AOPEN
an Acer Group Company

2022 Annual Report

TSE:3046

AOPEN Incorporated

Annual Report Website: http://mops.twse.com.tw Company Website: http://www.aopen.com

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I. Spokesperson & deputy spokesperson name, title, contact number and email

	Spokesperson	Deputy spokesperson
Name	Edward Chen	Julin Tai
Title	Assistant Vice President	Manager
Contact Number	(02)77101195	(02)77101195
Email	Aostock@aopen.com	Aostock@aopen.com

2. Addresses and telephone numbers of headquarters, branches, factories

Xizhi Headquarters
Address: 9F., No. 88, Sec. 1, Xintai 5th Rd, Xizhi Dist., New Taipei City TEL: (02)7710-1195

Taipei Shareholder Service Office
Address: 7F-5, No. 369, Fuxing N. Rd., Songshan Dist., Taipei City TEL: (02)2719-5000

3. Name, address, website and telephone number of stock transfer agency

Name: Shareholder Service Office of AOPEN Inc.
Address: 7F-5, No. 369, Fuxing N. Rd., Songshan Dist., Taipei City
Website: aostock@aopen.com
TEL: (02)2719-5000

4. Name of CPA certifying the latest annual financial statement and name, address, website and telephone number of the accounting firm

Names of accounting firm: KPMG
Name of cpas: Steven Shih, Phyllis Chang
Address: 68F, No. 7, Sec. 5, Xinyi Rd, Taipei (Taipei 101 Building)
Website: www.kpmg.com.tw
TEL: (02)8101-6666

5. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: Not applicable.

6. Company website: www.aopen.com

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One. Report to Shareholders

Dear Shareholders,

First of all, I would like to thank you for your long-term support.

2022 is a year full of challenges and opportunities. The COVID-19 epidemic is slowing down, and the global economic and trade outlook is recovering. However, the Russia-Ukrainian conflict affects people's livelihood as well as industrial supply and demand, and the fluctuations in the international financial market led to global inflation. Environmental protection and climate change are also urgent issues to be addressed. The manufacturing and service industries utilize AI & iot cloud services for expansion, and big data integration business opportunities have become the focus of operational optimization. We are grateful to our partners for collaborating with us in the past year, and the concerted efforts of the management team and colleagues are more valuable than ever. The company adjusted its operating strategy in response to market changes and seized opportunities, striving to achieve sustainable growth. AOPEN's consolidated revenue in 2023 was NT$3.33 billion, and its consolidated after-tax net profit was 198 million.

A new era for industry dawned after the pandemic, leading to expanded digital transformation of the market. As a member of the Acer Group, AOPEN focuses on the design and development of industrial control/commercial equipment. Together with its channel partners, it is committed to develop digital signage that works under the harshest environments, aiot automated interactive equipment, edge computing, and smart medical and health care. In response to climate change, new energy is now a focus for the world. From the low-carbon initiatives of enterprises to the green movement in everyday life, the new energy economy has already taken shape. 5G, aiot, big data and other technologies have been widely used in various business activities, including remote office, telemedicine, smart retail, self-service catering services, and industrial automation. AOPEN's self-developed smart remote management platform aicu can effectively reduce technical labor costs and improve remote device management efficiency. The company also develops core computing equipment with edge computing capabilities that can platform data analysis, develops iot-related applications with high-quality industrial hosts and AI, and explores the needs of various industries for industrial computer-related products. The medical antibacterial industry has received a lot of attention after the pandemic. AOPEN provides medical equipment that has passed the international medical standard EN/EC/UL60601-1, and the product housing contains silver ion antibacterial materials to effectively reduce bacterial adhesion. In addition to medical institutions, all front-line service employees in public areas can have access to safer and better operating devices. In order to expand on new business opportunities, the company continues to develop products related to healthy living, and the group's resources are also devoted to the development of digital display and projectors, creating wider application usage for digital displays.

Environmental protection and sustainability should not only be trending topics, but also true responsibility of enterprises. Low-carbon economy and climate risk management are important factors in AOPEN's strategy for improving the synergy of corporate operations, and have been incorporated into the strategic goals of the annual development plan. In terms of environmental protection, we are committed to the efficiency of reusing resources, using environmentally friendly raw materials, and planning carbon emission reduction strategies. The international community is promoting green industries, and products such as electric vehicles have become an international trend. Transportation infrastructure is also indispensable for smart cities. Industrial control hosts, motherboards, and digital interactive display devices are at the core for assisting customers in the new energy industry to build innovative business models, actively establish global channels, and integrate local services with technology platform solutions to promote green energy and low-carbon industries.

2023 is a year full of hope and opportunity. The company will continue to strengthen collaboration with companies in the upstream, midstream, and downstream of the supply chain, maintain stable development in response to market demands, and enhance competitiveness by growing together with partners in the midst of great industrial changes. The management team has the confidence to face all kinds of challenges, continue to strengthen the core business and expand market share, and establish the growth value and sustainable development of the enterprise.

Chairman of Board:	Corporate Officers:	Accounting Officer:
Victor Chien	Ken Wang	Edward Chen

2023 Operational Plan:

I. Management policy:

1. Strive for two-way dynamic development and promote industry restructuring and enterprise upgrade of industrial computers (ipcs), expand digital display consumer applications, and enhance operational efficiency and value.
2. Deepen IPC digital solutions, combine AI and aiot technology integration, while expanding supply chain infrastructure and industry digital application opportunities.
3. Move towards the development of diverse business in response to preventive medicine, cloud and home economy business opportunities that have emerged after the pandemic outbreak by developing differentiated products in order to serve various markets.

II. Business objectives

1. Expand product lines and sales volume.
2. Increase operating income.
3. Reduce operating costs and expenses.

III. Business planning and production and sales policy

1. Accelerate the development of application service platforms to increase the number of clients in the core business.
2. Keep abreast of the symbiotic system of supply chain partners to further improve the integrated revenue of sales and services.
3. Continue to reduce operating costs and effectively increase profit margin to enhance shareholder interests.

IV. Future development strategy

1. Offer cloud platform products to cater to the one-stop service needs.
2. Strengthen global project services to help enterprises undergo digital transformation.
3. Reinforce the market advantage of our core products to become the first-choice system integration provider.

V. The impact of the external competitive environment, the regulatory environment and the overall business environment

1. The arrival of the high inflation era and continuous rising prices around the world are affecting corporate purchasing decisions and consumer behavior. This may indirectly impact the Company's operating profitability and will be closely monitored.
2. We will prepare ourselves for post-pandemic business opportunities in global industry restructuring and infrastructure restarts, including: Education, unmanned business opportunities, smart manufacturing, electric vehicles (evs) and new energy, as well as the anticipated increase in demand for equipment replacement; the Company must keep a close eye on market trends in order to create growth momentum.
3. With environmental protection issues on the rise, green technology and digital transformation has accelerated changes in global trends, driving business and consumer spending in rail transportation, finance, tourism, food and drink, and retail. In response to digital transformation, the related industries at the same time increase their investment in software/hardware equipment and services, creating opportunities in the IPC application market growth.

Two. Company Profile

I. Date of establishment: December 21, 1996

II. Organization and operations

December 1996	Aopen Inc. Was founded with a paid-in capital of NT$50,000,000.
March 1997	Capital increased to NT$150,000,000.
April 1997	The registration of the factory was completed, with 162 employees for OEM of motherboards.
December 1997	Invested in subsidiaries in the U.S. and Europe to serve as marketing centers.
January 1998	Capital increased to NT$300,000,000 to purchase machinery and equipment.
April 1998	Proactively expanded various product lines and began to engage in R&D, manufacturing and sales of motherboards, optoelectronic products, add-on cards and related module products.
May 1998	Capital increased to NT$800,000,000. Factory relocated to Aspire Park in Longtan.
June 1998	Applied to be a publicly traded company.
November 1998	Passed ISO 9002 certification (BVQI/52229) taking the quality system to the next level.
December 1998	Optical disc drive products won the Excellent Optical Manufacturer Award. Motherboards (AX6B, AX59PRO), CD-ROM (CD-948E), ultra-thin CD-ROM (CDS924E, 6XDVD-ROM), video phone (VP324), and video conference system (VC324PRO) won the 7th “Taiwan Excellence Award.”
September 1999	Conducted capital increase from earnings, cash capital increase and capital increase from employee bonus, increasing capital to NT$1,000,000,000.
December 1999	Aopen’s motherboard products (MX6C and MX64) won the “8th Taiwan Excellence Award.”
July 2000	Established AOPEN International Co., Ltd. In Shanghai, China, serving as the marketing center in China.
August 2000	The Company’s stocks began trading on tpex.
October 2000	Established a subsidiary in Japan.
April 2001	Established aopen Technology (Zhongshan) Co., Ltd., serving as the manufacturing center in China.
August 2001	Capital was increased by 20 million shares in cash at a premium of NT$56 per share, raising NT$1,120,000,000
August 2002	The Company’s stocks began trading on TWSE.
January 2003	Mainboards, barebones and computer cases won the “11th Taiwan Excellence Award.”
June 2003	Ranked the 63rd largest listed company by commonwealth Magazine.
September 2003	Selected as one of the top 20 international brands in Taiwan.
January 2004	Launched XC Cube mini barebone.
October 2004	XC Cube won the G Mark design award in Japan.
March 2005	Launched the first intel 915 series modt motherboard i915gmm-HFS.
June 2005	The world’s smallest Wintel-based mini-PC with aopen modt technology was unveiled at COMPUTEX Taipei.
June 2005	The world’s smallest Pico BTX-based desktop PC was unveiled at COMPUTEX Taipei.
June 2006	Launched the world’s first folding computer case design, opening up the core of modular and standardized product design.
July 2006	The global headquarters was relocated to a new office building in Neihu.
August 2006	Motherboards minipc MP945-VX and i975Xa-YDG won the “2006 Taiwan Excellence Award.”

December 2006	Conducted capital reduction by 40%, reducing the paid-in capital to NT$1,560,090 thousand. Conduct private placement of 8,000,000 shares at a premium of NT$12 per share for a paid-in capital of NT$1,640,090 thousand.
July 2007	The mini PC MP965-DR and folding computer case F501/401 won the "15th Taiwan Excellence Award."
July 2007	Announced new Digital Engine products.
August 2007	Disposed of the office building in Neihu.
November 2007	Capital reduction by 400 thousand treasure stocks, reducing the paid-in capital to NT$1,636,090 thousand.
June 2008	The first digital signage integration solution was launched at 2008 COMPUTEX Taipei.
September 2009	Passed the new international standard certification ISO 9001:2008.
September 2010	Various products won the Golden Pin Design Award.
November 2011	Launched the 10-point touch digital signage warmtouch WT22M-RH.
October 2012	Launched the newest innovative product – Digital Tile; a digital furniture retail platform was also combined to provide clients with more contextual design solutions.
January 2013	Established an experience center in Taipei head office and launched a new M2M Store Assistant Service Management System.
March 2013	Corporate identification system replaced with the business philosophy Open & Share. Aopen's new logo was launched at the Digital Signage Expo in the U.S. along with the sharing of the orange philosophy, to lead evolution of stores to Retail 3.0 with Digital Retail Solution.
October 2013	The Taipei headquarters relocated to Bei-Bei-Jiao Xin-Zhuan Center, a densely populated retail area. Global flagship store, mind, was constructed, opening up a global model of digital retail store experience.
August 2014	Conducted capital reduction by 29.79323853%, reducing the paid-in capital to NT$1,205,092 thousand.
December 2014	Global digital context center was constructed at the offices in the U.S., Europe, Australia, Japan, and China, primarily completing the global digital retail network.
March 2015	Announced a new technology jointly developed with Google, making aopen the first partner of Google for the development of business applications.
March 2015	The digital engine® with Chrome OS won the "Best New Media Player Award" at DSE 2015.
March 2015	Participated the 5th Digital Signage China and won the "Most Influential Digital Signage Player Brand Award" for the 5th time.
September 2015	The Chromebox Commercial for business, jointly developed with Google, was officially shipped.
October 2015	Became a global partner of Google for Work and Google for Education, combining the expertise of both parties to expand new opportunities in the digital signage market.
November 2015	Aopen was the sole professional partner of cloud solutions at adasia 2015 Taipei.
January 2016	Won the "Golden Peacock Outstanding Digital Signage Player Brand Award," organized by a well-known Chinese media outlet for the 6th consecutive year.
October 2016	Participated in iot Tech Expo, organized by Microsoft, as a strategic partner of Microsoft, and was the cloud professional solution provider on site.
January 2017	Launched Chromebase Mini and Chromebox Mini, the world's most cost-effective enterprise applications for Chrome.
February 2017	Chairman Tsai Wen-Hsi resigned, replaced by Wistron's Chief of Staff, Lin Fu-Chien; Dale Tsai, the original Director of Business Marketing, served as General Manager
May 2017	Organized the global technology and marketing exchange at 2017 Computex

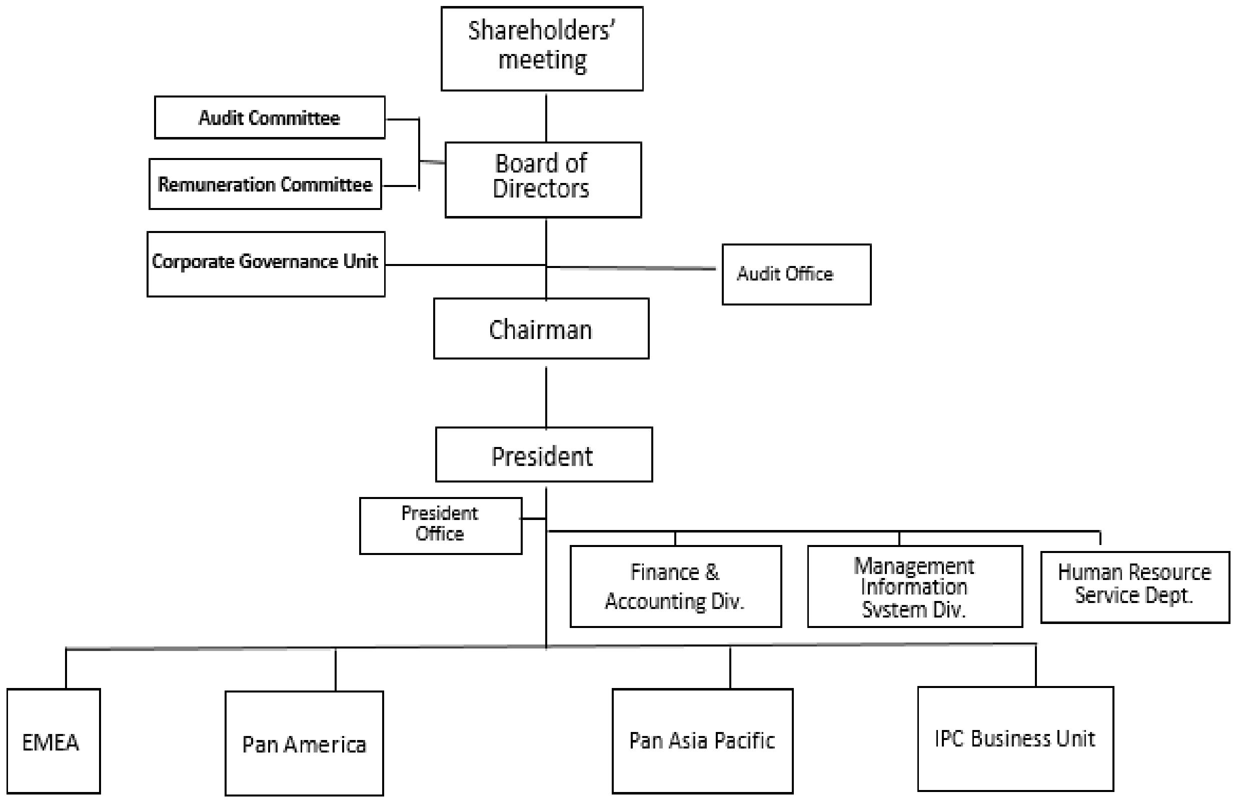
	Taipei and participated in Microsoft Inspire Taiwan for iot solutions.
October 2017	Conducted capital reduction by 70%, reducing the paid-in capital to NT$34,948 thousand.
November 2017	Conducted a private placement and introduced strategic investors of Acer Inc. As the primary places. Aimed to assist in resource integration and business development and expansion to enhance the Company's competitive advantage.
January 2018	First special shareholder meeting in 2018 was held for the election of directors. All directors elected Mr. Jason Chen as Chairman of the Board.
February 2018	Invited by AMD to participate in the launch of V1000, a new generation chipset, in Munich, Germany.
March 2018	The U.S. subsidiary participated in the 2018 DSE (Digital Signage Expo) and received Silver Participation certification.
January 2019	Launched the first machine vision product, focusing on display performance and computing power enhancement to achieve applications in intelligent logistics, precision marketing, corporate access control and factory management industries.
February 2019	The U.S. subsidiary won the "20 Most Promising Retail Solution Providers – 2019" by CIO Review.
October 2019	Launched aicu (aopen Intelligent Control), to assist clients in managing remote and multi-station devices to achieve turning on and off devices remotely, saving technical manpower.
December 2019	Won the "Outstanding Digital Signage Player Brand Award and the Outstanding Digital Signage Innovative Product Award 2019," Golden Peacock awards for digital signage player brand for 9 consecutive years.
March 2020	Subsidiary aopen smartvision launched a face recognition access control system with temperature monitoring assistance to help companies implement measures against the pandemic.
June 2020	The U.S. subsidiary gained trust by Volta Charging, the largest independent EV charging station service provider in the U.S., as Volta Charging used aopen's industrial-grade digital engine that was suitable for outdoor wide temperature and 24/7 operation.
July 2020	With its "face recognition access control system," subsidiary aopen smartvision assisted Wistron ITS in completing corporate application installation, including single-person access control for employees and multi-visitor management for the reception.
November 2020	Launched the first 180-degree surround view 4K video conferencing camera with high price-to-performance ratio – KP180, mainly for remote meetings for companies and remote learning and security monitoring applications for educational institutions.
March 2021	Aopen and units of the group participated in the "2021 Smart City Summit and Expo" under the name of "Acer Group" to venture into smart building applications. The "Smart Property Cloud Management Platform," face recognition smart gates, and smart meters of the subsidiary were introduced at the Summit and Expo, which were well received by the visitors.
December 2021	Aopen's projector PV12 won the Good Design Award in Japan.
December 2021	Aopen's Digital Engine for industrial computers won the "Golden Peacock Outstanding Digital Signage Player Brand Award" for 12 consecutive years by Digital Signage China.
December 2021	The Europe subsidiary was selected by an independent charging station

	manufacturer to build charging stations with aopen’s industrial grade fanless Digital Engine.
January 2022	Aopen’s DEX5750 was selected as the designated computing host for Intel® devcup, helping the teams win the championship in the smart medical category.
February 2022	Digital Engine won the “Top 10 Outstanding Digital Signage Award” by DAV China, the third time for aopen to win this award.
March 2022	Aopen’s projector PV12 won the Red Dot Design Award in Germany.
June 2022	Aopen, together with Intel and its partners, participated in the "2022 International Medical and Health Care Exhibition", and used the AI artificial intelligence recognition system for medical-assisted detection of osteoporosis.
December 2022	Aopen and Acer group jointly participated in the "2022 Medical Technology Exhibition" to promote the concept of preventive medicine and help improve health awareness. Aopen was invited to participate in the "Microsoft 5G/AI New Ecosystem Smart iot Big Business Opportunity" seminar, using a wide temperature, fanless high-performance computing system to assist AI graphics computing and smart traffic traffic monitoring and license plate recognition applications.
January 2023	AOPEN’s Digital Engine has been awarded the "Golden Peacock Excellent Digital Signage Player Award" by China Digital Signage Network for 13 consecutive years.
March 2023	Aopen and Acer group jointly participated in the "2023 Smart City Exhibition" , and launched control hosts and key components and equipment that are suitable for AI identification and energy-saving and carbon-reduction industries.

Three. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Tasks of principal divisions

Department	Principal tasks
Corporate Governance Unit	Responsible for the relevant matters of the shareholders' meeting, the Board of Directors and functional committees, and assist in the implementation of the duties and powers of the Board of Directors and directors stipulated in relevant laws and regulations, the company's Articles of Association and relevant internal regulations.
President's Office	Assist the general manager in achieving the business performance targets of the Company and its investees. Assist in the integration and promotion of the development of new businesses or products in line with the Company's strategy.
Audit Office	Responsible for the operation of the internal control system and internal audits.
Finance and Accounting Division	Responsible for the Company's accounting affairs as well as preparing and consolidating various types of financial statements. Coordinate the Company's capital collection and payment, financing facilities and foreign exchange hedging for operational needs.
Management Information System Division	Responsible for the overall planning, execution and support of the Company's information system.
Human Resources & Services Department	Responsible for matters associated with the Company's human resources, general affairs, administration and education and training.
IPC Business Unit	Responsible for product platform planning development, operations management and sales management of businesses for products including industrial motherboards and all-in-one machines.
Marketing in the Americas	Responsible for the Company's sales promotion and execution in the Americas.
Marketing in EMEA	Responsible for the Company's sales promotion and execution in Europe.
Marketing in Pan Asia-Pacific	Responsible for the Company's sales promotion and execution in Asia Pacific, New Zealand and Australia, China, and Japan.

II. Information on the company’s directors, general manager, vice general manager, assistant vice president, and supervisors of the company’s divisions and branch units

(I) Directors

1. Information on directors

Date: April 18, 2023

Title	Nationality or place of registration	Name	Gender/ Age	Date of election	Term of office	Date of first election	Shareholding at the time of election		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Principal work experience and academic qualifications	Position(s) held concurrently in the Company/in any other company	Other supervisors, directors or supervisors who are spouses, or second-degree relatives		
							Number of shares (shares)	Shareholding ratio (%)	Number of shares (shares)	Shareholding ratio (%)	Number of shares (shares)	Shareholding ratio (%)	Number of shares (shares)	Shareholding ratio (%)			Title	Name	Relationship
Chairman	Republic of China	Acer Inc.	-	June 10, 2020	3 years	January 30, 2018	28,970,000	40.55	28,970,000	40.55	0	0	0	0	-	-	None	None	None
	Republic of China	Victor Chien (legal representative)	Male 51–60 years old	June 10, 2020	3 years	January 30, 2018	0	0	620,000	0.87	0	0	0	0	Assistant Vice President, Zenitron Corporation Dual Bachelor in Control Engineering and Management Science, National Chiao Tung University	General Manager, Digital Display Business Group, Acer Inc. Chairman, aopen Inc. Chairman, aopen smartvision Incorporated	None	None	None
Director	Republic of China	Acer Inc.	-	June 10, 2020	3 years	January 30, 2018	28,970,000	40.55	28,970,000	40.55	0	0	0	0	-	-	None	None	None
	Republic of China	Jason Chen (legal representative)	Male Over 60 years old	June 10, 2020	3 years	January 30, 2018	0	0	0	0	0	0	1,300,000	1.82	Senior Vice General Manager, Global Marketing Business, TSMC MBA, University of Missouri	Chairman & CEO, Acer Inc. Chairman, Mu-Zhen Investment Co., Ltd. Chairman, Mu-Shi Investment Co., Ltd. Independent Director, Powerchip Semiconductor Manufacturing Corporation Director, focaltech Systems Co., Ltd. Other companies (Note 1)	None	None	None

Title	Nationality or place of registration	Name	Gender/ Age	Date of election	Term of office	Date of first election	Shareholding at the time of election		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Principal work experience and academic qualifications	Position(s) held concurrently in the Company/in any other company	Other supervisors, directors or supervisors who are spouses, or second-degree relatives		
							Number of shares (shares)	Shareholding ratio (%)	Number of shares (shares)	Shareholding ratio (%)	Number of shares (shares)	Shareholding ratio (%)	Number of shares (shares)	Shareholding ratio (%)			Title	Name	Relationship
Director	Republic of China	Acer Inc.	-	June 10, 2020	3 years	January 30, 2018	28,970,000	40.55	28,970,000	40.55	0	0	0	0	-	-	None	None	None
	Republic of China	Maverick Shih (legal representative)	Male 41–50 years old	June 10, 2020	3 years	January 30, 2018	0	0	600,000	0.84	0	0	0	0	General Manager, Cloud Technology Business Group, Acer Inc. Ph.D. In Electrical Engineering, University of Southern California	Director, Acer Inc. Chairman, SATORO TAIWAN INC. Chairman, MAVS LAB. INC. Director, Allxon Inc. Director, Rongxin Management Consultants Co., Ltd. Director, KIWI TECHNOLOGY INC. Other companies (Note 1)	None	None	None
Director	Republic of China	Dale Tsai	Male 51-60 years old	June 10, 2020	3 years	June 12, 2014	0	0	779,556	1.09	24	0	0	0	General Manager, aopen Inc. General Manager, subsidiary of aopen in the U.S. MBA, Thunderbird School of Global Management Department of Mechanical Engineering, National Sun Yat-sen University	Special Assistant to Co-COO, Acer Inc. Director, Great Connection Ltd. Director, aopen Global Solutions PTY Ltd. Director, aopen Australia and New Zealand PTY Ltd.	None	None	None
Independent Director	Republic of China	Andrew Chang	Male 51-60 years old	June 10, 2020	3 years	January 30, 2018	0	0	0	0	0	0	0	0	Richtek Technology Corporation Vice Chairman Mediatek Inc. Senior Vice General Manager Master's degree in Science in Electrical Engineering, Polytechnic University, New York	Director, mediatek Foundation Director, Andes Technology Corporation Chairman, aaltosemi (Nanjing) Technology Co, Ltd.	None	None	None
Independent director	Republic of China	Steve Tso	Male Over 60 years old	June 10, 2020	3 years	January 30, 2018	0	0	0	0	0	0	0	0	General Manager, wafertech Senior Vice General Manager, TSMC Operating Organization General Manager, CVD Department, Applied Materials Ph.D. In Materials Science & Engineering, University of California, Berkeley	Independent Director, Winbond Electronics Corporation	None	None	None

Title	Nationality or place of registration	Name	Gender/ Age	Date of election	Term of office	Date of first election	Shareholding at the time of election		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Principal work experience and academic qualifications	Position(s) held concurrently in the Company/in any other company	Other supervisors, directors or supervisors who are spouses, or second-degree relatives		
							Number of shares (shares)	Shareholding ratio (%)	Number of shares (shares)	Shareholding ratio (%)	Number of shares (shares)	Shareholding ratio (%)	Number of shares (shares)	Shareholding ratio (%)			Title	Name	Relationship
Independent director	Republic of China	Grace Lung	Female Over 60 years old	June 10, 2020	3 years	June 10, 2020	0	0	0	0	0	0	0	0	General Director, General Financial Information Division, Acer Global Financial Headquarters Department of Business Administration, National Chengchi University	Chairman of Xianglong Investment Co., Ltd. Chairman of ASERVE Technology Corp. Independent Director of Dayun Precision Industry Co., Ltd. Independent director of Weitian Technology Co., Ltd. Independent Director of Acer Cyber Security Inc.	None	None	None

(Note 1): For details of positions of affiliates, please refer to page 103 to 104

2. Major shareholders of corporate shareholders

Date: April 8, 2023

Corporate shareholders	Major shareholders of corporate shareholders	Shareholding ratio
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:

April 8, 2023

Major shareholders of corporate shareholders	Major shareholders of corporate shareholders	Shareholding ratio
Hung Rouan Investment Corp.	Shih Hsuen Huei	26.09%
	Carolyn Yeh	20.13%
	Shih Hsuen Rouan	17.25%
	Shih Hsuen Lin	17.16%
	Shih Fang Cheng	8.93%
	Yeh Ting Yu	8.84%
	Stanshih Foundation	1.60%

Note: The donor of stanshih Foundation is Mr. Stan Shih, with a contribution ratio of 100%.

3. Information on professional qualifications and independence of directors:

Criteria / Name	Professional qualifications and experience	State of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Victor Chien (Representative of Acer Inc.)	Since March 2016, Victor Chien has served as General Manager of the Digital Display Business of Ace Inc., overseeing display and projector product lines of Acer. Prior to joining Acer, Victor Chien was in charge of various product lines including digital devices, computer peripheral equipment and digital cameras. Victor Chien once served as a Deputy Assistant Manager of semiconductor components distributors at Zenitron; Marketing Manager at HP; and has been with Acer since 1993 serving as a Product Manager for 5 years. Victor Chien holds Dual Bachelor in Control Engineering and Management Science, National Chiao Tung University. He specializes in business management and digital display and does not meet any of the matters stated in Article 30 of the Company Act.	Except for serving as a director of some Group companies, this person does not have a spouse or second-degree relative serving as a director, supervisor or employee of a Group company. This person owns 620,000 shares (0.87%) of the Company and neither his spouse nor second-degree relatives own shares in the company. This person and this person's spouse or second-degree relatives do not serve as a director, supervisor, or employee at a company with which the Company has a specific relationship, nor does he or his spouse or second-degree relatives provide a Group company with commercial, legal, financial or accounting services.	0
Jason Chen (Representative of Acer Inc.)	Jason Chen joined Acer in 2014 and served as the global president and CEO until 2017. Jason Chen has served as Acer's Chairman and CEO since 2017, leading the team in transforming the Company while proactively expanding the business. Jason Chen worked at TSMC from 2005 to 2013, with his most senior position being Senior Vice General Manager of Global Marketing Business. From 1991 to 2005, Jason Chen worked for Intel Corporation Taiwan before relocating to the U.S. headquarters overseeing business and marketing and serving as Global Vice President, familiar with the global market environment. Prior to that, Jason Chen worked for IBM Taiwan from 1988 to 1991. He specializes in information technology and finance and does not meet any of the matters stated in Article 30 of the Company Act.	Except for serving as a director of some Group companies, this person does not have a spouse or second-degree relative serving as a director, supervisor or employee of a Group company. This person owns 0 (0%) shares of the Company; this person owns 1,300,000 (1.82%) shares of the Company in the name of others; this person's spouse or second-degree relatives do not own the shares of the Company. This person and this person's spouse or second-degree relatives do not serve as a director, supervisor, or employee at a company with which the Company has a specific relationship, nor does he or his spouse or second-degree relatives provide a Group company with commercial, legal, financial or accounting services.	1

Criteria / Name	Professional qualifications and experience	State of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Maverick Shih (Representative of Acer Inc.)	Maverick Shih is the chairman of Acer Cyber Security Inc. And Acer Synergy Tech Corp. Acer acquired igware, a cloud service provider in 2011; Maverick Shih officially joined Acer and served as Special Assistant to the President and lay the foundations for the development of cloud services. Since 2014, the cloud service was transformed into Acer's own cloud business group with Maverick Shih serving as General Manager to help Acer with company transformation. Maverick Shih has a Ph.D. In electrical engineering. In the past, he worked in IC design, multimedia video/audio signal processing technology, image analysis, and tablet PC software design. He specializes in cloud services and IC design and does not meet any of the matters stated in Article 30 of the Company Act.	Except for serving as a director of some Group companies and his father (Stan Shih) serving as a director of some Group companies, this person does not have a spouse or second-degree relative serving as a director, supervisor or employee of a Group company. This person owns 600,000 shares (0.84%) of the Company and neither his spouse nor second-degree relatives own shares in the Company. This person and this person's spouse or second-degree relatives do not serve as a director, supervisor, or employee at a company with which the Company has a specific relationship, nor does he or his spouse or second-degree relatives provide a Group company with commercial, legal, financial or accounting services.	0
Dale Tsai	Dale Tsai joined aopen in May 1994 and has served as General Manager since February 2017. Before that, Dale Tsai was in charge of the U.S. subsidiary, serving as the General Manager. At present, he is the Special Assistant to Co-COO of Acer Inc. Dale Tsai graduated from Department of Mechanical Engineering, National Sun Yat-sen University and an MBA at Thunderbird School of Global Management. He specializes in business management and industry knowledge and does not meet any of the matters stated in Article 30 of the Company Act.	Except for serving as a director of some Group companies, this person does not have a spouse or second-degree relative serving as a director, supervisor or employee of a Group company. This person owns 779,556 shares (1.04%) of the Company and his spouses or second-degree relatives own 24 shares (0%) of the Company. This person and this person's spouse or second-degree relatives do not serve as a director, supervisor, or employee at a company with which the Company has a specific relationship, nor does he or his spouse or second-degree relatives provide a Group company with commercial, legal, financial or accounting services.	0

Criteria / Name	Professional qualifications and experience	State of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Andrew Chang	Andrew Chang once served as Senior Vice General Manager at mediatek Inc. And has served as an independent director of aopen since January 2018. Andrew Chang has a master's degree in Science in Electrical Engineering, Polytechnic University, New York. He specializes in IC design and information technology and does not meet any of the matters stated in Article 30 of the Company Act.	This person does not have a spouse or second-degree relative serving as a director, supervisor or employee of a Group company. This person and his spouse or second-degree relatives do not own the shares of the Company. This person and this person's spouse or second-degree relatives do not serve as a director, supervisor, or employee at a company with which the Company has a specific relationship, nor does he or his spouse or second-degree relatives provide a Group company with commercial, legal, financial or accounting services.	0
Steve Tso	Steve Tso once served as Senior Vice General Manager of TSMC and has served as an independent director of aopen in January 2018. Steve Tso has a Ph.D. In Materials Science & Engineering, University of California, Berkeley. He specializes in semiconductor, information technology, and materials as well as risk management, and does not meet any of the matters stated in Article 30 of the Company Act.	This person does not have a spouse or second-degree relative serving as a director, supervisor or employee of a Group company. This person and his spouse or second-degree relatives do not own the shares of the Company. This person and this person's spouse or second-degree relatives do not serve as a director, supervisor, or employee at a company with which the Company has a specific relationship, nor does he or his spouse or second-degree relatives provide a Group company with commercial, legal, financial or accounting services.	1
Grace Lung	Grace Lung once served as General Director, General Financial Information Division of Acer, and has served as an independent director of aopen since June 2020. Grace Lung has a bachelor's degree from the Department of Business Administration, National Chengchi University. She specializes in corporate finance, investment and stock affairs and does not meet any of the matters stated in Article 30 of the Company Act.	This person does not have a spouse or second-degree relative serving as a director, supervisor or employee of a Group company. This person and his spouse or second-degree relatives do not own the shares of the Company. This person and this person's spouse or second-degree relatives do not serve as a director, supervisor, or employee at a company with which the Company has a specific relationship, nor does he or his spouse or second-degree relatives provide a Group company with commercial, legal, financial or accounting services.	3

4. Diversity policy of board members

As one of the members of the Acer Group, we have always emphasized the importance of corporate governance and have formulated a diversity policy for board members in Chapter 3 “Strengthening of the Board of Directors Functions” in the “Code of Best-Practice of Corporate Governance.”

The Company’s Board of Directors shall be responsible to the shareholders’ meetings as well as the operations and arrangements of the corporate governance system. The Board of Directors shall exercise its duties in accordance with the provisions of the law and Articles of Incorporation or the resolutions adopted at the shareholders’ meeting.

The Company’s Board of Directors is structured based on the scale of the Company’s business development and the shareholdings of its major shareholders while taking into account the practical needs and shall consist of more than five appropriate members. The composition of the Board shall be based on gender equality and members shall possess the knowledge, skills, and qualities necessary to perform their duties.

To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

(1) Ability to make operational judgments.
(2) Ability to perform accounting and financial analysis.
(3) Ability to conduct management administration.
(4) Ability to conduct crisis management.
(5) Knowledge of the industry.
(6) An international market perspective.
(7) Ability to lead.
(8) Ability to make policy decisions.

5. Specific management objectives for diversity of Board members

Having a diverse Board helps it effectively perform its functions. The nomination and selection of the Company’s Board members are subject to the provisions in the Articles of Incorporation. The candidate nomination system is adopted to ensure the diversity and independence of the Board members. We hope that independent directors will make up more than half of the next term of the Board, invite nominations of more than two female director candidates, and elect directors with varying expertise and skills in order to provide different perspectives and contribute to the Company’s success. These are important targets that we aim to achieve.

6. Implementation Board member diversity

The current Board is composed of seven directors, including four directors and three independent directors, with extensive experience and expertise in finance, business, technology, information and management (see the table below). In addition, there is one female director on the current Board, accounting for 14% of the Board.

(1) Expertise in the operation and marketing of global brand products and services: Mr. Jason Chen
(2) Expertise in business management, mechanical engineering and marketing: Mr. Dale Tsai
(3) Expertise in cloud services and IC design: Mr. Maverick Shih
(4) Expertise in digital display, business management and other professional fields: Mr. Victor Chien
(5) Expertise in IC design, information technology and other professional fields: Mr. Andrew Chang
(6) Expertise in semiconductor, information technology, materials and risk management: Mr. Steve Tso
(7) Expertise in corporate finance, investment and stock affairs: Ms. Grace Lung

7. Independence of the Board of Directors:

The Company has seven directors and three of them are independent directors, accounting for 42.86% of the Board. As the number of independent directors account for more than 1/3 of the Board, it is able to perform its functions to oversee the operation of the Company and protect the interests of shareholders. The professional views of these independent directors are independent from management or other directors, demonstrating the independence of the Board.

Among the directors, aside from Victor Chien, Jason Chen, and Maverick Shih who have been appointed by Acer Inc., the remaining directors (including independent directors) are not related to each other as spouse or second-degree relative, and therefore they are not subject to violation of the provisions set out in paragraph 3, Article 26-3 of the Securities and Exchange Act.

As the Company has formed an Audit Committee to replace supervisors, the provisions in paragraph 4, Article 26-3 of the Securities and Exchange Act do not apply.

The diversity policy of the current Board of Directors and its implementation are as follows:

Basic information										Industry experience									Professional competence		
Name	Gender	Nationality	Type	Also an employee	Age			Term of service of independent director		Marketing	Operations management	Mechanical engineering	Cloud services	IC design	Digital display	Financial investment	Semiconductor	Information	Law	Accounting	Risk management
					40–50	50 - 60	Over 60	Below 3 years	4–9 years												
Victor Chen	Male	Republic of China	Representative of Corporate Director			V					V				V				**O**		**V**
Jason Chen	Male	Republic of China	Representative of Corporate Director				V			V	V						V		**O**		**V**
Maverick Shih	Male	Republic of China	Representative of Corporate Director		V						V		V	V					**O**		**V**
Dale Tsai	Male	Republic of China	Director			V				V	V	V							**O**		**V**
Andrew Chang	Male	Republic of China	Independent director			V			V		V			V			V		**O**		**V**
Steve Tso	Male	Republic of China	Independent director				V		V		V							V	**O**		**V**
Grace Lung	Female	Republic of China	Independent director				V	V			V					V			**O**	**V**	**O**

V – Capable

O – Partially capable

(II) Information on the company's, general manager, vice general manager, assistant vice president, and supervisors of the company's divisions and branch units

April 18, 2023

Title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares held by spouses and minor children		Shares held in the name of others		Principal work experience and academic qualifications	Current part-time position held at another company	Company officers who are spouses, or second-degree relatives		
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
President	Republic of China	Ken Wang	Male	August 4, 2021	170,000	0.24	0	0	0	0	General Director, Digital Display Business Unit and Marketing Management Unit, Acer Inc. M.B.A., Drexel University	Director, aopen smartvision Incorporated Director, AOPEN Computer B.V. Director, AOPEN America Inc. President, AOPEN Japan Inc. Director, AOPEN Technology Inc. Chairman, AOPEN International (shanghai) Co., Ltd. Executive Director, AOPEN Information Products (Zhongshan) Inc. Representative of Corporate Director, Apex Material Technology Corporation (AMT)	None	None	None
Assistant Vice President (Head of Finance and Accounting)	Republic of China	Edward Chen	Male	February 27, 2006	331,123	0.46	11,649	0.02	0	0	Associate Director, KPMG Master's degree of Accounting, Soochow University	Director, aopen smartvision Incorporated Director, AOPEN Technology Inc. Director, AOPEN International (shanghai) Co., Ltd. Supervisor, AOPEN Japan Inc. Supervisor, AOPEN Information Products (Zhongshan) Inc. Director, AOPEN Global Solutions PTY Ltd. Director, AOPEN Australia and New Zealand PTY Ltd. Director, Great Connection Ltd. Representative of Corporate Director, Bluechip Infotech Pty Ltd.	None	None	None

Title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares held by spouses and minor children		Shares held in the name of others		Principal work experience and academic qualifications	Current part-time position held at another company	Company officers who are spouses, or second-degree relatives		
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
Head of Corporate Governance	Republic of China	Lydia Wu	Female	November 2, 2023	160,000	0.22	0	0	0	0	Head of Legal Affairs, Acer Inc. Bachelor of Laws, National Taiwan University	The Head of Global Legal Affairs, Acer Inc. Other companies (Note 1)	None	None	None

(Note 1): For details of positions of affiliates, please refer to page104

III.Remuneration paid in the most recent fiscal year to directors (including independent directors), officers, and vice general manager of the company

(I) Remuneration to directors

December 31, 2022; unit: NT$ thousand: thousand shares

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="8">Remuneration to directors</th><th colspan="2" rowspan="2">Total sum of A, B, C and D and their proportion to net profit after tax (%) (Note 1)</th><th colspan="8">Remuneration received as company part-time employee</th><th colspan="2" rowspan="2">Total sum of A, B, C, D, E, F and G, and their proportion to net profit after tax (%) (Note 1)</th><th rowspan="4">Remuneration received from investees other than subsidiaries or parent company</th></tr>
<tr><th colspan="2">Remuneration (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Remuneration to Directors (C)</th><th colspan="2">Expenses for Services Rendered (D)</th><th colspan="2">Salaries, Bonuses and Special Allowances (E)</th><th colspan="2">Pension (F)</th><th colspan="4">Remuneration to Employees (G)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th></tr>
<tr><th></th><th></th><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>Chairman</td><td>Representative of Acer Inc.: Victor Chien</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">80</td><td rowspan="4">80</td><td rowspan="4">Total amount 80 ; Ratio 0.04%</td><td rowspan="4">Total amount 80 ; Ratio 0.04%</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">Total amount 80 ; Ratio 0.04%</td><td rowspan="4">Total amount 80 ; Ratio 0.04%</td><td rowspan="4">34,636</td></tr>
<tr><td>Director</td><td>Representative of Acer Inc.: Jason Chen</td></tr>
<tr><td>Director</td><td>Representative of Acer Inc.: Maverick Shih</td></tr>
<tr><td>Director</td><td>Dale Tsai</td></tr>
<tr><td>Independent director</td><td>Andrew Chang</td><td rowspan="3">1,100</td><td rowspan="3">1,100</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">60</td><td rowspan="3">60</td><td rowspan="3">Total Amount 1,100 ; Ratio 0.55%</td><td rowspan="3">Total Amount 1,100 ; Ratio 0.56%</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">Total Amount 1,100 ; Ratio 0.55%</td><td rowspan="3">Total Amount 1,100 ; Ratio 0.56%</td><td rowspan="3">0</td></tr>
<tr><td>Independent director</td><td>Steve Tso</td></tr>
<tr><td>Independent director</td><td>Grace Lung</td></tr>
<tr><td colspan="23">1. Details of the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors will be described separately.
2. In the most recent fiscal year, remuneration received by directors (e.g. Serving as a consultant for a non-employee): None.</td></tr>
</table>

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements and parent company
Less thanNT$ 1,000,000	Victor Chien、Jason Chen、Maverick Shih、Dale Tsai、Andrew Chang、Steve Tso & Grace Lung	Victor Chien、Jason Chen、Maverick Shih、Dale Tsai、Andrew Chang、Steve Tso & Grace Lung	Victor Chien、Jason Chen、Maverick Shih、Dale Tsai、Andrew Chang、Steve Tso & Grace Lung	Andrew Chang、Steve Tso & Grace Lung
NT$1,000,000 ~ Under NT$2,000,000	0	0	0	0
NT$2,000,000 ~ Under NT$3,500,000	0	0	0	0
NT$3,500,000 ~ Under NT$5,000,000	0	0	0	Jason Chen、Dale Tsai
NT$5,000,000 ~ Under NT$10,000,000	0	0	0	Maverick Shih
NT$10,000,000 ~ Under NT$15,000,000	0	0	0	0
NT$15,000,000 ~ Under NT$30,000,000	0	0	0	Victor Chien
NT$30,000,000 ~ Under NT$50,000,000	0	0	0	0
NT$50,000,000 ~ Under NT$100,000,000	0	0	0	0
Greater than or equal to NT$100,000,000	0	0	0	0
Total (Number of persons)	7	7	7	7

(II) Remuneration to general manager and vice general manager

December 31, 2022; unit: NT$ thousand

Title	Name	Salary (A)		Pension (B)		Bonuses and special allowances (C)		Remuneration to employees (D)				Remuneration to employees (D)		Remuneration received from investees other than subsidiaries or parent company
								The Company		The Company				
		The Company	All companies included in the financial report	The Company	The Company	The Company	The Company	Cash amount	Stock amount	Cash amount	Stock amount	The Company	The Company	
President	Ken Wang	5,412	5,412	216	216	905	905	0	0	0	0	Total amount 6,533 Ratio 3.28%	Total amount 6,533 Ratio 3.30%	0
Associate Vice Presidnet	Edward Chen													

Range of Remuneration	Name of general manager and vice general manager	
	The company	Companies in the consolidated financial statements
Less thannt$ 1,000,000		
NT$1,000,000 ~ Under NT$2,000,000		
NT$2,000,000 ~ Under NT$3,500,000	Edward Chen	Edward Chen
NT$3,500,000 ~ Under NT$5,000,000	Ken Wang	Ken Wang
NT$5,000,000 ~ Under NT$10,000,000		
NT$10,000,000 ~ Under NT$15,000,000		
NT$15,000,000 ~ Under NT$30,000,000		
NT$30,000,000 ~ Under NT$50,000,000		
NT$50,000,000 ~ Under NT$100,000,000		
Greater than or equal to NT$100,000,000		
Total (Number of persons)	2	2

(III) Name of officer who received employee bonus and the distribution status: None.

(IV) Describe total remuneration, as a percentage of net profit after tax stated in the parent company only financial reports and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers:

1. Describe remuneration, as a percentage of net profit after tax during the past 2 fiscal years to directors, general managers, and assistant general managers:

Year / Item	2021		2022	
	The Company	**The Company**	**The Company**	**All companies included in the consolidated financial report**
Director	9.994%	9.544%	0.593%	0.596%
General manager and vice general manager	9.987%	9.536%	3.281%	3.300%

2. Director remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating results:

(1) Remuneration policies, standards, and packages
The Company’s remuneration to directors is determined based on the Articles of Incorporation and the “Payment Principles for Remuneration to Directors” proposed by the Remuneration Committee approved by the Board of Directors. The remuneration is determined by taking into account the level of participation of the directors in the Company’s operation and the value of their contribution, as well as the industry standard. After discussing with the Remuneration Committee, remuneration is resolved by the Board of Directors followed by submitting it to the shareholders’ meeting for report. In addition to fixed remuneration and fees for performing duties (including transportation allowances), remuneration to directors is subject to the business results of the Company, the contribution of the directors to the Company’s performance, and the payment standards of peers in the industry. Remuneration is distributed after approval by the Remuneration Committee.
In addition, it is specified in the Company’s “Payment Principles for Remuneration to Directors” that directors (including the chairman) who also serve as part-time employees receive only employee remuneration. Aside from receiving fees for performing duties, these directors (including the chairman) may not receive other director remuneration in order to avoid the difficulties in distinguishing and determining the performance and contribution of those serving as both directors and employees at the same time, preventing duplication of remuneration payment.

(2) Procedures for determining remuneration

According to the provisions in Article 17 of the Company's Articles of Incorporation, no more than 1% of the profit for the year, if any, shall be appropriated as remuneration to the directors. The means for distribution shall be submitted to the Board of Directors by the Remuneration Committee for resolution and reported to the shareholders' meeting. According to the "Payment Standard for Remuneration to the 10th Board of Directors and Functional Committees" reviewed by the Remuneration Committee and approved by the Board of Directors on November 3, 2020, the payment principle of this year's remuneration to directors is as follows: (1) remuneration is delegated to the Board of Directors to be paid to the general directors based on the level of participation in and distribution to the Company's operation the usual standard of peers; (2) as all the independent directors are part of the Audit Committee, the Remuneration Committee, and the Investment Review Committee, making them assume more responsibilities compared to the general (non-independent) directors, their remuneration is subject to their respective committee charter and their participation in committee affairs and meetings. Given this, the fixed remuneration to these directors is higher than those general directors who are part of a committee.

(3) Link between performance evaluation and remuneration

The procedure of the evaluation for determining remuneration is based on the Company's "Rules for Performance Evaluation of Board of Directors" (including the performance evaluation of each committee). Remuneration to the Company's directors determined by taking into consideration the participation of the director in the Company's operation and performance evaluation results (e.g. Their dedication to the Company's affairs, meeting attendance rate and continuous education). The results of the overall evaluation of the Board of Directors are reported to the Board meeting in the first quarter of the following year. At the same Board meeting, remuneration to directors for that year is further discussed and resolved. In addition, according to the Remuneration Committee Charter of the Company, the responsibilities of the Remuneration Committee include regular review and evaluation of the performance of the directors and officers as well as the policy, system, standards and structure of remuneration.

(4) Linkage to performance evaluation and future risk exposure.

Not only is remuneration paid to directors subject to past operating results, the payment standard, structure and system of remuneration are also flexibly adjusted according to future risk factors. In addition, the Company's Remuneration Committee is dedicated to fulfilling its responsibilities, with its remuneration regularly reviewed and evaluated. The proposals made by the directors are submitted to the Board of Directors in order to strike a balance between the Company's sustainability and risk control.

3. Officer remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating results:

(1) Remuneration policies, standards, and packages

The Company's remuneration paid to the officers is divided into three categories: salaries, bonuses, and special allowances, plus employee remuneration The salary is defined as remuneration as set out in the Company Act, and is determined based on job responsibilities, general environment and market standards, and which reflects to their work performance. The bonus and special allowance are primarily transportation allowances, subject to either a transportation allowance of a certain amount or an allowance to purchase a car. Remuneration to employees is subject to the Company's Articles of Incorporation and approval by the Remuneration Committee and Board of Directors and is reported to the annual general meeting of shareholders.

(2) Procedures for determining remuneration
According to the provisions in Article 17 of the Company's Articles of Incorporation, not not less than 5% of the profit for the year, if any, shall be appropriated as remuneration to the employees. The actual rate and amount of remuneration to employees are determined by the Board of Directors and reported to the shareholders' meeting. The frequency, dates and requirements of remuneration paid to employees are handled in accordance with the arrangements and procedures proposed at the Remuneration Committee meeting/meeting of the Board of Directors.

(3) Link between performance evaluation and remuneration
Remuneration to employees is handled in accordance with the company bonus plan, covering achievements of the Company's operational objectives as well as the personal targets for the year. The Company's objectives include financial (e.g. Achievement rate of company revenue and net profit) and non-financial indicators (e.g. Professional development and the level of participation in subsidiary operations), personal targets for the year (risk management and annual operations management capabilities), and corporate social responsibility indicators (e.g. Planning of corporate social responsibility activities and level of participation in them). According to the results of the above considerations, the actual ratio and amount of remuneration distributed to the employees are resolved by the Remuneration Committee and the Board of Directors in the first quarter of the following year. The ratio and amount of remuneration is highly linked to the Company's operating results.

(4) Linkage to performance evaluation and future risk exposure.
The remuneration to the officers of the Company is paid not only with reference to the industry standards and the Company's past operating results, the payment standard, structure and system are also appropriately adjusted depending on the actual operating conditions as well as changes in the applicable laws. At aopen, we do not allow the officers to be involved in an activity that may put the Company in jeopardy in the pursuit of remuneration. In addition, the Company's Remuneration Committee also regularly evaluate the remuneration to officers. The proposals made by the officers are submitted to the Board of Directors in order to strike a balance between the Company's sustainability and risk control.

IV. State of operation of corporate governance

(I) State of operation of the Board of Directors

In 2022, the Board of Directors had four meetings. The attendance of the directors is as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%) (Note1)	Remark
Chairman	Acer Inc. Representative: Victor Chien	4	0	100	
Director	Acer Inc. Representative: Jason Chen	4	0	100	
Director	Representative of Acer Inc.: Maverick Shih	4	0	100	
Director	Dale Tsai	4	0	100	
Independent director	Grace Lung	4	0	100	
Independent director	Andrew Chang	4	0	100	
Independent director	Steve Tso	4	0	100	

Note 1: The actual attendance rate (%) was calculated based on the number of meetings the director attended during their term of office.

Other information required:

I. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the company responded to such opinions:
   (I) Matters listed in Article 14-3 of the Securities and Exchange Act.
   (II) Except for the preceding matters, any matter resolved by the Board of Directors with an independent director expressing an objection or reservation that has been included in records or stated in writing.

Date and session of meeting of the Board of Directors	Motion discussed and subsequent handling (if any)	Matters listed in Article 14-3 of the Securities and Exchange Act	Objection or reservations by independent director
March 15, 2022 1st meeting of the Board of Directors in 2022	I. 2021 Financial Statements and Business Report	V	None
	II. 2021 "Statement of Internal Control System"	V	None
	III. 2021 loss recovery	V	None
	IV. Amendment to some provisions of the "Articles of Incorporation"	V	None
	V. Amendment to the Company's "Rules of Procedure for Shareholders' Meetings" and the "Procedures for the Acquisition and Disposal of Assets"	V	None
	VI. The appointment of the Company's cpas for the 2022 financial statements and the evaluation of the independence of the cpas	V	None
	VII. Funds loaned to other parties by the Company and global subsidiaries	V	None
	VIII. The acquisition and disposal of right-of-use assets	V	None
	The Company's response to objections or reservations made by independent directors: None		

	Resolution: Passed by all directors present with unanimous consent.		
May 4, 2022 2nd meeting of the Board of Directors in 2022	I. The quarterly consolidated report for Q1 2022 reviewed by the cpas	V	None
	II. Amendment to some provisions of the Company's "Internal Control System of Shareholder Services Unit"	V	None
	III. Funds loaned to other parties by the Company and global subsidiaries	V	None
	IV. Matters in relation to the Company's endorsements/guarantees	V	None
	The Company's response to objections or reservations made by independent directors: None		
	Resolution: Passed by all directors present with unanimous consent.		
August 3, 2022 3rd meeting of the Board of Directors in 2022	I. The quarterly consolidated report for Q2 2022 reviewed by the cpas	V	None
	II. Increase the shares held in investees	V	None
	III. Funds loaned to other parties by the Company and global subsidiaries	V	None
	IV. The acquisition and disposal of right-of-use assets	V	None
	The Company's response to objections or reservations made by independent directors: None		
	Resolution: Passed by all directors present with unanimous consent.		
November 2, 2022 4th meeting of the Board of Directors in 2022	I. The quarterly consolidated report for Q3 2022 reviewed by the cpas	V	None
	II. Amendment to the Company's internal rules	V	None
	III. The Company's filing of registration for the retroactive handling of public issuance procedures for private placement of securities	V	None
	IV. Funds loaned to other parties by the Company and global subsidiaries	V	None
	The Company's response to objections or reservations made by independent directors: None		
	Resolution: Passed by all directors present with unanimous consent.		

II. Recusal of the directors from motions involving their interests:

Name of meeting	Date	Name of director	Content of motion	Reason for recusal and voting
November 2, 2022 4th meeting of the Board of Directors in 2022	November 2, 2022	Victor Chien, Jason Chen, Maverick Shih, Dale Tsai	The Company's filing of registration for the retroactive handling of public issuance procedures for private placement of securities	Due to their interests in the motion, Mr. Victor Chien, Mr. Jason Chen, Mr. Maverick Shih, and Mr. Dale Tsai recused themselves from the discussion in and voting on the motion pursuant to the provisions set out in Article 206 of the Company Act. The chair appointed independent director Ms. Grace Lung to act as the chair of the motion. The motion was passed without objections after the chair consulted with all other directors.

III. Evaluation cycle, evaluation period, evaluation scope, evaluation method and evaluation content of the Board's self (or peer) evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Performed once a year and is completed by the end of the first quarter of the following year	Performance of the Board of Directors from January 1 to December 31, 2022 was evaluated	Performance evaluation of the Board of Directors, performance evaluation of individual Board members and performance evaluation of the functional committees; functional committees include the Audit Committee and the Remuneration Committee	Internal self-evaluation of the Board, self-evaluation of the Board members	**Performance evaluation of the Board of Directors:** 1. Participation in the operation of the Company. 2. Quality of the Board of Directors' decision making. 3. Composition and structure of the Board of Director. 4. Election and continuing education of the directors. 5. Internal control. **Performance evaluation of individual Board members:** 1. Grasping of the Company's objectives and tasks. 2. Awareness of the duties of the directors. 3. Participation in the operation of the Company. 4. Internal relationship management and communication. 5. Professionalism and continuing education of the directors. 6. Internal control. **Performance evaluation of the functional committee:** 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Composition and structure of the functional committee. 5. Internal control.

See the following table for the results of the 2022 performance evaluation of the Board of Directors.

IV. Targets (e.g. Establishment of an audit committee and improvement of information transparency) for strengthening of the functions of the board in the most recent fiscal year, and measures taken toward achievement thereof:

The Company has established functional committees under the Board of Directors. Through division of work and cooperation, each committee is committed to strengthening the functions of the Board of Directors in order to implement corporate governance.

I. To improve the remuneration system for directors and officers, the Company established a Remuneration Committee composed of three independent directors on October 27, 2011 by approval of the Board of Directors in accordance with the Securities and Exchange Act and relevant laws and regulations promulgated by the competent authorities.

Ii. To implement the spirit of corporate governance, after the election of the directors took place on June 10, 2011, the Company officially adopted the Audit Committee system. According to the Securities and Exchange Act and the Company Act, the Audit Committee is composed of all independent directors.

Results of the 2022 performance evaluation of the Board of Directors:

No.	Evaluation scope	Evaluation content	Evaluation result
1	Board of all directors	A. Participation in the operation of the Company. B. Quality of the Board of Directors' decision making C. Composition and structure of the Board of Director D. Election and continuing education of the directors E. Internal control	Excellent (5 points) Excellent (5 points) Excellent (5 points) Excellent (5 points) Excellent (4.9 points)
2	Individual Board members	A. Grasping of the Company's objectives and tasks. B. Awareness of the duties of the directors. C. Participation in the operation of the Company. D. Internal relationship management and communication. E. Professionalism and continuing education of the directors. F. Internal control	Excellent (5 points) Excellent (4.9 points) Excellent (4.9 points) Excellent (4.9 points) Excellent (5 points) Excellent (5 points)
3	The functional committee (Audit Committee)	A. Participation in the operation of the Company B. Awareness of the duties of the audit committee C. Improvement of quality of decisions made by the audit committee D. Composition and structure of the audit committee E. Internal control	Excellent (4.9 points) Excellent (4.9 points) Excellent (5 points) Excellent (5 points) Excellent (5 points)
4	The functional committee (Remuneration Committee)	A. Participation in the operation of the Company B. Awareness of the duties of the remuneration committee C. Improvement of quality of decisions made by the remuneration committee D. Composition and structure of the remuneration committee E. Internal control	Excellent (5 points) Excellent (4.9 points) Excellent (4.8 points) Excellent (5 points) Excellent (5 points)

(II) State of the Audit Committee

The Audit Committee is responsible for establishing duties for the supervision of the Board of Directors and strengthening the management mechanism of the Board of Directors, as well as assisting the Board of Directors in improving corporate governance performance. The focus of duties covers assisting the Board of Directors in fulfilling its role in overseeing the quality and integrity of the Company's accounting, auditing, financial reporting processes and financial controls.

Responsibilities of the Audit Committee:

- The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- Assessment of the effectiveness of the internal control system.
- The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- Matters in which a director is an interested party.
- Asset transactions or derivatives trading of a material nature.
- Loans of funds, endorsements, or provision of guarantees of a material nature.
- The offering, issuance, or private placement of any equity-type securities.
- The hiring, discharge, or compensation of a CPA.
- The appointment or discharge of a financial, accounting, or internal audit officer.
- Financial report.
- Other material matters as may be required by the Company or by the competent authority.

Under the laws of Taiwan, the Audit Committee shall be composed of all independent directors. The Company's Audit Committee meets the requirements of the above laws.

In accordance with its charter, the Audit Committee is authorized to conduct any appropriate audits and investigations in order to fulfill its duties. There are direct contact channels in place between the Audit Committee and the Company's internal auditors, cpas, and all employees. The Audit Committee also has the authority to hire and supervise attorneys, accountants or other consultants for it to perform duties.

The Audit Committee meets at least once every quarter. For the Audit Committee meetings convened and the attendance of each member, please see the Company's annual reports.

In 2022, the Audit Committee had four meetings. The attendance of the independent directors is as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Remark
Independent director	Grace Lung	4	0	100	Convener
Independent director	Andrew Chang	4	0	100	
Independent director	Steve Tso	4	0	100	

Other information required:

I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the Audit Committee meeting held, the discussed topics, the Audit Committee's resolution, and how the company responded to Audit Committee opinions.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act.

(II) Except for the preceding matters, any matter that has not been passed by the Audit Committee, but has been adopted with the approval of two-thirds or more of all board directors.

Audit Committee Date and session	Motion discussed and subsequent handling	Matters listed in Article 14-5 of the Securities and Exchange Act	Any matter that has not been passed by the Audit Committee, but has been adopted with the approval of two-thirds or more of all board directors
March 15, 2022 1st Audit Committee meeting in 2022	1. 2021 Financial Statements and Business Report proposed for approval	V	None
	2. 2021 "Statement of Internal Control System" to be approved	V	None
	3. 2021 loss recovery proposed for discussion	V	None
	4. Amendment to the Company's "Procedures for the Acquisition and Disposal of Assets"	V	None
	5. The appointment of the Company's cpas for the 2022 financial statements and the evaluation of the independence of the cpas to be approved	V	None
	6. The custodian of the Company's seal and the signee of letters of guarantee issued by the Company to companies overseas to be approved	V	None
	7. Funds loaned to other parties by the Company and global subsidiaries reported	V	None
	8. The acquisition and disposal of right-of-use assets to be approved	V	None
	Resolution by the Audit Committee: Approved by all members of the Audit Committee		
	How the company responded to Audit Committee's opinions: All directors present unanimously approved the motions and opinions submitted by the Audit Committee to the meeting of the Board of Directors.		
May 4, 2022 2nd Audit Committee meeting in 2022	1. The quarterly consolidated report for Q1 2022 reviewed by the cpas	V	None
	2. Amendment to some provisions of the Company's "Internal Control System of Shareholder Services Unit"	V	None
	3. Funds loaned to other parties by the Company and global subsidiaries reported	V	None
	4. Matters in relation to the Company's endorsements/ guarantees to be approved	V	None
	Resolution by the Audit Committee: Approved by all members of the Audit Committee		
	How the company responded to Audit Committee's opinions: All directors present unanimously approved the motions and opinions submitted by the Audit Committee to the meeting of the Board of Directors.		
August 3, 2022 3rd Audit Committee meeting in 2022	1. The quarterly consolidated report for Q2 2022 reviewed by the cpas	V	None
	2. Increase the shares held in investees	V	None
	3. Funds loaned to other parties by the Company and global subsidiaries reported	V	None
	4. The acquisition and disposal of right-of-use assets to be approved	V	None

Audit Committee Date and session	Motion discussed and subsequent handling	Matters listed in Article 14-5 of the Securities and Exchange Act	Any matter that has not been passed by the Audit Committee, but has been adopted with the approval of two-thirds or more of all board directors
	Resolution by the Audit Committee: Approved by all members of the Audit Committee		
	How the company responded to Audit Committee's opinions: All directors present unanimously approved the motions and opinions submitted by the Audit Committee to the meeting of the Board of Directors.		
November 2, 2022 4th Audit Committee meeting in 2022	1. The quarterly consolidated report for Q3 2022 reviewed by the cpas	V	None
	2. Amendment to the Company's internal rules	V	None
	3. The Company's filing of registration for the retroactive handling of public issuance procedures for private placement of securities	V	None
	4. Funds loaned to other parties by the Company and global subsidiaries reported	V	None
	Resolution by the Audit Committee: Approved by all members of the Audit Committee		
	How the company responded to Audit Committee's opinions: All directors present unanimously approved the motions and opinions submitted by the Audit Committee to the meeting of the Board of Directors.		

II. Recusal of the independent directors from motions involving their own interest, specify the names of the independent directors, the content of the motions, the reason for recusal, and the participation in voting: None.

III. State of communication between independent directors, chief internal auditor and accountants (such as materials matters, methods and results of communications on the Company's finances and business status):

1. The Company's internal audit officer regularly reports on the internal audit situation at the quarterly Audit Committee meeting and communicates the results of the audit report and the tracking status with the committee members. Where there are special circumstances, the Audit Committee also reports immediately to its members. There were no special circumstances in 2022.

2. The Audit Committee maintains a sound communication with the internal audit officer, with the main communication summarized as follows:

Date of meeting	Communication focus	Communication results
March 15, 2022 1st Audit Committee meeting in 2022	● Internal audit operations and whistleblowing and grievances in 2021 ● 2021 "Statement of Internal Control System"	The independent directors further questioned the contents and details of the report. The independent directors had no further comments following the answers and explanations given by the internal audit officer.
May 4, 2022 2nd Audit Committee meeting in 2022	● Internal audit operations and whistleblowing and grievances for Q1 2022 ● The "Internal Control System of Shareholder Services Unit" of the internal control system	The independent directors further questioned the contents and details of the report. The independent directors had no further comments following the answers and explanations given by the internal audit officer.

Date of meeting	Communication focus	Communication results
August 3, 2022 3rd Audit Committee meeting in 2022	● Internal audit operations and whistleblowing and grievances for Q2 2022	The independent directors further questioned the contents and details of the report. The independent directors had no further comments following the answers and explanations given by the internal audit officer.
November 2, 2022 4th Audit Committee meeting in 2022	● Internal audit operations and whistleblowing and grievances for Q3 2022 ● "Annual Audit Plan" for 2023	The independent directors further questioned the contents and details of the report. The independent directors had no further comments following the answers and explanations given by the internal audit officer.

3. The Company's cpas regularly report the results of the quarterly report reviewed or audited at the quarterly Audit Committee meetings and other communication matters as required by applicable laws and regulations. Where there are special circumstances, the cpas also report immediately to the Audit Committee. There were no special circumstances in 2022.

4. The Audit Committee maintains a sound communication with the cpas, with the main communication summarized as follows:

Date of meeting	Communication focus	Communication results
March 15, 2022 1st Audit Committee meeting in 2022	● Audit results of the 2021 financial report ● Report on the update of applicable laws	The independent directors further questioned the contents and details of the report. The independent directors had no further comments following the answers and explanations given by the cpas.
May 4, 2022 2nd Audit Committee meeting in 2022	● Review results of the quarterly report for Q1 2022	The independent directors further questioned the contents and details of the report. The independent directors had no further comments following the answers and explanations given by the cpas.
August 3, 2022 3rd Audit Committee meeting in 2022	● Review results of the quarterly report for Q2 2022	The independent directors further questioned the contents and details of the report. The independent directors had no further comments following the answers and explanations given by the cpas.
November 2, 2022 4th Audit Committee meeting in 2022	● Review results of the quarterly report for Q3 2022 ● Report on the update of applicable laws	The independent directors further questioned the contents and details of the report. The independent directors had no further comments following the answers and explanations given by the cpas.

(III) State of corporate governance operations and any difference from the Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference

Evaluation Item	State of implementation			Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference
	Yes	No	Summary and explanation	
I. Has the company formulated and disclosed its corporate governance best-practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/tpex Listed Companies?	V		To build a sound corporate governance system, the Company has formulated its "Code of Best-Practice of Corporate Governance."	No difference
II. Equity structure and shareholders' equity				
(I) Has the company formulated internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters and have the procedures been implemented accordingly?	V		The Company has established a system to handle shareholder doubts, disputes and litigations. The Shareholder Service Office, Finance Department and Legal Department are responsible for handling related matters in accordance with the procedures disclosed above.	No difference
(II) Does the company possess a list of the company's major shareholders and a list of the ultimate controllers of its major shareholders?	V		The Company possesses a list of its major shareholders and a list of the ultimate controllers of its major shareholders	No difference
(III) Has the company established and implemented the risk control and firewall mechanisms between the affiliates?	V		At aopen, we have formulated internal measures such as the Procedures for Supervision of Subsidiaries, Procedures for Endorsements and Guarantees, Procedures for Loaning of Funds to Others, and Procedures for the Acquisition and Disposal of Assets. We have also established and implemented appropriate risk controls and firewall mechanisms.	No difference
(IV) Has the company set up internal regulations to prohibit internal personnel from utilizing the undisclosed information to trade securities?	V		To prevent insider trading, the Company has formulated procedures that prohibit insiders from trading marketable securities using undisclosed information in the market.	No difference
III. Composition and duties of the Board of Directors				
(I) Has the board formulated a diversity policy and specific management objectives, and have they been implemented?	V		A diversity policy of the composition of the Board has been formulated in the "Code of Best-Practice of Corporate Governance." As well as this, a new female director was added to the Board in the election of directors at the shareholders'	No difference

Evaluation Item	State of implementation			Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference
	Yes	No	Summary and explanation	
			meeting in 2020. By doing so, we have implemented the diversity policy in terms of the diversity of the composition of the Board.	
(II) Apart from the remuneration committee and audit committee, has the company voluntarily established other functional committees?		V	The Company has formed a Remuneration Committee and Audit Committee and may establish other functional committees in the future depending on the needs.	This will be carried out depending on the future needs or regulations.
(III) Has the company established rules for performance evaluation of the board of directors and the evaluation methods, and does the company conduct a performance evaluation each year?	V		We have formulated the “Rules for Performance Evaluation of Board of Directors” as well as the evaluation methods on November, 2019 and have conducted a regular performance evaluation since 2020. The results are reported to the Board of Directors after an evaluation is conducted. The results will be used as reference for remuneration and nomination of reappointment of individual directors.	No difference
(IV) Does the company regularly assess the independence of its cpas?	V		1. One of the main responsibilities of the Company’s Audit Committee is to evaluate the qualification and independence of the accountants. The independence of the cpas is regularly evaluated each year by the Committee and the results are reported to the Board of Directors for approval. The latest assessment was passed by the Audit Committee resolution on March 15, 2023, it was submitted to the Board of Directors resolution on March 15, 2023 for approval. 2. The Audit Committee conducts a comprehensive evaluation according to the Statement of Independence issued by the accountants. The crucial items of the evaluation are as follows: (1) Whether the Company’s management respects the objective and challenging audit process proposed by the cpas. (2) Whether it is likely for the non-audit services provided by the cpas to impair the independence of the audit. (3) Whether the CPA firm has established important norms of independence requiring the firm,	No difference

Evaluation Item	State of implementation			Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference
	Yes	No	Summary and explanation	
			its personnel, and other personnel subject to independence regulations to maintain independence in accordance with the CPA professional and ethical guidelines; and prohibit anyone from engaging in insider trading, misuse of inside information or any conduct that may cause misrepresentation in the securities or capital markets. (4) Whether the leading accountants and accompanying accountants who have reached the prescribed time limit rotated their roles. (5) Obtaining 13 Audit Quality Indicators (aqis) information provided by KPMG, and evaluate the audit quality of accounting firms and inspection teams in accordance with the "Audit Committee Interpretation of Audit Quality Indicators (AQI) Guidelines" issued by the competent authority. The result is as follows: ● The independence between certified cpas and the company complies with the Accountants Law of the Republic of China, Code of Professional Ethics for Accountants, US SEC and PCAOB and other relevant regulations. ● Certified cpas appointed by the company have been rotated regularly within the specified period. ● In view of the indicators that the AQI of the certified KPMG is quite different from that of the industry, the audit committee has obtained an explanation of the reasons for the difference between the accounting firm before March 15, 2023. If it needs to be improved and strengthened, it will also confirm the direction and schedule; The committee will continue to track improvements at next year's	

Evaluation Item	State of implementation			Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference
	Yes	No	Summary and explanation	
			annual meeting.	
IV. Has the company designated an appropriate number of personnel that specialize in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed and assist directors and supervisors in complying with the laws and regulations to perform their duties, convention of board meetings and shareholders' meetings, preparation of board meeting and shareholders' meeting minutes)?	V		The Company's Corporate Governance Team is made up of personnel from the finance, HR, and legal units. On November 2, 2022, Ms. Lydia Wu, Chief Corporate Governance Officer and Global Chief Legal Officer of Acer, was appointed to serve as the Company's part-time Chief Corporate Governance Officer. The responsibilities of Ms. Lydia Wu include registering changes, assist the directors in complying with the law, and producing minutes of shareholders' meetings and Board meeting, as well as providing the information necessary for directors to carry out their duties and investor relations-related matters.	No difference
V. Has the company established channels for communication with the stakeholders (including but not limited to shareholders, employees, clients and suppliers), and set up a section for stakeholders on the official website of the Company with a proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	V		The Company has built appropriate communication channels with stakeholders including upstream and downstream vendors, banks, employees and investors. There is also a section dedicated to stakeholders on the Company's website.	No difference
VI. Does the company engage a professional stock transfer agency to handle affairs related to shareholders' meetings?		V	With expertise of not less than a professional stock agent, the Company's Shareholder Service Office is responsible for handling matters associated with shareholders' meeting pursuant to the Regulations Governing the Administration of Shareholder Services of Public Companies.	The Company's Shareholder Service Office is responsible for handling matters of the shareholders' meeting.
VII. Information disclosure (I) Does the company have a website set up where its financial business, and corporate governance information is disclosed?	V		The Company discloses its business and financial performances and corporate governance information on the company website. As well as this, explanations of the Company's implementation of corporate governance are made at the shareholders' meeting and other investors conferences.	No difference
(II) Has the company adopted other information disclosure methods (e.g. Establishing an English website, designating a responsible person for collecting and disclosing information of the Company,	V		In addition to establishing a primary spokesperson and a deputy spokesperson, we have also designated a dedicated unit to collect company-related information and have it disclosed on the company website. (http://www.aopen.com)	No difference

Evaluation Item	State of implementation			Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference
	Yes	No	Summary and explanation	
substantiating the spokesman system, and uploading the procedure of investors conference on its website)? (III) Has the company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second, and third quarters, as well as its operating status for each month before the specified deadline?		V	The Company's annual financial reports for the first, second, and third quarters, as well as its operating status for each month are published and reported before the specific deadline set by the competent authorities.	There is only a slight difference in the timing of the punishment and reporting. The rest is of no difference with the Code of Best-Practice of Corporate Governance.
VIII. Is there any important information (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, stakeholder rights, further education of the directors and supervisors, risk management policy and risk assessment implementation, client policy implementation, and the purchase of liability insurance for the company's directors and supervisors) that is helpful in understanding the corporate governance operation of the company?	V		1. There are specific clauses in the Rules of Procedure for Board of Directors Meetings where directors shall recuse themselves from the discussion in and voting on motions in which they have an interest. 2. The directors and key officers of the Company are not spouses or first-degree relatives. 3. The Company has taken out liability insurance for the directors and key employees. 4. For the continuing education of the directors in the most recent fiscal year, please refer to "Appendix 1" as follows.	No difference.
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose priorities for enhancement matters and measures for any issues that are to be improved. 1. In 2021, the Company's disclosure of information in English increased, such as the meeting notice of the shareholders' meeting. 2. In 2022, the Company's disclosure of information in English increased, such as material information in English.				

[Appendix 1]

Continuing education of the Company's directors in the most recent fiscal year:

Title	Name	Date of education	Organizer	Course name	Number of hours of education
Director	Jason Chen	March 16, 2022	Taiwan Corporate Governance Association	New Order for Global Shipping and Logistics	1.5 hours
		May 5, 2022	Taiwan Corporate Governance Association	How Do Business Leaders Implement Low Carbon ESG Transformation Plans?	1.5 hours
		August 4, 2022	Taiwan Corporate Governance Association	New Knowledge of Tax and Securities Laws	1.5 hours
		August 18, 2022	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3 hours
		November 3, 2022	Taiwan Corporate Governance Association	Observations on the Cross-Strait and World Situation after the 20th National Congress of the Communist Party of China	1.5 hours
Director	Dale Tsai	August 18, 2022	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3 hours
			Taiwan Corporate Governance Association	Global Economic and Financial Situation Insights and Outlook	3 hours
		August 19, 2022	Taiwan Corporate Governance Association	Fraud Risk Management and Ethical Management	3 hours
Director	Maverick Shih	March 16, 2022	Taiwan Corporate Governance Association	New Order for Global Shipping and Logistics	1.5 hours
		May 5, 2022	Taiwan Corporate Governance Association	How Do Business Leaders Implement Low Carbon ESG Transformation Plans?	1.5 hours
		August 4, 2022	Taiwan Corporate Governance Association	New Knowledge of Tax and Securities Laws	1.5 hours
		August 18, 2022	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3 hours
		November 3, 2022	Taiwan Corporate Governance Association	Observations on the Cross-Strait and World Situation after the 20th National Congress of the Communist Party of China	1.5 hours
Director	Victor Chien	March 16, 2022	Taiwan Corporate Governance Association	New Order for Global Shipping and Logistics	1.5 hours
		May 5, 2022	Taiwan Corporate Governance Association	How Do Business Leaders Implement Low Carbon ESG Transformation Plans?	1.5 hours
		November 3, 2021	Taiwan Corporate Governance Association	Current Domestic and Foreign Economic Situation and 2022 Outlook	1.5 hours
		August 19, 2022	Taiwan Corporate Governance Association	Fraud Risk Management and Ethical Management	3 hours
		November 3, 2022	Taiwan Corporate Governance Association	Observations on the Cross-Strait and World Situation after the 20th National Congress of the Communist Party of China	1.5 hours
Independent director	Grace Lung	August 18, 2022	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3 hours
				Global Economic and Financial Situation Insights and Outlook	3 hours
		August 19, 2022	Taiwan Corporate Governance Association	Fraud Risk Management and Ethical Management	3 hours
Independent director	Andrew Chang	August 10, 2022	Taiwan Corporate Governance Association	Controlled Foreign Companies (CFC)	3 hours
			Taiwan Corporate Governance Association	Update on Tax Laws	3 hours
		August 19, 2022	Taiwan Corporate Governance Association	Fraud Risk Management and Ethical Management	3 hours
Independent director	Steve Tso	August 18, 2022	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3 hours
		August 19, 2022	Taiwan Corporate Governance Association	Fraud Risk Management and Ethical Management	3 hours
		October 25, 2022	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues and Study and Outlook	3 hours
		October 27, 2022	Taiwan Corporate Governance Association	AI Development Opportunities From Software and Hardware Integration; Digital Marketing Trends	3 hours
				History of Carbon – Biology of Carbon Footprint	1.5 hours

(IV) If the company has established a remuneration committee, its composition, duties and state of operation shall be disclosed:

The members of the Company's Remuneration Committee shall be appointed by the Board of Directors and shall be more three members. Information of the members is as follows:

Criteria / Name	Professional qualifications and experience	State of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Andrew Chang	Andrew Chang once served as Senior Vice General Manager at mediatek Inc. And has served as an independent director of aopen since January 2018. Andrew Chang has a master's degree in Science in Electrical Engineering, Polytechnic University, New York He specializes in IC design and information technology and does not meet any of the matters stated in Article 30 of the Company Act.	This person does not have a spouse or second-degree relative serving as a director, supervisor or employee of a Group company. This person and his spouse or second-degree relatives do not own the shares of the Company. This person and this person's spouse or second-degree relatives do not serve as a director, supervisor, or employee at a company with which the Company has a specific relationship, nor does he or his spouse or second-degree relatives provide a Group company with commercial, legal, financial or accounting services.	0
Steve Tso	Steve Tso once served as Senior Vice General Manager of TSMC and has served as an independent director of aopen in January 2018. Steve Tso has a Ph.D. In Materials Science & Engineering, University of California, Berkeley He specializes in semiconductor, information technology, and materials as well as risk management, and does not meet any of the matters stated in Article 30 of the Company Act.	This person does not have a spouse or second-degree relative serving as a director, supervisor or employee of a Group company. This person and his spouse or second-degree relatives do not own the shares of the Company. This person and this person's spouse or second-degree relatives do not serve as a director, supervisor, or employee at a company with which the Company has a specific relationship, nor does he or his spouse or second-degree relatives provide a Group company with commercial, legal, financial or accounting services.	1

Criteria / Name	Professional qualifications and experience	State of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Grace Lung	Grace Lung once served as General Director, General Financial Information Division of Acer, and has served as an independent director of aopen since June 2020. Grace Lung has a bachelor’s degree in Department of Business Administration, National Chengchi University. She specializes in corporate finance, investment and stock affairs and does not meet any of the matters stated in Article 30 of the Company Act.	This person does not have a spouse or second-degree relative serving as a director, supervisor or employee of a Group company. This person and his spouse or second-degree relatives do not own the shares of the Company. This person and this person’s spouse or second-degree relatives do not serve as a director, supervisor, or employee at a company with which the Company has a specific relationship, nor does he or his spouse or second-degree relatives provide a Group company with commercial, legal, financial or accounting services.	3

2. State of the operation

(1) The Company's Remuneration Committee consists of three members. The term of this Remuneration Committee is June 10, 2020 to June 9, 2023.

(2) In 2022, the Remuneration Committee met two times. The qualifications and attendance of the members are as follows:

<table>
<tr><th>Title</th><th>Name</th><th>Actual attendance</th><th>Attendance by proxy</th><th>Actual attendance rate (%)</th><th>Remark</th></tr>
<tr><td>Convener</td><td>Andrew Chang</td><td>2</td><td>0</td><td>100%</td><td></td></tr>
<tr><td>Committee member</td><td>Steve Tso</td><td>2</td><td>0</td><td>100%</td><td></td></tr>
<tr><td>Committee member</td><td>Grace Lung</td><td>2</td><td>0</td><td>100%</td><td></td></tr>
<tr><td colspan="6">Other information required:
I. If the board of directors declines to adopt or modify a recommendation from the remuneration committee, the date, session, topic discussed and the resolution of the board meeting and handling of the resolution of the remuneration committee shall be specified (if the remuneration package approved by the Board is better than the recommendation made by the committee, please specify the discrepancy and its reason): None.
II. As to the resolution of the remuneration committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date, session and topic discussed of the committee meeting, all members' opinions and handling of members' opinions shall be specified: None.</td></tr>
</table>

(3) Discussion and resolutions of the Remuneration Committee:

<table>
<tr><th>Date and session of Remuneration Committee meeting</th><th>Content of motion</th><th>Resolution adopted by the Remuneration Committee</th><th>The Company's handling of the Remuneration Committee's opinions</th></tr>
<tr><td rowspan="2">March 15, 2022
1st Remuneration Committee meeting in 2022</td><td>Motion 1: The Company's budget of the 2021 remuneration to employees and directors, proposed for discussion.</td><td rowspan="2">Motion passed by all members of the Remuneration Committee</td><td rowspan="2">All directors present unanimously approved the motions and opinions submitted by the Remuneration Committee to the meeting of the Board of Directors.</td></tr>
<tr><td>Motion 2: Total remuneration to the management team and budget for 2022, proposed for discussion.</td></tr>
<tr><td rowspan="2">November 2, 2022
2nd Remuneration Committee meeting in 2022</td><td>Motion 1: The Company's global salary increase for 2023, proposed for discussion.</td><td rowspan="2">Motion passed by all members of the Remuneration Committee</td><td rowspan="2">All directors present unanimously approved the motions and opinions submitted by the Remuneration Committee to the meeting of the Board of Directors.</td></tr>
<tr><td>Motion 2: Appointment of the Company's chief corporate governance officer and release of restriction on competition, proposed for discussion.</td></tr>
</table>

(4) Information on the periodic performance evaluation of directors and officers and their remuneration policy, system, standards and structure:

The Company's Remuneration Committee evaluates the remuneration policy and system of the Company's directors and officers in accordance with the provisions set out in the "Charter of Remuneration Committee." Moreover, the Remuneration Committee shall have at least two meetings a year and may convene a meeting at any time as necessary. The Remuneration Committee also makes recommendations to the Board of Directors serving as reference for it to make decisions.

Responsibilities of the Company's Remuneration Committee:

- Establish and regularly review the performance evaluation of the directors and officers as well as their remuneration policy, system, standards and structure.
- Regularly evaluate and establish the remuneration to directors and officers.

- The Remuneration Committee shall fulfill its responsibilities according to the following criteria:
  (i) Performance assessments and compensation levels of directors and officers shall take into account the general pay levels in the industry, and the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure.
  (ii) There shall be no incentive for the directors or officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company. For directors and senior officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.

(V) State of the promotion of sustainable development operations and any difference from the Sustainable Development Best-Practice Principles for TWSE/tpex Listed Companies, and the reasons for such difference:

Evaluation Item	Implementation status			Difference from the Sustainable Development Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference
	Yes	No	Summary and explanation	
I. Has the company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development which is authorized by the board of directors to be handled by senior management and supervised by the board of directors?		V	Its relevant measures are yet to be established.	Although we have not yet established internal policies to regulate or manage relevant issues, we uphold the relevant laws and regulations as well as international standards (such as the RBA Code of Conduct). At the same time, we regularly review social responsibility issues related to the Company's operation, such as environmental, social and governance issues. Given this, there is no difference in the Company's operation involving risk assessment or implementation of decisions.
II. Has the company conducted risk assessments of environmental, social and corporate governance issues pertaining to company operation in accordance with the materiality principle and established the relevant risk management policy or strategy?	V		The "Risk Management Policy and Procedures" were adopted by resolution of the 4th meeting of the Board of Directors in 2022. A Risk Management Committee was assembled by the top executives of the business units/functional organization of the Company. The Committee is responsible for reviewing all potential risks associated with strategies, operations, finances, disasters, and climate change that may pose an impact on the Company's operations and profitability. The Committee also makes a report to be submitted to the Board of Directors on a regular basis.	No difference
III. Environmental issues				
(I) Does the company have an appropriate environmental	V		The Company's OEMs are required to attain ISO 14001 environmental management system and must have a dedicated ISO 14001 promotion unit in place as well as	No difference

Evaluation Item	Implementation status			Difference from the Sustainable Development Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference
	Yes	No	Summary and explanation	
management system established in accordance with its industrial characteristics?			receiving audits conducted by third-party certification companies in line with the Company's policy.	
(II) Is the company committed to enhancing the utilization efficiency of resources and using renewable materials that have low impact on the environment?	V		All products of the Company have the "Energy Star" certificate in an effort to increase efficiency and reduce energy consumption. We have also established standards for recycling plastic parts with a size greater than 25mg.	No difference
(III) Does the company assess the present and future potential risk and opportunities of climate change and adopt countermeasures related to climate issues?	V		To implement environmental protection measures, the Company strives to reduce the overall carbon remissions of the Company, in the hope to achieve a year-on-year reduction in greenhouse gases.	No difference
(IV) Has the company prepared statistics on greenhouse gas emissions, water consumption and total volume of waste for the past two years, and formulated policies for to save energy saving and reduce carbon, greenhouse gas, water use, or other waste management?	V		Aopen belongs to the Acer Group since 2017, it has been included in the scope of Acer's greenhouse gas inventory, electricity, water and waste information collection and third-party verification. According to the GRI Sustainability Reporting Standards (GRI Standards) and the GHG Protocol, the Acer Group complies with the group's consolidated financial reporting boundaries, and continues to collect information on electricity, water, and waste through the online system, and entrusts A third-party inspection agency conducts verification. The relevant management are described as follows: 1. Greenhouse gas: The Company follows the Acer Group's strategy of integrating energy and climate change, and is expected to achieve the goal of RE100 in 2012. It also follows the Acer Group's Science-Based Target (SBT) methodology to formulate long-term carbon reduction goals , it is estimated that in 2011, compared with the base year of 2018, the target of 50% carbon reduction in Scope 1 and Scope 2 emissions will be achieved. As far as greenhouse gas information is concerned, both 110 and 111 have passed third-party verification and obtained ISO14064-1 certificates	No difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Difference from the Sustainable Development Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary and explanation</th></tr>
<tr><td></td><td></td><td></td><td>(Note 1). In 2011, the company's verified operating carbon emissions (Scope 1 and Scope 2) were 21.4 metric tons.

2. Water consumption: The Company follows Acer Group's short-term goal of reducing global water consumption by 1% per year, and the medium-term goal of reducing water consumption by 10% in 114 years compared to 2010.

3. Waste: The Company's main source of waste is general domestic waste. In order to reduce waste output, we encourage colleagues to reduce the use of disposable plastics, tableware, and paper cups, and by implementing various resource recycling and regular business waste waste recycling management methods to strengthen waste reuse.

4. The information on water, waste and greenhouse gases is consolidated into the information of Acer Group and verified by SGS, a third-party verification unit. The company's water, waste and greenhouse gas information are also disclosed in the annual report (below) and the Company's website (http://www.aopen.com).

<table>
<tr><th rowspan="2">Year</th><th colspan="2">Greenhouse gases Emissions (ton CO2 equivalent)</th><th rowspan="2">Water consumption (Spend)</th><th rowspan="2">Total weight of Waste (Ton)</th></tr>
<tr><th>Scope 1</th><th>Scope 2</th></tr>
<tr><td>2021</td><td>2.22</td><td>113</td><td>152.035</td><td>0.46992</td></tr>
<tr><td>2022</td><td>0</td><td>21.4</td><td>152.035</td><td>0.50798</td></tr>
</table>

Note 1: Acer Group ISO14064-1 certificate download: https://www.acer-group.com/sustainability/zh/reports-certificates.html, the 110-year certificate independently shows the company's electricity consumption. The 111-year certificate is still under verification as of the date of publication of the annual report, and will also independently display the company's electricity consumption and greenhouse gas emissions.</td><td></td></tr>
<tr><td>IV. Social issues

(I) Does the company have the relevant management policies and procedures stipulated in accordance with the applicable laws and regulations and international conventions on</td><td>

V</td><td></td><td>

Although we have not yet established relevant measures, we have the “Ethical Corporate Management Best-Practice Principles,” the “Code of Ethical Conduct” and various personnel management regulations in place in an effort to protect the human rights of employees, supplies, clients and partners. In addition, the Company follows relevant laws and regulations as well as international human rights conventions, while also periodically reviewing its operations and related issues. The Company’s protection of human rights has been incorporated in its operations.</td><td>

No difference</td></tr>
</table>

Evaluation Item		Implementation status			Difference from the Sustainable Development Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference
		Yes	No	Summary and explanation	
	human rights?				
(II)	Has the company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits) that appropriately reflects the business performance or achievements in employee remuneration?	V		The Company strictly abides by labor laws and employs employees, and provides employees with various welfare measures, including group insurance, wedding and funeral allowances, regular health checks, on-the-job training subsidies, employee dinners, employee travel, annual bonuses, three-day gifts, birthday gifts wait. Article 22 of the company's articles of association stipulates that if the company makes profits in the year, after retaining the amount to make up for the accumulated losses in advance, no less than 2% of the balance should be appropriated as employee remuneration. The company also conducts salary surveys in the global peer market every year to formulate a reasonable and competitive salary system. Every year, it also gives employees differentiated distribution of performance bonuses based on the operating performance of each unit and the actual contribution of employees.	No difference
(III)	Has the company provided employees with a safe and healthy work environment and regularly provided safety and health education to employees?	V		The Company regularly inspects and replaces fire protection, air conditioning, drinking water and lighting equipment to ensure a safe and healthy working environment. In order to effectively implement the safety and health policy and internal communication, and promote the environmental safety and health management system, the company has set up a safety and health team to implement safety and health projects according to the annual plan to ensure the effective operation of the maintenance system and promote various safety and health education and training , to comply with legal norms. In 2022, the company had zero occupational injuries in the workplace. The company will continue to use the internal website, education training, etc. To carry out publicity, to strengthen employees' awareness of environmental safety and health, and to reduce the chance of accidents.	No difference
(IV)	Has the company established an effective career development training program for its employees?	V		We provide training programs for new employees, as well as professional, management and general education. Furthermore, we combine the development needs of the organization and the capabilities of the employees to provide them with career development opportunities and challenges. By doing this, we aim to maximize their expertise and jointly create value.	No difference
(V)	Does the company comply with laws and international	V		The safety certification, maintenance, warranty and client services of all products and services sold by the Company are publicly disclosed. There is also a	No difference

Evaluation Item	Implementation status			Difference from the Sustainable Development Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference
	Yes	No	Summary and explanation	
standards with respect to client health, safety and privacy, marketing and labeling in all products and services offered, and have the company implemented consumer protection policies and complaint procedures?			dedicated client service unit and personnel in place to protect the rights of consumers.	
(VI) Has the company implemented a supplier management policy that regulates suppliers' conduct with respect to environmental protection, occupational safety and health or work rights/human rights issues, and does the company track suppliers' performance on a regular basis?	V		The company regularly conducts supplier assessment surveys. In addition to having a cooperative awareness of compliance with relevant norms with major suppliers on issues such as environmental protection, occupational safety and health, or labor human rights, the contract also includes compliance with laws and/or responsible business alliances (RBA) Code of Conduct and other related ESG policies. At the same time, the contract between the company and the supplier stipulates the product guarantee responsibility, requiring the supplied products to comply with relevant laws and regulations, the EU rohs directive and relevant environmental protection regulations, etc., and the contract can be terminated or terminated at any time if it is violated. If there is a supplier contract that does not cover the above terms, once the company finds out that the supplier is in danger of violating its corporate social responsibility policy and has a significant impact on the environment and society, it will no longer deal with it.	No difference
V. Has the company prepared a sustainability report or a report on non-financial information with reference to internationally accepted standards or guidelines? Are these reports supported by the assurance or opinion of a third-party verification entity?		V	The Company is not required to prepare a sustainability report.	At aopen, we comply with domestic and foreign regulations and laws and fulfill corporate social responsibility. Information related to corporate social responsibility is publicly disclosed on the MOPS in accordance with the law. Although we have not yet prepared a

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Difference from the Sustainable Development Best-Practice Principles for TWSE/tpex Listed Companies and the reasons for such difference</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary and explanation</th></tr>
<tr><td></td><td></td><td></td><td></td><td>sustainability report, it shall be planned in accordance with the Company’s operating conditions.</td></tr>
<tr><td colspan="5">VI. If the company has formulated its own Sustainable Development Best-Practice Principles in accordance with the “Sustainable Development Best-Practice Principles for TWSE/tpex Listed Companies,” please describe the differences between its operation and the Principles:
Although we have not yet formulated “Sustainable Development Best-Practice Principles,” we have established the “Code of Ethical Conduct” that sets out rules for ethical corporate management, conflict of interest, and no acceptance of bribes. These rules are promoted on the Company’s internal HR service website as well as each training course and are implemented.</td></tr>
<tr><td colspan="5">VII. Other important information to help understand the promotion of sustainable development implementation:
1. Office area garbage sorting and energy-saving measures implemented and promotion
2. RoHS is initiated in the Company to strive for environmental protection.</td></tr>
</table>

(VI) State of ethical corporate management and measures adopted:

State of ethical corporate management and any difference from the Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and reasons thereof

Evaluation Item	State of implementation			Difference from Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and reasons for such difference
	Yes	No	Summary and explanation	
I. Establishment of the ethical corporate management policy and action plans				
(I) Has the company established an ethical corporate management policy approved by the board of directors? Does the policy clearly specify in its rules and external documents the ethical corporate management policies, and the commitment of the board of directors and the senior management to proactively implement the management policy?	V		We have formulated our own "Ethical Corporate Management Best-Practice Principles." We announce their relevant policies to employees, officers, and directors from time to time, and the ethical and integrity polices are required to be implemented.	No difference
(II) Has the company established a risk assessment mechanism against unethical acts, analyzed and assessed business activities within their business scope regularly that are at a higher risk of being involved in unethical acts, and established prevention programs covering at least the preventive measures specified in Paragraph 2, Article 7 "Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies"?	V		The "Code of Ethical Conduct" that we formulated incorporates ethical corporate management, conflict of interest, and no acceptance of bribes, and relevant operations are regulated by this Code. We ensure that all employees understand and implement ethical corporate management regulations through promoting related regulations on the internal HR service website and various education and training courses.	No difference
(III) Has the company clearly provided the operating procedures, conduct guidelines, disciplines for violations and a grievance system in its program to prevent unethical acts and have these been implemented, and has the formally disclosed program been regularly reviewed and amended?	V		Where an officer or employee violates the Company's Code of Ethical Conduct, depending on the severity of the situation, disciplinary actions will take place in accordance with the "Personnel Management Rules," including determination or dismissal of appointment.	No difference
II. Implementation of ethical corporate management				
(I) Has the company evaluated the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements entered into with business partners?	V		In order to reinforce the management of ethical corporate management, the Company's administrative and HR unit is responsible for the formulation of the ethical corporate management policy and supervision of the measures.	No difference
(II) Has the company set up a dedicated unit to promote ethical corporate	V		In an effort to enhance the management of ethical corporate management, the	No difference

Evaluation Item		State of implementation			Difference from Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and reasons for such difference
		Yes	No	Summary and explanation	
	management under the board of directors, and has such unit reported to the Board of Directors its execution in terms of ethical management policy and preventive programs against unethical conducts and the supervision status on a regular basis (at least once a year)?			Company's administrative and HR unit is responsible for the formulation of the ethical corporate management policy and supervision of the measures in accordance with its "Code of Ethical Conduct." Aside from promoting the idea that all relevant personnel are responsible in reporting to their supervisors or the Board of Director in the discovery of a violation of the Code of Ethical Conduct, we also organize education and training courses for promotion, ensuring the implementation of the ethical corporate management policy.	
(III)	Has the company formulated a policy that prevents conflicts of interest and a channel that facilitates the reporting of conflicts of interests?	V		We have formulated the "Ethical Corporate Management Best-Practice Principles" and the "Code of Ethical Conduct" which set forth that in the event of a conflict of interest, the responsible officer, top executive of the HR unit or the Board of Directors shall make an explanatory report and recuse themselves in accordance with the relevant regulations.	No difference
(IV)	Has the company established an effective accounting system and internal control system in order to implement ethical management, and proposed relevant audit plans according to the assessment results of the risks of unethical conducts, and reviewed the compliance of the prevention of unethical conducts, or entrusted an accountant to carry out the review?	V		We has established an effective accounting system, internal control system, and the implementation of the integrity management policy will be part of the risk assessment process, which will be regularly checked by the internal audit unit and external accountants will be entrusted to perform the check.	No difference
(V)	Does the company organize internal or external training on a regular basis to maintain ethical management?	V		From time to time, we organize ethical corporate management-related education, training and promotion to ensure that all relevant personnel are aware of, accept and follow the Company's Code of Ethical Conduct. On August 19, 2022, we held a "Fraud Risk Management and Integrity Management" training course for directors and managers, with a total of 6 people participating.	No difference

Evaluation Item	State of implementation			Difference from Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and reasons for such difference
	Yes	No	Summary and explanation	
III. State of operations of the company's reporting system				
(I) Has the company set up a specific reporting and incentive system, and established a channel to facilitate grievances and assigned dedicated personnel to receive grievances?	V		The Company aligns its ethical corporate management policy with employee performance appraisals and the HR policy, with a clear and effective reward and disciplinary system in place. Moreover, we have built a comprehensive grievance channel for employees as well as establishing procedures. To make our employees fully aware of them, they are announced on the intranet system and bulletin board.	No difference
(II) Has the company implemented any standard operating procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling grievances filed?	V		To implement the ethical corporate management policy, we have established procedures and conduct guidelines to regulate directors, officers and employees in the course of carrying out their duties. The procedures and conduct guidelines cover: 1. Standards for determining whether improper benefits have been offered or accepted; 2. Procedures for offering legitimate political donations; 3. Procedures and the standard rates for offering charitable donations or sponsorship; 4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled; 5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business; 6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct; 7. Handling procedures for violations of these Principles; and 8. Disciplinary measures on offenders.	No difference
(III) Has the company taken appropriate measures to protect the whistleblower from mistreatment as a result of whistleblowing?	V		We provide a proper grievance channel and keep confidential the identity of whistleblowers and the matter being reported on. The Company protects the whistleblower regarding the violation of the ethical corporate management policy and personnel involved in the investigation from being improperly treated or retaliated against.	No difference

Evaluation Item	State of implementation			Difference from Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies and reasons for such difference
	Yes	No	Summary and explanation	
IV. Information disclosure strengthening Has the company disclosed the content of its ethical corporate management Best-Practice principles and the results of implementation on its official website and the MOPS?	V		The Company has disclosed its Ethical Corporate Management Best-Practice Principles on the company website and the MOPS.	No difference
V. If the company has formulated its own Ethical Corporate Management Best-Practice Principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/tpex Listed Companies," please describe the differences between its operation and the Principles: No difference.				
VI. Any other important information that may help understanding the performance of ethical corporate management better: (e.g. Review of an amendment to its Ethical Corporate Management Best-Practice Principles): The Company's Ethical Corporate Management Best-Practice Principles, formulated on November 12, 2014, have been disclosed on the company website.				

(VII) If the company has adopted corporate governance best-practice principles or related by-laws, disclose how these are to be searched: Please visit the MOPS and the company website at http://www.aopen.com.

(VIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance: None.

(IX) Implementation of the internal control system

1. Statement of Internal Control: Please see P.60.
2. Expertise of cpas engaged to review the internal control system: None.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XI) In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, important resolutions adopted at the shareholders' meeting or board of directors meeting:

1. Important resolution adopted at the shareholders' meeting

Date of meeting	Summary of important resolution		Resolution/implementation status
June 17, 2022 (2022 shareholders' meeting)	I.	Motion for passing the ratification of the 2021 Business Report and Financial Statements	The motion was passed by resolution adopted at the shareholders' meeting
	II.	Motion for passing the ratification of loss recovery for 2021.	The motion was passed by resolution adopted at the shareholders' meeting
	III.	Motion for the amendment to some provisions of the Company's "Articles of Incorporation"	The motion was passed by resolution adopted at the shareholders' meeting and it has obtained the approval of the Ministry of Economic Affairs to change the registration on 2022/7/18
	IV.	Motion for passing the discussion of the amendment to some provisions of the Company's "Procedures for the Acquisition and Disposal of Assets"	The motion was passed by resolution adopted at the shareholders' meeting and was executed accordingly.
	V.	Motion for the amendment to the Company's "Rules of Procedure for Shareholders' Meetings"	The motion was passed by resolution adopted at the shareholders' meeting and was executed accordingly.

2. Important resolution adopted at the meeting of the Board of Directors

Number	Item	Date of meeting	Resolution
1	1st meeting of the Board of Directors in 2022	March 15, 2022	I. Passed the motion for the budget of the 2021 remuneration to employees and directors II. Passed the 2021 Financial Statements and Business Report III. Passed the 2021 "Statement of Internal Control System" IV. Passed the 2021 loss recovery V. Passed the amendment to some provisions of the "Articles of Incorporation" VI. Passed the amendment to the Company's "Rules of Procedure for Shareholders' Meetings" and the "Procedures for the Acquisition and Disposal of Assets" VII. Passed the matters related to the 2022 shareholders' meeting VIII. Passed the appointment of the Company's cpas for the 2022 financial statements and the evaluation of the independence of the cpas IX. Passed the custodian of the Company's seal and the signee of letters of guarantee issued by the Company to companies overseas X. Passed the funds loaned to other parties by the Company and global subsidiaries reported XI. Passed the acquisition and disposal of right-of-use assets XII. Passed the renewal of the Company's credit facilitates with financial institutions XIII. Passed the motion for total remuneration to the management team and budget for 2022
2	2nd meeting of the Board of Directors in 2022	May 4, 2022	I. Passed the quarterly consolidated report for Q1 2022 reviewed by the cpas II. Passed the amendment to some provisions of the Company's "Internal Control System of Shareholder Services Unit" III. Passed the Group's GHG inventory and verification schedule

Number	Item	Date of meeting	Resolution
			IV. Passed the funds loaned to other parties by the Company and global subsidiaries reported V. Passed the matters in relation to the Company's endorsements/guarantees VI. Passed the renewal of the Company's credit facilitates with financial institutions
3	3rd meeting of the Board of Directors in 2022	August 3, 2022	I. Passed the quarterly consolidated report for Q2 2022 reviewed by the cpas II. Passed the increase the shares held in investees III. Passed the funds loaned to other parties by the Company and global subsidiaries reported IV. Passed the acquisition and disposal of right-of-use assets to be approved V. Passed the renewal of the Company's credit facilitates with financial institutions
4	4th meeting of the Board of Directors in 2022	November 2, 2022	I. Passed the quarterly consolidated report for Q3 2022 reviewed by the cpas II. Passed the Company's 2023 operational plan III. Passed the Company's audit plan for 2023 IV. Passed the amendment to the Company's internal rules V. Passed the Company's filing of registration for the retroactive handling of public issuance procedures for private placement of securities VI. Passed the funds loaned to other parties by the Company and global subsidiaries reported VII. Passed the renewal of the Company's credit facilitates with financial institutions VIII. Passed the motion for the Company's global salary increase for 2023 IX. Passed the appointment of the Company's chief corporate governance officer and release of restriction on competition

(XII) In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director has expressed a dissenting opinion with respect to an important resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration: None.

(XIII) A summary of resignation in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, head of accounting, head of finance, chief internal auditor, and head of R&D: None.

V. Information on the professional fees of the attesting cpas

Unit: NT$ thousand

Name of accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fee (Note)	Total	Remark
KPMG	Steven Shih	January 1, 2022 to December 31, 2022	2,960	220	3,180	
	Phyllis Chang	January 1, 2022 to December 31, 2022				

Note: Non-audit fees were mainly for tax certification fees and checking of non-officer salaries in 2022.

(I) Audit fee for the change of accounting firms paid in the year is less than the previous year, the decreased amount, percentage and reason of the audit fee shall be disclosed: None.

(II) Over 10% decrease in audit fee on a year-to-year basis, the decreased amount, percentage and reason of the audit fee shall be disclosed: None.

VI. Information on replacement of cpas: None.

VII. The company's chairman, general manager or any officers in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its cpas or at an affiliated enterprise of such accounting firm: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, officer, or shareholder in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Unit: Shares

Title	Name	2022		Up to April 18, 2023	
		Increase (decrease) in shareholding	Increase (decrease) in pledged shares	Increase (decrease) in shareholding	Increase (decrease) in pledged shares
Chairman	Acer Inc.	0	0	0	0
	Representative: Victor Chien	0	0	0	0
Director	Acer Inc.	0	0	0	0
	Representative: Jason Chen	(41,000)	0	0	0
	Acer Inc.	0	0	0	0
	Representative: Maverick Shih	0	0	0	0
Director	Dale Tsai	0	0	0	0
Independent director	Andrew Chang	0	0	0	0
Independent director	Steve Tso	0	0	0	0
Independent director	Grace Lung	0	0	0	0
General Manager	Ken Wang	0	0	0	0
Assistant Vice President	Edward Chen	(4,000)	0	(3,000)	0
Major shareholder	Acer Inc.	0	0	0	0

Information on equity transfer: None.
Information on equity pledge: None.

IX. Relationship information, if any of the company's 10 largest shareholders is a related party:

Statement Production Date: April 18, 2023

NAME	Number of shares held		Shares held by spouses and minor children		Total shares held in the name of others		Names and relationships between the top ten shareholders including spouses and second-degree relatives		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
Acer Inc.	28,970,000	40.55	0	0	0	0	Mu-Zhen Investment Co., Ltd.	Same representa-tive	
Representative: Jason Chen	0	0	0	0	0	0	Mu-Zhen Investment Co., Ltd.	Representa-tive of a related party	
Mu-Zhen Investment Co., Ltd.	1,300,000	1.82	0	0	0	0	Acer Inc.	Same representa-tive	
Representative: Jason Chen	0	0	0	0	0	0	Acer Inc.	Representa-tive of a related party	
Wise Cap Limited Company	1,042,481	1.46	0	0	0	0	Wistron Corporation	Subsidiary wholly owned by Wistron	
Representative: Frank Lin	221,183	0.31	0	0	0	0			
Dale Tsao	779,556	1.09	24	0	0	0	None	None	
British Virgin Islands Business International Co., Ltd.	677,519	0.95	0	0	0	0	None	None	
Victor Chien	620,000	0.87	0	0	0	0	None	None	
Maverick Shih	600,000	0.84	0	0	0	0	Acer Inc	Representa-tive of Corporate Director of the company	
Simon Lin	506,283	0.71	0	0	0	0	Wistron Corporation	Representa-tive of a related party	
Wistron Corporation	496,530	0.69	0	0	0	0	Wise Cap Limited Company	Parent company of Wise Cap	
Representative: Simon Lin	506,283	0.71	0	0	0	0			
Bernie Tsai	486,963	0.68	287	0	0	0	None	None	

X. The total number of shares and total equity stake held in any single enterprise by the company, its directors, and any companies controlled either directly or indirectly by the company:

December 31, 2022; Unit: Shares; %

Investment business (Note 1)	Investment of the Company		Investment by directors, supervisors, officers and any companies controlled either directly or indirectly by the company		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
AOA	15,000,000	100.00	0	0	15,000,000	100.00
AOE	40	100.00	0	0	40	100.00
AOTH	50,000	100.00	0	0	50,000	100.00
AOJ	200	100.00	0	0	200	100.00
AOSV	1,500,000	100.00	0	0	1,500,000	100.00
AOGS	105,000	70.00	0	0	105,000	70.00
HTW (Note 2)	-	-	-	-	-	-
AMT	6,399,123	16.60	0	0	6,399,123	16.60

(Note 1) Collective name for aopen's affiliates:

Full name of affiliate	Abbreviation
AOPEN AMERICA INC.	AOA
AOPEN COMPUTER B .V.	AOE
AOPEN TECHNOLOGY INC.	AOTH
GREAT CONNECTION LTD.	GCL
AOPEN JAPAN INC.	AOJ
AOPEN SMARTVISION INC.	AOSV
AOPEN GLOBAL SOLUTIONS PTY LTD.	AOGS
HEARTWARE ALLIANCE AND INTEGRATION LIMITED	HTW

Name of investee (Investment accounted for using the equity method by the Company)	Abbreviation
Apex Material Technology Corp.	AMT

(Note 2) The cancellation of registration of Heartware Alliance and Integration Limited was completed on May 6, 2022.

AOPEN Incorporated

Statement of Internal Control System

Date: March 15, 2023

The Company declares the following concerning its internal control system during the fiscal year 2022, based on the findings of a self-assessment:

I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and Managers of the Company. Therefore, the Company has established the aforementioned system. Its objectives are to provide reasonable assurance for the effectiveness and efficiency of its operations (including profitability, performance, and the guarantee of assets safety), reliable, timely and transparent reporting, and conformity to applicable rules, regulations, and laws.

II. The internal control system has its inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Company's internal control system has set up a self-supervision mechanism. Once a deficiency has been identified, the Company will take immediate remedial actions.

III. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter the "Regulations"), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the "Regulations" are based on the process of management control, dividing the internal control system into five composite factors: 1. Control of the environment, 2. Risk evaluation, 3. Control of operations, 4. Information and communication, and 5. Supervision. The composition of each element also includes several items. Please refer to the "Regulations" for the aforesaid items.

IV. The Company has adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of design and execution for its own internal control system.

V. Based on the evaluation results of the preceding paragraph, the Company believes that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2022, including understanding the achievement for the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable law and regulations, was effective in design and execution, and can be reasonably assured of the achievement of the aforementioned objectives.

VI. This Statement will serve as the main content of the Company's annual report and prospectus and will be made available to the public. If the aforesaid public content has any illegal events including falseness or concealment, it shall be liable to the legal liabilities stipulated in Article 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. The Statement has been passed by the Board of Directors Meeting of the Company held on March 15, 2023, where 0 of the seven attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

AOPEN Incorporated

Chairman: Victor Chien

President: Ken Wang

Four. Fundraising

I. Company capital and shares

(I) Source of capital stock

1. Type of shares:

April 18, 2023

Type \ Share	Authorized capital stock			Remark
	Outstanding shares	Unissued shares	Total	
Common share	71,448,013(Note)	368,551,987	440,000,000	-

Note: Among these shares, 33,263,051 shares are listed and 38,184,962 shares privately placed are not yet publicly traded.

2. Process of capital stock formation

April 18, 2023

Unit: In NT$ thousand except for par value per share which is in thousands of shares

Year/ Month	Issue price	Authorized capital stock		Paid-in capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of capital stock	Offset by any property other than cash	Approval date and letter number
November 2007	-	440,000	4,400,000	163,609	1,636,090	NT$4,000 thousand of treasury stock cancelled for capital reduction	None	November 5, 2007 Jing-Shou-Shang-Zi No.09601268280
March 2010	10	440,000	4,400,000	163,639	1,636,390	NT$300 thousand of stock warrants exercised	None	March 30, 2010 Jing-Shou-Shang-Zi No.09901061030
April 2010	10	440,000	4,400,000	163,649	1,636,490	NT$100 thousand of stock warrants exercised	None	August 30, 2010 Jing-Shou-Shang-Zi No.09901196370
December 2013	10	440,000	4,400,000	171,649	1,716,490	NT$80,000 thousand of restricted stock awards issued	None	December 19, 2013 Jing-Shou-Shang-Zi No.10201256600
August 2014	-	440,000	4,400,000	120,509	1,205,092	Capital reduction of NT$511,397,060	None	July 31, 2014 Letter Jin-Guan-Zheng-Fa-Zi No.1030028190
April 2015	-	440,000	4,400,000	118,627	1,186,277	NT$18,815 thousand of restricted stock awards recovered	None	April 22, 2015 Jing-Shou-Shang-Zi No.10401062730
August 2016	-	440,000	4,400,000	118,515	1,185,153	NT$1,123 thousand of restricted stock awards recovered	None	August 25, 2016 Jing-Shou-Shang-Zi No.10501207060
January 2017	-	440,000	4,400,000	116,493	1,164,934	NT$20,220 thousand of restricted stock awards recovered	None	January 3, 2017 Jing-Shou-Shang-Zi No.10501298660
November 2017	-	440,000	4,400,000	34,948	349,480	Capital reduction of NT$815,453,640	None	November 3, 2017 Letter Fu-Chan-Ye-Shang-Zi No.10659843000
December 2017	10	440,000	4,400,000	71,448	714,480	New shares of NT$365,000 thousand issued by private placement	None	December 11, 2017 Jing-Shou-Shang-Zi No.10601168050

(II) Shareholder structure

April 18, 2023

Shareholder structure / Amount	Government agency	Financial institution	Other legal entities	Individual	Foreign institutions and foreigners	Total
Number of persons	0	2	179	29561	29	29,771
Number of shares held	0	168	32,427,764	36,770,933	2,249,148	71,448,013
Shareholding ratio	0	0%	45.39%	51.47%	3.15%	100.00%

(III) Status of dispersal of shareholding

April 18, 2023

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 — 999	21,844	1,091,440	1.528%
1,000 — 5,000	6,864	12,232,354	17.121%
5,001 — 10,000	590	4,702,565	6.582%
10,001 — 15,000	153	1,951,210	2.731%
15,001 — 20,000	105	1,959,713	2.743%
20,001 — 30,000	72	1,874,875	2.624%
30,001 — 40,000	27	946,713	1.325%
40,001 — 50,000	18	825,000	1.155%
50,001 — 100,000	51	3,917,111	5.482%
100,001 — 200,000	26	3,726,994	5.216%
200,001 — 400,000	11	2,740,706	3.836%
400,001 — 600,000	4	2,089,776	2.925%
600,001 — 800,000	3	2,077,075	2.907%
800,001 — 1,000,000	-	-	0.000%
Over 1,000,001 shares	3	31,312,481	43.826%
Total	29,771	71,448,013	100%

（IV）List of major shareholders

Holding 5% or more of the shares or names, numbers of shareholding and ratio of the top 10 shareholders：

April 18, 2023

Share / Name of major shareholder	Number of shares held	Shareholding ratio (%)
Acer Inc.	28,970,000	40.55%
Mu-Zhen Investment Co., Ltd.	1,300,000	1.82%
Wise Cap Limited Company	1,042,481	1.46%
Dale Tsai	779,556	1.09%
British Virgin Islands Business International Co., Ltd.	677,519	0.95%
Victor Chien	620,000	0.87%
Maverick Shih	600,000	0.84%
Simon Lin	506,283	0.71%
Wistron Copporation	496,530	0.69%
Bernie Tsai	486,963	0.68%

(V) Per share market price, net worth, profit, dividend and related information for the past 2 fiscal years.

Unit: NT$

Item			2021	2022	Current year up to March 31, 2023
Per share market price	Highest		53.50	64.20	76.20
	Lowest		14.65	22.50	44.40
	Average		34.46	53.00	65.93
Net worth per share	Before distribution		8.99	11.64	-
	After distribution		8.99	10.14(note)	-
Earnings per share (EPS)	Weighted average number of shares		71,448,013	71,448,013	-
	Earnings per share (EPS)	Before adjustment	1.82	2.79	-
		After adjustment	1.82	2.78	-
Dividend per share	Cash dividends (NT$)		0	1.5(note)	-
	Dividend distribution	Stock dividends from retained earnings	0	0(note)	-
		Stock dividends from additional paid-in capital	0	0(note)	-
	Accumulated unpaid dividends		0	0(note)	-
Return on investment analysis	P/E ratio		-	19.00(note)	-
	P/D ratio		-	35.33(note	-
	Cash dividend yield		-	2.83%(note)	-

Note : Including the annual dividend of the resolution of the Board of Director on March 15, 2023

(VI) The Company's dividend policy and implementation status

1. Company dividend policy:
   The Company operates in a capital-intensive technology industry. We align the overall environment and the growth characteristics of the industry with the Company's long's term capital planning and proactively pursue sustainability and stable profit growth. We have adopted the residual dividend policy as the Company's dividend policy.
   Pursuant to the provisions in Article 17-1 of the Company's Articles of Incorporation, earnings, if any, shall be allocated to make up for past losses, followed by setting aside 10% of the earnings as legal reserve. However, this does not apply where legal reserve has reached the total capital. Any remaining earnings shall be set aside or reversed as special reserve in accordance with the law or the regulations of the competent authorities. Not less than 10% of the remaining earnings, together with the undistributed earnings at the beginning of the period, shall be distributed as shareholder dividends and bonuses. A proposal of earnings distribution shall be prepared by the Board of Directors and submitted to the shareholders' meeting for resolution.

2. Dividend distribution proposed to the shareholders' meeting:
   (1) In 2022, the Company's net profit after tax was NT$199,101,531. After adding the accumulated deficit at the beginning of the period of NT$56,061,592, the profit in other comprehensive income and losses for the period of NT$4,056,657, and the provision of legal reserve of NT$14,709,660 and special reserve of NT$13,558,574, earnings available for distribution this year totaled NT$118,828,362, with NT$107,172,020 of dividends proposed to be paid to the shareholders. After distribution of earnings, the undistributed earnings at the end of the period totaled NT$11,656,342, which is reserved for distribution in future years.
   (2) All dividends to shareholders were paid in cash. Based on the shareholding ratio of the shareholders on the ex-dividend date, cash dividends of NT$1.5 per share

tentatively set is distributed to each shareholder, with the amount below NT$ unconditionally rounded off and recorded in other income of the Company. Passed by the Board of Directors on March 15, 2023.

(3) The ex-dividend date of the earnings distribution is tentatively set at July 25, 2023 and the distribution date tentatively set at August 22, 2023. Where there is a change due to the law or requirement by the competent authorities due to exercise of authority, the chairman is authorized to make an adjustment.

3. Expected material change in dividend policy: None.

(VII) Effect upon business performance and earnings per share of any sock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(VIII) Remuneration to employees and directors

1. The percentages or ranges of remuneration to employees, directors, and supervisors as set forth in the Articles of Incorporation:

   In accordance with Article 17 of the Company's Articles of Incorporation, any profit (profit refers to income before tax before deduction of remuneration to employees and directors), if any, shall be allocated as follows. Where there are accumulated losses, the Company shall first reserve the profit to make up for losses:

   (1) Remuneration to employees shall not be less than 5% of the profit. Employees receiving remuneration in the forms of stocks or cash must be the employees of parents or subsidiaries of the Company meeting certain specific requirements, which are established by the Board of Directors.

   (2) Remuneration to directors shall not be more than 1% of the profit. The Board of Directors is delegated to authorize the remuneration to directors, which is determined based on the extent of their participation in and contribution to the Company's operations.

2. The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period：

   The Company' net profit before tax for each period before deducting the amount of remuneration to employees and directors, multiplied by the ratio of remuneration employees and directors proposed to be distributed by the Company, is the estimated basis. This is reported as operating expenses for each period. Where there is a discrepancy between the actual distribution amount and estimated amount in the following year, the discrepancy shall be treated as a change in accounting estimate, which is recorded as profit or loss in the following year.

3. Remuneration passed by the Board of Directors:

   (1) Amount of remuneration to employees and directors distributed by cash or stocks: If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

   The Company's remuneration to employees for 2022 was NT$8,538,456 and remuneration to directors was NT$853,846 both approved by the Board of Directors on March 15, 2023 and were distributed in cash.

(2) The amount of any employee remuneration distributed in stocks, and that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial report for the current period and total employee remuneration: Not applicable.

4. The actual distribution of employee, director, and supervisor remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor remuneration, additionally the discrepancy, cause, and how it is treated:

   Not applicable, as 2021 was net loss after tax and there was no distribution of remuneration to employees or directors.

(IX) Buyback of the company shares: None.

II. Issuance of corporate bonds: None

III. Issuance of preferred shares: None

IV. Issuance of global depository receipts: None

V. Issuance of employee warrants: None

VI. Issuance of restricted stock awards: None

VII. Mergers or acquisitions or with acquisitions of shares of other companies: None

VIII. Status of implementation of capital allocation plan: None

Five. An Overview of Operations

I. Business Description:

1. Business Scope

I.The scope of business of the Company shall include the following:

(1) F401010 International Trade;

(2) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing;

(3) CC01080 Electronics Components Manufacturing;

(4) CC01120 Data Storage Media Manufacturing and Duplicating;

(5) CC01110 Computer and Peripheral Equipment Manufacturing;

(6) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing;

(7) F113050 Wholesale of Computers and Clerical Machinery Equipment;

(8) F113070 Wholesale of Telecommunication Apparatus;

(9) F118010 Wholesale of Computer Software;

(10) F119010 Wholesale of Electronic Materials;

(11) I301010 Information Software Services;

(12) I301020 Data Processing Services;

(13) I501010 Product Designing;

(14) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import (Radio Transciever, Radio Receiver, Radio Transmitter Only) ;

(15) CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing (Radio Transciever, Radio Receiver, Radio Transmitter Only) ;

(16) JA02010 Electric Appliance and Electronic Products Repair;

(17) F399040 Retail Sale No Storefront;

(18) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Ii.Proportion of business products：

Expressed in Thousand of New Taiwan Dollars

Product	2022	%
System Business products	3,306,538	99.31
Components Business products	23,013	0.69
合計	3,329,551	100.00

Iii.Current main products:

System business products, Componnets business products, and others.

Iv.Products Under Development

AOPEN has its roots in IPC products, catering to retail, F&B, government organizations, railway related usage, and other commercial signage applications. This is a rapidly changing global industry and AOPEN is prepared to face these changes by expanding its product lines, especially pertaining to basic infrastructure, electric vehicles, and new energy, and providing IPC products that meet strict environmental and usage conditions as well as AI and 5G data transmission needs. At the same time, education, healthcare, public transportation, factory automation, etc. Are all target markets for AOPEN.

(1) Continuous development of efficient and stable IPC for mid to large sized signage that is suitable for indoor, semi-outdoor, as well as outdoor usage. Popular products include the windless fan product line with its small form factor, metal housing, anti-dust properties, and compatibility with harsh environments. Additionally, the embedded waterproof touch monitor, ultrathin AIO, and low power consumption e-paper products are comprehensive solutions for system integration and software providers.

(2) Utilizing the Acer group's resources to develop commercial motherboards and IK08 collision-proof touch AIO for basic infrastructure with wide operating temperature and voltage ranges and multiple input/output interfaces. Provide products for 5G infrastructure and the digitization of the aiot automation industry. Widely applicable for automatic control interfaces that require stable power and intricate power control as well as edge computing solution and intelligent transportation system usage.

(3) AOPEN developed medical grade antibacterial host, AIO, e-paper, and large signage for clinical usage, medical carts, long-term care institutions, hospital counters, waiting areas, and other medical related applications. The need for these products has risen with the pandemic and aging populations.

2. Industry Overview

(1) Industry Situation and Growth

In 2022, the pandemic slowed and the economy was expected to make a comeback. However, war between Russia and Ukraine erupted and tensions remain high between the United States and China, leading to disruptions in the global financial market and causing inflation and prices of raw materials to skyrocket. Moreover, the transitions in industry and digital ecosystems brought about by the pandemic continued to take root. The ensuing needs are reflected in local economies, and manufacturers and service industries alike look to AI and iot cloud services to progress their perspective industries, with big data consolidation business opportunities coming to the forefront. In light of climate change, the international community also sets eyes onto renewable energy, bringing forth carbon reduction commitments permeating from the organizational level to everyday.

(2) Supply Chain Relationship

AOPEN's primary focus is on commercial/industrial use hosts/computers, interactive all-in-one touch devices, intelligent AI remote computation modules, medical grade antibacterial computers/monitors, and peripherals, etc. Over the years, with the support of our upstream partners, using aiot platforms on service platforms, we have successfully entered the digital application market. Collaborating with midstream partners, we provide downstream system integration companies and distributors with our solutions, satisfying the needs of large multinational corporations. We will deepen our relationships with these upstream, midstream, and downstream companies, providing for their needs and expanding steadily, gaining competitive advantages, and growing together.

(3) Product Trends

Many new business opportunities have arisen in the post-Covid era. Need for 5G, aiot, and big data solutions increased dramatically in all areas of commercial activity, including work from home, telemedicine, self-service dining, and factory automation, etc. AOPEN developed core computation equipment for edge computing application and platform data analysis, using high quality industrial grade hosts and AI to develop iot related applications to meet the needs various industries have for industrial grade computers.

(4) Competitive Landscape

The market in the post-Covid era is vastly different from before, with new needs and market niches. Global inflation’s growing effect on the prices of raw materials and consumers’ spending behavior has created a very different competitive landscape. AOPEN’s industrial grade computers are designed for harsh environments, can conduct remote surveillance and power control, increasing management efficiency and lowering labor costs. AOPEN uses the Acer group’s resources to develop products and provide services as well as utilizes its own R&D capabilities and partnerships to strengthen the group’s supply chain synergy to increase market share, creating profit and growth opportunities.

3. An Overview of the Company’s Technologies and its Research and Development work

(1) Aopen's current research and development products are mainly developed using the latest series of intel platforms, and use fanless heat dissipation technology to create lightweight and high-performance media players.

It’s Suitable for streamlined digital signage applications, and through related smart functions, using a certain program to perform BIOS recovery function, then can reduce the time spent on machine repair, avoid system losses caused by failures.

In 2022, Aopen’s R&D expenses invested totaled NT$16,171 thousand, which accounted for 0.49% of the Company’s revenue.

(2) Technologies and/or products successfully developed: In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, patents acquired by Aopen are as follows:

Item	Name of invention	Country of application	Patent number	Date of certificate
1	POWER DISTRIBUTION DEVICE AND POWER DISTRIBUTION CIRCUIT	Taiwan	I408867	2013/9/11
2	SUPPORT MODULE AND HOST COMPUTER HAVING THE SUPPORT MODULE	Taiwan	I460576	2014/11/11
3	HEAT DISSIPATING MODULE WITH ENHANCED HEAT DISSIPATION	Taiwan	I475952	2015/3/1

Item	Name of invention	Country of application	Patent number	Date of certificate
	EFFICIENCY AND ELECTRONIC DEVICE THEREWITH			
4	SUPPORT MODULE AND HOST COMPUTER HAVING THE SUPPORT MODULE	Taiwan	I515540	2016/1/1
5	TILING-DISPLAY SYSTEM AND METHOD THEREOF	Taiwan	I536363	2016/6/1
6	ELECTRONIC DEVICE AND PLAY AND INTERACTICE METHOD FOR ELECTRONIC ADVERTISING	Taiwan	I599931	2017/9/21
7	SELF-SERVICE PACKING APPARATUS	Taiwan	I710507	2020/11/21
8	DISPLAY DEVICE	Taiwan	I727495	2021/5/11
9	ELECTRONIC DEVICE	Taiwan	I742608	2021/10/11
10	REMOTE MANAGEMENT METHOD FOR DISPLAY DEVICE AND HOST SYSTEM	Taiwan	I757840	2022/1/11
11	KIOSK	Taiwan	I773957	2022/8/11
12	DISPLAY CONTROL METHOD AND DISPLAY CONTROL SYSTEM	Taiwan	I784630	2022/11/21
13	FRAME MODULE AND COMPUTER HOST HAVING THE SAME	China	ZL201110141892.3	2015/6/3
14	HEAT DISSIPATING MODULE AND ELECTRONIC DEVICE	China	ZL201210417169.8	2016/9/7
15	FRAME MODULE AND COMPUTER HAVING THE SAME	China	ZL201410151380.9	2017/8/11
16	SPLICED-TYPE DISPLAY SYSTEM AND A SPLICED-TYPE DISPLAY METHOD	China	ZL201510229020.0	2019/5/31
17	ELECTRONIC DEVICE AND PLAY AND INTERACTIVE METHOD FOR ELECTRONIC ADVERTISING	China	ZL201610672216.1	2020/4/10
18	CIRCUIT BOARD WITH PROTECTION CAPABILITY AND METHOD OF PROTECTING A CIRCUIT BOARD	USA	6,822,841	2004/11/23

Item	Name of invention	Country of application	Patent number	Date of certificate
19	ELECTRONIC DEVICE	USA	6,894,217	2005/5/17
20	COMPUTER DEVICE CONFIGURED FOR USE IN DIFFERENT MODES	USA	6,909,598	2005/6/21
21	COMPUTER COOLING SYSTEM	USA	6,935,130	2005/8/30
22	COMPUTER SYSTEM	USA	6,967,838	2005/11/22
23	MOUNTING ASSEMBLY	USA	7,149,094	2006/12/12
24	CASING FOR ALL-IN-ONE ELECTRONIC DEVICES	USA	8,289,683	2012/10/16

4. Long Term, Short Term Sales Plan

(1) Short Term Plan

Due to climate change, the world attaches great importance to green energy, carbon reduction, and new energy application markets. Europe and the United States have been increasingly more active in infrastructure construction in recent years. AOPEN focuses on industrial applications to provide aiot software and hardware integration and continues to develop industrial-grade products that meet the core needs of automated factories, new energy industries, and antibacterial medical applications. Product development is divided into four categories: industrial control mainframe series (fans, embedded devices, wide temperature and wide voltage and display products); industrial control mainboard series (mainboard, voltage regulator board), as charging and parking equipment and other related applications; antibacterial medical series (medical standard antibacterial host and display, antibacterial peripherals); e-paper series (antibacterial handwriting board, ward card, outdoor billboard).

(2) Long Term Plan

Low-carbon economy and climate risk management are important to AOPEN’s strategy in improving the synergy of corporate operations and are incorporated into the annual development plan as important goals. In terms of environmental protection, we are committed to reusing resources efficiently, using environmentally friendly raw materials, and moving forward with strategies that reduce carbon emission. In terms of social welfare, in addition to complying with labor laws and regulations to protect the rights and interests of employees, we also strive to contribute to society through various business activities, encouraging volunteer work, and actively participating in community development and charity events. At the same time, the company regularly organizes corporate ethics education and training for directors, supervisors, and employees, and promotes corporate governance while protecting shareholders' rights and interests.

II. An analysis of the market as well as the production and marketing situation

(I) Market analysis

1. Geographic areas where the main products are sold

Unit: NT$ thousand

Location	2022
Asia Pacific (including Taiwan)	2,665,938
Americas	211,082
Europe	452,531
Total	3,329,551

2. Market Share

Global IT applications have entered a new era of cloud computing. AOPEN designs AIoT hardware and application technology services, strengthens cloud computing and network connection capabilities, and provides global customers with high-quality, high-reliability, and cost-effective industrial control hosts and integrated remote services that have been recognized by many large multinational companies, and have established long-term cooperative relationships with many well-known companies in Europe, America, and Asia-Pacific. However, due to the diversified and fragmented nature of the B2B industrial application market, it is difficult to estimate the market share using existing methods.

3. Market Demand and Growth Potential

After the epidemic, even with people's lives and industries returning back to normal, new types of industrial/commercial demands have formed. However, international regional conflicts, inflation and financial currency instability, global component price fluctuations, and material shortages are still issues to contend with. The traditional IT information management process can no longer respond to the rapid needs of enterprise transformation and expansion. AOPEN combines cloud and Internet of Things service solutions to provide better localization services, implement terminal application integration, and assist customers in their industrial digital transformation and continuous expansion.

4. Competitive Niche

In response to the AIoT Internet of Things and AI smart application era, the company has rich experience in electronic and mechanical design and has developed a fan-less wide temperature and wide pressure industrial-grade computing host equipped with AiCU remote management platform technology, as well as industrial grade IK08 multi-touch AIO with an open system architecture. It can be used under the harsh conditions typical of the industry and boasts high-performance computing and 5G data transmission requirements. It also has long-term stability and can be implemented in various types of industrial/commercial applications.

5. Favorable/Unfavorable Factors and Countermeasures for Developmental Prospects

(1) Favorable Factors

i. With the global pandemic slowing down, industries and the economy are recovering rapidly. The demand for AI and industrial digital transformation has increased significantly, creating new business opportunities for the company.

ii. Increasing awareness for environmental protection leads to the development and efficient use of green energy. The high performance and durability of industrial computers are suitable for industries that operate under unique environments such as the automation industry, network communication, kitchen fume, transportation, medical institutions, etc. These are all part of the company's core business development direction.

iii.The resource integration of the group's business units, the sharing of the supply chain to gain advantages, the ability to quickly respond to the needs of social infrastructure construction and industrial digital upgrades, can all help to accelerate the progress of related projects.

iv.Due to the overlapping demands of consumer products and application markets, the company expands its display products into the industrial application business, implements the development of industrial computers and Internet of Things business, and becomes increasingly more competitive.

(2) Unfavorable Factors

i. The global financial market fluctuates, inflation affects material prices and people's livelihood, and there is fierce competition for orders, lower prices, and market share, creating an uncertain factor. The company should utilize the synergy of the Acer group to manage the supply chain, balance exchange rate risks, control inventory, and diversify sources to reduce risk.

ii. The geopolitical and economic relations forged by the war between Russia and Ukraine and the tensions between the United States and China are different from the past. Regional economic structure has changed accordingly, affecting global supply chain and has a certain impact on AOPEN's operating efficiency. The company should strive to develop symbiotic partnerships and leverage IoT's unique characteristics to gain competitive advantages.

(II) Important applications and manufacturing processes of main products

1. Important applications of main products

Item	Important applications or functions
Components business products	Products related to computer cases and other peripherals parts. These products provide users with different PC appearance and a variety of computer output and input device options to meet the demand of the consumer market.
System business products	These include barebone systems and full systems Barebone systems include equipment such as computer cases, power supplies, fans, motherboards, CD-ROM players; while full systems cover barebone system processors, hard drives, and memory. Therefore, the system business products provide a complete line with flexibility and an array of choices of the computers needed by families, companies and organizations.

2. Manufacturing processes of main products: The manufacturing process of system business products is as follows

Components → assembly (1)→ pre-aging test → aging test → cost test → assembly (2) → visual inspection → packaging → shipment quality control → inventory

(III) Supply situation of the major raw materials

Title	Main sources	Supply situation
IC	The U.S., Japan, Taiwan, Korea	Good
Printed circuit boards	Taiwan, China	Good
CD-ROM drives	Japan, Taiwan, China	Good
Computer cases	Taiwan, China	Good
Panels	Taiwan, China	Good
Power modules	Taiwan, China	Good
Connectors	Taiwan, China, Japan	Good
Hard disk/solid state drives	The U.S., Japan, Taiwan	Good
Memory module	Taiwan	Good

(IV) List of main procurement and sales clients for the 2 most recent fiscal years

1. Names of clients who have accounted for more than 10% of total sales in any of the 2 most recent fiscal years:

Unit: NT$ thousand

Rank	2021				2022			
	Title	Amount	As a percentage to annual net sales for the year	Relationship with the issuer	Title	Amount	As a percentage to annual net sales for the year	Relationship with the issuer
1	Client G	1,430,791	55.60%	Parent company	Client G	2,240,569	67.29%	Parent company
	Other	1,142,617	44.40%	-	Other	1,088,982	32.71%	-
	Net sales	2,573,408	100.00%	-	Net sales	3,329,551	100.00%	-

2. Names of clients who have accounted for more than 10% of total procurement in any of the 2 most recent fiscal years:

Unit: NT$ thousand

Rank	2021				2022			
	Title	Amount	As a percentage to annual net procurement for the year	Relationship with the issuer	Title	Amount	As a percentage to annual net procurement for the year	Relationship with the issuer
1	Manufacturer D	685,552	32.46%	None	Manufacturer D	1,269,477	40.61%	None
2	Manufacturer E	372,000	17.62%	None	Manufacturer E	528,919	16.92%	None
3	Manufacturer G	223,367	10.58%	None	Manufacturer G	494,311	15.81%	None
	Other	830,785	39.34%	-	Other	833,380	26.66%	-
	Net procurement	2,111,704	100.00%	-	Net procurement	3,126,087	100.00%	-

(V) Production volume for the 2 most recent fiscal years: Not applicable

(VI) Volume of units sold for the 2 most recent fiscal years

Unit: Unit/NT$ thousand

Product	2021				2022			
	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Volume	Volume	Value	Volume	Value	Volume	Value
System business products	838	7,528	487,511	2,541,526	832	8,919	580,221	3,297,619
Components business products	275	1,601	6,080	22,753	197	1,128	15,776	21,885
Total	1,113	9,129	493,591	2,564,279	1,029	10,047	595,997	3,319,504

III. Analysis of employees

March 31, 2023

Year		2021	2022	Current year up to March 31, 2023
Number of employees	Marketing sales	51	46	47
	Product operation	26	23	23
	Total	77	69	70
Average age		45	45	45
Average years of service		11.4	11.9	11.9
Education level	Ph.D. (%)	0%	0%	0%
	Master (%)	21%	14%	14%
	College (%)	61%	83%	83%
	Senior high school(%)	15%	3%	3%
	Below senior high school (%)	3%	0%	0%

Note: The number of employees above is the number of employees included in the consolidated statements.

IV. Information on environmental protection expenditures

(I) According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or a permit for pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:
As the registration of the Company's Longtan Factory was canceled on March 8, 2019 by approval of the Taoyuan City Government, no further environmental protection expenditures were incurred.

(II) Disbursements for environmental protection, any losses suffered by the company in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report due to environmental pollution incidents, and disclose an estimate of possible expenses that could be incurred: None.

V. Labor relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor–management agreements and measures for preserving employees' rights and interests:

1. Employee benefits

   At aopen, our employees are our top priority. As we care about the welfare of our employees, not only are welfare funds allocated according to the law, but an Employee Welfare Committee has also been set up. In addition to organizing a variety of welfare activities, the Company also draws up employee welfare insurance plans, plans for education and training courses, online library, employee annual health checkups, group family day, and year-end party. Furthermore, our employees are also entitled to stock ownership, dividend distribution and participation in the Group's stock subscription plan,.At the same time, the adjusted holidays of consecutive holidays will be given by the company (without slary deduction for adjusted working hours on Saturdays), providing comprehensive employee benefits.

2. Employee continuing education and training

   We are committed to the continuous learning and growth of our employees as they are essential to ensure the Company's long-term development and sustainability. We align the Company's annual training promotion with the talent development training framework, through both physical courses and e-learning. In addition to constantly promoting core competencies, management competencies and professional competencies, we also take into account the Company's annual development and management strategies in building up organizational and human resources capabilities.

   In 2022, the training courses provided to our employees included: continuous development of management (junior/mid-level/senior level) and professional training in product technology. In line with the annual operations development focus – quality enhancement strategy, quality-related training was also provided.

3. Retirement system and its implementation

   In an effort to make it easier for employees after they retire and to enhance the spirit of service during employment, we have formulated Employee Retirement Measures in accordance with the Labor Standards Act and the Labor Pension Act. These Measures set forth employee retirement conditions, pension payment standards and application and payment matters. In addition to allocating 6% of the salary of employees as pension funds in accordance with the Labor Pension Act, we have also set up an Employee Pension Reserve Fund Supervisory Committee in accordance with the law. We make monthly contributions to be deposited into a legal financial institution in the name of the Employee Retirement Reserve Fund Supervisory Committee.

4. Labor–management agreements

   At aopen, we keep a harmonious relationship with our employees. In addition to organizing a labor–management meeting and promoting internal communication channels on a regular basis, we also hold a quarterly meeting attended by the general manager and all employees to convey the Company's management direction and results. By doing this, we enhance employees' participation in the Company's business, reinforcing labor–management trust relationships.

(II) List any losses suffered by the company in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

VI. Important contracts

Nature of contract	Parties involved	Start and end dates of the contract	Main contents	Restricted terms
Software license agreement	Manufacturer A	December 1, 2020 to June 30, 2023	Authorized distributor	Confidentiality clause, non-transferable
Manufacturing agreement	Manufacturer B	From July 1, 2018 up to the date on which the contract is terminated	Commissioned product manufacturing	Confidentiality clause, non-transferable
Lease agreement	Acer Inc.	From October 1, 2018 up to the date on which the contract is terminated	Storage use	None

Six. An Overview of the Company's Financial Status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(I) Condensed balance sheets and statements of comprehensive income – ifrss adopted (Consolidated Financial Statements)

1. Condensed Consolidated Balance Sheet – ifrss adopted

Unit: NT$ thousand

Item \ Year		Financial information for the past 5 years				
		2018	2019	2020	2021	2022
Current assets		989,336	930,015	1,107,282	1,299,538	1,361,648
Property, plant and equipment		27,011	27,903	19,803	4,249	5,986
Intangible assets		4,458	2,297	863	1,392	1,057
Other assets		424,013	445,897	469,711	392,323	411,864
Total assets		1,444,818	1,406,112	1,597,659	1,697,502	1,780,555
Current liabilities	Before distribution	561,448	665,101	892,700	959,587	860,436
	After distribution	561,448	665,101	892,700	959,587	N/A
Non-current liabilities		101,508	150,320	103,641	90,321	83,831
Total liabilities	Before distribution	662,956	815,421	996,341	1,049,908	944,267
	After distribution	662,956	815,421	996,341	1,049,908	N/A
Equity attributable to owners of the parent company		767,270	575,001	585,370	642,038	831,637
Share capital		714,480	714,480	714,480	714,480	714,480
Additional paid-in capital		-	3,241	59,682	2,976	2,976
Retained earnings	Before distribution	85,118	(104,918)	(171,046)	(56,062)	147,097
	After distribution	63,684	(104,918)	(171,046)	(56,062)	N/A
Other interests		(32,328)	(37,802)	(17,746)	(19,356)	(32,916)
Treasury stocks		-	-	-	-	
Non-controlling interests		14,592	15,690	15,948	5,556	4,651
Total equity	Before distribution	781,862	590,691	601,318	647,594	836,288
	After distribution	760,428	590,691	601,318	647,594	N/A

Source: Consolidated financial statements audited by the CPAs

2. Condensed Consolidated Statements of Income – ifrss adopted

Unit: NT$ thousand

Year / Item	Financial information for the past 5 years				
	2018	2019	2020	2021	2022
Operating income	1,703,858	1,724,976	1,756,214	2,573,408	3,329,551
Gross profit	535,510	462,532	330,369	361,551	308,990
Operating profit or loss	(11,295)	(107,817)	(64,904)	75,448	71,907
Non-operating income and expenses	20,519	(53,135)	(52)	70,509	130,665
Net profit (loss) before tax	9,224	(160,952)	(64,956)	145,957	202,572
Net income (loss) of continuing operations for the period	(10,931)	(165,264)	(65,391)	136,351	197,965
Loss of discontinued operations	-	-	-	-	-
Net profit (loss) for the period	(10,931)	(165,264)	(65,391)	136,351	197,965
Other comprehensive income (net after tax)	(6,431)	(6,728)	20,427	(1,034)	(9,271)
Total comprehensive income for the period	(17,362)	(171,992)	(44,964)	135,317	188,694
Net income attributable to owners of the parent company	(13,453)	(167,582)	(66,475)	130,205	199,102
Net income attributable to non-controlling interests	2,522	2,318	1,084	6,146	(1,137)
Total comprehensive income attributable to owners of the parent company	(19,257)	(174,076)	(46,072)	129,633	189,599
Total comprehensive income attributable to non-controlling interests	1,895	2,084	1,108	5,684	(905)
Earnings per share (EPS)	(0.19)	(2.35)	(0.93)	1.82	2.79

Source: Consolidated financial statements audited by the CPAs

(II) Condensed balance sheets and statements of income – ifrss adopted (Parent Company Only Financial Statements)

1. Condensed Balance Sheet – ifrss adopted

Unit: NT$ thousand

Item \ Year		Financial information for the past 5 years				
		2018	2019	2020	2021	1,096,338
Current assets		502,079	597,508	608,362	960,941	1,309
Property, plant and equipment		17,652	16,379	10,996	844	1,037
Intangible assets		3,239	2,156	733	1,356	742,710
Other assets		722,940	614,590	781,861	692,642	1,841,394
Total assets		1,245,910	1,230,633	1,401,952	1,655,783	1,096,338
Current liabilities	Before distribution	386,283	559,275	538,779	769,722	747,431
	After distribution	386,283	559,275	538,779	769,722	N/A
Non-current liabilities		92,357	96,357	277,803	244,023	262,326
Total liabilities	Before distribution	478,640	655,632	816,582	1,013,745	1,009,757
	After distribution	478,640	655,632	816,582	1,013,745	N/A
Equity attributable to owners of the parent company		767,270	575,001	585,370	585,370	831,637
Share capital		714,480	714,480	714,480	714,480	714,480
Additional paid-in capital		-	3,241	59,682	2,976	2,976
Retained earnings	Before distribution	85,118	(104,918)	(171,046)	(56,062)	147,097
	After distribution	63,684	(104,918)	(171,046)	(56,062)	N/A
Other interests		(32,328)	(37,802)	(17,746)	(19,356)	(32,916)
Treasury stocks		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	767,270	575,001	585,370	642,038	831,637
	After distribution	745,836	575,001	585,370	642,038	N/A

Source: Parent company only financial statements audited by the CPAs

2. Condensed Statements of Income – ifrss adopted

Unit: NT$ thousand

Year / Item	Financial information for the past 5 years				
	2018	2019	2020	2021	2022
Operating income	987,721	916,100	641,999	960,112	2,893,405
Gross profit	177,972	135,669	92,520	95,878	153,111
Operating profit or loss	(55,401)	(98,080)	(56,216)	(429)	81,089
Non-operating income and expenses	49,388	(70,260)	(11,953)	129,011	118,892
Net profit (loss) before tax	(6,013)	(168,340)	(68,169)	128,582	199,981
Continuing operations Net profit (loss) for the period	(13,453)	(167,582)	(66,475)	130,205	199,102
Loss of discontinued operations	-	-	-	-	-
Net profit (loss) for the period	(13,453)	(167,582)	(66,475)	130,205	199,102
Other comprehensive income for the period (Net after tax)	(5,804)	(6,494)	20,403	(572)	(9,503)
Total comprehensive income for the period	(19,257)	(174,076)	(46,072)	129,633	189,599
Net income attributable to owners of the parent company	-	-	-	-	-
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	-	-	-	-	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (EPS)	(0.19)	(2.35)	(0.93)	1.82	2.79

Source: Parent company only financial statements audited by the CPAs

(III) Name of the certified public accountant and the auditor's opinion given for the past 5 fiscal years

Year	Name of CPA	Audit opinions
2018	Kao Ching-Wen, Su Yen-Ta (Note 1)	Unqualified opinion
2019	Steven Shih, Phyllis Chang (Note 2)	Unqualified opinion
2020	Steven Shih, Phyllis Chang	Unqualified opinion
2021	Steven Shih, Phyllis Chang	Unqualified opinion plus other matter paragraph
2022	Steven Shih, Phyllis Chang	Unqualified opinion plus other matter paragraph

Note 1: Due to the internal adjustment of KPMG in 2018, the cpas were changed to Kao Ching-Wen and Su Yen-Ta.

Note 2: Due to the internal adjustment of KPMG in 2019, the cpas were changed to Steven Shih and Phyllis Chang.

II. Financial analysis for the past 5 fiscal years

(I)ifrss adopted – Consolidated Financial Ratio Analysis

Analysis item (Note 1) / Financial analysis – ifrss		Financial analysis for the past 5 fiscal years				
		2018	2019	2020	2021	2022
Financial structure (%)	Ratio of liabilities to assets	45.89	57.99	62.36	61.85	53.03
	Ratio of long-term funds to real estate, plant, and equipment	3,270.41	2,655.67	3,559.86	17,366.79	15,371.18
Solvency %	Current ratio	176.21	139.83	124.04	135.43	158.25
	Current ratio	107.01	85.55	90.29	115.01	125.00
	Quick ratio	6.26	(25.56)	(12.89)	49.47	89.73
Operating capabilities	Accounts receivable turnover ratio (times)	8.73	7.98	6.09	6.14	7.06
	Average collection days	41.80	45.73	59.93	59.44	51.69
	Inventory turnover (times)	4.48	3.95	5.07	10.87	15.24
	Accounts payable turnover ratio (times)	5.24	4.97	4.81	4.13	4.27
	Average sales days	81.47	92.40	71.99	33.57	23.95
	Property, plant and equipment turnover (times)	78.21	62.82	73.75	213.99	650.62
	Total asset turnover ratio (times)	1.14	1.21	1.17	1.56	1.91
Profitability	Return on assets (%)	(0.64)	(11.25)	(4.10)	8.42	11.49
	Return on equity (%)	(1.39)	(24.08)	(10.97)	21.84	26.68
	Ratio of net income before tax to paid-in capital (%)	1.29	(22.53)	(9.09)	20.43	28.35
	Profit margin (%)	(0.64)	(9.58)	(3.72)	5.30	5.95
	Earnings per share (NT$)	(0.19)	(2.35)	(0.93)	1.82	2.79
Cash flow	Cash flow ratio (%)	(1.05)	(22.39)	2.05	33.27	13.78
	Cash flow adequacy ratio (%)	(314.55)	(260.57)	(268.77)	0.21	104.38
	Cash reinvestment ratio (%)	(0.53)	(20.23)	2.17	39.62	11.87
Leverage	Operating leverage	(3.91)	0.56	0.37	1.35	1.20
	Financial leverage	0.87	0.95	0.93	1.04	1.03

Please explain the reasons for the changes in the financial ratios in the last two years:

1. The ratio of liabilities to assets decreased, mainly due to the decrease in short-term borrowings.
2. The ratio of long-term funds to real estate, plant and equipment decreased, mainly due to the fact that the increase in equipment this year was greater than the increase in total equity.
3. The increase in current ratio and quick ratio is mainly due to the decrease in current liabilities due to the reduction of short-term borrowings this year.
4. The change in interest coverage ratio was mainly due to the increase in net profit before tax and the decrease in interest expenses this year.
5. Changes in return on assets, return on equity, ratio of pre-tax net profit to paid-in capital, and net profit rate are mainly due to the increase in net profit this year.
6. The change in cash flow ratio and reinvestment ratio is mainly due to the decrease in net cash inflow from operating activities this year.

Note 1: Calculation formula:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities / total assets.
   (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + non-current

liabilities) / net property, plant and equipment.

2. Solvency
   (1) Current ratio = Current assets / current liabilities.
   (2) Quick ratio = (Current assets - inventory - prepayment) / current liabilities.
   (3) Times interest earned = Net profit before income tax and interest expenses / interest expenses for the period.
3. Operating capabilities
   (1) Receivables (including accounts receivable and notes receivable from operation) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
   (2) Average collection days = 365 / accounts receivable turnover ratio.
   (3) Inventory turnover = Cost of sales / average inventory.
   (4) Payables (including accounts payable and notes payable from operation) turnover ratio = Cost of sales / average of accounts payable (including accounts payable and notes payable from operation) balance.
   (5) Average sales days = 365 / inventory turnover.
   (6) Property, plant and equipment turnover ratio = Net sales / average net property, plant and equipment.
   (7) Total assets turnover ratio = Net sales / average total assets.
4. Profitability
   (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on equity = Profit and loss after tax / average total equity.
   (3) Net profit margin = Profit and loss after tax / net sales.
   (4) EPS = Profit and loss attributable to owners of parent company - dividends from preferred shares) / weighted average number of outstanding shares.
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividends) in the most recent five years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of property, plant and equipment + long-term investment + other non-current assets + operating funds).
6. Leverage
   (1) Operating leverage = (Net operating income - variable operating costs and expenses of operations) / operating profit.
   (2) Financial leverage = Operating profit/ (operating profit - interest expenses).

(II)ifrss adopted - Parent Company Only Financial Ratio Analysis

Analysis item (Note 1) / Year		Financial analysis for the past 5 fiscal years				
		2018	2019	2020	2021	2022
Financial structure (%)	Ratio of liabilities to assets	38.42	53.28	58.25	61.22	54.84
	Ratio of long-term funds to real estate, plant, and equipment	4,869.86	4,098.89	7,849.88	104,983.53	83,572.42
Solvency %	Current ratio	129.98	106.84	112.91	124.84	146.68
	Current ratio	104.95	88.25	80.05	114.85	136.54
	Quick ratio	(2.43)	(37.54)	(16.46)	45.76	90.64
Operating capabilities	Accounts receivable turnover ratio (times)	3.58	2.30	1.48	1.78	3.81
	Average collection days	101.96	158.70	246.62	205.06	95.80
	Inventory turnover (times)	18.48	10.82	4.99	8.59	53.38
	Accounts payable turnover ratio (times)	5.93	3.53	3.11	2.59	4.51
	Average sales days	19.76	33.74	73.17	42.47	6.84
	Property, plant and equipment turnover (times)	91.33	53.84	46.90	162.18	2,687.79
	Total asset turnover ratio (times)	0.76	0.74	0.49	0.63	1.65
Profitability	Return on assets (%)	(0.92)	(13.24)	(4.81)	8.67	11.49
	Return on equity (%)	(1.73)	(24.97)	(11.46)	21.22	27.02
	Ratio of net income before tax to paid-in capital (%)	(0.84)	(23.56)	(9.54)	18.00	27.99
	Profit margin (%)	(1.36)	(18.29)	(10.35)	13.56	6.88
	Earnings per share (NT$)	(0.19)	(2.35)	(0.93)	1.82	2.79
Cash flow	Cash flow ratio (%)	(6.97)	(36.96)	(17.89)	30.84	9.21
	Cash flow adequacy ratio (%)	(665.72)	(611.59)	(369.13)	(129.61)	(12.75)
	Cash reinvestment ratio (%)	(2.73)	(26.20)	(12.12)	30.86	7.20
Leverage	Operating leverage	0.68	0.74	0.85	(18.78)	1.08
	Financial leverage	0.97	0.96	0.94	0.13	1.03

Please explain the reasons for the changes in the financial ratios in the last two years:

1. The ratio of liabilities to assets decreased, mainly due to the decrease in short-term borrowings.
2. The ratio of long-term funds to real estate, plant and equipment decreased, mainly due to the fact that the increase in equipment this year was greater than the increase in total equity.
3. The increase in current ratio and quick ratio is mainly due to the increase in accounts receivable and the decrease in short-term borrowings
4. The change in interest coverage ratio was mainly due to the increase in net profit before tax and the decrease in interest expenses this year.
5. The increase in turnover rate of receivables led to a decrease in the average number of cash collection days, which was mainly due to the increase in revenue in this year.
6. The increase in inventory turnover and the decrease in average sales days are mainly due to revenue growth.
7. The increase in the turnover rate of real estate, plant and equipment is mainly due to the growth of revenue in this year.
8. Changes in return on assets, return on equity, ratio of pre-tax net profit to paid-in capital, and net profit ratio are mainly due to the increase in net profit this year.
9. The changes in various cash flow ratios are mainly due to the decrease in net cash inflow from operating activities this year.

Note 1: Calculation formula

1. Financial structure

(1) Ratio of liabilities to assets = Total liabilities / total assets.
(2) Ratio of long-term funds to fixed assets ratio = (Net shareholders' equity + long-term liabilities) / net fixed assets.

2. Solvency
   (1) Current ratio = Current assets / current liabilities.
   (2) Quick ratio = (Current assets - inventory - prepayment) / current liabilities.
   (3) Times interest earned = Net profit before income tax and interest expenses / interest expenses for the period.
3. Operating capabilities
   (1) Receivables (including accounts receivable and notes receivable from operation) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
   (2) Average collection days = 365 / accounts receivable turnover ratio.
   (3) Inventory turnover = Cost of sales / average inventory.
   (4) Payables (including accounts payable and notes payable from operation) turnover ratio = Cost of sales / average of accounts payable (including accounts payable and notes payable from operation) balance.
   (5) Average sales days = 365 / inventory turnover.
   (6) Fixed asset turnover = Net sales / net fixed assets.
   (7) Total asset turnover = Net sales / Total assets.
4. Profitability
   (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on equity = Profit or loss after tax / average net shareholders' equity.
   (3) Net profit margin = Profit and loss after tax / net sales.
   (4) EPS= (Net income after tax - preferred stock dividends) / weighted average number of shares outstanding.
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividends) in the most recent five years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of fixed assets + long-term investment + other assets + operating funds).
6. Leverage
   (1) Operating leverage = (Net operating income - variable operating costs and expenses of operations) / operating profit.
   (2) Financial leverage = Operating profit/ (operating profit - interest expenses).

III. Audit report of the Audit Committee of the Financial report in the most fiscal year:

The Board of Directors prepared the Company's 2022 business report, financial statements, and motion for loss recovery. Among them, the financial statements were audited by CPAs Steven Shih and Phyllis Chang of KPMG, with an audit report issued thereafter. The business report, financial statements, and motion for loss recovery as stated above have been audited by the Audit Committee and no discrepancies were found. We have presented you the reports based on the provisions stipulated in Article 14-4 in the Securities and Exchange Act and Article 219 in the Company Act.

To

2023 Annual general meeting of shareholders of AOPEN Incorporated.

Convener of the Audit Committee: Grace Lung

March 15, 2023

IV. Review report of the financial statements for the most recent year's financial statements: (please refer to p.104 to p.170)

V. Parent company only financial statements for the most recent year's financial statements: (please refer to p.171 to p.233)

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

Seven. Review and Analysis of Financial Position and Financial Performance, and Assessment of Risks

I. Financial position comparative analysis

Unit: NT$ thousand

Item \ Year	2021	2022	Difference	
			Amount	**%**
Current assets	1,299,538	1,361,648	62,110	4.78%
Investment accounted for using the equity method	302,166	330,807	28,641	9.48%
Right-of-use assets	14,118	7,931	(6,187)	(43.82%)
Other non-current assets	81,680	80,169	(1,511)	(1.85%)
Total assets	1,697,502	1,780,555	83,053	4.89%
Current liabilities	959,587	860,436	(99,151)	(10.33%)
Non-current liabilities	90,321	83,831	(6,490)	(7.19%)
Total liabilities	1,049,908	944,267	(105,641)	(10.06%)
Share capital	714,480	714,480	0	0.00%
Additional paid-in capital	2,976	2,976	0	0.00%
Retained earnings (pending loss recovery)	(56,062)	147,097	203,159	362.38%
Other interests	(19,356)	(32,916)	(13,560)	(70.06%)
Non-controlling interests	5,556	4,651	(905)	(16.29%)
Total shareholders' equity	647,594	836,288	188,694	29.14%

The description of major change items:

1. The increase in investment using the equity method was mainly due to the recognition of investment interests in related companies and the impairment of recovery interests in 2022.
2. The decrease in right-of-use assets was mainly due to the reduction in leased assets due to the renegotiation of some leases in response to the epidemic.
3. The decrease in non-current liabilities was mainly due to the reduction in lease liabilities due to the renegotiation of some leases in response to the epidemic.
4. The decrease in current liabilities and total liabilities were mainly due to the decrease in short-term borrowings in 2022.
5. The increase in retained earnings was mainly due to the fact that the profit in 2022 was sufficient to make up for the losses and turned into retained earnings.
6. The decrease in other equity was due to the changes in other comprehensive profit and loss in 2022.
7. The decrease in non-controlling interests was mainly due to the decrease in the net profit of investment companies attributable to non-controlling interests in 2022.

II. Review and analysis of financial performance

(I) Financial performance comparative analysis

Unit: NT$ thousand

Item \ Year	2021 Total	2021 Total	Increase or Decrease amount	Change ratio (%)
Net operating income	2,573,408	3,329,551	756,143	29.38%
Operating cost	2,211,857	3,020,561	808,704	36.56%
Gross profit	361,551	308,990	(52,561)	(14.54%)
Operating expenses	286,103	237,083	(49,020)	(17.13%)
Operating profit (loss)	75,448	71,907	(3,541)	(4.69%)
Non-operating income and expenses	70,509	130,665	60,156	85.32%
Net profit (loss) before tax	145,957	202,572	56,615	38.79%
Income tax expense	9,606	4,607	(4,999)	(52.04%)
Net profit (loss) for the period	136,351	197,965	61,614	45.19%
Other comprehensive income	(1,034)	(9,271)	(8,237)	(796.62%)
Total comprehensive income for the period	135,317	188,694	53,377	39.45%

(II) Main reasons for material changes in operating income, operating profit, and net profit before tax in the past 2 years

1. The increase in net operating income and operating costs in 2022 were mainly due to revenue growth.
2. The decrease in operating expenses in 2022 was mainly due to the reduction of related operating expenses in response to the adjustment of the epidemic and the streamlining of the organization.
3. The decrease in operating net profit in 2022 was mainly due to the decline in the amount of gross profit.
4. The increase in non-operating income and expenses in 2022 were mainly due to the recognition of non-financial asset impairment and recovery benefits, the increase in investment benefits using the equity method, and business tax refunds.
5. The decrease in income tax expenses was due to the decrease in 2022 income tax expenses.

(III) The possible effect upon the company's financial operations as well as measures to be taken in response: See "One. Report to Shareholders."

III. Review and analysis of cash flow

(I) Analysis of changes in cash flows in the most recent fiscal year:

1. Operating activities: Cash inflow of NT$118,577 thousand, mainly due to operating growth and stable profits.
2. Investment activities: Cash inflow of NT$40,020 thousand, mainly due to dividend income and disposal of investments using the equity method.
3. Financing activities: Cash outflow of NT$169,592 thousand, mainly due to the repayment of short-term loans in 2022.

(II) Corrective measures to be taken in response to illiquidity: The Company has no illiquidity.

(III) Liquidity analysis for the coming year (2023): Not applicable.

IV. Effect upon financial operations of any major capital expenditures in the most recent fiscal year: None.

V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

(I) Reinvestment policy for the most recent fiscal year

Unit: NT$ thousand

Name of investee	Investment cost	Account balance	Policy	2022 profits (losses)	Main reasons for profits or loss	Plan for improving re-investment profitability
AOPEN AMERICA INC.	295,771	(169,763)	Responsible for expanding the sales market in North America	(646)	Pandemic eases, and the performance improved	Continue to develop new clients
AOPEN COMPUTER B.V.	214,094	(23,115)	Responsible for expanding the sales market in Europe	(1,065)	Pandemic eases, and the performance improved	Continue to develop new clients
AOPEN JAPAN INC.	2,899	28,415	Responsible for expanding the sales market in Japan	727	Pandemic eases, and the performance improved	Continue to develop new clients
AOPEN TECHNOLOGY INC.	1,623	319,820	Holding company	45,541	Investment outside the industry	Continue to strengthen the operating results of subsidiaries
Aopen smartvision Incorporated	15,000	13,574	Responsible for developing domestic and emerging markets	20	Decline in performance	Continue to develop new clients
AOPEN GLOBAL SOLUTIONS PTY LTD	2,956	9,195	Responsible for expanding the sales market in Australia	(3,253)	Decline in performance	Continue to develop new clients
HEARTWARE ALLIANCE AND INTEGRATION LIMITED (註)	-	-	Responsible for software sales and related development	5	-	-

(Note) Heartware Alliance and Integration Limited was registered for cancellation on May 6, 2022.

(II) Investment plans for the coming year: By combining market strengths, Aopen will form a strategy alliance with manufacturers or clients at the right time in the future and carefully evaluate investment plans.

VI. Analyze and assess the following matters for risk management:

(I) During the most recent fiscal year, effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. Exchange rate change:
   At Aopen, the main sales are exports. In 2022, the exchange rate gain in the consolidated financial statements amounted to NT$9,962 thousand, accounting for 0.30% of the net operating income in the consolidated financial statements 2022. To prevent the effect arising from exchange rate changes, the Company has adopted the following countermeasures:
   (1) The exposed foreign currency position is adjusted at any time based on the projected revenue.
   (2) Foreign assets and liabilities are offset for hedging effect.
   (3) The financial department-related personnel keep a close eye on exchange rate changes and Aopen's capital needs, and determine the timing of foreign currency exchange in order to minimize the impact of exchange rate changes on Aopen's profitability.

2. Interest rate change:
   At present, Aopen's cash position is mainly in New Taiwan dollars. Due to the oversupply situation in the currency market, Taiwan dollars continue to have a low interest rate. In line with the open policy of the government and the current investment policies of companies, our main investments will center on capital guaranteed financial instruments that are highly safe.

3. Inflation:
   According to the recent report of the World Economic Outlook – International Monetary Fund (IMF), the environment of global economic recovery will drive global commodity prices, leading to inflationary concerns. The Company will respond to this with flexibility to avoid losses; hence inflation is not expected to have a material impact on the operations.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions in the most recent fiscal year; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

In the most recent fiscal year, Aopen did not engage in business activities such as high-risk investments or highly leveraged investments, nor did the Company loan funds to others. Aopen only made endorsements and guarantees to its wholly owned subsidiaries in the most recent fiscal year and no losses were incurred. The policy for the Company's engagement in derivatives transactions is subject to the Company's rules. All positions traded are fully within the scope of Aopen's business, and are carried out with the purpose of hedging most of the market price risk.

In the future, Aopen will continue to follow its established principles and will not engage in high-risk or highly leveraged investments. The policy for loaning funds to others as well as providing endorsements and guarantees will be in accordance with Aopen's rules and systems.

(III) R&D plans, current progress of uncompleted R&D plans, additional R&D fees required, projected completion of mass production, and main factors affecting the success of R&D in the future:

Aopen's core software is embedded devices and display products and serves the potential customer base of industrial computers with innovative business models. With the digital transformation trend of "one stop service solutions," we integrate and provide versatile products and services. This way, we are able to better assist our targeted customer groups in adjusting their corporate workflow so that they are able to accelerate investment in front-line service automation projects to further reduce operating costs. Moreover, the remote work performance of their employees can be managed and strengthened to increase the overall efficiency of their corporate resources, achieving the strategic goal of digital transformation.

In response to R&D development demand, the amount expected to be invested in R&D in 2023 accounted for 1.5% to 3.5% of the total revenue.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

We follow domestic and foreign laws and regulations in the course of conducting our daily operations. As well as this, we keep a close eye on the development trends of domestic and foreign policies and regulatory changes. We also collect relevant information for management-level personnel to adjust the Company' operations strategies. After evaluation, important domestic and foreign policies and regulatory changes did not have a significant impact on the Company's financial operations in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

(V) Effect on the company's financial operations from technological changes in the most recent fiscal year, and measures to be taken in response:

With the changes in the computer industry and their peripherals and related technologies accelerating, although there is no expected material adverse impact on the Company's financial operations, the Company continues to pay close attention to the future development trends and market pulses of the related technologies. In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, there were no technological changes or industrial changes that materially affected the Company's financial operations.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

We are committed to operating in our business while also maintaining a positive corporate image. To achieve this, we abide by all laws and regulations. In the most recent year and up to the date of publication of the annual report, the Company did not experience any crisis arising from corporate image change.

(VII) Expected benefits and possible risks associated with any merger and acquisitions:

In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the Company had no M&A plans. Any M&A plan in the future will be carried out in accordance with the laws and regulations as well as the relevant management measures formulated by the Company. By doing this, we are able to thoroughly protect the interests of the Company and rights of the shareholders.

(VIII) Expected benefits and possible risks associated with any factory expansion:

At present, there are no needs or plans for the Company to expand factories.

(IX Risks associated with any over-concentration of sales or purchasing operations:

There is no over-concentration situation of the Company's sales vendors or purchasing clients compared to peers.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands: None.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management: None.

(XII) Litigious and non-litigious matters:

1. In the most recent 2 years and up to the date of publication of the annual report, list major litigious, non-litigious or administrative disputes that have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities: None.
2. In the most recent 2 years and up to the date of publication of the prospectus, list major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company, where such a dispute could materially affect shareholders' equity or the prices of the company's securities:

   Except for Acer Inc. (Acer), a major shareholder holding a stake of greater than 10 percent, that has the following lawsuit pending, the remaining directors or general managers have no other major litigious, non-litigious or administrative disputes or administrative investigations pending. The relevant lawsuit is evaluated and analyzed as follows:

   — A company in the U.S. filed a lawsuit against Acer for breach of confidentiality and trade secrets in California state court. Acer has actively entrusted a lawyer to deal with it. At present, Acer has won the interim judgment of the first instance, and the plaintiff is continuing to appeal. However, this case shall have no immediate material adverse impact on Acer's finance and business

   — Acer receives notices from third parties from time to time asserting patent infringement or claiming patent licenses in the course of its daily operations. Despite this, Acer does not anticipate that the outcome (individually or collectively) will have a material adverse impact on its finance or business. However, as it is difficult to predict legal proceedings, dispute resolutions may have an impact on Acer's operating results or cash flows.

— With the international tax environment rapidly changing, and faced with an assortment of tax challenges around the world, Acer has different views from those of local taxation agencies. For tax cases (including but not limited to income tax, withholding tax and business tax) that qualify for liability recognition provisions, Acer has made appropriate estimates in accordance with the regulations. Due to the fact that tax issues are often complex and may take years to resolve, it is often difficult to anticipate the outcome of tax disputes. Based on this, the ultimate results may have an impact on Acer's operating income or cash flows in certain points of time.

In summary, the above litigations are all disputes derived from corporate business. After evaluation, there shall be no other material breaches of laws and regulations or the principle of good faith and shall have no material impact on Acer's future normal operation.

(XIII) Information security risk assessment analysis and actions taken in response:

Aopen's management takes a proactive approach to implement the Company's cyber security risk management. The "Information Security Policy" formulated by the Company regulates the authority of the use of network systems and physical business machines. The Management Information Unit is responsible for its implementation and management of the "Information Security Policy."

Information Security Risk Assessment and Analysis:

1. Identify assets: First, identify the assets in the organization, including data, systems, applications, and infrastructure, to determine which assets need to be protected.
2. Risk assessment: Based on the asset assessment results, assess the potential risks associated with these assets, and determine the possible impact and probability of occurrence.
3. Formulate information security strategies: According to assessment results and risk levels, formulate information security strategies and procedures to ensure that appropriate measures can control or mitigate information security risks.
4. Implementation measures: According to policies and procedures, implement information security control measures, including technical measures (such as encryption and firewalls), physical measures (such as closed-circuit television and access control systems), and administrative measures (such as training and guidelines).
5. Monitoring and Auditing: Monitor the effectiveness of implemented measures and procedures to ensure compliance with requirements and standards. Periodic audits are conducted to ensure that information security controls are effective.
6. Feedback and Improvement: According to the results of monitoring and auditing, give feedback and improvement, and update information security policies and procedures to reflect new risks and threats.

Information security management operation and implementation of related measures:

1. Establish Security Policies and Procedures: Develop clear security policies and procedures, and provide training and education to ensure that all employees understand and comply with these policies and procedures.
2. Strengthen Identity Authentication and Access Control: Adopt strong identity authentication and access control technologies, such as multi-factor authentication, access control list,

encryption, etc., to ensure that only authorized personnel can access sensitive information and systems.

3. Monitoring and Logging: Establish a monitoring and logging system to monitor system activity and events and track suspicious behavior and events.
4. Implement Vulnerability Management: regularly conduct vulnerability scanning and testing, patch vulnerabilities in a timely manner, and ensure that systems and applications undergo strict security review and testing.
5. Establish Emergency Response Plan: Develop an emergency response plan to determine response measures and procedures to deal with possible security incidents and disasters.
6. Raise User Awareness: Educate and raise user awareness to reduce exposure to security risks, such as educating employees on how to recognize and avoid phishing emails, hacking attacks, and social engineering, etc.
7. Encrypt Sensitive Information: Encrypt sensitive information, such as user names, passwords, credit card numbers, etc., to protect data from unauthorized access or snooping.
8. Regularly Back-up Data: establish a strategy for regularly backing up data, and ensure that backups are stored in a safe location to avoid data loss or destruction.
9. Implement the Principle of Least Privilege: implement the principle of least privilege to ensure that only necessary personnel can access and process sensitive information and systems.
10. The Security Personnel Training: Train and hire professional security personnel who can specialize in handling security incidents and issues to improve the organization's ability to respond to information security risks.
11. Conduct Regular Risk Assessments: Conduct regular risk assessments to assess new risks and threats facing the organization and update and adjust information security strategies and measures accordingly.
12. Increase Information Protection Insurance (CYBER EDGE) to disperse possible risk losses.
13. In 2022, Aopen fully updated colleagues' equipment to public equipment to improve the efficiency of information security protection.
14. We promotes information security cases from time to time, and updates software and hardware information security protection equipment and signing maintenance contracts from time to time to ensure that all protections are kept in the latest state.

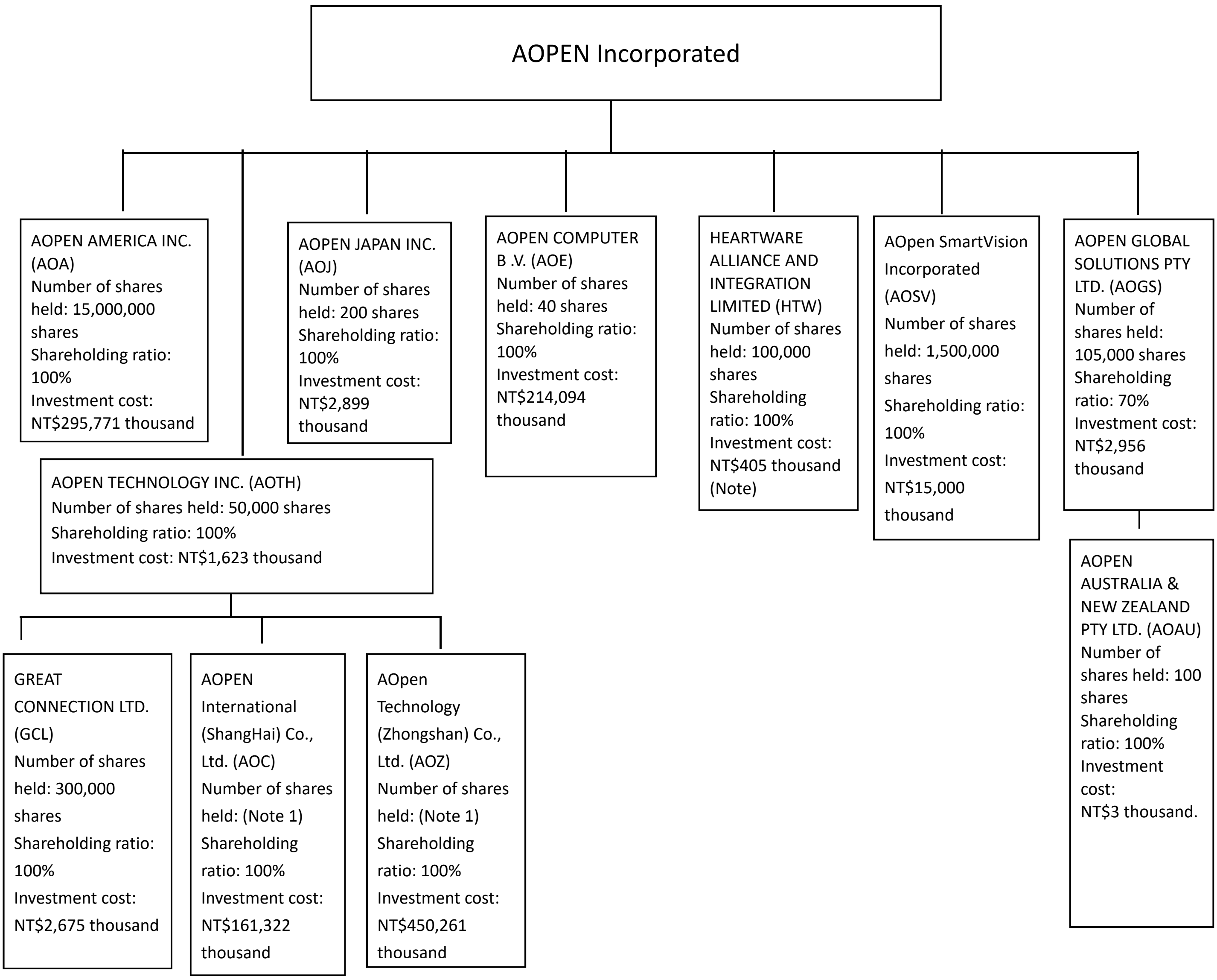
VII. Other important matters: None.

Eight. Special items to be included

I. Information on affiliates

(I) Consolidated Business Report of Affiliates

1. Organizational Chart of Affiliates



Note: Heartware Alliance and Integration Limited was registered for cancellation on May 6, 2022.

2. Basic information on aopen's affiliates and their major businesses

Name of company	Date of establishment	Address	Paid-up capital	Main business or production
AOPEN AMERICA INC.	December 1997	San Jose, California, USA	US15,000,000	Sales and purchases of computers, instrument systems and peripheral equipment
AOPEN COMPUTER B .V.	December 1997	Hertogenbosch, The Netherlands	EUR18,151	Sales and purchases of computers, instrument systems and peripheral equipment
AOPEN TECHNOLOGY INC.	May 1999	Tortola, British Virgin Islands	US50,000	Sales and purchases of computers, instrument systems and peripheral equipment
AOPEN JAPAN INC.	October 2000	Japan	JPY10,000,000	Sales and purchases of computers, instrument systems and peripheral equipment
AOpen SmartVision Incorporated	February 2002	Taiwan	NT15,000,000	Sales and purchases of computers, instrument systems and peripheral equipment
GREAT CONNECTION LTD.	June 1993	Hong Kong	HK300,000	Sales and purchases of computers, instrument systems and peripheral equipment
AOPEN GLOBAL SOLUTIONS PTY LTD (Note 1)	November 2013	Australia	AUD 150,000	Sales and purchases of computers, instrument systems and peripheral equipment
AOPEN AUSTRALIA & NEW ZEALAND PTY LTD. (Note 1)	November 2013	Australia	AUD 100	Sales and purchases of computers, instrument systems and peripheral equipment
HEARTWARE ALLIANCE AND INTEGRATION LIMITED (Note 2)	August 2015	Hong Kong	HK 100,000	Software development and agency sales and purchases
AOPEN International (shanghai) Co., Ltd.	July 2000	Shanghai, China	US4,800,000	Sales and purchases of computers, instrument systems and peripheral equipment
Aopen Technology (Zhongshan) Co., Ltd.	April 2001	Zhongshan City, Guangdong Province, China	US13,500,000	Sales of computer components, outsourcing management

Note 1: 70% shareholding ratio
Note 2: Heartware Alliance and Integration Limited was registered for cancellation on May 6, 2022.

3. For companies presumed to have a relationship of control and subordination: None.

4. The industries covered by the business operated by the affiliates:
The industries covered by the business operated by the affiliates of the Company: Please refer to 2. "Basic information on aopen's affiliates and their major businesses."

5. Information on the directors, supervisors and general managers of each affiliate

Name of company	Title	Name or representative	Shares held (amount of capital contribution)	
			Number of shares (amount of capital contribution)	Shareholding ratio
AOPEN AMERICA INC.	Director	Victor Chien, Ken Wang , Jim Chen	15,000,000 shares	100.00%
AOPEN COMPUTER B .V.	Director	Victor Chien, Ken Wang, Jack Chou	40 shares	100.00%
AOPEN TECHNOLOGY INC.	Director	Ken Wang, Edward Chen	50,000 shares	100.00%
AOPEN JAPAN INC.	Director	Victor Chien, Ken Wang, Frank Huang	200 shares	100.00%
	Supervisor	Edward Chen		
Aopen smartvision Incorporated	Director	AOPEN Incorporated Representatives: Victor Chien, Ken Wang, Edward Chen	1,500,000 shares	100.00%
	Supervisor	AOPEN Incorporated Representative: Alice Yang		
AOPEN GLOBAL SOLUTIONS PTY LTD	Director	Dale Tsai, Stephen Borg, Edward Chen	105,000 shares	70.00%
AOPEN AUSTRALIA & NEW ZEALAND PTY LTD	Director	Dale Tsai, Stephen Borg Edward Chen, Steve Hogan	100 shares	70.00%
HEARTWARE ALLIANCE AND INTEGRATION LIMITED (Note)	Director	Dale Tsai, Steve Yu	100,000 shares	100.00%
GREAT CONNECTION LTD.	Director	Dale Tsai, Edward Chen	300,000 shares	100.00%
Aopen Technology (Zhongshan) Co., Ltd.	Managing director	Ken Wang	USD 13,500,000	100.00%
	General Manager	Steve Yu		
	Supervisor	Edward Chen		
AOPEN International (shanghai) Co., Ltd.	Director	Victor Chien, Ken Wang, Edward Chen	USD 4,800,000	100.00%
	General Manager	Sunny Liao		

Note: Heartware Alliance and Integration Limited was registered for cancellation on May 6, 2022.

6. Business overview of affiliates

Up to December 31, 2022

Unit: NT$ thousand

Name of company	Amount of capital	Total assets	Total liabilities	Net value	Operating income	Operating profit	Profit or loss for the period (after tax)	Earnings per share (after tax) (NT$)
AOPEN AMERICA INC.	492,744	74,605	242,568	(167,963)	211,082	1,181	(646)	(0.04)
AOPEN COMPUTER B .V.	713	198,209	214,823	(16,614)	452,531	5,265	(1,065)	(26,265)
AOPEN TECHNOLOGY INC.	1,623	320,387	0	320,387	0	(48)	45,541	910.82
AOPEN JAPAN INC.	2,899	46,151	17,738	28,413	44,001	1,152	727	3,635
Aopen smartvision Incorporated	15,000	14,797	1,224	13,573	(275)	(295)	20	0.01
AOPEN GLOBAL SOLUTIONS PTY LTD	4,221	15,504	0	15,504	0	(8)	(4,646)	(30.97)
AOPEN AUSTRALIA & NEW ZEALAND PTY LTD	3	37,383	24,028	13,355	63,313	(5,220)	(4,646)	(46,460)
GREAT CONNECTION LTD.	1,215	4,020	130	3,890	78	(1)	(1)	-
AOPEN International (shanghai) Co., Ltd.	161,322	73,910	61,142	12,768	305,683	(3,255)	(2,864)	-
Aopen Technology (Zhongshan) Co., Ltd.	450,261	328,785	25,208	303,577	36,936	996	48,454	-

7. List of other subsidiaries of Acer Group in which the Company's directors hold a position

Name or representative	Name of company and title
Jason Chen	Chairman, ACER BEING COMMUNICATION INC. Chairman, Acer ITS Inc. Chairman, Acer AI Cloud Inc. Chairman, Acer beingware Holding Inc. Chairman, Acer e-Enabling Service Business Inc. Chairman, Weblink International Inc. Chairman, XPLOVA INC. Chairman, Acer Digital Service Co. Chairman, Cross Century Investment Limited Chairman, Acer Asset Management Incorporated Chairman, Acer Beverage Incorporated Director, Beijing Altos Computing Ltd Director, Altos Computing Inc. Director, Acer (Chongqing) Ltd. Director, Acer Being Signage Inc. Director, Acerpure Inc. Director, Acer Gadget Inc. Director, Acer Medical Inc. Director, Acer Cloud Technology (Taiwan) Inc. Director, Acer Computer (Shanghai) Ltd. Director, Acer Cloud Technology (Chongqing) Ltd. Director, PECER BIO-MEDICAL TECHNOLOGY INCORPORATED Director, Acer China Venture Corp Director, MPS Energy Inc. Director, Acer Gaming Inc. Director, Protrade Applied Materials Corp. Director, Acer America Corporation Director, Acer American Holdings Corp. Director, Acer Asia Pacific Sdn Bhd Director, Acer Cloud Technology Inc. Director, Acer Computer (Far East) Limited Director, Acer Europe SA Director, Acer European Holdings SA Director, Acer Holdings International, Incorporated Director, Dropzone (Hong Kong) Limited Director, Dropzone Holding Limited Director, Acer softcapital Incorporated Director, Boardwalk Capital Holdings Limited

Maverick Shih	Chairman, Acer Cyber Security Inc. Chairman, Acer Being Signage Inc. Chairman, Acer e-Enabling Data Center Inc. Chairman, Acer Cloud Technology (Taiwan) Inc. Chairman, Acer Synergy Tech Corp Chairman, Acer Intelligence (Chongqing) Ltd. President, Acer Cloud Technology (US), Inc. President, Acer Cloud Technology Inc. Director, ACER INC. Director, Acer Being Communication Inc. Director, Acer ITS Inc. Director, Acer e-Enabling Service Business Inc. Director, ISU Service Corp. Director, AOPEN Inc. Director, Shanghai AST Technology Service Ltd. Director, Chongqing Xiantao Frontier Consumer Behavior Big Data Co., Ltd. Director, Acer Synergy Tech America Corporation

Name	Name of company and title
Head of Corporate Governance : Lydia Wu	Chairman, Shanghai AST Technology Service Ltd. Director, Xplova Inc. Director, Acer ITS Inc. Director, Wellife Inc. Director, Acer beingware Holding Inc. Director, Acer Computer (Shanghai) Ltd. Director, Acer (Chongqing) Ltd. Director, Acer Digital Service Co. Director, Acer AI Cloud Inc. Director, Acer Asset Management Incorporated Director, MPS Energy Inc. Director, Portrade Applied Materials Corp. Head of Corporate Governance, Acer e-Enabling Service Business Inc. Head of Corporate Governance, Acer Synergy Tech Corp. Head of Corporate Governance, Weblink International Inc.

(II) Consolidated Financial Statements of the Affiliates

1. Consolidated Financial Statements of Affiliates

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2022 (January 1, 2022 – December 31, 2022) pursuant to the Criteria Governing Preparation of Affiliation Report, Consolidated Business Report and Consolidated Financial Statement of Affiliated Enterprises are the same as those to be included into the consolidated financial report of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10 endorsed by the Financial Supervisory Commission. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the said consolidated financial report of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial report of affiliated enterprises separately.

In witness thereof, the Declaration is hereby presented.

Name of Company: Aopen Inc.

Chairman: Victor Chien

Date: March 15, 2023

2. Review Report of Consolidated Financial Statements of the Affiliates by CPAs: Please refer to p.104 to p.170

(III) Consolidated Financial Statements of the Affiliates: None.

II. Private placement of securities in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the company by the company's subsidiaries in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

V. Other matters that require additional description: None.

Nine. Any of the Situations Listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Occurred in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

Representation Letter

The entities that are required to be included in the combined financial statements of AOPEN Incorporated as of and for the year ended 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 "Consolidated Financial Statements", endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, AOPEN Incorporated and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

AOPEN Incorporated
Victor Chien
Chairman
March 15, 2023

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Independent Auditors' Report

To the Board of Directors
AOPEN Incorporated:

Opinion

We have audited the consolidated financial statements of AOPEN Incorporated (the "Company") 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 then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the paragraph on Other Matter of our report), the accompanying consolidated financial statements present fairly, in all material respects, the 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 then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), and interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

KPMG

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements for the year ended December 31, 2022 are stated as follows:

1. Revenue recognition

   Refer to note 4(o) and note 6(t) for accounting policy on revenue recognition and related disclosures of revenue, respectively.

   Description of key audit matter:

   Revenue is recognized depending on the various trade terms agreed with customers. This exposes the Group to the risk that the sales transactions made close to the balance sheet date are not recorded in the appropriate period. Therefore, the revenue recognition has been identified as one of our key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matters above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of the Group's internal controls over financial reporting in the sales; assessing whether revenue is recognized based on the trade terms with customers through reviewing the related sales contracts or other trade documents; and performing a sample test of sales transactions taking place before and after the balance sheet date to ensure that revenue was recognized in the appropriate period.

2. Valuation of inventories

   Refer to note 4(h) and note 6(f) for accounting policy on inventory valuation and related disclosures of inventories, respectively.

   Description of key audit matter:

   Inventories are measured at the lower of cost and net realizable value. Due to the rapid industry change and fierce market competition, which could possibly result in a price decline and obsolescence of inventory, the valuation of inventories has been identified as one of our key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, we have performed certain audit procedures including, among others, obtaining the inventory aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Group; evaluating whether the valuation of inventories was accounted for in accordance with the Group' s accounting policies; and assessing the historical reasonableness of management' s estimates on inventory provisions.

KPMG

Other Matter

We did not audit the financial statements of the investment accounted for using the equity method. The financial statements of Apex Material Technology Corp. were audited by other auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Apex Material Technology Corp., is based solely on the report of other auditor. The investment in Apex Material Technology Corp. accounted for using the equity method constituted 18.58% and 17.80% of the total consolidated assets as of December 31, 2022 and 2021, respectively, and the related share of profit of associates accounted for using the equity method constituted 15.77% and 24.14% of the consolidated net income before tax, for the years ended December 31, 2022 and 2021, respectively.

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified audit opinion with other matters section.

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Chun-I Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

Notes to Readers

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

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

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

AOPEN INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 604,499	34	624,489	37
1110	Financial assets measured at fair value through profit or loss —current (note 6(b))	34	-	967	-
1170	Notes and accounts receivable, net (notes 6(d) and (t))	53,926	3	94,118	6
1180	Accounts receivable from related parties (notes 6(d), (t) and 7)	414,653	23	379,975	22
1200	Other receivables (note 6(e))	788	-	930	-
1210	Other receivables due from related parties (notes 6(e) and 7)	-	-	31	-
1220	Current income tax assets	1,619	-	3,132	-
130x	Inventories (note 6(f))	241,057	13	155,337	9
1479	Other current assets	45,072	3	40,559	3
	Total current assets	1,361,648	76	1,299,538	77
	Non-current assets:				
1517	Financial assets measured at fair value through other comprehensive income—non-current (note 6(c))	52,224	3	55,258	3
1550	Investments accounted for using the equity method (note 6(g))	330,807	19	302,166	18
1600	Property, plant and equipment (note 6(j))	5,986	-	4,249	-
1755	Right-of-use assets (notes 6(k) and 7)	7,931	1	14,118	1
1780	Intangible assets (note 6(l))	1,057	-	1,392	-
1840	Deferred income tax assets (note 6(q))	2,846	-	3,245	-
1920	Refundable deposits	4,844	-	7,722	-
1975	Net defined benefit assets—non-current (note 6(p))	12,612	1	9,214	1
1995	Other non-current assets (note 8)	600	-	600	-
	Total non-current assets	418,907	24	397,964	23
	Total assets	$ 1,780,555	100	1,697,502	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(m) and (z))	$ -	-	163,070	10
2120	Financial liabilities measured at fair value through profit or loss—current (note 6(b))	3,974	-	366	-
2130	Contract liabilities—current (note 6(t))	15,631	1	9,957	1
2170	Notes and accounts payable	737,428	41	667,711	40
2180	Accounts payable to related parties (note 7)	2,077	-	6,888	-
2200	Other payables (note 6(u))	62,063	4	74,262	4
2220	Other payables to related parties (note 7)	5,794	-	1,684	-
2230	Current income tax liabilities	2,483	-	996	-
2250	Provisions—current (note 6(n))	15,605	1	18,340	1
2280	Lease liabilities—current (notes 6(o), (z) and 7)	5,327	-	6,187	-
2300	Other current liabilities	10,054	1	10,126	1
	Total current liabilities	860,436	48	959,587	57
	Non-current liabilities:				
2527	Contract liabilities—non-current (note 6(t))	5,697	-	7,385	-
2570	Deferred income tax liabilities (note 6(q))	64,840	4	64,200	4
2580	Lease liabilities—non-current (notes 6(o), (z) and 7)	2,662	-	7,776	-
2640	Net defined benefit liabilities—non-current (note 6(p))	7,739	1	8,082	1
2670	Other non-current liabilities	2,893	-	2,878	-
	Total non-current liabilities	83,831	5	90,321	5
	Total liabilities	944,267	53	1,049,908	62
	Equity (notes 6(c), (g), (i) and (r)):				
3110	Common stock	714,480	40	714,480	42
3200	Capital surplus	2,976	-	2,976	-
3300	Retained earnings (accumulated deficit)	147,097	9	(56,062)	(3)
3400	Other equity	(32,916)	(2)	(19,356)	(1)
	Equity attributable to shareholders of the Parent	831,637	47	642,038	38
36XX	**Non-controlling interests**	4,651	-	5,556	-
	Total equity	836,288	47	647,594	38
	Total liabilities and equity	$ 1,780,555	100	1,697,502	100

See accompanying notes to consolidated financial statements.

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

AOPEN INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Net revenue (notes 6(t), 7 and 14)**	$ 3,329,551	100	2,573,408	100
5000	**Less: cost of revenue (notes 6(f), (j), (n), 7 and 12)**	3,020,561	91	2,211,857	86
	Gross profit	308,990	9	361,551	14
	Less: operating expenses (notes 6(d), (j), (k), (l), (o), (p), (u), 7 and 12):				
6100	Selling expenses	105,160	3	141,118	5
6200	General and administrative expenses	106,243	3	125,329	5
6300	Research and development expenses	16,171	1	19,798	1
6450	Expected credit losses (gains)	9,509	-	(142)	-
	Total operating expenses	237,083	7	286,103	11
	Operating income	71,907	2	75,448	3
	Non-operating income and loss:				
7100	Interest income	10,107	-	7,596	-
7130	Dividend income (note 6(c))	786	-	987	-
7020	Other gains and losses (notes 6(g), (h), (v) and 7)	90,108	3	45,340	2
7050	Finance costs (notes 6(o), (v) and 7)	(2,283)	-	(3,011)	-
7060	Share of profits of associates (note 6(g))	31,947	1	19,597	1
	Total non-operating income and loss	130,665	4	70,509	3
	Income before taxes	202,572	6	145,957	6
7950	**Less: income tax expense (note 6(q))**	4,607	-	9,606	(1)
	Net income	197,965	6	136,351	5
	Other comprehensive income (loss) (notes 6(g), (p) and (q)):				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	4,070	-	2,498	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(3,034)	-	(6,786)	-
8320	Share of other comprehensive income (loss) of associates	(13)	-	17	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	407	-	1,361	-
	Total items that will not be reclassified to profit or loss	1,430	-	(2,910)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	(10,367)	-	869	-
8370	Share of other comprehensive income (loss) of associates	(334)	-	1,007	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(10,701)	-	1,876	-
	Other comprehensive loss, net of taxes	(9,271)	-	(1,034)	-
	Total comprehensive income for the year	**$ 188,694**	**6**	**135,317**	**5**
	Net income attributable to:				
	Shareholders of the parent	$ 199,102	6	130,205	5
	Non-controlling interests	(1,137)	-	6,146	-
		$ 197,965	**6**	**136,351**	**5**
	Total comprehensive income attributable to:				
	Shareholders of the parent	$ 189,599	6	129,633	5
	Non-controlling interests	(905)	-	5,684	-
		$ 188,694	**6**	**135,317**	**5**
	Earnings per share (in New Taiwan dollars) (note 6(s)):				
9750	Basic earnings per share	**$ 2.79**		**1.82**	
9850	Diluted earnings per share	**$ 2.78**		**1.82**	

See accompanying notes to consolidated financial statements.

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

AOPEN INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Parent										
			Retained earnings (accumulated deficit)			Other equity					
	Common stock	Capital surplus	Special reserve	Retained earnings (accumulated deficit)	Total	Foreign currency translation differences	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 714,480	59,682	32,328	(203,374)	(171,046)	(30,315)	12,569	(17,746)	585,370	15,948	601,318
Net income for the year	-	-	-	130,205	130,205	-	-	-	130,205	6,146	136,351
Other comprehensive income (loss) for the year	-	-	-	2,515	2,515	2,338	(5,425)	(3,087)	(572)	(462)	(1,034)
Total comprehensive income (loss) for the year	-	-	-	132,720	132,720	2,338	(5,425)	(3,087)	129,633	5,684	135,317
Appropriation approved by the stockholders:											
Special reserve used to offset accumulated deficits	-	-	(32,328)	32,328	-	-	-	-	-	-	-
Other changes in capital surplus:											
Change in ownership interests in subsidiaries	-	2,976	-	-	-	-	-	-	2,976	(2,976)	-
Share of changes in equity of associates	-	(59,682)	-	(17,736)	(17,736)	1,477	-	1,477	(75,941)	-	(75,941)
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	(3,600)	(3,600)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(9,500)	(9,500)
Balance at December 31, 2021	714,480	2,976	-	(56,062)	(56,062)	(26,500)	7,144	(19,356)	642,038	5,556	647,594
Net income for the year	-	-	-	199,102	199,102	-	-	-	199,102	(1,137)	197,965
Other comprehensive income (loss) for the year	-	-	-	4,057	4,057	(10,933)	(2,627)	(13,560)	(9,503)	232	(9,271)
Total comprehensive income (loss) for the year	-	-	-	203,159	203,159	(10,933)	(2,627)	(13,560)	189,599	(905)	188,694
Balance at December 31, 2022	$ **714,480**	**2,976**	**-**	**147,097**	**147,097**	**(37,433)**	**4,517**	**(32,916)**	**831,637**	**4,651**	**836,288**

See accompanying notes to consolidated financial statements.

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

AOPEN INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before income tax	$ 202,572	145,957
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	9,760	23,033
Amortization	1,782	1,709
Expected credit losses (gains on reversal of impairment loss)	9,509	(142)
Interest expense	2,283	3,011
Interest income	(10,107)	(7,596)
Dividend income	(786)	(987)
Share of profits of associates	(31,947)	(19,597)
Losses on disposal of property, plant and equipment	-	4,275
Gains on disposal of investments accounted for using the equity method	(7,998)	(47,815)
Unrealized foreign exchange losses (gains) from loans	120	(123)
Gains on lease modification	-	(259)
Gains on reversal of impairment loss on non-financial assets	(30,048)	-
Total adjustments for profit or loss	(57,432)	(44,491)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets measured at fair value through profit or loss	933	(741)
Accounts receivable	30,778	5,168
Accounts receivable from related parties	(34,678)	(115,621)
Other receivables	142	(729)
Other receivables from related parties	31	4,324
Inventories	(87,354)	96,195
Other current assets	(4,513)	8,982
Net defined benefit assets	(58)	(9,214)
Changes in operating assets	(94,719)	(11,636)
Changes in operating liabilities:		
Financial liabilities measured at fair value through profit or loss	3,608	(3,059)
Contract liabilities	3,986	(8,118)
Notes and accounts payable	69,717	312,342
Accounts payable to related parties	(4,811)	(34,198)
Other payables	(12,149)	(1,343)
Other payables to related parties	4,110	(21,777)
Provisions	(2,735)	(8,000)
Other current liabilities	(72)	(656)
Net defined benefit liabilities	387	(876)
Other non-current liabilities	15	367
Changes in operating liabilities	62,056	234,682
Total changes in operating assets and liabilities	(32,663)	223,046
Total adjustments	(90,095)	178,555
Cash provided by operations	112,477	324,512
Interest received	10,107	7,596
Interest paid	(2,333)	(3,109)
Income taxes paid	(1,674)	(9,699)
Net cash flows provided by operating activities	118,577	319,300

(Continued)

See accompanying notes to consolidated financial statements.

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

AOPEN INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	$ -	(12,000)
Proceeds from disposal of investments accounted for using equity method	21,137	-
Additions to property, plant and equipment	(3,325)	(2,552)
Proceeds from disposal of property, plant and equipment	-	1,016
Decrease (increase) in refundable deposits	2,878	(444)
Additions to intangible assets	(1,446)	(2,239)
Decrease in other non-current assets	-	235
Dividends received	20,776	67,628
Net cash flows provided by investing activities	40,020	51,644
Cash flows from financing activities:		
Increase in short-term borrowings	1,653,158	1,940,789
Decrease in short-term borrowings	(1,816,348)	(2,096,055)
Payments of lease liabilities	(6,402)	(13,013)
Cash dividends paid to non-controlling interests	-	(3,600)
Increase in non-controlling interests	-	(9,500)
Net cash flows used in financing activities	(169,592)	(181,379)
Effect of foreign exchange rate changes	(8,995)	(2,278)
Net increase (decrease) in cash and cash equivalents	(19,990)	187,287
Cash and cash equivalents at beginning of year	624,489	437,202
Cash and cash equivalents at end of year	**$ 604,499**	**624,489**

See accompanying notes to consolidated financial statements.

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

AOPEN INCORPORATED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Organization and business

AOPEN Incorporated (the "Company") was incorporated on December 21, 1996, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 7F-5, No. 369, Fuxing N. Rd., Songshan Dist., Taipei City, Taiwan. The Company and its subsidiaries (the "Group") primarily engaged in the sale, manufacture, import and export of computer products, software, computer components, peripheral equipment and apparatus, as well as repair and maintenance service.

To integrate its resources and to optimize its business operation, the Company merged with its subsidiary, AOPEN SmartView Incorporated, with the merger date set on December 15, 2021, based on a resolution approved during the board meeting held on November 2, 2021. After the merger, the Company became the sole surviving entity.

2. Authorization of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 15, 2023.

3. Application of new and revised accounting standards and interpretations:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

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

(Continued)

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

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

h Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”

h IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

h Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

h Amendments to IAS 1 “Non-current Liabilities with Covenants”

h IFRS 16 “Requirements for Sale and Leaseback Transactions”

4. Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Group’s accompanying consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (the “Regulations”) and the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (collectively as “Taiwan-IFRSs”).

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except for the following items:

1) Financial instruments measured at fair value through profit or loss;
2) Financial assets measured at fair value through other comprehensive income; and
3) Net defined benefit liabilities (assets) measured at present value of defined benefit obligation, less the fair value of plan assets and the effect of the asset ceiling mentioned in note 4(q).

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The accompanying consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Total comprehensive income (loss) of a subsidiary is attributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All inter-company transactions, balances, as well as resulting unrealized income and loss, are eliminated on consolidation.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries included in the consolidated financial statements

Name of Investor	Name of Investee	Percentage of Ownership December 31, 2022	Percentage of Ownership December 31, 2021	Note
The Company	AOPEN America Inc. ("AOA")	100.00 %	100.00 %	-
The Company	AOPEN Computer B.V. ("AOE")	100.00 %	100.00 %	-
The Company	AOPEN Technology Inc. ("AOTH")	100.00 %	100.00 %	-
The Company	AOPEN Japan Inc. ("AOJ")	100.00 %	100.00 %	-
The Company	AOPEN Global Solutions Pty Ltd. ("AOGS")	70.00 %	70.00 %	-
The Company	Aopen SmartVision Incorporated ("AOSV")	100.00 %	100.00 %	-
The Company	Heartware Alliance and Integration Limited ("HTW")	-	100.00 %	Note 1
The Company	AOPEN SmartView Incorporated ("AOSD")	-	-	Note 2
AOTH	Great Connection Ltd. ("GCL")	100.00 %	100.00 %	-
AOTH	AOPEN International (Shanghai) Co., Ltd. ("AOC")	100.00 %	100.00 %	-
AOTH	AOPEN Information Products (Zhongshan) Inc. ("AOZ")	100.00 %	100.00 %	-
AOGS	AOPEN Australia & New Zealand Pty Ltd. ("AOAU")	100.00 %	100.00 %	-

Note 1: HTW was liquidated in May 2022.
Note 2: AOSD merged with the Company in December 2021.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(Continued)

(d) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Group's consolidated financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Group's consolidated financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

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

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

(f) Cash and cash equivalents

Cash consists of cash on hand, checking deposits and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(g) Financial instruments

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

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method, less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

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

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex-dividend date).

3) Financial assets measured at fair value through profit or loss

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

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

4) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial assets on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

(Continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group' s claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

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

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

- bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group measures loss allowances and contract assets for accounts receivable at an amount equal to lifetime ECL.

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

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

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

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

(Continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets, and loss allowance or reversal amount is recognized in profit or loss.

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

6) Derecognition of financial assets

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

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

(ii) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge its foreign currency exposures. Derivatives are initially measured at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. If the valuation of a derivative instrument is in a positive fair value, it is classified as a financial asset, otherwise, it is classified as a financial liability.

(iii) Financial liabilities

1) Financial liabilities

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

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

(Continued)

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the standard cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(i) Investments in associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses. When necessary, the entire carrying amount of the investment (including goodwill) will be tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

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

(Continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the recognition of further losses is discontinued. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing of a part interest in the associate, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss (or retained earnings).

Losses recognized using the equity method in excess of the Group's investment in ordinary shares are applied to the other components of the Group's interest in an associate in the reverse order of their seniority. The interest in an associate is the carrying amount of the investment in the associate, which is determined using the equity method, together with any long-term interests that, in substance, form part of the Group's net investment in the associate. Such items may include preference shares and long-term receivables or loans, but excluding trade receivables, trade payables or any long-term receivables for which adequate collateral exists.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. If the adjustments are charged to capital surplus and the capital surplus resulting from investments accounted for using the equity method is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(Continued)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Machinery	2 to 5 years
Molding equipment	1 year
Other equipment	2 to 8 years
Leasehold improvements	3 to 5 years

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Leases

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

(i) As a lessee

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

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

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

(Continued)

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Group's assessment on whether it will exercise an option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise an extension or termination option; or
- there is any lease modification in lease subject, scope of the lease or other terms.

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

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

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

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

(l) Intangible assets

Intangible assets acquired are carried at cost, less accumulated amortization and accumulated impairment losses and the amortized amount is the cost of an asset, less its residual value.

Amortization is recognized on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful life of computer software is 1 to 3 years.

The residual value, amortization period, and amortization method are reviewed at least at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(Continued)

(m) Impairment of non-financial assets

The Group assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets, other than inventories and deferred tax assets, may be impaired. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount for an individual asset or a cash-generating unit ("CGU") is the higher of its fair value, less, costs to sell or its value in use. When the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss immediately.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(n) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

A provision for warranties is recognized when the underlying products or services are sold. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Provisions are not recognized for future operating losses.

(o) Revenue recognition

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

(i) Sale of goods－electronic products

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

(Continued)

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

The Group offers a standard warranty for the product sold to provide assurance that the product complies with agreed-upon specifications. Refer to note 6(n) for more explanation.

(ii) Financing components

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

(p) Government grant

For a government grant that becomes receivable as compensation for expenses or losses already incurred, the Group recognizes an unconditional government grant on a systematic basis, and related expenses in deduction of expenses, when there is reasonable assurance that the grant will be received.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expenses related to the increased obligations resulting from the services rendered by employees in the previous years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise (i) actuarial gains and losses; (ii) return on plan assets, excluding the amounts included in the net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding the amounts included in the net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and reflected in retained earnings.

(Continued)

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

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

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

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

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

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

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

(Continued)

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

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

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

1) the same taxable entity; or

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

(s) Earnings per share (“EPS”)

The basic and diluted EPS attributable to stockholders of the parent are disclosed in the consolidated financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the parent by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the parent and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Group’s dilutive potential common shares include profit sharing for employees to be settled in the form of common stock.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker, who decides on the allocation of resources to the segment and assesses its performance. Each operating segment consists of standalone financial information.

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

Information about judgments made in applying the accounting policies that have significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment as to whether the Group has substantial control or significant influence over its investees

The Group holds 16.60% voting rights of Apex Material Technology Corp. (“AMTC”), as well as owns one of directors’ seats of AMTC and participates in the decision-making on the Board. Therefore, the Group has significant influence over AMTC and the equity method was used to account for the Group’s investment in AMTC.

(Continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Reversal of impairment loss of investments accounted for using equity method

The assessment of reversal of impairment of investments accounted for using equity method requires the Group to make subjective judgments to assess whether there is any indication that an impairment loss recognized in prior periods for the asset may no longer exist or may have decreased at the reporting date and estimate the recoverable amount with relevant assumptions in accordance with significant inputs that are not based on observable market data, which involved significant uncertainty. Refer to note 6(g) for further description on the reversal of impairment loss of investments accounted for using equity method.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 704	1,542
Bank deposits	574,095	351,599
Time deposits	29,700	271,348
	$ 604,499	**624,489**

Refer to note 6(w) for the sensitivity analysis of financial assets of the Group.

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

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Foreign exchange swaps	$ -	528
Foreign currency forward contracts	34	439
	$ 34	**967**
Financial liabilities held for trading:		
Derivative instruments not used for hedging		
Foreign exchange swaps	$ 758	161
Foreign currency forward contracts	3,216	205
	$ 3,974	**366**

(Continued)

The Group entered into derivative contracts to manage foreign currency exchange risk arising from its operating activities. At each reporting date, the outstanding foreign currency forward contracts that did not conform to the criteria for hedge accounting, and were recognized as financial assets and liabilities measured at fair value through profit or loss, consisted of the following:

Foreign exchange swaps:

	December 31, 2022			
	Contract amount (in thousands)		**Currency**	**Maturity period**
Foreign exchange swaps	EUR	1,850	EUR / TWD	2023/01～2023/02
	AUD	180	AUD / TWD	2023/02

	December 31, 2021			
	Contract amount (in thousands)		**Currency**	**Maturity period**
Foreign exchange swaps	USD	1,900	USD / TWD	2022/01
	EUR	1,120	EUR / TWD	2022/01～2022/03
	AUD	950	AUD / TWD	2022/02～2022/03

Foreign currency forward contracts:

	December 31, 2022			
	Contract amount (in thousands)		**Currency**	**Maturity period**
EUR Sell / USD Buy	EUR	3,000	EUR / USD	2023/01～2023/03
AUD Sell / USD Buy	AUD	210	AUD / USD	2023/01

	December 31, 2021			
	Contract amount (in thousands)		**Currency**	**Maturity period**
EUR Sell / USD Buy	EUR	1,930	EUR / USD	2022/01～2022/03
AUD Sell / USD Buy	AUD	560	AUD / USD	2022/01～2022/03

(c) Financial assets measured at fair value through other comprehensive income－non-current

	December 31, 2022	**December 31, 2021**
Unlisted stock	$ 41,204	43,238
Domestic listed stock	11,020	12,020
	$ 52,224	**55,258**

The Group designated the investments shown above as financial assets measured at fair value through other comprehensive income (FVOCI) because these equity instruments are held for long-term strategic purposes and not for trading. Refer to note 6(w) for information on market risk.

(Continued)

For the years ended December 31, 2022 and 2021, the Group recognized the dividend income of $786 and $987, respectively, deriving from the investments shown above.

On August 31, 2021, the Group's loss of significant influence over Meldcx Pty Ltd. had been reclassified from investment accounted for using the equity method to financial assets measured at fair value through other comprehensive income. Refer to note 6(g) for further information.

(d) Accounts receivable (including related parties)

	December 31, 2022	December 31, 2021
Accounts receivable from operating activities	$ 66,673	97,261
Accounts receivable from related parties	414,653	379,975
Less: loss allowance	(12,747)	(3,143)
	$ 468,579	474,093

Except for the entire credit loss incurred from accounts receivable in default, which was individually recognized by the Group, the Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables, by taking into account the forward-looking information. Analysis of expected credit losses on accounts receivable was as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 462,397	0.00%~11.02%	3,834
Past due 1-30 days	11,456	0.00%~32.68%	2,022
Past due 31-60 days	4,402	10.04%~100%	3,930
Past due 61-90 days	305	0.00%~28.05%	195
Past due 91 days or over	953	100%	953
	479,513		10,934
Accounts receivable assessed individually	1,813	100%	1,813
	$ 481,326		12,747

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 443,128	0.00%~3.03%	865
Past due 1-30 days	16,055	0.00%~8.74%	982
Past due 31-60 days	1,233	0.00%~30.73%	50
Past due 61-90 days	9,715	0.00%~64.76%	610
Past due 91 days or over	7,105	5.97%~100%	636
	$ 477,236		3,143

(Continued)

Movements of the allowance for accounts receivable were as follows:

	2022	2021
Balance at January 1	$ 3,143	3,497
Impairment losses recognized (reversal of impairment losses)	9,509	(142)
Effects of exchange rate changes	95	(212)
Balance at December 31	**$ 12,747**	**3,143**

(e) Other receivables (including related parties)

	December 31, 2022	December 31, 2021
Other receivables	$ 40,929	41,071
Other receivables from related parties	-	31
Less: loss allowance	(40,141)	(40,141)
	$ 788	**961**

As of December 31, 2022 and 2021, except for the other receivables amounting to $40,141, wherein the loss allowances were fully provided, no loss allowance was provided for the remaining receivables after the management's assessment.

Refer to note 6(w) for credit risk exposure of other receivables.

(f) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 34,759	49,626
Work in process	5,560	3,699
Finished goods	200,738	102,012
	$ 241,057	**155,337**

Except for inventories recognized as costs of sales and expenses, the details of costs of revenue were as follows:

	2022	2021
Losses on inventory physical count	$ 573	938
Write-downs of inventories	24,205	5,206
Royalty costs	3,591	3,724
Others	1,983	4,310
	$ 30,352	**14,178**

(g) Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Associates	$ 330,807	302,166

The Group's investments in associate is as follows:

Name of associate	Main business	Location	Percentage of ownership December 31, 2022	Percentage of ownership December 31, 2021
Apex Material Technology Corp. ("AMTC")	Manufacture and sale of touch display, touch controller and its driver, the Group's strategic partners	Taiwan	16.60 %	17.28 %

AMTC issued new shares for its employee stock options and organizational restructuring in 2021, resulting in the Group's ownership interest in AMTC to decrease from 20.07% to 17.28%, at the amount of $17,736, recognized as a deduction from retained earnings.

In order to comply with the procedures for the Emerging Stock Market Registration, the Group disposed 265,000 shares of AMTC at the request of AMTC in June 2022, resulting in the Group to recognize a gain on investments of $8,120 was recognized in other gains and losses.

Aggregated financial information on associates that were material to the Group is summarized as follows. The financial information summarized the information on fair value adjustments made at the time of acquisition and adjustments on the differences in accounting policies, as well as the value adjustments on the assessment of impairment.

The summarized financial information of AMTC:

	December 31, 2022	December 31, 2021
Current assets	$ 959,965	916,883
Non-current assets	1,620,753	1,464,597
Current liabilities	(357,767)	(374,455)
Non-current liabilities	(263,787)	(296,353)
Equity	$ 1,959,164	1,710,672
Equity attributable to non-controlling interests of AMTC	$ 1,135	2,241
Equity attributable to shareholders of AMTC	$ 1,958,029	1,708,431

(Continued)

	2022	2021
Net sales	$ 1,411,841	1,297,443
Net income	$ 207,133	203,077
Other comprehensive income (loss)	5,023	(6,307)
Total comprehensive income	$ 212,156	196,770
Total comprehensive loss attributable to non-controlling interests of AMTC	$ (1,106)	(820)
Total comprehensive income attributable to shareholders of AMTC	$ 213,262	197,590

	2022	2021
The carrying amount of equity of associates at January 1	$ 302,166	352,098
Net income attributable to the Group	31,947	35,237
Other comprehensive loss attributable to the Group	(347)	(792)
Reversal of accumulated impairment loss of associates	30,048	-
Dividends received from associates	(19,990)	(66,641)
Retained earnings —arising from changes in ownership interests in associates	-	(17,736)
Disposal of interests in associates	(13,017)	-
The carrying amount of equity of associates at December 31	$ 330,807	302,166

Due to fierce industry competition, AMTC's revenue was not able to meet its expectation as of December 31, 2019, resulting in AMTC failing to maintain the same profitability as prior years. As a consequence, the Group recognized an impairment of $50,294 in 2019. As of December 31, 2021, the Group assessed that there was no indication that the impairment loss recognized no longer existed or decreased.

Based on the assessment made on June 30, 2022, there is an indication that the previously recognized impairment loss no longer existed or decreased, wherein the recoverable amount is re-estimated at the discount rate of 16.5%, resulted in the Group to recognize a gain on reversal of impairment loss amounting to $30,048 as other gains and losses. Refer to note 6(v) for the related information.

Aggregate financial information of associates that was not individually material to the Group and was included in the Group's consolidated financial statements, was as follows:

The summarized financial information of Meldcx Pty Ltd. ("MPL"):

	2022	2021
Attributable to the Group:		
Net loss	$ -	(15,640)
Other comprehensive income	-	1,816
Total comprehensive loss	$ -	(13,824)

(Continued)

The Group donated its ownership interest in MPL to Acer Foundation based on a resolution approved during its board meeting held in August 2021, resulting in the Group's ownership interest in MPL to decrease from 27.21% to 17.21%, losing significant influence over MPL. Therefore, the Group discontinued the use of the equity method and reclassified its remaining ownership interest to fair value through other comprehensive income— non-current, wherein a gain on disposal of investment of $59,726 was recognized in other gains or losses. Refer to note 7(vi) for further information.

In December 2021, MPL issued new shares, wherein the Group did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in MPL to decrease to 15.06%.

(h) Disposal of subsidiary

In May 2022, a subsidiary, Heartware Alliance and Integration Limited, was liquidated and the related other comprehensive income was reclassified to profit or loss, resulting in a loss on disposal of subsidiary amounting to $122 to be recognized in other gains and losses.

(i) Acquisitions of non-controlling interests

In November 2021, the Group acquired additional shares of AOSD for a consideration of $9,500 in cash, resulting in its ownership in AOSD to increase from 80% to 100%. Moreover, its capital surplus increased by $2,976 from the difference between the consideration and the carrying amount arising from the acquisition of AOSD's shares.

(j) Property, plant and equipment

	Machinery	Other equipment	Leasehold improvements	Total
Cost or deemed cost:				
Balance at January 1, 2022	$ 743	97,190	10,006	107,939
Additions	-	3,325	-	3,325
Disposals	-	(259)	-	(259)
Reclassification	-	1,634	-	1,634
Effect of exchange rate changes	-	1,119	281	1,400
Balance at December 31, 2022	**$ 743**	**103,009**	**10,287**	**114,039**
Balance at January 1, 2021	$ 1,669	169,465	28,813	199,947
Additions	-	1,082	-	1,082
Disposals	(926)	(71,399)	(17,719)	(90,044)
Reclassification	-	168	-	168
Effect of exchange rate changes	-	(2,126)	(1,088)	(3,214)
Balance at December 31, 2021	**$ 743**	**97,190**	**10,006**	**107,939**
Accumulated depreciation and impairment loss:				
Balance at January 1, 2022	$ 704	93,631	9,355	103,690
Depreciation	20	3,214	199	3,433
Disposals	-	(259)	-	(259)
Effect of exchange rate changes	-	898	291	1,189
Balance at December 31, 2022	**$ 724**	**97,484**	**9,845**	**108,053**
Balance at January 1, 2021	$ 1,611	160,191	18,342	180,144
Depreciation	19	6,433	3,427	9,879
Disposals	(926)	(71,264)	(11,365)	(83,555)
Effect of exchange rate changes	-	(1,729)	(1,049)	(2,778)
Balance at December 31, 2021	**$ 704**	**93,631**	**9,355**	**103,690**

(Continued)

		Machinery	Other equipment	Leasehold improvements	Total
Carrying amounts:					
Balance at December 31, 2022	$	**19**	**5,525**	**442**	**5,986**
Balance at December 31, 2021	$	**39**	**3,559**	**651**	**4,249**
Balance at January 1, 2021	$	**58**	**9,274**	**10,471**	**19,803**

(k) Right-of-use assets

The movements of cost and accumulated depreciation of right-of-use assets for the years ended December 31, 2022 and 2021 were as follows:

		Buildings	Transportation equipment and others	Total
Cost:				
Balance at January 1, 2022	$	32,860	2,285	35,145
Disposals		(12,195)	-	(12,195)
Effect of exchange rate changes		1,051	100	1,151
Balance at December 31, 2022	$	**21,716**	**2,385**	**24,101**
Balance at January 1, 2021	$	52,734	3,298	56,032
Additions		4,471	-	4,471
Disposals		(20,664)	(591)	(21,255)
Effect of exchange rate changes		(3,681)	(422)	(4,103)
Balance at December 31, 2021	$	**32,860**	**2,285**	**35,145**
Accumulated depreciation:				
Balance at January 1, 2022	$	19,718	1,309	21,027
Depreciation		5,975	352	6,327
Disposals		(12,195)	-	(12,195)
Effect of exchange rate changes		937	74	1,011
Balance at December 31, 2022	$	**14,435**	**1,735**	**16,170**
Balance at January 1, 2021	$	26,481	1,328	27,809
Depreciation		12,482	672	13,154
Disposals		(16,973)	(591)	(17,564)
Effect of exchange rate changes		(2,272)	(100)	(2,372)
Balance at December 31, 2021	$	**19,718**	**1,309**	**21,027**
Carrying amount:				
Balance at December 31, 2022	$	**7,281**	**650**	**7,931**
Balance at December 31, 2021	$	**13,142**	**976**	**14,118**
Balance at January 1, 2021	$	**26,253**	**1,970**	**28,223**

(Continued)

(l) Intangible assets

Intangible assets consisted of the cost of computer software and the movements of cost, accumulated amortization, and impairment loss of intangible assets, as follows:

	2022	2021
Cost:		
Balance at January 1	$ 5,680	6,683
Additions	1,446	2,239
Derecognition	(1,226)	(3,238)
Effect of exchange rate changes	24	(4)
Balance at December 31	**$ 5,924**	**5,680**
Accumulated amortization and impairment loss:		
Balance at January 1	$ 4,288	5,820
Depreciation	1,782	1,709
Derecognition	(1,226)	(3,238)
Effect of exchange rate changes	23	(3)
Balance at December 31	**$ 4,867**	**4,288**
Carrying amount:		
Balance at January 1	**$ 1,392**	**863**
Balance at December 31	**$ 1,057**	**1,392**

For the years ended December 31, 2022 and 2021, the amortization of intangible assets was included in operating expenses of the statements of comprehensive income.

(m) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans	**$ -**	**163,070**
Unused credit facilities	**$ 917,080**	**758,830**
Interest rate	**-**	**0.77%~1.15%**

(n) Provisions

	Restructuring	Warranties	Total
Balance at January 1, 2022	$ -	18,340	18,340
Amount recognized	-	2,664	2,664
Amount utilized	-	(5,584)	(5,584)
Effect of exchange rate changes	-	185	185
Balance at December 31, 2022	**$ -**	**15,605**	**15,605**

(Continued)

	Restructuring	Warranties	Total
Balance at January 1, 2021	$ 6,476	21,062	27,538
Amount reversed	-	(1,934)	(1,934)
Amount utilized	(6,443)	(294)	(6,737)
Effect of exchange rate changes	(33)	(494)	(527)
Balance at December 31, 2021	**$ -**	**18,340**	**18,340**

(i) Warranties

Provision for warranties is related mainly to the sale of components business products and system business products. It is based on estimates made from historical warranty data associated with similar goods and services.

(ii) Restructuring

In December 2019, AOZ underwent an operational optimization and organizational downsizing in response to the change of international trade environment and in consideration of enterprise transformation and strategy development, wherein the Group recognized the restructuring cost of $33,258 due to the termination of its employee benefits and relocation costs of its machinery equipment.

(o) Lease liabilities

The carrying amount of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	**$ 5,327**	**6,187**
Non-current	**$ 2,662**	**7,776**

Refer to note 6(w) for the maturity analysis of lease liabilities.

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expense on lease liabilities	**$ 53**	**187**
Expenses relating to short-term leases	**$ 2,550**	**1,826**

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

	2022	2021
Total cash outflow for leases	**$ 9,005**	**15,026**

(i) Major terms of leases

The Group leases buildings for its office, with lease terms ranging from 1 to 5 years, some of which include the option to extend the lease upon maturity.

In addition, as leases of buildings, with lease terms of less than 1 year, are considered as short-term leases, the Group elected to apply for an exemption and not to recognize its right-of-use assets and lease liabilities.

(Continued)

(ii) Other leases

The Group leases transportation equipment and other leases with lease terms of 2 to 5 years.

(p) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of the defined benefit obligations and the net defined benefit assets for the defined benefit plans was as follows:

	December 31, 2022	December 31, 2021
Present value of benefit obligations	$ 19,741	25,304
Fair value of plan assets	(24,614)	(26,436)
Net defined benefit (assets) liabilities	**$ (4,873)**	**(1,132)**
Net defined benefit liabilities－non-current	**$ 7,739**	**8,082**
Net defined benefit assets－non-current	**$ (12,612)**	**(9,214)**

The Company and its domestic subsidiaries develop the defined benefit pension plans in accordance with the regulations of the Bureau of Labor Funds of the Ministry of Labor. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and an average salary for the six months prior to the employee's retirement.

The foreign subsidiary, AOJ, also develops defined benefit pension plans according to their respective local laws and regulations.

1) Composition of plan assets

The pension fund (the "Fund") contributed by the Company and its domestic subsidiaries is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", with regard to the utilization of the Fund, the minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

Foreign subsidiaries with defined benefit pension plans make pension contributions to the pension management institutions in accordance with their respective local regulations.

As of December 31, 2022 and 2021, the Group's labor pension fund account balance at Bank of Taiwan amounted to $24,614 and $26,436, respectively. Refer to the website of the Bureau of Labor Funds for information on the labor pension fund assets including the asset portfolio and yield of the fund.

(Continued)

2) Movements in present value of the defined benefit obligations

	2022	2021
Defined benefit obligations at January 1	$ 25,304	39,099
Current service costs	834	1,023
Remeasurement on the net defined benefit liabilities (assets):		
－Actuarial gain arising from experience adjustments	(207)	(2,523)
－Actuarial loss (gain) arising from changes in financial assumption	(1,703)	453
Effect of exchange rate changes	(362)	(1,098)
Benefits paid by the plan	(4,125)	(11,650)
Defined benefit obligations at December 31	**$ 19,741**	**25,304**

3) Movements in fair value of plan assets

	2022	2021
Fair value of plan assets at January 1	$ 26,436	27,643
Interest income	165	172
Remeasurement on the net defined benefit liabilities (assets):		
－Return on plan assets (excluding amounts included in net interest expense)	2,138	428
Benefits paid by the plan	(4,125)	(1,807)
Fair value of plan assets at December 31	**$ 24,614**	**26,436**

4) There were no effects on the asset ceiling in 2022 and 2021.

5) Expenses recognized in profit or loss

	2022	2021
Current service costs	$ 679	783
Net interest expense on net defined benefit liabilities	(10)	68
	$ 669	**851**
Selling expenses	$ 727	833
Administrative expenses	(44)	13
Research and development expenses	(14)	5
	$ 669	**851**

(Continued)

6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750 %	0.625 %
Rates on future salary increase	2.5%~3.0%	2.0%~2.5%

The Group does not expect to make any contribution to the defined benefit plans in the year following December 31, 2022.

The weighted-average duration of the defined benefit plans ranges from 12.33 to 18.12 years.

7) Sensitivity analysis

The following table summarizes the impact of the change in the assumptions on the present value of the defined benefit obligation.

	The impact on the defined benefit obligation	
	0.25% Increase	0.25% Decrease
December 31, 2022		
Discount rate	$ (634)	659
Rates on future salary increase	645	(623)
December 31, 2021		
Discount rate	(796)	828
Rates on future salary increase	801	(776)

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are interrelated. The method used to carry out the sensitivity analysis is consistent with the calculation of the net defined benefit liabilities recognized in the balance sheets.

The method and assumptions used to carry out the sensitivity analysis is the same as in the prior year.

(ii) Defined contribution plans

The Company and its domestic subsidiaries contribute monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance. For the years ended December 31, 2022 and 2021, the Group recognized the pension expenses of $1,367 and $1,947, respectively, in relation to the defined contribution plans.

(Continued)

Foreign subsidiaries make contributions based on certain percentage of the total monthly salary in compliance with their respective local regulations under this defined contribution plan. For the years ended December 31, 2022 and 2021, the Group recognized the pension expenses of \$3,584 and \$3,877, respectively, in relation to the defined contribution plans.

(q) Income taxes

(i) The components of income tax expense were as follows:

		2022	2021
Current income tax expense			
Current period	$	3,161	7,549
Deferred tax expense			
Origination and reversal of temporary differences		1,446	2,057
Income tax expense	**$**	**4,607**	**9,606**

(ii) The components of income tax benefit recognized in other comprehensive income were as follows:

		2022	2021
Unrealized losses from investments in equity instruments at fair value through other comprehensive income	**$**	**(407)**	**(1,361)**

(iii) Reconciliation between the expected income tax expense calculated based on the Company's statutory tax rate and the actual income tax expense reported in the consolidated statements of comprehensive income was as follows:

		2022	2021
Income before taxes	**$**	**202,572**	**145,957**
Income tax using the Company's statutory tax rate	$	40,514	29,191
Effect of different tax rates in foreign jurisdictions		(6,563)	(1,079)
Changes in unrecognized tax losses		(17,245)	718
Changes in unrecognized temporary difference		(12,294)	(6,674)
Others		195	(12,550)
	$	**4,607**	**9,606**

(iv) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

		December 31, 2022	December 31, 2021
Loss associated with investments in subsidiaries	$	182,150	184,735
Tax losses		210,165	227,500
Others		30,515	35,532
	$	**422,830**	**447,767**

(Continued)

The above deferred income tax assets were not recognized as management believed that it is not probable that future taxable profits will be available against which the Group can utilize the benefits therefrom.

Each entity in the Group is entitled to use tax losses to offset future taxable income in accordance with the respective local tax regulations of each jurisdiction. As of December 31, 2022, the tax effects of unused tax losses and the respective expiry years were as follows:

Year of loss	Tax effects of tax losses	Year of expiry
2007	$ 15,972	2027
2008	13,193	2028
2009	15,532	2029
2010	42,628	2030
2011	8,402	2021~2031
2012	18,749	2022~2032
2013	44,862	2023~2033
2014	239,966	2024~2034
2015	87,821	2024~2035
2016	187,590	2024~2036
2017	162,550	2027~2037
2018	113,790	2028~2038
2019	43,936	2029~2039
2020	109,516	2030~2040
2021	2,281	2031~2041
	$ 1,106,788	

2) Unrecognized deferred income tax liabilities

The Group is able to control the timing of reversal of the temporary differences associated with investments in subsidiaries. As management believed that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax liabilities. The related amounts were as follows:

	December 31, 2022	December 31, 2021
Net profits associated with investments in subsidiaries	**$ 26,058**	**18,379**

(Continued)

3) Recognized deferred income tax assets and liabilities

	Others
Deferred income tax assets:	
Balance at January 1, 2022	$ 3,245
Recognized in profit or loss	(399)
Balance at December 31, 2022	**$ 2,846**
Balance at January 1, 2021	$ 7,019
Recognized in profit or loss	(3,774)
Balance at December 31, 2021	**$ 3,245**

	Unremitted earnings from subsidiaries	Unrealized gains on financial assets measured at fair value through other comprehensive income	Others	Total
Deferred income tax liabilities:				
Balance at January 1, 2022	$ 59,771	1,781	2,648	64,200
Recognized in profit or loss	(457)	-	1,504	1,047
Recognized in other comprehensive income	-	(407)	-	(407)
Balance at December 31, 2022	**$ 59,314**	**1,374**	**4,152**	**64,840**
Balance at January 1, 2021	$ 61,317	3,142	2,819	67,278
Recognized in profit or loss	(1,546)	-	(171)	(1,717)
Recognized in other comprehensive income	-	(1,361)	-	(1,361)
Balance at December 31, 2021	**$ 59,771**	**1,781**	**2,648**	**64,200**

The Company’ s income tax returns for the years through 2020 were examined and approved by the R.O.C. income tax authorities.

(Continued)

(r) Capital and other equity

(i) Common stock

As of December 31, 2022 and 2021, the Company's authorized shares of common stock consisted of 440,000 thousand shares, with a par value of $10 per share, of which 71,448 thousand shares were issued.

(ii) Capital surplus

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed by cash based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of the par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the distribution of stock dividends from capital surplus, in any year, shall not exceed 10% of the paid-in capital.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of the annual net income, after deducting the accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of the paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval to appropriate no less than 10% of the accumulated distributable earnings as shareholder dividends.

In accordance with the rulings issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from the current and prior-year earnings. This special reserve shall be reverted to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

On July 6, 2021, the Company's shareholders approved an appropriation of special reserve amounting to $32,328 to offset against the accumulated deficits.

The appropriation of 2021 and 2020 earnings were approved at the shareholders' meetings held on June 17, 2022 and July 6, 2021, respectively. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(Continued)

(iv) Other equity items (net after tax)

	Foreign currency translation differences	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2022	$ (26,500)	7,144	(19,356)
Foreign exchange differences arising from translation of foreign operations	(10,599)	-	(10,599)
Share of foreign currency translation differences of associates	(334)	-	(334)
Valuation losses on financial assets measured at fair value through other comprehensive income	-	(2,627)	(2,627)
Balance at December 31, 2022	**$ (37,433)**	**4,517**	**(32,916)**
Balance at January 1, 2021	$ (30,315)	12,569	(17,746)
Foreign exchange differences arising from translation of foreign operations	1,331	-	1,331
Share of foreign currency translation differences of associates	2,484	-	2,484
Valuation losses on financial assets measured at fair value through other comprehensive income	-	(5,425)	(5,425)
Balance at December 31, 2021	**$ (26,500)**	**7,144**	**(19,356)**

(v) Non-controlling interests (net after tax)

	2022	**2021**
Balance at January 1	$ 5,556	15,948
Net income (loss) attributable to non-controlling interests	(1,137)	6,146
Foreign exchange differences arising from translation of foreign operations	232	(462)
Changes in ownership interests in subsidiaries	-	(2,976)
Cash dividends paid to non-controlling interests	-	(3,600)
Decrease in non-controlling interests	-	(9,500)
	$ 4,651	**5,556**

(Continued)

(s) Earnings per share ("EPS")

(i) Basic earnings per share

	2022	2021
Net income attributable to the ordinary shareholders of the parent	$ **199,102**	**130,205**
Weighted-average number of ordinary shares outstanding (in thousands)	**71,448**	**71,448**
Basic earnings per share (in New Taiwan dollars)	$ **2.79**	**1.82**

(ii) Diluted earnings per share

	2022	2021
Net income attributable to the ordinary shareholders of the parent	$ **199,102**	**130,205**
Weighted-average number of ordinary shares outstanding (in thousands)	71,448	71,448
Effect of dilutive potential common stock (in thousands):		
Effect of employee remuneration in stock	181	-
Weighted-average shares of common stock outstanding, including effect of dilutive potential common stock (in thousands)	**71,629**	**71,448**
Diluted earnings per share (in New Taiwan dollars)	$ **2.78**	**1.82**

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022			
	America	**Europe**	**Asia Pacific and emerging markets**	**Total**
Major products/services lines				
Components business products	$ 1,341	6,240	15,432	23,013
System business products	209,741	446,291	2,650,506	3,306,538
Total	$ **211,082**	**452,531**	**2,665,938**	**3,329,551**

	2021			
	America	**Europe**	**Asia Pacific and emerging markets**	**Total**
Major products/services lines				
Components business products	$ 867	8,244	15,243	24,354
System business products	298,330	434,048	1,816,676	2,549,054
Total	$ **299,197**	**442,292**	**1,831,919**	**2,573,408**

(Continued)

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$ 481,326	477,236	367,206
Less: loss allowance	(12,747)	(3,143)	(3,497)
	$ 468,579	**474,093**	**363,709**
Contract liabilities－current	$ 15,631	9,957	17,012
Contract liabilities－non-current	5,697	7,385	8,448
	$ 21,328	**17,342**	**25,460**

Refer to note 6(d) for details on notes and accounts receivable (including related parties) and related loss allowance.

The major changes in the balance of contract liabilities were due to the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amounts of revenue recognized in 2022 and 2021 that were included in the contract liability balances on January 1, 2022 and 2021 were $11,035 and $18,175, respectively.

(u) Remuneration to employees and directors

The Company's Articles of Incorporation require that annual earnings, which refer to income before tax, excluding the amounts of employees' and directors' profit sharing bonus, shall first be offset against any deficit, then, shall be allocated as follows:

(i) A minimum of 5% shall be allocated as employee remuneration, in share or cash, to qualified full-time employees, including those of the Company's subsidiaries.

(ii) A maximum of 1% shall be allocated as directors' remuneration based on the assessment from the board, taking into account the extent and value of their services provided for the Company.

For the year ended December 31, 2022, the Company accrued its remuneration to employees and directors amounting to $8,538 and $854, respectively. The said amounts, which were recognized as operating expenses, were calculated based on pre-tax net profit for each year before deducting the amount of the remuneration to employees and directors, multiplied by the proposed distribution ratio of remuneration to employees and directors. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in following year.

No remunerations to employees and directors were accrued for the year ended December 31, 2021 due to accumulated deficit incurred by the Company.

(Continued)

(v) Non-operating income and loss

(i) Other gains and losses

	2022	2021
Losses on disposal of property, plant and equipment	$ -	(4,275)
Foreign currency exchange gains (losses)	9,962	(6,551)
Gains on reversal of impairment loss on non-financial assets	30,048	-
Gains on disposal of investment	7,998	47,815
Gains on reversal of impairment loss on VAT	41,516	-
Others	584	8,351
	$ 90,108	**45,340**

(ii) Finance costs

	2022	2021
Interest expense from bank loans	$ (2,230)	(2,824)
Interest expense on lease liabilities	(53)	(187)
	$ (2,283)	**(3,011)**

(w) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of the Group's financial assets.

2) Concentration of credit risk

As of December 31, 2022 and 2021, 58% and 51%, respectively, of accounts receivable (excluding related parties) were concentrated on six customers; thus, credit risk is significantly centralized.

The Group continuously evaluates the credit quality of its customers and utilizes insurance to minimize the credit risk.

3) Credit risk from receivables

Refer to note 6(d) for credit risk exposure of notes and accounts receivable.

Other financial assets measured at amortized cost include low-credit-risk financial assets of other receivables, and thus, the loss allowance is measured using 12-months ECL. Refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2022 for descriptions on how the Group determines the credit risk. For details on loss allowance, refer to note 6(e).

(Continued)

(ii) Liquidity risk

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including principal and estimated interest.

	Contractual cash flows	Within 1 year	1-2 years	Over 5 years
December 31, 2022				
Non-derivative financial liabilities:				
Notes and accounts payable (including related parties)	$ 739,505	739,505	-	-
Other payables (including related parties)	67,857	67,857	-	-
Lease liabilities (including current and non-current)	8,021	5,354	2,667	-
	$ 815,383	**812,716**	**2,667**	**-**
Derivative financial instruments:				
Foreign currency forward contracts and foreign exchange swaps－settled in gross:				
Outflow	$ 167,593	167,593	-	-
Inflow	(163,016)	(163,016)	-	-
	$ 4,577	**4,577**	**-**	**-**
December 31, 2021				
Non-derivative financial liabilities:				
Unsecured bank loans	$ 163,288	163,288	-	-
Notes and accounts payable (including related parties)	674,599	674,599	-	-
Other payables (including related parties)	75,946	75,946	-	-
Lease liabilities (including current and non-current)	14,047	6,241	5,251	2,555
	$ 927,880	**920,074**	**5,251**	**2,555**
Derivative financial instruments:				
Foreign currency forward contracts and foreign exchange swaps－settled in gross:				
Outflow	$ 179,004	179,004	-	-
Inflow	(179,204)	(179,204)	-	-
	$ (200)	**(200)**	**-**	**-**

The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Foreign currency risk

1) Exposure to foreign currency risk

	December 31, 2022				December 31, 2021			
	Foreign currency	Exchange rate		NTD	Foreign currency	Exchange rate		NTD
Financial assets								
Monetary items								
USD	$ 24,235	USD/TWD=	30.708	744,210	24,203	USD/TWD=	27.690	670,190
	185	USD/CNY=	6.899	5,686	179	USD/CNY=	6.356	4,962
	465	USD/EUR=	0.934	14,292	267	USD/EUR=	0.880	7,399
EUR	5,889	EUR/TWD=	32.873	193,590	3,855	EUR/TWD=	31.484	121,358
Non-monetary items								
AUD	1,969	AUD/TWD=	20.921	41,204	2,150	AUD/TWD=	20.111	43,238
Financial liabilities								
USD	25,145	USD/TWD=	30.708	772,142	22,351	USD/TWD=	27.690	618,887
	278	USD/CNY=	6.899	8,546	340	USD/CNY=	6.356	9,411
	2	USD/EUR=	0.934	49	-	USD/EUR=	0.880	-
EUR	240	EUR/TWD=	32.873	7,885	240	EUR/TWD=	31.484	7,552

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable/payable (including related parties), and other receivables/payables (including related parties) that are denominated in foreign currencies. As of December 31, 2022 and 2021, a 5% depreciation or appreciation of the TWD against the USD and EUR would have increased the Group's income before tax for the years ended December 31, 2022 and 2021 by $8,458, and $8,403, respectively. This analysis assumes that all other variables remain constant and is performed on the same basis for the current and prior periods.

3) Foreign exchange gains (losses) on monetary items

With varieties of functional currencies within the consolidated entities of the Group, the Group disclosed net realized and unrealized foreign exchange gains (losses) on monetary items in aggregate. Refer to note 6(v) for further information.

(iv) Interest rate risk

Refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate liabilities on the reporting date. For variable rate instruments, the sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management of the Group is based on 50 basis points (0.5%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

(Continued)

If the interest rate had been 50 basis points (0.5%) higher/lower with all other variables held constant, the pre-tax income for the years ended December 31, 2022 and 2021 would have been $0 and $834, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

(v) Other market price risk

The Group is exposed to the risk of price fluctuation in securities resulting from its investment in publicly traded stocks. The Group supervises the equity price risk actively and manages the risk based on fair value. The Group also has strategic investments in privately held stocks, in which the Group does not actively participate in their trading.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the years ended December 31, 2022 and 2021 would have increased or decreased by $2,611 and $2,763, respectively.

(vi) Fair value information

1) Financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments measured at fair value

The following financial instruments are measured at fair value on a recurring basis.

The table below analyzes the financial instruments measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(Continued)

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss —current:					
Foreign currency forward contracts and foreign exchange swaps	$ 34	-	34	-	34
Financial assets measured at fair value through other comprehensive income —non-current:					
Unlisted stock	$ 41,204	-	-	41,204	41,204
Domestic listed stock	11,020	11,020	-	-	11,020
	$ 52,224	11,020	-	41,204	52,224
Financial liabilities mandatorily measured at fair value through profit or loss —current:					
Foreign currency forward contracts and foreign exchange swaps	$ 3,974	-	3,974	-	3,974

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss —current:					
Foreign currency forward contracts and foreign exchange swaps	$ 967	-	967	-	967
Financial assets measured at fair value through other comprehensive income —non-current:					
Unlisted stock	$ 43,238	-	-	43,238	43,238
Domestic listed stock	12,020	12,020	-	-	12,020
	$ 55,258	12,020	-	43,238	55,258
Financial liabilities mandatorily measured at fair value through profit or loss —current:					
Foreign currency forward contracts and foreign exchange swaps	$ 366	-	366	-	366

There were no transfers among fair value hierarchies for the years ended December 31, 2022 and 2021.

3) Valuation techniques used for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments traded in active liquid markets is determined with reference to quoted market prices. The fair value of unlisted common shares is estimated by using the market approach and is determined by reference to valuations of similar companies, recent financing activities, market conditions and other economic indicators.

(Continued)

b) Derivative financial instruments

The fair value of foreign currency forward contracts and foreign exchange swaps is computed individually by each contract using the valuation technique and quoted price from a bank competitor.

4) Movement in financial assets included in Level 3 fair value hierarchy

	Financial assets measured at fair value through other comprehensive income
Balance at January 1, 2022	$ 43,238
Total gains or losses:	
Recognized in other comprehensive income	(2,034)
Balance at December 31, 2022	**$ 41,204**
Balance at January 1, 2021	$ 29,539
Total gains or losses:	
Recognized in other comprehensive income	(6,806)
Additions	20,505
Balance at December 31, 2021	**$ 43,238**

The abovementioned total gains or losses were included in unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.

5) Quantitative information of significant unobservable inputs

The fair value measurements in Level 3 are based on investments measured at fair value through other comprehensive income－equity investments without an active market.

The fair value measurements in Level 3 consist of multiple significant unobservable inputs which are independent of each other and therefore do not include the interrelationship with other significant unobservable inputs.

(Continued)

Quantitative information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Investments measured at fair value through other comprehensive income－equity investments without an active market	Comparable company valuation	• Price-to-earnings ratio of 0.70~10.81 and 1.98~12.01 on December 31, 2022 and 2021, respectively • Price-book ratio of 0.70~1.8 and 1.57~1.63 on December 31, 2022 and 2021, respectively • Discount for lack of marketability of 40% on December 31, 2022 and 2021.	• The higher the price-to-earnings ratio, the higher the estimated fair value would be • The higher the price-book ratio, the higher the estimated fair value would be • The higher the discount for lack of marketability, the higher the estimated fair value would be

6) Fair value measurements in Level 3－ sensitivity analysis of reasonably possible alternative assumptions

The Group’s measurement on the fair value of financial instruments may change if different valuation models or inputs are used. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on other comprehensive income:

			Other comprehensive income			
		Change in	December 31, 2022		December 31, 2021	
	Input	assumptions	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets measured at fair value through other comprehensive income	Price-to-earnings ratio and price-book ratio	3%	$ 1,236	(1,236)	682	(682)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using a valuation technique. If the fair value of a financial instrument is subject to more than one inputs, the analysis above would reflect only the effects of changes in a single input and will not include the interrelationship with another inputs.

(Continued)

(vii) Offsetting of financial assets and financial liabilities

The Group has financial instrument transactions which are set off in accordance with paragraph 42 of IAS 32, wherein the related financial assets and liabilities are presented in the balance sheets on a net basis.

The table below summarizes the related information of offsetting of financial assets and liabilities:

December 31, 2022						
Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements						
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amount of financial assets presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts receivable	$ 79,077	25,151	53,926	-	-	53,926

December 31, 2022						
Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements						
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts payable	$ 762,579	25,151	737,428	-	-	737,428

December 31, 2021						
Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements						
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amount of financial assets presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts receivable	$ 108,374	14,256	94,118	-	-	94,118

December 31, 2021						
Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements						
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts payable	$ 681,967	14,256	667,711	-	-	667,711

(Continued)

(x) Financial risk management

(i) Overview

The daily operation of the Group is affected by multiple financial risks, including market risk (foreign currency risk, interest rate risk and market price risk), credit risk and liquidity risk. The overall risk control policy focuses on unpredictable events in financial market and seeks reduction of potential adverse impact the Group's financial status and financial performance.

(ii) Risk management framework

Risk management policies are approved by the Board of Directors and is executed by the Group's financial department. For financial risks arising from operation management, the financial department is accountable for recognizing, evaluating and planning the hedge methods through cooperation with other operating units. The Board of Directors develops and documents risk policies which cover specific risk exposures such as currency risk and derivative financial instrument risk to ensure the hedge tools are performed properly and effectively.

(iii) Credit risk

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

1) Accounts receivable

The Group has insured credit insurance that covers accounts receivable from related customers, while customers without credit insurance may transact with the Group only on a prepayment basis.

The Group developed expected credit loss model for estimated future loss on accounts receivable and other receivables.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks and companies with good credit rating. The Group expects the counterparties above to meet their obligations, hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to its wholly owned subsidiaries. As of December 31, 2022 and 2021, no other guarantees were outstanding.

(Continued)

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or another financial assets. The Group's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Generally, the Group ensures that there is sufficient cash to cover its expected operating expenditure demand over the succeeding 3 months, but excluding potential influence under unexpected extremely condition (i.e. nature disaster).

(v) Market risk

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

1) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and financing activities that are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies used in these transactions are mainly the Euro (EUR), US dollar (USD) and Chinese yuan (CNY).

Procedures responsive to fluctuation of foreign exchange:

a) The Group utilizes foreign currency loans or foreign currency spot/forward contracts to hedge its said exposure based on the offsetting of foreign currency accounts receivable arising from the sales transactions and foreign currency accounts payable arising from the purchase transactions.

b) The Group collects information on currency to monitor the trend of currency rate and keeps connection with the foreign currency department of financial institutions to collect the market information and determine the exchange rate appropriately for securing the currency risk.

2) Interest rate risk

The Group's short-term borrowings and long-term debt carry floating interest rates, and the Group has not entered into interest rate swap contracts to convert floating interest rates to fixed interest rates. The Group monthly negotiates the interest rates of bank loans, with reference to the market, with the bank to reduce the risk arising from fluctuation of interest rates.

(Continued)

3) Other market price risk

The Group is exposed to the risk of price fluctuation in its equity instruments, which are held for cash flow management and unused capital. These equity instruments are held for strategic purposes and not for trading. Significant investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(y) Capital management

The capital management aims to maintain a stable capital structure by reviewing the liability-to-equity ratio to enhance long-term shareholder value and to ensure its continuing operations. In consideration of the overall economic environment and the development of the industry, business models, channel resources and product strategies, the Group performs procedures on related capital expenditures and working capital to optimize capital structure.

The management monitors the capital structure regularly and considers the potential risk the Group may be involved in various capital structures. Generally, the strategy of capital structure management remains cautious.

(z) Financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2022	**Cash flows**	**Movement of leases**	**Fluctuation of foreign exchange rate**	**December 31, 2022**
Short-term borrowings	$ 163,070	(163,190)	-	120	-
Lease liabilities	13,963	(6,402)	-	428	7,989
Total liabilities from financing activities	**$ 177,033**	**(169,592)**	**-**	**548**	**7,989**

			Non-cash changes		
	January 1, 2021	**Cash flows**	**Movement of leases**	**Fluctuation of foreign exchange rate**	**December 31, 2021**
Short-term borrowings	$ 318,459	(155,266)	-	(123)	163,070
Lease liabilities	28,706	(13,013)	521	(2,251)	13,963
Total liabilities from financing activities	**$ 347,165**	**(168,279)**	**521**	**(2,374)**	**177,033**

(Continued)

7. Related-party transactions

(a) Parent company and ultimate controlling party

Acer Incorporated is the parent company and the ultimate controlling party of the Group and owns 40.54% of the outstanding shares of the Group as of December 31, 2022. Acer Incorporated has issued the consolidated financial statements for public use.

(b) Related party name and categories

The followings are related parties that have had transactions with the Group during the reporting periods:

Name of related party	Relationship with the Group
Acer Incorporated (“Acer”)	The Group’s parent company
Apex Material Technology Corp. (“AMTC”)	The Group’s associate
Meldcx Pty Ltd. (“MPL”)	The Group’s associate (The Group lost significant influence over MPL on August 31, 2021)
Weblink International Inc. (“WLII”)	Other related party
Acer e-Enabling Service Business Inc. (“AEB”)	〃
Acer Computer Australia Pty. Limited	〃
Acer (Chongqing) Ltd. (“ACCQ”)	〃
Acer Being Signage GmbH (“ABSG”)	〃
Acer Gadget Inc. (“AGT”)	〃
PT. Acer Indonesia (“AIN”)	〃
Acer India Private Limited (“AIL”)	〃
Acer Computer Co., Ltd. (“ATH”)	〃
Acer Synergy Tech Corp. (“AST”)	〃
ACER Computer GmbH (“ACG”)	〃
STAR VR CORPORATION (“ASBZ”)	〃
Acer America Corporation (“AAC”)	〃
Acer Japan Corp. (“AJC”)	〃
Acer Europe SA (“AEG”)	〃
MELDCX USA Inc. (“MPLA”)	〃
Acer Foundation	〃
AcerPure Inc. (“API”)	〃
Acer Medical Inc. (“AMED”)	〃
Acer ITS Inc. (“ITS”)	〃
Highpoint Service Network Corporation (“HSNC”)	〃

(Continued)

(c) Significant related-party transactions

(i) Sales to related parties

	Sales		Accounts receivable from related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Parent company	$ 2,240,569	1,430,791	385,516	307,088
ACCQ	274,431	187,758	26,738	72,841
Other related parties	28,740	23,848	2,399	46
Associates	-	1,829	-	-
	$ 2,543,740	1,644,226	414,653	379,975

The sales prices with related parties are not comparable with those of third-party customers due to their different product specifications. Receivables from related parties were uncollateralized.

(ii) Purchases from related parties

	Purchases		Accounts payable to related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Parent company	$ 15,856	85,221	1,086	2,286
Other related parties	2,319	25,435	991	4,602
Associates	74	2,656	-	-
	$ 18,249	113,312	2,077	6,888

The purchase prices with related parties are not comparable with those of third-party vendors as their specifications of products are different.

(iii) Other receivables

	Other receivables from related parties	
	December 31, 2022	**December 31, 2021**
Parent company	$ -	31

(Continued)

(iv) Operating expenses and other payables

Operating expenses and outstanding balances arising from management services provided by related parties and other transactions were as follows:

	Cost and expenses		Other payables to related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Parent company	6,913	4,205	5,707	1,597
Other related parties	-	98	69	69
Associates	-	960	-	-
	$ **6,913**	**5,263**	**5,776**	**1,666**

(v) Lease

The Group leases warehouses and offices from its parent company; as these leases are short-term, the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases. For the years ended December 31, 2022 and 2021, the Group recognized its rental expenses of $1,264 and $103, respectively. As of both December 31, 2022 and 2021, the related payables of $18 were included in other payables to related parties.

(vi) Donation of financial assets

In August 2021, the Board of Directors approved a resolution to introduce Acer Foundation to assist MPL, the Group's investee, in its product promotions and technology applications for value optimization of long-term investments and reduction of the risk of losses in investments. The Group donated 14,330 shares of its ownership interest in MPL to Acer Foundation and recognized the donation expense measured at fair value of $11,911 which was included in other gains and losses－gains arising from disposal of investment.

(d) Compensation for key management personnel

	2022	**2021**
Short-term employee benefits	$ 23,835	26,124
Post-employment benefits	889	984
	$ **24,724**	**27,108**

(Continued)

8. Pledged assets

The carrying values of pledged assets were as follows:

Assets	Pledged to secure	December 31, 2022	December 31, 2021
Other non-current assets－time deposits	Performance guarantees and guarantees for customs duties	$ 600	600

9. Significant commitments and contingencies: None

10. Significant loss from disaster: None

11. Significant subsequent events: None

12. Others

(a) A summary of the current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022			2021		
	Cost of revenue	**Operating expenses**	**Total**	**Cost of revenue**	**Operating expenses**	**Total**
Employee benefits:						
Salaries	-	133,342	133,342	-	162,529	162,529
Insurance	-	9,495	9,495	-	11,686	11,686
Pension	-	5,620	5,620	-	6,675	6,675
Others	-	8,315	8,315	-	1,854	1,854
Depreciation	297	9,463	9,760	2,615	20,418	23,033
Amortization	-	1,782	1,782	-	1,709	1,709

(b) Seasonality operations

The Group's operations were not significantly influenced by seasonality or cyclicality factors.

(Continued)

AOPEN INCORPORATED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

13. Additional disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2022:

(i) Financing provided to other parties: None

(ii) Guarantee and endorsement provided to other parties:

(In Thousands of New Taiwan Dollars / US Dollars)

No.	Endorsement/ Guarantee Provider	Guarantee Party		Limitation on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	The Company	AOSD	1	249,491	3,221 (USD 100)	- (Note 3)	-	-	-	831,637	Y	N	N
0	The Company	AOC	1	249,491	177,155 (USD 5,500)	168,894	-	-	20.31 %	831,637	Y	N	Y

Note 1: The aggregate endorsement/guarantee amount provided to other entity shall not exceed the net worth of the Company. The endorsement/guarantee provided to an individual party shall not exceed 30% of the net worth of the Company. The aggregate endorsement/guarantee amount provided to other entity shall not exceed the net worth of the Company and its subsidiaries. The endorsement/guarantee provided to an individual party shall not exceed 30% of the net worth of the Company and its subsidiaries.
Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:
Type 1: an entity directly or indirectly owned by the Company over 50%
Type 2: between entities directly or indirectly owned by the Company over 90%
Note 3: AOSD merged with the Company on December 15, 2021 and was liquidated on January 28, 2022.

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities):

(In Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2022				Maximum Percentage of Ownership during 2022	Note
				Shares/ Units	Carrying Value	Percentage of Ownership	Fair Value		
The Company	Stock: BlueChip	-	Financial assets at fair value through other comprehensive income－non-current	570,000	31,223	9.97 %	31,223	11.27 %	-
〃	Stock: MPL	-	〃	24,670	9,981	15.06 %	9,981	15.06 %	-
〃	Stock: Fubon Financial Holding Co., Ltd. Preferred Shares C	-	〃	200,000	11,020	0.06 %	11,020	0.06 %	-
〃	Stock: Cameo	-	Financial assets at fair value through profit or loss－non-current	188,635	-	6.38 %	-	6.38 %	-
AOTH	Stock: Xserve (BVI) Corp.	-	〃	142,500	-	19.00 %	-	19.00 %	-

(Continued)

(iv) Marketable securities for which the accumulated purchase or sale amounts exceed $300 million or 20% of the paid-in capital: None

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: None

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

			Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		
Company Name	Related Party	Nature of Relationship	Purchases/ (Sales)	Amount	% of Total Purchases/ (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/Accounts Receivable or (Payable)	Note
AOA	The Company	Parent/Subsidiary	Purchases	168,493	92.85 %	-	-	-	(224,100)	98.12 %	Note 1
The Company	AOA	〃	(Sales)	(168,493)	5.82 %	-	-	-	224,100	26.58 %	〃
AOE	The Company	〃	Purchases	404,061	99.29 %	-	-	-	(194,671)	100.00 %	〃
The Company	AOE	〃	(Sales)	(404,061)	13.96 %	-	-	-	194,671	23.09 %	〃
The Company	Acer	〃	(Sales)	(2,240,569)	77.44 %	-	-	-	385,516	45.73 %	-
AOC	ACCQ	〃	(Sales)	(274,431)	92.22 %	-	-	-	26,738	96.14 %	-

Note: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

					Overdue				
Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Amount	Action Taken	Amounts Received in Subsequent Period	Loss Allowance	Note
The Company	AOA	Parent/Subsidiary	224,100	0.82	196,233	Under collection	7,074	-	Note 1
〃	AOE	〃	194,671	2.58	102,787	〃	63,760	-	〃
〃	Acer	〃	385,516	6.47	-	-	385,516	-	-

Note: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(ix) Information about derivative instrument transactions: Refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

				Intercompany Transactions			
No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Account (Note 3)	Amount	Transaction Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 4)
0	The Company	AOA	1	Sales	168,493	-	5.06 %
0	The Company	AOE	1	〃	404,061	〃	12.14 %
0	The Company	AOA	1	Accounts receivable	224,100	〃	12.46 %
0	The Company	AOE	1	〃	194,671	〃	10.82 %
0	The Company	AOAU	1	〃	18,163	〃	1.01 %

Note 1: Parties with the intercompany transactions are identified and numbered as follows:
1. “0” represents the Company.
2. Subsidiaries are numbered from “1”.

Note 2: The relationships with counterparties are as follows:
No. “1” represents the transactions from the Company to subsidiary.
No. “2” represents the transactions from subsidiary to the Company.

Note 3: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of the consolidated operating revenue or total assets. The corresponding purchases and accounts payables are not disclosed.

Note 4: The ratio is based on the transaction amount divided by the consolidated operating revenues or consolidated total assets.

Note 5: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(Continued)

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars / Shares)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount: December 31, 2022	Original Investment Amount: December 31, 2021	Balance as of December 31, 2022: Shares	Balance as of December 31, 2022: Percentage of Ownership	Balance as of December 31, 2022: Carrying Value	Maximum Percentage of Ownership during 2022	Net Income (Loss) of the Investee	Share of Profits/ (Losses) of the Investee	Note
The Company	AOA	USA	Note 1	295,771	295,771	15,000,000	100.00 %	(169,763)	100.00 %	(646)	(646)	Note 4
〃	AOE	The Netherlands	〃	214,094	214,094	40	100.00 %	(23,115)	100.00 %	(1,065)	(1,065)	〃
〃	AOTH	British Virgin Islands	Note 3	1,623	1,623	50,000	100.00 %	319,820	100.00 %	45,541	45,541	〃
〃	AOJ	Japan	Note 1	2,899	2,899	200	100.00 %	28,415	100.00 %	727	727	〃
〃	AOSV	Taiwan	〃	60,000	60,000	1,500,000	100.00 %	13,574	100.00 %	20	20	〃
〃	AMTC	Taiwan	Note 2	363,284	376,238	6,399,123	16.60 %	330,807	17.28 %	207,133	31,947	-
〃	AOGS	Australia	Note 1	2,956	2,956	105,000	70.00 %	9,195	70.00 %	(4,646)	(3,253)	Note 4
〃	HTW	Hong Kong	〃	-	405	-	-	-	100.00 %	5	5	Note 5
AOGS	AOAU	Australia	〃	3	3	100	100.00 %	13,355	100.00 %	(4,646)	(4,646)	Note 4
AOTH	GCL	Hong Kong	〃	2,675	2,675	300,000	100.00 %	3,890	100.00 %	(1)	(1)	〃

Note 1: Sale and import and export of computer products, software, computer components, peripheral equipment and apparatus, as well as repair and maintenance service
Note 2: Sale and manufacture of touch screens, touch screen controllers, and drivers
Note 3: Investment and holding activity
Note 4: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.
Note 5: HTW was liquidated on May 6, 2022.

(c) Information on investment in Mainland China:

(i) Information on investments in Mainland China:

(In US Dollars / Thousands of New Taiwan Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Maximum Percentage of Ownership during 2022	Investment Income (Loss)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
AOPEN International (Shanghai) Co., Ltd. (“AOC”)	Sale and import and export of computer products, computer components, peripheral equipment and apparatus, as well as repair and maintenance service	161,322 (USD 4800,000)	2	161,322 (USD 4800,000)	-	-	161,322 (USD 4800,000)	(2,864) (USD (93,729))	100.00 %	100.00 %	(2,864) (USD (93,729))	12,768 (USD 415,776)	-
AOPEN Information Products (Zhongshan) Inc. (“AOZ”)	Outsource manufacturing management of computer products, computer components, peripheral equipment and apparatus	450,261 (USD 13,500,000)	2	450,261 (USD 13,500,000)	-	-	450,261 (USD 13,500,000)	48,454 (USD 1,588,285)	100.00 %	100.00 %	48,454 (USD 1,588,285)	303,577 (USD 9,885,925)	-

Note: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(Continued)

(ii) Limits on investment in Mainland China:

(In US Dollars / Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of December 31, 2022 (Note 1) (Note 2) (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1) (Note 2) (Note 3)	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 5)
614,228 (USD 20,002,200)	614,228 (USD 20,002,200)	-

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US $1=NT $30.708.
Note 2: The Group disposed its entire previous investment of USD 1,645,200 in Sichuan Jiannanchun Sempo Technology Company Limited in September 2008, and the disposal price of USD 730,000 was repatriated in March 2010. The abovementioned investment not yet reported to the Investment Commission, MOEA remained included in investment in Mainland China.
Note 3: Zhongshan Taida Electronics Co., Ltd., in which the Company indirectly invested, ceased its operations and was liquidated. A liquidating dividend of USD 31,549.06 (19% of the shareholdings) was repatriated to T-Conn Precision Corporation in a third country, Republic of Mauritius. On March 12, 2010, although the Investment Commission, MOEA approved the withdrawal of the abovementioned investment, the amount of USD 57,000 remained included in the investment in Mainland China due to the liquidating dividend that has yet to be repatriated.
Note 4: Method of investments
Type 1: Investment in Mainland China through remittance from a third country
Type 2: Indirect investment in Mainland China through a holding company (AOTH) established in a third country
Type 3: Indirect investment in Mainland China through an existing company established in a third country
Type 4: Others
Note 5: Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limit on investment in Mainland China.

(iii) Significant transactions with investee companies in Mainland China:

For the Group’s significant direct or indirect transactions with investee companies in Mainland China for the year ended December 31, 2022, refer to the “ Information on significant transactions” above.

(d) Major shareholders:

Shareholding / Major Shareholder’s Name	Shares	Percentage
Acer Incorporated	28,970,000	40.54 %

14. Segment information

(a) General information

The Group has three reportable segments: the America segment, the Europe segment and the Asia Pacific and emerging market segment which primarily engage in the research, design and marketing of computer products. The Group's reportable segments are strategic divisions that provide related products and services and are managed separately because they require different business models and marketing strategies due to their various channels and customers.

(b) Product and service information

	2022				
	America	**Europe**	**Asia Pacific and emerging markets**	**Adjustments and eliminations**	**Total**
Revenue:					
Revenues from external customers	$ 211,082	452,531	2,665,938	-	3,329,551
Intra-group revenue	-	-	-	-	-
Interest income	219	220	9,668	-	10,107
Total revenues	**$ 211,301**	**452,751**	**2,675,606**	**-**	**3,339,658**
Interest expense	**$ 144**	**342**	**1,797**	**-**	**2,283**
Amortization and depreciation	**$ 1,044**	**4,842**	**5,656**	**-**	**11,542**
Segment profit (loss)	**$ (8,230)**	**22,150**	**57,987**	**130,665 (Note 1)**	**202,572**

Note 1: Non-operating income amounted to $130,665.

	2021				
	America	**Europe**	**Asia Pacific and emerging markets**	**Adjustments and eliminations**	**Total**
Revenue:					
Revenues from external customers	$ 299,197	442,292	1,831,919	-	2,573,408
Intra-group revenue	-	-	-	-	-
Interest income	8	8	7,580	-	7,596
Total revenues	**$ 299,205**	**442,300**	**1,839,499**	**-**	**2,581,004**
Interest expense	**$ 349**	**543**	**2,119**	**-**	**3,011**
Amortization and depreciation	**$ 6,439**	**6,589**	**11,714**	**-**	**24,742**
Segment profit	**$ 286**	**13,058**	**62,104**	**70,509 (Note 2)**	**145,957**

Note 2: Non-operating income amounted to $70,509.

(Continued)

(c) Product and service information

Revenues from external customers are detailed below:

Products and services		2022	2021
Components business products	$	23,013	24,354
System business products		3,306,538	2,549,054
Total	$	**3,329,551**	**2,573,408**

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of the customers, and segment assets are based on the geographical location of the assets.

Revenues from external customers are detailed below:

Region		2022	2021
Asia	$	2,665,938	1,831,919
America		211,082	299,197
Europe		452,531	442,292
Total	$	**3,329,551**	**2,573,408**

Non-current assets:

Region		December 31, 2022	December 31, 2021
Taiwan	$	2,561	2,697
Mainland China		132	204
America		140	589
Japan		1,800	3,869
The Netherlands		10,081	11,084
Australia		260	1,316
Total	$	**14,974**	**19,759**

Non-current assets include property, plant and equipment, right-of-use assets, investment property and intangible assets, excluding financial instruments, prepaid income taxes, deferred tax assets, and pension fund assets.

(e) Major customers' information

Sales to individual customer representing more than 10% of the revenue in the consolidated statements of comprehensive income were as follows:

		2022	2021
Sales to Customer A	$	**2,240,569**	**1,430,791**

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Independent Auditors' Report

To the Board of Directors
AOPEN Incorporated:

Opinion

We have audited the parent-company-only financial statements of AOPEN Incorporated (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 then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the paragraph on Other Matter of our report), the accompanying parent-company-only financial statements present fairly, in all material respects, the 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 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 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

KPMG

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 of the current period. 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 matters for the Company's parent-company-only financial statements for the year ended December 31, 2022 are stated as follows:

1. Revenue recognition

   Refer to note 4(o) and note 6(s) for accounting policy on revenue recognition and related disclosures of revenue, respectively.

   Description of key audit matter:

   Revenue is recognized depending on the various trade terms agree with customers. This exposes the Company to the risk that the sales transactions made close to the balance sheet date are not recorded in the appropriate period. Therefore, the revenue recognition has been identified as one of our key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matters above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of the Company's internal controls over financial reporting in the sales; assessing whether revenue is recognized based on the trade terms with customers through reviewing the related sales contracts or other trade documents; and performing a sample test of sales transactions taking place before and after the balance sheet date to ensure that revenue was recognized in the appropriate period.

2. Valuation of inventories

   Refer to note 4(g) and note 6(f) for accounting policy on inventory valuation and related disclosures of inventories, respectively.

   Description of key audit matter:

   Inventories are measured at the lower of cost and net realizable value. Due to the rapid industry change and fierce market competition, which could possibly result in a price decline and obsolescence of inventory, the valuation of inventories has been identified as one of our key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, we have performed certain audit procedures including, among others, obtaining the inventory aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and aging report prepared by the Company; evaluating whether the valuation of inventories was accounted for in accordance with the Company's accounting policies; and assessing the historical reasonableness of management's estimates on inventory provisions.

Other Matter

We did not audit the financial statements of the investment accounted for using the equity method. The financial statements of Apex Material Technology Corp. were audited by other auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Apex Material Technology Corp., is based solely on the report of other auditor. The investment in Apex Material Technology Corp. accounted for using the equity method constituted 17.97% and 18.25% of the total assets as of December 31, 2022 and 2021, respectively, and the related share of profit of associates accounted for using the equity method constituted 15.98% and 27.40% of the net income before tax, for the years ended December 31, 2022 and 2021, respectively.

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

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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 investee companies accounted for using the equity method 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Chun-I Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

Notes to Readers

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

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

(English Translation of Parent-Company-Only Financial Statements and Report Originally Issued in Chinese)

AOPEN INCORPORATED

Parent-Company-Only Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 177,234	10	206,206	12
1110	Financial assets measured at fair value through profit or loss — current (note 6(b))	34	-	967	-
1170	Notes and accounts receivable, net (notes 6(d) and (s))	1,157	-	18	-
1180	Accounts receivable from related parties (notes 6(d), (s) and 7)	841,713	46	675,872	41
1200	Other receivables (note 6(e))	350	-	889	-
1210	Other receivables from related parties (notes 6(e) and 7)	-	-	31	-
130x	Inventories (note 6(f))	50,045	3	52,635	3
1479	Other current assets	25,805	1	24,323	2
	Total current assets	1,096,338	60	960,941	58
	Non-current assets:				
1517	Financial assets measured at fair value through other comprehensive income — non-current (note 6(c))	52,224	3	55,258	3
1550	Investments accounted for using the equity method (note 6(g))	677,111	37	626,824	38
1600	Property, plant and equipment (note 6(i))	1,309	-	844	-
1755	Right-of-use assets (notes 6(j) and 7)	52	-	177	-
1780	Intangible assets (note 6(k))	1,037	-	1,356	-
1920	Refundable deposits	211	-	669	-
1975	Net defined benefit assets — non-current (note 6(o))	12,612	-	9,214	1
1995	Other non-current assets (note 8)	500	-	500	-
	Total non-current assets	745,056	40	694,842	42
	Total assets	$ 1,841,394	100	1,655,783	100

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(l) and (y))	$ -	-	163,070	10
2120	Financial liabilities measured at fair value through profit or loss — current (note 6(b))	3,974	-	366	-
2130	Contract liabilities — current (note 6(s))	10,532	1	1,199	-
2170	Notes and accounts payable	670,737	37	533,241	32
2180	Accounts payable to related parties (note 7)	4,807	-	6,785	-
2200	Other payables (note 6(t))	39,482	2	48,374	3
2220	Other payables to related parties (note 7)	6,608	-	3,754	-
2250	Provisions — current (note 6(n))	10,821	1	12,446	1
2280	Lease liabilities — current (notes 6(m), (y) and 7)	52	-	125	-
2300	Other current liabilities	418	-	362	-
	Total current liabilities	747,431	41	769,722	46
	Non-current liabilities:				
2527	Contract liabilities — non-current (note 6(s))	5,697	-	6,784	-
2570	Deferred income tax liabilities (note 6(p))	63,751	4	63,154	4
2580	Lease liabilities — non-current (notes 6(m), (y) and 7)	-	-	52	-
2650	Credit balance of investments accounted for using the equity method (note 6(g))	192,878	10	174,033	11
	Total non-current liabilities	262,326	14	244,023	15
	Total liabilities	1,009,757	55	1,013,745	61
	Equity (notes 6(c), (g), (p) and (q)) :				
3110	Common stock	714,480	39	714,480	44
3200	Capital surplus	2,976	-	2,976	-
3300	Retained earnings (accumulated deficit)	147,097	8	(56,062)	(4)
3400	Other equity	(32,916)	(2)	(19,356)	(1)
	Total equity	831,637	45	642,038	39
	Total liabilities and equity	$ 1,841,394	100	1,655,783	100

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

AOPEN INCORPORATED

Parent-Company-Only Statements of Comprehensive Income (Loss)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Net revenue (notes 6(s) and 7)**	$ 2,893,405	100	960,112	100
5000	**Less: cost of revenue (notes 6(f), (i), (n), 7 and 12)**	2,740,294	95	864,234	90
	Gross profit before realized gross profit on sales	153,111	5	95,878	10
5910	Add: realized (unrealized) gross profit on sales to subsidiaries and associates (note 7)	(2,800)	-	3,100	-
	Gross profit	150,311	5	98,978	10
	Less: operating expenses (notes 6(d), (i), (j), (k), (m), (o), 7 and 12) :				
6100	Selling expenses	3,039	-	31,411	3
6200	General and administrative expenses	52,066	2	50,535	5
6300	Research and development expenses	13,987	-	17,520	2
6450	Expected credit losses (gains)	130	-	(59)	-
	Total operating expenses	69,222	2	99,407	10
	Operating income (loss)	81,089	3	(429)	-
	Non-operating income and loss:				
7100	Interest income	658	-	24	-
7130	Dividend income (note 6(c))	786	-	987	-
7020	Other gains and losses (notes 6(g), (h), (u) and 7)	46,403	1	46,833	4
7050	Finance costs (notes 6(m), (u) and 7)	(2,231)	-	(2,873)	-
7070	Share of profits of subsidiaries and associates (note 6(g))	73,276	3	84,040	9
	Total non-operating income and loss	118,892	4	129,011	13
	Income before taxes	199,981	7	128,582	13
7950	**Less: income tax expense (benefit) (note 6(p))**	879	-	(1,623)	1
	Net income	199,102	7	130,205	14
	Other comprehensive income (loss) (notes 6(g), (o) and (p)) :				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	3,340	-	2,679	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(3,034)	-	(6,786)	(1)
8330	Share of other comprehensive income (loss) of subsidiaries and associates	717	-	(164)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	(407)	-	(1,361)	-
	Total items that will not be reclassified to profit or loss	1,430	-	(2,910)	(1)
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	(17,251)	-	3,818	1
8380	Share of other comprehensive income (loss) of subsidiaries and associates	6,318	-	(1,480)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(10,933)	-	2,338	1
	Other comprehensive loss, net of taxes	(9,503)	-	(572)	-
	Total comprehensive income for the year	$ **189,599**	7	**129,633**	14
	Earnings per share (in New Taiwan dollars) (note 6(r)):				
9750	Basic earnings per share	$ **2.79**		**1.82**	
9850	Diluted earnings per share	$ **2.78**		**1.82**	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

AOPEN INCORPORATED

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings (accumulated deficit)			Other equity			
	Common stock	Capital surplus	Special reserve	Retained earnings (accumulated deficit)	Total	Foreign currency translation differences	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2021	$ 714,480	59,682	32,328	(203,374)	(171,046)	(30,315)	12,569	(17,746)	585,370
Net income for the year	-	-	-	130,205	130,205	-	-	-	130,205
Other comprehensive income (loss) for the year	-	-	-	2,515	2,515	2,338	(5,425)	(3,087)	(572)
Total comprehensive income (loss) for the year	-	-	-	132,720	132,720	2,338	(5,425)	(3,087)	129,633
Appropriation approved by the stockholders:									
Special reserve used to offset accumulated deficits	-	-	(32,328)	32,328	-	-	-	-	-
Other changes in capital surplus:									
Share of changes in equity of associates	-	(59,682)	-	(17,736)	(17,736)	1,477	-	1,477	(75,941)
Change in ownership interests in subsidiaries	-	2,976	-	-	-	-	-	-	2,976
Balance at December 31, 2021	714,480	2,976	-	(56,062)	(56,062)	(26,500)	7,144	(19,356)	642,038
Net income for the year	-	-	-	199,102	199,102	-	-	-	199,102
Other comprehensive income (loss) for the year	-	-	-	4,057	4,057	(10,933)	(2,627)	(13,560)	(9,503)
Total comprehensive income (loss) for the year	-	-	-	203,159	203,159	(10,933)	(2,627)	(13,560)	189,599
Balance at December 31, 2022	**$ 714,480**	**2,976**	**-**	**147,097**	**147,097**	**(37,433)**	**4,517**	**(32,916)**	**831,637**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

AOPEN INCORPORATED

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before income tax	$ 199,981	128,582
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	831	9,477
Amortization	1,765	1,582
Expected credit losses (gains on reversal of impairment loss)	130	(59)
Interest expense	2,231	2,825
Interest income	(658)	(24)
Dividend income	(786)	(987)
Share of profits of subsidiaries and associates	(73,276)	(84,040)
Gains on reversal of impairment loss on non-financial assets	(30,048)	-
Unrealized (realized) profits on sales to subsidiaries and associates	2,800	(3,100)
Losses on disposal of property, plant and equipment	-	2,995
Gains on disposal of investment accounted for using the equity method	(7,998)	(47,815)
Others	(880)	(268)
Total adjustments for profit or loss	(105,889)	(119,414)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets measured at fair value through profit or loss	933	(741)
Accounts receivable	(1,269)	41
Accounts receivable from related parties	(165,841)	(136,636)
Other receivables	539	(689)
Other receivables from related parties	31	17,012
Inventories	2,590	95,854
Other current assets	(1,440)	5,992
Net defined benefit assets	(58)	(9,214)
Changes in operating assets	(164,515)	(28,381)
Changes in operating liabilities:		
Financial liabilities measured at fair value through profit or loss	3,608	(3,059)
Contract liabilities	8,246	(7,796)
Notes and accounts payable	137,496	351,717
Accounts payable to related parties	(1,978)	(63,832)
Other payables	(8,633)	3,807
Other payables to related parties	2,854	(34,597)
Provisions	(625)	(49)
Other current liabilities	56	(849)
Net defined benefit liabilities	-	15,182
Other non-current liabilities	-	(1,000)
Changes in operating liabilities	141,024	259,524
Total changes in operating assets and liabilities	(23,491)	231,143
Total adjustments	(129,380)	111,729
Cash provided by operations	70,601	240,311
Interest received	658	24
Interest paid	(2,281)	(2,923)
Income taxes paid	(126)	-
Net cash flows provided by operating activities	68,852	237,412

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

AOPEN INCORPORATED

Parent-Company-Only Statements of Cash Flows (Continued)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from investing activities:		
Proceeds from disposal of investments accounted for using equity method	$ 21,137	-
Proceeds from capital return of investments accounted for using the equity method	25,737	-
Additions to investments accounted for using the equity method	-	(9,500)
Net cash received from acquisition of subsidiaries	-	59,209
Purchase of financial assets measured at fair value through other comprehensive income	-	(12,000)
Additions to property, plant and equipment	(1,171)	(2,603)
Proceeds from disposal of property, plant and equipment	-	1,016
Additions to intangible assets	(1,446)	(2,205)
Decrease in other non-current assets	-	234
Decrease in refundable deposits	458	210
Dividends received	20,776	82,028
Net cash flows provided by investing activities	65,491	116,389
Cash flows from financing activities:		
Increase in short-term borrowings	1,653,158	1,940,789
Decrease in short-term borrowings	(1,816,348)	(2,096,055)
Payments of lease liabilities	(125)	(3,574)
Net cash flows used in financing activities	(163,315)	(158,840)
Net increase (decrease) in cash and cash equivalents	(28,972)	194,961
Cash and cash equivalents at beginning of year	206,206	11,245
Cash and cash equivalents at end of year	**$ 177,234**	**206,206**

See accompanying notes to parent-company-only financial statements.

AOPEN INCORPORATED

Notes to Parent-Company-Only Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Organization and business

AOPEN Incorporated (the "Company") was incorporated on December 21, 1996, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 7F-5, No. 369, Fuxing N. Rd., Songshan Dist., Taipei City , Taiwan. The Company primarily engaged in the sale of computer products, computer components, peripheral equipment and apparatus, as well as repair and maintenance service.

To integrate its resources and to optimize its business operation, the Company merged with its subsidiary, AOPEN SmartView Incorporated, with the merger date set on December 15, 2021, based on a resolution approved during the board meeting held on November 2, 2021. After the merger, the Company became the sole surviving entity.

2. Authorization of the parent-company-only financial statements

These parent-company-only financial statements were authorized for issue by the Board of Directors on March 15, 2023.

3. Application of new and revised accounting standards and interpretations:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2022:

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its parent-company-only financial statements:

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

(Continued)

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

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- IFRS 16 "Requirements for Sale and Leaseback Transactions"

4. Summary of significant accounting policies

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Company's accompanying parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations").

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for the following items:

1) Financial instruments measured at fair value through profit or loss;
2) Financial assets measured at fair value through other comprehensive income; and
3) Net defined benefit liabilities (assets) measured at present value of defined benefit obligation, less the fair value of plan assets and the effect of the asset ceiling mentioned in note 4(q).

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the Company operates. The Company's parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

(c) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Company's parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Company's parent-company-only financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

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

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

(e) Cash and cash equivalents

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

Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(f) Financial instruments

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

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method, less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

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

Dividend income derived from equity investments is recognized on the date that the Company's right to receive the dividends is established (usually the ex-dividend date).

3) Financial assets measured at fair value through profit or loss

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

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

4) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial assets on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

(Continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, refundable deposits and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following financial assets which are measured using 12-month ECL:

- bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company measures loss allowances for accounts receivable at an amount equal to lifetime ECL.

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

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

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

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

(Continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets, and loss allowance or reversal amount is recognized in profit or loss.

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

6) Derecognition of financial assets

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

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

(ii) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to hedge its foreign currency exposures. Derivatives are initially measured at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. If the valuation of a derivative instrument is in a positive fair value, it is classified as a financial asset, otherwise, it is classified as a financial liability.

(iii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

3) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the standard cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(h) Investments in associates

An associate is an entity in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses. When necessary, the entire carrying amount of the investment (including goodwill) will be tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company recognizes its share of the profit or loss and other comprehensive income of those associates from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in percentage of ownership.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated investors’ interests in the associate.

(Continued)

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the recognition of further losses is discontinued. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing of a part interest in the associate, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss (or retained earnings).

Losses recognized using the equity method in excess of the Company's investment in ordinary shares are applied to the other components of the Company's interest in an associate in the reverse order of their seniority. The interest in an associate is the carrying amount of the investment in the associate, which is determined using the equity method, together with any long-term interests that, in substance, form part of the Company's net investment in the associate. Such items may include preference shares and long-term receivables or loans, but excluding trade receivables, trade payables or any long-term receivables for which adequate collateral exists.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. If the adjustments are charged to capital surplus and the capital surplus resulting from investments accounted for using the equity method is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investments in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, profit or loss and other comprehensive income recognized in parent-company-only financial statement is in line with total comprehensive income attributable to owners of the Parent in the consolidated financial statements. In addition, changes in equity recognized in parent-company-only financial statement is in line with the changes in equity attributable to owners of parent in the consolidated financial statements.

(Continued)

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Machinery	2 to 5 years
Molding equipment	1 year
Other equipment	2 to 8 years
Leasehold improvements	3 to 5 years

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Leases

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

(i) As a lessee

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

(Continued)

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Company's assessment on whether it will exercise an option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or
- there is any lease modification in lease subject, scope of the lease or other terms.

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

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

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the parent-company-only balance sheets.

(Continued)

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

(l) Intangible assets

Intangible assets acquired are carried at cost, less accumulated amortization and accumulated impairment losses and the amortized amount is the cost of an asset, less its residual value.

Amortization is recognized on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful life of computer software is 1 to 2 years.

The residual value, amortization period, and amortization method are reviewed at least at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(m) Impairment of non-financial assets

The Company assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets, other than inventories and deferred tax assets, may be impaired. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount for an individual asset or a cash-generating unit ("CGU") is the higher of its fair value, less, costs to sell or its value in use. When the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss immediately.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(n) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

A provision for warranties is recognized when the underlying products or services are sold. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(Continued)

(o) Revenue recognition

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

(i) Sale of goods－electronic products

The Company primarily engages in the manufacture and sale of computer products. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

The Company offers a standard warranty for the product sold to provide assurance that the product complies with agreed-upon specifications. Refer to note 6(n) for more explanation.

(ii) Financing components

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

(p) Government grant

For a government grant that becomes receivable as compensation for expenses or losses already incurred, the Company recognizes an unconditional government grant on a systematic basis, and related expenses in deduction of expenses, when there is reasonable assurance that the grant will be received.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. When the benefits of a plan are improved, the expenses related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise (i) actuarial gains and losses; (ii) return on plan assets, excluding the amounts included in the net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding the amounts included in the net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and reflected in retained earnings.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

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

(Continued)

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

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

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

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

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

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

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

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

1) the same taxable entity; or

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

(s) Earnings per share (“EPS”)

The basic and diluted EPS attributable to stockholders of the parent are disclosed in the parent-company-only financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the parent by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the parent and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company’s dilutive potential common shares include profit sharing for employees to be settled in the form of common stock.

(t) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

Information about judgments made in applying the accounting policies that have significant effects on the amounts recognized in the parent-company-only financial statements is as follows:

(a) Judgment as to whether the Company has substantial control or significant influence over its investees

The Company holds 16.60% voting rights of Apex Material Technology Corp. ("AMTC"), as well as owns one of directors' seats of AMTC and participates in the decision-making on the Board. Therefore, the Company has significant influence over AMTC and the equity method was used to account for the Company's investment in AMTC.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Reversal of impairment loss of investments accounted for using equity method

The assessment of reversal of impairment of investments accounted for using equity method requires the Company to make subjective judgments to assess whether there is any indication that an impairment loss recognized in prior periods for the asset may no longer exist or may have decreased at the reporting date and estimate the recoverable amount with relevant assumptions in accordance with significant inputs that are not based on observable market data, which involved significant uncertainty. Refer to note 6(g) for further description on the reversal of impairment loss of investments accounted for using equity method.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 390	1,166
Bank deposits	147,144	205,040
Time deposits	29,700	-
	$ 177,234	**206,206**

Refer to note 6(v) for the sensitivity analysis of financial assets of the Company.

(Continued)

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

		December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign exchange swaps	$	-	528
Foreign currency forward contracts		34	439
	$	**34**	**967**
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Foreign exchange swaps	$	758	161
Foreign currency forward contracts		3,216	205
	$	**3,974**	**366**

The Company entered into derivative contracts to manage foreign currency exchange risk arising from its operating activities. At each reporting date, the outstanding foreign currency forward contracts that did not conform to the criteria for hedge accounting, and were recognized as financial assets and liabilities measured at fair value through profit or loss, consisted of the following:

Foreign exchange swaps:

	December 31, 2022			
	Contract amount (in thousands)		**Currency**	**Maturity period**
Foreign exchange swaps	EUR	1,850	EUR / TWD	2023/01～2023/02
	AUD	180	AUD / TWD	2023/02

	December 31, 2021			
	Contract amount (in thousands)		**Currency**	**Maturity period**
Foreign exchange swaps	USD	1,900	USD / TWD	2022/01
	EUR	1,120	EUR / TWD	2022/01～2022/03
	AUD	950	AUD / TWD	2022/02～2022/03

(Continued)

Foreign currency forward contracts:

	December 31, 2022			
	Contract amount (in thousands)		**Currency**	**Maturity period**
EUR Sell / USD Buy	EUR	3,000	EUR / USD	2023/01～2023/03
AUD Sell / USD Buy	AUD	210	AUD / USD	2023/01

	December 31, 2021			
	Contract amount (in thousands)		**Currency**	**Maturity period**
EUR Sell / USD Buy	EUR	1,930	EUR / USD	2022/01～2022/03
AUD Sell / USD Buy	AUD	560	AUD / USD	2022/01～2022/03

(c) Financial assets measured at fair value through other comprehensive income－non-current

	December 31, 2022	**December 31, 2021**
Unlisted stock	$ 41,204	43,238
Domestic listed stock	11,020	12,020
	$ 52,224	**55,258**

The Company designated the investments shown above as financial assets measured at fair value through other comprehensive income (FVOCI) because these equity instruments are held for long-term strategic purposes and not for trading. Refer to note 6(w) for information on market risk.

For the years ended December 31, 2022 and 2021, the Company recognized the dividend income of $786 and $987, respectively, deriving from the investments shown above.

On August 31, 2021, the Company's loss of significant influence over Meldcx Pty Ltd. had been reclassified from investment accounted for using the equity method to financial assets measured at fair value through other comprehensive income. Refer to note 6(g) for further information.

(d) Accounts receivable (including related parties)

	December 31, 2022	**December 31, 2021**
Accounts receivable from operating activities	$ 1,337	68
Accounts receivable from related parties	841,713	675,872
Less: loss allowance	(180)	(50)
	$ 842,870	**675,890**

(Continued)

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables, by taking into account the forward-looking information. Analysis of expected credit losses on accounts receivable from unrelated parties was as follows:

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 560	0%	-
Past due 1-30 days	777	23%	180
	$ 1,337		**180**

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 17	0%	-
Past due 61-90 days	1	3%	-
Past due 91 days or over	50	100%	50
	$ 68		**50**

The Company has not recognized a specific allowance for accounts receivable from related parties after the assessment. The aging analysis of accounts receivable from related parties was as follows:

	December 31, 2022	**December 31, 2021**
Current	$ 510,250	409,255
Past due 1-30 days	49,773	54,015
Past due 31-60 days	70,674	35,761
Past due 61-90 days	48,582	44,832
Past due 91 days or over	162,434	132,009
	$ 841,713	**675,872**

Based on the credit quality and the payment received in subsequent period from related parties, no significant doubt was cast on the recovery of receivables from related parties due with no loss allowance provided.

Movements of the allowance for accounts receivable were as follows:

	2022	**2021**
Balance at January 1	$ 50	109
Impairment losses recognized (reversal of impairment losses)	130	(59)
Balance at December 31	**$ 180**	**50**

(Continued)

(e) Other receivables

		December 31, 2022	December 31, 2021
Other receivables	$	40,491	41,030
Other receivables from related parties		-	31
Less: loss allowance		(40,141)	(40,141)
	$	**350**	**920**

As of December 31, 2022 and 2021, except for the other receivables amounting to $40,141, wherein the loss allowances were fully provided, no loss allowance was provided for the remaining receivables after the management's assessment.

Refer to note 6(v) for credit risk exposure of other receivables.

(f) Inventories

		December 31, 2022	December 31, 2021
Raw materials	$	28,083	45,149
Finished goods		21,962	7,486
	$	**50,045**	**52,635**

Except for inventories recognized as costs of sales and expenses, the details of costs of revenue were as follows:

		2022	2021
Write-downs of inventories	$	16,640	7,730
Royalty costs		3,591	3,279
Others		665	3,329
	$	**20,896**	**14,338**

(g) Investments accounted for using the equity method (including credit balance of investments)

The Company's investments accounted for using the equity method were as follows:

		December 31, 2022	December 31, 2021
Associates	$	330,807	302,166
Subsidiaries		153,426	150,625
	$	**484,233**	**452,791**

(i) Subsidiaries

Refer to the consolidated financial statements for the year ended December 31, 2022.

In November 2021, the Company acquired additional shares of AOSD for a consideration of $9,500 in cash, resulting in its ownership in AOSD to increase from 80% to 100%. Moreover, its capital surplus increased by $2,976 from the difference between the consideration and the carrying amount arising from the acquisition of AOSD's shares.

(Continued)

(ii) Associates

Information in respect of the Company's material associate is as follows:

Name of associate	Main business	Location	Percentage of ownership December 31, 2022	Percentage of ownership December 31, 2021
Apex Material Technology Corp. ("AMTC")	Manufacture and sale of touch display, touch controller and its driver, the Company's strategic partners	Taiwan	16.60 %	17.28 %

AMTC issued new shares for its employee stock options and organizational restructuring in 2021, resulting in the Company's ownership interest in AMTC to decrease from 20.07% to 17.28%, at the amount of $17,736, recognized as a deduction from retained earnings.

In order to comply with the procedures for the Emerging Stock Market Registration, the Company disposed 265,000 shares of AMTC at the request of AMTC in June 2022, resulting in the Company to recognize a gain on investments of $8,120 as other gains and losses.

Aggregated financial information on associates that were material to the Company is summarized as follows. The financial information summarized the information on fair value adjustments made at the time of acquisition and adjustments on the differences in accounting policies, as well as value adjustments on the assessment of impairment.

The summarized financial information of AMTC:

	December 31, 2022	December 31, 2021
Current assets	$ 959,965	916,883
Non-current assets	1,620,753	1,464,597
Current liabilities	(357,767)	(374,455)
Non-current liabilities	(263,787)	(296,353)
Equity	**$ 1,959,164**	**1,710,672**
Equity attributable to non-controlling interests of AMTC	**$ 1,135**	**2,241**
Equity attributable to shareholders of AMTC	**$ 1,958,029**	**1,708,431**

	2022	2021
Net sales	**$ 1,411,841**	**1,297,443**
Net income	$ 207,133	203,077
Other comprehensive income (loss)	5,023	(6,307)
Total comprehensive income	**$ 212,156**	**196,770**
Total comprehensive loss attributable to non-controlling interests of AMTC	**$ (1,106)**	**(820)**
Total comprehensive income attributable to shareholders of AMTC	**$ 213,262**	**197,590**

(Continued)

	2022	2021
The carrying amount of equity of associates at January 1	$ 302,166	352,098
Net income attributable to the Company	31,947	35,237
Other comprehensive loss attributable to the Company	(347)	(792)
Reversal of accumulated impairment loss of associates	30,048	-
Dividends received from associates	(19,990)	(66,641)
Retained earnings －arising from changes in ownership interests in associates	-	(17,736)
Disposal of interests in associates	(13,017)	-
The carrying amount of equity in associates at December 31	**$ 330,807**	**302,166**

Due to fierce industry competition, AMTC's revenue was not able to meet its expectation as of December 31, 2019, resulting in AMTC failing to maintain the same profitability as prior years. As a consequence, the Company recognized an impairment loss of $50,294 in 2019. As of December 31, 2021, the Company assessed that there was no indication that the impairment loss recognized no longer existed or decreased.

Based on the assessment made on June 30, 2022, there is an indication that the previously recognized impairment loss no longer existed or decreased, wherein the recoverable amount is re-estimated at the discount rate of 16.5%, resulted in the Company to recognize a gain on reversal of impairment loss amounting to $30,048 as other gains and losses. Please refer to note 6(u) for the related information.

Aggregate financial information of associates that was not individually material to the Company and was included in the Company's parent-company-only financial statements, was as follows:

The summarized financial information of Meldcx Pty Ltd. ("MPL"):

	2022	2021
Attributable to the Company:		
Net loss	$ -	(15,640)
Other comprehensive income	-	1,816
Total comprehensive loss	**$ -**	**(13,824)**

The Company donated its ownership interest in MPL to Acer Foundation based on a resolution approved during its board meeting held in August 2021, resulting in the Company's ownership interest in MPL to decrease from 27.21% to 17.21%, losing significant influence over MPL. Therefore, the Company discontinued the use of the equity method and reclassified its remaining ownership interest to fair value through other comprehensive income－non-current, wherein a gain on disposal of investment of $$59,726 was recognized in other gains or losses. Please refer to note 7(vii) for further information.

In December 2021, MPL issued new shares, wherein the Company did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in MPL to decrease to 15.06%.

(Continued)

(h) Disposal of subsidiary

In May 2022, a subsidiary, Heartware Alliance and Integration Limited, was liquidated and the related other comprehensive income was reclassified to profit or loss, resulting in a loss on disposal of subsidiary amounting to $122 to be recognized in other gains and losses.

(i) Property, plant and equipment

	Machinery	Other equipment	Leasehold improvements	Total
Cost:				
Balance at January 1, 2022	$ 747	68,831	-	69,578
Additions	-	1,171	-	1,171
Balance at December 31, 2022	**$ 747**	**70,002**	**-**	**70,749**
Balance at January 1, 2021	$ 1,672	132,457	14,838	148,967
Additions	-	899	-	899
Disposals	(925)	(64,525)	(14,838)	(80,288)
Balance at December 31, 2021	**$ 747**	**68,831**	**-**	**69,578**
Accumulated depreciation and impairment loss:				
Balance at January 1, 2022	$ 706	68,028	-	68,734
Depreciation	20	686	-	706
Balance at December 31, 2022	**$ 726**	**68,714**	**-**	**69,440**
Balance at January 1, 2021	$ 1,611	129,402	6,958	137,971
Depreciation	20	3,052	2,968	6,040
Disposals	(925)	(64,426)	(9,926)	(75,277)
Balance at December 31, 2021	**$ 706**	**68,028**	**-**	**68,734**
Carrying amounts:				
Balance at December 31, 2022	**$ 21**	**1,288**	**-**	**1,309**
Balance at December 31, 2021	**$ 41**	**803**	**-**	**844**
Balance at January 1, 2021	**$ 61**	**3,055**	**7,880**	**10,996**

(Continued)

(j) Right-of-use assets

	Buildings	Transportation equipment	Total
Cost:			
Balance at January 1, 2022	$ 692	-	692
Disposals	(504)	-	(504)
Balance at December 31, 2022	**$ 188**	**-**	**188**
Balance at January 1, 2021	$ 12,757	591	13,348
Disposals	(12,065)	(591)	(12,656)
Balance at December 31, 2021	**$ 692**	**-**	**692**
Accumulated depreciation:			
Balance at January 1, 2022	$ 515	-	515
Depreciation	125	-	125
Disposals	(504)	-	(504)
Balance at December 31, 2022	**$ 136**	**-**	**136**
Balance at January 1, 2021	$ 6,779	406	7,185
Depreciation	3,251	186	3,437
Disposals	(9,515)	(592)	(10,107)
Balance at December 31, 2021	**$ 515**	**-**	**515**
Carrying amount:			
Balance at December 31, 2022	**$ 52**	**-**	**52**
Balance at December 31, 2021	**$ 177**	**-**	**177**
Balance at January, 2021	**$ 5,978**	**185**	**6,163**

(k) Intangible assets

Intangible assets consisted of the cost of computer software and the movements of costs and accumulated amortization of intangible assets were as follows:

	2022	2021
Cost:		
Balance at January 1	$ 2,205	3,136
Additions	1,446	2,205
Derecognition	(1,226)	(3,136)
Balance at December 31	**$ 2,425**	**2,205**
Accumulated amortization:		
Balance at January 1	$ 849	2,403
Amortization	1,765	1,582
Derecognition	(1,226)	(3,136)
Balance at December 31	**$ 1,388**	**849**
Carrying amount:		
Balance at January 1	**$ 1,356**	**733**
Balance at December 31	**$ 1,037**	**1,356**

(Continued)

For the years ended December 31, 2022 and 2021, the amortization of intangible assets was included in operating expenses of the parent-company-only statements of comprehensive income.

(l) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ -	163,070
Unused credit facilities	$ 917,080	758,830
Interest rate	-	0.77%~1.15%

(m) Lease liabilities

The carrying amount of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 52	125
Non-current	$ -	52

Refer to note 6(v) for the maturity analysis of lease liabilities.

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expense on lease liabilities	$ 1	48
Expenses relating to short-term leases	$ 1,430	525

The amounts recognized in the parent-company-only statement of cash flows for the Company were as follows:

	2022	2021
Total cash outflow for leases	$ 1,556	4,147

(i) Major terms of leases

The Company leases buildings for its office, with lease terms ranging from 1 to 5 years, some of which include the option to extend the lease upon maturity.

In addition, as leases of buildings, with lease terms of less than 1 year, are considered as short-term leases, the Company elected to apply for an exemption and not to recognize its right-of-use assets and lease liabilities.

(ii) Other leases

The Company leases transportation equipment and other leases with lease terms of 2 to 5 years.

(Continued)

(n) Provisions

		2022	2021
Balance at January 1	$	12,446	13,495
Amount recognized		1,300	-
Amount utilized		(2,925)	(1,049)
Balance at December 31	**$**	**10,821**	**12,446**

Provision for warranties is related mainly to the sale of components business products and system business products. It is based on estimates made from historical warranty data associated with similar goods and services.

(o) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of the defined benefit obligations and the net defined benefit liabilities for the defined benefit plans was as follows:

		December 31, 2022	December 31, 2021
Present value of benefit obligations	$	12,002	17,222
Fair value of plan assets		(24,614)	(26,436)
Net defined benefit (assets) liabilities	**$**	**(12,612)**	**(9,214)**

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

1) Composition of plan assets

The pension fund (the “Fund”) contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund”, with regard to the utilization of the Fund, the minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2022 and 2021, the Company’s labor pension fund account balance at Bank of Taiwan amounted to $24,614 and $26,436, respectively. Refer to the website of the Bureau of Labor Funds for information on the labor pension fund assets including the asset portfolio and yield of the fund.

(Continued)

2) Movements in present value of the defined benefit obligations

		2022	2021
Defined benefit obligations at January 1	$	17,222	30,930
Current service costs		107	193
Remeasurement on the net defined benefit liabilities (assets):			
—Actuarial gain arising from experience adjustments		(310)	(2,704)
—Actuarial loss (gain) arising from changes in financial assumption		(892)	453
Benefits paid by the plan		(4,125)	(11,650)
Defined benefit obligations at December 31	$	12,002	17,222

3) Movements in fair value of plan assets

		2022	2021
Fair value of plan assets at January 1	$	26,436	27,643
Interest income		165	172
Remeasurement on the net defined benefit liabilities (assets):			
—Return on plan assets (excluding amounts included in net interest expense)		2,138	428
Benefits paid by the plan		(4,125)	(1,807)
Fair value of plan assets at December 31	$	24,614	26,436

4) There were no effects on the asset ceiling in 2022 and 2021.

5) Expenses recognized in profit or loss

		2022	2021
Current service costs and net interest expense (benefit)	$	**(58)**	**21**
Selling expenses	$	-	3
Administrative expenses		(44)	13
Research and development expenses		(14)	5
	$	**(58)**	**21**

6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750 %	0.625 %
Rates on future salary increase	3.000 %	2.500 %

The Company does not expect to make any contribution to the defined benefit plans in the year following December 31, 2022.

The weighted-average duration of the defined benefit plans ranges from 12.33 years.

(Continued)

7) Sensitivity analysis

The following table summarizes the impact of the change in the assumptions on the present value of the defined benefit obligation.

		The impact on the defined benefit obligation	
		0.25% Increase	**0.25% Decrease**
December 31, 2022			
Discount rate	$	(330)	340
Rates on future salary increase		330	(320)
December 31, 2021			
Discount rate		(462)	478
Rates on future salary increase		457	(446)

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are interrelated. The method used to carry out the sensitivity analysis is consistent with the calculation of the net defined benefit liabilities recognized in the balance sheets.

The method and assumptions used to carry out the sensitivity analysis is the same as in the prior year.

(ii) Defined contribution plans

The Company contributes monthly an amount equal to 6% of each employee’s monthly wages to the employee’s individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

For the years ended December 31, 2022 and 2021, the Company recognized the pension expenses of $1,367 and $1,876, respectively, in relation to the defined contribution plans.

(p) Income taxes

(i) Income tax expense

1) The components of income tax expense (benefit) were as follows:

		2022	**2021**
Current income tax expense (benefit)			
Current period	$	-	-
Adjustments for prior years		(125)	(73)
Deferred tax expense (benefit)			
Origination and reversal of temporary differences		1,004	(1,550)
	$	**879**	**(1,623)**

(Continued)

2) The components of income tax expense (benefit) recognized in other comprehensive income were as follows:

	2022	2021
Unrealized losses from investments in equity instruments at fair value through other comprehensive income	$ (407)	(1,361)

3) Reconciliation between the expected income tax expense calculated based on the Company's statutory tax rate and the actual income tax expense reported in the parent-company-only statements of comprehensive income was as follows:

	2022	2021
Income before taxes	$ 199,981	128,582
Income tax using the Company's statutory tax rate	$ 39,996	25,716
Changes in unrecognized tax losses	(20,737)	694
Changes in unrecognized temporary difference	(11,996)	(4,005)
Investment income recorded under equity method	(6,393)	(12,786)
Others	9	(11,242)
	$ 879	(1,623)

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

	December 31, 2022	December 31, 2021
Loss associated with investments in subsidiaries	$ 182,150	184,735
Tax losses	156,495	178,359
Others	26,956	31,752
	$ 365,601	394,846

The above deferred income tax assets were not recognized as management believed that it is not probable that future taxable profits will be available against which the Company can utilize the benefits therefrom.

(Continued)

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset future taxable income. As of December 31, 2022, the tax effects of unused tax losses and the respective expiry years were as follows:

Year of loss	Tax effects of tax losses	Year of expiry
2013 (Assessment)	41,772	2023
2014 (Assessment)	164,914	2024
2015 (Assessment)	84,386	2025
2016 (Assessment)	100,348	2026
2017 (Assessment)	159,366	2027
2018 (Assessment)	113,790	2028
2019 (Assessment)	43,936	2029
2020 (Assessment)	73,965	2030
	$ **782,477**	

2) Unrecognized deferred income tax liabilities

The Company is able to control the timing of reversal of the temporary differences associated with investments in subsidiaries. As management believed that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax liabilities. The related amounts were as follows:

	December 31, 2022	December 31, 2021
Net profits associated with investments in subsidiaries	$ **26,058**	**18,379**

3) Recognized deferred income tax assets and liabilities

	Unremitted earnings from subsidiaries	Unrealized gains on financial assets measured at fair value through other comprehensive income	Others	Total
Deferred income tax liabilities:				
Balance at January 1, 2022	$ 59,771	1,781	1,602	63,154
Recognized in profit or loss	(457)	-	1,461	1,004
Recognized in other comprehensive income	-	(407)	-	(407)
Balance at December 31, 2022	$ **59,314**	**1,374**	**3,063**	**63,751**

(Continued)

	Unremitted earnings from subsidiaries	Unrealized gains on financial assets measured at fair value through other comprehensive income	Others	Total
Balance at January 1, 2021	$ 61,317	3,142	1,606	66,065
Recognized in profit or loss	(1,546)	-	(4)	(1,550)
Recognized in other comprehensive income	-	(1,361)	-	(1,361)
Balance at December 31, 2021	**$ 59,771**	**1,781**	**1,602**	**63,154**

The Company's income tax returns for the years through 2020 were examined and approved by the R.O.C. income tax authorities.

(q) Capital and other equity

(i) Common stock

As of December 31, 2022 and 2021, the Company's authorized shares of common stock consisted of 440,000 thousand shares, with a par value of $10 per share, of which 71,448 thousand shares were issued.

(ii) Capital surplus

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed by cash based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of the par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the distribution of stock dividends from capital surplus, in any year, shall not exceed 10% of the paid-in capital.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of the annual net income, after deducting the accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of the paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval to appropriate no less than 10% of the accumulated distributable earnings as shareholder dividends.

(Continued)

In accordance with the rulings issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from the current and prior-year earnings. This special reserve shall be reverted to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

On July 6, 2021, the Company's shareholders approved an appropriation of special reserve amounting to $32,328 to offset against the accumulated deficits.

The appropriation of 2021 and 2020 earnings were approved at the shareholders' meetings held on June 17, 2022 and July 6, 2021, respectively. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(iv) Other equity items (net after tax)

	Foreign currency translation differences	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2022	$ (26,500)	7,144	(19,356)
Share of foreign currency translation differences of subsidiaries	6,652	-	6,652
Share of foreign currency translation differences of associates	(334)	-	(334)
Foreign exchange differences arising from translation of foreign operations	(17,251)	-	(17,251)
Valuation losses on financial assets measured at fair value through other comprehensive income	-	(2,627)	(2,627)
Balance at December 31, 2022	**$ (37,433)**	**4,517**	**(32,916)**
Balance at January 1, 2021	$ (30,315)	12,569	(17,746)
Share of foreign currency translation differences of subsidiaries	(671)	-	(671)
Share of foreign currency translation differences of associates	668	-	668
Foreign exchange differences arising from translation of foreign operations	3,818	-	3,818
Valuation losses on financial assets measured at fair value through other comprehensive income	-	(5,425)	(5,425)
Balance at December 31, 2021	**$ (26,500)**	**7,144**	**(19,356)**

(Continued)

(r) Earnings per share ("EPS")

(i) Basic earnings per share

	2022	2021
Net income attributable to the ordinary shareholders of the parent	$ 199,102	130,205
Weighted-average number of ordinary shares outstanding (in thousands)	71,448	71,448
Basic earnings per share (in New Taiwan dollars)	$ 2.79	1.82

(ii) Diluted earnings per share

	2022	2021
Net income attributable to the ordinary shareholders of the parent	$ 199,102	130,205
Weighted-average number of ordinary shares outstanding (in thousands)	71,448	71,448
Effect of dilutive potential common stock (in thousands):		
Effect of employee remuneration in stock	181	-
Weighted-average shares of common stock outstanding, including effect of dilutive potential common stock (in thousands)	71,629	71,448
Diluted earnings per share (in New Taiwan dollars)	$ 2.78	1.82

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022			
	America	**Europe**	**Asia Pacific and emerging markets**	**Total**
Major products/services lines				
System business products	$ 168,494	404,061	2,320,850	2,893,405

	2021			
	America	**Europe**	**Asia Pacific and emerging markets**	**Total**
Major products/services lines				
System business products	$ 162,292	359,355	438,465	960,112

(Continued)

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$ 843,050	675,940	402,677
Less: loss allowance	(180)	(50)	(109)
	$ 842,870	**675,890**	**402,568**
Contract liabilities－current	$ 10,532	1,199	9,363
Contract liabilities－non-current	5,697	6,784	6,416
	$ 16,229	**7,983**	**15,779**

Refer to note 6(d) for details on notes and accounts receivable (including related parties) and related loss allowance.

The major changes in the balance of contract liabilities were due to the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amounts of revenue recognized in 2022 and 2021 that were included in the contract liability balances on January 1, 2022 and 2021 were $2,617 and $10,503, respectively.

(t) Remuneration to employees and directors

The Company's Articles of Incorporation require that annual earnings, which refer to income before tax, excluding the amounts of employees' and directors' profit sharing bonus, shall first be offset against any deficit, then, shall be allocated as follows:

(i) A minimum of 5% shall be allocated as employee remuneration, in share or cash, to qualified full-time employees, including those of the Company's subsidiaries.

(ii) A maximum of 1% shall be allocated as directors' remuneration based on the assessment from the board, taking into account the extent and value of their services provided for the Company.

For the year ended December 31, 2022, the Company accrued its remuneration to employees and directors amounting to $8,538 and $854, respectively. The said amounts, which were recognized as operating expenses, were calculated based on pre-tax net profit for each year before deducting the amount of the remuneration to employees and directors, multiplied by the proposed distribution ratio of remuneration to employees and directors. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in following year.

No remunerations to employees and directors were accrued for the year ended December 31, 2021 due to accumulated deficit incurred by the Company.

(Continued)

(u) Non-operating income and loss

(i) Other gains and losses

	2022	2021
Losses on disposal of property, plant and equipment	$ -	(2,995)
Foreign currency exchange gains (losses)	7,857	(6,208)
Gains on reversal of impairment loss on non-financial assets	30,048	-
Gains on disposal of investment	7,998	47,815
Others	500	8,221
	$ 46,403	**49,828**

(ii) Finance costs

	2022	2021
Interest expense from bank loans	$ (2,230)	(2,825)
Interest expense on lease liabilities	(1)	(48)
	$ (2,231)	**(2,873)**

(v) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of the Company's financial assets.

2) Concentration of credit risk

As of December 31, 2022 and 2021, 90% and 100%, respectively, of accounts receivable (excluding related parties) were concentrated on two customers; thus, credit risk is significantly centralized. The Company continuously evaluates the credit quality of its customers and utilizes insurance to minimize the credit risk.

3) Credit risk from receivables

Refer to note 6(d) for credit risk exposure of notes and accounts receivable.

Other financial assets measured at amortized cost include low-credit-risk financial assets of other receivables, and thus, the loss allowance is measured using 12-months ECL. Refer to note 4(f) of the parent-company-only financial statements for the year ended December 31, 2022 for descriptions on how the Company determines the credit risk. For details on loss allowance, refer to note 6(e).

(Continued)

(ii) Liquidity risk

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and estimated interest.

	Contractual cash flows	Within 1 year	1-2 years	Over 5 years
December 31, 2022				
Non-derivative financial liabilities:				
Notes and accounts payable (including related parties)	$ 675,544	675,544	-	-
Other payables (including related parties)	46,090	46,090	-	-
Lease liabilities (including current and non-current)	52	52	-	-
	$ 721,686	**721,686**	**-**	**-**
Derivative financial instruments:				
Foreign currency forward contracts and foreign exchange swaps－settled in gross:				
Outflow	$ 167,593	167,593	-	-
Inflow	(163,016)	(163,016)	-	-
	$ 4,577	**4,577**	**-**	**-**
December 31, 2021				
Non-derivative financial liabilities:				
Notes and accounts payable (including related parties)	$ 163,288	163,288	-	-
Other payables (including related parties)	540,026	540,026	-	-
Lease liabilities (including current and non-current)	54,128	54,128	-	-
Other payables	179	126	53	-
	$ 757,621	**757,568**	**53**	**-**
Derivative financial instruments:				
Foreign currency forward contracts and foreign exchange swaps－settled in gross:				
Outflow	$ 179,004	179,004	-	-
Inflow	(179,204)	(179,204)	-	-
	$ (200)	**(200)**	**-**	**-**

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Foreign currency risk

1) Exposure to foreign currency risk

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 24,131	USD/TWD= 30.708	741,009	24,111	USD/TWD= 27.690	667,628
EUR	5,889	EUR/TWD= 32.873	193,590	3,855	EUR/TWD= 31.484	121,358
Non-monetary items						
AUD	1,969	AUD/TWD= 20.921	41,204	2,150	AUD/TWD= 20.111	43,238
Financial liabilities						
USD	25,145	USD/TWD= 30.708	772,142	22,351	USD/TWD= 27.690	618,887
EUR	240	EUR/TWD= 32.873	7,885	240	EUR/TWD= 31.484	7,552

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable/payable (including related parties), and other receivables/payables (including related parties) that are denominated in foreign currencies. As of December 31, 2022 and 2021, a 5% depreciation or appreciation of the TWD against the USD and EUR would have increased the Company's income before tax for the years ended December 31, 2022 and 2021 by $7,729, and $8,127, respectively. This analysis assumes that all other variables remain constant and is performed on the same basis for the current and prior periods.

3) Foreign exchange gains (losses) on monetary items

With varieties of functional currencies of the Company, the Company disclosed net realized and unrealized foreign exchange gains (losses) on monetary items in aggregate. Refer to note 6(u) for further information.

(iv) Interest rate risk

Refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate liabilities on the reporting date. For variable rate instruments, the sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management of the Company is based on 50 basis points (0.5%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

(Continued)

If the interest rate had been 50 basis points (0.5%) higher/lower with all other variables held constant, the pre-tax income for the years ended December 31, 2022 and 2021 would have been \$0 and \$834, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

(v) Other market price risk

The Company is exposed to the risk of price fluctuation in securities resulting from its investment in publicly traded stocks. The Company supervises the equity price risk actively and manages the risk based on fair value. The Company also has strategic investments in privately held stocks, in which the Company does not actively participate in their trading.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the years ended December 31, 2022 and 2021 would have increased or decreased by \$2,611 and \$2,763, respectively.

(vi) Fair value information

1) Financial instruments not measured at fair value

The Company considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments measured at fair value

The following financial instruments are measured at fair value on a recurring basis.

The table below analyzes the financial instruments measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(Continued)

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss －current:					
Foreign currency forward contracts and foreign exchange swaps	$ **34**	**-**	**34**	**-**	**34**
Financial assets measured at fair value through other comprehensive income －non-current:					
Unlisted stock	$ 41,204	-	-	41,204	41,204
Domestic listed stock	11,020	11,020	-	-	11,020
	$ **52,224**	**11,020**	**-**	**41,204**	**52,224**
Financial liabilities mandatorily measured at fair value through profit or loss －current:					
Foreign currency forward contracts and foreign exchange swaps	$ **3,974**	**-**	**3,974**	**-**	**3,974**

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss －current:					
Foreign currency forward contracts and foreign exchange swaps	$ **967**	**-**	**967**	**-**	**967**
Financial assets measured at fair value through other comprehensive income －non-current:					
Unlisted stock	$ 43,238	-	-	43,238	43,238
Domestic listed stock	12,020	12,020	-	-	12,020
	$ **55,258**	**12,020**	**-**	**43,238**	**55,258**
Financial liabilities mandatorily measured at fair value through profit or loss －current:					
Foreign currency forward contracts and foreign exchange swaps	$ **366**	**-**	**366**	**-**	**366**

There were no transfers among fair value hierarchies for the years ended December 31, 2022 and 2021.

(Continued)

3) Valuation techniques used for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments traded in active liquid markets is determined with reference to quoted market prices. The fair value of unlisted common shares is estimated by using the market approach and is determined by reference to valuations of similar companies, recent financing activities, market conditions and other economic indicators.

b) Derivative financial instruments

The fair value of foreign currency forward contracts and foreign exchange swaps is computed individually by each contract using the valuation technique and quoted price from a bank competitor.

4) Movement in financial assets included in Level 3 fair value hierarchy

	Financial assets measured at fair value through other comprehensive income
Balance at January 1, 2022	$ 43,238
Total gains or losses:	
Recognized in other comprehensive income	(2,034)
Balance at December 31, 2022	**$ 41,204**
Balance at January 1, 2021	$ 29,539
Total gains or losses:	
Recognized in other comprehensive income	(6,806)
Additions	20,505
Balance at December 31, 2021	**$ 43,238**

The abovementioned total gains or losses were included in unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.

5) Quantitative information of significant unobservable inputs

The fair value measurements in Level 3 are based on investments measured at fair value through other comprehensive income－equity investments without an active market.

The fair value measurements in Level 3 consist of multiple significant unobservable inputs which are independent of each other and therefore do not include the interrelationship with other significant unobservable inputs.

(Continued)

Quantitative information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Investments measured at fair value through other comprehensive income－equity investments without an active market	Comparable company valuation	• Price-to-earnings ratio of 0.70~10.81 and 1.98~12.01 on December 31, 2022 and 2021, respectively • Price-book ratio of 0.70~1.8 and 1.57~1.63 on December 31, 2022 and 2021, respectively • Discount for lack of marketability of 40% on December 31, 2022 and 2021	• The higher the price-to-earnings ratio, the higher the estimated fair value would be • The higher the price-book ratio, the higher the estimated fair value would be • The higher the discount for lack of marketability, the higher the estimated fair value would be

6) Fair value measurements in Level 3－ sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments may change if different valuation models or inputs are used. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on other comprehensive income:

			Other comprehensive income			
		Change in	December 31, 2022		December 31, 2021	
	Input	assumptions	Favorabl e	Unfavorable	Favorable	Unfavorable
Financial assets measured at fair value through other comprehensive income	Price-to-earnings ratio and price-book ratio	3%	$ 1,236	(1,236)	682	(682)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using a valuation technique. If the fair value of a financial instrument is subject to more than one inputs, the analysis above would reflect only the effects of changes in a single input and will not include the interrelationship with another inputs.

(Continued)

(vii) Offsetting of financial assets and financial liabilities

The Company has financial instrument transactions which are set off in accordance with paragraph 42 of IAS 32, wherein the related financial assets and liabilities are presented in the balance sheets on a net basis.

The table below summarizes the related information of offsetting of financial assets and liabilities:

December 31, 2022

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amount of financial assets presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts receivable	$ 26,308	25,151	1,157	-	-	1,157

December 31, 2022

Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts payable	$ 695,888	25,151	670,737	-	-	670,737

December 31, 2021

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amount of financial assets presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts receivable	$ 14,274	14,256	18	-	-	18

December 31, 2021

Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts payable	$ 547,497	14,256	533,241	-	-	533,241

(Continued)

(w) Financial risk management

(i) Overview

The daily operation of the Company is affected by multiple financial risks, including market risk (foreign currency risk, interest rate risk and market price risk), credit risk and liquidity risk. The overall risk control policy focuses on unpredictable events in financial market and seeks reduction of potential adverse impact on the Company' s financial status and financial performance.

(ii) Risk management framework

Risk management policies are approved by the Board of Directors and is executed by the Company' s financial department. For financial risks arising from operation management, the financial department is accountable for recognizing, evaluating and planning the hedge methods through cooperation with other operating units. The Board of Directors develops and documents risk policies which cover specific risk exposures such as currency risk and derivative financial instrument risk to ensure the hedge tools are performed properly and effectively.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

1) Accounts receivable

The Company has insured credit insurance that covers accounts receivable from related customers, while customers without credit insurance may transact with the Company only on a prepayment basis.

The Company developed expected credit loss model for estimated future loss on accounts receivable and other receivables.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks and companies with good credit rating. The Company expects the counterparties above to meet their obligations, hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company' s policy is to provide financial guarantees only to its wholly owned subsidiaries. As of December 31, 2022 and 2021, no other guarantees were outstanding.

(Continued)

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Generally, the Company ensures that there is sufficient cash to cover its expected operating expenditure demand over the succeeding 3 months, but excluding potential influence under unexpected extremely condition (i.e. nature disaster).

(v) Market risk

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

1) Foreign currency risk

The Company is exposed to foreign currency risk on sales, purchases and financial activities that are denominated in a currency other than the respective functional currencies of the Company entities. The foreign currencies used in these transactions are mainly the Euro (EUR), US dollar (USD) and Chinese yuan (CNY).

Procedures responsive to fluctuation of foreign exchange:

a) The Company utilizes foreign currency loans or foreign currency spot/forward contracts to hedge its said exposure based on the offsetting of foreign currency accounts receivable arising from the sales transactions and foreign currency accounts payable arising from the purchase transactions.

b) The Company collects information on currency to monitor the trend of currency rate and keeps connection with the foreign currency department of financial institutions to collect the market information and determine the exchange rate appropriately for securing the currency risk.

2) Interest rate risk

The Company's short-term borrowings and long-term debt carry floating interest rates, and the Company has not entered into interest rate swap contracts to convert floating interest rates to fixed interest rates. The Company monthly negotiates the interest rates of bank loans, with reference to the market, with the bank to reduce the risk arising from fluctuation of interest rates.

(Continued)

3) Other market price risk

The Company is exposed to the risk of price fluctuation in its equity instruments, which are held for cash flow management and unused capital. These equity instruments are held for strategic purposes and not for trading. Significant investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(x) Capital management

The capital management aims to maintain a stable capital structure by reviewing the liability-to-equity ratio to enhance long-term shareholder value and to ensure its continuing operations. In consideration of the overall economic environment and the development of the industry, business models, channel resources and product strategies, the Company performs procedures on related capital expenditures and working capital to optimize capital structure.

The management monitors the capital structure regularly and considers the potential risk the Company may be involved in various capital structures. Generally, the strategy of capital structure management remains cautious.

(y) Financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2022	**Cash flows**	**Movement of leases**	**Fluctuation of foreign exchange rate**	**December 31, 2022**
Short-term borrowings	$ 163,070	(163,190)	-	120	-
Lease liabilities	177	(125)	-	-	52
Total liabilities from financing activities	**$ 163,247**	**(163,315)**	**-**	**120**	**52**

			Non-cash changes		
	January 1, 2021	**Cash flows**	**Movement of leases**	**Fluctuation of foreign exchange rate**	**December 31, 2021**
Short-term borrowings	$ 318,459	(155,266)	-	(123)	163,070
Lease liabilities	6,445	(3,574)	(2,694)	-	177
Total liabilities from financing activities	**$ 324,904**	**(158,840)**	**(2,694)**	**(123)**	**163,247**

(Continued)

7. Related-party transactions

(a) Parent company and ultimate controlling party

Acer Incorporated is the parent company and the ultimate controlling party of the Company and owns 40.54% of the outstanding shares of the Company as of December 31, 2022. Acer Incorporated has issued the consolidated financial statements for public use.

(b) Related party name and categories

The followings are related parties that have had transactions with the Company during the reporting periods:

Name of related party	Relationship with the Company
Acer Incorporated ("Acer")	The Company's parent company
AOPEN SmartView Incorporated ("AOSD")	The Company's subsidiary (AOSD was dissolved after consolidation or merger in December 2021)
Heartware Alliance and Integration Limited ("HTW")	The Company's subsidiary (The company registration of HTW was cancelled in May 2022)
AOPEN America Inc. ("AOA")	The Company's subsidiary
AOPEN Computer B.V. ("AOE")	〃
AOPEN Japan Inc. ("AOJ")	〃
Aopen SmartVision Incorporated ("AOSV")	〃
Great Connection LTD. ("GCL")	〃
AOPEN International (Shanghai) Co., Ltd. ("AOC")	〃
AOPEN Information Products (Zhongshan) Inc. ("AOZ")	〃
AOPEN GLOBAL SOLUTIONS PTY LTD. ("AOGS")	〃
AOPEN Technology Inc. ("AOTH")	〃
AOPEN AUSTRALIA & NEW ZEALAND PTY LTD. ("AOAU")	〃
Meldcx Pty Ltd. ("MPL")	The Company's related party (The Company lost significant influence over MPL on August 31, 2021)
Apex Material Technology Corp. ("AMTC")	The Company's associate
Acer Foundation	Substantive related party

(Continued)

Name of related party	Relationship with the Company
Weblink International Inc. ("WLII")	Other related party
Acer e-Enabling Service Business Inc. ("AEB")	〃
Acer Gadget Inc. ("AGT")	〃
Altos Computing Inc. ("ALT")	〃
PT. Acer Indonesia ("AIN")	〃
Acer Synergy Tech Corp. ("AST")	〃
Acer Japan Corp. ("AJC")	〃
Acer India Private Limited ("AIL")	〃
Highpoint Service Network Corporation ("HSNC")	〃

(c) Significant related-party transactions

(i) Sales to related parties

Significant sales to related parties and outstanding balances were as follows:

	Sales		Accounts receivable from related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Parent company	$ 2,240,569	313,375	385,516	307,088
Subsidiaries:				
AOA	168,493	162,293	224,100	187,371
AOE	404,061	359,355	194,671	119,025
AOC	14,802	5,761	7,632	8,651
AOZ	-	-	8,546	7,706
AOAU	18,029	39,287	18,163	42,963
Other subsidiaries	25,791	45,793	3,085	3,038
Associates	-	864	-	-
Other related parties	241	3,210	-	30
	$ 2,871,986	**929,938**	**841,713**	**675,872**

The sales prices and payment terms of sales offered to related parties depend on the economic environment and market competition, with the trade terms of EOM 60~90 days. There are also occasional late collections from related parties in consideration of their working capital management. In addition, the trade terms offered to third parties are OA 30~75 days. Receivables from related parties are unsecured with collateral and did not require provisions for expected credit loss.

(ii) Purchases from related parties

Purchases from related parties and outstanding balances were as follows:

	Purchases		Accounts payables to related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Parent company	$ 15,788	85,221	1,086	2,286
Subsidiaries:				
AOZ	29,470	37,191	2,730	1,596
Other subsidiaries	4,070	10,799	-	6
Associates	74	-	-	-
Other related parties	3,117	22,321	991	2,897
	$ 52,519	**155,532**	**4,807**	**6,785**

The purchase prices with related parties are not comparable with those of third-party vendors as their specifications of products are different.

(iii) Other income and other receivables

Income (recognized as a reduction to operating expenses) arising from management services provided to related parties and outstanding balances were as follows:

	Income		Other receivables from related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Parent company	$ -	-	-	31
Subsidiaries	-	14,529	-	-
	$ -	**14,529**	**-**	**31**

(iv) Operating expenses and other payables

Operating expenses and outstanding balances arising from management services provided by related parties and other transactions were as follows:

	Expenses		Other payables to related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Parent company	$ 6,913	4,205	5,707	1,597
Subsidiaries	3,783	8,115	823	2,079
Other related parties	-	98	69	69
	$ 10,696	**12,418**	**6,599**	**3,745**

(Continued)

(v) Guarantees

For the years ended December 31, 2022 and 2021, performance guarantees provided to subsidiaries amounted to USD 5,500 and USD 5,600.

(vi) Lease

The Company leases warehouses and offices from its parent company; as these leases are short-term, the Company has elected not to recognize its right-of-use assets and lease liabilities for these leases. For the years ended December 31, 2022 and 2021, the Company recognized its rental expenses of $1,229 and $34, respectively. As of both December 31, 2022 and 2021, the related payables of $9 were included in other payables to related parties.

(vii) Donation of financial assets

In August 2022, the Board of Directors approved a resolution to introduce Acer Foundation to assist MPL, the Company's investee, in its product promotions and technology applications for value optimization of long-term investments and reduction of the risk of losses in investments. The Company donated 14,330 shares of its ownership interest in MPL to Acer Foundation and recognized donation expense measured at fair value of $11,911 which was included in other gains and losses－gains arising from disposal of investment.

(d) Compensation for key management personnel

	2022	2021
Short-term employee benefits	$ 6,844	8,871
Post-employment benefits	231	286
	$ 7,075	9,157

8. Pledged assets

The carrying values of pledged assets were as follows:

Assets	Pledged to secure	December 31, 2022	December 31, 2021
Other non-current assets－time deposits	Performance guarantees and guarantees for customs duties	$ 500	500

9. Significant commitments and contingencies: None

10. Significant loss from disaster: None

11. Significant subsequent events: None

(Continued)

12. Others

(a) A summary of the current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022 Cost of revenue	2022 Operating expenses	2022 Total	2021 Cost of revenue	2021 Operating expenses	2021 Total
Employee benefits:						
Salaries	-	31,691	31,691	-	39,980	39,980
Insurance	-	2,467	2,467	-	3,260	3,260
Pension	-	1,309	1,309	-	1,897	1,897
Remuneration to directors	-	2,094	2,094	-	1,270	1,270
Others	-	4,910	4,910	-	162	162
Depreciation	297	534	831	2,615	6,862	9,477
Amortization	-	1,765	1,765	-	1,582	1,582

	2022	2021
Employees	32	42
Directors not in concurrent employment	7	7
Average employee benefits	$ 1,615	1,294
Average employee salaries	$ 1,268	1,142
Adjustment of average employee salaries	11.03 %	39.95 %
Supervisor's remuneration	$ -	-

The Company's remuneration policy, including directors, supervisors, managers, and employees, is as follows:

(i) The remunerations to employees (including managers) include monthly salary, quarterly sales bonus, year-end bonus, and performance bonus in cash, taking into consideration the Company's annual operating performance and profitability.

(ii) The performance evaluation and the remuneration to directors and managers are determined with reference to the industry norms, wherein the Company assesses the rationality of each individual performance, the Company's operating performance and future risks.

(iii) The Company's Articles of Incorporation require that annual earnings, which refer to income before tax (excluding the amounts of employees' and directors' profit-sharing bonus), shall first be offset against any deficit, then allocated as follows:

1) A minimum of 5% shall be allocated as employee remuneration, in share or cash, to qualified full-time employees, including those of of the Company's subsidiaries.

2) A maximum of 1% shall be allocated as directors' remuneration, in cash, based on the assessment from the board, taking into account the extent and value of their services provided for the Company.

(Continued)

AOPEN INCORPORATED
Notes to Parent-Company-Only Financial Statements

13. Additional disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2022:

(i) Financing provided to other parties: None

(ii) Guarantee and endorsement provided to other parties:

(In Thousands of New Taiwan Dollars / US Dollars)

No.	Endorsement/ Guarantee Provider	Guarantee Party		Limitation on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	The Company	AOSD	1	249,491	3,221 (USD 100)	- (Note 3)	-	-	-	831,637	Y	N	N
0	The Company	AOC	1	249,491	177,155 (USD 5,500)	168,894	-	-	20.31 %	831,637	Y	N	Y

Note 1: 1. The aggregate endorsement/guarantee amount provided to other entity shall not exceed the net worth of the Company. The endorsement/guarantee provided to an individual party shall not exceed 30% of the net worth of the Company. The aggregate endorsement/guarantee amount provided to other entity shall not exceed the net worth of the Company and its subsidiaries. The endorsement/guarantee provided to an individual party shall not exceed 30% of the net worth of the Company and its subsidiaries.

2. The aggregate endorsement/guarantee amount provided shall not exceed the most recent audited or reviewed net worth of AOZ. The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of AOZ.

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:
Type 1: an entity directly or indirectly owned by the Company over 50%
Type 2: between entities directly or indirectly owned by the Company over 90%

Note 3: AOSD merged with the Company on December 15, 2021 and was liquidated on January 28, 2022.

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities):

(In Thousands of New Taiwan Dollars / Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2022				Note
				Shares/ Units	Carrying Value	Percentage of Ownership	Fair value	
The Company	Stock: BlueChip	-	Financial assets at fair value through other comprehensive income－non-current	570,000	31,223	9.97 %	31,223	-
〃	Stock: MPL	-	〃	24,670	9,981	15.06 %	9,981	-
〃	Stock: Fubon Financial Holding Co., Ltd. Preferred Shares C	-	〃	200,000	11,020	0.06 %	11,020	-
〃	Stock: Cameo	-	Financial assets at fair value through profit or loss－non-current	188,635	-	6.38 %	-	-
AOTH	Stock: Xserve (BVI) Corp.	-	〃	142,500	-	19.00 %	-	-

(Continued)

(iv) Marketable securities for which the accumulated purchase or sale amounts exceed $300 million or 20% of the paid-in capital: None

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: None

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

			Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		
Company Name	Related Party	Nature of Relationship	Purchases/ (Sales)	Amount	% of Total Purchases/ (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/Accounts Receivable or (Payable)	Note
AOA	The Company	Parent/Subsidiary	Purchases	168,493	92.85 %	-	-	-	(224,100)	98.12 %	-
The Company	AOA	〃	(Sales)	(168,493)	5.82 %	-	-	-	224,100	26.58 %	-
AOE	The Company	〃	Purchases	404,061	99.29 %	-	-	-	(194,671)	100.00 %	-
The Company	AOE	〃	(Sales)	(404,061)	13.96 %	-	-	-	194,671	23.09 %	-
The Company	Acer	〃	(Sales)	(2,240,569)	77.44 %	-	-	-	385,516	45.73 %	-
AOC	ACCQ	〃	(Sales)	(274,431)	92.22 %	-	-	-	26,738	96.14 %	-

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

					Overdue				
Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Amount	Action Taken	Amounts Received in Subsequent Period	Loss Allowance	Note
The Company	AOA	Parent/Subsidiary	224,100	0.82	196,233	Under collection	7,074	-	-
〃	AOE	〃	194,671	2.58	102,787	〃	63,760	-	-
〃	Acer	〃	385,516	6.47	-	〃	385,516	-	-

(ix) Information about derivative instrument transactions: Refer to note 6(b).

(Continued)

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars / Shares)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount: December 31, 2022	Original Investment Amount: December 31, 2021	Balance as of December 31, 2022: Shares	Balance as of December 31, 2022: Percentage of Ownership	Balance as of December 31, 2022: Carrying Value	Net Income (Loss) of the Investee	Share of Profits (Losses) of the Investee	Note
The Company	AOA	USA	Note 1	295,771	295,771	15,000,000	100.00 %	(169,763)	(646)	(646)	-
〃	AOE	The Netherlands	〃	214,094	214,094	40	100.00 %	(23,115)	(1,065)	(1,065)	-
〃	AOTH	British Virgin Islands	Note 3	1,623	1,623	50,000	100.00 %	319,820	45,541	45,541	-
〃	AOJ	Japan	Note 1	2,899	2,899	200	100.00 %	28,411	727	727	-
〃	AOSV	Taiwan	〃	60,000	60,000	1,500,000	100.00 %	13,574	20	20	-
〃	AMTC	Taiwan	Note 2	363,284	376,238	6,399,123	16.60 %	330,807	207,133	31,947	-
〃	AOGS	Australia	Note 1	2,956	2,956	105,000	70.00 %	9,195	(4,646)	(3,253)	-
	HTW	Hong Kong	〃	-	405	-	-	-	5	5	Note 4
AOGS	AOAU	Australia	Note 1	3	3	100	100.00 %	13,355	(4,646)	(4,646)	-
AOTH	GCL	Hong Kong	〃	2,675	2,675	300,000	100.00 %	3,890	(1)	(1)	-

Note 1: Sale and import and export of computer products, software, computer components, peripheral equipment and apparatus, as well as repair and maintenance service
Note 2: Sale and manufacture of touch screens, touch screen controllers, and drivers
Note 3: Investment and holding activity
Note 4: HTW was liquidated on May 6, 2022.

(c) Information on investment in Mainland China:

(i) Information on investments in Mainland China:

(In US Dollars / Thousands of New Taiwan Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
AOPEN International (Shanghai) Co., Ltd. (“AOC”)	Sale and import and export of computer products, computer components and peripheral equipment and apparatus, as well as repair and maintenance service.	161,322 (USD 4,800,000)	2	161,322 (USD4,800,000)	-	-	161,322 (USD 4,800,000)	(2,864) (USD (93,729))	100.00 %	(2,864) (USD (93,729))	12,768 (USD 415,776)	-
AOPEN Information Products (Zhongshan) Inc. (“AOZ”)	Outsource manufacturing management of computer products, computer components, peripheral equipment and apparatus	450,261 (USD 13,500,000)	2	450,261 (USD 13,500,000)	-	-	450,261 (USD 13,500,000)	48,454 (USD 1,588,285)	100.00 %	48,454 (USD 1,588,285)	303,577 (USD 9,885,925)	-

(Continued)

(ii) Limits on investment in Mainland China:

(In US Dollars / Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of December 31, 2022 (Note 1) (Note 2) (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1) (Note 2) (Note 3)	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 5)
614,228 (USD 20,002,200)	614,228 (USD 20,002,200)	-

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US $1=NT $30.708.

Note 2: The Company disposed its entire previous investment of USD $1,645,200 in Sichuan Jiannanchun Sempo Technology Company Limited in September 2008, and the disposal price of USD $730,000 was repatriated in March 2010. The abovementioned investment not yet reported to the Investment Commission, MOEA remained included in investment in Mainland China.

Note 3: Zhongshan Taida Electronics Co., Ltd., in which the Company indirectly invested, ceased its operations and was liquidated. A liquidating dividend of USD $31,549 (19.00% of the shareholdings) was repatriated to T-Conn Precision Corporation in a third country, Republic of Mauritius. On March 12, 2010, although the Investment Commission, MOEA approved the withdrawal of the abovementioned investment, the amount of USD 57,000 remained included in the investment in Mainland China due to the liquidating dividend that has yet to be repatriated.

Note 4: Method of investments
Type 1: Investment in Mainland China through remittance from a third country
Type 2: Indirect investment in Mainland China through a holding company (AOTH) established in a third country
Type 3: Indirect investment in Mainland China through an existing company established in a third country
Type 4: Others

Note 5: Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limit on investment in Mainland China.

(iii) Significant transactions with investee companies in Mainland China:

For the Company’s significant direct or indirect transactions with investee companies in Mainland China for the year ended December 31, 2022, refer to the “Information on significant transactions” above.

(d) Major shareholders:

Shareholding / Major Shareholder’s Name	Shares	Percentage
Acer Incorporated	28,970,000	40.54 %

14. Segment information:

Refer to the consolidated financial statements for the year ended December 31, 2022.

AOPEN Incorporated

Person in Charge: Victor Chien

Prepared by AOPEN Incorporated

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