14%	0.003 years	0.4000%	2.74

5. For the years ended December 31, 2022 and 2021, expenses from share-based payment transactions were $2,298 and $3,951, respectively.

(XXI) Capital stock

1. As of December 31, 2022, the authorized capital of the Company was $1,500,000. The pai-in capital was $954,394 consisting of 95,439 thousand shares with a par value of $10 per share. All proceeds from shares issued have been collected.
2. A reconciliation of common shares of the Company is as follows:

(Unit: Thousand Shares)

	2022	2021
January 1	74,422	69,646
Capitalized retained earnings	-	702
Conversion of convertible bonds	5,017	4,074
Seasoned equity offering－Private placement	16,000	-
December 31	95,439	74,422

3. Treasury stocks

(1) Reasons for repurchase and number of repurchased shares:

		December 31, 2022	
Company that holds shares	Reasons for repurchase	Number of shares	Carrying amount
The Company	For transferring to employees	1,544 thousand	$ 36,515

		December 31, 2021	
Company that holds shares	Reasons for repurchase	Number of shares	Carrying amount
The Company	For transferring to employees	1,397 thousand	$ 32,819

(2) Movements in value of the Company's treasury stocks are as follows:

	2022	2021
January 1	($ 32,819)	($ 31,465)
Treasury stocks repurchased	(3,696)	(32,819)
Treasury stocks transferred－Employee stock options exercised	-	31,465
December 31	($ 36,515)	($ 32,819)

(3) Based on the Securities and Exchange Act, the number of shares bought back may not exceed 10% of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital stock plus realized capital reserve.

(4) Based on the Securities and Exchange Act, treasury stocks held by the Company shall not be pledged. Before transfer, the shareholder's rights shall not be enjoyed, either.

(5) Based on the Securities and Exchange Act, the shares bought back for transferring shares to its employees shall be transferred within five years from the date of buyback. The shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration shall be processed to cancel the shares. As for those shares bought back for maintaining the Company's credit and shareholders' rights and interests, amendment registration shall be effected within six months from the date of buyback to cancel the shares.

(6) On April 27, 2021, the Company transferred 1,359 thousand shares to employees at NT$19.85-$27.57 with total transfer price amounted to $31,465, and recognized compensation cost of $3,724. The record date of employee stock option was April 27, 2021.

(7) The board of directors of the Company resolved to repurchase treasury stocks for transferring to employees of the Company on May 14, 2021. It was scheduled to repurchase 1,000 thousand shares. As of July 16, 2021, the end of the buyback period, the actual buyback was 928 thousand shares with total amount of $23,091 (including discounts and allowances).

(8) The board of directors of the Company resolved to repurchase treasury stocks for transferring to employees of the Company on November 15, 2021. It was scheduled to repurchase 1,000 thousand shares. As of December 31, 2021, the actual buyback was 469 thousand shares with total amount of $9,728 (including discounts and allowances). In January 2022 there was another buyback of 147 thousand shares with total amount of $3,696. As of January 14, 2022, the end of the buyback period, the actual buyback was 616 thousand shares with total amount of $13,424.

4. On July 5, 2021, the shareholders' meeting of the Company resolved to issue 702 thousand new shares as stock dividends by undistributed retained earnings amounted to $7,023 after filing application with the regulator. The record date of issuance was November 2, 2021, and the amendment registration was completed on December 17, 2021.

5. In order to align with the future development and introduce strategic investors, the Company planned a seasoned equity offering through a private placement pursuant to the shareholder resolutions on July 5, 2021. The number of shares shall not exceed 16,000 thousand shares with par value of $10 per share through the private placement. The Company arranged specific places to purchase 16,000 thousand shares at $18.5 per share in the private placement. The capital increase was amounted to $296,000. The record date of capital increase was March 11, 2022, and the amendment registration was completed on April 25, 2022. Those common shares issued in the private placement were subject to transfer restriction of counterparty and quantity in accordance with relevant laws. A public offering shall not be conducted until three years after the grant date.

(XXII) Capital surplus

According to the Company Act, where a company incurs no loss, it may distribute the income derived from the issuance of new shares at a premium, and the income from endowments received by the company, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Based on the relevant regulations of Securities and Exchange Act, where a company intends to capitalize the aforementioned capital surplus, the total amount per year shall not exceed 10% of paid-in capital. A company shall not use the capital surplus to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XXIII) Retained earnings

1. Under the Company's Articles of Incorporation, the current annual earnings, if any, shall first be used to pay all taxes and offset losses in prior years, and then 10% of the

remaining amount shall be set aside as legal reserve. The remaining balance shall be whether retained or distributed in accordance with shareholder resolutions.

2. The Company adopts "residual dividend policy" for its dividend policies, authorizing the proposal of earning distribution resolved by the board of directors within the scope of distributable earnings from 0% to 100% and submitted to the shareholders' meeting, after taking various factors into consideration, such as the current and future investment environment, needs of funds, domestic and foreign competition, and capital budget as well as balancing the benefits of shareholders, dividends, and long-term financial plans. The ratio of annual cash dividends shall not be less than 10% of the total of current cash and stock dividends.
3. The legal reserve shall not be used except for making good the deficit of the company and being distributed by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash, for the portion in excess of 25% of the paid-in capital.

4.(1) When distributing distributable earnings, the Company shall set aside special reserve for the debit balance under other equity in the balance sheets according to regulations. If any of the debit balance under other equity is reversed, the special reserve in the amount equal to the reversal may be reversed for earnings distribution.

(2) Upon the first-time adoption of IFRS, the Company reverses the special reserve that was set aside in accordance with the FSC Regulation No. 1010012865 in proportion to the relevant assets when Company subsequently uses, disposes of, or reclassifies them on April 6, 2012.

5. The earnings distribution proposals of 2021 and 2020 have been resolved by the shareholders' meetings held on June 27, 2022 and July 5, 2021, respectively, are as follows:

	2021		2020	
	Amount	Dividends per share ($)	Amount	Dividends per share ($)
Legal reserve	$ 2,186	$ -	$ 874	$ -
Special reserve (Note)	10,745	-	4,221	-
Cash dividends	8,909	0.10	7,023	0.10
Stock dividends	-	-	7,023	0.10
Total	$ 21,840		$ 19,141	

Note: It included the special reserve amounted to $13,683 that was additionally set aside in prior years and that was resolved to reverse in accordance with the shareholder resolutions in June 2020.

Please refer to the website of "Market Observation Post System" of TWSE for the information on earnings distribution resolved by the shareholders' meeting.

6. The earnings distribution proposal of 2022 that was resolved by the board of directors on March 28, 2023 is as follows:

	2022	
	Amount	Dividends per share ($)
Legal reserve	$ 13,427	$ -
Reversal of special reserve	(20,852)	-
Cash dividends	75,609	0.80
Total	$ 68,184	

(XXIV) Operating revenue

	2022	2021
Revenue from contracts with customers		
Sales revenue	$ 1,257,706	$ 1,059,735

1. Classification of revenue from contracts with customers
   The revenue of the Group is from providing goods that are transferred at a certain point in time and can be classified geographically as follows:

2022	Taiwan	Mainland China	Americas	Europe	Korea	Other zones	Total
Segment revenue	$ 87,240	$23,088	$ 310,434	$ 424,314	$ 110,488	$ 302,142	$ 1,257,706

2021	Taiwan	Mainland China	Americas	Europe	Korea	Other zones	Total
Segment revenue	$ 161,821	$ 6,797	$ 296,173	$ 299,856	$ 106,773	$ 188,315	$ 1,059,735

2. Contract liabilities:
   The Company recognized revenue from contract liabilities as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities－unearned sales revenue	$ 10,121	$ 6,821	$ 10,677

Revenue arising from contract liabilities at the beginning of the period recognized in the current period

	2022	2021
Unearned sales revenue	$ 6,377	$ 6,339

(XXV) Interest revenue

	2022	2021
Interest from bank deposit	$ 686	$ 176
Interest from financial assets at amortized cost	1,387	125
Other interest revenue	785	357
	$ 2,858	$ 658

(XXVI) Other revenue

	2022	2021
Revenue from materials purchasing agent services	$ 14,041	$ 2,408
Revenue from supportive HR services	7,059	5,746
Rent revenue	3,559	5,430
Dividends revenue	700	431
Other revenue	6,864	629
Total	$ 32,223	$ 14,644

(XXVII) Other gains and losses

	2022	2021
Net gain on financial assets or liabilities at fair value through profit or loss	$ 11,556	$ 393
Loss on disposal of property, plant, and equipment	(3,441)	(3,824)
Gain on disposal of investment	177	169
Gain on sublease of right-of-use assets	-	261
Net exchange gain (loss)	71,683	(9,712)
Total	$ 79,975	($ 12,713)

(XXVIII) Financial costs

	2022	2021
Interest expense:		
Bank loans	$ 14,772	$ 13,126
Convertible bonds	1,430	2,764
Short-term notes and bills payable	1,117	548
Lease liabilities	43	97
Other	4	6
	$ 17,366	$ 16,541

(XXIX) Additional information on nature of expenses

	2022	2021
Changes in finished goods and work-in-process inventories	$ 665,565	$ 588,331
Materials and supplies used	219,047	167,980
Employee benefits expense	191,348	174,332
Shipping expense	13,971	15,285
Depreciation expense of property, plant, and equipment; and investment properties	15,736	13,610
Depreciation expense of right-of-use assets	3,217	11,573
Service charge	7,381	9,445
Amortization expense of intangible assets	7,740	8,614
Advertising expense	1,492	1,851
Rent of operating leases	192	193
Expected credit impairment losses	1,464	-
Other expenses (Note)	54,652	57,988
Operating costs and expenses	$ 1,181,805	$ 1,049,202

Note: The Company received government grants amounted to $16,600, of which $14,170 were recognized as a contra account against research expense. The other portion of government grant amounted to $2,430 was related to property, plant, and equipment; therefore, they were recognized as a contra account against the cost of property, plant, and equipment.

(XXX) Employee benefit expense

		2022		2021
Payroll expense	$	155,434	$	139,392
Employee stock options		2,298		3,951
Labor and health insurance expenses		14,726		14,758
Pension expense		7,840		7,427
Remuneration of directors		1,801		1,234
Other personnel expenses		9,249		7,570
	$	191,348	$	174,332

1. The Company's Articles of Incorporation provide that, after making up for the accumulative losses, the remainder of profits shall be set aside for compensation of employees at a rate from 2% to 10%, and for remuneration of directors at a rate of no more than 5%.

2. The Company estimated that the amounts of compensation of employees were $4,000 and $500; and that the amounts of remuneration of directors were $1,000 and $500, for the years 2022 and 2021, respectively. The aforementioned amounts were recognized as payroll expense.

   For the year 2022, compensation of employees and remuneration of directors were accrued at rates of 2.27% and 0.57%, respectively, based on the profitability of the current year. The accrued amounts were consistent with those resolved by the board of directors.

   The amounts of compensation of employees and remuneration of directors resolved by the board of directors for the year 2021, were consistent with those recognized in the financial report for the year ended December 31, 2021. As of December 31, 2022, there were still $500 to be distributed.

   The related information on compensation of employees and remuneration of directors resolved by the board of directors and the shareholders' meeting is at "Market Observation Post System."

(XXXI) Taxation

1. Components of income tax expense (benefit):

		2022		2021
Current income tax:				
Current tax on profits for the year	$	9,016	$	-
Underestimation of income tax in respect of prior years		-		159
Total current tax		9,016		159
Deferred tax:				
Origination and reversal of temporary differences		30,164	(	1,749)
Income tax expense (benefit)	$	39,180	($	1,590)

2. The relationship between income tax expense (benefit) and accounting profit

	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 34,314	$ 4,094
Tax exempt income based on tax laws	(176)	(34)
Expenses that should be adjusted based on tax laws	3,295	458
Unrecognized deferred tax liabilities arising from temporary differences	(186)	(5,242)
Using unrecognized deductible temporary differences of prior years	(151)	(321)
Evaluation changes in the realizability of deferred tax assets	2,084	(704)
Underestimation of income tax in respect of prior periods	-	159
Income tax expense (benefit)	$ 39,180	($ 1,590)

3. The amounts of deferred tax assets or liabilities arising from temporary differences and tax loss:

	2022		
	January 1	Recognized in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Allowance for doubtful accounts	$ 1,190	$ 446	$ 1,636
Allowance to reduce inventory to market	7,663	2,764	10,427
Unrealized exchange losses	1,636	(1,636)	-
Intragroup unrealized sales gross profits	3,713	(978)	2,735
Payment in lieu of untaken annual leave	660	(70)	590
Loss carryforward	29,157	(29,157)	-
Other	628	(356)	272
Subtotal	44,647	(28,987)	15,660
- Deferred tax liabilities:			
Unrealized exchange gains	-	(1,177)	(1,177)
Subtotal	-	(1,177)	(1,177)
Total	$ 44,647	($ 30,164)	$ 14,483

	2021		
	January 1	Recognized in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Allowance for doubtful accounts	$ 1,189	$ 1	$ 1,190
Allowance to reduce inventory to market	8,347	(684)	7,663

Unrealized exchange losses	2,275	(639)	1,636
Intragroup unrealized sales gross profits	3,479	234	3,713
Payment in lieu of untaken annual leave	1,157	(497)	660
Unrealized warranty expense	900	(900)	-
Loss carryforward	24,863	4,294	29,157
Other	688	(60)	628
Total	$ 42,898	$ 1,749	$ 44,647

4. The expiration dates of unused tax losses and the related amounts of unrecognized deferred tax assets of the Company are as follows:

December 31, 2021				
Year of occurrence	Filed/assessed amounts	Undeducted amounts	Amounts of unrecognized deferred tax assets	Year of expiration
2017	$ 37,140	$ 37,140	$ -	2027
2018	67,298	67,298	-	2028
2019	13,522	13,522	-	2029
2020	9,878	9,878	-	2030
2021	7,523	7,523	-	2031

5. The Company’s profit-seeking enterprise income tax returns through 2020 have been assessed and approved by the tax authority.

(XXXII) Earnings per share

	2022		
	After-tax amounts	Weighted-average outstanding shares (thousand)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 132,388	87,823	$ 1.51
Diluted earnings per share			
Effect of diluted potential ordinary shares			
Compensation of employees	-	152	
Profit attributable to ordinary shareholders plus the effect of potential ordinary shares	$ 132,388	87,975	$ 1.50

	2021		
	After-tax amounts	Retrospectively adjusted weighted-average outstanding shares (thousand)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 22,057	72,606	$ 0.30
Diluted earnings per share			
Effect of diluted potential ordinary shares			
Convertible bonds (Note)	-	-	
Compensation of employees	-	28	
Profit attributable to ordinary shareholders plus the effect of potential ordinary shares	$ 22,057	72,634	$ 0.30

Note: Convertible bonds issued by the Company were not included in the computation of diluted earnings per share due to the antidilutive effects.

(XXXIII) Supplementary information of cash flows

1. Investing activities without affecting cash flows:

	2022	2021
Reclassification of prepayments for business facilities to intangible assets	$ 4,049	$ -
Reclassification of prepayments for refurbishment to property, plant, and equipment	$ 30,690	$ -
Reclassification of prepayments for business facilities to property, plant, and equipment	$ 428	$ 2,364
Reclassification of prepayments for properties to investment properties	$ -	$ 7,000
Reclassification of property, plant, and equipment to investment properties	$ 5,969	$ -
Reclassification of investment properties to property, plant, and equipment	$ -	$ 412,546

2. Financing activities without affecting cash flows:

	2022	2021
Stock dividends	$ -	$ 7,023

(XXXIV) Changes in the liabilities arising from financing activities

2022	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including the current portion)	Bonds payable (including the current portion)	Lease liabilities (including the current portion)	Guarantee deposits received	Total liabilities from financing activities
January 1	$ 500,106	$ 114,000	$ 685,656	$ 105,584	$ 4,339	$ 434	$ 1,410,119
Changes in cash flows from financing activities	58,976	(42,000)	(120,178)	-	(3,221)	226	(106,197)
Other non-cash changes	-	-	-	(105,584)	236	-	(105,348)
December 31	$ 559,082	$ 72,000	$ 565,478	$ -	$ 1,354	$ 660	$ 1,198,574

2021	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including the current portion)	Bonds payable (including the current portion)	Lease liabilities (including the current portion)	Guarantee deposits received	Total liabilities from financing activities
January 1	$ 363,345	$ 120,000	$ 623,731	$ 158,688	$ 11,063	$ 1,855	$ 1,278,682
Changes in cash flows from financing activities	136,761	(6,000)	61,925	-	(11,555)	(1,421)	179,710
Other non-cash changes	-	-	-	(53,104)	4,831	-	(48,273)
December 31	$ 500,106	$ 114,000	$ 685,656	$ 105,584	$ 4,339	$ 434	$ 1,410,119

VII. Related party transactions

(I) Name and relationship of related party

Relationship	Relationship with the Company
Flourish Technology Co.(Flourish)	Subsidiary
Guiding Technology Ltd.(Guiding)	Subsidiary
Arbor Korea Co.,Ltd.(Arbor Korea)	Subsidiary
Arbor Solution,Inc.(Arbor Solution)	Subsidiary
Arbor France S.A.S(Arbor France)	Subsidiary
Acloud Intelligence Services Corp. Ltd. (Acloud)	Subsidiary
Arbor Technology (Shenzhen)co., Ltd.(Arbor Shenzhen)	Subsidiary

Relationship	Relationship with the Company
Arbor Beijing Technology Ltd.(Arbor Beijing)	Subsidiary
Arbor China Technology Co., Ltd. (Arbor China)	Subsidiary
Arbor Technology (UK) Ltd.(Arbor UK)	Subsidiary
AMobile Intelligent Corp. Ltd. (AMobile HK)	Associate
Amobile (HK) Limited(Amobile)	Associate
Ennoconn International Investment Co., Ltd. (EI)	Other related party
Ennoconn Technology Co., Ltd. (Ennoconn)	Other related party
Ennoconn (Suzhou) Technology Co., Ltd)	Other related party
Victor Plus HoldingsLtd.	Other related party
Satem Technology Co., Ltd. (Satem)	Other related party
Lee Min	Key management personnel
Lien, Chi-Ruei	Key management personnel

(II) Significant transactions with related parties

1. Operating revenue

	2022	2021
Sales of goods:		
－Subsidiaries		
Arbor Solution	$ 307,318	$ 289,564
Arbor France	91,048	143,761
Arbor UK	73,738	26,646
Other	31,807	41,160
－Affiliates	6,499	11,376
－Other related parties	3,995	-
	$ 514,405	$ 512,507

(1) Prices of goods sold to the aforementioned related parties were determined based on the economic environment and market competition of each sales territory, respectively. The payment terms of related parties are slightly longer than those of normal customers, with an average of 2 to 4 months.

(2) The Company eliminates the portion of net sales and purchases of which the risk and ownership are not transferred yet in accordance with the (87) Tai Tsai Cheng (Six) No. 00747 Regulation issued on March 18, 1998 by the Securities and Future Bureau. For the years 2022 and 2021, the eliminated sales revenue and accounts receivable are as follows:

	2022		2021	
	Eliminated Sales revenue	Accounts receivable	Eliminated Sales revenue	Accounts receivable
Subsidiaries	$ 193,734	$ 193,734	$ 111,048	$ 111,048
Other related parties	2,128	2,128	-	-
	$ 195,862	$ 195,862	$ 111,048	$ 111,048

2. Non-operating income

	2022	2021
—Subsidiaries		
Arbor Shenzhen	$ 13,885	$ -
Arbor Solution	8,242	3,330
Guiding	-	1,848
Other	2,463	1,917
—Affiliates	3,028	2,399
—Other related parties	118	-
	$ 27,736	$ 9,494

Most of the income is from interest, materials purchasing agent services, and supportive HR services.

3. Purchases

	2022	2021
Purchase of goods		
—Subsidiaries		
Arbor Shenzhen	$ 309,611	$ 6,404
Guiding	17,582	342,770
Other	9,853	52,420
—Affiliates		
AMobile HK	268,923	120,544
Other	797	4,277
—Other related parties	10,250	790
	$ 617,016	$ 527,205

In addition to purchases of goods and materials, the Company also purchased molds, shipping service, repair service, and processing service from the aforementioned related parties. For the years 2022 and 2021, the purchase expenses were $1,596 and $3,137, respectively. The purchasing prices from the related parties were determined after referring to the actual price. The payment terms are the same as those of normal suppliers, which are both net 30.

4. Accounts receivable due from related parties

	December 31, 2022	December 31, 2021
Accounts receivable		
—Subsidiaries		
Arbor Solution	$ 90,486	$ 117,833
Arbor Korea	30,477	38,661
Arbor UK	27,091	4,937
Arbor France	6,405	37,079
Other	12,929	14,620
—Affiliates	2,095	12,166
—Other related parties	102	-
	$ 169,585	$ 225,296

	December 31, 2022	December 31, 2021
Other receivables		
a. Loaning of funds		
—Subsidiaries		
Arbor Korea	$ 22,654	$ -
Flourish	-	19,817
Total	22,654	19,817
b.Other		
—Subsidiaries		
Arbor Shenzhen	143,413	-
Guiding	-	21,732
Other	20,968	32,817
—Affiliates		
AMobile HK	4,684	5,558
—Other related parties	248	-
Subtotal	169,313	60,107
Total	$ 191,967	$ 79,924

Other receivables—other mainly consist of prices of materials purchased on behalf of others and supportive HR services revenue receivable.

5. Prepayments (recognized as “other current assets”)

	December 31, 2022	December 31, 2021
—Subsidiaries		
Arbor Shenzhen	$ 227,285	$ -
Guiding	3,789	226,216
Other	4	4
—Affiliates		
AMobile HK	75,149	66,479
—Other related parties	2,928	-
	$ 309,155	$ 292,699

They mainly consist of prepayments for goods.

6. Accounts payable due to related parties

	December 31, 2022	December 31, 2021
Accounts payable:		
－Subsidiaries	$ 9,031	$ 37,469
－Affiliates	13,104	2,401
－Other related parties	126	-
Subtotal	22,261	39,870

	December 31, 2022	December 31, 2021
Other payables:		
－Subsidiaries	$ -	$ 857
－Affiliates	5,071	-
－Other related parties	692	-
Subtotal	5,763	857
	$ 28,024	$ 40,727

(1) Accounts payable were mainly from purchasing transactions and were due two months after the purchasing date. Such accounts payable did not bear interest.
(2) Other payables were mainly advances.

7. Contract liabilities

	December 31, 2022	December 31, 2021
Contract liabilities:		
－Subsidiaries	$ 5	$ 4

They mainly consist of unearned revenue from goods.

8. Property transactions
(1) Please refer to Note VI (VIII) for the information on equity transactions with related parties.
(2) As of December 31, 2022 and 2021, the amounts of convertible bonds of AMobile HK held by the Company were $71,904 and $75,047, respectively, which are classified as financial assets at FVTPL.

9. Lease transactions－lessor
(1) The Company leases buildings as the right-of-use assets to AMobile HK and ACloud. The lease contract period is from January 1, 2019 and does not end until both parties agree to terminate. Lease contracts were individually negotiated and consisted of various terms and conditions. Leased assets cannot be pledged as collaterals; in addition, the rights of leased assets cannot be transferred to others in the form of business transfer or business combination, either.

(2) Gain on subleasing right-of-use assets

	2022	2021
AMobile HK	$ -	$ 261

(3) Rent revenue

	2022	2021
AMobile HK	$ 971	$ -

10. Details of providing endorsement and guarantee for related parties

	December 31, 2022	December 31, 2021
AMobile HK	$ 156,420	$ 150,360
GUIDING	69,712	49,962
	$ 226,132	$ 200,322

11. The key management is the joint guarantor of some long-term and short-term loans of the Company.

(III) Information on key management personnel compensation

	2022	2021
Salaries and other short-term employee benefits	$ 16,573	$ 12,131
Post-retirement benefits	294	248
Total	$ 16,867	$ 12,379

VIII. Pledged assets

The assets pledged as collaterals are as follows:

	Carrying amount		
Assets	December 31, 2022	December 31, 2021	Object
Restricted bank deposits (Classified as "financial assets at amortized cost")	$ 146,129	$ 19,686	Long-term and short-term borrowings
Repurchase agreement of commercial papers (Classified as "financial assets at amortized cost")	87,523	27,738	Short-term notes and bills payable
Refundable deposit (Classified as "other noncurrent assets cost")	26,555	23,116	Lease and project deposits
Property, plant, and equipment	498,465	508,004	Long-term and short-term borrowings
Investment properties	74,341	69,176	Long-term borrowings

	$ 833,013	$ 647,720

IX. Significant contingent liabilities and unrecognized commitments

(I) Contingencies
None.
(II) Commitments
Please refer to Notes VI (X) and VII.

X. Losses due to major disasters

None.

XI. Significant subsequent events

1. Please refer to Note VI (XXIII) for the information on earnings distribution for the year 2022.
2. The Company repurchased 616,000 shares of treasury stocks based on the board of directors resolutions on January 16, 2022, and set February 28, 2023 as the reference date of employee stock options. All the treasury stocks have been transferred to employees on March 16, 2023, at the actual average repurchasing price.

XII. Other

(I) Capital risk management

The Company plans its demand for funds, research and development expense, and dividends expenditure based on the characteristics of current operating industry and future development as well as changes in external environment in order to ensure that each entity of the Group can maintain optimal capital structure to maximize shareholders value by optimizing the balances of liabilities and equity under the going concern assumption.

(II) Financial instruments

1. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at FVTPL－current		
Financial assets mandatorily measured at FVTPL	$ 104,846	$ 95,571
Financial assets at FVTOCI－noncurrent		
Designated investments in equity investments	11,268	7,675
Financial assets/loans and receivables at amortized costs		
Cash and cash equivalents	290,732	184,336
Financial assets at amortized cost	233,652	47,424
Notes receivable (including due from related parties)	45	771
Accounts receivable (including due from related parties)	319,276	402,359
Other receivables (including due from related parties)	192,127	79,934

Refundable deposit	26,555	23,116
	$ 1,178,501	$ 841,186
Financial liabilities		
Financial liabilities at FVTPL－current		
Financial liabilities mandatorily measured at FVTPL	$ 1,709	$ 802
Financial liabilities at amortized costs		
Short-term borrowings	559,082	500,106
Short-term notes and bills payable	72,000	114,000
Notes payable	231	2,355
Accounts payable (including due to related parties)	140,428	104,901
Other payables (including due to related parties)	70,410	44,092
Bonds payable (including current portion)	-	105,584
Long-term borrowings (including current portion)	565,478	685,656
Guarantee deposit received	660	434
	$ 1,409,998	$ 1,557,930
Lease liabilities (including current portion)	$ 1,354	$ 4,339

2. Risk management policies

(1) The Company's operation is affected by various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.

(2) Risk management is implemented by the finance department of the Company based on the policies authorized by the board of directors. The finance department of the Company identifies, assesses, and avoids financial risks by closely cooperating with each operating unit in the Group. The board of directors has set written principles for overall risk management and provided written policies on specific scope and issues, e.g., exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative instruments, and investment of the residual liquidity.

3. Nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

A. The Company operates across international borders; therefore, the Company is exposed to exchange rate risk arising from transactions denominated in different currencies, mainly USD, EUR, KRW, and RMB, other than the Company's functional currency. Relevant exchange rate risk is from future business transactions as well as recognized assets and liabilities.

B. The Company avoids exchange rate risk via forward transactions which are, however, not eligible for hedging accounting. Forward transactions are recognized as financial assets or liabilities at fair value through profit or loss, and please refer to Note VI (II) for more information.

C. The Company's operations are involved in different currencies other than the functional currency of the Company (NTD); therefore, the Company is exposed to the fluctuation of exchange rates. The information on assets and liabilities denominated in foreign currencies with significant exposure to the fluctuation of exchange rates is as follows:

	December 31, 2022					
				Sensitivity analysis		
	Foreign currencies (in thousands)	Exchange rate	Carrying amount (in thousands of NT$)	Changes	Profit or loss affected	Other comprehensive income affected
(Foreign currencies to functional currency)						
Financial assets						
Monetary items						
USD to NTD	$ 21,638	30.71	$ 664,503	1%	$ 6,645	$ -
RMB to NTD	55	4.41	243	1%	2	-
EUR to NTD	2,266	32.72	74,144	1%	741	-
Non-monetary items						
USD to NTD	29,798	30.71	915,097	1%	-	9,151
EUR to NTD	1,155	32.72	37,792	1%	-	378
KRW to NTD	1,147,863	0.0246	28,237	1%	-	282
Financial liabilities						
Monetary items						
USD to NTD	$ 3,218	30.71	$ 98,825	1%	$ 988	$ -

	December 31, 2021					
				Sensitivity analysis		
	Foreign currencies (in thousand)	Exchange rate	Carrying amount (in thousand NT$)	Changes	Profit or loss affected	Other comprehensive income affected
(Foreign currencies to functional currency)						
Financial assets						
Monetary items						
USD to NTD	$ 16,751	27.68	$ 463,668	1%	$ 4,637	$ -
RMB to NTD	132	4.34	573	1%	6	-
EUR to NTD	2,695	31.32	84,407	1%	844	-
Non-monetary items						
USD to NTD	32,796	27.68	907,790	1%	-	9,078
EUR to NTD	728	31.32	22,801	1%	-	228
KRW to NTD	1,120,649	0.0237	26,593	1%	-	266
Financial liabilities						
Monetary items						
USD to NTD	$ 1,622	27.68	$ 44,897	1%	$ 449	$ -

D. For the years ended December 31, 2022 and 2021, the total recognized amounts of exchange gains (losses) (including both realized and unrealized) arising from monetary items with significant effects of fluctuation of exchange rates were $71,683 and ($9,712), respectively.

Price risk

A. The Company's financial instruments with exposure to price risk are all financial assets at FVTPL. The Company diversifies the portfolio based on the limit set by the Company in order to manage price risk arising from investment in financial instruments.

B. The Company mainly invests in equity instruments issued by domestic companies, open-end funds, and convertible bonds. The price of such financial instruments will be affected by the uncertainties of future value of underlying assets. If the price of such financial instruments increases or decreases by 1%, ceteris paribus, net loss after tax will increase or decrease by $1,048 and $956 arising from gains or losses on financial instruments at FVTPL for the years 2022 and 2021, respectively.

Cash flows and fair value interest rate risks

A. The Company's interest risk is from loans issued with a floating interest rate, which expose the Company to cash flows interest rate risks. The Company's policy is to maintain at least 35% of loans with fixed rates. For the years 2022 and 2021, the loans issued by the Company with floating interest rates were mainly denominated in NTD and USD, respectively.

B. The Company's loans are measured at amortized cost and revalued based on contractual covenants; therefore, the Company is exposed to risks of changes in future market interest rates.

C. When the borrowing rates increase or decrease by 0.1%, ceteris paribus, net loss after tax will decrease and increase by $900 and $949 for the years ended December 31, 2022 and 2021, respectively. It is mainly the floating borrowing rates that result in the changes in interest expenses accordingly.

(2) Credit risk

A. The Company's credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company is exposed to credit risks mainly from notes receivable and accounts receivable that the counterparty is unable to pay off by the payment term, and the contractual cash flows from financial instruments at amortized cost.

B. The Company establishes the risk management from the corporate perspective. As for banks and financial institutions, only those with an independent credit rating of at least "A" can be accepted as counterparties. Based on the internal credit policies, the Company shall manage and conduct credit risk analysis before determining payment and delivery terms with every new customer. Internal risk control evaluates customers' credit quality by considering the financial position, past experiences, and other factors. Individual risk limit is set by the board of directors based on internal or external ratings, and the use of credit line is also monitored on a regular basis.

C. The Company adopts the presumptions in the scope of IFRS 9. When contractual payments are over 90 days past due, a default is deemed to have occurred.

D. The Company adopts the following presumptions in the scope of IFRS 9, on which the Company determines based whether the credit risk of the financial instruments has significantly increased since initial recognition:

(A) The credit risk on financial assets is deemed to increase significantly since initial recognition when contractual payments are over 30 days past due.

(B) The credit risk on financial assets is deemed low if an investment grade is assigned by any external credit agency on the balance sheet date.

E. Indicators adopted by the Company to determine if an investment in debt instruments is credit-impaired are as follows:
   (A) The issuer is in significant financial distress, or there is a higher possibility of bankruptcy proceedings or other financial reorganization;
   (B) The active market of such financial assets becomes unavailable due to the issuer in financial distress;
   (C) The issuer delays or defaults on the payments of interest or principal;
   (D) There is an unfavorable change in national or regional economic situation that causes the issuer to default.

F. The Company adopts the simplified approach to estimate expected credit losses based on the loss rate approach, by grouping accounts receivable based on the characteristics of types of customers.

G. The Company writes off the financial assets which cannot be reasonably expected to be recovered after initiating recourse procedures. However, the Company will continue to execute the recourse procedures to secure the claims. As of December 31, 2022 and 2021, claims still under recourse procedures amounted to $0 and $1,090 have been written off by the Company, respectively.

H. The Company adjusts the loss rates which were established to estimate the loss allowance for notes and accounts receivable (excluding due from related parties) based on historical and current information within a specific period of time by adopting the forward-looking consideration in the economic forecast reports issued by Taiwan Institute of Economic Research (TIER). The information on the loss rate approach for the years 2022 and 2021 is as follows:

	Group A	Group B	Group C	Total
December 31, 2022				
Expected loss rate	0.07%-2.49%	-	0.07%	
Total carrying amount	$ 85,630	$ -	$ 66,242	$ 151,872
Loss allowance	$ 2,136	$ -	$ -	$ 2,136

	Group A	Group B	Group C	Total
December 31, 2021				
Expected loss rate	0.015%-0.38%	-	0.015%	
Total carrying amount	$ 126,931	$ -	$ 51,575	$ 178,506
Loss allowance	$ 672	$ -	$ -	$ 672

Group A: Customers without any record of more than 90 days overdue payments
Group B: Customers with record of more than 90 days overdue payments
Group C: Customer under special projects

I. Statements of changes in loss allowance for accounts receivable estimated by the simplified approach adopted by the Company are as follows:

	2022	
	Accounts receivable	Notes receivable

Balance, January 1	$ 672	$ -
Loss allowance recognized	1,464	-
Write-off of unrecoverable accounts	-	-
Balance, December 31	$ 2,136	$ -

	2021	
	Accounts receivable	Notes receivable
Balance, January 1	$ 672	$ -
Loss allowance recognized	-	-
Write-off of unrecoverable accounts	-	-
Balance, December 31	$ 672	$ -

J. As of December 31, 2022 and 2021, the balances of accounts receivable - related parties were $169,585 and $225,296, respectively; the balances of other receivables - related parties were $191,967 and $79,924, respectively. Impairment was assessed on an individual basis, and it was assessed that there was no material impairment for financial statements.

(3) Liquidity risk

A. The cash flow forecast is performed by each operating entity and aggregated by the financial department of the Company. The financial department monitors the forecast of working capital requirement and ensures that there is enough capital to support the operating requirements.

B. Surplus cash over the balance required for working capital management held by the operating entities is transferred back to the financial department of the Company. The financial department of the Company invests surplus cash in interest-bearing demand deposits and time deposits. The chosen instruments should be with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

C. Unused credit lines of the Company are as follows:

	December 31, 2022	December 31, 2021
Due within 1 year	$ 443,918	$ 269,894
Due over 1 year	-	-
	$ 443,918	$ 269,894

D. The following table is an analysis of non-derivative financial liabilities of the Company grouped by maturities and based on the remaining period from balance sheet date to maturities. The contractual cash flows disclosed below are not discounted.

December 31, 2022	Within 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 559,082	$ -	$ -	$ -
Short-term notes and bills payable	72,000	-	-	-
Notes payable	231	-	-	-
Accounts payable (including due to related parties)	140,428	-	-	-
Other payables (including due to related parties)	70,410	-	-	-

Lease liabilities (including current portion) (Note)	1,357	-	-	-
Long-term borrowings (including current portion) (Note)	101,029	73,261	130,590	294,872
Derivative financial liabilities:				
Interest swap (net settlement)	1,709	-	-	-
	$ 946,246	$ 73,261	$ 130,590	$ 294,872

December 31, 2021	Within 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 500,106	$ -	$ -	$ -
Short-term notes and bills payable	114,000	-	-	-
Notes payable	2,355	-	-	-
Accounts payable (including due to related parties)	104,901	-	-	-
Other payables (including due to related parties)	44,092	-	-	-
Convertible bonds (Note)	-	108,108	-	-
Lease liabilities (including current portion) (Note)	3,135	1,249	-	-
Long-term borrowings (including current portion) (Note)	128,247	102,028	159,202	346,985
Derivative financial liabilities:				
Interest swap (net settlement)	802	-	-	-
	$ 897,638	$ 211,385	$ 159,202	$ 346,985

Notes: The amounts included future interest payments.

(III) Fair value information

1. The definitions of each level of valuation techniques used to measure fair value of financial instruments are as follows:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that entities can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of beneficiary certificates in which the Company invests is included in Level 1.

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of most derivative instruments and convertible bonds in which the Company invests is included in Level 2.

   Level 3: Unobservable inputs for the asset or liability. The fair value of equity instruments without active markets in which the Company invests is included in Level 3.

2. Please refer to Note VI (XII) for the information on the fair value of investment properties measured at cost.

3. The carrying amounts of financial instruments that are not measured at fair value, including cash and cash equivalents, notes receivable (including due from related parties), accounts receivable (including due from related parties), other receivables (including due from related parties), refundable deposits, short-term borrowings, notes payable, accounts payable (including due to related parties), other payables (including due to related parties), bonds payable, long-term borrowings, and guaranteed deposits received, are the reasonable approximations of the fair value.

4. The related information on financial and non-financial instruments measured at fair value which were grouped on the basis of the nature, characteristics, risks, and fair value measurement of the assets and liabilities, is as follows:

   (1) The Company has grouped the assets and liabilities on the basis of the nature as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at FVTPL				
Beneficiary certificates	$ 32,942	$ -	$ -	$ 32,942
Convertible bonds	-	71,904	-	71,904
Financial assets at FVTOCI				
Equity securities	-	-	11,268	11,268
Total	$ 32,942	$ 71,904	$ 11,268	$ 116,114
Liabilities				
Recurring fair value measurements				
Financial liabilities at FVTPL				
Interest swap contracts	$ -	$ 1,709	$ -	$ 1,709

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at FVTPL				
Beneficiary certificates	$ 20,470	$ -	$ -	$ 20,470
Redemption rights of convertible bonds	-	54	-	54
Convertible bonds	-	75,047	-	75,047
Financial assets at FVTOCI				
Equity securities	-	-	7,675	7,675
Total	$ 20,470	$ 75,101	$ 7,675	$ 103,246
Liabilities				

Recurring fair value measurements				
Financial liabilities at FVTPL				
Interest swap contracts	$ -	$ 802	$ -	$ 802

(2) The methods and assumptions the Company used to measure fair value are as follows:

A. As for the open-end funds to which the Company adopted quoted market prices as the fair value inputs, the quoted market price is the net worth of funds.

B. Except for financial instruments with active markets above, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value at which the valuation techniques are adopted to arrive can be referred to the current fair value of other financial instruments with similar terms and characteristics in substance as well as discounted cash flow method; or it can be calculated by other valuation techniques, including applying models with market information inputs available at the parent company only balance sheet date. (e.g., Reference Yield Curve by Taipei Exchange and Taiwan Secondary Commercial Paper Benchmark by Reuters.)

C. When assessing unstandardized and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts, and options, the Company adopts the valuation techniques that are widely used by market participants. The inputs used in the valuation model of these financial instruments are normally observable in the market.

D. The valuation of derivative financial instruments is based on the valuation models which are widely accepted by market participants, such as discounted cash flow approach and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (e.g., Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

E. The output of valuation model is an estimated value and the valuation technique may not be able to reflect all relevant factors of the financial instruments held by the Company. Therefore, the estimated value derived using valuation model will be adjusted appropriately based on additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes that valuation adjustment is both appropriate and necessary in order to present fairly the fair value of financial instruments at the parent company only balance sheet. The price information and inputs used during valuation are carefully assessed and adjusted based on current market situation.

5. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
6. For the years ended December 31, 2022 and 2021, there was no transfer from or to Level 3.
7. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022	2021
	Non-derivative equity instrument	Non-derivative equity instrument
January 1	$ 7,675	$ 6,082
Gains or losses recognized in other comprehensive income		

Recorded as unrealized gains or losses on valuation of investments in equity instruments measured at FVTOCI	2,830	1,593
Purchase for the period	4,500	-
Disposal for the period	(3,737)	-
December 31	$ 11,268	$ 7,675

8. The following is the quantitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation models used in the Level 3 fair value measurement:

December 31, 2022

	Fair value	Valuation technique	Significant unobservable inputs	Relationships of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	$ 11,268	Guideline public company method	Price to earnings ratio multiple, enterprise value to operating income ratio multiple, discount for lack of marketability	The higher the multiples, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value

December 31, 2021

	Fair value	Valuation technique	Significant unobservable inputs	Relationships of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	$ 7,675	Guideline public company method	Price to earnings ratio multiple, enterprise value to operating income ratio multiple, discount for lack of marketability	The higher the multiples, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value

9. The Company has carefully assessed the valuation models and parameters used to measure fair value. However, use of different valuation models or parameters may have different results. The following is the effect on other comprehensive income from financial assets categorized within Level 3 if the parameters used to valuation models have changed:

			December 31, 2022 Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Price to earnings ratio multiple, enterprise value to operating income ratio multiple, discount for lack of marketability	±1%	$ 153	($ 153)

	Input	Change	December 31, 2021 Recognized in other comprehensive income Favorable change	Unfavorable change
Financial assets				
Equity instruments	Price to earnings ratio multiple, enterprise value to operating income ratio multiple, discount for lack of marketability	±1%	$ 145	($ 145)

XIII. Supplementary disclosures

(I) Significant transactions information

1. Loans to others: See Table 1 attached.
2. Provision of endorsements and guarantees to others: See Table 2 attached.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): See Table 3 attached.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital or more: None.
5. Acquisition of real estate reaching NT$300 million or 20% of the Company's paid-in capital or more: None.
6. Disposal of real estate reaching NT$300 million or 20% of the Company's paid-in capital or more：None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: See Table 4 attached.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: See Table 5 attached.
9. Trading in derivative instruments: See Notes VI (II) and XII (III).
10. Business relationships among the parent company and subsidiaries, and significant intragroup transactions: See Table 6 attached.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): See Table 7 attached.

(III) Information on investees in Mainland China

1. Basic information: See Table 8 attached.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(IV) Major shareholders information

Major shareholders information: Please refer to table 9.

XIV. Segment Information

Not applicable.

ARBOR Technology Corporation
Statements of Cash and Cash Equivalents
December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Summary	Amount
Cash on hand and petty cash		$ 466
Bank deposits		
Checking deposits		82
Demand deposits－NTD		26,172
Demand deposits－Foreign currencies	USD 2,658,472.55 @30.71	81,641
	EUR 1,310,205.49 @32.72	42,870
	GDP 236,867.36 @37.09	8,785
	RMB 44,949.04 @4.41	198
Time deposits	USD 4,250,000.00 @30.71	130,518
		$ 290,732

ARBOR Technology Corporation
Statements of Accounts Receivable
December 31, 2022

Expressed in thousands of New Taiwan Dollars

Customer name	Summary	Amount	Remark
Customer A		$ 31,742	
Customer B		28,147	
Customer C		25,451	
Customer D		12,623	
Customer E		8,738	
Customer F		8,045	
Other		37,081	The balance of each miscellaneous customer does not exceed 5% of the balance of this account.
		151,827	
Less: Loss allowance		(2,136)	
Total		$ 149,691	

Note: There are accounts of $2,906 overdue for over 1 year.

ARBOR Technology Corporation
Statements of Inventories
December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Summary	Amount Cost	Market price	Remark
Raw materials		$ 165,268	$ 164,347	The market price is the net realizable value.
Work in process		121,490	121,076	(Same as above)
Finished goods		74,864	73,363	(Same as above)
Merchandise		37,586	36,665	(Same as above)
Subtotal		399,208	$ 395,451	
Less: Allowance for inventory valuation		(52,136)		
Total		$ 347,072		

ARBOR Technology Corporation
Statements of Changes in Investment Accounted for using the Equity Method
For the Year Ended December 31, 2022

Expressed in thousands of New Taiwan Dollars

Name of the investments	Balance, January 1, 2022 Shares (In thousands)	Balance, January 1, 2022 Amount	Increase Shares (In thousands)	Increase Amount	Decrease Shares (In thousands)	Decrease Amount	Investment Income (Loss) for Using the Equity Method Shares (In thousands)	Investment Income (Loss) for Using the Equity Method Amount	Equity Adjustments Amount	Balance, December 31,2022 Shares (In thousands)	Balance, December 31,2022 Shares	Balance, December 31,2022 Amount (In thousands)	Market Price or Net equity value Amount	Market Price or Net equity value Amount (In thousands)		Amount (In thousands)
Unlisted company																
Details of Assets account：																
Arbor Solution, Inc.	9,000	$ 68,921	-	$ 5,555	-	$ -	-	$ 2,644	$ 9,193	9,000	100.00%	$ 86,313	10.56	$ 95,077	Equity Method	Nil
Guiding Technology Ltd.	500	8,330	-	-	-	-	-	307	921	500	100.00%	9,558	19.12	9,558	〃	〃
Excellent Top International Development Ltd.	40,562	209,054	-	-	-	-	-	2,624	3,504	40,562	100.00%	215,182	5.31	215,182	〃	〃
Arbor France S.A.S	-	22,801	-	-	-	-	-	13,376	1,599	-	100.00%	37,776	-	37,776	〃	〃
Flourish Technology Co.,Ltd	35,195	101,848	-	196	-	-	-	(34,287)	2,121	35,195	100.00%	69,878	2.02	70,927	〃	〃
Arbor Korea Co.,Ltd.	101	26,593	-	1,769	-	-	-	(1,135)	976	101	100.00%	28,203	288.74	29,163	〃	〃
Acloud Intelligence Services Corp. Ltd.	4,025	20,483	-	-	-	-	-	(7,839)	-	4,025	100.00%	12,644	3.14	12,644	〃	〃
Best Vintage Global LTD.	-	67,594	-	-	-	-	-	7,205	1,857	-	100.00%	76,656	-	76,656	〃	〃
AMobile Intelligent Corp. Ltd.	3,849	452,043	-	-	-	(2,579)	-	10,187	(2,146)	3,849	39.31%	457,505	55.83	214,878	〃	〃
Subtotal		977,667		7,520		(2,579)		(6,918)	18,025			993,715		761,861		
Details of Liabilities account：																
Allied Info Investments Ltd.	850	(195)	-	-	-	-	-	6	(3)	850	0.00%	(192)	(0.23)	(192)	Equity Method	Nil
Total		$977,472		$ 7,520		($ 2,579)		($ 6,912)	$ 18,022			$993,523		$ 761,669		

ARBOR Technology Corporation
Statement of Short-term Borrowings
December 31, 2022

Expressed in thousands of New Taiwan Dollars

Types of loans	Summary	Ending balance	Contract period	Interest rate range	Line of credit	Collateral	Remark
Credit loans	Financial institutions	$ 320,000	Less than 1 year	1.58%-1.98%	585,000	None	Notes guarantee issued
Secured loans	Financial institutions	179,000	(Same as above)	1.36%-1.96%	281,000	Land and buildings	(Same as above)
Purchase order financing	Financial institutions	60,082	(Same as above)	1.50%-1.92%	139,000	None	(Same as above)
		$ 559,082					

ARBOR Technology Corporation
Statements of Short-term notes and Bills Payable
December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Guaranteeing or accepting institutions	Contract period	Interest rate	Amount issued	Unamortized discount on short-term notes and bills payable	Carrying amount	Collateral	Remark
Commercial paper payable	International Bills Finance Corporation	2022.12.12-2023.02.09	1.89%	$ 26,000	$ -	$ 26,000	Repurchase agreement of commercial papers	Notes guarantee issued
(Same as above)	(Same as above)	2022.12.12-2023.02.09	1.89%	22,000	-	22,000	(Same as above)	(Same as above)
(Same as above)	Mega Bills Finance Co., Ltd.	2022.12.09-2023.01.06	1.89%	24,000	-	24,000	(Same as above)	(Same as above)
				$ 72,000	$ -	$ 72,000		

ARBOR Technology Corporation
Statements of Accounts Payable
December 31, 2022

Expressed in thousands of New Taiwan Dollars

Supplier name	Amount	Remark
Supplier A	$ 30,551	
Supplier B	9,044	
Supplier C	7,757	
Other	70,815	The balance of each miscellaneous customer does not exceed 5% of the balance of this account.
	$ 118,167	

ARBOR Technology Corporation
Statements of Bonds Payable
December 31, 2022

Expressed in thousands of New Taiwan Dollars

Bonds name	Trustee	Date of issuance	Date of interest payment	Interest rate	Amount: Total amount issued	Total amount converted	Ending balance	Unamortized discount/premium	Current portion	Carrying amount	Repayment rule	Collateral	Remark
The third unsecured domestic convertible bonds	Taipei Star Bank Co., Ltd., Department of Trusts	2020.1.20	-	0%	$ 304,530	$ 304,530	$ -	$ -	$ -	$ -	The Company repays all the outstanding bonds at maturity except for bonds converted into common shares of the Company or early redemption.	None	

ARBOR Technology Corporation
Statements of Long-term Borrowings
December 31, 2022

Expressed in thousands of New Taiwan Dollars

Creditor	Summary	Loan amount	Contract period	Interest rate	Collateral
The Export-Import Bank of the Republic of China	Credit loans	$ 39,600	2017.01.17-2024.06.09	1.71%	None
Taiwan Cooperative Bank	Secured loans	142,675	2021.02.01-2041.02.05	1.70%-1.80%	Land and buildings
(Same as above)	Credit loans	36,837	2019.09.16-2024.09.16	1.80%	Restricted deposits
Taipei Fubon Commercial Bank	Credit loans	16,666	2020.08.13-2023.08.13	1.95%	None
Hua Nan Commercial Bank	Secured loans	329,700	2020.05.14-2040.05.14	1.61%	Land and buildings
Less: Current portion		(93,672)			
		$ 471,806			

ARBOR Technology Corporation
Statements of Operating Revenue
For the Year Ended December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Quantity (thousand units)	Amount	Remark
System product	48	$ 679,347	
Single board computer	61	382,345	
Other	275	196,014	
		$ 1,257,706	

ARBOR Technology Corporation
Statements of Operating Costs
For the Year Ended December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Amount	Remark
Merchandise, beginning balance	$ 37,011	
Add: Purchases in the year	75,038	
Less: Merchandise, ending balance	(37,586)	
Scraps	(582)	
Cost of purchases	73,881	
Raw materials, beginning balance	120,998	
Add: Purchases in the year	276,838	
Less: Raw materials, ending balance	(165,268)	
Transferred to expenses	(11,184)	
Scraps	(2,338)	
Raw materials used	219,046	
Manufacturing overhead	88,987	
Manufacturing cost	308,033	
Add: Work in progress, beginning balance	89,951	
Purchases in the year	255,699	
Less: Work in progress, ending balance	(121,490)	
Transferred to expenses	(19,587)	
Scraps	(303)	
Cost of finished goods	512,303	
Add: Finished goods, beginning balance	70,579	
Purchases in the year	353,467	
Less: Finished goods ending balance	(74,864)	
Transferred to expenses	(3,713)	
Scraps	(1,274)	
Cost of goods sold	856,498	
Loss on scrap inventory	4,497	
Loss on inventory valuation	13,819	
Other operating costs	24,904	
Cost of goods sold and other operating costs	899,718	
Operating costs	$ 973,599	

ARBOR Technology Corporation
Statements of Operating Expenses
For the Year Ended December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Amount	Remark
Salary expenditure	$ 43,139	
Depreciation expense	14,900	
Freight	6,526	
Processing expense	4,393	
Other expenses	20,029	
	$ 88,987	

ARBOR Technology Corporation
Statements of Selling Expenses
For the Year Ended December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Amount	Remark
Salary expense	$ 38,314	
Freight	7,104	
Insurance expense	5,667	
Supplies-Consumed in plant	4,545	
Other expenses	16,335	
	$ 71,965	

ARBOR Technology Corporation
Statements of General and Administrative Expenses
For the Year Ended December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Amount	Remark
Salary expense	$ 28,630	
Service fee	7,402	
Depreciation expense	3,668	
Amortization expense	2,708	
Other expenses	15,531	
	$ 57,939	

ARBOR Technology Corporation
Statements of Research and Development Expenses
For the Year Ended December 31, 2022

Expressed in thousands of New Taiwan Dollars

Item	Amount	Remark
Salary expense	$ 45,351	
Materials	4,778	
Insurance expense	4,642	
Materials expense-Consumed in plant	8,938	
Other expenses	13,129	
	$ 76,838	

ARBOR Technology Corporation

Summary Statement of Current Period Employee Benefits, Depreciation, Depletion and Amortization Expenses by Function

For the Year Ended December 31, 2022

Expressed in thousands of New Taiwan Dollars

Function / Nature	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Salary expense	43,139	112,295	155,434	35,722	103,670	139,392
Employee stock options	437	1,861	2,298	-	3,951	3,951
Labor and health insurance fees	4,576	10,150	14,726	4,385	10,373	14,758
Pension expense	2,296	5,544	7,840	1,957	5,470	7,427
Remuneration of directors	-	1,801	1,801	-	1,234	1,234
Other employee benefit expense	3,878	5,371	9,249	3,028	4,542	7,570
Depreciation expense	14,900	4,053	18,953	19,065	6,118	25,183
Amortization expense	875	6,865	7,740	533	8,081	8,614

Notes:

1. As at December 31, 2022 and 2021, the Company had 208 and 210 employees, including 5 and 4 non-employee directors, respectively.
2. A company whose stock is listed for trading on either Taiwan Stock Exchange or Taipei Exchange shall additionally disclose the following information:
   (1) Average employee benefit expense in current year was $934 thousand (“Total employee benefit expense in current year–Total remuneration of directors in current year” / “Number of employees in current year–Number of non-employee directors in current year”).
   Average employee benefit expense in previous year was $840 thousand (“Total employee benefit expense in previous year–Total remuneration of directors in previous year” / “Number of employees in previous year – Number of non-employee directors in previous year”).
   (2) Average employee salaries in current year were $766 thousand (Total employee salaries in current year / “Number of employees in current year–Number of non-employee directors in current year”).
   Average employee salaries in previous year were $677 thousand (Total employee salaries in previous year / “Number of

employees in previous year–Number of non-employee directors in previous year”).

(3) Adjustments of average employee salaries were 13.15% (“Average employee salaries in current year-Average employee salaries in previous year” / Average employee salaries in previous year).

(4) For the years ended December 31, 2022 and 2021, remuneration of supervisors was amounted to $0 and $130, respectively.

(5) Please describe the Company’s salary and remuneration policy (including directors, supervisors, managers and employees)

Policy on compensation of employees

In order to attract and retain talents, the Company adjusts employee salaries on an annual basis based on the Company’s operating performance, employees’ performance evaluation, and salary level of the industry. The Company also provides an individual bonus system to compensate the contributions made by employees based on the overall operating performance. According to the Article 19 of the Company’s Articles of Incorporation, the Company shall accrue compensation of employees at rates of 2% to 10% with positive income (i.e., positive income refers to net income before tax, compensation of employees, and remuneration of directors). Compensation of employees can be distributed either in cash or in stocks.

Policy on remuneration of directors

According to the Article 19 of the Company’s Articles of Incorporation, the Company shall accrue remuneration of directors at rates of less than 5% with positive income (i.e., positive income refers to net income before tax, compensation of employees, and remuneration of directors). Remuneration of directors can be distributed only in cash or in stocks.

Remuneration of directors, salary and bonus of managers are all proposed by the remuneration committee in accordance with regulations, then submitted to the board of directors to resolve, and finally submitted to the shareholders’ meeting.

For related information on the compensation of employees and the remuneration of directors resolved by the board of directors, please refer to “Market Observation Post System” of Taiwan Stock Exchange.

6. Any financial distress experienced by the Company or its affiliates should disclose its impact on the company's financial position for recent year

and up to publication date of this annual report : None.

VII、 Matters to be recorded in respect of financial position and performance and evaluation of risks

1. Financial Position

(1) The main reasons for the significant changes in assets, liabilities and equity in the last two years and their effects. If the impact is significant, the future plans should be stated.

Unit: NT$1,000

Item \ Year	2022	2021	Variance		
			Value	%	變動分析
Current assets	2,439,177	1,932,981	506,196	26.19%	Note 2
Non-Current financial assets at fair value through other comprehensive income	11,268	7,675	3,593	46.81%	Note 1
Equity investments	457,505	452,043	5,462	1.21%	Note 1
Property, Plant and equipment	565,027	556,851	8,176	1.47%	Note 1
Right of use asset	32,276	13,163	19,113	145.20%	Note 1
Intangible Assets	36,599	37,638	(1,039)	-2.76%	Note 1
Other Assets	140,927	188,793	(47,866)	-25.35%	Note 2
Total Assets	3,682,779	3,189,144	493,635	15.48%	Note 2
Current Liabilities	1,094,594	964,346	130,248	13.51%	Note 2
Non-Current Liabilities	496,448	676,966	(180,518)	-26.67%	Note 2
Total Liabilities	1,591,042	1,641,312	(50,270)	-3.06%	Note 1
Equity attributable to owners of the company	2,085,532	1,537,781	547,751	35.62%	Note 2
Common Stock	954,394	744,218	210,176	28.24%	Note 2
Capital surplus	805,341	610,280	195,061	31.96%	Note 2
Retained Earnings	417,489	292,131	125,358	42.91%	Note 2
Other equity	(55,177)	(76,029)	20,852	-27.43%	Note 1
Treasury stock	(36,515)	(32,819)	(3,696)	11.26%	Note 1
Non-controlling equity	6,205	10,051	(3,846)	-38.26%	Note 1
Total shareholder's equity	2,091,737	1,547,832	543,905	35.14%	Note 2

1. Description of significant changes (changes of 10% or more in the preceding and following periods, and changes amounting to one percent of the total assets of the year) Note 1: There is no significant change in the percentage of items in FY 2022 and FY 2021, so they are not analyzed. Note 2: The increase (decrease) of significant change items in FY 2022 compared. to FY 2021: (1) Increase in current assets: Mainly due to the effect of sales growth and increase in imports. (2) Decrease in other assets: Mainly due to the effect of realization of deferred income tax assets (3) Increase in current liabilities: Mainly due to the increase in short-term borrowings for working capital needs and decrease in non-current liabilities (4) Decrease in non-current liabilities: Mainly due to the conversion of convertible bonds into the Company's stock and the repayment of long-term loans. (5) Increase in equity attributable to owners of the parent company: mainly due to the increase in cash capital in FY 2022 and the profit for the year. 2. Countermeasures: The Company's overall performance is not yet materially abnormal, and therefore no contingency plan has been prepared. 3. The above financial information has been audited by the accountants.

2. Financial Performance

(1) Analysis of significant changes in operating revenues, net operating income and net income before income tax in the last two fiscal years：

Unit: NT$1,000

Year / Item	2022	2021	Change	Change (%)	Analysis
Operating revenue	1,801,055	1,509,412	291,643	19.32%	Note 1
Gross profit	541,629	412,051	129,578	31.45%	Note 1
Operating profit	129,944	31,640	98,304	310.70%	Note 1
Non-operating income and expenses	47,407	(6,292)	53,699	-853.45%	Note 2
Pre-tax profit	177,351	25,348	152,003	599.66%	Note 1
Profit (loss) from continuing operations	128,542	21,492	107,050	498.09%	Note 1
Net operating profit	128,542	21,492	107,050	498.09%	Note 1
Net other comprehensive income (loss)	22,731	(10,940)	33,671	-307.78%	Note 1
Total comprehensive income	151,273	10,552	140,721	1,333.60%	
Net profit attributable to owners of the Company	132,388	22,057	110,331	500.21%	Note 1

Net profit attributable to non-controlling equity.	(3,846)	(565)	(3,281)	580.71%	Note 1
Total comprehensive income attributable to owners of the company.	155,119	11,117	144,002	1,295.33%	
Total comprehensive income attributable to non-controlling equity.	(3,846)	(565)	(3,281)	580.71%	Note 1
1. Description of significant changes (changes of 10% or more in the prior and subsequent periods, and changes amounting to 1% of total assets for the year): Note 1: Operating revenue and gross profit for 2022 increased by 19% and 31%, respectively, compared to 2021, mainly due to the stabilization of supply and demand in the market for semiconductor components and other materials in 2022, the impact of active shipment of customer orders, and the appreciation of the U.S. dollar, which is the main source of export revenue, as well as appropriate cost and expense control, resulting in a significant increase in operating revenue and operating income. Note 2: The increase in non-operating income and expense was mainly due to the gain on financial assets and net foreign currency exchange gain realized from the maturity of derivative exchange contracts.					

(2) The expected sales volume and its basis, the possible impact on the Company's future financial operations and the contingency plan：

The Company has not disclosed its financial forecast for fiscal 2021 and therefore does not intend to disclose the expected sales volume.

3. Cash flow

(1) Liquidity analysis for the last two fiscal year

Item \ Fiscal Year	2022	2021	Increase (decrease) amount	Increase (decrease) Ratio (%)
Net cash inflows (outflows) from operating activities	237,195	(218,182)	455,377	-208.71
Net cash inflows (outflows) from investing activities	(216,323)	(81,691)	(134,632)	164.81
Net cash inflows (outflows) from financing activities	162,762	156,658	6,104	3.90
Analysis description of changes in the ratio of increase and decrease：				
1. Net cash inflows (outflows) from operating activities：The increase in cash inflow in FY 2022 as compared to FY 2021 is mainly due to the net cash impact from the growth of the industry in the current period				

2. Net cash inflows (outflows) from investing activities：The increase in net outflow in FY 2022 was mainly due to the reclassification of restricted deposit amounts to investing activities.
3. Net cash inflows (outflows) from financing activities：The net cash inflow in FY 2022 and FY 2021 were comparable. The increase in cash inflow in 2022 was mainly due to the increase in cash inflow and the effect of the increase in long-term borrowings in 2021 was mainly due to the purchase of plant.

(2) Improvement plan for liquidity deficiency: The Company has no cash flow deficiency, therefore, it is not applicable.

(3) Cash flow analysis for the coming year

Unit: NT$1,000

Opening cash balance	Estimated full-year net cash flow from operating activities	Estimated full-year cash inflow (outflow)	Estimated residual cash amount	Remedial Measures for Estimated Cash Shortage	
				Investment Plan	Financial Plan
487,302	195,184	(146,340)	536,146	None	None

1. Analysis of changes in cash flows in the coming year：
Operating activities: The results are expected to continue to grow steadily in the coming year, and the effective control of accounts receivable will result in net cash inflows from future operating activities.
Investing activities: Expected increase in equipment required for production, etc.
Financing activities: The increase in long-term loans is expected to cover the increase in fixed assets and repayment of bank loans due in the current period.
2. Estimated cash shortage remediation measures and liquidity analysis: Not applicable.

4. Impact of significant capital expenditures on financial operations in the most recent fiscal year：

(1) Significant capital expenditures in recent fiscal years and sources of funds: None.

(2) Expected to generate revenue: None.

5. Transfer of investment policy for the most recent fiscal year, the main reasons for profit or loss, improvement plans and investment plans for the coming year：

(1) Transfer of investment policy：

The Company's management policy for its reinvestment business is based on the "investment cycle", "procedures for the acquisition or disposal of assets" and "supervision and management of subsidiaries" of the internal control system to regulate the operations of the reinvestment business. The investee company is required to provide financial statements and analysis reports on a regular basis, and to review the operating and financial reports on a regular basis so that the Company can fully understand the operations. From time to time, the Company assigns financial and auditing personnel to visit the actual operations and operating conditions of the subsidiaries, and conducts random checks on the implementation of internal control operations and reports to the parent company for management purposes.

(2) Main reasons for profit or loss on transfer of investments and improvement plans：

The Company's equity-method investments are made for long-term strategic purposes and deployment.：

2. The Company adopted the equity method for investment income of NT$10,187,000 in 2022.
3. The equity method investment income or loss for fiscal year 2022 increased by NT$4,845,000 compared to fiscal year 2021, as shown in the table below:

Affiliate	Business Scope	2022	2021	Variance
Amobile HK	Industrial Computer, Parts and Accessories Trading and Investment	10,187	5,342	4,845
Total		10,187	5,342	4,845

The loss-making business will continue to be evaluated on the basis of long-term strategic investments and the priority of the Company's core business-related peripheral businesses.

(3) Investment plan for the coming year: None.

6. Risk analysis and evaluation

(1) Impact of interest rate, exchange rate changes and inflation on the Company's profit and loss and future response measures

1. Impact of interest rate changes on the Company's profit and loss and future measures

Unit: NT$1,000；%

Item \ Fiscal year	2022
Net Operating Income	1,801,055
Net income before tax	177,351
Interest income	2,531
Interest income to net operating income (%)	0.14
Interest income to net income before income tax (%)	1.43
Interest expense	17,939
Interest expense as a percentage of net operating income (%)	1.00
Interest expense to net income before income taxes (%)	10.11

The Company is conservative in the use of capital and invests mainly in time deposits and demand deposits. Interest rates have not fluctuated significantly in recent years and remain low, so interest income does not account for a high proportion of operating income. In addition, the interest expense on bank loans for operational capital demand is also not high as a percentage of operating income.

The Company will continue to operate in a conservative and prudent manner in the future, considering both liquidity and safety, to allocate the most appropriate capital group for the maximum benefit of shareholders：

A. Maintain close contact with financial institutions to keep abreast of interest rate changes.

B. With reference to domestic and international economic trend research reports and observing the fluctuation of domestic and international benchmark market interest rates, we adjust the capital utilization in a timely manner.

2. Impact of exchange rate changes on the Company's profit or loss and future measures

Unit: NT$1,000；%

Item \ Fiscal year	2022
Net Operating Income	1,801,055
Net income before tax	177,351
Net foreign exchange gain (loss)	35,014
Net foreign exchange (loss) as a percentage of net operating income (%)	1.94

Item \ Fiscal year	2022
Net foreign exchange gains (losses) to net income before income tax (%)	19.74

The Company's net foreign exchange gain (loss) for fiscal year 2022 was NT$35,014,000, representing 1.94% of revenue and 19.74% of net income before income tax. The Company's overseas revenue accounted for 95.35% of the total revenue in fiscal year 2022, so the exchange rate changes had a certain degree of impact on the Company's profitability.

The Company adopted the following measures to address the impact of exchange rate changes on the Company's profit or loss：

A. Besides generating a natural hedge through foreign currency-denominated imports and sales, the Company's treasury department also takes into account relevant information and future trends in the exchange rate market to exchange foreign currencies in a timely manner in order to reduce foreign currency risk exposure.

B. The Company maintains close contact with its major counterparties to monitor changes in the foreign exchange market for timely adjustment of exchange rate fluctuations by the relevant executives and as a basis for product price adjustments by the Company's business units.

C. The Company also engages in foreign exchange hedging operations in accordance with the "Procedures for the Acquisition or Disposal of Assets" when necessary, depending on the level of foreign currency positions.

3. The impact of inflation on the Company's profit and loss and future measures

The global economic growth trend is promising, but the shortage of components, imported raw materials and technical equipment have become more expensive, affecting production costs. The Company will adjust selling prices in response to rising operating costs, and improve production efficiency and optimize the supply chain to moderate inflationary pressures. The Company will continue to seek new market opportunities and reduce its dependence on a single market, while adopting appropriate currency risk management strategies to cope with the risk of currency depreciation.

(2) The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees and derivative transactions, the main reasons for profit or loss and future measures.

The Company does not engage in high capitalization in the year of operation and its financial operations are based on the principle of prudence and conservatism; recent risky, highly leveraged investments and other transactions. As of the date of the publication of the annual report, the Company's derivative transactions are for hedging purposes, except for the endorsement and guarantee lines provided by the Company to its investees for the purchase of materials. The Company conducts regular audits and makes announcements and reports in accordance with the relevant regulations.

(3) Future research and development plans and estimated research and development expense

In order to continue to improve the Company's competitiveness, the Company has been investing in R&D. In 2021, the Company invested $84,353 thousand in R&D expenses, accounting for 5.59% of net operating revenues. The proportion of R&D expenses to revenue is expected to remain at approximately 5-7%

(4) Impact of significant changes in domestic and foreign policies and laws on the Company's financial operations and response measures: None.

The Company operates in compliance with relevant domestic and foreign laws and regulations and keeps an eye on domestic and foreign policy developments and regulatory changes in order to respond to changes in domestic and foreign political and economic conditions in a timely manner, therefore, important domestic and foreign policy and legal changes do not have a significant impact on the Company's financial operations.

(5) Impact of technological changes and industry changes on the Company's financial operations and response measures

The Company is always aware of changes in its industry and technological development, and keeps abreast of industry dynamics and market information. The Company's professional staff often collects information on industry-related technology and trend changes for the management's reference in making decisions, so as to adjust the Company's operating strategies and formulate response measures. Therefore, there is no significant impact on the Company's financial operations due to technological or industrial changes in the recent year.

(6) The impact of corporate image change on corporate crisis management and response measures

The Company's business purpose is based on the principle of stability and integrity, with a good corporate reputation, and plans to enter the capital market in order to attract more talented people to enter the Company's services, to build up the strength of the business team, and then to return the results of operations to the shareholders and fulfill the corporate social responsibility, therefore, there is no threat to the corporate reputation. Therefore, there are no incidents that endanger the corporate image. In the future, the Company will fulfill its corporate social responsibility while pursuing the best interests of shareholders.

(7) Expected benefits, possible risks and contingency measures for mergers and acquisitions: None.

(8) Expected benefits, possible risks and contingencies of plant expansion: None.

(9) Risks of concentration of imports or sales and response measures: None.

(10) The impact, risk and response measures on the Company due to the substantial transfer or change of shareholding of directors, supervisors or major shareholders holding more than 10% of the shares: None.

(11) Impact of the change in operating right on the Company, risks and response measures: None.

(12) Litigation or non-litigation events：

1. The Company shall disclose the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the principal parties involved in the litigation and the current status as of the date of publication of the annual report if the outcome of the litigation or administrative dispute has been determined or is still pending as of the latest year and as of the date of publication of the annual report:

   (1) Closed Litigation Events：

   The Company had no such situation in fiscal year 2021 and as of the date of publication of the annual report.

   (2) Pending litigation, non-litigation or administrative disputes

   a. Company A, a customer of ARBOR, initially signed a quotation from ARBOR in April 2022 to purchase equipment from ARBOR (Company A purchased 50 units of equipment from ARBOR and Company A's subsidiary in China purchased 450 units of equipment from ARBOR), but due to the difference in communication between the two parties during the procurement process, Company A gave notice to ARBOR in May 2022 to terminate the equipment purchase. In May 2022, Company A gave ARBOR notice of termination of the Equipment Purchase. In order to protect ARBOR's interests, ARBOR filed a lawsuit against ARBOR in July 2022 for the performance of the Purchase and Sale Agreement, which is currently pending in the first instance. However, the outcome of the lawsuit, whether successful or unsuccessful, is not sufficient to dissolve the Company or change its organization, capital, business plan, financial condition, or suspend production, or to affect the market order or harm the public welfare.

   b. Shenzhen Xin Ya Bo Technology Co., Ltd. (hereinafter referred to as "Xin Ya Bo"), a subsidiary of ARBOR, filed a lawsuit against Jiangsu Tianyu Quick Source Intelligent Technology Development Co. On August 19, 2022, a lawsuit was filed with the People's Court of Xinbei District, Changzhou City, Jiangsu Province. Tianyu was ordered by the first instance judgment on October 17, 2022 to repay Xin Ya Bo the amount of RMB8,861,875 and the liquidated damages calculated on the basis of such amount from January 31, 2021 to the date of actual payment at the quoted market interest rate of the one-year loan published by the National Interbank Offered Rate Center. However, Tianyu filed an appeal on October 28, 2022 against the judgment of the first trial regarding the starting point of the calculation of the liquidated damages, but the judgment was confirmed in the second trial as Tianyu withdrew the appeal on April 3, 2023, and after the judgment was confirmed, Shin-Appo has filed a claim for enforcement against Tianyu and is currently waiting for the final enforcement result before it can In addition, the Company has recorded a full amount of impairment loss on the overdue credit in 2022 for this payment.

2. Directors, supervisors, general managers, beneficial owners, substantial shareholders holding more than 10% of the shares and subsidiaries of the Company, and litigation, non-litigation or administrative disputes that have been determined

or are currently pending as of the publication date of the annual report, the outcome of which may have a significant impact on the Company's shareholders' equity or securities prices.：

(1) Closed Litigation Events：

The Company had no such situation in fiscal year 2022 and as of the date of publication of the annual report.

(2) Pending litigation, non-litigation or administrative disputes

(hereinafter referred to as "Wistron"), a director of the Company, has the following litigation cases, in addition to the following There are no litigation, non-litigation or administrative disputes that have been determined or are currently pending against the remaining directors, supervisors, presidents, major shareholders with a shareholding of more than 10%, or subsidiaries, the outcome of which may have a significant impact on shareholders' equity or securities prices.
Alacritech filed a lawsuit against the Company in June 2016 in the United States District Court for the Eastern District of Texas for alleged infringement of servers and network interface devices. The Court ordered a stay of the case in 2017, but has reopened it in October 2022. The Company still cannot assess the possible impact on its financial losses.

The above case is a lawsuit by Wistron itself and has nothing to do with ARBOR. The outcome of the litigation in the above case should not affect ARBOR's finance and business, nor its shareholders' equity.

(13) Other important risks and response measures: None.

7. Other important matters: None.

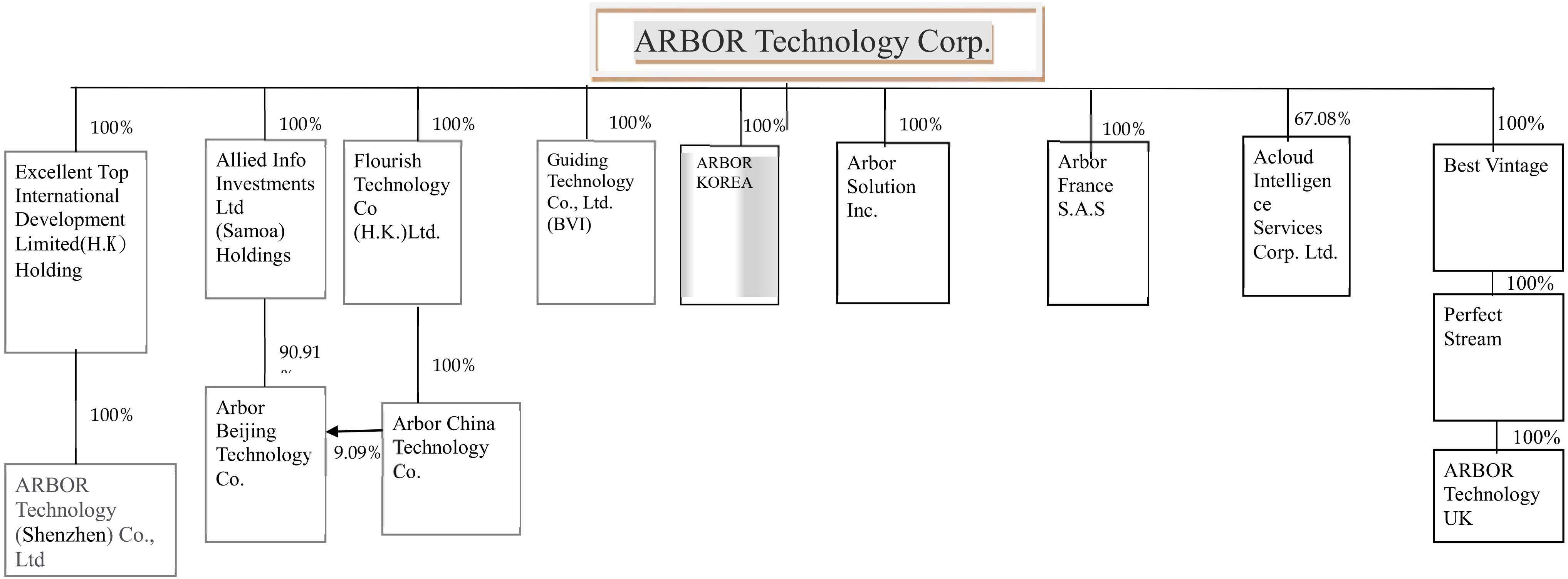
VIII、 Special Disclosures

1. Related Information on Affiliated Companies

(1) Consolidated report of affiliated companies：

1. Affiliated Companies Chart：

（1） Affiliated Companies Association Chart



（2）Relationship with affiliated companies and mutual shareholdings：

As of 12/31/2022

Name of Affiliate	Relationship	The Company's holding				Ownership of the Company's holding		
		No.of shares	Actual investment		Holding %	No.of shares	Actual investment	Holding %
ARBOR SOLUTION, INC.	Subsidiary	9,000	USD	900	100	0	0	0
GUIDING TECHNOLOGY CO., LTD	Subsidiary	500	USD	500	100	0	0	0
ALLIED INFO INVESTMENT LTD	Subsidiary	850	HKD	6,600	100	0	0	0
Excellent Top International Development Limited(H.K) Holding	Subsidiary	40,562	USD	5,236	100	0	0	0
ARBOR FRANCE S.A.S	Subsidiary	0	EUR	600	100	0	0	0
FLOURISH TECHNOLOGY CO., LTD	Subsidiary	35,195	USD	4,531	100	0	0	0
ARBOR KOREA Co.,Ltd	Subsidiary	101	USD	495	100	0	0	0
Acloud Intelligence Services Corp. Ltd.	Subsidiary	4,025	NTD	40,250	67.08	0	0	0
Arbor Beijing Technology Co.	Second tier subsidiary	0	HKD RMB	6,600 494	100	0	0	0
ARBOR Technology (Shenzhen) Co., Ltd	Second tier subsidiary	0	USD	5,000	100	0	0	0
Arbor China Technology Co.	Second tier subsidiary	0	USD	4,531	100	0	0	0
Best Vintage Global LTD	Subsidiary	0	GBP	1,279	100	0	0	0
Perfect Stream LTD	Second tier subsidiary	0	GBP	1,279	100	0	0	0
Arbor Technology UK LTD.	Second tier subsidiary	0	GBP	1,279	100	0	0	0

2.Basic information of affiliated companies

As of 12/31/2022

Name of Company	Established date	Address	Paid In Capital		Main business scope
ARBOR SOLUTION, INC.	90.02	46539 Fremont Blvd. Fremont, CA 94538	USD	900	Sales of IPC Computers and other components
GUIDING TECHNOLOGY LTD	90.12	P.O.Box 3321,(Sealight House)，Road Town,Tortola,British Virgin Islands	USD	500	Trading
ALLIED INFO INVESTMENT LTD	91.10	Offshore Chambers,P.O.Box 217,Apia,Samoa	HKD	6,600	Investment
Excellent Top	96.01	7/F KIN ON COMM BLDG 49	USD	5,236	Investment

Name of Company	Established date	Address	Paid In Capital		Main business scope
International Development Limited(H.K) Holding		JERVOIS ST SHEUNG WAN			
ARBOR FRANCE S.A.S	99.02	2, rue Pitois 92800 PUTEAUX FRANCE	EUR	600	Sales of IPC Computers and other components
FLOURISH TECHNOLOGY CO., LTD	96.11	Hong Kong, China	USD	4,531	Investment and trading
ARBOR KOREA Co.,Ltd	100.09	1205, 12th floor, Hoseo Venture Tower Gasan-Dong 319, Kemcheun-gu,Seoul, Korea 153778	USD	495	Sales of IPC Computers and other components
Acloud Intelligence Services Corp. Ltd.	103.09.05	10F.-8, No. 700, Zhongzheng Rd., Zhonghe Dist., New Taipei City	NTD	40,250	Sales of IPC Computers and other components
Arbor Beijing Technology Co.	90.07	Beijing, China	RMB	6,600	Sales of IPC Computers and other components
ARBOR Technology (Shenzhen) Co., Ltd	96.02	Shenzhen, China	USD	5,000	Production and sales of IPC computers
Arbor China Technology Co.	94.08	Shenzhen, China	USD	4,531	Sales of IPC Computers and software
Best Vintage Global LTD	104.12	Sertus Chambers, P.O. Box 603, Apia, Samoa	USD	1	Investment
Perfect Stream LTD	104.12	Sertus Chambers, P.O. Box 603, Apia, Samoa	USD	1	Investment
Arbor Technology UK LTD.	105.01	15 HASTINGS HOUSE, AUCKLAND PARK, BLETCHLEY, MILTON KEYNES, MK1 1BU	GBP	1	Sales of IPC Computers and other components

3. The Company has no other affiliates that are presumed to have control and subordination under Article 369 term of the Company Act: None.

4.The businesses of the Group's affiliates include the assembly, marketing and sale of industrial computers, the sale and purchase of electronic control automation systems and equipment, and the manufacture, sale and purchase of automation control equipment and overseas investments in the production and service industries.

The main items of the division of labor among the affiliated companies include：

A. Purchase of finished products (including triangular trade)

B. Buy raw materials on behalf of others.

5. Directors, supervisors and general managers of affiliated companies

As of 2022/12/31

Name of the company	Title	Name/Representative	No. of Shares / Paid in Capital	
			shares	Holding %
ARBOR SOLUTION, INC.	President General Manager	Arbor Technology legal representative : Eric Lee Stanley Lee	9,000,000(Note1) -	100.00% -
GUIDING TECHNOLOGY CO., LTD	Director	Arbor Technology legal representative : Eric Lee	50,000(Note1)	100.00%
ALLIED INFO INVESTMENT LTD	Director	Arbor Technology legal representative : Eric Lee	850,000(Note1)	100.00%
Excellent Top Development Ltd.	Director	Arbor Technology legal representative : Eric Lee	40,562,000(Note1)	100.00%
ARBOR FRANCE S.A.S	President General Manager	Arbor Technology legal representative : Eric Lee Franck Bernheim	(Note1) (Note2) -	100.00% -
FLOURISH TECHNOLOGY CO., LTD	Director	Arbor Technology legal representative : Eric Lee	11,930,000(Note1)	100.00%
ARBOR KOREA Co.,Ltd	President General Manager	Arbor Technology legal representative : Eric Lee James Jin	101,000(Note1) -	100.00% -
ACLOUD INTELLIGENCE SERVICES CORP. LTD.	General Manager Director Director	Arbor Technology legal representative : Eric Lee Arbor Technology legal representative : Feng-Ling Kuo Yi-Jen, Tsai	4,025,000(Note1) 4,025,000(Note1) 600,000	67.08% 67.08% 10.00%
Arbor Beijing Technology Co.,	President Director General Manager	Arbor Technology legal representative : Clark Lien Arbor Technology legal representative : Feng-Ling Kuo Clark Lien	(Note1) (Note2) (Note3) (Note1) (Note2) (Note3) (Note1) (Note2) (Note3)	100.00% 100.00% 100.00% -
ARBOR Technology (Shenzhen) Co., Ltd	President Director General Manager	Arbor Technology legal representative : Clark Lien Arbor Technology legal representative : Feng-Ling Kuo Clark Lien	(Note1) (Note2) (Note4) (Note1) (Note2) (Note4) (Note1) (Note2) (Note4)	100.00% 100.00% 100.00% -
Arbor China Technology Co.,	President Director	Arbor Technology legal representative : Clark Lien Clark Lien	(Note1) (Note2) (Note5) (Note1) (Note2) (Note5)	100.00% -
Best Vintage Global LTD	Director	Arbor Technology legal representative : Eric Lee	1,000;(Note1)	100.00%

Name of the company	Title	Name/Representative	No. of Shares / Paid in Capital	
			shares	Holding %
Perfect Stream LTD	Director	Best Vintage Global LTD legal representative : Eric Lee	1,000;(Note1) (Note6)	100.00%
Arbor Technology UK LTD.	Directo Director	Perfect Stream LTD legal representative : Eric Lee Perfect Stream LTD legal representative : Feng-Ling Kuo	1,000;(Note1) (Note7) 1,000;(Note1) (Note7)	100.00%

Note 1: Holding by Arbor Technology.
Note 2: Limited company, no shares issued.
Note 3: Holding by Allied Info Investment Ltd.
Note 4: Holding by Excellent Top Development Ltd.
Note 5: Holding by Flourish Technology Co., Ltd.
Note 6: Holding by Best Vintage Global Ltd.
Note 7: Holding by Perfect Stream Ltd.

6. Performance of Affiliates

As of 12/31/2022

Unit: NT$; $1,000;1,000 shares

Company Name	Main business scope	Investment		Book Value	Investment in shares		Net equity	Market price	Accounting	Recent fiscal year Investment return		Shareholding of the Company
					No.of shares(1000)	holding%				Investment gain(loss)	dividend	
ARBOR SOLUTION, INC.	Sales of IPC Computers and other components	USD	900	86,313	9,000	100.00	86,313	86,313	Equity	2,644	—	—
GUIDING TECHNOLOGY CO., LTD	Trading	USD	500	9,558	500	100.00	9,558	9,558	Equity	307	—	—
ALLIED INFO INVESTMENT LTD	Investment	HKD	6,600	(192)	850	100.00	(192)	(192)	Equity	6	—	—
Excellent Top International Development Limited(H.K) Holding	Investment	USD	5,236	215,182	40,562	100.00	215,182	215,182	Equity	2,624	—	—
ARBOR FRANCE S.A.S	Sales of IPC Computers and other components	EUR	600	37,776	—	100.00	37,776	37,776	Equity	13,376	—	—
FLOURISH TECHNOLOGY CO.,LTD	Investment and trading	USD	4,531	69,878	35.195	100.00	69,878	69,878	Equity	(34,287)	—	—
ARBOR KOREA CO.,LTD	Sales of IPC Computers and other components	USD	495	28,203	101	100.00	28,203	28,203	Equity	(1,135)	—	—

Acloud Intelligence Services Corp. Ltd.	Sales of IPC Computers and other components	NTD	40,250	12,644	4,025	67.08	12,644	12,644	Equity	(7,839)	—	—
Arbor Beijing Technology Co.	Sales of IPC Computers and other components	HKD	6,600	(211)	—	100.00	(211)	(211)	Equity	7	—	—
		RMB	494								—	—
ARBOR Technology (Shenzhen) Co., Ltd	Production and sales of IPC computers	USD	5,406	214,245	—	100.00	214,245	214,245	Equity	2,624	—	—
Arbor China Technology Co.	Sales of IPC Computers and other components	USD	4,531	71,150	—	100.00	71,150	71,150	Equity	(34,211)	—	—
Best Vintage Global LTD	Investment	GBP	1,279	76,656	—	100.00	76,656	76,656	Equity	7,205	—	—
Perfect Stream LTD	Investment	GBP	1,279	76,656	—	100.00	76,656	76,656	Equity	7,205	—	—
Arbor Technology UK LTD.	Sales of IPC Computers and other components	GBP	1,279	76,656	—	100.00	76,656	76,656	Equity	7,205	—	—

(2) Consolidated financial statements of affiliates: The companies which shall be included by the Company in the preparation of the Consolidated Financial Statements of affiliates in 2022 (from January 1, to December 31, 2022) in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as the companies which shall be included in the preparation of the Consolidated Financial Statements of parent company and subsidiaries in accordance with International Financial Reporting Standards No. 10 recognized by the Financial Supervisory Commission, and the relevant information which shall be disclosed in the Consolidated Financial Statements of affiliates have been disclosed in the said Consolidated Financial Statements of parent company and subsidiaries, therefore Consolidated Financial Statements of affiliates are not prepared separately.

(3) Reports on Affiliations: None

2. Private Placement of Securities during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report:

Item	The first domestic pricately-placed unsecured convertible corporate bonds in 2022
Type of privately-placed bonds	Common shares
Date of approval, and amount approved, by Shareholder' Meeting	Resolved date: 5 July, 2021；with limit of 16,000,000 shares to be issued at once.
Basis for determination, and reasonableness, of price	1) Based on the pricing date of the board meeting held on February 24, 2022, the simple arithmetic average of the closing prices of ordinary shares on the one, three, or five business days preceding the pricing date, adjusted for bonus issues, rights issues, and dividends, and added back the stock price after reverse stock split, are as follows: NT$ 22.75, NT$ 22.72 and NT$22.71. The average price of the previous five business days is NT$22.71. 2) Furthermore, the simple arithmetic average of the closing prices for the preceding thirty business days before the pricing date, adjusted for bonus issues, rights issues, and dividends, and added back the stock price after reverse stock split, is NT$ 22.40. 3) Considering the average closing price of NT$22.71 for the previous five business days as the reference price and setting the actual private placement price at NT$18.50, it represents 81.46% of the reference price. This complies with the resolution passed by the shareholders' meeting in FY2022, which resolved that the private placement price shall not be lower than 80% of the reference price.
Methods for selection of specific persons	The objects of these privately-placed common shares are limited to the specific persons who comply with Article 43-6 of the Securities and Exchange Act and the related regulations issued by competent authorities and who are not the Company's internal or related persons; Ennoconn International Investment Co., Ltd. is a strategic investor.
Necessary reasons for issuance of private placement	In response to the long-term development needs of the company, introducing strategic investment partners is expected to effectively reduce the cost of capital and ensure fundraising efficiency. Additionally, the provision that restricts the free transfer of privately placed securities within three years further ensures a long-term cooperative relationship between the company and strategic partners. Furthermore, conducting private placements based on the actual operational needs of the company, authorized by the board of directors, will enhance the company's

<table>
<tr><td></td><td colspan="5">fundraising flexibility and agility. The implementation of this plan is expected to strengthen the company's competitiveness, improve operational efficiency, and benefit shareholder equity. Therefore, the company has decided not to adopt the method of public offering.</td></tr>
<tr><td>Price payment completion date</td><td colspan="5">10 March 2022</td></tr>
<tr><td rowspan="2">Subscriber’s information</td><td>Objects of Private Placement</td><td>Qualifications</td><td>Number Shares Subscribed</td><td>Relation with the Company</td><td>Participation in the Company’s Operation</td></tr>
<tr><td>Ennoconn International Investment Co., Ltd.</td><td>Subparagraph 2, Paragraph 1, Article 43-6 of the Securities and Exchange Act</td><td>16,000,000 shares</td><td>None</td><td>None</td></tr>
<tr><td>Actual subscription (or conversion) price</td><td colspan="5">NT$18.5per share.</td></tr>
<tr><td>Difference between actual subscription (or conversion) price and reference price</td><td colspan="5">81.46%</td></tr>
<tr><td>Impact of private placement on shareholder’s equity (such as increase in accumulated losses...)</td><td colspan="5">The main purpose of choosing strategic investors is to leverage their expertise, brand reputation, and global market access. This not only enhances product quality and reduces production costs for the company but also expands market share through collaboration. From the perspective of shareholder equity, this should have a positive impact.</td></tr>
<tr><td>Use of the funds obtained through private placement and implementation progress of plan</td><td colspan="5">Fund-raising through issuance of the Company’s 2022 privately-placed common shares for capital increase in cash has been completed on 10 March 2022 and have been used in full for the Company’s business operation and investment needs.</td></tr>
<tr><td>Benefits of private placement</td><td colspan="5">Fund raising is completed in the first quarter of 2022 and the raised funds are to enhance the Company’s financial structure and improve its solvency.</td></tr>
</table>

3. Holding or Disposal of Shares in the Company by the Company's Subsidiaries during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report: None

4. Other Supplementary Information: None.

IX、 Material Impacts

If any of the situations listed in Article 36, paragraph 3, sub paragraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None.

ARBOR

Chairman Eric Lee